

*This prospectus was approved by the Swedish Financial Supervision Authority on 16 July 2021 and is valid for twelve months after the date of the approval. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the prospectus is no longer valid.*

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**AB Sveriges Säkerställda Obligationer (publ)  
(The Swedish Covered Bond Corporation)**

**PROGRAMME FOR CONTINUOUS ISSUANCE OF COVERED BONDS**

**Arranger:**

Skandinaviska Enskilda Banken AB (publ)

**Dealers:**

Danske Bank A/S, Danmark, Sverige Filial

Nordea Bank Abp

Skandinaviska Enskilda Banken AB (publ)

Svenska Handelsbanken AB (publ)

Swedbank AB (publ)

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## Important information

### Background information

This base prospectus (the “**Prospectus**”) relates to AB Sveriges Säkerställda Obligationer (publ) (The Swedish Covered Bond Corporation) (“**SCBC**”) programme for continuous issuance of covered bonds (Sw. *säkerställda obligationer*) under which fixed interest rate and floating interest rate covered bond loans (Sw. *säkerställda obligationslån*) (“**Covered Bond Loans**” or, when referred to individually, a “**Covered Bond Loan**”) in SEK are issued in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw. *Lag (2003:1223) om utgivning av säkerställda obligationer*) (the “**Covered Bonds Act**”) (“**Covered Bonds**” or, when referred to individually, a “**Covered Bond**”) (the “**Programme**”). The decision to establish the Programme was passed by SCBC’s board of directors on 31 March 2006. Decisions to raise Covered Bond Loans are made by persons who are authorised by the board of directors, or such person(s) authorised by them, to sign for SCBC. The loan amount under each Covered Bond Loan is determined once the sale of such Covered Bond Loan has been closed, i.e. on the relevant maturity date of each Covered Bond Loan.

On 31 March 2006, SCBC obtained a licence by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) to conduct financing operations under the Banking and Financing Business Act (Sw. *Lag (2004:297) om bank- och finansieringsrörelse*) (the “**Banking and Financing Business Act**”) and to issue covered bonds in accordance with the Covered Bonds Act.

This Prospectus shall be read in conjunction with any documents incorporated by reference (see Section “*Information incorporated by reference*”), the Final Terms for each Covered Bond Loan and any supplements to this Prospectus. Certain terms used in this Prospectus are defined in the appendix hereto.

The Prospectus is not a recommendation to subscribe for or acquire Covered Bonds issued under the Programme. Any recipients of this Prospectus and/or any Final Terms, must make their own assessment of SCBC based on this Prospectus, the documents incorporated by reference (see Section “*Information incorporated by reference*”), the Final Terms of each Covered Bond Loan and any supplements to this Prospectus.

### Restrictions

With the exception of the approval and registration by the SFSA of this Prospectus, neither SCBC nor the Dealers have taken any measures nor will they take any measures to allow for a public offer of Covered Bonds under the Programme, nor for possession or distribution of material regarding such offer, in any country or jurisdiction where measures for such purposes are required. Persons that are provided with this Prospectus and any Final Terms undertake vis-à-vis SCBC and the Dealers to comply with all applicable laws, regulations and other rules in each country and jurisdiction where they buy, offer, sell or deliver Covered Bonds or possess or distribute such offering material, in each case at their own expense. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. Subject to certain exemptions, the Covered Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. The Covered Bonds have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction outside Sweden.

Any offer under this Programme is not addressed to private individuals or legal entities in the United States, Canada, Australia, Japan, New Zealand, South Africa or in any other country where the publishing or the availability of offer material is forbidden or the accessibility is in any way restricted. Should the offer according to the Prospectus nonetheless be accepted by such private individual or legal entity, such acceptance may be disregarded.

No person has been authorised to provide any information or make any statements other than those contained in this Prospectus. Should such information or statements nevertheless be furnished, it must not be relied upon as having been authorised or approved by SCBC and SCBC assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Covered Bonds implies that the information in this Prospectus is correct and current as at any date other than the date of this Prospectus or that there has not been any changes in SCBC’s or SBAB Bank AB (publ) (“**SBAB**”) and its subsidiaries from time to time’s (together with SBAB, the “**SBAB Group**”) business since the date of this Prospectus. If the information in this Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EU.

### Forward-looking statements and market data

The Prospectus contains certain forward-looking statements that reflect SCBC’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although SCBC believes that these statements are based on reasonable assumptions and expectations, SCBC cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause SCBC’s and the SBAB Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in the Section “*Risk Factors*”. The forward-looking statements included in this Prospectus apply only as of the date of the Prospectus. SCBC undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to SCBC and/or the SBAB Group or persons acting on behalf of SCBC is subject to the reservations in or referred to in this Section.

### General information

The issue price of the Covered Bonds issued under each Covered Bond Loan is presently unknown. The price for the Covered Bonds is variable and depends, *inter alia*, on the effective market interest rate for investments with a corresponding duration and coupon (see Sections “*Overview of the Programme*” and “*Tap Issuance*”).

Each Covered Bond will be registered in the account-based system of Euroclear Sweden AB (Box 191, SE-101 23 Stockholm, Sweden) (“**Euroclear Sweden**”) or of any other clearing organisation. Physical notes representing the Covered Bonds will therefore not be issued. Euroclear Sweden deducts for preliminary withholding tax, presently at 30 per cent., on interest paid to private individuals residing in Sweden and to Swedish estates of inheritance.

This Prospectus does not purport to give an exhaustive description of all tax consequences from an investment in Covered Bonds and any tax consequences are subject to change in laws and regulations. Each potential investor should therefore consult a tax adviser before investing in Covered Bonds.

For further information regarding this Prospectus, reference is made to SCBC. The Prospectus is available via [www.sbab.se](http://www.sbab.se). A copy of this Prospectus will be made available by SCBC upon request during the term of the Prospectus.

This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus.

### MiFID II Product Governance

In respect of each issue of Covered Bonds under a Covered Bond Loan, each Issuing House (as defined in the General Terms and Conditions) will undertake a target market assessment in respect of such Covered Bonds and determine the appropriate channels for distribution for such Covered Bonds. Any person subsequently offering, selling or recommending such Covered Bonds (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (“**MiFID II**”) is responsible for undertaking its own target market assessment in respect of such Covered Bonds (either by adopting or refining the target market assessment) and determining the appropriate distribution channels.

For the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue about whether any Issuing House participating in the issue of the Covered Bonds is a manufacturer in respect of such Covered Bonds. Neither the Arranger nor the Dealers nor any of their respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**TABLE OF CONTENTS**

OVERVIEW OF THE PROGRAMME .....	4
RISK FACTORS .....	9
GENERAL TERMS AND CONDITIONS AND FORM OF FINAL TERMS .....	26
INFORMATION RELATING TO SCBC .....	44
INFORMATION RELATING TO SBAB .....	48
OVERVIEW OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS .....	49
LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION .....	54
APPENDIX – CERTAIN DEFINED TERMS AND CONSTRUCTION .....	56
CONTACT INFORMATION .....	58

## OVERVIEW OF THE PROGRAMME

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- Issuer:** SCBC is a credit market company (Sw. *kreditmarknadsbolag*) licensed by the SFSA to issue covered bonds under the Covered Bonds Act. SCBC is a wholly-owned subsidiary of SBAB, a public limited liability company and joint-stock banking company wholly-owned by the Kingdom of Sweden. The interest of the Kingdom of Sweden is represented by the Swedish Government Offices. SBAB and SCBC are independent profit making companies regulated by, *inter alia*, the Banking and Financing Business Act and subject to the supervision of the SFSA.
- SCBC was incorporated in Sweden on 24 June 2003. SCBC's corporate identification number is 556645-9755 and its postal address is P.O. Box 4209, SE-171 04 Solna, Sweden, telephone no. +46 8-614 43 00 and visiting address is Svetsarvägen 24, SE-171 41 Solna, Sweden.
- On the date of this Prospectus, the SBAB Group consists of SBAB, SCBC and SBAB's subsidiaries Booli Search Technologies AB and Boappa AB.
- Arranger:** Skandinaviska Enskilda Banken AB (publ).
- Dealers:** SCBC has appointed Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) as Dealers (Sw. *emissionsinstitut*) under the Programme. Additional Dealers may be appointed and a Dealer may withdraw from its appointment.
- The Dealers have, by arrangements with SCBC, made certain commitments to SCBC including, *inter alia*, to (subject to certain conditions) offer Covered Bond Loans in the capital market and promote trading of Covered Bonds in the secondary market. The Dealers will, subject to certain conditions, post rates of trade with respect to all or some Covered Bond Loans.
- Description:** The Programme constitutes a framework under which SCBC has the opportunity to continuously issue Covered Bond Loans in SEK with different maturities. In addition to the Programme, SCBC has established the Covered EMTN Programme and the Australian Covered Bond Programme and may from time to time establish other covered bond programmes.
- The decision to establish the Programme was made by SCBC's board of directors on 31 March 2006. Decisions to raise Covered Bond Loans are made by persons who are authorised by the board of directors, or such person(s) authorised by them, to sign for SCBC.
- SCBC does not normally manage the selling of Covered Bonds itself. Purchases and sales are made through the Dealers that have, according to an agreement with SCBC and subject to certain conditions, undertaken to offer Covered Bond Loans on the financial market, to actively promote trade of Covered Bonds on the secondary market and to, if possible, continuously report purchase- and sale interest rates of the Covered Bonds. An agreement regarding the Programme was originally entered into with the Dealers on 15 May 2006 (as amended and/or supplemented and/or restated from time to time).
- Covered Bond Loan:** SCBC will continuously issue Covered Bond Loans in SEK. Each Covered Bond Loan is represented by Covered Bonds with a certain denomination or whole multiples thereof as stated in the relevant Final Terms.
- The General Terms and Conditions are found in Section "*General Terms and Conditions and form of Final Terms*". Final Terms will be prepared for each Covered Bond Loan and will be published by SCBC and submitted to the

SFSA (see Section “*General Terms and Conditions and form of Final Terms*”).

Final Terms in respect of Covered Bond Loans that are offered to the public or otherwise admitted to trading on a regulated market will be filed with the SFSA as soon as practicable, if possible in advance of the beginning of the offer and at the latest prior to the admission to trading. Such Final Terms will be published on SCBC’s website at [www.sbab.se](http://www.sbab.se).

<b>Covered Bond:</b>	A unilateral dematerialised promissory note registered in accordance with the Financial Instrument Accounting Act (Sw. <i>Lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument</i> ), issued by SCBC in accordance with the provisions of this Prospectus and provided with a right of priority over SCBC’s Cover Pool in accordance with the Covered Bonds Act.
<b>Cover Pool:</b>	The assets comprising the Cover Pool will change from time to time. SCBC makes portfolio information available to investors on a monthly basis. Such information will be available on SCBC’s website at <a href="http://www.sbab.se">www.sbab.se</a> .
<b>Pricing:</b>	Since Covered Bonds under a Covered Bond Loan may be issued continuously for an extended period, it is not possible to set one market price for all Covered Bonds. The price is determined for each transaction by agreement between the buyer and the seller.
<b>Determination of loan amount, Tap Issuance and repurchases</b>	<p><i>Loan amount</i></p> <p>Covered Bonds will continuously be sold through the Dealers in accordance with the Final Terms of each Covered Bond Loan. The loan amount of each Covered Bond Loan will be determined once the sale of such Covered Bond Loan has been closed.</p> <p><i>Tap Issuance</i></p> <p>During the term of a Covered Bond Loan, SCBC may continuously issue Covered Bonds (“<b>Tap Issuance</b>”) in the denominations and under the conditions set for each loan without limitation as regards the aggregate nominal amount of all Covered Bonds outstanding from time to time, provided, however, that the nominal value of the assets in the Cover Pool at all times exceeds the nominal value of the liabilities which relate to covered bonds issued from time to time by at least 2 per cent. A Tap Issuance of Covered Bonds can generally be made until the maturity date of the relevant Covered Bond Loan. Covered Bonds issued under a Tap Issuance are in every aspect equal to Covered Bonds already issued under the relevant Covered Bond Loan (except as regards the issue price and the first interest payment date). Consequently, a Bondholder will on the following interest payment date have the same right to payment of interest as the other Bondholders under the same Covered Bond Loan. After the first issue date of the Covered Bond Loan, Final Terms for new Tap Issuance(s) of the relevant Covered Bond Loan will be prepared weekly on a consolidated basis.</p> <p>The fact that a Covered Bond may be outstanding only for part of an interest period is reflected in the issue price.</p> <p><i>Repurchase</i></p> <p>SCBC may repurchase Covered Bonds at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Covered Bonds owned by SCBC may be retained, resold or cancelled at SCBC’s discretion.</p>
<b>Denominations:</b>	As stated in the Final Terms of each Covered Bond Loan, but the minimum denomination of each Covered Bond will be the SEK equivalent of EUR 100,000.

<b>Currency:</b>	SEK.
<b>Interest Rate:</b>	As stated in the Final Terms of each Covered Bond Loan. Each Covered Bond Loan will have a fixed or floating interest rate. Interest is paid annually to Bondholders with fixed interest rate and at the time stated in the Final Terms to Bondholders with floating interest rate.
<b>European Benchmark Regulation:</b>	<p>Interest payable under Covered Bonds Loans may be calculated by reference to a specified benchmark (i.e. STIBOR), as defined in the General Terms and Conditions. STIBOR is administrated by the Swedish Financial Benchmark Facility. At the date of this Prospectus, the Swedish Financial Benchmark Facility does not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “<b>Benchmark Regulation</b>”). As far as SCBC is aware, the provisions in Article 51 of the Benchmark Regulation apply, such that the Swedish Financial Benchmark Facility is not yet required to obtain authorisation or registration.</p> <p>In the spring of 2019, the European Commission announced a political agreement, to grant providers of critical benchmarks, such as STIBOR, two extra years until 31 December 2021 to comply with the Benchmarks Regulation requirements.</p> <p>The General Terms and Conditions provide that the interest rate benchmark STIBOR, which applies for the Covered Bonds, can be replaced as set out therein, upon the occurrence of a Base Rate Event which includes if STIBOR ceases to be calculated or administered.</p>
<b>Interest Payment Date:</b>	As stated in the Final Terms of each Covered Bond Loan.
<b>Maturity Date:</b>	As stated in the Final Terms of each Covered Bond Loan.
<b>Extended maturity:</b>	If an Extended Maturity Date has been specified in the relevant Final Terms, the maturity of the relevant Covered Bond Loan may be extended beyond the Maturity Date in accordance with Section 5 ( <i>Extended Maturity Date</i> ) of the General Terms and Conditions and the Final Terms.
<b>Registration, clearing and settlement:</b>	Covered Bonds will be registered in the online account-based system of Euroclear Sweden or other clearing organisation, and clearing and settlement will be executed upon trading in such system. Physical notes representing Covered Bonds will not be issued.
<b>Admission to trading:</b>	If admission to trading is specified in the relevant Final Terms, SCBC shall apply to have the Covered Bond Loan admitted to trading at the specified listing venue.
<b>Preliminary withholding-tax:</b>	Euroclear Sweden deducts withholding tax, presently 30 per cent., on interest paid to private individuals resident in Sweden as well as to Swedish estates of inheritance.
<b>Status:</b>	The Covered Bonds will have the status of covered bonds according to the Covered Bonds Act and will be provided with the rights of priority (alongside Eligible Swaps) according to the Rights of Priority Act. All Covered Bonds issued from time to time will rank <i>pari passu</i> with each other in all respects and will rank <i>pari passu</i> with the covered bonds issued under the Covered EMTN Programme, the covered bonds issued under the Australian Covered Bond Programme and with any other covered bonds which may be issued by SCBC in accordance with the Covered Bonds Act.

- Selling Restrictions:** The distribution of this Prospectus and the sale of Covered Bonds may be restricted by law in certain countries. Therefore, holders of this Prospectus and/or of Covered Bonds must inform themselves about any restrictions and comply with such restrictions.
- Bondholders' meeting:** The General Terms and Conditions include certain provisions regarding a Bondholders' meeting, which may be held in order to resolve on matters relating to Bondholders' interests. Such provisions allow for designated majorities to bind all Bondholders, including Bondholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Bondholders' meeting. See also the risk factor "*Majority decisions by Bondholders*" below.
- Use of proceeds:** Unless otherwise specified in the relevant Final Terms, the net proceeds from each issue of Covered Bonds will be applied by SCBC in its ordinary business operations.
- Prescription:** The right to receive payment of the nominal amount shall be statute-barred and become void 10 years from the relevant maturity date and the right to receive payment of interest shall be statute-barred and become void 3 years from the relevant due date for payment. SCBC is entitled to any funds set aside for payments that have become statute-barred.
- Governing law:** Each Covered Bond Loan will be governed by and construed in accordance with Swedish law.
- Processing of personal data** In order to comply with the Conditions for a Loan, SCBC and the Administrative Agent, may, acting as data controllers, collect and process personal data. The processing is based on SCBC's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Conditions, personal data may be shared with third parties, such as Euroclear, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data SCBC and the Administrative Agent processes about them and may request the same in writing at SCBC's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. SCBC's and the Administrative Agent's routine for processing personal data may be updated from time to time. Information about SCBC's and the Administrative Agent's respective current personal data processing can be found on their respective websites.
- Expected credit rating:** Each Covered Bond Loan is expected to be assigned the credit rating Aaa from Moody's. Moody's is established in the European Union and is registered under the CRA Regulation. 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 credit rating agency. Credit ratings are a way of evaluating credit risk, but there are no guarantees that such rating reflects the potential impact of all risks related to an investment in the Covered Bonds. For more information regarding the credit rating, visit [www.moodys.com](http://www.moodys.com).

