

This prospectus was approved by the Swedish Financial Supervisory Authority on 11 March 2024 and shall be valid for twelve (12) months after the date of its approval. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid.

SBAB!

SBAB Bank AB (publ)

**Prospectus for the admission to trading of
SEK 1,300,000,000 Floating Rate Additional Tier 1 Capital Notes
ISIN: SE0020356699**

and

**SEK 600,000,000 Fixed-to-Floating Rate Additional Tier 1 Capital Notes
ISIN: SE0020356681**

Joint Bookrunners

S|E|B

Swedbank 

Important information

In this prospectus, the “**Issuer**” means SBAB Bank AB (publ), Swedish Corporate ID No. 556253-7513 and LEI code H0YX5LBGKDVOWCXBZ594. “**SBAB**” or the “**SBAB Group**” means the Issuer and its Subsidiaries from time to time (each a “**Group Company**”). “**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (Sw. *dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

On 21 February 2024 (the “**Issue Date**”), the Issuer issued Floating Rate Additional Tier 1 Capital Notes (the “**Floating Rate Notes**”) in the Total Nominal Amount of SEK 1,300,000,000 and Fixed-to-Floating Rate Additional Tier 1 Capital notes (the “**Fixed-to-Floating Rate Notes**”) in the Total Nominal Amount of SEK 600,000,000. In this prospectus (the “**Prospectus**”) and except as otherwise indicated, references to the “**Notes**” are to the Floating Rate Notes and/or the Fixed-to-Floating Rate Notes, as the context requires, and references to the “**Terms and Conditions**” are to the terms and conditions of the Floating Rate Notes (set out in section “*Terms and Conditions for the Floating Rate Notes*” below) and/or the terms and conditions of the Fixed-to-Floating Rate Notes (set out in section “*Terms and Conditions for the Fixed-to-Floating Rate Notes*” below), as the context requires. Words and expressions defined in the Terms and Conditions have the same meanings when used in this Prospectus, unless expressly stated or otherwise follows from the context.

This Prospectus has been prepared for the admission to trading of the Notes on Nasdaq Stockholm. This Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Notes. This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection herewith.

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Finansinspektionen) (the “**Swedish FSA**”) pursuant to the provisions of Article 20 of 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/EC (the “**Prospectus Regulation**”).

Solely for the purposes of the product governance requirements set forth in Directive 2014/65/EU as amended (“**MIFID II**”), the target market assessment made by the Joint Bookrunners and the Issuer for the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MIFID II; (ii) the negative target market for the Notes to be clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk tolerance or need a fully guaranteed income or fully predictable return profile and (iii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**Distributor**”) should take into consideration the Joint Bookrunners’ and the Issuer’s target market assessment. However, a Distributor subject to MIFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Joint Bookrunners’ target market assessment) and determining appropriate distribution channels.

The Notes are not intended to be, and should thus not be, offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “**PRIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

This Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. The Notes have not been, and will not be, registered under the United States Securities Act of 1933 or the securities laws of any state or other jurisdiction outside Sweden.

Each potential investor in the Notes must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should conduct their own investigation and analysis of the Issuer and the SBAB Group and the data set forth in this Prospectus and investors are urged to take steps to ensure that they understand the transaction and have made an independent assessment of the appropriateness of the transaction in light of their own objectives and circumstances before entering into any transaction (including the possible risks and benefits of entering into such transaction). Investors should also consider seeking advice from their own advisers in making this assessment.

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 they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Note 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 have not been any changes in the Issuer’s or the SBAB Group’s business since the date of this Prospectus. With the exception of the Issuer’s consolidated financial statements for 2019, 2020, 2021, 2022 and 2023, no information in this Prospectus has been audited or reviewed by the Issuer’s auditor. Financial data in this Prospectus that has not been audited by the Issuer’s auditor stem from internal accounting and reporting systems.

Forward-looking statements and market data

The Prospectus contains certain forward-looking statements that reflect the Issuer’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 the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out therein.

Factors that could cause the Issuer’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 “*Risk factors*”. The forward-looking statements included in this Prospectus apply only to the date of the Prospectus. The Issuer 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 the Issuer and the SBAB Group or persons acting on the Issuer’s behalf is subject to the reservations in or referred to in this section.

The Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the SBAB Group participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Prospectus is also derived from estimates made by the Issuer.

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RISK FACTORS

In this section, material risk factors are illustrated and discussed, including the Issuer's economic and market risks, business risks, legal and regulatory risks, as well as structural risks relating to the Notes, risks relating to the Fixed-to-Floating Rate Notes and risks related to debt instrument such as the Notes. The Issuer'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.

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 the Issuer

Economic and market risks

Risks relating to disruptions in the global credit markets and economy

As a financial institution and lender, the Issuer is 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 vibrant, so that people are willing and able to take up loans. For the Issuer, the risk is specifically linked to customers' willingness to buy and own homes that require them to apply for mortgage loans from the Issuer. Any disruption or downturn in the global credit markets and economy would typically thus affect the Issuer, 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 the Issuer are subject to risks related to the global economy, the SBAB Group and the Issuer are affected by, for example, war in neighbouring countries, high energy prices, climate risks, natural disasters and public health epidemics or outbreaks of diseases that may negatively affect the global economy such as the coronavirus (COVID-19) outbreak. Rapid and forceful measures, such as sanctions, trade restrictions and shutdowns, can lead to significant supply and demand disruptions, and result in rapidly changing prices and changes in pace of economic development. Such events can also result in substantial movements in the financial markets in the form of, for example, dramatic increases or decreases in interest rates, rising credit spreads and volatile and falling stock markets. 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 relevant crisis and measures taken by governments, central banks and other agencies.

The ongoing war in Ukraine has led to significant volatility in the financial markets and the global commodity markets. Further, the outbreak of the military conflict in Israel and Palestine, following the attack on Israel by the Hamas movement in early October 2023, may contribute to further instability in the global economy. The impact of the conflict, e.g. volatility in the financial markets, will depend on the duration and intensity of the conflict, and whether it spreads to neighbouring countries or other parts of the region. Unfortunately, it is currently not possible to see how and when these conflicts will be resolved, or to predict their long-term impact on SBAB or the Swedish or global economies.

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, may 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 the Issuer's dependency on the same, likely to lead to, among other things, a decrease in the demand for certain loans offered by the Issuer, increased cost of funding, volatile fair values of the financial instruments held by the Issuer, 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. The degree to which disruptions in the global credit markets and economy may affect the Issuer is uncertain and presents a highly significant risk to the profitability and financial position of the Issuer.

Risks relating to the Swedish housing market

During the 24 months immediately following the outbreak of the coronavirus pandemic, housing prices in Sweden rose by an average of 25 per cent., with the increase being greater for houses than for flats. However, in light of the rapid rise in interest rates since spring 2022, housing prices have fallen by an average of 16 per cent.; the decrease being greater for houses than for flats. The rapid increases and decreases in housing prices have brought uncertainty for those who buy and sell their homes, but have not resulted in a greater number of homeowners with a home that is worth less than the size of their mortgage and, although housing prices are expected to fall a little further in 2024, it is not expected that this will change in the future. However, in the coming years homeowners with large mortgages will have higher mortgage payments compared to corresponding homeowners over the past 15 years, mostly due to increased interest rates. With regard to new homes, the construction rate of new multi-family dwellings has been relatively high for some years now, which is one explanation as to why the demand in that particular market segment may not be strong enough and could be subject to a decline, which could have a negative impact on the housing market. In addition, rising mortgage rates, in combination with falling prices in the secondary housing market, dampened demand rapidly in autumn 2022, with the result that the supply of newly produced housing has been greater than the actual demand (i.e. willingness to pay). Examples of such reduced relative demand include longer advertisement times and fewer sales. At present, these indications suggest a marked decline in housing construction in 2024. The housing construction industry is characterised by large economic fluctuations and there are currently no signs that this downturn would differ markedly from previous major economic downturns. Nonetheless, there is a risk that the Swedish housing market could be weak for a longer period, for example, as a result of significantly slower population growth. If the Swedish housing market were to face a protracted slump, and demand for new loans, as a consequence, were to significantly decrease, this would negatively affect demand for the Issuer's loan offerings, thereby adversely affecting its 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 significant rise in interest rates or unemployment levels. Legal requirements, such as changes to the amortisation requirements or changes to the level of the mortgage ceiling, may also affect housing prices, in particular in urban areas where the market value is higher and more sensitive to such regulations, which in turn could affect mortgage lending growth. Furthermore, a further clearly tightened monetary policy is expected to have a negative impact on housing prices in the short term. More restrictive regulations or 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 the Issuer.

The above described risks are material to the Issuer as a significant amount of the loans provided by the Issuer are secured by mortgage certificates (Sw. *pantbrev*) in respect of properties, or pledges over tenant-owners' rights (Sw. *bostadsrätt*), located in Sweden. The degree to which a declined Swedish housing market may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's credit quality.

Risks relating to the Swedish mortgage market

The Issuer's operations consist primarily of lending to the Swedish residential mortgage market aimed at individuals, tenant-owner associations (Sw. *bostadsrättsförening*) 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 is at a comparatively high level, which affects the risk profile among the Issuer's customers as interest rates rise. High inflation since the end of 2021 has not only led to higher interest rates, but also means that many other household living costs are now significantly higher, which contributes to a higher credit risk.

As the Issuer's operations primarily consist of lending to the Swedish residential mortgage market, 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 the Issuer's results of operations and financial condition.

Although the Swedish mortgage market is currently dominated by a few institutions, consisting of banks, such as the Issuer, and bank owned mortgage companies, new competitors have appeared in recent times. Rapid changes in the interest rate market also pose challenges where different banks may have different competitive conditions. Due to fierce competition amongst lenders, the Issuer's business would face declining earnings should the Issuer, 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, the Issuer is 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 the Issuer operates. This means that the Issuer is subject to risks related to the banking sector as such, and risks related to other financial institutions. The degree to which negative developments in the Swedish mortgage housing market may affect the Issuer is uncertain and presents a highly significant risk of a negative impact on demand for mortgage loans originated by the Issuer.

Risks relating to the general economic conditions of Sweden

The Issuer'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 S&P. As the Issuer conducts all its business activities in Sweden, changes in the general economic conditions of Sweden and Sweden's creditworthiness are likely to affect the Issuer 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 the Issuer 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 the Issuer are likely to decline. The degree to which the general economic conditions of Sweden and Sweden's creditworthiness may affect the Issuer is uncertain and presents a highly significant risk of a negative impact on the willingness of investors to invest in financial instruments issued by the Issuer and a negative impact on the Issuer's rating and operations.

Risk relating to the Issuer's collateral

A considerable part of the loans provided by the Issuer are secured by mortgage certificates in respect of properties located in Sweden or pledges of Swedish tenant-owners' rights 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, the Issuer is therefore reliant on data provided by the relevant tenant-owners' association 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. The Issuer's ability to enforce the collateral without the consent of the borrower is thus dependent on the above-mentioned decisions from a court and the execution measures and on other relevant circumstances in the mortgage Swedish market and in the demand for the relevant property. Should the prices of real estate and the housing market substantially decline, this would affect the Issuer, as the value of the collateral would decline as set out above. If the Issuer'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 the Issuer's results of operations.

Risks relating to the Issuer's business

Credit risk

Since the Issuer conducts lending operations, credit risk – the risk that a counterparty is unable to fulfil its payment obligations towards the Issuer – is central to the Issuer's business model and is considered to be the dominant risk in its operations. Credit risk arises both in the Issuer's lending operations and its treasury operations.

Credit risk in the Issuer's lending operations arises if one or more debtors do not fulfil their payment obligations towards the Issuer. 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 the Issuer's claim (i.e., within the ordinary course of the Issuer'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 within the Issuer's operations. 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 the Issuer's liquidity portfolio 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 the Issuer recognises a receivable against the counterparty. In addition, counterparty risk is the risk that the Issuer'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 the Issuer to take measures to collect such defaulted loans (which might be costly and unsuccessful). Adverse changes in the credit quality of the Issuer's borrowers and counterparties would affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provision for bad and doubtful debts and other provisions. The degree to which credit risks may affect the Issuer is uncertain and presents a highly significant risk to the recoverability and value of the Issuer's assets.

Market risk

Market risk is the risk of loss or reduced future income due to market fluctuations. The Issuer's most significant exposure towards market fluctuations derives from its dependency on interest rates, currency exchange rates and changing conditions between interest costs for different issuers that affects the value of the Issuer's liquidity portfolio. Since the Issuer conducts lending operations, the Issuer is largely dependent on interest rate levels as interest rates are the single most important factor that affects margins in connection with its 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, the Issuer currently conducts its lending operations in SEK (the Issuer's reporting currency) but may fund itself in foreign currencies. The Issuer 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 the Issuer 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 the Issuer and further enhance the risks associated with the Issuer's exposure to interest rates and foreign currencies, as described above.

Furthermore, the value of the assets held within the Issuer's liquidity portfolio are dependent on the interest cost related to the Issuer of the relevant security, and any negative change in such conditions may adversely affect the value of the Issuer's liquidity portfolio. The value of the Issuer's liquidity portfolio is further typically affected by the performance of financial markets. The value of the Issuer's liquidity portfolio is critical for the Issuer's ability to meet its liquidity requirements, and any significant decrease in value is likely to affect Issuer's capacity to fulfil these requirements.

The risk of failure or interruption to the Issuer's IT and other systems

The Issuer'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. The Issuer's business is thus dependent on its IT-systems to serve customers, support the Issuer's business processes, ensure complete and accurate processing of financial transactions, and support the overall internal control framework.

Disruptions in the Issuer'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 the Issuer face severe disruptions in its telephone and communication platforms, customers would be unable to contact the Issuer via telephone and email. Given that the Issuer does not have any offices for physical customer meetings and instead meets its retail customers and users digitally or by telephone this risk is likely to have a significant impact on the Issuer, both as regards its reputation and lending operations, but also, as a consequence, as regards its results of operations and margins.

Despite ongoing projects to replace or upgrade some of the Issuer's existing IT platforms, parts of the IT infrastructure remain outdated, which limits the Issuer's ability to swiftly adapt to new conditions and requirements and increases the risk of disruption. The degree to which IT failures may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's operations.

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 the Issuer's suppliers or

counterparties. The Issuer's business is also dependent on the ability to process a very large number of transactions within the ordinary course of the Issuer's operations. Any failure in conducting such transactions efficiently and accurately due to operational risks being materialised may thus adversely affect the Issuer's operations.

Furthermore, significant operational risks include cyber-related risks. The cyber-threat to the Swedish financial sector is extensive and persistent. A breach in security of the Issuer's IT systems risks compromising the availability of important systems may disrupt the Issuer's business. There is also a risk of social engineering attempts and the disclosure of sensitive or confidential information, which would create significant financial and legal exposure, and damage the Issuer's reputation and brand. Since the Issuer's business in all important aspects is digitalised (for example, mortgage applications are filed online), these risks are more prominent to the Issuer compared to competitors and other lenders whose operations are less digitalised. The degree to which operational failure or the occurrence of a cyber-related incident may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's ability to carry out transactions efficiently and accurately.

Liquidity risk

Liquidity risk is the risk that the Issuer 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 the Issuer 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. The Issuer is subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The inability of the Issuer to anticipate future liquidity and provide for unforeseen decreases or changes in funding sources could have consequences on the Issuer's ability to meet its payment obligations when they fall due and thus result in an investor not being paid in a timely manner.

Also, as a part of the Issuer's activities, the Issuer regularly sells mortgage loans to its subsidiary AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) ("SCBC"). The Issuer's claims for the purchase price of the mortgage loans acquired by SCBC are (fully or partially) repaid concurrently with the issue of covered bonds by SCBC. The Issuer's claims in relation to such sales, as well as other claims (unless arising under any derivative agreement entered into pursuant to the Swedish Act on Issuance of Covered Bonds (*Sw. lagen (2003:1223) om utgivning av säkerställda obligationer*)) such as claims under a revolving credit facility agreement between the Issuer as lender and SCBC as borrower, are subordinated to all unsubordinated claims against SCBC in SCBC's bankruptcy or liquidation. Thus, if SCBC becomes bankrupt or is liquidated or if SCBC is unable to issue covered bonds, the Issuer is likely to have outstanding subordinated claims against SCBC and is exposed to the risk of not get fully repaid or repaid in a timely manner. This may adversely affect the Issuer's liquidity and financial position.