The following table sets out the possible long-term ratings assigned by Moody's:

<b>Long-term rating</b>
<b>Aaa</b>
Aa1
Aa2
Aa3
A1
A2
A3
Baa1
Baa2
Baa3
Ba1
Ba2
Ba3
B1
B2
B3
Caa1
Caa2
Caa3
Ca
C

## **RISK FACTORS**

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*In this section, material risk factors are illustrated and discussed, including SCBC's economic and market risks, risks relating to SCBC's business, legal and regulatory risks relating to the SBAB Group as well as risks relating to the Covered Bonds issued under this Prospectus and risks related to the market in general. SCBC's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Prospectus. As SCBC is a wholly-owned subsidiary of SBAB Bank AB (publ) ("**SBAB**"), risks relating to SBAB may also, directly or indirectly, impact on SCBC. References herein to the "**SBAB Group**" are to SBAB and its subsidiaries from time to time.*

*The risk factors are presented in categories where the most material risk factors in a category are presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.*

### **Risks relating to SCBC**

#### **Economic and market risks**

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

The SBAB Group and SCBC are subject to risks related to the global credit markets and economic development, since financial institutions, both in Sweden and globally, are dependent on the global credit market and economy being opulent, so that people are willing and able to take up loans. For the SBAB Group and SCBC, the risk is specifically linked to customers' willingness to buy and own homes that require them to apply for mortgage loans from SBAB. Any disruption or downturn in the global credit markets and economy would thus typically affect SBAB and SCBC, both in respect of financial performance and growth possibilities. Any downturn in the economy together with an increase in unemployment levels, would contribute to slower growth in household disposable income and, at least in the short run, higher savings and thereby accentuate these risks. Since the SBAB Group and SCBC are subject to risks related to the global economy, the SBAB Group and SCBC are affected by public health epidemics or outbreaks of diseases that may negatively affect the global economy such as the current coronavirus (COVID-19) outbreak. The coronavirus outbreak and the mitigating actions taken by governments to contain the spread of the virus initially resulted in substantial movements in the financial markets in the form of e.g. heavily falling interest rates, rising credit spreads and volatile and falling stock markets. Although the financial markets have stabilised and to some extent recovered since the outbreak of the first wave of the worldwide pandemic, the effect on the financial environment, in terms of a higher degree of uncertainty, of the SBAB Group is expected to continue for as long as the coronavirus continues to spread. Ultimately, the long-term economic consequences, including consequences on the financial markets in general and the SBAB Group in particular, depend on the duration of the crisis and measures taken by governments, central banks and other agencies. Among other things, the SBAB Group has seen a decrease in the demand for certain loans offered by SBAB along with periods of increased cost of funding, volatile fair values of the financial instruments held by SBAB or SCBC, a decrease in net interest income and net interest margin, and increased loan impairment charges.

Moreover, Sweden, being a small economy dependent on exports, is largely dependent on the development of the global economy and the global financial markets. This means that although the Swedish economy, in isolation, would perform well, a negative development in the global economy normally influences the Swedish economy in such a manner that the Swedish economy also develops negatively. Any sustained decline in the general economic conditions of Sweden is, given SCBC's dependency on the same, likely to lead to, among other things, a decrease in the demand for certain loans offered by SBAB, increased cost of funding, volatile fair values of the financial instruments held by SCBC and/or the SBAB Group, a decrease in net interest income and net interest margin, and increased loan impairment charges, all of which would result in lower profitability and a deteriorated financial position of SCBC and/or the SBAB Group.

##### **Risks relating to the Swedish housing market**

Since the outbreak of the coronavirus pandemic, housing prices in Sweden have risen by about 17 per cent, more for villas than for apartments. However, there is a risk that housing prices may fall back slightly as interest rates

are expected to rise in the future, although it is unclear how long it will be before interest rates start to rise. For example, with regard to new homes, there has for a few years been an increase of newly built multi-family dwellings, which is why the demand in that particular market segment may not be strong enough and could be subject to less demand in upcoming years, which could have a negative impact on the housing market. In fact, in recent years many housing developers have adapted production to the demand. In some local markets, there are still signals indicating that the supply of newly produced housing is greater than the actual demand (i.e. willingness to pay). Examples of such signals include longer advertisement times, fewer bidders per property, falling bid premiums and a larger proportion of housing with lowered prices. There is a risk that the Swedish housing market could decline further. If the Swedish housing market were to decline, and demand for new loans, as a consequence, were to significantly decrease, this would negatively affect demand for SBAB's loan offerings, thereby adversely affecting its and/or SCBC's business, results of operations and margins.

Moreover, house prices may be negatively affected by, for example, changes in regulations affecting the Swedish mortgage market directly or indirectly or by a quick rise in interest rates or unemployment levels. Legal requirements, such as further increased amortisation requirements or stricter caps on loan-to-value levels, may have an adverse effect on house prices, in particular in urban areas where the market value is higher, and contribute to a reduction in lending growth. Furthermore, potential tightening of monetary policy is expected to have a negative impact on housing price developments. More restrictive regulations or upcoming tightening of monetary policies that hold back house price development would further accentuate the risk of decreased demand for new loans in general, including loans that could be originated by SBAB and in turn acquired by SCBC.

The above described risks are material to the SBAB Group as a significant amount of the loans provided by SBAB and acquired by SCBC are secured by mortgage certificates (Sw. *pantbrev*) in respect of properties, or pledges over tenant-owners' rights (Sw. *bostadsrätt*), located in Sweden. Specifically, as the vast majority of the Cover Pool consists of such loans, along with loans guaranteed by the Kingdom of Sweden or Swedish municipalities, the value of the Cover Pool may therefore decline in the event of a general downturn in the value of property in Sweden or by a decline in the credit worthiness of the Kingdom of Sweden or Swedish municipalities.

### **Risks relating to the Swedish mortgage market**

SBAB's operations consist primarily of lending to the Swedish residential mortgage market aimed at individuals, tenant-owner associations and corporate clients, the majority of which are concentrated in major metropolitan areas in Sweden. One of the main risks related to the Swedish residential mortgage market is the credit risk associated with borrowers' creditworthiness, their ability to pay under the mortgage loan, and the value of the mortgaged properties. The debt-to-income ratio of borrowers continues to increase, which is likely to increase the risk profile among SBAB's customers in the event of rising interest rates. Following the decision by the SFSA on 14 April 2020 to enable temporary amortisation reliefs to individuals as a result of a continued downturn in the economy due to the spread of the coronavirus (COVID-19), SBAB is offering its residential mortgage customers such temporary relief. On 30 December 2020, around 19,200 households encompassed by the SFSA's amortisation requirement had been granted amortisation exemption, corresponding to a volume of about SEK 43 billion. Amongst other things, this could further increase SBAB's debt-to-income ratio and may have an adverse effect on credit quality, recoverability and SBAB's loan-to-value levels. As SCBC's operations primarily consist of acquiring loans from SBAB, any negative development of the Swedish mortgage market resulting in, among other things, a noticeably lower demand for mortgages, would have a material adverse effect on SCBC's results of operations and financial condition.

Although the Swedish mortgage market is currently dominated by a few institutions, consisting of banks, such as SBAB, and bank owned mortgage companies, such as SCBC, new competitors have appeared in recent times. Due to increased competition amongst lenders, the SBAB Group's business would face declining earnings should SBAB and/or SCBC, for example, be required to reduce interest levels in order to keep market shares, thereby adversely affecting its margins. Furthermore, due to the high level of interdependence between financial institutions, SBAB and SCBC are also subject to the risk of deterioration of the actual or perceived commercial and financial soundness of other financial institutions. Any default or financial difficulties of one financial institution is likely to have negative consequences for other financial institutions and would lead to liquidity problems, losses, defaults or worsening of the general economic climate in the local markets in which SBAB and SCBC operate. This means that SCBC is subject to risks related to the banking sector as such, and risks related to other financial institutions.

## Risks relating to Sweden

SCBC's financial performance is significantly influenced by the general economic conditions of Sweden and Sweden's creditworthiness. As at the date of this Prospectus, financial instruments issued by the central government in Sweden are rated Aaa (long-term) and P-1 (short-term) by Moody's, and AAA (long-term) and A-1+ (short-term) by Standard & Poor's. As SBAB and SCBC conducts all their business activities in Sweden, changes in the general economic conditions of Sweden and Sweden's creditworthiness are likely to affect SBAB and SCBC more significantly compared to competitors and other financial institutions that offer loans to a broader market segment.

These ratings may change negatively in the future due to, for example, poor economic performance, weak gross domestic product (GDP) growth outlooks and unsustainable fiscal policy. Since credit ratings inform about the credit risk associated with Sweden, the willingness of investors to invest in financial instruments issued by SCBC is largely dependent on high credit ratings and, in turn, the creditworthiness of Sweden. Consequently, should the general economic condition of Sweden and Sweden's creditworthiness deteriorate, the willingness of investors to invest in financial instruments issued by SCBC are likely to decline.

## Risks relating to SCBC's collateral

A considerable part of the loans acquired by SCBC are secured by mortgage certificates (Sw. *pantbrev*) in respect of properties located in Sweden or pledges of Swedish tenant-owners' rights (Sw. *bostadsrätt*) in Sweden as collateral, and the value of such collateral is consequently related to the performance of the real estate and housing market in Sweden. Perfecting and enforcing such collateral is subject to risks. For instance, there is no official record in Sweden stating whether a tenant-owner's right is pledged. When taking such security, SCBC is therefore reliant on data provided by the relevant tenant-owners' association (Sw. *bostadsrättsförening*) and is thus exposed to the risk that the association's records are not correct.

In addition, when collateral is enforced, a court order is normally required to establish the borrower's obligation to pay and to enable a sale by execution measures. SCBC's ability to enforce the collateral without the consent of the borrower is thus dependent on the above-mentioned decisions from a court and the execution measures and on other relevant circumstances in the Swedish mortgage market and in the demand for the relevant real property.

Should the prices of real property and the housing market substantially decline, e.g. due to a significant fall of housing prices in Sweden, this would affect SCBC, as the value of the collateral would decline as set out above. If SCBC's credit losses increase due to the fact that principal and interest under defaulting loans cannot be recovered where the relevant collateral has decreased in value, this would have a negative impact on SCBC's results of operations. Further, if the value of the property which has been mortgaged as security for the assets in the Cover Pool decreases substantially and SCBC does not take any action to restore the ratio between the value of the Covered Bonds and the value of the assets in the Cover Pool or SCBC is unable to take such actions due to the fact that there is insufficient additional assets in the Cover Pool, there is a risk that SCBC will not be able to make full payment to Bondholders which, among others, would have a material adverse effect on SCBC's ability to issue new Covered Bonds and ultimately result in a materially deteriorated financial position.

## Risks relating to SCBC's business

### Credit risk

Since SBAB conducts lending operations, and SCBC acquires such loans, credit risk – the risk that a counterparty is unable to fulfil its payment obligations towards SBAB and/or SCBC – is central to SCBC's business model and is considered to be the dominant risk in its operations. Credit risk arises both in SBAB's lending operations, which is then forwarded to SCBC when SCBC acquires loans from SBAB, and its treasury operations.

Credit risk in SCBC's operations arises if one or more debtors do not fulfil their payment obligations towards SCBC. Credit risk arises in conjunction with loans and loan commitments, as well as in connection with value changes in pledged assets entailing that these no longer cover SCBC's claim (i.e., within the ordinary course of SCBC's business). Credit risk also includes concentration risk, which is more likely to materialise in connection

with large exposures to individual counterparties, regions or industries (i.e., within SCBC's operations that include, for example, governmental counterparties such as municipalities). Investment risk arises in relation to financial investments if a debtor does not fulfil its payment obligations, meaning it either pays late or not at all. Investment risk arises through investments in SBAB's liquidity portfolio (of which SCBC is dependent as being a single liquidity sub-group with SBAB) and the investment of surplus liquidity. Counterparty risk arises if the value of the instrument changes resulting from variations, for example, in interest rates or currency exchange rates, which means SCBC recognises a receivable against the counterparty. In addition, counterparty risk is the risk that SCBC's financial counterparties cannot meet their commitments under the contracted repos.

Should any such credit risk materialise, there is a risk of an increase in the number of loans not being paid. It would also require SCBC to take measures to collect such defaulted loans (which might be costly and unsuccessful). Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in the business of SCBC. Adverse changes in the credit quality of SBAB's or SCBC's borrowers and counterparties due to, for example, a general deterioration in the Swedish, European or global economic conditions, or arising from systemic risks in the financial systems, would affect the recoverability and value of SCBC's assets and require an increase in SBAB's or SCBC's provision for bad and doubtful debts and other provisions.

### **Market risk**

Market risk is the risk of loss or reduced future income due to market fluctuations. SBAB's and SCBC's most significant exposure towards market fluctuations derives from dependency on interest rates, currency exchange rates and changing conditions between interest costs for different issuers that affects the value of SBAB and SCBC's liquidity portfolio. Since SBAB conducts lending operations, and SCBC acquires loans from SBAB, both SBAB and SCBC are largely dependent on interest-rate levels as interest rates are the single most important factor that affects margins in connection with SBAB's core business, i.e. lending. Variations in interest rates may result in losses or lower future income, as assets and liabilities have different fixed-interest periods and interest terms. Further, SBAB currently conducts its lending operations in SEK (SBAB's reporting currency), but may fund itself in foreign currencies. SBAB and SCBC may also hold securities denominated in currencies other than SEK within the SBAB Group's liquidity portfolio. Changes in the exchange rate for SEK against other currencies may affect the value of assets and liabilities denominated in foreign currencies and result in mark-to-market losses or lower future income.

Against this background, a liquid derivative market enabling SBAB or SCBC to swap foreign currencies and interest rates to reduce its market risk is essential and any significant disruption in the access to such market would harm SBAB and/or SCBC and further enhance the risks associated with SBAB's and/or SCBC's exposure to interest rates and foreign currencies, as described above.

### **The risk of failure or interruption to SBAB's IT and other systems**

SBAB's, and in turn SCBC's, business is dependent on the ability to keep a large amount of customer information and to process a large number of transactions as well as on internal and external systems for its loan distribution. SCBC's business is thus dependent on SBAB's IT-systems to serve customers, support SCBC's business processes, ensure complete and accurate processing of financial transactions and support the overall internal control framework.

Disruptions in SBAB's IT infrastructure or other systems may, for example, be caused by internal factors such as larger projects for replacing or upgrading existing IT platforms and/or systems, which, if replaced or upgraded inappropriately, risks resulting in IT platforms and/or systems that do not function as expected and result in, among other things, unreliable data processing with impact on financial reporting. There is also a risk for disruptions caused by external factors such as the availability of experts required for technical support or completion of ongoing projects. For example, should SBAB face severe disruptions in its telephone and communication platforms, customers would be unable to contact SBAB and/or SCBC via telephone and email and would be prevented from making interest and amortisation payments as a result of such disruption. Given that neither SBAB nor SCBC have any offices for physical customer meetings and instead meets their retail customers and users digitally or by telephone this risk is likely to have a significant impact on SBAB and/or SCBC, both as regards its reputation and operations, but also, as a consequence, as regards its results of operations and margins.

Despite an ongoing extensive project to replace SBAB's system platform, since parts of its infrastructure have become obsolete and outdated, SBAB has identified risks indicating that the change is not proceeding fast enough, that there are too many development-related disturbances in daily operations and that the lifecycle management of other support systems are lagging behind. Accordingly, this accentuates the IT-related risks and thus further increase the negative outcomes for SBAB and/or SCBC.

### **Operational and cyber risk**

Operational risk is the risk of losses due to inappropriate or unsuccessful processes, human error, faulty systems or external events, including legal risks. Operational risk and losses often result from fraud or other external or internal crime, errors by employees, failure to document transactions properly or to obtain proper internal authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of internal or external systems, for example, those of SBAB's and SCBC's suppliers, or other counterparties. SBAB's and SCBC's business is also dependent on the ability to process a very large number of transactions within the ordinary course of operations. Any failure in conducting such transactions efficiently and accurately due to operational risks being materialised may thus adversely affect SBAB and/or SCBC's operations.

Furthermore, significant operational risks include cyber-related risks. The cyber-threat to the Swedish financial sector is extensive and persistent. Any breach in security of SBAB's and SCBC's IT systems risks to crash important systems and disrupt SBAB's and/or SCBC's business. There is also a risk of blackmail attempts and the disclosure of sensitive or confidential information, which would create significant financial and legal exposure, and damage SCBC's reputation and brand. Since SBAB's and SCBC's business in all important respects is digitalised (for example, mortgage applications are filed online, and loans are being granted via SBAB's website), these risks are more prominent to SBAB and SCBC compared to competitors and other lenders whose operations are less digitalised.

### **Liquidity risk**

Liquidity risk is the risk that SCBC will not be able to meet its payment obligations on their maturity at all or without the related cost increasing significantly. Short-term liquidity risk measures the risk of SCBC being negatively impacted in the short term by a lack of liquidity, while structural liquidity risk is a measure of the mismatch between assets and liabilities in terms of maturities, which risks leading to a lack of liquidity in the longer term. SCBC is subject to liquidity requirements in its capacity as a credit institution supervised by the SFSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The inability of SCBC to anticipate future liquidity and provide for unforeseen decreases or changes in funding sources could have consequences on SCBC's ability to meet its payment obligations when they fall due and thus result in an investor not being paid in a timely manner.