As part of its funding, the Issuer accepts deposits from the Swedish general public, the majority of which are repayable on demand. Should a major part of the deposits be withdrawn simultaneously or during a short period of time, this would adversely affect the Issuer's liquidity since it will be required to repay a significant amount on demand. The degree to which liquidity risks may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's ability to meet its payment obligations when they fall due.

Funding risk

The Issuer is dependent upon the debt capital markets as a source of debt capital. Disruptions, uncertainty and/or increased volatility in the global debt capital markets may have an adverse effect on the terms on which the Issuer is able to raise debt or the ability to raise debt at all. This could be due to circumstances out of the control of the issuer such as general market disruptions or loss in confidence in financial markets stemming from for example severe changes in the economic outlook or external macro-economic shocks, uncertainty and speculation regarding the solvency of market participants or operational problems affecting third parties. A recent example of the foregoing occurred during the first quarter of 2023, when the banking sector in the United States and globally came under pressure following the failures of certain regional banks in the United States and the merger of Credit Suisse Group AG with UBS Group AG in a government-brokered transaction. The events, which were primarily driven by macroeconomic conditions, including rising interest rates and monetary policy tightening, threw the global financial markets into turmoil, with increased volatility and widening credit spreads.

Also, any downgrade of the Issuer's credit ratings, or the credit ratings of a significant subsidiary, such as SCBC, is likely to increase the Issuer'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 Issuer, trigger obligations under certain bilateral terms in some of its trading and collateralised financing contracts, including requiring the

provision of additional collateral and/or limit the range of counterparties willing to enter into transactions with the Issuer.

Any of the events above could lead to increased funding costs with decreased margins and incomes from SBAB's core business, i.e. mortgage lending, and could therefore have an immediate and material adverse effect on the Issuer's business and results of operations.

Furthermore, since the Issuer's shares are not listed, it does not have direct access to the equity capital markets, and as a consequence, the Issuer is partly dependent upon its owner (the Kingdom of Sweden) as a source of equity capital. If the owner does not provide the Issuer with equity capital to the extent the Issuer needs and/or if the debt capital markets are not available to the Issuer or the cost of debt capital is significantly increased, this is likely to affect the liquidity and funding of the Issuer and, consequently, the Issuer's capacity to fulfil its payment obligations. The degree to which funding risks may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's capacity to fulfil its payment obligations.

Environmental, Social and/or Governance 'ESG' risks

There is a risk that the Issuer's operations have a direct or indirect negative effect on, or are directly or indirectly negatively affected by, Environmental, Social and/or Governance ("ESG") factors.

The Issuer's exposure to environmental and climate risks primarily arises in conjunction with its grant of credit. Environmental and climate risks arise when financing new production and redevelopment projects, but also in existing holdings in areas exposed to increased sea levels or temporary floodings. 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 freshwater shortages. For buildings and other collateral, it is thus important for the Issuer to assess and monitor the risks of flooding, landslides, and erosion. Increased extremes in surface water levels that increase water penetration in basements and cause problems with dampness are likely to lead to assets and other collateral decreasing in value, thereby increasing the Issuer's risk of credit losses. Since properties are used as collateral for an absolute majority of the loans provided by the SBAB Group, this risk is highly significant.

In addition to the environmental risks described above, the Issuer is exposed to transition risks in conjunction with its grant of credit. Transition risks arise in relation to financed buildings with high energy consumption that require major energy efficiency renovations to meet legal requirements or to reduce related costs, which adversely affect the value of the collateral and, in turn, increase the Issuer's associated credit risk.

Furthermore, the Issuer 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 risk, since the Issuer does not know the conditions that apply for the production. Finally, since the Issuer handles payments both in lending and financing, it is exposed to corruption risk. The risk is highest in the beginning of a relationship but is also present in all engagements. The Issuer's main exposure to corruption risk arises in conjunction with its grant of credit and deposit accounts for private customers. The degree to which ESG-risks may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's collateral value and reputation.

Compliance

The banking and financing sector is heavily regulated and 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 ("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, 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 ("GDPR"). Any administrative and monetary sanctions or reputational damage due to breach of the GDPR would have an adverse effect on SBAB'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 which ultimately could adversely impact the SBAB Group's business, financial condition and results of operations.

The SBAB Group must also comply with anti-money laundering, counter terrorist financing and sanctions regulations. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and competent and skilled personnel at all levels of the SBAB Group, and have also become the subject of enhanced government and regulatory supervision. Failure to prevent or detect any illegal or improper activities fully or on a timely basis could negatively impact customers and expose the SBAB Group to liability. If the SBAB Group is associated with, or even accused of being associated with, or becomes a party to, money laundering or terrorist financing (even when the SBAB Group is acting in good faith and without knowledge of any such activities), the SBAB Group's reputation could suffer and it could become subject to fines, sanctions and/or legal enforcement, any one of which could have a material adverse effect on the SBAB Group's results of operations, financial condition and prospects. Furthermore, failure to comply with economic sanctions, both primary and secondary (which are frequently subject to change by relevant governments, and which have increased in both volume and complexity due to the Russia/Ukraine war), and failure to comply fully with other applicable compliance laws and regulations, may result in the imposition of fines, penalties or other sanctions on the SBAB Group, including the revocation of licences.

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 legal implications or criticism from inter alia the Swedish FSA or other regulators could have a material adverse effect on the Issuer's reputation which is likely to adversely affect the demand for loans offered by the Issuer. Furthermore, 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 2023, the SBAB Group's tax expenses totalled SEK 662million (SEK 1021 million including risk tax, see below). Accordingly, tax expenses constitute a significant part of the SBAB Group's total expenses. 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 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 2023, the SBAB Group's deferred tax assets(+)/liabilities(-) totalled SEK 911 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'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 to the above, a new law regarding risk tax on certain credit institutions entered into force on 1 January 2022. The new legislation applies to Swedish credit institutions and Swedish branches of foreign credit institutions with liabilities in excess of SEK 150 billion (pursuant to the 2022 threshold, which is indexed). In general, the tax is based on each credit institution's opening balance of liabilities and the tax is 0.05 per cent. of the taxable basis (0.06 per cent. for tax years starting after 31 December 2022). In 2023, the SBAB Group's total risk tax amounted to SEK 359 million.

Regulatory capital and liquidity requirements

The Issuer is 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 Issuer and are expected to continue to impact the Issuer include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU ("**CRD IV**"), as amended by Directive (EU) 2019/878 ("**CRD V**"), and the EU Capital Requirements Regulation (EU) No. 575/2013 ("**CRR**"), as amended by Regulation (EU) 2019/876 ("**CRR II**"). CRR and CRD IV are supported by a set of binding technical standards developed by the European Banking Authority (the "**EBA**").

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. 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, CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. The combined buffer requirement consists of the total Common Equity Tier 1 capital required to meet the requirement for the capital conservation buffer extended by an institution-specific countercyclical capital buffer, a G-SII buffer, an O-SII buffer and a systemic risk buffer, as applicable as defined in Article 128 CRD IV. Certain buffers may be applicable to the Issuer as determined by the Swedish FSA. 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 the previous 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 pandemic and the spread of the coronavirus and their impact on the economy. On 28 September 2021, the Swedish FSA communicated that the lower buffer rate will apply until 28 September 2022. As of 22 June 2023, the buffer rate is 2 per cent, which is its neutral level. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by the Issuer, for example, dividends on CET1 and coupon payments on tier 1 capital instruments.

Banks are also asked to maintain an extra capital buffer, called Pillar 2 guidance (P2G), which are determined as part of the Supervisory Review and Evaluation Process (SREP) and is a bank-specific recommendation. The P2G is a non-binding supervisory recommendation and a violation of the P2G does not automatically lead to consequences such as restrictions in dividends. If the P2G is breached the Swedish FSA has the possibility to intensify its supervision or decide on a Pillar 2 requirement. On 24 September 2021, the Swedish FSA communicated to the Issuer its decision regarding increased capital requirements as a result of a supervisory review and evaluation process. In addition to existing Pillar 2 requirements, the Issuer has also been given a Pillar 2 add-on within internal models which is expected to be in place until new internal models are implemented.

The conditions of the SBAB Group's business 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, the SBAB Group is 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 the SBAB Group 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 ability to raise additional capital and make payments under instruments such as the Notes.

Serious or systematic deviations by the Issuer from the above regulations would most likely lead to the Swedish FSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions against the Issuer. Further, any increase in the capital and liquidity requirements could have a negative effect on the SBAB Group'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). The degree to which regulatory capital and liquidity requirements risks may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's funding and liquidity position.

The Bank Recovery and Resolution Directive

As a bank and a financial institution, the SBAB Group is subject to the Bank Recovery and Resolution Directive ("BRRD") (which was amended by Directive (EU) 2019/879 ("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 (such as the SBAB Group) 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 Issuer to take extensive measures to ensure compliance.

The BRRD contains a number of resolution tools and powers which may be applied by the resolution authority 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 (such as the Notes) 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 (such as the Notes) at the point of non-viability (see the risk factor “*Loss absorption at the point of non-viability of the Issuer*” below for further information). 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 resolution authority (the Swedish National Debt Office (Sw: *Riksgäldskontoret*)) provided in the BRRD (as implemented into Swedish law) will affect the Issuer and 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 minimum requirement for own funds and eligible liabilities (“MREL”), set by the relevant resolution authorities on a case by case basis.

In early June 2021, the Swedish legislator approved new legislation attributable to the Swedish implementation of BRRD II. The legislation entered into force on 1 July 2021, including, inter alia, amendments to the applicable minimum MREL requirement. Amongst other things, the legislation stipulates that the new MREL requirements shall be fully complied with from 1st January 2024. This includes a minimum Pillar 1 subordination requirement for “top-tier” banks (including the SBAB Group). This Pillar 1 subordination requirement is to be satisfied with own funds and other eligible MREL instruments meeting the applicable CRR requirements, including MREL instruments constituting senior non-preferred debt.

In December 2023, the Swedish National Debt Office most recently decided on the MREL and subordination requirement that applies to the Issuer and the SBAB Group from 1 January 2024. The Issuer and the SBAB Group will therefore be required to maintain an amount of additional eligible liabilities in the form of senior non-preferred debt or other eligible MREL instruments in order to meet the new MREL requirements.

If the SBAB Group were to experience difficulties in maintaining 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 new 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 maintained which would have a negative effect on the price and value of such instruments. The degree to which the price and value of such instruments may vary is uncertain and presents a highly significant risk to the Issuer’s revenue.

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 the Issuer’s financial statements. These changes are sometimes difficult to predict and could materially impact how the SBAB Group and the Issuer record and report their results of operations and financial condition. Changes in accounting standards may have an adverse effect on the Issuer’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 Notes.

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 the Issuer 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. The degree to which changes in accounting standards may affect the Issuer is uncertain and presents a highly significant risk to the Issuer’s costs for regulatory capital.

Changes to the Swedish Deposit Insurance Scheme

The Swedish Deposit Insurance Scheme (“SDIS”) guarantees the depositors’ deposits in the event the Issuer is declared bankrupt or if the Swedish FSA determines that the SDIS should be activated in a given situation. The SDIS is administered by the Swedish National Debt Office. If activated, the insurance guarantees each customer compensation amounting to the value of the total funds in his or her account(s) with the Issuer, plus accrued interest, until the time of bankruptcy or the Swedish FSA’s activation decision. The maximum compensation is an amount of SEK 1,050,000. There is a risk that regulatory changes which decrease the maximum compensation amount or change the SDIS are implemented which could have a negative effect on the amount of customer savings deposit currently held with the Issuer. This is likely to have a negative effect on the Issuer’s business and liquidity (should its number of depositors decrease), funding and financial condition (should its assets decrease if depositors withdraw their deposits) and results of operations (should its liquidity and funding costs increase if the deposits decrease). The degree to which changes to the Swedish Deposit Insurance Scheme may affect the Issuer is uncertain and presents a highly significant risk to the Issuer’s business and liquidity.

Risks relating to the Notes

Structural risks relating to the Notes

The Issuer’s obligations under the Notes are deeply subordinated

The Notes are intended to constitute unsecured, deeply subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Noteholders to payments on or in respect of (including any damages awarded for breach of any obligations under) the Notes (which in the case of any payment of principal shall be to payment of the then Nominal Amount only) shall at all times rank junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, (iii) any senior non-preferred creditors falling within the scope of the first paragraph of Section 18 of the Swedish Rights of Priority Act (*förmånsrättslagen (1970:979)*), and (iv) any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

In the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, there is a risk that the Issuer does not have enough assets remaining after payments to senior ranking creditors to pay amounts due under the Notes.

No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder.

As a result of the above, there is a risk that the Noteholders will lose some or all of their investment in the Notes. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated or which are subordinated but not so deeply, there is a significant risk that an investor in the Notes will lose all or some of its investment in the event of a voluntary or involuntary liquidation or bankruptcy of the Issuer. Accordingly, in a worst case scenario, the value of the Notes may be reduced to zero.

As noted in the risk factors “*The Bank Recovery and Resolution Directive*” above and “*Loss absorption at the point of non-viability of the Issuer*” below, there is a risk of the Notes being written-down or converted into other securities in a resolution scenario or at the point of non-viability of the Issuer.

Interest payments on the Notes may be cancelled by the Issuer

Any payment of Interest in respect of the Notes shall be payable only out of the Issuer’s Distributable Items and (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations, or (ii) will be mandatorily cancelled if and to the extent so required by the Applicable Banking Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

Any cancellation of Interest (in whole or in part thereof) shall in no way limit or restrict the Issuer from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Notes, any CET1 capital of the Issuer or in respect of any other Additional Tier 1 Capital instruments. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

As a result of the above, there is a risk that the payment of Interest is cancelled, which would adversely affect the Noteholders. Following any cancellation of interest as described above, Noteholders shall have no right thereto or

to receive additional interest or compensation. Furthermore, no cancellation of interest in accordance with the terms of the respective Notes shall constitute a default in payment or otherwise under the Notes or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer. Accordingly, in a worst case scenario, the amount of any Interest may be reduced to zero.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes is likely to be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and also more sensitive generally to adverse changes in the Issuer's financial condition.

Loss absorption following a Trigger Event

If at any time the CET1 ratio has fallen below 5.125 per cent., in the case of the Issuer, or 7.00 per cent., in the case of the Consolidated Situation, this constitutes a Trigger Event and the Total Nominal Amount of the Notes shall be written down by an amount sufficient to restore the CET1 ratio of the Issuer and/or the Consolidated Situation to at least 5.125 per cent. or 7.00 per cent., as applicable provided that the Nominal Amount of each Note may not be written down below SEK 1. The write down of the Notes is likely to result in a holder of Notes losing some or all of their investment. Following any such reduction of the Total Nominal Amount, the Issuer may, at its discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met. The Issuer will not in any circumstances be obliged to reinstate in whole or in part the principal amount of the Notes (and any such reinstatement is likely to require unanimous approval at a shareholders' meeting of the Issuer).

The Issuer and/or the Swedish FSA may determine that a Trigger Event has occurred on more than one occasion and the reduced Nominal Amount of each Note may be written down on more than one occasion. Further, during any period when the then Nominal Amount of a Note is less than the initial Nominal Amount, interest will accrue on and the Notes will be redeemed at the reduced Nominal Amount of the Notes.

The Issuer's and/or the Swedish FSA's calculation of the CET1 ratio of the Issuer, and therefore its determination of whether a Trigger Event has occurred, shall be binding on the Noteholders, who shall have no right to challenge the published figures detailing the CET1 ratio of the Issuer.

Loss absorption at the point of non-viability of the Issuer

The holders of Notes are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the Swedish National Debt Office and the Swedish FSA). As noted above in the risk factor "*The Bank Recovery and Resolution Directive*", the powers provided to resolution and competent authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as the Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring and without entering resolution. As a result, the BRRD contemplates that resolution authorities have the power to require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability and before any other bail-in or resolution tool can be used. Accordingly, in a worst case scenario, the capital instruments may be written down and the value of the Notes may be reduced to zero.