### **Funding risk**

SCBC and SBAB are dependent upon the debt capital markets as a source of debt capital. Any downgrade of SCBC's credit ratings, or the credit ratings of SBAB, is likely to increase the SBAB Group's borrowing costs, adversely affect its liquidity position, limit its access to the debt capital markets, undermine confidence in and the competitive position of the SBAB Group, trigger obligations under certain bilateral terms in some of its trading and collateralised financing contracts, including requiring the provision of additional collateral or the replacement of SBAB or SCBC with another counterparty, and/or limit the range of counterparties willing to enter into transactions with SBAB and SCBC. Any of the events above could lead to increasing funding costs with decreasing margins and incomes from the SBAB Group's core business, i.e. mortgage lending, and could therefore have an immediate and material adverse effect on the SBAB Group and the SCBC's business and results of operations.

Furthermore, since SCBC's shares are not listed, it does not have direct access to the equity capital markets, and as a consequence, SCBC is partly dependent upon its ultimate owner (the Kingdom of Sweden) as a source of equity capital. If the owner does not provide SBAB, and in turn SCBC, with equity capital to the extent SBAB and/or SCBC needs and/or if the debt capital markets are not available to SBAB nor SCBC or the cost of debt capital is significantly increased, this is likely to affect the liquidity and funding of SBAB and/or SCBC and, consequently, SCBC's capacity to fulfil its payment obligations.

## **Sustainability and Corporate Social Responsibility ‘CSR’ risks**

There is a risk that SCBC’s operations have a direct or indirect negative effect on, or are directly or indirectly negatively affected by, the climate and the environment, human rights and working conditions (including social conditions and personnel-related matters), anti-corruption efforts and financial criminality.

SBAB’s and SCBC’s exposure to climate and environmental risks primarily arises in conjunction with its granting, and in turn acquiring, of credit. Climate and environmental risks arise, in relation to SBAB, when financing new production and redevelopment projects, but also, in relation to SBAB and SCBC, in existing holdings in coastal areas should water levels rise. Changes in the average annual temperature have consequences for the climate in the form of rising sea levels, flooding, extreme weather, heat stress, drought, more rain, earlier springs, lower ground water levels and fresh water shortages. For buildings and other collateral, it is thus important for SCBC to understand the risks of flooding, collapse, landslides and erosion. Increased extremes in surface water levels that increase water penetration in basements and cause problems with dampness is likely to lead to assets and other collateral decreasing in value, thereby increasing SBAB’s and/or SCBC’s risk of credit losses (since borrowers would face difficulties in repaying their loans should the collateral decrease in value). Since properties are used as collateral for an absolute majority of the loans provided by the SBAB Group, this risk is highly significant.

Furthermore, SCBC is exposed to risks linked to human rights, personnel-related matters and social conditions in conjunction with lending to new production projects and customers with a high proportion of subcontractors. The controls performed by the main contractor in areas such as working conditions are made more complex when production is outsourced. The import of prefabricated material from other countries also entails some risk, since SCBC does not know the conditions that apply for the production. Finally, since SBAB and SCBC handle payments both in lending and financing, they are exposed to corruption risk. The risk is highest in the beginning of a relationship, but is also present in all engagements. SCBC’s main exposure to corruption risk arises in conjunction with its acquiring of newly granted credits from SBAB.

## **SCBC’s dependency towards the business of SBAB**

SCBC has acquired loan portfolios from SBAB and may acquire further loans from SBAB or other parties with which SCBC enters into sale and purchase agreements. Accordingly, SCBC is dependent on the business of SBAB and such other parties to originate loans to be acquired by it. SCBC will therefore be affected by general economic and business conditions which may affect not only SCBC but also SBAB and such other parties, including changes in the economic climate, both nationally and internationally, changes regarding taxation, interest rate developments, inflation, political changes, regulatory changes, changes in the financial markets as well as changes in the business environment or business dynamics of the mortgage market.

## **Outsourcing risk**

For the purpose of achieving efficiency benefits, SBAB and SCBC have agreed that SBAB shall undertake certain services necessary for SCBC to be able to carry out its business operations. According to the Outsourcing Agreement (as defined under “*Information relating to SCBC*”), SBAB shall perform certain services that SCBC may need to carry out its business operations. This leads to SCBC being dependent on SBAB and its ability to fulfil its obligations under the Outsourcing Agreement in order for SCBC’s business operations to function properly.

Furthermore, payments owing to SCBC in respect of its assets will be received on behalf of SCBC under the SBAB group account structure held with Skandinaviska Enskilda Banken AB (publ) (“**SEB**”). Payments will on a daily basis be credited to the relevant sub-ledgers of SCBC in the SBAB group account structure. Therefore, SBAB has agreed with SCBC, primarily pursuant to the Subordination Agreement (as defined under “*Information relating to SCBC*”), that SCBC will have a claim against SBAB for any amount credited to SCBC’s sub-ledgers and SBAB will be obliged to fully repay SCBC upon first demand by SCBC 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 SCBC. Accordingly, SCBC is exposed to the credit risk of SBAB, and therefore indirectly to the credit risk of SEB.

## **No due diligence and limited description of the Portfolio**

None of the Dealers, the Arranger nor SCBC has or will undertake any investigations, searches or other actions in respect of the individual loans and other assets comprising the Cover Pool. Neither will Bondholders receive detailed statistics or information in relation to the loans and other assets contained or to be contained in the Cover Pool, as it is expected that the constitution of such Cover Pool may change from time to time due to, for example, the purchase of further loans by SCBC from time to time. There may therefore be undetected issues or concerns regarding individual loans or other assets in the Cover Pool that would otherwise have been evident from such statistics or investigations.

## **Compliance**

The banking and financing sector is heavily regulated and, as a group conducting banking and financing operations, the SBAB Group is subject to regulations and regulatory supervision pursuant to numerous directives, laws, regulations and policies issued by, *inter alia*, the European Union (the “EU”) and Sweden. Legal or regulatory developments and/or changes in supervisory policies or evaluation methods could have an adverse effect on the SBAB Group’s financial strength (should it adversely affect the value of its assets), how the SBAB Group conducts its business (should it adversely affect the products and services it offers) and on the SBAB Group’s results of operations (should it entail unexpected costs and/or impose restrictions on the development of the SBAB Group’s business operations or otherwise affect its earnings).

As a lender to the Swedish residential mortgage market aimed primarily at individuals, the SBAB Group processes large quantities of personal data on its customers. Such processing of personal data is subject to extensive regulation and scrutiny following the implementation of the general data protection regulation 2016/679/EU, applicable as of 25 May 2018 (“GDPR”). Any administrative and monetary sanctions or reputational damage due to incorrect implementation or breach of the GDPR would have an adverse effect on the SBAB Group’s financial position. Apart from the unexpected costs of any sanctions or damages such measures could lead to negative publicity in the media and/or reduced confidence from customers and other stakeholders along with loss of licences required for the SBAB Group’s operations which ultimately could adversely impact the SBAB Group’s business, financial condition and results of operations.

Criminal activity within the banking industry, in which SBAB and SCBC operate, has been increasingly uncovered in recent years. This area, not least the issue of money laundering, received intense media attention in the past three years. The SBAB Group is subject to a regulatory framework which requires the SBAB Group and SCBC to take measures to counteract money laundering and terrorist financing within their operations. There is a risk that the SBAB Group’s and SCBC’s procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are insufficient or not complied with, and that the SBAB Group’s and/or SCBC’s internal control functions are not adequate to ensure that the SBAB Group and/or SCBC comply with the regulatory framework. Such insufficiency or inadequacy may result in a failure to comply with the anti-money laundering regulatory framework.

Non-compliance with, as well as deficiencies in, guidelines and policies implemented to ensure compliance with regulatory frameworks that lead to negative publicity, negative consequences or criticism from *inter alia* the SFSA or other regulators within the financial sector would have a material adverse effect on the SBAB Group and/or SCBC’s reputation, which is likely to adversely affect demand for loans offered by the SBAB Group. Furthermore, any non-compliance that would lead legal implications, including remarks or warnings and/or significant administrative fines imposed by the SFSA or other regulators require the SBAB Group and/or SCBC to pay amounts (which may be significant) and take measures to ensure compliance. This could cause significant, and potentially irreparable, damage to the reputation of the SBAB Group and, as a result, the SBAB Group’s business (should the demand for its products and services decrease), financial condition (should the value of its assets decrease) and results of operations (should its revenue decrease and/or its costs increase) could be materially adversely affected.

## **Legal and regulatory risks relating to the SBAB Group**

### **Compliance with and changes in tax legislation**

In 2020, the SBAB Group’s tax expenses totalled SEK 522 million and its effective income tax rate was 22.1 per cent. Accordingly, tax expenses constitute a significant part of the SBAB Group’s total expenses

(approximately 28 per cent). Should the SBAB Group's tax situation for previous, current and future years change (as a result of legislative changes and decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities, potentially with retroactive effect), it could adversely affect the SBAB Group's and/or SCBC's business (should taxes imposed on its products and services negatively impact the demand for such products and services), financial condition (should taxes negatively impact the value of its assets) and results of operations (should taxes increase its costs and thus decrease, among other things, its operating profits). Furthermore, in 2020, the SBAB Group's deferred tax assets(+)/liabilities(-) totalled SEK 651 million. The recognition of deferred tax assets/liabilities pertaining to deductible temporary differences or loss carry-forwards is based on management's assessment of the future likelihood of the company generating taxable profits corresponding to the basis for deferred tax assets. Incorrect assessments risk having a material impact on the SBAB Group and SCBC's results of operations and financial position. Any such events or incorrect assessments thus risk leading to increased tax expenses or additional taxes, and there is a risk these encompass significant amounts.

In addition, in 2018, the then-current Swedish government presented a proposal for tax on financial services. The current government revisited the proposal in August 2019 and expressed its intention to introduce such tax in 2022. On 17 September 2020 the Ministry of Finance (Sw. *Finansdepartementet*) published a memorandum proposing new legislation introducing a tax for credit institutions with liabilities of more than SEK 150 billion. On 24 May 2021, the Ministry of Finance altered the original proposal. In accordance with the altered proposal, the new legislation is proposed to enter into force on 1 January 2022, and the suggested tax rate is set to 0.05 per cent of total debt attributable to business carried out in Sweden and business carried out by foreign branches of Swedish credit institutions for taxation years commencing in 2022 and 0.06 per cent in following years. The proposal is subject to a consultation process and further investigation, and the final details of this tax are not yet known. However, if implemented, it could have an adverse effect on the SBAB Group as set out in the foregoing paragraph.

### **Regulatory capital and liquidity requirements**

The SBAB Group and SCBC are subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted the SBAB Group and SCBC and are expected to continue to impact the SBAB Group and SCBC include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU (the "**CRD IV**"), as amended by Directive (EU) 2019/878 (the "**CRD V**"), and the EU Capital Requirements Regulation (EU) No. 575/2013 (the "**CRR**"), as amended by Regulation (EU) 2019/876 (the "**CRR II**") and, as a response to the ongoing coronavirus (COVID-19) pandemic, by Regulation (EU) 2020/873. The CRR and the CRD IV are supported by a set of binding technical standards developed by the European Banking Authority (the "**EBA**"). The regulatory framework will continue to evolve and any resulting changes could have a material impact on SCBC's business.

The capital adequacy framework includes, *inter alia*, minimum capital requirements for the components in the capital base with the highest quality, common equity tier 1 ("**CET1**") capital, additional tier 1 capital and tier 2 capital. The CRR II also introduces a binding leverage ratio requirement (i.e. a capital requirement independent from the riskiness of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to the CRR. In addition to the minimum capital requirements, the CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to the SBAB Group and SCBC as determined by the SFSA. The countercyclical buffer rate is a capital requirement which varies over time and is to be used to support credit supply in adverse market conditions. On 16 March 2020 the countercyclical capital buffer for Sweden was lowered from 2.5 per cent to 0 per cent as a pre-emptive measure to avoid a credit crunch due to the developments surrounding the coronavirus (COVID-19) pandemic and the spread of the coronavirus and their impact on the economy. On 22 March 2021, the SFSA communicated that the buffer rate is not expected to be increased until the third quarter of 2021, at the earliest. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by SCBC, for example, dividends on CET1 and coupon payments on tier 1 capital instruments.

Furthermore, a degree of uncertainty prevails surrounding future capital requirements due to forthcoming regulatory changes in the near future. Among other actions, in autumn 2020, the SFSA has proposed regulatory amendments and a change in the application of capital requirements for Swedish banks in order to adapt them to the EU's banking package. This pertains primarily to the introduction of leverage ratio requirements, changes in the application of Pillar 2 requirements as well as the SFSA's position related to the implementation of Pillar 2

guidelines and the application of the capital buffers. Legislative amendments linked to the CRD V entered into force on 29 December 2020. Binding leverage ratio requirements enter into force on 28 June 2021. The SFSA has also proposed a new method for assessing additional capital charges within Pillar 2 for market risks in other operations, which have applied since 1 January 2021. The SFSA has previously announced that it expects Swedish banks to analyse and update their current risk classification systems to be able to meet the new EBA guidelines (which are expected to be implemented in 2021). Overall, these recent and forthcoming regulatory changes are expected to increase the future capital adequacy requirements for banks in Sweden, including the SBAB Group. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by the SBAB Group and SCBC, for example, dividends on CET1 and coupon payments on tier 1 capital instruments.

The conditions of SBAB's and SCBC's businesses as well as external conditions are constantly changing and the full set of capital adequacy rules applicable to Swedish financial institutions continues to evolve. For the foregoing reasons, SBAB and/or SCBC are potentially required to raise additional capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, is not always available on attractive terms, or at all. If SBAB and/or SCBC is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain operations as a result of, for example, the initiatives to strengthen the regulation of credit institutions, this would adversely affect its results of operations or financial condition or increase its costs, all of which may adversely affect the SBAB Group's and SCBCs abilities to raise additional capital.

Serious or systematic deviations by the SBAB Group and/or SCBC from the above regulations would most likely lead to the SFSA determining that the SBAB Group's and/or SCBC's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the SFSA imposing sanctions against the SBAB Group and/or SCBC. Further, any increase in the capital and liquidity requirements could have a negative effect on the SBAB Group's and/or SCBC's liquidity (should its revenue streams not cover continuous payment to be made under its issued capital), funding (should it not be able to raise capital on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase).

### **Bank Recovery and Resolution Directive**

The SBAB Group is subject to the Bank Recovery and Resolution Directive (the “**BRRD**”) (which was amended by Directive (EU) 2019/879 (the “**BRRD II**”) on 27 June 2019). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition. Accordingly, the requirements under the BRRD are comprehensive, and require the SBAB Group to take extensive measures to ensure compliance.

On 23 March 2021, a new Swedish government bill (prop. 2020/21:155) attributable to the Swedish implementation of BRRD II was presented. The draft legislation includes, *inter alia*, a proposal that the applicable minimum requirement for own funds and eligible liabilities (“**MREL**”) shall be replaced with a new MREL requirement and a proposal to implement the Total Loss-Absorbing Capacity Term Sheet published by the Financial Stability Board on 9 November 2015 and endorsed by the G20 in November 2015 (the *TLAC standard*). The main part of the legislative changes set out in the draft legislation is proposed to enter into force on 1 July 2021 and the government bill was approved by the Swedish legislator early June 2021. The degree to which the proposed legislative changes could affect SCBC remains uncertain.

The BRRD contains a number of resolution tools and powers which may be applied by the resolution authority (in Sweden, the Swedish National Debt Office (Sw. *Riksgäldskontoret*)) upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, including CET1 instruments of the surviving entity, which equity could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the authority has the power to

take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval.

It is not possible to predict exactly how the powers and tools of the Swedish National Debt Office provided in the BRRD (as implemented into Swedish law) will affect SCBC and/or the SBAB Group. However, in order to, among other things, ensure the effectiveness of bail-in and other resolution tools, all in-scope institutions must have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each institution must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (the Swedish National Debt Office for Sweden) on a case by case basis.

The MREL requirement has been required to be met as from 1 January 2018 (the liabilities proportion principle). On 18 June 2018 the Swedish National Debt Office announced and clarified that the MREL requirement of SBAB and SCBC stating, among other things, that by 1 January 2022, the requirement must be fully met with subordinated and non-preferred liabilities (the subordinated and non-preferred liabilities principle). Due to the outbreak of the coronavirus (COVID-19), the Swedish National Debt Office announced, on 7 April 2020, that the phase in period for the above mentioned MREL requirements would be prolonged until 1 January 2024. Even though the requirements have been postponed, SBAB and SCBC will be required to issue an amount of additional eligible liabilities in the form of senior non-preferred notes or other MREL eligible liabilities in order to meet the new MREL requirements within the required timeframes.

If SBAB or SCBC were to experience difficulties in raising such eligible liabilities, it would have to reduce its lending or investments in other operations. This is likely to lead to a decrease in the SBAB Group's revenue which, if its costs remain unchanged, would decrease its operating result.

Further, given that the MREL requirements must be met by all EU credit institutions, there is a risk that there is not a sufficient investor appetite in the debt markets for the aggregate volume of eligible liabilities which must be issued up until 1 January 2024, which would have a negative effect on the price and value of such instruments.

### **Risks relating to changes in accounting standards**

From time to time, the International Accounting Standards Board (the "IASB"), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of the SBAB Group's and SCBC's financial statements. These changes are sometimes difficult to predict and could materially impact how the SBAB Group and SCBC record and report their results of operations and financial condition. Changes in accounting standards may have an adverse effect on SCBC's financial condition as, *inter alia*, the value of its assets may decrease, which may negatively affect its amount of funds available for payments under the Covered Bonds.