There is a risk that the application of any non-viability loss absorption measure results in the Noteholders losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and any affected holder of Notes will have no further claims in respect of any amount so converted or written off. The exercise of any such power is inherently unpredictable and depends on a number of factors which are outside the Issuer's control. Any such exercise, or any suggestion that the Notes could be subject to such exercise, would, therefore, materially adversely affect the value of Notes.

The Notes have no maturity and call options are subject to the prior consent of the Swedish FSA

The Notes have no fixed final redemption date and the Noteholders have no rights to call for the redemption of the Notes. The Issuer has the option to, at its own discretion, redeem the Notes five years after they have been issued at any time within the Initial Call Period or any Interest Payment Date falling after the Initial Call Period but the Noteholders should not invest in the Notes with the expectation that such a call will be exercised by the Issuer.

If the Issuer considers it favourable to exercise such a call option, the Issuer must obtain the prior consent of the Swedish FSA. The Swedish FSA may agree to permit such a call, based upon its evaluation of the regulatory

capital position of the Issuer and certain other factors at the relevant time. There is therefore a risk that the Issuer will not exercise such a call or that the Swedish FSA will not permit such a call should the Issuer want. The Noteholders may be required to bear the financial risks of an investment in the Notes for an indefinite period of time and there can be no assurance that the Issuer will or may exercise the call option.

The Issuer may redeem the Notes on the occurrence of a Capital Event or Tax Event

The Issuer may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the Swedish FSA, redeem the respective Notes upon the occurrence of a Capital Event or Tax Event at par together with accrued Interest on any Interest Payment Date.

It should also be noted that the Issuer may redeem the Notes as described above even if (i) the Total Nominal Amount of the relevant Notes has been reduced by means of a write-down in accordance with the relevant Terms and Conditions and (ii) the principal amount of the relevant Notes has not been fully reinstated to the initial Nominal Amount of the Notes.

There is a risk that the Noteholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Notes.

Substitution or variation of the Notes

Subject to Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) of the relevant Terms and Conditions and the prior written permission of the Swedish FSA, the Issuer may, at its option and without the permission or approval of the relevant Noteholders, elect to substitute or vary the terms of all (but not some only) outstanding Notes for, or so that they become or remain, as applicable, Qualifying Securities if a Capital Event or Tax Event occurs.

There is a risk that, due to the particular circumstances of each Noteholder, any Qualifying Security will be less favourable to each Noteholder in all respects or that a particular Noteholder would not make the same determination as the Issuer as to whether the terms of the relevant Qualifying Security are not materially less favourable to Noteholders than the terms of the relevant Notes. The substitution or variation of the Notes may thus lead to changes in the Notes that have effects that are less favourable to the Noteholders. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequence suffered by any Noteholder). The degree to which the Notes may be substituted or varied is uncertain and presents a highly significant risk to the return of the Notes.

The Issuer is not (and nor is any other Group Company) prohibited from issuing further debt, which may rank pari passu with or senior to the Notes

There is no restriction on the amount or type of debt that the Issuer or a Group Company may issue or incur that ranks senior to, or *pari passu* with the Notes, e.g. by issuing notes or commercial papers under the funding programmes described in the section *Description of the Issuer – Funding* of this Prospectus. There is a risk that the incurrence of any such debt reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, limits the ability of the Issuer to meet its obligations in respect of the respective Notes and results in Noteholders losing all or some of their investment in the Notes. The degree to which other debt that ranks senior to, or *pari passu* with, the Notes may be issued is uncertain and presents a highly significant risk to the amount recoverable by Noteholders.

The Issuer is not (and nor is any other Group Company) prohibited from pledging assets for other debt

There is no restriction on the amount or type of assets that the Issuer or a Group Company can pledge, or otherwise use as security, for other debt. If the Issuer chooses to do so, there is risk that this reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer and result in Noteholders losing all or some of their investment in the Notes. The degree to which any other asset pledged may affect the Noteholders is uncertain and presents a highly significant risk to the amount recoverable by Noteholders.

Risks relating to the Fixed-to-Floating Rate Notes

Interest rate risk

The Fixed-to-Floating Rate Notes bear interest at a fixed rate until the last day of the Initial Call Period for such Notes. During that time, holders of Fixed-to-Floating Rate Notes are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of Fixed-to-Floating Rate Notes is fixed until the last day of the Initial Call Period for such Notes, the market yield typically

changes on a daily basis. As the market yield changes, the price of Fixed-to-Floating Rate Notes changes in the opposite direction, i.e. if the market yield increases, the price of such Notes falls and if the market yield falls, the price of such Notes increases. There is a risk that the price of Fixed-to-Floating Rate Notes is adversely affected by movements of the market yield, which will result in Noteholders losing a significant part of their investment in such Notes.

Other risks relating to the Notes

Noteholder representation and majority decisions by the Noteholders

Under the respective Terms and Conditions, the Agent represents each Noteholder in all matters relating to the Notes. The respective Terms and Conditions contain provisions to the effect that a Noteholder is prohibited from taking actions on its own against the Issuer. To enable the Agent to represent the Noteholders in court, the Noteholders can submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney is likely to negatively impact the enforcement options available to the Agent on behalf of the Noteholders. Further, under the respective Terms and Conditions the Agent is entitled in some cases to make decisions and take measures that bind all relevant Noteholders without first obtaining the prior consent of the Noteholders.

Additionally, under the respective Terms and Conditions certain majorities of Noteholders are entitled to make decisions and take measures that bind all Noteholders, including those who vote in a manner contrary to the majority. Therefore, the actions of the majority and the Agent in such matters impact the Noteholders' rights under the Finance Documents in a manner that is possibly undesirable for some of the Noteholders. The degree to which any such decisions may affect the Noteholders is uncertain and presents a highly significant risk that the actions of the majority and the Agent in such matters can impact the Noteholders' rights under the Finance Documents in a manner that can be undesirable for some of the Noteholders.

European Benchmarks Regulation

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so-called Benchmark Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) were added and entered into force on 1 January 2018. The Benchmark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. Since the benchmark regulation has only been applied for a short period of time, the effects of it so far are difficult to assess. However, there are future risks that the benchmark regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements is likely to lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published.

The Terms and Conditions provide that the interest rate benchmark STIBOR, which applies for the Notes, 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 and is always subject to the Applicable Banking Regulations and the prior written consent of the Swedish FSA. However, 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 Notes would be adversely affected. The degree to which amendments to and application of the European Benchmarks Regulation may affect the Noteholders is uncertain and presents a highly significant risk to the return on the Noteholder's investment.

OVERVIEW OF THE NOTES

This section (Overview of the Notes) is only intended to serve as an introduction to the Notes. Any decision to invest in the Notes shall be based on an assessment of all information contained in this Prospectus as well as all documents incorporated herein by reference. The complete terms and conditions of the Floating Rate Notes are found on pages 24-54 and the complete terms and conditions for the Fixed-to-Floating Rate Notes are found on pages 55-86.

The Notes

The Issuer has issued 650 Floating Rate Notes with a Nominal Amount of SEK 2,000,000 each. The aggregate nominal amount of the Floating Rate Notes is SEK 1,300,000,000. The Issuer has issued 300 Fixed-to-Floating Rate Notes with a Nominal Amount of SEK 2,000,000 each. The aggregate nominal amount of the Fixed-to-Floating Rate Notes is SEK 600,000,000.

The Notes are denominated in Swedish kronor.

ISIN codes

The Floating Rate Notes have been allocated the ISIN code SE0020356699. The Fixed-to-Floating Rate Notes have been allocated the ISIN code SE0020356681.

Form of the Notes

The Notes are issued in dematerialised book-entry form and registered on a Securities Account on behalf of the relevant Noteholder. Hence, no physical notes have been issued. The Notes are registered in accordance with the Financial Instruments Accounts Act and registration requests relating to the Notes shall be directed to an Account Operator. Clearing and settlement relating to the Notes, as well as payment of Interest and redemption of principal amounts, will be performed within the CSD's account-based system and is reliant on the functioning of such system.

Status of the Notes

The Notes on issue are intended to constitute Additional Tier 1 Capital of the Issuer and the Consolidated Situation. Each of the Floating Rate Notes and the Fixed-to-Floating Rate Notes will constitute direct, unsecured and subordinated debt liabilities of the Issuer, and such Notes, and all payments in respect of, or arising from (including any damages awarded for breach of any obligations under) such Notes, shall at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with:
 - (i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital; and
 - (ii) any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, equally with the Notes,

in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (c) senior to the claims of holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (d) junior to any present and future claims of:
 - (i) depositors of the Issuer;
 - (ii) any other unsubordinated creditors of the Issuer;

- (iii) any senior non-preferred creditors falling within the scope of the first paragraph of Section 18 of the Swedish Rights of Priority Act (*förmånsrättslagen (1970:979)*); and
- (iv) except as expressly stated in paragraph (a) or (b) above, any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

Issuance, repurchase and redemption

Issue Date and tenor

The Notes were issued on 21 February 2024. The Notes are perpetual and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described in Clause 12 (*Redemption and repurchase of the Notes*) of the respective Terms and Conditions. The Notes are not redeemable at the option of the Noteholders at any time.

Purchase of Notes by the Issuer and related companies

Subject to applicable law and Clause 12.5 (*Permission from the Swedish FSA*) of the respective Terms and Conditions, the Issuer or a Group Company, or other company forming part of the Consolidated Situation, may at any time on or following the relevant First Call Date and at any price purchase Notes on the market or in any other way. Notes held by such company may at its discretion be retained, sold or cancelled.

Redemption at the option of the Issuer

Subject to permission from the Swedish FSA in accordance with the respective Terms and Conditions, all (but not some only) outstanding Notes can be redeemed at the option of the Issuer (i) any time within the Initial Call Period or (ii) any Interest Payment Date falling after the Initial Call Period.

The Issuer can exercise its option by giving not less than fifteen (15) Business Days' notice to the Noteholders in accordance with the respective Terms and Conditions. The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

Noteholders should not invest in the Notes with the expectation that a call will be exercised by the Issuer. The Issuer might not elect to exercise such a call. Further, the Swedish FSA must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is a risk that the Swedish FSA will not permit such a call. Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes indefinitely.

Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event

Subject to permission from the Swedish FSA in accordance with the respective Terms and Conditions, all (but not some only) outstanding Notes can be redeemed, substituted or varied before the relevant First Call Date at the option of the Issuer if a Capital Event or Tax Event occurs.

The Issuer can exercise its option by giving not less than fifteen (15) Business Days' notice to the relevant Noteholders and the Agent in accordance with the respective Terms and Conditions. If the Notes shall be redeemed, they shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

Payments in respect of the Notes

Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant payment date, or to such other person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.

Interest

Floating Rate Notes

Subject to Clause 10.2 and Clause 11 of the Terms and Conditions, each Floating Rate Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date. The Interest Rate will be the Base Rate, i.e. STIBOR or any reference rate replacing STIBOR

in accordance with Clause 20 (*Replacement of Base Rate*) of the Terms and Conditions, plus a margin of 3 per cent. (and any applicable Adjustment Spread) per annum.

Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

The Interest Payment Dates will be 21 May, 21 August, 21 November and 21 February of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes will be 21 May 2024 and the last Interest Payment Date shall be the relevant Redemption Date.

Fixed-to-Floating Rate Notes

Subject to Clause 10.2 and Clause 11 of the Terms and Conditions, from (but excluding) the Issue Date to (and including) the last Fixed Interest Payment Date, each Fixed-to-Floating Rate Note carries Interest at the Fixed Interest Rate applied to the Nominal Amount. From (but excluding) the last Fixed Interest Payment Date to (and including) the Redemption Date, each Note carries Interest at the Floating Interest Rate applied to the Nominal Amount. The Fixed Interest Rate will be 5.80 per cent. per annum. The Floating Interest Rate will be the Base Rate, i.e. STIBOR or any reference rate replacing STIBOR in accordance with Clause 20 (*Replacement of Base Rate*) of the Terms and Conditions, plus a margin of 3 per cent. (and any applicable Adjustment Spread) per annum.

For each Fixed Interest Period, Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis). For each Floating Interest Period, Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

The Fixed Interest Payment Dates will be 21 February 2025, 21 February 2026, 21 February 2027, 21 February 2028, the First Call Date, and the earlier of (i) the last day of the Initial Call Period and (ii) the Redemption Date, or, to the extent any such day is not a Business Day, the first following day that is a Business Day (not adjusted by application of the Business Day Convention). The first Fixed Interest Payment Date shall be 21 February 2025 and the last Fixed Interest Payment Date shall be the last day of the Initial Call Period or, if earlier, the Redemption Date. The Floating Interest Payment Dates will be 21 August, 21 November, 21 February, 21 May of each year or, to the extent such day is not a Business Day, the Business Day following from the Business Day Convention. The first Floating Interest Payment Date shall be the Floating Interest Payment falling immediately after the last day of the Initial Call Period and the last Floating Interest Payment Date shall be the Redemption Date.

Interest cancellation

Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:

- (a) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; or
- (b) will be mandatorily cancelled to the extent so required by the Applicable Banking Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

The Issuer can exercise its cancellation by giving notice to the relevant Noteholders and the Agent in accordance with the respective Terms and Conditions, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. However, failure to give such notice shall not prejudice the right of the Issuer to not pay Interest as aforementioned.

Trigger Events, loss absorption and reinstatement

A Trigger Event occurs if, at any time, the CET1 ratio of the Issuer, as calculated in accordance with the Applicable Banking Regulations, is less than 5.125 per cent., the Consolidated Situation, as calculated in accordance with the Applicable Banking Regulations, is less than 7.00 per cent., in each case as determined by the Issuer and/or the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA).

If at any time a Trigger Event occurs, the Issuer shall immediately notify the Swedish FSA, the relevant Noteholders and the Agent in accordance with the respective Terms and Conditions and the Total Nominal Amount or the Issuer's payment obligation under the respective Notes shall be written down. A write-down shall be made as a reduction of the Total Nominal Amount and such write-down shall be considered to be an unconditional capital contribution (*ovillkorat kapitaltillskott*) by the Noteholders and shall be made in consultation with the

Swedish FSA and in accordance with the rules of the CSD. The amount of the reduction of the Total Nominal Amount on the Write Down Date shall equal the amount of a write-down that would reduce the Total Nominal Amount down to SEK 1.00 for the Floating Rate Notes and SEK 1.00 for the Fixed-to-Floating Rate Notes (i.e. down to a Nominal Amount of SEK 1) or such lower reduction amount as is sufficient to restore the CET1 ratio of the Issuer to at least 5.125 per cent., and the CET1 ratio of the Consolidated Situation to at least 7.00 per cent., in each case at the point of such write-down, on the terms as set out in Clause 11.1 (*Loss absorption upon a Trigger Event*) of the respective Terms and Conditions.

Following a write-down of the Total Nominal Amount, the Issuer may, at its sole and absolute discretion, reinstate the Notes, subject to compliance with any maximum distribution limits set out in the Applicable Banking Regulations. The Issuer will not in any circumstances be obliged to reinstate in whole or in part the principal amount of the Notes. Any such reinstatement may constitute a “transfer of value” (*värdeöverföring*) for the purposes of the Swedish Companies Act (*aktiebolagslagen (2005:551)*) which would require the unanimous approval of the shareholders of the transferor (i.e. the Issuer) at the time of the transfer. As of the date of this Prospectus, the Issuer’s sole shareholder is the Kingdom of Sweden. No assurance can be given that the Issuer’s shareholder would approve any such reinstatement at the relevant time nor that the Issuer will continue to be owned solely by the Kingdom of Sweden.

Unless write up of the principal of the Notes is permitted and possible in accordance with the rules of the CSD, reinstatement shall be made by way of issuing new notes that qualify as Additional Tier 1 Capital of the Issuer to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders and shall be made in accordance with the rules of the CSD. For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the respective Notes (if issued in full), being SEK 1,300,000,000 for the Floating Rate Notes and SEK 600,000,000 for the Fixed-to-Floating Rate Notes.