In July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (Financial Instruments) ("IFRS 9"), which became effective from 1 January 2018 and replaced IAS 39. IFRS 9 provides a new general hedge accounting model which is yet to be completed with a portfolio hedging model. Implementation is not mandatory until the model is complete and the model has not yet been implemented by the SBAB Group. It is currently not possible to determine the extent of the impact that an implementation of the hedge accounting model under IFRS 9 will have on CET 1 capital as the new rules, and its impact on capital ratios, are not yet final.

As a consequence of the new general hedge accounting model under IFRS 9, and the uncertainty regarding its implementation, there is a risk that the SBAB Group and/or SCBC will be required to obtain additional capital in the future. There is, however, a risk that new equity capital or debt financing qualifying as regulatory capital will not be available on attractive terms, or at all.

### **Harmonisation of the EU covered Bond framework**

The European Union's covered bond directive (EU) 2019/2162 and regulation (EU) 2019/2160 came into effect on 7 January 2020 (although there will be a maximum 30 months transposition period after the effective date for the new directive and the new regulation will become applicable during July 2022). Certain changes will be made to the Covered Bonds Act and the SFSA Regulations. On 4 November 2020 an Official Report of the

Swedish Government (*SOU 2020:61 (Ändrade regler om säkerställda obligationer)*) was published containing, *inter alia*, proposals of the legislative amendments needed to implement the European Union's covered bond directive and regulation in Sweden (the "**Covered Bond Report**") (see further in the sub-section "*Directive on covered bonds and proposal on Swedish implementation*" on page 52 of this Prospectus). It should be noted that the Covered Bond Report does not constitute a final proposal on the implementation of the European Union's covered bond directive and regulation in Sweden as the Swedish government has yet to propose an amendment of the Covered Bonds Act to the Swedish parliament. Hence, it is still unclear how the European Union's covered bond directive and regulation will affect the Swedish legislation governing covered bonds and there can be no assurances or predictions made as to the precise effect of the new regime on the Covered Bonds.

In addition, the new covered bond directive provides for permanent grandfathering with respect to certain requirements of the new regime for Article 52(4) UCITS Directive-compliant covered bonds issued by an issuer with its registered office in an EU member state before the relevant application date, provided there is continued supervision by the relevant designated competent authority in the EU (similar grandfathering provisions are also set out in the new regulation).

## Risks relating to the Covered Bonds

### The Covered Bonds are obligations of SCBC only

Even though the Covered Bonds have the benefit of priority in respect of the Cover Pool, investors investing in the Covered Bonds assume a credit risk on SCBC. The Covered Bonds are solely obligations of SCBC and are not obligations of, or guaranteed by, any other entities. In particular, the Covered Bonds are not obligations of, and are not guaranteed by, the Kingdom of Sweden, SBAB or any other entity in the SBAB Group. No liability whatsoever in respect of any failure by SCBC to pay any amount due under the Covered Bonds shall be accepted by any of the Kingdom of Sweden, SBAB or any other entity in the SBAB Group.

The assets in the Cover Pool are owned by SCBC but, in the event of SCBC's bankruptcy, will not be available to other creditors until the Bondholders, Other Covered Bondholders and related derivative counterparties have been repaid in full (except in limited circumstances if the administrator-in-bankruptcy grants an advance dividend to unsecured creditors). To the extent that claims in relation to the Covered Bonds and other covered bonds are not met out of the assets in the Cover Pool, the residual claims will rank *pari passu* with other unsecured and unsubordinated creditors of SCBC. See also the section "*Overview of the Swedish legislation regarding covered bonds*".

### Covered Bonds issued under the Programme

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will rank *pari passu* with the Notes issued under the Covered EMTN Programme, the Australian Covered Bonds issued under the Australian Covered Bond Issuance Programme and with any other securities which may be issued by SCBC in accordance with the Covered Bonds Act.

### Non-compliance with matching rules

According to the Covered Bonds Act, SCBC must comply with certain matching requirements, 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, with respect to the Cover Pool and the covered bonds by at least two per cent. In order to comply with these requirements, SCBC may enter into derivative contracts. To do so, SCBC is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

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

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

### No events of default

The Conditions of the Covered Bonds do not include any events of default provisions relating to SCBC, the occurrence of which would entitle Bondholders to accelerate repayment of the Covered Bond Loans, and the Bondholders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the Conditions of the relevant Covered Bond Loan. The absence of any events of default in the

Conditions of the Covered Bonds may make it less likely that Bondholders will recoup their investment in full in the event that SCBC experiences financial distress.

### **The value of the Covered Bonds could be adversely affected by a change in Swedish Law or administrative practice**

The Conditions are governed by Swedish Law. The maintenance and priority of the Covered Bonds are mainly regulated by the Covered Bonds Act, the SFSA's regulations and general guidelines regarding covered bonds (Sw. *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer* (FFFS 2013:1)) and the Rights of Priority Act (Sw. *Förmånsrättslag (1970:979)*). No assurance can be given as to the impact of any possible judicial decision or change to Swedish laws or regulations or the administrative practice relating thereto after the date of issue of the relevant Covered Bonds. Any such change, and in particular changes relating to the Covered Bonds Act, the SFSA's regulations and general guidelines regarding covered bonds and the Rights of Priority Act, could materially adversely impact the value of any Covered Bonds affected by it.

### **Conflicting interests of other creditors**

In the event of SCBC's bankruptcy, the Covered Bonds Act does not give clear guidance on certain issues, which may lead to a conflict between the Bondholders, the Other Covered Bondholders and the Eligible Swap Providers on the one hand and other creditors of SCBC on the other hand. Examples of such issues are: (i) 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 (ii) 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.

Any assets of SCBC that are not included in the Cover Pool will be available to meet the claims of the Bondholders and the Other Covered Bondholders through dividends in the bankruptcy (advance and/or final) if the assets in the Cover Pool are insufficient to pay the claims of the Bondholders and the Other Covered Bondholders in respect of such Cover Pool in full. When 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 SCBC to subordinate its claim to the benefit of SCBC in accordance with the Subordination Agreement. Furthermore, SBAB will, pursuant to the Master Sale Agreement (as defined under "*Information relating to SCBC*"), represent to SCBC 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 SCBC or SBAB, such party has entered into a subordination agreement with SCBC 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.

### **Levy of execution on the assets in the Cover Pool**

Although the Rights of Priority Act prescribes that a special right of priority applies upon both bankruptcy and levy of execution, it has been argued with considerable authority that, as the Swedish Enforcement Code (Sw. *Utsökningsbalk (1981:774)*) does not protect the special right of priority of a holder of covered bonds in competition with another creditor seeking execution, such a creditor may, through levy of execution, obtain a right which is superior to the right of priority accorded to holders of covered bonds under the Rights of Priority Act. Such preference right may be challenged by a bankruptcy administrator and be voidable if the preference was obtained within three months prior to the commencement of SCBC's bankruptcy proceedings on the basis that such creditor has been preferred over the Bondholders, the Other Covered Bondholders and SCBC's ordinary creditors. If such challenge is not made, this could ultimately result in a reduction in the return to the Bondholders.

### **Payment of advance dividends post Issuer's bankruptcy**

In the event of SCBC's bankruptcy, an administrator-in-bankruptcy could make advance dividend payments (Sw. *förskottsutdelning*) to creditors other than the Bondholders, the Other Covered Bondholders and the Eligible Swap Providers. The payment of advance dividends could result in Bondholders 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 Bondholders, the Other Covered Bondholders and the Eligible Swap Providers before making such payment.

Additionally, SCBC'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 Bondholders, the Other Covered Bondholders and the Eligible Swap Providers as a result of the payment of advance dividends. The right to reclaim advance dividends may also be secured by a bank guarantee or equivalent security pursuant to the Swedish Bankruptcy Act (Sw. *konkurslag (1987:672)*).

SBAB has agreed that all its claims against SCBC (except in relation to claims deriving from any Eligible Swap) shall be subordinated to the claims of the Bondholders and the Eligible Swap Providers in case of bankruptcy of SCBC.

### **Liquidity following bankruptcy**

Upon a credit institution's bankruptcy, neither the credit institution nor its bankruptcy estate would have the ability to issue further covered bonds. Whilst there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity in other ways, the Covered Bonds Act gives the administrators-in-bankruptcy an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to attaining matching of cash flows, currencies, interest rates and interest periods between assets in the Cover Pool, covered bonds and derivative contracts. The administrators-in-bankruptcy may also raise liquidity by, for example, selling assets in the Cover Pool on the market. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in Bondholders not being paid in a timely manner.

### **Risks related to Covered Bonds which are linked to "benchmarks"**

Interest rates and indices which are deemed to be "benchmarks" (such as STIBOR) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds referencing such a benchmark.

The Benchmarks Regulation (EU) No. 2016/1011 (the "**Benchmarks Regulation**") was published in the Official Journal of the EU on 29 June 2016 and was applied as of 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Among other things, it: (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevents certain uses by EU supervised entities (such as SCBC) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Covered Bonds linked to or referencing a benchmark, in particular, if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other

consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to a benchmark and the trading market for such Covered Bonds.

The Swedish Bankers' Association has held a consultation on a possible recommendation for a STIBOR fallback rate, normally referred to as SWESTR (Swedish krona Short Term Rate) that ended on 10 June 2021. The Swedish Central Bank (Sveriges Riksbank) announced on 22 June 2021 that SWESTR can be used in financial transactions from 2 September 2021. SWESTR could thereby, in the event of STIBOR no longer being published or administered, work as a replacement rate for STIBOR from such date. The General Terms and Conditions provide that the interest rate benchmark STIBOR, which applies for the Covered Bonds, can be replaced as set out therein, upon the occurrence of a Base Rate Event which includes if STIBOR ceases to be calculated or administered. Such replacement shall be made in good faith and in a commercially reasonable manner. Should STIBOR or the administrator not be approved under the Benchmarks Regulation, or for any other reason ceases to be calculated or administered and be replaced by SWESTR or another interest rate benchmark, there is a risk that such replacement is not made in an effective manner and consequently, if STIBOR ceases to be calculated or administered, an investor in the Covered Bonds would be adversely affected. The degree to which amendments to and application of the Benchmarks Regulation may affect the Bondholders is uncertain and presents a highly significant risk to the return on the Bondholder's investment.

### **Extendable obligations under the Covered Bonds**

The relevant Final Terms may provide that an Extended Maturity Date applies to a Covered Bond Loan. Any extension of the maturity of the principal amount outstanding of Covered Bonds from the Maturity Date to the Extended Maturity Date will not result in any right of Bondholders to accelerate payments or take action against SCBC, and no amount will be payable to Bondholders in that event other than as set out in the General Terms and Conditions as supplemented by the relevant Final Terms.

### **The value of fixed interest rate Covered Bond Loans may be adversely affected by movements in market interest rates**

Covered Bond Loans with a fixed interest rate bear interest at a fixed rate until the Maturity Date for such Covered Bond Loans. During that time, Bondholders of Covered Bonds with fixed interest rate are exposed to the risk that the price of such Covered Bond Loans may fall because of changes in the market yield. While the nominal interest rate of Covered Bonds with fixed interest rate is fixed until the Maturity Date for such Covered Bonds, the market yield typically changes on a daily basis. As the market yield changes, the price of Covered Bonds with fixed interest rate changes in the opposite direction, i.e. if the market yield increases, the price of such Covered Bonds falls and if the market yield falls, the price of such Covered Bonds increases. There is a risk that the price of Covered Bonds with fixed interest rate is adversely affected by movements of the market yield, which, if a Bondholder decides to sell Covered Bonds in the secondary market, will result in such Bondholders losing a significant part of their investment in such Covered Bonds.

## **Risks related to the market in general**

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

Covered Bonds may have no established trading market when issued, and one may never develop. If a market for Covered Bonds does develop, it may not be liquid or may become illiquid at a later stage. Therefore, Bondholders may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case where SCBC is in financial distress, which may result in a sale of Covered Bonds at a substantial discount to their principal amount. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

### **Reliance on Swap Providers**

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

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

### **Termination payments for swaps**

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

### **If an investor holds Covered Bonds which are not denominated in the investor’s home currency, such investor will be exposed to movements in exchange rates adversely affecting the value of the holding. In addition, the imposition of exchange controls in relation to any Covered Bonds could result in an investor not receiving payments on those Covered Bonds**

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

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

## **GENERAL TERMS AND CONDITIONS AND FORM OF FINAL TERMS**

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### **GENERAL TERMS AND CONDITIONS**

The following general terms and conditions (the “**General Terms and Conditions**”) apply for Loans represented by Covered Bonds that AB Sveriges Säkerställda Obligationer (publ) with the parallel trade name The Swedish Covered Bond Corporation (Reg. No. 556645-9755) (“**SCBC**”) issues in the capital market under an agreement with the Dealers in respect of a Swedish programme for the continuous issuance of covered bonds (Sw. *säkerställda obligationer*) (the “**Programme**”).

For each Loan, final terms are prepared that include supplementary terms and conditions (“**Final Terms**”), which together with these General Terms and Conditions constitute the complete terms and conditions for the relevant Loan (the “**Conditions**”). Final Terms for Loans that are offered to the public will be published on SCBC’s website (www.sbab.se) and made available at the office of SCBC. For as long as a Loan is outstanding, SCBC will keep the General Terms and Conditions and the Final Terms for such Loan available on its website.

#### **1. DEFINITIONS**

1.1 In the Conditions, the following expressions shall have the meaning ascribed to them below.

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Base Rate or Alternative Base Rate, as the case may be and is the spread, formula or methodology which:

- (a) in the case of a Successor Base Rate, is formally recommended in relation to the replacement of the applicable Base Rate with the relevant Successor Base Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Base Rate)
- (b) the Independent Adviser (in consultation with SCBC) or SCBC (as the case may be) determines is customarily applied to the relevant Successor Base Rate or Alternative Base Rate, as the case may be, in international debt capital markets transactions to produce an industry-accepted replacement rate for the applicable Base Rate; or (if the Independent Adviser or SCBC (as the case may be) determines that no such spread is customarily applied)
- (c) the Independent Adviser (in consultation with SCBC) or SCBC (as the case may be) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the applicable Base Rate, where such rate has been replaced by the Successor Base Rate or the Alternative Base Rate, as the case may be;

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator (Sw. *kontoförande institut*) pursuant to the Swedish Financial Instruments Accounts Act and through which a Bondholder has opened a VP Account in respect of its Covered Bonds;

“**Adjusted Total Nominal Amount**” means, for a Loan, the Total Nominal Amount excluding Covered Bonds held by SCBC and any other member of the SBAB Group, irrespective of whether such entity is registered by name as the Bondholder of such Covered Bonds;

“**Administrative Agent**” means (i) if a Loan is issued through two or more Issuing Houses, the Issuing House appointed by SCBC to be responsible for certain administrative tasks in respect of the Loan as set out in the relevant Final Terms; and (ii) if a Loan is issued through only one Issuing House, the Issuing House;

“**Alternative Base Rate**” means the rate that the Independent Adviser or SCBC (as applicable) determines has replaced the applicable Base Rate in and which is customarily applied in the relevant debt capital markets for the purposes of determining rates of interest in respect of notes denominated in Swedish Kronor and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or SCBC (as applicable) determines that there is no such rate, such other rate as the

Independent Adviser or SCBC (as applicable) determines in its sole discretion is most comparable to the applicable Base Rate;

“**Base Rate**” means STIBOR or, following the occurrence of a Base Rate Event, any reference rate replacing STIBOR in accordance with Section 12 (*Base Rate replacement*);

“**Base Rate Determination Date**” means as set forth in paragraph in Section 12.2.1(a);

“**Base Rate Event**” means:

- (a) the applicable Base Rate ceasing to be published for a period of at least five (5) consecutive Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the applicable Base Rate that it has ceased or that it will cease publishing the applicable Base Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the applicable Base Rate); or
- (c) a public statement by the supervisor of the administrator of the applicable Base Rate that the applicable Base Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the applicable Base Rate as a consequence of which the applicable Base Rate will be prohibited from being used either generally, or in respect of the Covered Bonds; or
- (e) it has become unlawful for SCBC or the Administrative Agent to calculate any payments due to be made to any Bondholder using the applicable Base Rate;

provided that in the case of sub-paragraphs (b), (c) and (d), the Base Rate Event shall occur on the date of the cessation of publication of the applicable Base Rate, the discontinuation of the applicable Base Rate, or the prohibition of use of the applicable Base Rate, as the case may be, and not the date of the relevant public statement;

“**Bondholder**” means the person recorded on a VP Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) of a Covered Bond;

“**Bondholders’ Meeting**” means a meeting of the Bondholders in respect of a Loan as described in Section 10 (*Bondholders’ Meeting*);

“**Business Day**” means a day which is not a Sunday or other public holiday in Sweden or which is not treated as a public holiday for the purpose of payment of promissory notes. In this definition, Saturdays, Midsummer’s Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall be deemed public holidays;

“**Covered Bond**” means a unilateral promissory note which is registered in accordance with the Swedish Financial Instruments Accounts Act and issued by SCBC in accordance with the Conditions and coupled with rights of priority in SCBC’s cover pool pursuant to the Swedish Covered Bonds Act (Sw. *lagen (2003:1223) om utgivning av säkerställda obligationer*);

“**Day Count Convention**” means, when determining an amount for a certain determination period, the counting basis stated in the relevant Final Terms, and;

- (a) if the counting basis “30/360” is stated as being applicable, the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed; and
- (b) if the counting basis “Actual/360” is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360;

“**Dealers**” means Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) and such other dealer (Sw. *emissionsinstitut*) appointed in accordance with Section 13.3, but only for so long as such dealer has not withdrawn as a dealer;

“**Euroclear Sweden**” means Euroclear Sweden AB, Reg. No. 556112-8074;

“**Extended Maturity Date**” means the date falling no later than twelve (12) months from the Maturity Date of a Loan, subject to any adjustments, specified in the Final Terms;

“**Independent Adviser**” means an independent financial institution of repute in the debt capital markets where the Base Rate is commonly used or other independent financial adviser experienced in the debt capital markets where the Base Rate is commonly used, in each case appointed by SCBC at its own expense;

“**Interest Commencement Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Interest Determination Date**” means, for a Loan with floating interest rate, the date specified in the relevant Final Terms;

“**Interest Payment Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Interest Period**” means, for a Loan, the period specified in the relevant Final Terms;

“**Interest Rate**” means:

- (a) until (and including) the Maturity Date (i) for a Loan with fixed interest rate, the interest rate specified in the relevant Final Terms and (ii) for a Loan with floating interest rate, the interest rate calculated in accordance with Section 6.1(b); and
- (b) if applicable, from (but excluding) the Maturity Date to (and including) the Extended Maturity Date, a floating interest rate calculated in accordance with Section 6.2;

“**Issue Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Issuing House**” means the Dealer(s) through which a particular Loan is issued;

“**Loan**” means each loan with a separate ISIN code, comprising Covered Bonds with the same ISIN code, which SCBC issues under this Programme;

“**Margin**” means, for a Loan with floating interest rate, the margin specified in the relevant Final Terms;

“**Maturity Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Maximum Interest Rate**” has the meaning set out in the relevant Final Terms;

“**Minimum Interest Rate**” has the meaning set out in the relevant Final Terms;

“**Nominal Amount**” means the amount for each Covered Bond that is stated in the relevant Final Terms less any amount repaid, cancelled or written down in accordance with the Conditions or applicable legislation;

“**Record Date**” means:

- (a) the Business Day before the payment date in respect of principal amounts payable under the Conditions; and
- (b) the fifth Business Day before (i) the payment date in respect of interest amounts payable under the Conditions, (ii) another date when payment is to be made to Bondholders (other than payment of principal), (iii) the date of a Bondholders’ Meeting, or (iv) another relevant date (other than a payment date for principal amounts payable under the Conditions),

or, in each case, such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market;

“**Reference Banks**” means Nordea Bank Abp, filial i Sverige, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ);

“**Regulated Market**” means a regulated market for the purposes of Directive 2014/65/EU;

“**Relevant Nominating Body**” means in relation to a reference rate:

- (a) the administrator of the reference rate, or any entity under the common control as the administrator of the reference rate;
- (b) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or
- (c) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the reference rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate, (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Council or any part thereof;

“**SBAB Group**” means SBAB Bank AB (publ), SCBC and their respective subsidiaries from time to time;

“**Settlement Bank**” means Skandinaviska Enskilda Banken AB (publ) or such other settlement bank (Sw. *likvidbank*) appointed by SCBC for the functions set out in Section 4.5;

“**STIBOR**” means, unless and until a Base Rate Event has occurred, the interest rate:

- (a) that is administered, calculated and distributed by the Swedish Financial Benchmark Facility on a daily basis (or by any benchmark administrator replacing the Swedish Financial Benchmark Facility) and published on Thomson Reuters’s webpage “STIBOR=Q” (or on any replacement webpage) (or on such other webpage that replaces the webpage mentioned) or, if such quotation does not exist;
- (b) at the mentioned time equivalent to (i) the mean of the Reference Banks’ quoted interest rates for deposits of SEK 100,000,000 for the period in question on the Stockholm interbank market - or - if only one or no such quotation is given - (ii) the Administrative Agent’s assessment of the interest rate offered by Swedish commercial banks for lending of SEK 100,000,000 for the period in question on the inter-bank market Stockholm.

Following the occurrence of a Base Rate Event, STIBOR, (if applicable, as modified by an application of the fallback provisions above) means a Successor Base Rate or an Alternative Base Rate (as applicable) replacing STIBOR determined in accordance with Section 12 (*Base Rate replacement*);

“**Successor Base Rate**” means the rate that an Independent Adviser or SCBC (as applicable) determines is a successor to or the replacement of the applicable Base Rate and which is formally recommended by a Relevant Nominating Body;

“**Swedish Financial Instruments Accounts Act**” means *lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*;

“**Swedish Kronor**” and “**SEK**” means the lawful currency of Sweden;

“**Total Nominal Amount**” means, for a Loan, the total aggregate Nominal Amount of the Covered Bonds outstanding at the relevant time; and

“**VP Account**” means a securities account (Sw. *VP-konto*) under the Swedish Financial Instruments Accounts Act maintained by Euroclear Sweden in which (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

1.2 Further definitions are contained (where relevant) in the relevant Final Terms.

## 2. RAISING OF LOANS, LOAN AMOUNT, DENOMINATION AND PAYMENT COMMITMENT

2.1 Under this Programme SCBC may issue Covered Bonds in Swedish Kronor with a minimum term of one (1) year. Under a Loan, Covered Bonds may be issued in more than one (1) tranche.

- 2.2 The Total Nominal Amount will be determined when the sale of the Covered Bonds has been completed and shall be represented by Covered Bonds in the denomination in SEK specified in the relevant Final Terms or in whole multiples thereof.
- 2.3 SCBC undertakes to repay the principal and to pay interest in respect of each Loan in accordance with the Conditions.
- 2.4 In subscribing for Covered Bonds each initial Bondholder accepts that its Covered Bonds shall have the rights and be subject to the conditions stated in the Conditions. In acquiring Covered Bonds, each new Bondholder confirms such acceptance.

### **3. REGISTRATION OF COVERED BONDS**

- 3.1 Upon issuance, Covered Bonds shall be registered in a VP Account on behalf of the Bondholder and accordingly no physical notes representing the Covered Bonds will be issued.
- 3.2 A request concerning the initial registration of a Covered Bond in a VP account in accordance with Section 3.1 shall be made by SCBC to the relevant Account Operator.
- 3.3 Any person who acquires the right to receive payment under a Covered Bond through a mandate, a pledge, regulations in the Children and Parents Code (Sw. *Föräldrabalken*), conditions in a will or deed of gift or in some other way shall register his or her right to payment.
- 3.4 For Covered Bonds registered in the name of a nominee in accordance with the Swedish Financial Instruments Accounts Act, the nominee shall be regarded as the Bondholder under these Conditions.

### **4. PAYMENTS**

- 4.1 A Loan falls due on the Maturity Date, except as provided in Section 5 (*Extended Maturity Date*) if an Extended Maturity Date is specified in the relevant Final Terms. Interest shall be paid on each Interest Payment Date in accordance with the relevant Final Terms.
- 4.2 On the Maturity Date or the Extended Maturity Date, as applicable, the Loan shall be repaid together with accrued interest (if any). If the Maturity Date or the Extended Maturity Date, as applicable, falls on a day that is not a Business Day, the Loan shall be repaid on the next following Business Day.
- 4.3 Should an Interest Payment Date, the Maturity Date or the Extended Maturity Date (as applicable) occur on a day that is not a Business Day, the relevant interest payment shall be made:
- (a) for Loans with floating interest rate, on the next following Business Day, provided that such Business Day does not occur in a new month in which case the relevant interest payment shall be made on the first preceding Business Day instead; and
  - (b) for Loans with fixed interest rate, on the next following Business Day provided, however, that interest in this regard is only paid up to and including the Interest Payment Date, the Maturity Date or the Extended Maturity Date (as applicable).
- 4.4 Repayment of principal and payment of interest shall be made to the person who is a Bondholder on the applicable Record Date for such payment, or to such other person who is registered with Euroclear Sweden on such date as being entitled to receive the relevant payment or repayment amount.
- 4.5 SCBC has appointed the Settlement Bank to administrate payments under Covered Bonds and the Settlement Bank has accepted this appointment on the condition that SCBC provides the Settlement Bank with the necessary means.
- 4.6 Where the Bondholder has arranged for an Account Operator to record that the principal and interest are to be credited to a particular bank account, the payments will be made through Euroclear Sweden on the relevant due dates. If no such instructions have been given, Euroclear Sweden will

withhold the amount to be paid until the Bondholder has arranged for an Account Operator to record such bank account, and no penalty and/or other additional interest or fee shall be payable as a result of such withholding. If the due date falls on a day which is not a Business Day, the amount will be credited to an account or made available to the payee in accordance with what is set out in Section 4.2 and Section 4.3 (as applicable).

- 4.7 If the Settlement Bank or Euroclear Sweden is unable to pay the amount in the manner stated above as a result of some delay on the part of SCBC or because of some other obstacle, then, as soon as the obstacle has been removed, the amount shall be paid by the Settlement Bank or Euroclear Sweden, as applicable, to the person registered as Bondholder on the Record Date.
- 4.8 If SCBC is unable to carry out its obligations to pay through the Settlement Bank or Euroclear Sweden in the manner stated above due to obstacles for the Settlement Bank or Euroclear Sweden as stated in Section 16.1, SCBC shall have a right to postpone the obligation to pay until the obstacle has been removed. In such case, interest will be calculated in accordance with Section 7.2.
- 4.9 In the event that the person to whom the amount was paid in the manner stated above was not entitled to receive it, SCBC, the Settlement Bank and Euroclear Sweden, as applicable, shall nevertheless be regarded as having fulfilled their obligations. However, this does not apply if SCBC, the Settlement Bank or Euroclear Sweden, as applicable, was aware that the person to whom the amount was paid was not entitled to receive it or if SCBC, the Settlement Bank or Euroclear Sweden, as applicable, neglected to show the necessary care given the circumstances.

## **5. EXTENDED MATURITY DATE**

- 5.1 If an Extended Maturity Date is specified in the relevant Final Terms as applying to a Loan and SCBC fails to repay the relevant Loan in full on the Maturity Date or within two (2) Business Days thereafter, the maturity of the outstanding Loan and the date on which such Loan will be due and repayable for the purposes of the Conditions will be automatically extended up to but no later than the Extended Maturity Date, subject as otherwise provided for in the relevant Final Terms. In that event, SCBC may repay all or any part of the principal amount outstanding of the Loan on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date or as otherwise provided for in the relevant Final Terms. If the Maturity Date is extended in accordance with this Section 5, SCBC shall give notice to the Bondholders (in accordance with Section 15 (*Notices*)) of its intention to repay all or any of the principal amount outstanding of the Loan at least five (5) Business Days prior to the relevant Interest Payment Date. Any failure by SCBC to notify such persons shall not affect the validity or effectiveness of any repayment by SCBC on the relevant Interest Payment Date, or give rise to rights to any such person.
- 5.2 Any extension of the maturity of the Loan under this Section 5 shall be irrevocable.
- 5.3 Where this Section 5 applies, any failure to repay the Covered Bonds on the Maturity Date or any extension of the maturity of the Loan under this Section 5 shall not constitute an event of default or acceleration of payment for any purpose or give any Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Loan other than as expressly set out in the Conditions.
- 5.4 In the event of the extension of the maturity of a Loan under this Section 5, interest shall be determined and payable in accordance with Section 6.2.
- 5.5 In the case of any partial repayment of a Loan, such repayment shall be made to the Bondholders *pro rata* in proportion to the aggregate outstanding amount of Covered Bonds held by each such Bondholder.
- 5.6 If the maturity of any Loan is extended in accordance with this Section 5, subject as otherwise provided for in the relevant Final Terms, for so long as any of those Covered Bonds remains outstanding, SCBC shall not issue any further Covered Bonds, unless the proceeds of issue of such further Covered Bonds are applied by SCBC on issue to repay in whole or in part the relevant Covered Bonds in accordance with the terms hereof.

## 6. INTEREST

6.1 The relevant Final Terms shall state the relevant interest structure using one of the following alternatives:

(a) Fixed interest rate

If a Loan is specified as a Loan with fixed interest rate, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention 30/360.

(b) Floating interest rate

(i) If a Loan is specified as a Loan with floating interest rate, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. The Interest Rate applicable to each respective Interest Period is determined by SCBC on the respective Interest Determination Date as the applicable Base Rate plus the Margin for such period.

(ii) Notwithstanding paragraph (i) above and subject to paragraph (iii) below, if the applicable Base Rate plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).

(iii) If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

(iv) If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in Section 16.1, the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed, SCBC shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period.

(v) Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention Actual/360.

6.2 If an Extended Maturity Date is specified in the relevant Final Terms as applying to a Loan and the maturity of such Loan is extended beyond the Maturity Date in accordance with Section 5 (*Extended Maturity Date*):

(a) the Loan shall bear interest from (but excluding) the Maturity Date to (and including) the Extended Maturity Date or, if the Loan is repaid prior to the Extended Maturity Date, the Interest Payment Date on which the Loan is repaid. The final Interest Payment Date shall fall no later than the Extended Maturity Date; and

(b) the rate of interest payable from time to time under Section 6.2(a) will be a floating interest rate calculated in accordance with Section 6.1(b) but on the basis of the applicable Base Rate, Margin, Interest Determination Date(s), Interest Period(s) and Interest Payment Date(s) specified as applying in relation to the period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date in the relevant Final Terms and, where applicable, determined by SCBC, two (2) Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the relevant Final Terms.

## **7. PENALTY INTEREST**

- 7.1 In the event of delay in payment relating to principal (except in accordance with Section 5 (*Extended Maturity Date*)) and/or interest (except in accordance with Section 4.6), penalty interest shall be paid on the amount due from the due date up to (and including) the day on which payment is made, at an interest rate which corresponds to one week's STIBOR applicable on the first Business Day in each calendar week during the course of delay plus two percentage points. However, penalty interest according to this Section 7.1 shall never be lower than the Interest Rate at the due date plus two percentage points. Penalty interest is not compounded with the principal amount.
- 7.2 If the delay is due to an obstacle of the kind set out in Section 16.1 on the part of the Issuing House(s), the Settlement Bank or Euroclear Sweden or otherwise out of control of SCBC, no penalty interest shall apply, in which case the rate of interest which applied to the relevant Loan on the relevant due date shall apply instead.

## **8. ADMISSION TO TRADING ON REGULATED MARKET**

If admission to trading is specified in the relevant Final Terms for a Loan, SCBC shall apply to have the Loan admitted to trading at the specified listing venue. As long as a Loan is outstanding, but not beyond the Maturity Date (or Extended Maturity Date, if applicable) or the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations, subsist, SCBC shall take such practicably possible measures that may be required to maintain the admission to trading at the specified listing venue or any other Regulated Market.

## **9. REPURCHASE OF COVERED BONDS**

SCBC may repurchase Covered Bonds at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Covered Bonds held by SCBC may be retained, resold or cancelled at SCBC's discretion.

## **10. BONDHOLDERS' MEETING**

- 10.1 The Administrative Agent may and, at the request of another Issuing House with respect to a specific Loan, SCBC or Bondholders that at the time of such request represent at least ten (10) per cent. of the Adjusted Total Nominal Amount under a particular Loan (such a request can only be made by Bondholders entered in the debt register (Sw. *skuldbok*) on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Bondholders, be made jointly), shall, convene a Bondholders' Meeting for the Bondholders under the relevant Loan. A Bondholder shall, if requested by the Administrative Agent, provide evidence that such person was a Bondholder on the relevant Business Day.
- 10.2 The Administrative Agent shall convene a Bondholders' Meeting by sending notice of this to each Bondholder within five (5) Business Days of having received a request pursuant to Section 10.1 (or a later date if this is required for technical or administrative reasons). The Administrative Agent shall also, without delay, inform each Issuing House in writing about such notice.
- 10.3 The Administrative Agent may refrain from convening a Bondholders' Meeting if (i) the proposed decision has to be approved by any party in addition to the Bondholders and this party has notified the Administrative Agent that such approval will not be given, or (ii) the proposed decision is not compatible with applicable law.
- 10.4 The notice of the meeting described in Section 10.2 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The background and contents of each proposal as well as any applicable conditions and conditions precedent shall be set out in the notice in sufficient detail. If a proposal concerns an amendment to the Conditions, such proposed amendment must always be set

- out in precise detail. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- 10.5 The Bondholders' Meeting shall be held on a date that is between ten (10) and thirty (30) Business Days after the date of the notice of the meeting. Bondholders' Meetings for several Loans under the Covered Bond Programme may be held on the same occasion.
- 10.6 Without deviating from the provisions of these General Terms and Conditions, the Administrative Agent may prescribe such further provisions relating to the convention of and holding of the Bondholders' Meeting as it considers appropriate. Such provisions may include, among other things, the possibility of Bondholders voting without attending the meeting in person or by telephone.
- 10.7 Only a person who is, or who has been provided with a power of attorney in accordance with Section 11 (*Right to act on behalf of Bondholders*) by someone who is, a Bondholder on the Record Date for the Bondholders' Meeting may exercise voting rights at such Bondholders' Meeting. Each Bondholder, or person representing a Bondholder, shall provide to the Administrative Agent evidence that the relevant person was a Bondholder on the Record Date for the Bondholders' Meeting and the notice convening the meeting sent pursuant to Section 10.2.
- 10.8 The meeting shall be initiated by the appointment of a chairman. The Administrative Agent shall appoint the chairman unless the Bondholders' Meeting decides differently. Board members, the chief executive officer and other senior officials of SCBC as well as SCBC's auditors and advisors have the right to participate at the Bondholders' Meeting in addition to the Bondholders, their representatives and advisors and the Administrative Agent. The chairman shall compile a list of present Bondholders with voting rights that includes information on the share of the Adjusted Total Nominal Amount that each Bondholder represents ("**voting list**"). The voting list shall be approved by the Bondholders' Meeting. Only persons who on the Record Date for the Bondholders' Meeting were Bondholders, or who have been authorised in accordance with Section 11 (*Right to act on behalf of Bondholders*) by persons who were Bondholders on the Record Date, may exercise voting rights at the Bondholders' Meeting, provided that the relevant Covered Bonds are included in the Adjusted Total Nominal Amount, and only such Bondholders and authorised persons, as applicable, shall be included in the voting list.
- 10.9 The chairman shall ensure that minutes are kept at the Bondholders' Meeting. The minutes shall include notes as to the participants, the issues dealt with, the voting results and the decisions that were made. The minutes shall be signed by the chairman and at least one person appointed at the Bondholders' Meeting to approve the minutes and shall thereafter be delivered to the Administrative Agent. The minutes shall at the request of a Bondholder be sent to it by the Administrative Agent. New or revised General Terms and Conditions or Final Terms shall be appended to the minutes and sent to Euroclear Sweden by the Administrative Agent or by any party appointed by the Administrative Agent. The minutes shall be kept by the Administrative Agent.
- 10.10 Decisions on the following matters require the approval of Bondholders representing at least ninety (90) per cent of that part of the Adjusted Total Nominal Amount for which Bondholders are voting under the relevant Loan at the Bondholders' Meeting:
- (a) a change of Maturity Date, reduction of Nominal Amount, changes in terms relating to interest or amount to be repaid (other than in accordance with what is stated in the Conditions) and change in the specified currency of the Loan;
  - (b) a transfer by SCBC of its rights and obligations under the Loan;
  - (c) a change to the terms of this Section 10 (*Bondholders' Meeting*); and
  - (d) a mandatory exchange of Covered Bonds for other securities.
- 10.11 Matters that are not covered by Section 10.10 require the approval of Bondholders representing more than fifty (50) per cent of that part of the Adjusted Total Nominal Amount for which Bondholders are

voting under the relevant Loan at the Bondholders' Meeting. This includes, but is not limited to, changes to and waivers of rights related to the Conditions that do not require a greater majority (other than changes as described in Section 13 (*Changes to terms, etc.*)).