European Benchmarks Regulation

The Interest payable under the Notes is calculated by reference to the benchmark STIBOR, as defined in the respective Terms and Conditions. STIBOR is provided by Swedish Financial Benchmark Facility which operates as an approved administrator of STIBOR 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 “**Benchmark Regulation**”).

Admission to trading of the Notes

The Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date, or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market. Prior to any admission to trading, there has been no public market for the Notes. An active trading market for the Notes may not develop or, if developed, it might not be sustained. The Nominal Amount may not be indicative of the market price for the Notes.

The Issuer shall, following the admission to trading, use reasonable efforts to maintain the admission to trading as long as any Notes are outstanding, however not longer than up to and including the last day of which the admission to trading can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD, subsist.

The earliest date on which the Notes will be admitted to trading will be 11 March 2024. It is estimated that the Issuer’s costs in conjunction with the admission to trading will be SEK 100,000 for the Floating Rate Notes and SEK 100,000 for the Fixed-to-Floating Rate Notes up to their respective First Call Date and thereafter SEK 20,000 annually (or in accordance with the price list of the relevant Regulated Market) for each of the Floating Rate Notes and the Fixed-to-Floating Rate Notes.

Decisions by Noteholders

A request by the Agent for a decision by the relevant Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders’ Meeting or by way of a Written Procedure.

Only a person who is, or who has been provided with a power of attorney in accordance with the respective Terms and Conditions from a person who is, registered as a Noteholder:

- (a) on the Record Date specified in the notice pursuant to Clause 17.2 of the relevant Terms and Conditions, in respect of a Noteholders’ Meeting; or

- (b) on the Record Date specified in the communication pursuant to Clause 18.2 of the relevant Terms and Conditions, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Total Nominal Amount. Each whole Note entitles to one vote and any fraction of a Note voted for by a person shall be disregarded. Such Record Date specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the communication.

A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all relevant Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.

Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered as a Noteholder on the date referred to above in paragraph (a) or (b), as the case may be, and shall also be published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

No direct action by Noteholders

Subject to certain exemptions set out in the respective Terms and Conditions, a Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Finance Documents.

No right for the Noteholders or the Agent to accelerate the Notes

The Notes are intended to constitute Additional Tier 1 Capital of the Issuer. As such, the respective Terms and Conditions do not include any obligations or undertakings on the Issuer the breach of which would entitle the Noteholders or the Agent to accelerate the Notes.

Bankruptcy and liquidation

If, and, notwithstanding anything to the contrary in the respective Terms and Conditions, only if, the Issuer is declared bankrupt or put into liquidation, a Noteholder may prove or claim in such bankruptcy or liquidation for payment of the Nominal Amount of Notes held by such Noteholder, together with Interest accrued to (but excluding) the date of commencement of the relevant bankruptcy or liquidation proceedings to the extent the Interest has not been cancelled by the Issuer.

No other remedy against the Issuer than as set out in the immediately preceding paragraph shall be available to the Noteholders in respect of the Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Notes.

Time-bar

The right to receive repayment of the principal of the Notes shall be time-barred and become void ten (10) years from the Redemption Date. Subject to Clause 10 (*Interest and interest cancellation*) of the respective Terms and Conditions, the right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been time-barred and has become void.

Governing law

The respective Terms and Conditions of the Notes and any non-contractual obligations arising out of or in connection therewith shall be governed by and construed in accordance with the laws of Sweden. The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Stockholms tingsrätt*).

The CSD

Euroclear Sweden AB, Swedish Corporate ID No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden, is initially acting as Central Securities Depository (CSD) and registrar in respect of the Notes.

The Issuer and the Agent shall at all times be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the respective Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the respective Notes.

The Agent

Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, has been appointed as Agent on behalf of the relevant Noteholders in accordance with the respective Terms and Conditions. The Agency Agreement is available to the Noteholders at the office of the Agent during normal business hours.

The Issuing Agent

Skandinaviska Enskilda Banken AB (publ) has been appointed as Issuing Agent in accordance with the respective Terms and Conditions of the Notes.

The Joint Bookrunners

Skandinaviska Enskilda Banken AB (publ), Swedish Reg. No. 502032-9081 and Swedbank AB (publ), Swedish Reg. No. 502017-7753, have been appointed as Joint Bookrunners.

Ratings

The Notes have been assigned the credit rating BB by S&P Global Ratings Europe Limited (“**S&P**”) and Ba1 by Moody’s Investors Service (Nordics) AB (“**Moody’s**”). Each of S&P and Moody’s is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

The following table sets out the long-term ratings scale of S&P and Moody’s, respectively.

S&P’s rating scale		
AAA	BBB+	B
AA+	BBB	B-
AA	BBB-	CCC+
AA-	BB+	CCC
A+	BB	CCC-
A	BB-	CC
A-	B+	C
		D
Moody’s rating scale		
Aaa	Baa1	B2
Aa1	Baa2	B3
Aa2	Baa3	Caa1
Aa3	Ba1	Caa2
A1	Ba2	Caa3
A2	Ba3	Ca
A3	B1	C

Use and net amount of proceeds

The net amount of the proceeds is SEK 1,900,000,000. The Issuer shall use the proceeds from the issue of the Notes for general corporate purposes of the SBAB Group.

Restrictions on the transferability of the Notes

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. A holder of Notes may not offer or sell the Notes in the United States. The Issuer has not undertaken to register the Notes under the U.S. Securities Act or any U.S. state securities laws or to affect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. It is the Noteholder's obligation to ensure that the offers and sales of Notes comply with all applicable securities laws.

TERMS AND CONDITIONS FOR THE FLOATING RATE NOTES



**TERMS AND CONDITIONS FOR
SBAB BANK AB (PUBL)
SEK 1,300,000,000
FLOATING RATE ADDITIONAL TIER 1 CAPITAL NOTES**

ISIN: SE0020356699

Issue date: 21 February 2024

No action is being taken that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

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1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Noteholder has opened a Securities Account in respect of its Notes.

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time/as in force on the Issue Date) as applied by the Issuer in preparing its annual consolidated financial statements.

“**Additional Tier 1 Capital**” means, at any time, the sum, expressed in Swedish Kronor, of all amounts that constitute additional tier 1 capital (*primärkapitaltillskott*) as defined in the Applicable Banking Regulations at the relevant time.

“**Adjusted Total Nominal Amount**” means the Total Nominal Amount *less* the Nominal Amount of all Notes owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Notes.

“**Affiliate**” means:

- (a) an entity controlling or under common control with the Issuer (other than a Group Company, the Swedish state or any entity under the control of the Swedish state); and
- (b) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in paragraph (a) above to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in paragraph (a) above.

For the purposes of this definition, “**control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

“**Agency Agreement**” means the agency agreement entered into before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

“**Agent**” means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or such other party replacing it, as Agent, in accordance with these Terms and Conditions.

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the Consolidated Situation, as the case may be, including, without limitation to the generality of the foregoing, CRD IV and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied in Sweden by the Swedish FSA (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Consolidated Situation).

“**Base Rate**” means STIBOR or any reference rate replacing STIBOR in accordance with Clause 20 (*Replacement of Base Rate*).

“**Base Rate Administrator**” means Swedish Financial Benchmark Facility AB (SFBF) or any person replacing it as administrator of the Base Rate.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Business Day Convention**” means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

“**Capital Event**” means, at any time on or after the Issue Date, a change (which has occurred or which the Swedish FSA considers to be sufficiently certain) in the regulatory classification of the Notes that results, or would be likely to result, in the exclusion, wholly or partially, of the Notes from the Additional Tier 1 Capital of the Issuer and/or the Consolidated Situation or the reclassification, wholly or partially, of the Notes as a lower quality form of regulatory capital (other than by reason of a partial exclusion of the Notes as a result of a write-down following a Trigger Event), provided that the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Additional Tier 1 Capital contained in the Applicable Banking Regulations.

“**CET1 Capital**” means, at any time, the sum, expressed in Swedish Kronor, of all amounts that constitute common equity tier 1 capital of the Issuer or the Consolidated Situation, respectively, as calculated by the Issuer in accordance with the Applicable Banking Regulations at the relevant time.

“**CET1 ratio**” means, at any time:

- (a) in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer at such time *divided* by the Risk Exposure Amount of the Issuer at such time; and
- (b) in relation to the Consolidated Situation, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Consolidated Situation at such time *divided* by the Risk Exposure Amount of the Consolidated Situation at such time,

in each case as calculated by the Issuer in accordance with the CRD IV requirements and any applicable transitional arrangements under the Applicable Banking Regulations at the relevant time.

“**Consolidated Situation**” means the Issuer and any other entity which is part of the Swedish prudential consolidated situation (as such term is used in the Applicable Banking Regulations) of which the Issuer is a part, from time to time.

“**CRD IV**” means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

“**CRD IV Directive**” means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013 (as most recently amended by Directive (EU) 2019/878).

“**CRD IV Implementing Measures**” means any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, adopted by the Swedish FSA and guidelines issued by the Swedish FSA, the European Banking Authority or any other relevant authority, which are applicable to the Issuer or the Group, as applicable.

“**CRR**” means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013 (as most recently amended by Regulation (EU) 2019/876) as the same may be amended or replaced from time to time.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Notes, Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or any other party replacing it, as CSD, in accordance with these Terms and Conditions.

“**CSD Regulations**” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

“**Debt Register**” means the debt register (*skuldbok*) kept by the CSD in respect of the Notes in which a Noteholder is registered.

“**Distributable Items**” shall have the meaning given to such term in CRD IV (as most recently amended by Directive (EU) 2019/878 and Regulation (EU) 2019/876) interpreted and applied in accordance with the Applicable Banking Regulations.

“**Finance Documents**” means these Terms and Conditions, and any other document designated by the Issuer and the Agent as a Finance Document.

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

“**First Call Date**” means the Interest Payment Date falling on or immediately after the fifth (5) anniversary of the Issue Date (being 21 February 2029).

“**Force Majeure Event**” has the meaning set forth in Clause 27.1.

“**Group**” means the Issuer and its Subsidiaries from time to time (each a “**Group Company**”).

“**Initial Call Period**” means the period commencing on (and including) the First Call Date and ending on (and including) the Interest Payment Date falling on or immediately after three (3) months of the First Call Date.

“**Insolvent**” means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7–9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with all or substantially all of its creditors (other than the Noteholders and creditors of secured debt) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lagen (2022:964) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

“**Interest**” means the interest on the Notes calculated in accordance with Clause 10.1 (*Interest*).

“**Interest Payment Date**” means 21 May, 21 August, 21 November and 21 February of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 21 May 2024 and the last Interest Payment Date shall be the relevant Redemption Date.

“**Interest Period**” means:

- (a) in respect of the first Interest Period, the period from (but excluding) the Issue Date to (and including) the first Interest Payment Date; and
- (b) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means the Base Rate *plus* a margin of three (3) per cent. *per annum* as adjusted by any application of Clause 20 (*Replacement of Base Rate*).

“**Issue Date**” means 21 February 2024.

“**Issuer**” means SBAB Bank AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556253-7513 and LEI code H0YX5LBGKDVOWCXBZ594.

“**Issuing Agent**” means Skandinaviska Enskilda Banken AB (publ), or such other party replacing it, as Issuing Agent, in accordance with these Terms and Conditions and the CSD Regulations.

“**Loss Absorbing Instruments**” means capital instruments or other obligations of the Issuer (other than the Notes) or any other member of the Consolidated Situation, which include a principal loss absorption mechanism that is capable of generating CET1 Capital and that is activated by a trigger event set by reference to the CET1 ratio of the Issuer and/or the CET1 ratio of the Consolidated Situation.

“**Nominal Amount**” has the meaning set forth in Clause 2.3.

“**Note**” means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions.

“**Noteholder**” means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Clause 17 (*Noteholders’ meeting*).

“**Qualifying Securities**” means securities issued directly by the Issuer following a substitution or variation of the Notes in accordance with Clause 12.4(b) that have terms not materially less favourable to investors, certified by the Issuer acting reasonably (having consulted with an independent investment bank or independent financial adviser of international standing), than the terms of the Notes (immediately prior to the relevant substitution or variation), provided that they shall:

- (a) include a ranking at least equal to that of the Notes;
- (b) have at least the same Interest Rate and the same Interest Payment Dates as those applying to the Notes;
- (c) have the same redemption rights as the Notes;
- (d) preserve any existing rights under the Notes to any accrued interest which has not been paid but which has not been cancelled in respect of the period from (and including) the Interest Payment Date last preceding the date of the relevant substitution or variation of the Notes;
- (e) if the Notes were admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are to be admitted to trading on a Regulated Market (noting that no investor in the relevant Qualifying Securities (or its representative) has the right to accelerate the relevant Qualifying Securities or otherwise request a prepayment or redemption of the relevant Qualifying Securities upon a failure to admit the relevant Qualifying Securities to trading);
- (f) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes (if any) immediately prior to the relevant substitution or variation of the Notes; and
- (g) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Banking Regulations.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5) Business Day prior to:

- (a) an Interest Payment Date;
- (b) a Redemption Date;
- (c) a date on which a payment to the Noteholders is to be made under Clause 15 (*Distribution of proceeds*);
- (d) a date of a Noteholders’ Meeting; or
- (e) another relevant date,

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

“**Redemption Date**” means the date (if any) on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Notes*).

“**Regulated Market**” means Nasdaq Stockholm or any other regulated market (as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

“**Reinstatement Date**” shall have the meaning as set forth in Clause 11.2.6.

“**Risk Exposure Amount**” means, at any time, with respect to the Issuer or the Consolidated Situation, as the case may be, the aggregate amount of the risk weighted assets or equivalent of the Issuer or the Consolidated Situation, respectively, calculated in accordance with the Applicable Banking Regulations at such time.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which:

- (a) an owner of such security is directly registered; or
- (b) an owner’s holding of securities is registered in the name of a nominee.

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“**STIBOR**” means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Refinitiv screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) above is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Refinitiv screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for Swedish Kronor;
- (c) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period, the arithmetic mean of the Stockholm interbank offered rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktieföretagslagen (2005:551)*).

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

“**Swedish FSA**” means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or such other governmental authority in Sweden (or, if the Issuer becomes subject to primary bank supervision in a jurisdiction other than Sweden, in such other jurisdiction) or the European Union having primary bank supervisory authority with respect to the Issuer.

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

“**Tax Event**” means, as a result of any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, such that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities

with respect to the Notes, provided that the Issuer satisfies the Swedish FSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date.

“**Tier 2 Capital**” means tier 2 capital (*supplementärkapital*) as defined in Chapter 4 of Title I of Part Two of the CRR and/or any other Applicable Banking Regulations at such time.

“**Total Nominal Amount**” means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

“**Trigger Event**” means if, at any time, the CET1 ratio of:

- (a) the Issuer, as calculated in accordance with the Applicable Banking Regulations, is less than 5.125 per cent.; or
- (b) the Consolidated Situation, as calculated in accordance with the Applicable Banking Regulations, is less than 7.00 per cent.,

in each case as determined by the Issuer and/or the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA).

“**Write Down Amount**” has the meaning as set forth in Clause 11.1.5.

“**Write Down Date**” has the meaning as set forth in Clause 11.1.2.

“**Written Down Additional Tier 1 Instrument**” means an instrument (other than the Notes) issued directly or indirectly by the Issuer and qualifying as Additional Tier 1 Capital of the Issuer and/or the Consolidated Situation (as the case may be) that, immediately prior to any reinstatement of the Notes, has a nominal amount which is less than its initial nominal amount due to a write down and that has terms permitting a principal write up to occur on a basis similar to that set out in Clause 11.2 (*Reinstatement of the Notes*) in the circumstances existing on the relevant Reinstatement Date.

“**Written Procedure**” means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 18 (*Written procedure*).