- 10.12 A Bondholders' Meeting is quorate if Bondholders representing at least fifty (50) per cent of the Adjusted Total Nominal Amount under the relevant Loan in respect of a matter in Section 10.10 and otherwise at least twenty (20) per cent of the Adjusted Total Nominal Amount under the relevant Loan are present at the meeting either in person or by telephone (or are present via an authorised representative).
- 10.13 If a Bondholders' Meeting is not quorate, the Administrative Agent shall convene a new Bondholders' Meeting (in accordance with Section 10.2) unless the relevant proposal has been withdrawn by the party or parties that initiated the Bondholders' Meeting. With respect to the new Bondholders' meeting, the quorum of the meeting is, including any matter in Section 10.10, the presence of any of the Bondholders with voting rights (regardless of the size of the holding of Covered Bonds). If the Bondholders' Meeting has met the quorum requirement for certain but not all matters which are to be decided on in the meeting, decisions shall be made in those matters for which a quorum is present whereas any other matters shall be referred to a new Bondholders' Meeting.
- 10.14 A decision at a Bondholders' Meeting that extends obligations or limits rights of SCBC or an Issuing House under the Conditions shall also require the approval of the party concerned.
- 10.15 A Bondholder that holds more than one Covered Bond is not required to vote for all the Covered Bonds it holds and is not required to vote in the same way for all the Covered Bonds it holds.
- 10.16 SCBC may not, directly or indirectly, pay or contribute to payment being made to any Bondholder in order that this Bondholder will give its approval under the Conditions unless such payment is offered to all Bondholders that give their approval at a relevant Bondholders' Meeting.
- 10.17 A decision made at a Bondholders' Meeting is binding on all Bondholders under the relevant Loan irrespective of whether they are represented at the Bondholders' Meeting. Bondholders that do not vote for a decision shall not be liable for losses that the decision causes to other Bondholders.
- 10.18 The Administrative Agent's reasonable costs and expenses occasioned by a Bondholders' Meeting, including reasonable payment to the Administrative Agent, shall be borne by SCBC.
- 10.19 At the Administrative Agent's request, SCBC shall without delay provide the Administrative Agent with a certificate stating the Nominal Amount for Covered Bonds held by members of the SBAB Group on the relevant Record Date prior to a Bondholders' Meeting, irrespective of whether such entities are registered by name as Bondholders of Covered Bonds. The Administrative Agent shall not be responsible for the content of such a certificate or otherwise be responsible for establishing whether a Covered Bond is held by a member of the SBAB Group.
- 10.20 Information on decisions taken at a Bondholders' Meeting shall be notified without delay to the Bondholders under the relevant Loan by means of a press release, on SCBC's website and in accordance with Section 15 (*Notices*). At the request of a Bondholder, the Administrative Agent shall provide the Bondholder with minutes of the relevant Bondholders' Meeting. However, failure to notify the Bondholders as described above shall not affect the validity of the decision.

## **11. RIGHT TO ACT ON BEHALF OF BONDHOLDERS**

- 11.1 If a party other than a Bondholder wishes to exercise a Bondholder's rights under the Conditions or to vote at a Bondholders' Meeting, such person shall be able to produce a proxy form or other authorisation document issued by the Bondholder or a chain of such proxy forms and/or authorisation documents from the Bondholder.

- 11.2 A Bondholder may authorise one or more parties to represent the Bondholder in respect of certain or all Covered Bonds held by the Bondholder. Such authorised party may act independently and is entitled to delegate its right to represent the Bondholder.

## 12. BASE RATE REPLACEMENT

### 12.1 General

Any determination to be made by or any changes to the Conditions to be specified by the Independent Adviser or SCBC in accordance with the provisions of this Section 12 (*Base Rate replacement*) shall at all times be made by such Independent Adviser or SCBC acting in good faith.

### 12.2 Base Rate determination

12.2.1 If a Base Rate Event has occurred, the following shall apply:

- (a) SCBC shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, no later than five (5) Business Days prior to the relevant Interest Determination Date in relation to the next succeeding Interest Period (the “**Base Rate Determination Date**”), a Successor Base Rate or, alternatively, if there is no Successor Base Rate, an Alternative Base Rate for purposes of determining the applicable Base Rate for the next succeeding Interest Period;
- (b) if SCBC is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Base Rate or an Alternative Base Rate prior to a Base Rate Determination Date, SCBC (acting in good faith) may determine a Successor Base Rate or, if there is no Successor Base Rate, an Alternative Base Rate, to constitute the Base Rate for the next succeeding Interest Period; and
- (c) if a Successor Base Rate or an Alternative Base Rate is determined in accordance with paragraph (a) or (b) in this Section 12.2.1, such Successor Base Rate or Alternative Base Rate shall be the Base Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Section 12 (*Base Rate replacement*)), provided, however, that if paragraph (b) in this Section 12.2.1 applies and SCBC is unable to or does not determine a Successor Base Rate or an Alternative Base Rate prior to the relevant Base Rate Determination Date, the Base Rate applicable to the next succeeding Interest Period shall be equal to the Base Rate last determined for the preceding Interest Period.

12.2.2 If an Independent Adviser (in consultation with SCBC) or SCBC (as the case may be), determines that an Adjustment Spread is required to be applied to the Successor Base Rate or the Alternative Base Rate and that such Adjustment Spread is determined by the Independent Adviser or SCBC, such Adjustment Spread shall be applied.

### 12.3 Variation upon a Base Rate replacement

12.3.1 If the Independent Adviser or SCBC (as applicable) determines a Successor Base Rate, an Alternative Base Rate and, in either case, the applicable Adjustment Spread, in accordance with Section 12.2 (*Base Rate determination*), the Independent Adviser or SCBC (as applicable) may determine that amendments to the Conditions are necessary to ensure the proper operation of such Successor Base Rate or Alternative Base Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Base Rate Amendments**”).

12.3.2 SCBC and the Administrative Agent shall, at the request and expense of SCBC, but subject to receipt by the Administrative Agent of the certificate referred to in Section 12.3.3, without the requirement for any consent or approval of the Bondholders, effect such Base Rate Amendments. The Administrative Agent shall however not be obliged to concur if in the opinion of the Administrative

Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Administrative Agent in the Conditions.

12.3.3 SCBC shall promptly, following the determination of any Successor Base Rate or Alternative Base Rate and any Base Rate Amendments, give notice thereof to Euroclear Sweden, the Administrative Agent and the Bondholders in accordance with Section 15 (*Notices*). No later than giving the Administrative Agent such notice, SCBC shall deliver to the Administrative Agent a certificate signed by two authorised signatories of SCBC:

- (a) confirming (i) that a Base Rate Event has occurred, (ii) the relevant Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any), and (iii) any Base Rate Amendments, in each case as determined in accordance with the provisions of this Section 12 (*Base Rate replacement*); and
- (b) certifying that the Base Rate Amendments are necessary to ensure the proper operation of such Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any).

12.3.4 The Administrative Agent shall be entitled to rely on such certificate referred to in Section 12.3.3 without further enquiry and without liability to any person. The Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any) and any Base Rate Amendments specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Base Rate or Alternative Base Rate and any Base Rate Amendments and without prejudice to the Administrative Agent's ability to rely on such certificate as aforesaid) be binding on SCBC, the Administrative Agent and the Bondholders.

12.3.5 Without prejudice to the obligations of SCBC under this Section 12 (*Base Rate replacement*), the original Base Rate and the fallback provisions contained within the definition of STIBOR will continue to apply unless and until a Base Rate Event has occurred.

### **13. CHANGES TO TERMS, ETC.**

13.1 SCBC and the Dealers may agree on adjustments to correct any clear and manifest error in these General Terms and Conditions.

13.2 SCBC and the Administrative Agent may agree on adjustments to correct any clear and manifest error in the Final Terms of a particular Loan. SCBC and the Issuing House(s) may agree to amend the Conditions in respect of a particular Loan provided that such amendment is not detrimental to the Bondholders.

13.3 A new dealer may be engaged by agreement between SCBC and the dealer in question and SCBC will inform the Dealers thereof. A Dealer may step down as a Dealer, but an Administrative Agent in respect of a particular Loan may not step down unless a new Administrative Agent is appointed in its place.

13.4 Amendments to or concession of Conditions in cases other than as set out in Sections 13.1–13.3 shall take place through a decision at a Bondholders' Meeting as described in Section 10 (*Bondholders' Meeting*).

13.5 Approval at a Bondholders' Meeting of an amendment to the terms may include the objective content of the amendment and need not contain the specific wording of the amendment.

13.6 A decision on an amendment to the terms shall also include a decision on when the amendment is to take effect. However, an amendment shall not take effect until it has been registered with Euroclear Sweden (where relevant) and published on SCBC's website.

13.7 The amendment or concession of terms as described in this Section 13 (*Changes to terms, etc.*) shall be promptly notified by SCBC to the Bondholders in accordance with Section 15 (*Notices*).

**14. PRESCRIPTION**

- 14.1 Subject to Section 13.2 below, claims for the repayment of principal shall be prescribed and become void ten (10) years after the Maturity Date or, if occurred, the Extended Maturity Date and claims for the payment of interest shall be prescribed and become void three (3) years after the relevant Interest Payment Date. Upon prescription, SCBC shall be entitled to keep any funds that may have been reserved for such payments.
- 14.2 If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*Sw. preskriptionslagen (1981:130)*), a new prescription period of ten (10) years will commence for claims in respect of principal and three (3) years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption of the limitation period.

**15. NOTICES**

- 15.1 Notices shall be provided to Bondholders for the relevant Loan at the address registered with Euroclear Sweden on the Business Day before dispatch. A notice to the Bondholders shall also be published by means of a press release and published on SCBC's website.
- 15.2 Notices to SCBC, Euroclear Sweden or the Dealers (other than Nordea Bank Abp) shall be provided at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day before dispatch.
- 15.3 Notices to Nordea Bank Abp shall be provided at the address registered in the Finnish Trade Register, to the attention of Debt Capital Markets, on the Business Day prior to dispatch.
- 15.4 A notice in accordance with the Conditions that is sent by standard post shall be deemed to have been received by the recipient on the third Business Day after dispatch and notices sent by courier shall be deemed to have been received by the recipient when delivered to the specified address.
- 15.5 In the event that a notice is not sent correctly to a certain Bondholder, the effectiveness of notices to other Bondholders shall be unaffected.

**16. LIMITATION OF LIABILITY ETC.**

- 16.1 With regards to the obligations imposed on SCBC, the Dealers, the Settlement Bank and Euroclear Sweden, respectively, the Dealers, the Settlement Bank and Euroclear Sweden, as applicable, shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.
- 16.2 Losses arising in other cases shall not be compensated by SCBC, a Dealer, the Settlement Bank or Euroclear Sweden if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses..
- 16.3 Should SCBC, a Dealer, the Settlement Bank or Euroclear Sweden not be able to fulfil its obligations under the Conditions due to any circumstance set out in Section 16.1, such action may be postponed until the obstacle has been removed.
- 16.4 The aforesaid shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act.

**17. APPLICABLE LAW AND JURISDICTION**

- 17.1 The Conditions shall be governed by Swedish law.

17.2 Disputes shall be settled by Swedish courts. Stockholm District Court shall be the court of first instance.

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We hereby confirm that the above General Terms and Conditions are binding upon us.

Solna 17 July 2020

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

## FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for tranche(s) of Covered Bonds issued under the Programme*

### FINAL TERMS

**for Loan No. [•]**

### **under AB Sveriges Säkerställda Obligationer (publ) with the parallel trade name The Swedish Covered Bond Corporation's Programme for Continuous Issuance of Covered Bonds**

The following are the final terms and conditions (“**Final Terms**”) of Loan No. [•], (the “**Loan**”) that AB Sveriges Säkerställda Obligationer (publ) with the parallel trade name The Swedish Covered Bond Corporation, Reg. No. 556645-9755 (“**SCBC**”) issues in the capital market in accordance with an agreement with the below-mentioned Issuing House(s).

The Loan shall be subject to the general terms and conditions dated [17 July] 2020 (the “**General Terms and Conditions**”) set out in SCBC’s base prospectus for continuous issuance of Covered Bonds, dated [17 July] 2020 [as supplemented on [•]] (the “**Prospectus**”), and the Final Terms set out below. Words and expressions not defined in the Final Terms shall have the meaning set out in the General Terms and Conditions.

This document constitutes the final terms for the purposes of Regulation (EU) 2017/1129 and must be read in conjunction with the Prospectus. Full information on SCBC and the offer of the Loan is only available on the basis of the combination of these Final Terms, the Prospectus and any documents incorporated therein by reference. These documents are available via [www.sbab.se](http://www.sbab.se).

#### Terms and conditions for the Loan

<b>1.</b>	<b>Loan no:</b>	[•]
<b>2.</b>	<b>Total Nominal Amount/Continuous issuance:</b>	Covered Bonds issued under this Loan shall be sold continuously at the prevailing market price. The Total Nominal Amount shall be determined when the sale of Covered Bonds is closed.
	(i) aggregated nominal amount for new tranche(s) of the Loan:	[•]
	(ii) total aggregated nominal amount of the Loan:	[•]
<b>3.</b>	<b>Nominal Amount per Covered Bond:</b>	[•]
<b>4.</b>	<b>Currency:</b>	SEK
<b>5.</b>	<b>Issue Date:</b>	[•]
<b>6.</b>	<b>Interest Commencement Date:</b>	[Issue Date] [ <i>Specify other Interest Commencement Date</i> ]
<b>7.</b>	<b>Maturity Date:</b>	[•]
<b>8.</b>	<b>Extended Maturity Date:</b>	[Applicable] [Not Applicable] [ <i>May be specified as applicable only if Euroclear Sweden has confirmed that the Extended Maturity Date provisions are compatible with the Euroclear Sweden system</i> ]  [The Extended Maturity Date is [ <i>specify date</i> ][, subject to adjustment in accordance with Section [4.1] of the General Terms and Conditions]]

		<i>[If applicable, complete relevant sections regarding interest, in relation to the period from (but excluding) the Maturity date to (and including) the Extended Maturity Date.]</i>
<b>9.</b>	<b>Repayment Basis:</b>	[Each Covered Bond is repaid at par (i.e. at an amount equal to its Nominal Amount)]/[Specify amount]
<b>10.</b>	<b>Type of Interest Rate:</b>	[Fixed interest rate] [Floating interest rate]

<b>11.</b>	<b>Additional terms and conditions for Loans with fixed interest rate:</b>	<b>[Applicable] [Not applicable]</b> <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
	(i) Interest Rate:	[[•] % per annum]
	(ii) Interest Payment Date(s):	[•] each year (subject to the General Terms and Conditions), the first Interest Payment Date being on [•]
	(iii) Specific risk factors:	[In accordance with the risk factor “[Interest rate risks]” in the Prospectus.]
	(iv) Day Count Convention:	30/360

<b>12.</b>	<b>Additional terms and conditions for Loans with floating interest rate:</b>	<b>[Applicable] [Not applicable]</b> <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
	(i) Base Rate:	[•] month(s) STIBOR
	(ii) Margin:	[+/-][•] percentage points
	(iii) Minimum Interest Rate:	[[•] % per annum] [Not applicable]
	(iv) Maximum Interest Rate:	[[•] % per annum] [Not applicable]
	(v) Interest Determination Date:	[Two] Business Days prior to the first day of each Interest Period, beginning on [•]
	(vi) Interest Period:	The first Interest Period runs from [•] to and including [•], and thereafter from one Interest Payment Date to and including the next Interest Payment Date
	(vii) Interest Payment Date(s):	[•],[•],[•] and [•] each year (subject to the General Terms and Conditions), the first Interest Payment Date being on [•]
	(viii) Day Count Convention:	Actual/360