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

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

1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken on a specific Business Day, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

1.2.4 The privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Noteholders and the Agent.

2. THE NOTES

- 2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions, subject to and in accordance with these Terms and Conditions.
- 2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- 2.3 The initial nominal amount of each Note is SEK 2,000,000 (the “**Nominal Amount**”). The initial Total Nominal Amount of the Notes is SEK 1,300,000,000. The Nominal Amount, and the Total Nominal Amount, may be subject to a write-down, and subsequent reinstatement, in each case on a *pro rata* basis, in accordance with Clause 11 (*Loss absorption and reinstatement*), and “Nominal Amount” shall be construed accordingly.
- 2.4 Each Note is issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- 2.5 The ISIN for the Notes is SE0020356699.
- 2.6 The Issuer reserves the right to issue further notes, including, subordinated notes, and other obligations in the future, which may rank senior to or *pari passu* with the Notes.
- 2.7 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local regulations to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.8 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3. STATUS OF THE NOTES

- 3.1 The Notes on issue are intended to constitute Additional Tier 1 Capital of the Issuer and the Consolidated Situation. The Notes will constitute direct, unsecured and subordinated debt liabilities of the Issuer, and the Notes, and all payments in respect of, or arising from (including any damages awarded for breach of any obligations under) the Notes, shall at all times rank:
- (a) *pari passu* without any preference among themselves;
 - (b) *pari passu* with:
 - (i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital; and
 - (ii) any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, equally with the Notes,

in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

- (c) senior to the claims of holders of all classes of the Issuer’s shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

- (d) junior to any present and future claims of:
 - (i) depositors of the Issuer;
 - (ii) any other unsubordinated creditors of the Issuer;
 - (iii) any senior non-preferred creditors falling within the scope of the first paragraph of Section 18 of the Swedish Rights of Priority Act (*förmånsrättslagen (1970:979)*); and
 - (iv) except as expressly stated in paragraph (a) or (b) above, any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

3.2 A Noteholder or the Agent may only declare the Notes (and any accrued interest) due and payable in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer as set out in Clause 14 (*Bankruptcy or liquidation*).

3.3 No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable regulations, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its liquidation or bankruptcy, the liquidator or, as appropriate, other insolvency practitioner appointed to the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount on trust for the Issuer (or the liquidator or, as appropriate, other insolvency practitioner appointed to the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

4. USE OF PROCEEDS

The Issuer shall use the proceeds from the issue of the Notes for general corporate purposes of the Group.

5. CONDITIONS FOR DISBURSEMENT

5.1 Prior to the issuance of the Notes, the Issuer shall provide the following to the Agent:

- (a) the Finance Documents and the Agency Agreement duly executed by the parties thereto;
- (b) an extract from the resolution from the board of directors of the Issuer approving the issue of the Notes and delegating the final approval of the issue of the Notes and the entering into any documents necessary in connection therewith to the Chief Executive Officer of the Issuer;
- (c) a copy of a power of attorney issued by the Chief Executive Officer of the Issuer approving the final issue of the Notes, the terms of the Finance Documents and the Agency Agreement, and resolving to enter into any other documents necessary in connection therewith;
- (d) the articles of association and an up to date registration certificate of the Issuer;
- (e) evidence that the person(s) who has/have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of parties thereto is/are duly authorised to do so; and
- (f) such other documents and information as is agreed between the Agent and the Issuer.

5.2 The Agent may assume that the documentation delivered to it pursuant to Clause 5.1 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.

5.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 5.1 have been satisfied.

6. NOTES IN BOOK-ENTRY FORM

6.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator. The Debt Register shall constitute conclusive evidence of the persons who are Noteholders and their holdings of Notes.

6.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalk (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

6.3 The Issuer and the Agent shall at all times be entitled to obtain information from the Debt Register. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the Debt Register.

6.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the Debt Register. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

6.5 The Issuer and the Agent may use the information referred to in Clause 6.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and the Agency Agreement and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

7. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

7.1 If any person other than a Noteholder (including the owner of a Note, if such person is not the Noteholder) wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other authorisation from the Noteholder or a successive, coherent chain of powers of attorney or authorisations starting with the Noteholder and authorising such person.

7.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder.

7.3 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clause 7.2 and may assume that such document has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.

7.4 These Terms and Conditions shall not affect the relationship between a Noteholder who is the nominee (*förvaltare*) with respect to a Note and the owner of such Note, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

8. ADMISSION TO TRADING

- 8.1 The Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market.
- 8.2 The Issuer shall, following the admission to trading, use reasonable efforts to maintain the admission to trading as long as any Notes are outstanding, however not longer than up to and including the last day of which the admission to trading can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD Regulations, subsist.
- 8.3 For the avoidance of doubt, neither a Noteholder nor the Agent has the right to accelerate the Notes or otherwise request a prepayment or redemption of the Notes if a failure to admit the Notes to trading or maintain admission to trading of the Notes in accordance with Clause 8.1 or 8.2 above occurs.

9. PAYMENTS IN RESPECT OF THE NOTES

- 9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant payment date, or to such other person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 Provided that a Noteholder has registered an income account (*avkastningskonto*) for the relevant Securities Account on the applicable Record Date, the CSD shall procure that principal, interest and other payments under the Notes are deposited to such income account on the relevant payment date. If an income account has not been registered on the Record Date for the payment, no payment will be effected by the CSD to such Noteholder. The outstanding amount will instead be held by the Issuer until the person that was registered as a Noteholder on the relevant Record Date has made a valid request for such amount. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. For the avoidance of doubt, such postponement shall in no event constitute an event of default.
- 9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a person not entitled to receive such amount.
- 9.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax (including but not limited to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

10. INTEREST AND INTEREST CANCELLATION

10.1 Interest

- 10.1.1 Subject to Clause 10.2 and Clause 11, each Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- 10.1.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 10.1.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

10.2 Interest cancellation

- 10.2.1 Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:
- (a) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; or
 - (b) will be mandatorily cancelled if and to the extent so required by the Applicable Banking Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.
- 10.2.2 The Issuer shall give notice to the Noteholders in accordance with Clause 26 (*Notices*) of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above and shall not constitute an event of default for any purpose.
- 10.2.3 Following any cancellation of Interest as described above, the right of the Noteholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.
- 10.2.4 Failure to pay such interest (or the cancelled part thereof) in accordance with this Clause 10 shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle the Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer.

10.3 Calculation of Interest in case of write-down or reinstatement

- 10.3.1 Subject to Clause 10.2 (*Interest cancellation*), in the event that a write-down of the Notes occurs pursuant to Clause 11.1 (*Loss absorption upon a Trigger Event*) during an Interest Period, Interest will continue to accrue on the Nominal Amount (as adjusted as of the relevant Write Down Date).
- 10.3.2 Subject to Clause 10.2 (*Interest cancellation*), in the event that a reinstatement of the Notes occurs pursuant to Clause 11.2 (*Reinstatement of the Notes*), Interest shall begin to accrue on the reinstated Nominal Amount with effect from (and including) the relevant Reinstatement Date.
- 10.3.3 In connection with a write-down or write-up pursuant to Clause 11 (*Loss absorption and reinstatement*), the Issuer shall inform the CSD of the adjusted basis for calculation that shall be applied on the next Interest Payment Date, in order for the Noteholders to receive an amount of Interest equivalent to the Interest Rate on the Nominal Amount so written down or written up (as applicable).

10.4 No penalty interest

Under no circumstances shall any penalty interest (*dröjsmålsränta*) be payable by the Issuer in respect of the Notes.

11. LOSS ABSORPTION AND REINSTATEMENT

11.1 Loss absorption upon a Trigger Event

- 11.1.1 If at any time a Trigger Event occurs, the Issuer shall immediately notify the Swedish FSA, the Noteholders and the Agent in accordance with Clause 26 (*Notices*) and the Total Nominal Amount and the Issuer's payment obligation under the Notes shall be written down in accordance with this Clause 11.1 (*Loss absorption upon a Trigger Event*).
- 11.1.2 A write-down shall take place without delay on a date selected by the Issuer in consultation with the Swedish FSA (the "**Write Down Date**") but no later than one month following the occurrence of the relevant Trigger Event. The Swedish FSA may require that the period of one month referred to above is reduced in cases where it assesses that sufficient certainty on the required amount of the write-down

- is established or in cases where it assesses that an immediate write-down is needed. For the purposes of determining whether a Trigger Event has occurred, the CET1 ratios may be calculated at any time based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 ratios. The Issuer intends to calculate and publish the CET1 ratios on at least a semi-annual basis. The determination as to whether a Trigger Event has occurred shall be made by the Issuer and the Swedish FSA or any agent appointed for such purpose by the Swedish FSA. Any such determination shall be binding on the Issuer and the Noteholders.
- 11.1.3 A write-down shall be made as a reduction of the Total Nominal Amount and such write-down shall be considered to be an unconditional capital contribution (*ovillkorat kapitaltillskott*) by the Noteholders and shall be made in consultation with the Swedish FSA and in accordance with the CSD Regulations.
- 11.1.4 The aggregate reduction of the Total Nominal Amount of the Notes outstanding on the Write Down Date will, subject as provided below, be equal to the lower of:
- (a) the amount necessary to generate sufficient CET1 Capital that would restore the CET1 ratio of the Issuer to at least 5.125 per cent. and the CET1 ratio of the Consolidated Situation to at least 7.00 per cent. at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing nominal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the CET1 ratios contemplated above to the lower of (i) such Loss Absorbing Instrument's trigger level and (ii) the trigger level in respect of which the relevant Trigger Event under the Notes has occurred and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Banking Regulations; and
 - (b) the amount that would result in the Nominal Amount of a Note being reduced to SEK 1.00.
- 11.1.5 The aggregate reduction determined in accordance with Clause 11.1.4 shall be applied to all of the Notes *pro rata* on the basis of their Nominal Amount immediately prior to the write-down and references herein to "**Write Down Amount**" shall mean, in respect of each Note, the amount by which the Nominal Amount of such Note is to be written down accordingly. A Trigger Event may occur on more than one occasion (and each Note may be written down on more than one occasion).
- 11.1.6 To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of Clause 11.1.4 is not possible for any reason, this shall not in any way prevent any write-down of the Notes. Instead, in such circumstances, the Notes will be written down and the Write Down Amount determined as provided above but without including for the purpose of Clause 11.1.4 any CET1 Capital in respect of the write down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be written down and/or converted.
- 11.1.7 The Issuer shall set out its determination of the Write Down Amount per Note in the relevant notice referred to in Clause 11.1.8 below together with the Nominal Amount following the relevant write-down. However, if the Write Down Amount has not been determined when such notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Write Down Amount to the Noteholders and the Agent in accordance with Clause 26 (*Notices*) and procure that the Swedish FSA is notified. The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.
- 11.1.8 If the Notes are to be written down, the Issuer shall notify the Noteholders and the Agent in accordance with Clause 26 (*Notices*). Notwithstanding the foregoing, failure to give such notice shall not prejudice, affect the effectiveness of, or otherwise invalidate, any write-down of the Notes.
- 11.1.9 Any reduction of the Nominal Amount of a Note pursuant to this Clause 11.1 (*Loss absorption upon a Trigger Event*) shall not constitute an event of default by the Issuer for any purpose, and the Noteholders shall have no right to claim for amounts written down, whether in liquidation or bankruptcy of the Issuer or otherwise, save to the extent (if any) such amounts are reinstated in accordance with Clause 11.2 (*Reinstatement of the Notes*).

11.2 Reinstatement of the Notes

- 11.2.1 Following a write-down of the Total Nominal Amount in accordance with Clause 11.1 (*Loss absorption upon a Trigger Event*), the Issuer may, at its absolute discretion but subject to obtaining relevant approval from its shareholder (if required), reinstate any portion of the principal of the Notes, subject to compliance with any maximum distribution limits set out in the Applicable Banking Regulations and any other applicable regulations.
- 11.2.2 Unless write up of the principal of the Notes is permitted and possible in accordance with the CSD Regulations, reinstatement shall be made by way of issuing new notes that qualify as Additional Tier 1 Capital of the Issuer to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders and shall be made in accordance with the CSD Regulations.
- 11.2.3 A reinstatement in accordance with this Clause 11.2 (*Reinstatement of the Notes*) shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments (if any) issued by the Issuer or any other member of the Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Notes).
- 11.2.4 For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the Notes (if issued in full) as at the Issue Date, being SEK 1,300,000,000.
- 11.2.5 For the avoidance of doubt, any reinstatement of any proportion of the principal of the Notes shall be made on a *pro rata* basis and without any preference among the Notes and on a *pro rata* basis with the reinstatement of all Written Down Additional Tier 1 Instruments (if any). Any failure by the Issuer to reinstate the Notes on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any) however will not affect the effectiveness, or otherwise invalidate, any reinstatement of the Notes and/or reinstatement of the Written Down Additional Tier 1 Instruments or give Noteholders any rights as a result of such failure.
- 11.2.6 If the Issuer decides to reinstate any proportion of the principal of the Notes, the Issuer shall notify the Noteholders and the Agent in accordance with Clause 26 (*Notices*) prior to such reinstatements becoming effective and specify the date on which the reinstatements will become effective (the “**Reinstatement Date**”). Such notice shall specify the Record Date and any technical or administrative actions that a Noteholder needs to undertake to receive its portion of the reinstatement. A reinstatement of the Notes shall take place on a Business Day as selected by the Issuer, however, falling no earlier than twenty (20) Business Days following the effective date of the reinstatement notice.

12. REDEMPTION AND REPURCHASE OF THE NOTES

12.1 No scheduled redemption

- 12.1.1 The Notes are perpetual and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described in this Clause 12 (*Redemption and repurchase of the Notes*).
- 12.1.2 The Notes are not redeemable at the option of the Noteholders at any time and the Noteholders shall have no right to accelerate the Notes or other remedies or sanctions against the Issuer for any breach of these Terms and Conditions by the Issuer, other than as set out in Clause 14 (*Bankruptcy or liquidation*).

12.2 Redemption at the option of the Issuer

Subject to Clause 12.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 12.7 (*Notice of redemption, substitution or variation*), the Issuer may redeem all (but not some only) outstanding Notes at:

- (a) any time within the Initial Call Period; or
- (b) any Interest Payment Date falling after the Initial Call Period.

12.3 Purchase of Notes by the Issuer and related companies

Subject to applicable law and to Clause 12.5 (*Permission from the Swedish FSA*), the Issuer or a Group Company, or other company forming part of the Consolidated Situation, may at any time on or following the First Call Date and at any price purchase Notes on the market or in any other way and at any price. Notes held by such company may at its discretion be retained, sold or cancelled.

12.4 Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event

If a Capital Event or Tax Event occurs, the Issuer may, at its option, but subject to Clause 12.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 12.7 (*Notice of redemption, substitution or variation*):

- (a) redeem all (but not some only) outstanding Notes on any Interest Payment Date; or
- (b) substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with this Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.

12.5 Permission from the Swedish FSA

The Issuer, or any other company forming part of the Consolidated Situation, may not redeem, purchase, substitute or vary, as contemplated by this Clause 12 (*Redemption and repurchase of the Notes*), any Notes without the prior written permission of the Swedish FSA (if and to the extent then required under the Applicable Banking Regulations) and in accordance with the Applicable Banking Regulations (including any pre-conditions set out therein at the relevant time). Any refusal by the Swedish FSA to give its permission shall not constitute an event of default for any purpose.

12.6 Redemption amount

The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

12.7 Notice of redemption, substitution or variation

12.7.1 Any redemption, substitution or variation in accordance with Clauses 12.2 (*Redemption at the option of the Issuer*) and 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) shall be made by the Issuer having given:

- (a) not less than fifteen (15) Business Days' notice to the Noteholders; and
- (b) not less than five (5) Business Days' notice (or such lesser period as may be agreed between the Issuer and the Agent) before the giving of the notice referred to in (a), to the Agent,

in each case notice shall be given in accordance with Clause 26 (*Notices*). Any such notice is irrevocable and, upon expiry of the notice period, the Issuer is bound to redeem the Notes.

12.7.2 Notwithstanding Clause 12.7.1, if a Trigger Event occurs following a notice being given in accordance with Clause 12.7.1 but prior to the relevant redemption of the Notes, such notice shall be of no force and effect and Clause 11.1 (*Loss absorption upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

13. INFORMATION TO NOTEHOLDERS

13.1 Information from the Issuer

The Issuer will make the following information available to the Noteholders and the Agent by way of publication on the website of the Issuer:

- (a) as soon as the same become available, but in any event within five (5) months after the end of each financial year, audited consolidated financial statements of the Group for that financial year prepared in accordance with the Accounting Principles; and
- (b) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) of the Group for such period prepared in accordance with the Accounting Principles.

13.2 Information from the Agent

Subject to the restrictions of any agreement regarding the non-disclosure of information received from the Issuer, the Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information.

13.3 Information among the Noteholders

Upon a reasonable request by a Noteholder, the Agent shall promptly distribute to the Noteholders any information from such Noteholder which relates to the Notes. The Agent may require that the requesting Noteholder or the Issuer reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

13.4 Publication of Finance Documents

The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.

14. BANKRUPTCY OR LIQUIDATION

14.1 The Noteholders have no right to accelerate the Notes or otherwise request prepayment or redemption of the principal amount of the Notes. If, and, notwithstanding anything to the contrary in these Terms and Conditions, only if, the Issuer is declared bankrupt or put into liquidation, a Noteholder may prove or claim in such bankruptcy or liquidation for payment of the Nominal Amount of Notes held by such Noteholder, together with Interest accrued to (but excluding) the date of commencement of the relevant bankruptcy or liquidation proceedings to the extent the Interest has not been cancelled by the Issuer.

14.2 If an event where the Issuer is declared bankrupt or put into liquidation as set out in Clause 14.1 above occurs, the Agent is, following the instructions of the Noteholders, authorised to:

- (a) by notice to the Issuer, declare all, but not only some, of the outstanding Notes due for payment together with any other amounts payable under the Finance Documents (except any Interest cancelled in accordance with Clause 10.2 (*Interest cancellation*)), immediately or at such later date as the Agent determines; and
- (b) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

14.3 In the event of an acceleration of the Notes upon the Issuer being declared bankrupt or put into liquidation, the Issuer shall redeem all Notes at an amount equal to 100 per cent. of the Nominal Amount together with accrued and unpaid interest. However, no payment will be made to the

Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders as described in Clause 3 (*Status of the Notes*) have been repaid by the Issuer, as ascertained by the judicial liquidator (*likvidator*) or bankruptcy administrator (*konkursförvaltare*).

14.4 In the event of bankruptcy, liquidation or resolution of the Issuer, no Noteholder shall be entitled to exercise any right of set-off or counterclaim against monies owned by the Issuer in respect of the Notes held by such Noteholder.

15. DISTRIBUTION OF PROCEEDS

15.1 In the event of the liquidation or bankruptcy of the Issuer, all payments relating to the Notes and the Finance Documents shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of:
 - (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders);
 - (ii) other costs and expenses relating to the protection or the Noteholders' rights as may have been incurred by the Agent;
 - (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 21.2.9; and
 - (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.17;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes not cancelled in accordance with Clause 10.2 (*Interest cancellation*) (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Notes; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

15.2 Funds that the Agent receives (directly or indirectly) following an application of Clause 15.1 in connection with the enforcement of the Notes constitute escrow funds (*redovisningsmedel*) and must be held on a separate bank account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 (*Distribution of proceeds*) as soon as reasonably practicable.

15.3 If the Issuer or the Agent shall make any payment under this Clause 15 (*Distribution of proceeds*), the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made in accordance with Clause 26 (*Notices*). The notice from the Issuer shall specify the Record Date, the payment date and the amount to be paid.

16. DECISIONS BY NOTEHOLDERS

16.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.

16.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Total Nominal Amount (such request shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way of a Written Procedure, as

determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.

- 16.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if:
- (a) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given; or
 - (b) the suggested decision is not in accordance with applicable laws.

16.4 The Agent shall not be responsible for the content of a notice for a Noteholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.

16.5 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 16.3 being applicable, the person requesting the decision by Noteholders may request the Issuer to convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. Should the Issuer in such situation not convene a Noteholders' Meeting, the person requesting the decision by Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall then upon request provide the convening Noteholder with such information available in the Debt Register as may be necessary in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be. The Issuer or Noteholder(s), as applicable, shall supply to the Agent a copy of the dispatched notice or communication.

- 16.6 Should the Issuer wish to replace the Agent, it may:
- (a) convene a Noteholders' Meeting in accordance with Clause 17.1; or
 - (b) instigate a Written Procedure by sending communication in accordance with Clause 18.1, in either case with a copy to the Agent.

After a request from the Noteholders pursuant to Clause 21.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 17.1. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the notice or the communication.

- 16.7 Only a Noteholder, or a person who has been provided with a power of attorney pursuant to Clause 7 (*Right to act on behalf of a Noteholder*) from a Noteholder:
- (a) on the Record Date specified in the notice pursuant to Clause 17.2, in respect of a Noteholders' Meeting; or
 - (b) on the Record Date specified in the communication pursuant to Clause 18.2, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Total Nominal Amount. Each whole Note entitles to one vote and any fraction of a Note voted for by a person shall be disregarded. Such Record Date specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the communication.

- 16.8 The following matters shall require the consent of Noteholders representing at least seventy-five (75) per cent. of the Adjusted Total Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2:
- (a) a change to the terms of Clause 3 (*Status of the Notes*);

- (b) a change to the terms dealing with the requirements for Noteholders' consent set out in Clauses 16 (*Decisions by Noteholders*), 17 (*Noteholders' meeting*) and 18 (*Written procedure*);
 - (c) a change to an Interest Rate (other than as a result of an application of Clause 20 (*Replacement of Base Rate*)) or the Nominal Amount; and
 - (d) a redemption of the Notes, other than as permitted by these Terms and Conditions (which for the avoidance of doubt shall always be subject to Clause 12.5 (*Permission from the Swedish FSA*)).
- 16.9 Any matter not covered by Clause 16.8 shall require the consent of Noteholders representing more than fifty (50) per cent. of the Adjusted Total Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19.1(a), 19.1(d) or 19.1(e)).
- 16.10 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Total Nominal Amount in case of a matter pursuant to Clause 16.8, and otherwise twenty (20) per cent. of the Adjusted Total Nominal Amount:
- (a) if at a Noteholders' Meeting, attend the meeting in person or by other means prescribed by the Agent pursuant to Clause 17.2 (or appear through duly authorised representatives); or
 - (b) if in respect of a Written Procedure, reply to the request.
- If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- 16.11 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second Written Procedure pursuant to this Clause 16.11, the date of request of the second Noteholders' Meeting pursuant to Clause 17.1 or second Written Procedure pursuant to Clause 18.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16.10 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 16.12 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- 16.13 The Noteholders may not resolve to make amendments to these Terms and Conditions if the Issuer, after consultation with the Swedish FSA, considers that a change in the Terms and Conditions would be likely to result in the exclusion of the Notes from the Additional Tier 1 Capital of the Issuer or the Consolidated Situation (an "**Additional Tier 1 Exclusion Event**"). A resolution by the Noteholders to amend these Terms and Conditions is not valid if the Issuer, after consultation with the Swedish FSA, considers that such an amendment would be likely to result in an Additional Tier 1 Exclusion Event.
- 16.14 A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.15 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of owner of Notes (irrespective of whether such person is a Noteholder) for or as inducement to vote under these Terms and Conditions, unless such consideration is offered to all Noteholders that vote in respect of the proposal at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

- 16.16 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure or how they voted. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- 16.17 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.18 If a decision is to be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by a Group Company or an Affiliate.
- 16.19 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

17. NOTEHOLDERS' MEETING

- 17.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on the Record Date prior to the date on which the notice is sent.
- 17.2 The notice pursuant to Clause 17.1 shall include:
- (a) the time for the meeting;
 - (b) the place for the meeting;
 - (c) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (d) a form of power of attorney;
 - (e) the agenda for the meeting;
 - (f) any applicable conditions and conditions precedent;
 - (g) the reasons for, and contents of, each proposal;
 - (h) if the proposal concerns an amendment to any Finance Document, the details of such proposed amendment;
 - (i) if a notification by the Noteholders is required in order to attend the Noteholders' Meeting, information regarding such requirement; and
 - (j) information on where additional information (if any) will be published.
- 17.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 17.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem

appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

18. WRITTEN PROCEDURE

- 18.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than ten (10) Business Days after receipt of valid a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Noteholder on the Record Date prior to the date on which the communication is sent.
- 18.2 A communication pursuant to Clause 18.1 shall include:
- (a) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (b) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney;
 - (c) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 18.1);
 - (d) any applicable conditions and conditions precedent;
 - (e) the reasons for, and contents of, each proposal;
 - (f) if a proposal concerns an amendment to any Finance Document, the details of such proposed amendment;
 - (g) if the voting is to be made electronically, the instructions for such voting; and
 - (h) information on where additional information (if any) will be published.
- 18.3 When consents from Noteholders representing the requisite majority of the total Adjusted Total Nominal Amount pursuant to Clauses 16.8 and 16.9 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.8 or Clause 16.9, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. AMENDMENTS AND WAIVERS

- 19.1 The Issuer and the Agent (acting on behalf of the Noteholders) may, subject to the prior written permission of the Swedish FSA (to the extent required pursuant to Applicable Banking Regulations), agree to amend the Finance Documents or waive any provision in a Finance Document, provided that the Agent is satisfied that such amendment or waiver:
- (a) is not detrimental to the interest of the Noteholders as a group;
 - (b) is made solely for the purpose of rectifying obvious errors and mistakes;
 - (c) is required by the Swedish FSA for the Notes to satisfy the requirements for Additional Tier 1 Capital under the Applicable Banking Regulations as applied by the Swedish FSA from time to time (provided that it is not detrimental to the interest of the Noteholders as a group);
 - (d) is required by any applicable regulation, a court ruling or a decision by a relevant authority, including but not limited to, to facilitate any measure by the relevant regulator pursuant to the Swedish Resolution Act (*lagen (2015:1016) om resolution*);
 - (e) is a variation upon replacement of Base Rate made in accordance with Clause 20 (*Replacement of Base Rate*);

- (f) is necessary for the purpose of having the Notes admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided that such amendment or waiver does not materially adversely affect the rights of the Noteholders; or
 - (g) has been duly approved by the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*).
- 19.2 The Issuer may substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.
- 19.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 19.1 and 19.2, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 13.4 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- 19.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

20. REPLACEMENT OF BASE RATE

20.1 General

- 20.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Noteholders in accordance with the provisions of this Clause 20 shall at all times be made by such Independent Adviser, the Issuer or the Noteholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.
- 20.1.2 If a Base Rate Event has occurred, this Clause 20 shall take precedent over the fallbacks set out in paragraph (b) to (d) (inclusive) of the definition of STIBOR.

20.2 Definitions

In this Clause 20:

“**Adjustment Spread**” means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof to be applied to a Successor Base Rate and that is:

- (a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or
- (b) if paragraph (a) above is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to eliminate, to the extent possible, any transfer of economic value from one party to another as a result of a replacement of the Base Rate and is customarily applied in comparable debt capital market transactions.

“**Base Rate Amendments**” has the meaning set forth in Clause 20.3.4.

“**Base Rate Event**” means one or several of the following circumstances:

- (a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;

- (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
- (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;
- (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Noteholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period);
- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (*krishanteringsregelverket*) containing the information referred to in paragraph (b) above; or
- (f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in paragraphs (b) to (e) above will occur within six (6) months.

“**Base Rate Event Announcement**” means a public statement or published information as set out in paragraph (b) to (e) of the definition of Base Rate Event that any event or circumstance specified therein will occur.

“**Independent Adviser**” means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

“**Relevant Nominating Body**” means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or committee of any of them, or thirdly the Financial Stability Council (*Finansiella stabilitetsrådet*) or any part thereof.

“**Successor Base Rate**” means:

- (a) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of debt instruments with similar interest rate terms as the Notes, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or
- (b) if there is no such rate as described in paragraph (a) above, such other rate as the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply *mutatis mutandis* to such new Successor Base Rate.

20.3 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

- 20.3.1 Without prejudice to Clause 20.3.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer’s expense appoint an Independent Adviser to initiate the procedure to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating and finally deciding the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Clause 20.3.2.

- 20.3.2 If a Base Rate Event has occurred, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to initiate the procedure to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating, and finally deciding the applicable Base Rate.
- 20.3.3 If the Issuer fails to appoint an Independent Adviser in accordance with Clause 20.3.2, the Noteholders shall, if so decided at a Noteholders' Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in Clause 20.3.2. If an event of default has occurred and is continuing, or if the Issuer fails to carry out any other actions set forth in Clause 20.3 to 20.6, the Agent (acting on the instructions of the Noteholders) may to the extent necessary effectuate any Base Rate Amendments without the Issuer's cooperation.
- 20.3.4 The Independent Adviser shall also initiate the procedure to determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice ("**Base Rate Amendments**").
- 20.3.5 Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been finally decided no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the CSD and any calculations methods applicable to such Successor Base Rate.

20.4 Interim measures

- 20.4.1 If a Base Rate Event set out in any of the paragraphs (a) to (e) of the Base Rate Event definition has occurred but no Successor Base Rate and Adjustment Spread have been finally decided prior to the relevant Quotation Day in relation to the next succeeding Interest Period or if such Successor Base Rate and Adjustment Spread have been finally decided but due to technical limitations of the CSD, cannot be applied in relation to the relevant Quotation Day, the Interest Rate applicable to the next succeeding Interest Period shall be:
- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
 - (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.
- 20.4.2 For the avoidance of doubt, Clause 20.4.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 20. This will however not limit the application of Clause 20.4.1 for any subsequent Interest Periods, should all relevant actions provided in this Clause 20 have been taken, but without success.

20.5 Notices etc.

Prior to the Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments become effective the Issuer shall promptly, following the final decision by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments, give notice thereof to the Agent, the Issuing Agent and the Noteholders in accordance with Clause 26 (*Notices*) and the CSD. The notice shall also include information about the effective date of the amendments. If the Notes are admitted to trading on a stock exchange, the Issuer shall also give notice of the amendments to the relevant stock exchange.

20.6 Variation upon replacement of Base Rate

- 20.6.1 No later than giving the Agent notice pursuant to Clause 20.5, the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly authorised signatory of the Issuer (subject to Clause 20.3.3) confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined and decided in accordance with the provisions of this Clause 20. The Successor Base Rate the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any decision, be binding on the Issuer, the Agent, the Issuing Agent and the Noteholders.
- 20.6.2 Subject to receipt by the Agent of the certificate referred to in Clause 20.6.1, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Noteholders, without undue delay effect such amendments to the Finance Documents as may be required by the Issuer in order to give effect to this Clause 20.
- 20.6.3 The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are effected pursuant to this Clause 20 Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), 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 Agent or the Issuing Agent in the Finance Documents.

20.7 Limitation of liability for the Independent Adviser

Any Independent Adviser appointed pursuant to Clause 20.3 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

21. THE AGENT

21.1 Appointment of the Agent

- 21.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder, including the winding-up, dissolution, liquidation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 21.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- 21.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 21.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 21.1.5 The Agent may act as agent or trustee for several issues of securities or other loans issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

21.2 Duties of the Agent

21.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. However, the Agent is not responsible for the content, validity, execution or enforceability of the Finance Documents.

21.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall act in the best interest of the Noteholders as a group and carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill. The Agent is never acting as an advisor to the Noteholders or the Issuer. Any advice or opinion from the Agent does not bind the Noteholders or the Issuer.

21.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.

21.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.

21.2.5 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor:

- (a) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents;
- (b) the financial condition of the Issuer and the Group; or
- (c) whether any other event specified in any Finance Document has occurred.

Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

21.2.6 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.

21.2.7 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

21.2.8 The Agent shall give a notice to the Noteholders:

- (a) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement; or
- (b) if it refrains from acting for any reason described in Clause 21.2.7.

21.2.9 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all reasonable costs for external experts engaged after the occurrence of a breach of the Terms and Conditions, or for the purpose of investigating or considering:

- (a) an event or circumstance which the Agent reasonably believes is or may lead to a breach of the Terms and Conditions or may lead to bankruptcy or liquidation;
- (b) in connection with any Noteholders' Meeting or Written Procedure;

- (c) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents; or
- (d) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents.

Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).

- 21.2.10 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.