<b>13.</b>	<b>Additional terms and conditions for Loans with Extended Maturity Date:</b>	<b>[Applicable] [Not applicable]</b> <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
	(i) Base Rate from (but excluding) the Maturity Date to (and including) the Extended Maturity Date:	[•] month(s) STIBOR
	(ii) Margin from (but excluding) the Maturity Date to (and including) the Extended Maturity Date:	[+/-][•] percentage points
	(iii) Interest Determination Date from (but excluding) the Maturity Date to (and including) the Extended Maturity Date:	[Two] Business Days prior to the first day of each Interest Period, beginning on [•](being [two] Business Days prior to Maturity Date)
	(iv) Interest Period from (but excluding) the Maturity Date to (and including) the Extended Maturity Date:	The first Interest Period runs from [•] (being the Maturity Date) to and including [•], and thereafter from one Interest Payment Date to and including the next Interest Payment Date
	(v) Interest Payment Date(s) from (but excluding) the Maturity Date to (and including) the Extended Maturity Date:	[•],[•],[•] and [•] each year (subject to the General Terms and Conditions)

**Other information**

<b>14.</b>	<b>Expected credit rating on the Issue Date:</b>	[•]
<b>15.</b>	<b>Issuing House(s):</b>	<i>[Specify all Dealers for all tranches of the Loan]</i>
<b>16.</b>	<b>Administrative Agent:</b>	[•]
<b>17.</b>	<b>ISIN code:</b>	[•]
<b>18.</b>	<b>Admission to Trading:</b>	[Not applicable] [Nasdaq Stockholm] <i>[Specify other Regulated Market]</i>
<b>19.</b>	<b>The earliest date on which the Covered Bonds will be admitted to trading:</b>	[Issue Date] [Not applicable] <i>[Specify details]</i>
<b>20.</b>	<b>Estimate of the total expenses related to the admission to trading:</b>	[Not applicable] <i>[Specify details]</i>
<b>21.</b>	<b>Total number of Covered Bonds admitted to trading:</b>	[•] [Will be determined when the sale of Covered Bonds is closed.]
<b>22.</b>	<b>Resolutions as basis for the issuance:</b>	[Not applicable] <i>[Specify details]</i>
<b>23.</b>	<b>Interests:</b>	[Not applicable] <i>[Specify details]</i> <i>[If applicable, describe interests of individuals and legal entities involved in the issuance as well as a record of all interests and possible conflicts of interests of importance to the issuance together with records of those involved and the nature of the interest.]</i>
<b>24.</b>	<b>Information from third parties:</b>	[Not applicable] [Information in these Final Terms originating from third parties has been reproduced accurately and, as far as SCBC knows and can ascertain

		based on comparisons with other information published by relevant third parties, no information has been omitted in a way that may lead to the reproduced information being incorrect or misleading. The sources for such information are [•].]
25.	<b>Use of proceeds:</b>	[General financing of SCBC's and the SBAB Group's business activities] / [Specify details]
26.	<b>The estimated net amount of the proceeds:</b>	[•] / [Total Nominal Amount] less customary transaction costs and fees (if any).

We hereby confirm that the above Final Terms are applicable to Loan No. [•] together with the General Terms and Conditions and undertake to repay the Loan and to pay interest in accordance herewith. We confirm that any material event after the date of the Prospectus that could affect the market's assessment of the Loan have been made public.

Solna, [DATE]

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

## INFORMATION RELATING TO SCBC

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### Introduction

SCBC was established with the trade name Lagrummet Augusti nr 52 Aktiefbolag and registered in Sweden on 24 June 2003. The shares in Lagrummet Augusti nr 52 Aktiefbolag were acquired by SBAB on 13 October 2005. SCBC was acquired for the purpose of managing SBAB's issuance of covered bonds. On 31 March 2006, SCBC was granted a licence by the SFSA to conduct financing operations (Sw. *finansieringsrörelse*) and to issue covered bonds under the Covered Bonds Act. 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*).

SCBC's corporate identification number is 556645-9755, its Legal Entity Identifier is 1JDCK5BUVTXRHQBEPT93 and its postal address is P.O. Box 4209, SE-171 04 Solna, Sweden, telephone no. +46 8-614 43 00 and visiting address is Svetsarvägen 24, SE-171 41 Solna, Sweden. From its establishment date until 16 November 2015, SCBC's principal place of business was Stockholm, Sweden and, as of 16 November 2015, SCBC's principal place of business has been Solna, Sweden.

SCBC's website is [www.sbab.se](http://www.sbab.se). The information on SCBC's website has not been scrutinised or approved by the SFSA and does not form part of this Prospectus unless such information is incorporated by reference into this Prospectus.

### Relevant Legislation

SCBC is a public limited liability company and is governed by the Swedish Companies Act (Sw. *Aktiefbolagslagen (2005:551)*) and its Articles of Association. SCBC undertakes financing operations and is therefore governed by the Swedish Banking and Financing Business Act and is under the supervision of the SFSA. SCBC has been granted a licence by the SFSA to issue covered bonds in accordance with the Covered Bonds Act. In addition, the Swedish Supervision of Credit and Investment Institutions Act (Sw. *Lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (Sw. *Lag (2014:966) om kapitalbuffertar*) set forth certain requirements concerning capital adequacy which are based on the Bank for International Settlements regulations and EU capital requirements and, with effect from 1 January 2014, the CRD IV (as amended by CRD V) entered into force in Sweden.

### Operations

SCBC is a wholly-owned subsidiary of SBAB. SBAB has been undertaking lending operations for over 20 years and in order to finance these operations SBAB has historically mainly issued debt instruments. The main debt instruments issued by SBAB have been Swedish mortgage bonds, bonds under its EMTN programme and commercial paper. Following the introduction of the Covered Bonds Act, SBAB decided to diversify its debt raising by also issuing covered bonds under the Covered Bonds Act. SBAB chose, instead of issuing covered bonds in its own name, to issue the covered bonds through a subsidiary, namely SCBC. In addition to the Programme, SCBC has established the Covered EMTN Programme and the Australian Covered Bond Programme, and may from time to time establish other cover bond programmes. The second largest funding source of SBAB is deposits, which have increased in recent years and reduced dependency on the capital market. Depositors include consumers, companies or tenant-owners' associations saving money in SBAB's savings accounts.

SCBC does not conduct any new lending operations, but acquires mortgage loans primarily from SBAB and will potentially also acquire mortgage loans from others. SCBC and SBAB originally entered into the Master Sale Agreement, pursuant to which SCBC acquired an initial portfolio of loans from SBAB. The Master Sale Agreement also provides for the continuous transfer of loans from SBAB to SCBC on the terms and conditions stated in that agreement.

SBAB's claims for the purchase price of the loans acquired by SCBC pursuant to the Master Sale Agreement are (fully or partially) repaid concurrently with the issue of covered bonds. SBAB's claims under the Master Sale Agreement are subordinated in case of SCBC's bankruptcy pursuant to the Subordination Agreement.

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

The assets of SCBC that are not included in the Cover Pool will be available to satisfy Bondholders' claims by Bondholders seeking execution against SCBC prior to SCBC's bankruptcy or as dividends (advance and/or final)

following the bankruptcy of SCBC if the assets in the Cover Pool are not sufficient to pay Bondholders' claims against SCBC in full. However, there may be other creditors (other than SBAB) competing with the Bondholders or any Other Covered Bondholders and the Eligible Swap Providers in all or any part of the other assets of SCBC not comprising the Cover Pool.

Further, SBAB has agreed, pursuant to the Subordination Agreement, that all its claims against SCBC (except in relation to claims deriving from the Eligible Swaps) will be subordinated to all unsubordinated claims against SCBC (including, without limitation, the claims of the Bondholders and the Eligible Swap Providers) in SCBC's bankruptcy. Of the total subordinated debt under the Subordination Agreement, SEK 6,000 million comprises an internal group debt instrument (senior non-preferred notes) that was issued by SCBC to SBAB in December 2019 for the purpose of meeting the minimum requirement for own funds and eligible liabilities (MREL) announced by the Swedish National Debt Office in SCBC.

Where one mortgage certificate serves as collateral for two loans and one of those loans is held by SBAB as creditor and the other loan is registered to the Cover Pool, SBAB has agreed with SCBC to subordinate its claim to the benefit of SCBC. Further, SBAB will represent to SCBC 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 SCBC or SBAB, that such party has entered into a subordination agreement with SCBC which is substantially the same as the Subordination Agreement and to repurchase the relevant loan if such representation was breached at the time of sale.

### **Outsourcing Agreement concerning certain services**

For the purpose of achieving efficiency benefits, SBAB and SCBC have agreed that SBAB shall undertake all services necessary for SCBC to be able to carry out its business operations. Pursuant to the Outsourcing Agreement, SBAB shall perform certain services that SCBC may need to carry out its business operations such as cash management services, services relating to the loans, monitoring the matching requirements in the Cover Pool and other business activities services. SBAB must also ensure that the Cover Pool is administrated in accordance with the provisions of the Covered Bonds Act applicable from time to time, regulations and general guidelines governing covered bonds issued by the SFSA (FFFS 2013:1), as amended or superseded, SCBC's Articles of Association, the Conditions and the policies and instructions set by SCBC.

### **Cover Pool Swaps**

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

Falling within the exemption for intragroup transactions provided for under Articles 3 and 4.2 of the European Market Infrastructure Regulation ("**EMIR**") (Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories) and satisfying the requirement on notification to the SFSA set out in Article 4.2(a) of EMIR, the Cover Pool Swaps shall not be subject to the clearing obligation in EMIR.

### **Financial Information**

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

The financial statements of SCBC for the financial years 2019 and 2020 have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (Sw. *Lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*). SCBC applies IFRS as adopted by the European Union, and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, and the SFSA's regulations and general guidelines on annual accounts for credit institutions and securities companies (FFFS 2008:25). The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value. A more detailed description of the accounting policies in general is included on pages 21-26 of the Annual Report 2019 and pages 23-27 of the Annual Report 2020.

## Board of Directors

SCBC's Board of Directors should, under the Articles of Association, consist of three to six members who are normally elected at the annual shareholder's meeting. Following the annual shareholder's meeting on 28 April 2021, the following members have been elected:

		<b>Principal outside activities</b>
Jan Sinclair	Chairman	Chairman of SBAB Bank AB (publ), Fastighets Aktiefbolaget Victorhuset and Nilsson Energy AB. Board member of STS Alpresor AB, Almi Företagspartner AB, Bipon AB, FCG Group AB, FCG Management AB and JML Sinclair AB.
Jane Lundgren Ericsson	Board Member	Board member of SBAB Bank AB (publ) and Copperstone Resources AB (publ). Board member and chief legal counsel at Visma Finance AB. Deputy board member of Miskatonic Ventures Aktiefbolag.
Klas Danielsson	Board Member	Chief Executive Officer of SBAB Bank AB (publ). Chairman of Booli Search Technologies AB and Boappa AB. Board member of Spiderweb Consulting AB. Deputy board member of the Swedish Bankers' Association. Chairman of the Nomination Committee for Stockholms Stadsmission.
Synnöve Trygg	Board Member	Board member of SBAB Bank AB (publ), Precise Biometrics AB and Volvo Finans Bank AB.

As at the date of this Prospectus, the address of the members of the board is the registered address of SCBC being P.O. Box 4209, SE-171 04 Solna, Sweden with visiting address Svetsarvägen 24, SE-171 41 Solna, Sweden.

The Board of Directors will conduct its work in accordance with the rules of procedure adopted annually 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 SCBC.

## Executive Management

Mikael Inglander is SCBC's Chief Executive Officer. He is also a board member of Booli Search Technologies AB and the Chief Financial Officer and the Head of Corporate Clients and Tenant-Owners' Associations of SBAB.

As of the date of this Prospectus, the address of the Chief Executive Officer is the registered address of SCBC being P.O. Box 4209, SE-171 04 Solna, Sweden with visiting address Svetsarvägen 24, SE-171 41 Solna, Sweden.

## Auditors

The annual shareholder's meeting will, every year, elect one auditor or an auditing firm to audit SCBC. The auditor shall be an authorised public accountant or a registered public accounting firm that elects an auditor in charge. At the annual shareholder's meeting held on 28 April 2021, the registered public accounting firm Deloitte AB was re-elected as auditor. The auditor in charge is Patrick Honeth.

The financial statements of SCBC in respect of the financial years ended 31 December 2019 and 31 December 2020 were audited by Deloitte AB of Rehnsgatan 11, SE-113 79 Stockholm, Sweden, with Patrick Honeth as the auditor in charge.

The above-mentioned auditor in charge is a member of FAR, the professional institute for authorised public accountants, licensed auditors for financial institutions and other highly qualified professionals in the accountancy sector in Sweden.

## **Conflict of Interest within Board of Directors and Executive Management**

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

## **Credit facility agreement between SBAB and SCBC**

In December 2008, a multicurrency revolving credit facility agreement was established between SBAB and SCBC. Under the agreement SBAB makes available a committed credit facility to SCBC up to an amount equal to SCBC's outstanding covered bonds from time to time with an original maturity falling in the period within 364 days from the date of the agreement. The term of the agreement is 364 days and is automatically extended for 364 days unless terminated by SCBC or if a default under the agreement is outstanding and SBAB gives SCBC notice 30 days prior to the relevant termination date that the agreement should not be extended.

Satisfying the requirements set out in the SFSA's regulations regarding prudential requirements and capital buffers (FFFS 2014:12) Chapter 6, §1 and the corresponding requirements in CRR, SCBC and SBAB are supervised as a single liquidity sub-group as part of the liquidity management and risk control pursuant to the SFSA's Regulations regarding management of liquidity risks in credit institutions and investment firms (FFFS 2010:7).

## **Jurisdiction**

SCBC is established under, and accordingly subject to, Swedish law. Should SCBC 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

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SCBC's parent company, SBAB, is a wholly state-owned public limited liability company and joint-stock banking company. The interest of the Kingdom of Sweden is represented by the Swedish Government Offices. SBAB is an independent profit making company regulated as a banking company by the Banking and Financing Business Act and subject to the supervision of the SFSA.

At the date of this Prospectus, the registered postal address of SBAB is P.O. Box 4209, SE-171 04 Solna, Sweden and its visiting address is Svetsarvägen 24, SE-171 41 Solna, Sweden.

The SBAB group consists of SBAB and its wholly-owned subsidiaries, SCBC and Booli Search Technologies AB ("**Booli**") along with its subsidiary Boappa AB ("**Boappa**"). SBAB acquired 58 per cent. of the shares in Boappa in May 2021, with a call option for SBAB to acquire the remaining shares of Boappa. The services provided by Booli include Booli.se, one of Sweden's largest housing sites and search engines for homes, Hittamäklare.se, a real estate agent guide, and Booli Pro, an analysis tool that helps residential construction companies and banks understand the real estate market in Sweden. Boappa provides a communication platform, tailored mainly for tenant-owners' associations.

SBAB was previously authorised by the SFSA to conduct securities operations in the form of a licence to receive and forward orders in fund units and it began such activities in March 2013. The securities operations have since been wound up and the relevant licence has been de-registered.

On 28 August 2014, it was announced that SBAB's board of directors had approved a new strategy to focus on, and develop, the core business areas of mortgages and residential financing, a decision based on a strategic review that pointed to the potential in SBAB's mortgage business, assuming more efficient operations and an increased focus on mortgage offers, customer communication and sales where SBAB's savings offer continues to be an important part of the business. For this reason, the development of bank services such as payment solutions, current accounts and card services were discontinued and the fund offering (securities operations) was wound up as referred to above.

On 12 December 2018, SBAB was also authorised by the SFSA to conduct securities operations in the form of a permit to trade for its own account (Sw. *bedriva handel med finansiella instrument för egen räkning*). The permit was activated in late 2019 and SBAB initiated the business activities falling under such authorisation during 2020. The permit is, in SBAB's opinion, required due to legislative amendments following the implementation of MiFID II.

Adjustments to the Articles of Association have been made when relevant and the latest Articles of Association were adopted on 28 April 2016 and duly registered on and valid as of 3 June 2016.

## OVERVIEW OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS

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*The following is a brief overview of certain features of the Covered Bonds Act as of the date of this Prospectus. The overview does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. In addition to the overview below, please also refer to the Section “Risk Factors” above.*

### Introduction

The Covered Bonds Act entered into force on 1 July 2004 and was last amended in 2018. It enables Swedish banks and credit market companies (“**Institutions**”), which have been granted a specific licence by the SFSA, to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits.

The SFSA has issued regulations and recommendations under the authority conferred on it by the Covered Bonds Act, including the SFSA’s regulations and general guidelines regarding covered bonds (Sw. *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer* (FFFS 2013:1)) as amended from time to time (the “**SFSA Regulations**”). In light of recent proposals to amend the Swedish legislation regarding covered bonds, it is expected that the SFSA Regulations will also be amended. However, the details of any such amendment is yet to be confirmed.

Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper. In the event of an Institution’s bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds) benefit from a priority right in the pool of assets consisting of Eligible Mortgages, Public Credits and Supplemental Assets (all as defined below). The Covered Bonds Act further enables such holders (and derivative counterparties) to continue to receive timely payments also following the Institution’s bankruptcy, subject to certain conditions being met.