21.3 Liability for the Agent

- 21.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 21.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- 21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 21.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 16 (*Decisions by Noteholders*).
- 21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

21.4 Replacement of the Agent

- 21.4.1 Subject to Clause 21.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the old Agent or by way of Written Procedure initiated by the old Agent.
- 21.4.2 Subject to Clause 21.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.3 A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Total Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- 21.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after:
 - (a) the earlier of the notice of resignation was given or the resignation otherwise took place; or

(b) the Agent was dismissed through a decision by the Noteholders,

the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- 21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- 21.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

22. THE ISSUING AGENT

- 22.1 The Issuer shall when necessary appoint an Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes. The Issuing Agent shall be a commercial bank or securities institution approved by the CSD.
- 22.2 The Issuer shall ensure that the Issuing Agent enters into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties relating to the Notes.
- 22.3 The Issuing Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

23. THE CSD

- 23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.
- 23.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or any admission to trading of the Notes. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lagen (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act.

24. NO DIRECT ACTIONS BY NOTEHOLDERS

- 24.1 A Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer in

relation to any of the obligations and liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.

- 24.2 Clause 24.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 21.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.8 before a Noteholder may take any action referred to in Clause 24.1.
- 24.3 The provisions of Clause 24.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due by the Issuer to some but not all Noteholders.
- 24.4 The provisions of this Clause 24 (*No direct actions by Noteholders*) are subject to the over-riding limitations set out in Clause 3 (*Status of the Notes*).

25. TIME-BAR

- 25.1 The right to receive repayment of the principal of the Notes shall be time-barred and become void ten (10) years from the Redemption Date. Subject to Clause 10 (*Interest and interest cancellation*), the right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been time-barred and has become void.
- 25.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslagen (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

26. NOTICES

- 26.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch, or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
 - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch, or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
 - (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order to receive the communication or if such date is not specified, on the Business Day prior to dispatch, and by either courier delivery or letter for all Noteholders. A notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.
- 26.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, by email, and will only be effective:
- (a) in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1;
 - (b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1; or

- (c) in case of email, when received in readable form by the email recipient.
- 26.3 Any notice which shall be provided to the Noteholders in physical form pursuant to these Terms and Conditions may, at the discretion of the Agent, be limited to:
- (a) a cover letter, which shall include:
- (i) all information needed in order for Noteholders to exercise their rights under the Finance Documents;
 - (ii) details of where Noteholders can retrieve additional information;
 - (iii) contact details to the Agent; and
 - (iv) an instruction to contact the Agent should any Noteholder wish to receive the additional information by regular mail; and
- (b) copies of any document needed in order for Noteholder to exercise their rights under the Finance Documents.
- 26.4 Any notice or other communication pursuant to the Finance Documents shall be in English.
- 26.5 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.
- 27. FORCE MAJEURE**
- 27.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 27.2 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 27.3 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.
- 28. GOVERNING LAW AND JURISDICTION**
- 28.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 28.2 The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Stockholms tingsrätt*).
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TERMS AND CONDITIONS FOR THE FIXED-TO-FLOATING RATE NOTES



**TERMS AND CONDITIONS FOR
SBAB BANK AB (PUBL)
SEK 600,000,000
FIXED-TO-FLOATING RATE ADDITIONAL TIER 1
CAPITAL NOTES**

ISIN: SE0020356681

Issue date: 21 February 2024

No action is being taken that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

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1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Noteholder has opened a Securities Account in respect of its Notes.

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time/as in force on the Issue Date) as applied by the Issuer in preparing its annual consolidated financial statements.

“**Additional Tier 1 Capital**” means, at any time, the sum, expressed in Swedish Kronor, of all amounts that constitute additional tier 1 capital (*primärkapitaltillskott*) as defined in the Applicable Banking Regulations at the relevant time.

“**Adjusted Total Nominal Amount**” means the Total Nominal Amount *less* the Nominal Amount of all Notes owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Notes.

“**Affiliate**” means:

- (a) an entity controlling or under common control with the Issuer (other than a Group Company, the Swedish state or any entity under the control of the Swedish state); and
- (b) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in paragraph (a) above to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in paragraph (a) above.

For the purposes of this definition, “**control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

“**Agency Agreement**” means the agency agreement entered into before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

“**Agent**” means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or such other party replacing it, as Agent, in accordance with these Terms and Conditions.

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the Consolidated Situation, as the case may be, including, without limitation to the generality of the foregoing, CRD IV and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied in Sweden by the Swedish FSA (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Consolidated Situation).

“**Base Rate**” means STIBOR or any reference rate replacing STIBOR in accordance with Clause 20 (*Replacement of Base Rate*).

“**Base Rate Administrator**” means Swedish Financial Benchmark Facility AB (SFBF) or any person replacing it as administrator of the Base Rate.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Business Day Convention**” means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

“**Capital Event**” means, at any time on or after the Issue Date, a change (which has occurred or which the Swedish FSA considers to be sufficiently certain) in the regulatory classification of the Notes that results, or would be likely to result, in the exclusion, wholly or partially, of the Notes from the Additional Tier 1 Capital of the Issuer and/or the Consolidated Situation or the reclassification, wholly or partially, of the Notes as a lower quality form of regulatory capital (other than by reason of a partial exclusion of the Notes as a result of a write-down following a Trigger Event), provided that the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Additional Tier 1 Capital contained in the Applicable Banking Regulations.

“**CET1 Capital**” means, at any time, the sum, expressed in Swedish Kronor, of all amounts that constitute common equity tier 1 capital of the Issuer or the Consolidated Situation, respectively, as calculated by the Issuer in accordance with the Applicable Banking Regulations at the relevant time.

“**CET1 ratio**” means, at any time:

- (a) in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer at such time *divided* by the Risk Exposure Amount of the Issuer at such time; and
- (b) in relation to the Consolidated Situation, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Consolidated Situation at such time *divided* by the Risk Exposure Amount of the Consolidated Situation at such time,

in each case as calculated by the Issuer in accordance with the CRD IV requirements and any applicable transitional arrangements under the Applicable Banking Regulations at the relevant time.

“**Consolidated Situation**” means the Issuer and any other entity which is part of the Swedish prudential consolidated situation (as such term is used in the Applicable Banking Regulations) of which the Issuer is a part, from time to time.

“**CRD IV**” means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

“**CRD IV Directive**” means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013 (as most recently amended by Directive (EU) 2019/878).

“**CRD IV Implementing Measures**” means any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, adopted by the Swedish FSA and guidelines issued by the Swedish FSA, the European Banking Authority or any other relevant authority, which are applicable to the Issuer or the Group, as applicable.

“**CRR**” means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013 (as most recently amended by Regulation (EU) 2019/876) as the same may be amended or replaced from time to time.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Notes, Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or any other party replacing it, as CSD, in accordance with these Terms and Conditions.

“**CSD Regulations**” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

“**Debt Register**” means the debt register (*skuldbok*) kept by the CSD in respect of the Notes in which a Noteholder is registered.

“**Distributable Items**” shall have the meaning given to such term in CRD IV (as most recently amended by Directive (EU) 2019/878 and Regulation (EU) 2019/876) interpreted and applied in accordance with the Applicable Banking Regulations.

“**Finance Documents**” means these Terms and Conditions, and any other document designated by the Issuer and the Agent as a Finance Document.

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

“**First Call Date**” means the Business Day falling on or immediately after the fifth (5) anniversary of the Issue Date (being 21 February 2029).

“**Fixed Interest Payment Date**” means each of 21 February 2025, 21 February 2026, 21 February 2027, 21 February 2028, the First Call Date and the earlier of (i) the last day of the Initial Call Period and (ii) the Redemption Date, or, to the extent any such day is not a Business Day, the first following day that is a Business Day (not adjusted by application of the Business Day Convention). The first Fixed Interest Payment Date shall be 21 February 2025 and the last Fixed Interest Payment Date shall be the last day of the Initial Call Period or, if earlier, the Redemption Date.

“**Fixed Interest Period**” means (i) in respect of the first Fixed Interest Period, the period from (but excluding) the Issue Date to (and including) the first Fixed Interest Payment Date, and (ii) in respect of subsequent Fixed Interest Periods, the period from (but excluding) a Fixed Interest Payment Date to (and including) the next succeeding Fixed Interest Payment Date (or a shorter period if relevant). A Fixed Interest Period shall neither be adjusted due to a Fixed Interest Payment Date falling on a day that is not a Business Day, nor by an application of the Business Day Convention.

“**Fixed Interest Rate**” means five and eight tenths (5.80) per cent. *per annum*.

“**Floating Interest Payment Date**” means 21 August, 21 November, 21 February and 21 May of each year or, to the extent such day is not a Business Day, the Business Day following from the Business Day Convention. The first Floating Interest Payment Date shall be the Floating Interest Payment Date falling immediately after (but not including) the last day of the Initial Call Period and the last Floating Interest Payment Date shall be the Redemption Date.

“**Floating Interest Period**” means (i) in respect of the first Floating Interest Period, the period from (but excluding) the last day of the Initial Call Period to (and including) the first Floating Interest Payment Date, and (ii) in respect of subsequent Floating Interest Periods, the period from (but excluding) a Floating Interest Payment Date to (and including) the next succeeding Floating Interest Payment Date (or a shorter period if relevant).

“**Floating Interest Rate**” means the Base Rate *plus* a margin of three (3) per cent. *per annum* as adjusted by any application of Clause 20 (*Replacement of Base Rate*).

“**Force Majeure Event**” has the meaning set forth in Clause 27.1.

“**Group**” means the Issuer and its Subsidiaries from time to time (each a “**Group Company**”).

“**Initial Call Period**” means the period commencing on (and including) the First Call Date and ending on (and including) the Interest Payment Date falling on or immediately after three (3) months of the First Call Date.

“**Insolvent**” means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7–9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with all or substantially all of its creditors (other than the Noteholders and creditors of secured debt) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lagen (2022:964) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

“**Interest**” means the interest on the Notes calculated in accordance with Clause 10.1 (*Interest*).

“**Interest Payment Date**” means a Fixed Interest Payment Date or a Floating Interest Payment Date, as applicable.

“**Interest Period**” means a Fixed Interest Period or a Floating Interest Period, as applicable.

“**Issue Date**” means 21 February 2024.

“**Issuer**” means SBAB Bank AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556253-7513 and LEI code H0YX5L BGKDVOWCXBZ594.

“**Issuing Agent**” means Skandinaviska Enskilda Banken AB (publ), or such other party replacing it, as Issuing Agent, in accordance with these Terms and Conditions and the CSD Regulations.

“**Loss Absorbing Instruments**” means capital instruments or other obligations of the Issuer (other than the Notes) or any other member of the Consolidated Situation, which include a principal loss absorption mechanism that is capable of generating CET1 Capital and that is activated by a trigger event set by reference to the CET1 ratio of the Issuer and/or the CET1 ratio of the Consolidated Situation.

“**Nominal Amount**” has the meaning set forth in Clause 2.3.

“**Note**” means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions.

“**Noteholder**” means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Clause 17 (*Noteholders’ meeting*).

“**Qualifying Securities**” means securities issued directly by the Issuer following a substitution or variation of the Notes in accordance with Clause 12.4(b) that have terms not materially less favourable to investors, certified by the Issuer acting reasonably (having consulted with an independent investment bank or independent financial adviser of international standing), than the terms of the Notes (immediately prior to the relevant substitution or variation), provided that they shall:

- (a) include a ranking at least equal to that of the Notes;
- (b) have at least the same Interest Rate and the same Interest Payment Dates as those applying to the Notes;
- (c) have the same redemption rights as the Notes;
- (d) preserve any existing rights under the Notes to any accrued interest which has not been paid but which has not been cancelled in respect of the period from (and including) the Interest Payment Date last preceding the date of the relevant substitution or variation of the Notes;
- (e) if the Notes were admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are to be admitted to trading on a Regulated Market (noting that no investor in the relevant Qualifying Securities (or its representative) has the right to accelerate the relevant Qualifying Securities or otherwise request a prepayment or redemption of the relevant Qualifying Securities upon a failure to admit the relevant Qualifying Securities to trading);
- (f) are assigned (or maintain) the same or higher credit ratings as were assigned to the Notes (if any) immediately prior to the relevant substitution or variation of the Notes; and
- (g) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Banking Regulations.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5) Business Day prior to:

- (a) an Interest Payment Date;

- (b) a Redemption Date;
- (c) a date on which a payment to the Noteholders is to be made under Clause 15 (*Distribution of proceeds*);
- (d) a date of a Noteholders' Meeting; or
- (e) another relevant date,

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

"Redemption Date" means the date (if any) on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 12 (*Redemption and repurchase of the Notes*).

"Regulated Market" means Nasdaq Stockholm or any other regulated market (as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

"Reinstatement Date" shall have the meaning as set forth in Clause 11.2.6.

"Risk Exposure Amount" means, at any time, with respect to the Issuer or the Consolidated Situation, as the case may be, the aggregate amount of the risk weighted assets or equivalent of the Issuer or the Consolidated Situation, respectively, calculated in accordance with the Applicable Banking Regulations at such time.

"Securities Account" means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which:

- (a) an owner of such security is directly registered; or
- (b) an owner's holding of securities is registered in the name of a nominee.

"Security" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

"STIBOR" means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Refinitiv screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) above is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Refinitiv screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for Swedish Kronor;
- (c) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period, the arithmetic mean of the Stockholm interbank offered rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

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

“**Swedish FSA**” means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or such other governmental authority in Sweden (or, if the Issuer becomes subject to primary bank supervision in a jurisdiction other than Sweden, in such other jurisdiction) or the European Union having primary bank supervisory authority with respect to the Issuer.

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

“**Tax Event**” means, as a result of any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, such that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Notes, provided that the Issuer satisfies the Swedish FSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date.

“**Tier 2 Capital**” means tier 2 capital (*supplementärkapital*) as defined in Chapter 4 of Title I of Part Two of the CRR and/or any other Applicable Banking Regulations at such time.

“**Total Nominal Amount**” means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

“**Trigger Event**” means if, at any time, the CET1 ratio of:

- (a) the Issuer, as calculated in accordance with the Applicable Banking Regulations, is less than 5.125 per cent.; or
- (b) the Consolidated Situation, as calculated in accordance with the Applicable Banking Regulations, is less than 7.00 per cent.,

in each case as determined by the Issuer and/or the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA).

“**Write Down Amount**” has the meaning as set forth in Clause 11.1.5.

“**Write Down Date**” has the meaning as set forth in Clause 11.1.2.

“**Written Down Additional Tier 1 Instrument**” means an instrument (other than the Notes) issued directly or indirectly by the Issuer and qualifying as Additional Tier 1 Capital of the Issuer and/or the Consolidated Situation (as the case may be) that, immediately prior to any reinstatement of the Notes, has a nominal amount which is less than its initial nominal amount due to a write down and that has terms permitting a principal write up to occur on a basis similar to that set out in Clause 11.2 (*Reinstatement of the Notes*) in the circumstances existing on the relevant Reinstatement Date.

“**Written Procedure**” means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 18 (*Written procedure*).

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (b) a “**regulation**” includes any law, regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (c) a provision of regulation is a reference to that provision as amended or re-enacted; and

- (d) a time of day is a reference to Stockholm time.
- 1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken on a specific Business Day, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.3 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.
- 1.2.4 The privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Noteholders and the Agent.

2. THE NOTES

- 2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions, subject to and in accordance with these Terms and Conditions.
- 2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- 2.3 The initial nominal amount of each Note is SEK 2,000,000 (the “**Nominal Amount**”). The initial Total Nominal Amount of the Notes is SEK 600,000,000. The Nominal Amount, and the Total Nominal Amount, may be subject to a write-down, and subsequent reinstatement, in each case on a *pro rata* basis, in accordance with Clause 11 (*Loss absorption and reinstatement*), and “Nominal Amount” shall be construed accordingly.
- 2.4 Each Note is issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- 2.5 The ISIN for the Notes is SE0020356681.
- 2.6 The Issuer reserves the right to issue further notes, including, subordinated notes, and other obligations in the future, which may rank senior to or *pari passu* with the Notes.
- 2.7 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local regulations to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.8 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3. STATUS OF THE NOTES

- 3.1 The Notes on issue are intended to constitute Additional Tier 1 Capital of the Issuer and the Consolidated Situation. The Notes will constitute direct, unsecured and subordinated debt liabilities of the Issuer, and the Notes, and all payments in respect of, or arising from (including any damages awarded for breach of any obligations under) the Notes, shall at all times rank:
- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with:
- (i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital; and

- (ii) any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, equally with the Notes,

in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

- (c) senior to the claims of holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (d) junior to any present and future claims of:
 - (i) depositors of the Issuer;
 - (ii) any other unsubordinated creditors of the Issuer;
 - (iii) any senior non-preferred creditors falling within the scope of the first paragraph of Section 18 of the Swedish Rights of Priority Act (*förmånsrättslagen (1970:979)*); and
 - (iv) except as expressly stated in paragraph (a) or (b) above, any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2 Capital.