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

### Registration

Information in respect of all covered bonds, assets in the cover pool and relevant derivative contracts must be entered into a special register (the “**Register**”), which is maintained by the Institution. The actual registration of the covered bonds and relevant derivative contracts in the Register is necessary to confer the priority right in the cover pool. Further, only assets entered into the Register form part of the cover pool. The Register must at all times show the nominal value of the covered bonds, the cover pool and the relevant derivative contracts. As a result, the Register requires regular updating, including, without limitation, due to changes in interest rates, interest periods, outstanding debt and the composition of the cover pool. The value of the underlying collateral securing Eligible Mortgages in the cover pool must also be entered into the Register.

### Eligibility criteria for assets in the cover pool

The cover pool may consist of certain Eligible Mortgages, Public Credits and Supplemental Assets in accordance with the definitions below.

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

“**Public Credits**” means certain loans to (or guaranteed by), among others, the Swedish State, Swedish municipalities and comparable public bodies and the European Union.

“**Supplemental Assets**” means primarily government bonds and cash, although the SFSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as Supplemental Assets.

## Loan-to-value ratios and certain other restrictions

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

1. For residential collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 75 per cent. of the market value of the collateral.
2. For agricultural collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 70 per cent. of the market value of the collateral.
3. For office or commercial collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 60 per cent. of the market value of the collateral.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the cover pool (a “**Partly Eligible Loan**”). The Covered Bonds Act does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan. The most likely interpretation is that interest payments shall be allocated *pro rata* between the eligible and non-eligible parts of the loan and that amortisations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, proceeds from enforcement of the security should most likely be applied first towards the eligible part of the loan.

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

The Covered Bonds Act restricts the overall proportion of loans provided against security over real property (or site leasehold rights or tenant-owner rights) intended for office or commercial purposes to 10 per cent. of an Institution’s cover pool. Furthermore, the proportion of Supplemental Assets may not exceed 20 per cent. of the cover pool, although the SFSA has the authority to raise this limit up to 30 per cent. for a limited period in special circumstances.

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

## Matching requirements

The Covered Bonds Act prescribes that an Institution must comply with certain matching requirements, which, among other things, require that the nominal value of the assets registered to the cover pool exceeds the nominal value of the liabilities which relate to covered bonds issued from time to time by at least 2 per cent. The calculation shall be made on the basis of current book values. In order to comply with these requirements, the Institution may enter into derivative contracts, which will also be taken into account when testing the matching. To do so, the Institution is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

Furthermore, an Institution must compose the cover pool in such a way as to ensure a sound balance between the covered bonds and the assets in the cover pool in terms of currencies, interest rates and interest fixation periods. Such sound balance is deemed to exist when the present value of the cover pool at all times exceeds the present value of the liabilities relating to the covered bonds by at least 2 per cent. The present value of derivative contracts shall be taken into account for the purposes of such calculation. The calculations of present value shall withstand certain stress tests (changes in interest rates and/or currency exchange rates).

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

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

### **Supervision by the SFSA and the independent monitor**

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

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

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

### **Benefit of a priority right in the cover pool**

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

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the cover pool (except the administrator-in-bankruptcy as regards fees for its administration of assets in the cover pool and costs for such administration and obligations under liquidity loans and other agreements entered into by the administrator-in-bankruptcy on behalf of the bankruptcy estate with a view to fulfilling the matching requirements for the cover pool (see further below)). The priority right also covers cash received by an Institution and deriving from the cover pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

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

### **Administration of the cover pool in the event of bankruptcy**

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

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

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

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

## **Directive on covered bonds and proposal on Swedish implementation**

The European Union's covered bond directive (EU) 2019/2162 and regulation (EU) 2019/2160 came into effect on 7 January 2020 (although there will be a maximum 30 months transposition period after the effective date for the new directive and the new regulation will become applicable during July 2022) (jointly, the New EU Covered Bond Legislation). Among other things, the New EU Covered Bond Legislation lays down the conditions that covered bonds have to meet in order to be recognised under European Union law, aiming to strengthen investor protection in the European Union by imposing specific supervisory duties.

On 4 November 2020, an Official Report of the Swedish Government (*SOU 2020:61 (Ändrade regler om säkerställda obligationer)*) was published containing, *inter alia*, proposals of the legislative amendments needed to implement the New EU Covered Bond Legislation in Sweden (the "**Covered Bond Report**"). It should be noted that the Covered Bond Report is currently submitted for consultation and does not constitute a final proposal on the implementation of the New EU Covered Bond Legislation. Hence, it is still unclear how the New EU Covered Bond Legislation will affect the Swedish legislation governing covered bonds.

The following is a brief summary of the main amendments to the Covered Bonds Act proposed in the Covered Bond Report.

### **Assets in the cover pool**

Pursuant to the Covered Bond Report, residential and commercial mortgages, exposures to credit institutions and public loans can be included in the cover pool. The Covered Bond Report proposes that the provisions of the Covered Bonds Act be amended to reflect the provisions of the CRR. Issuers should be required to meet the CRR's requirements regarding exposure limits for credit institutions. The proposal amends the provisions of the Covered Bonds Act on public loans and mortgages to reflect the provisions of the CRR. As a result, the provisions on issuance of covered bonds will correlate better with the CRR's provisions on risk weights and capital requirements.

Amendments to the provisions on LTV levels are proposed in the Covered Bonds Act where only a part of the loan, up to a specific share of the market value of the collateral, can be included in the coverage calculation. The proposal increases the LTV for residential mortgages from 75 per cent to 80 per cent of the market value of the collateral and for commercial mortgages, the LTV is changed in certain cases.

The Covered Bond Report proposes that the provisions on substitute collateral be repealed, since it is difficult to combine them with the New EU Covered Bond Legislation. Instead, new provisions on exposures to credit institutions and provisions on a liquidity buffer are proposed in the Covered Bonds Act. While these provisions partly have the same purpose as substitute collateral, they have a broader scope, since exposures to derivative counterparties are also included.

### **Coverage requirements, over-collateralisation and liquidity buffer**

The Covered Bond Report proposes that the requirements in the Covered Bonds Act on over-collateralisation, that is, the level by which the value of the assets in the cover pool has to exceed the value of the liabilities, be adapted to align with the main principle in the CRR of at least five per cent over-collateralisation.

As a result of the rules in the New EU Covered Bond Legislation, the Covered Bond Report also proposes that provisions concerning a specific liquidity buffer should be introduced in the Covered Bonds Act. It should cover the maximum cumulative net liquid outflow from an issuer over the next 180 days.

### **Maturity extensions**

The Covered Bond Report proposes that provisions permitting maturity extensions be introduced in Swedish law. These are conditions included in the terms of a covered bond contract stating that repayment can be postponed in certain circumstances. In the Covered Bond Report's proposal, an issuer will only be allowed to extend the maturity of covered bonds with the approval of the SFSA.

According to the main principle, calculation of the liquidity buffer requirement for covered bonds allowing for maturity extensions should be based only on the original maturity date, unless the SFSA has approved the maturity extension.

### **Information, monitoring and supervision**

The Covered Bond Report sets out that the existing provisions for an independent inspector in relation to the Covered Bonds Act should remain in place. Therefore, the Member State option in the New EU Covered Bond Legislation allowing for the appointment of a cover pool monitor should not be implemented. The Covered Bond Report proposes that the SFSA's power to revoke an issuer's authorisation for a covered bond programme be extended to include the situation where the issuer has acquired permission for a covered bond programme by making false statements or by some other irregular means.

As a complement to the provisions on sanctions for issuers and other credit institutions, the Covered Bond Report proposes that additional provisions on sanctions for natural persons be included in the Banking and Financing Business Act, in relation to breaches of certain provisions in the Covered Bonds Act.

The Covered Bond Report proposes that new authorisations to issue regulations be introduced in the Covered Bonds Act in relation to the information (i) to be provided by the issuer to investors, (ii) that issuers have to submit to SFSA, including requirements as to when and how the information has to be given. The Covered Bond Report proposes that several of the authorisations to issue regulations in the current wording of the Covered Bonds Act be repealed in the light of the EU Covered Bond Legislation.

### **Entry into force and transitional provisions**

The legislative amendments are proposed to enter into force and apply to covered bonds issued on and after 8 July 2022. For a covered bond that has been issued before this date, the previous provisions of the Covered Bonds Act will, as a main principle, continue to apply during the remaining part of its maturity. For tap issues made after 8 July 2022, certain transitional provisions will apply. The main exception concerns the new information and reporting requirements for issuers described above. Furthermore, the new rules on sanctions will apply to all infringements committed after 8 July 2022. It is also worth noting that in order to ensure a smooth transition to the new framework, some provisions of the Covered Bonds Act will continue to apply to certain tap issues made after 8 July 2022 during a transitional period of 24 months.

## **LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION**

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### **Swedish Financial Supervisory Authority Approval**

The Prospectus has been approved by the Swedish Financial Supervisory Authority as competent authority under the Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Swedish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority’s approval should not be considered as an endorsement of the Company that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

### **Authorisation and responsibility**

The decision to establish the Programme was authorised by a resolution of the board of directors of SCBC on 31 March 2006 and the most recent decision to update the Programme was authorised by a resolution of the board of directors of SCBC on 28 April 2021.

SCBC accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The board of directors of SCBC is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Arranger and the Dealers have not verified the content in this document and are thus not responsible for the information presented in the Prospectus.

### **Material agreements**

Other than as described under the section “*Information relating to SCBC*” above, SCBC has not concluded any material agreements not entered into in the ordinary course of its business which could result in a member of the SBAB Group being under an obligation or entitlement that is material to SCBC’s ability to meet its obligations to Bondholders.

### **Legal and arbitration proceedings**

There are no governmental, legal or arbitration proceedings against or affecting SCBC (and no such proceedings are pending or threatened of which SCBC is aware) during a period covering at least the previous twelve months which have or may have in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of SCBC.

### **Certain material interests**

The Arranger and the Dealers (and any closely related companies to any of them) have provided, and may in the future provide, certain investment banking and/or commercial banking and other services to SCBC and the SBAB Group for which they have received, or will receive, remuneration. Accordingly, conflicts of interest may exist or may arise as a result of any of the Dealers and the Arranger having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

### **Trend information**

There has been no significant change in the financial performance of the SBAB Group since 30 June 2021, being the end of the last financial period for which financial information has been published to the date of this Prospectus.

### **Significant Change**

There has been no significant change in the financial position of the SBAB Group since 30 June 2021, being the end of the last financial period for which financial information has been published to the date of this Prospectus.

## Supplements to the Prospectus

If at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Covered Bonds whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Prospectus, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of SCBC, and the rights attaching to the Covered Bonds, SCBC shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Covered Bonds.

## Information incorporated by reference

This Prospectus should be read and construed together with the audited annual financial statements of SCBC for the financial years 2019 and 2020, together in each case with the audit report thereon, and the unaudited interim financial statements of SCBC for the period 1 January-30 June 2021. Such documents are incorporated in, and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed to constitute a part of this Prospectus, except as so modified or superseded.

The financial statements referred to above are presented in:

- SCBC's 2019 Annual Report, where reference is made to the financial statements on pages 16-49 and the audit report on pages 51-53.
- SCBC's 2020 Annual Report, where reference is made to the financial statements on pages 18-55 and the audit report on pages 57-59.
- SCBC's unaudited interim report for the period 1 January-30 June 2021, where reference is made to the financial statements on pages 9-25 (limited review statement from the auditor on page 26).

In addition to the above and in order to enable further tap issuances of covered bonds loans under previous prospectuses, the general terms and conditions as of 15 May 2006 (including the form of final terms), which are included in the Swedish language on pages 30-41 (and in an English translation on pages 19-29) of SCBC's base prospectus dated 23 September 2013, are incorporated in, and form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus, as well as the Prospectus itself, may be obtained without charge from SCBC.

With the exception of SCBC's financial statements for 2019 and 2020, and SCBC's unaudited interim report for the period 1 January-30 June 2021, no information in this Prospectus has been audited or reviewed by SCBC's auditor.

## Documents available

Copies of the following documents are electronically available at [https://www.sbab.se/1/om\\_sbab.html](https://www.sbab.se/1/om_sbab.html) during the validity period of this Prospectus:

- SCBC's Articles of Association and Certificate of Registration.
- SCBC's Annual Reports for the financial years 2019 and 2020 (including audit reports).
- SCBC's unaudited interim report for the period 1 January – 30 June 2021.

## APPENDIX – CERTAIN DEFINED TERMS AND CONSTRUCTION

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### Defined Terms

“**Arranger**” means Skandinaviska Enskilda Banken AB (publ).

“**Australian Covered Bond Programme**” means the programme established by SCBC for the issuance of covered bonds in Australia.

“**Bondholder**” means each holder of Covered Bond(s) from time to time.

“**Conditions**” means, for a Covered Bond Loan, the General Terms and Conditions and the Final Terms for such Covered Bond Loan.

“**Cover Pool**” means the cover pool (as such is described in the Section “*Overview of the Swedish legislation regarding covered bonds*”) of SCBC from time to time.

“**Cover Pool Swap**” is defined under “*Information relating to SCBC*”.

“**Covered Bonds**” means covered bonds issued under the Programme in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (Sw. *Lag (2003:1223) om utgivning av säkerställda obligationer*).

“**Covered EMTN Programme**” means the programme established by SCBC for the issuance of euro medium term covered notes.

“**CRA Regulation**” means Regulation (EC) No. 1060/2009 (as amended) on credit rating agencies.

“**Currency Swaps**” means currency swaps entered into from time to time between SCBC and SBAB or other third party counterparties (in such capacity, each, a “**Currency Swap Provider**”) in order to hedge currency risks arising from (a) covered bonds which are issued in currencies other than SEK and (b) assets (other than mortgage loans and Eligible Swaps) which are registered to the Cover Pool and are denominated in currencies other than SEK.

“**Dealers**” means Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ), or such other dealers as stated in the relevant Final Terms.

“**Eligible Swap**” means each Cover Pool Swap, each Currency Swap and each Interest Rate Swap.

“**Eligible Swap Providers**” means the Cover Pool Swap Providers, the Currency Swap Providers and the Interest Rate Swap Providers.

“**Euro**” or “**EUR**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to the Economic and Monetary Union.

“**Final Terms**” means, in respect of each Covered Bond Loan, the final term document for such loan, substantially in the form set out in Section “*General Terms and Conditions and form of Final Terms*”.

“**General Terms and Conditions**” means the general terms and conditions for the Covered Bond Loans set out in Section “*General Terms and Conditions and form of Final Terms*”.

“**Interest Rate Swaps**” means interest rate swaps entered into from time to time between SCBC and SBAB or other third party counterparties (in such capacity, each, an “**Interest Rate Swap Provider**”) in order to hedge SBAB’s interest risk in SEK and/or other currencies to the extent that they have not been hedged by a Cover Pool Swap or a Currency Swap.

“**Master Sale Agreement**” means the master sale agreement entered into between SCBC and SBAB on 2 June 2006 (which took effect as of 5 May 2006), pursuant to which SCBC acquired an initial portfolio of loans from SBAB and has continued to acquire loans from SBAB.

“**Moody’s**” means Moody’s Deutschland GmbH.

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

“**Non-Cover Pool Swap Agreement**” means each ISDA Master Agreement, schedule and confirmation(s) relating to Non-Cover Pool Swaps entered into from time to time between SCBC and each Non-Cover Pool Swap Provider.

“**Non-Cover Pool Swap Provider**” means SBAB in its capacity as swap provider under a Non-Cover Pool Swap Agreement or any other entity providing such Non-Cover Pool Swap.

“**Outsourcing Agreement**” means the outsourcing agreement entered into between SCBC and SBAB on 2 June 2006, pursuant to which SBAB shall perform certain services that SCBC may need to carry out its business operations.

“**Other Covered Bondholders**” means holders of covered bonds other than Covered Bonds (i.e. covered bonds issued under the Covered EMTN Programme, the Australian Covered Bond Programme as well as covered bonds issued under any other covered bond programmes besides the Programme).

“**Programme**” means SCBC’s programme dated 15 May 2006 for continuous issuance of covered bonds (Sw. *säkerställda obligationer*) pursuant to this Prospectus.

“**SBAB**” means SBAB Bank AB (publ).

“**SBAB Group**” means SBAB and its subsidiaries from time to time, including on the date hereof SCBC, Booli Search Technologies AB and Boappa AB.

“**Swap Providers**” means the Eligible Swap Providers and the Non-Cover Pool Swap Providers.

“**Swedish Kronor**” or “**SEK**” means the lawful currency of Sweden.

“**Subordination Agreement**” means the subordination agreement entered into between SCBC and SBAB on 2 June 2006 (which took effect as of 5 May 2006), pursuant to which SBAB has agreed that all its claims against SCBC (except in relation to claims deriving from Eligible Swaps) will be subordinated to all unsubordinated claims against SCBC in SCBC’s bankruptcy.

## Construction

Unless a contrary indication appears, any reference in this Prospectus to:

- (a) any agreement or instrument is a reference to that agreement or instrument as replaced, supplemented, amended, restated, novated or varied from time to time;
- (b) a “regulation” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (c) a provision of law is a reference to that provision as amended or re-enacted; and
- (d) a time of day is a reference to Stockholm time unless otherwise indicated or the context otherwise requires.

All uniform resource locators (URL) in this Prospectus are inactive textual references only and are not intended to incorporate the content of any website into this Prospectus.

## CONTACT INFORMATION

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### SCBC:

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**The Swedish Covered Bond Corporation**

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**Visiting address**

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 www.sbab.se

### Arranger

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### Dealers

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**Nordea Bank Abp, Nordea Markets**

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### SCBC's auditor

**Deloitte AB**

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 Principally Responsible Auditor: Patrick Honeth  
 c/o Deloitte AB, 113 79 Stockholm