3.2 A Noteholder or the Agent may only declare the Notes (and any accrued interest) due and payable in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer as set out in Clause 14 (*Bankruptcy or liquidation*).

3.3 No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, such Noteholder shall, subject to applicable regulations, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its liquidation or bankruptcy, the liquidator or, as appropriate, other insolvency practitioner appointed to the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount on trust for the Issuer (or the liquidator or, as appropriate, other insolvency practitioner appointed to the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

4. USE OF PROCEEDS

The Issuer shall use the proceeds from the issue of the Notes for general corporate purposes of the Group.

5. CONDITIONS FOR DISBURSEMENT

5.1 Prior to the issuance of the Notes, the Issuer shall provide the following to the Agent:

- (a) the Finance Documents and the Agency Agreement duly executed by the parties thereto;
- (b) an extract from the resolution from the board of directors of the Issuer approving the issue of the Notes and delegating the final approval of the issue of the Notes and the entering into any documents necessary in connection therewith to the Chief Executive Officer of the Issuer;

- (c) a copy of a power of attorney issued by the Chief Executive Officer of the Issuer approving the final issue of the Notes, the terms of the Finance Documents and the Agency Agreement, and resolving to enter into any other documents necessary in connection therewith;
 - (d) the articles of association and an up to date registration certificate of the Issuer;
 - (e) evidence that the person(s) who has/have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of parties thereto is/are duly authorised to do so; and
 - (f) such other documents and information as is agreed between the Agent and the Issuer.
- 5.2 The Agent may assume that the documentation delivered to it pursuant to Clause 5.1 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.
- 5.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 5.1 have been satisfied.

6. NOTES IN BOOK-ENTRY FORM

- 6.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator. The Debt Register shall constitute conclusive evidence of the persons who are Noteholders and their holdings of Notes.
- 6.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalk (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 6.3 The Issuer and the Agent shall at all times be entitled to obtain information from the Debt Register. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the Debt Register.
- 6.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the Debt Register. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.
- 6.5 The Issuer and the Agent may use the information referred to in Clause 6.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and the Agency Agreement and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

7. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

- 7.1 If any person other than a Noteholder (including the owner of a Note, if such person is not the Noteholder) wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other authorisation from the Noteholder or a successive, coherent chain of powers of attorney or authorisations starting with the Noteholder and authorising such person.
- 7.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder.

7.3 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clause 7.2 and may assume that such document has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.

7.4 These Terms and Conditions shall not affect the relationship between a Noteholder who is the nominee (*förvaltare*) with respect to a Note and the owner of such Note, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

8. ADMISSION TO TRADING

8.1 The Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market.

8.2 The Issuer shall, following the admission to trading, use reasonable efforts to maintain the admission to trading as long as any Notes are outstanding, however not longer than up to and including the last day of which the admission to trading can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD Regulations, subsist.

8.3 For the avoidance of doubt, neither a Noteholder nor the Agent has the right to accelerate the Notes or otherwise request a prepayment or redemption of the Notes if a failure to admit the Notes to trading or maintain admission to trading of the Notes in accordance with Clause 8.1 or 8.2 above occurs.

9. PAYMENTS IN RESPECT OF THE NOTES

9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant payment date, or to such other person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.

9.2 Provided that a Noteholder has registered an income account (*avkastningskonto*) for the relevant Securities Account on the applicable Record Date, the CSD shall procure that principal, interest and other payments under the Notes are deposited to such income account on the relevant payment date. If an income account has not been registered on the Record Date for the payment, no payment will be effected by the CSD to such Noteholder. The outstanding amount will instead be held by the Issuer until the person that was registered as a Noteholder on the relevant Record Date has made a valid request for such amount. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.

9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. For the avoidance of doubt, such postponement shall in no event constitute an event of default.

9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a person not entitled to receive such amount.

9.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax (including but not limited to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

10. INTEREST AND INTEREST CANCELLATION

10.1 Interest

- 10.1.1 Subject to Clause 10.2 and Clause 11, from (but excluding) the Issue Date to (and including) the earlier of (i) the last day of the Initial Call Period and (ii) the Redemption Date, each Note carries Interest at the Fixed Interest Rate applied to the Nominal Amount.
- 10.1.2 From (but excluding) the last day of the Initial Call Period to (and including) the Redemption Date, each Note carries Interest at the Floating Interest Rate applied to the Nominal Amount.
- 10.1.3 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 10.1.4 For each Fixed Interest Period, Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).
- 10.1.5 For each Floating Interest Period, Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

10.2 Interest cancellation

- 10.2.1 Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items and:
- (a) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; or
 - (b) will be mandatorily cancelled if and to the extent so required by the Applicable Banking Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.
- 10.2.2 The Issuer shall give notice to the Noteholders in accordance with Clause 26 (*Notices*) of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above and shall not constitute an event of default for any purpose.
- 10.2.3 Following any cancellation of Interest as described above, the right of the Noteholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.
- 10.2.4 Failure to pay such interest (or the cancelled part thereof) in accordance with this Clause 10 shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle the Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer.

10.3 Calculation of Interest in case of write-down or reinstatement

- 10.3.1 Subject to Clause 10.2 (*Interest cancellation*), in the event that a write-down of the Notes occurs pursuant to Clause 11.1 (*Loss absorption upon a Trigger Event*) during an Interest Period, Interest will continue to accrue on the Nominal Amount (as adjusted as of the relevant Write Down Date).
- 10.3.2 Subject to Clause 10.2 (*Interest cancellation*), in the event that a reinstatement of the Notes occurs pursuant to Clause 11.2 (*Reinstatement of the Notes*), Interest shall begin to accrue on the reinstated Nominal Amount with effect from (and including) the relevant Reinstatement Date.
- 10.3.3 In connection with a write-down or write-up pursuant to Clause 11 (*Loss absorption and reinstatement*), the Issuer shall inform the CSD of the adjusted basis for calculation that shall be applied on the next Interest Payment Date, in order for the Noteholders to receive an amount of

Interest equivalent to the Interest Rate on the Nominal Amount so written down or written up (as applicable).

10.4 No penalty interest

Under no circumstances shall any penalty interest (*dröjsmålsränta*) be payable by the Issuer in respect of the Notes.

11. LOSS ABSORPTION AND REINSTATEMENT

11.1 Loss absorption upon a Trigger Event

11.1.1 If at any time a Trigger Event occurs, the Issuer shall immediately notify the Swedish FSA, the Noteholders and the Agent in accordance with Clause 26 (*Notices*) and the Total Nominal Amount and the Issuer's payment obligation under the Notes shall be written down in accordance with this Clause 11.1 (*Loss absorption upon a Trigger Event*).

11.1.2 A write-down shall take place without delay on a date selected by the Issuer in consultation with the Swedish FSA (the "**Write Down Date**") but no later than one month following the occurrence of the relevant Trigger Event. The Swedish FSA may require that the period of one month referred to above is reduced in cases where it assesses that sufficient certainty on the required amount of the write-down is established or in cases where it assesses that an immediate write-down is needed. For the purposes of determining whether a Trigger Event has occurred, the CET1 ratios may be calculated at any time based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 ratios. The Issuer intends to calculate and publish the CET1 ratios on at least a semi-annual basis. The determination as to whether a Trigger Event has occurred shall be made by the Issuer and the Swedish FSA or any agent appointed for such purpose by the Swedish FSA. Any such determination shall be binding on the Issuer and the Noteholders.

11.1.3 A write-down shall be made as a reduction of the Total Nominal Amount and such write-down shall be considered to be an unconditional capital contribution (*ovillkorat kapitaltillskott*) by the Noteholders and shall be made in consultation with the Swedish FSA and in accordance with the CSD Regulations.

11.1.4 The aggregate reduction of the Total Nominal Amount of the Notes outstanding on the Write Down Date will, subject as provided below, be equal to the lower of:

- (a) the amount necessary to generate sufficient CET1 Capital that would restore the CET1 ratio of the Issuer to at least 5.125 per cent. and the CET1 ratio of the Consolidated Situation to at least 7.00 per cent. at the point of such reduction, after taking into account (subject as provided below) the *pro rata* write-down and/or conversion of the prevailing nominal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently) with the Notes, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write-down and/or conversion shall only be taken into account to the extent required to restore the CET1 ratios contemplated above to the lower of (i) such Loss Absorbing Instrument's trigger level and (ii) the trigger level in respect of which the relevant Trigger Event under the Notes has occurred and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Applicable Banking Regulations; and
- (b) the amount that would result in the Nominal Amount of a Note being reduced to SEK 1.00.

11.1.5 The aggregate reduction determined in accordance with Clause 11.1.4 shall be applied to all of the Notes *pro rata* on the basis of their Nominal Amount immediately prior to the write-down and references herein to "**Write Down Amount**" shall mean, in respect of each Note, the amount by which the Nominal Amount of such Note is to be written down accordingly. A Trigger Event may occur on more than one occasion (and each Note may be written down on more than one occasion).

11.1.6 To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of Clause 11.1.4 is not possible for any reason, this shall not in any way prevent any write-down of

the Notes. Instead, in such circumstances, the Notes will be written down and the Write Down Amount determined as provided above but without including for the purpose of Clause 11.1.4 any CET1 Capital in respect of the write down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be written down and/or converted.

- 11.1.7 The Issuer shall set out its determination of the Write Down Amount per Note in the relevant notice referred to in Clause 11.1.8 below together with the Nominal Amount following the relevant write-down. However, if the Write Down Amount has not been determined when such notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Write Down Amount to the Noteholders and the Agent in accordance with Clause 26 (*Notices*) and procure that the Swedish FSA is notified. The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.
- 11.1.8 If the Notes are to be written down, the Issuer shall notify the Noteholders and the Agent in accordance with Clause 26 (*Notices*). Notwithstanding the foregoing, failure to give such notice shall not prejudice, affect the effectiveness of, or otherwise invalidate, any write-down of the Notes.
- 11.1.9 Any reduction of the Nominal Amount of a Note pursuant to this Clause 11.1 (*Loss absorption upon a Trigger Event*) shall not constitute an event of default by the Issuer for any purpose, and the Noteholders shall have no right to claim for amounts written down, whether in liquidation or bankruptcy of the Issuer or otherwise, save to the extent (if any) such amounts are reinstated in accordance with Clause 11.2 (*Reinstatement of the Notes*).

11.2 Reinstatement of the Notes

- 11.2.1 Following a write-down of the Total Nominal Amount in accordance with Clause 11.1 (*Loss absorption upon a Trigger Event*), the Issuer may, at its absolute discretion but subject to obtaining relevant approval from its shareholder (if required), reinstate any portion of the principal of the Notes, subject to compliance with any maximum distribution limits set out in the Applicable Banking Regulations and any other applicable regulations.
- 11.2.2 Unless write up of the principal of the Notes is permitted and possible in accordance with the CSD Regulations, reinstatement shall be made by way of issuing new notes that qualify as Additional Tier 1 Capital of the Issuer to the relevant Noteholders. Any such new note issuance shall specify the relevant details of the manner in which such new note issuance shall take effect and where the Noteholders can obtain copies of the new terms and conditions of the new notes. Such new notes shall be issued without any cost or charge to the Noteholders and shall be made in accordance with the CSD Regulations.
- 11.2.3 A reinstatement in accordance with this Clause 11.2 (*Reinstatement of the Notes*) shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments (if any) issued by the Issuer or any other member of the Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Notes).
- 11.2.4 For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the Notes (if issued in full) as at the Issue Date, being SEK 600,000,000.
- 11.2.5 For the avoidance of doubt, any reinstatement of any proportion of the principal of the Notes shall be made on a *pro rata* basis and without any preference among the Notes and on a *pro rata* basis with the reinstatement of all Written Down Additional Tier 1 Instruments (if any). Any failure by the Issuer to reinstate the Notes on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any) however will not affect the effectiveness, or otherwise invalidate, any reinstatement of the Notes and/or reinstatement of the Written Down Additional Tier 1 Instruments or give Noteholders any rights as a result of such failure.
- 11.2.6 If the Issuer decides to reinstate any proportion of the principal of the Notes, the Issuer shall notify the Noteholders and the Agent in accordance with Clause 26 (*Notices*) prior to such reinstatements becoming effective and specify the date on which the reinstatements will become effective (the "**Reinstatement Date**"). Such notice shall specify the Record Date and any technical or administrative actions that a Noteholder needs to undertake to receive its portion of the reinstatement. A reinstatement of the Notes shall take place on a Business Day as selected by the Issuer, however, falling no earlier than twenty (20) Business Days following the effective date of the reinstatement notice.

12. REDEMPTION AND REPURCHASE OF THE NOTES

12.1 No scheduled redemption

12.1.1 The Notes are perpetual and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described in this Clause 12 (*Redemption and repurchase of the Notes*).

12.1.2 The Notes are not redeemable at the option of the Noteholders at any time and the Noteholders shall have no right to accelerate the Notes or other remedies or sanctions against the Issuer for any breach of these Terms and Conditions by the Issuer, other than as set out in Clause 14 (*Bankruptcy or liquidation*).

12.2 Redemption at the option of the Issuer

Subject to Clause 12.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 12.7 (*Notice of redemption, substitution or variation*), the Issuer may redeem all (but not some only) outstanding Notes at:

- (a) any time within the Initial Call Period; or
- (b) any Interest Payment Date falling after the Initial Call Period.

12.3 Purchase of Notes by the Issuer and related companies

Subject to applicable law and to Clause 12.5 (*Permission from the Swedish FSA*), the Issuer or a Group Company, or other company forming part of the Consolidated Situation, may at any time on or following the First Call Date and at any price purchase Notes on the market or in any other way and at any price. Notes held by such company may at its discretion be retained, sold or cancelled.

12.4 Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event

If a Capital Event or Tax Event occurs, the Issuer may, at its option, but subject to Clause 12.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 12.7 (*Notice of redemption, substitution or variation*):

- (a) redeem all (but not some only) outstanding Notes on (as applicable);
 - (i) any Business Day during the Fixed Interest Period; or
 - (ii) any Floating Interest Payment Date during the Floating Interest Period,
- (b) substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with this Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.

12.5 Permission from the Swedish FSA

The Issuer, or any other company forming part of the Consolidated Situation, may not redeem, purchase, substitute or vary, as contemplated by this Clause 12 (*Redemption and repurchase of the Notes*), any Notes without the prior written permission of the Swedish FSA (if and to the extent then required under the Applicable Banking Regulations) and in accordance with the Applicable Banking Regulations (including any pre-conditions set out therein at the relevant time). Any refusal by the Swedish FSA to give its permission shall not constitute an event of default for any purpose.

12.6 Redemption amount

The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

12.7 Notice of redemption, substitution or variation

12.7.1 Any redemption, substitution or variation in accordance with Clauses 12.2 (*Redemption at the option of the Issuer*) and 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) shall be made by the Issuer having given:

- (a) not less than fifteen (15) Business Days' notice to the Noteholders; and
- (b) not less than five (5) Business Days' notice (or such lesser period as may be agreed between the Issuer and the Agent) before the giving of the notice referred to in (a), to the Agent,

in each case notice shall be given in accordance with Clause 26 (*Notices*). Any such notice is irrevocable and, upon expiry of the notice period, the Issuer is bound to redeem the Notes.

12.7.2 Notwithstanding Clause 12.7.1, if a Trigger Event occurs following a notice being given in accordance with Clause 12.7.1 but prior to the relevant redemption of the Notes, such notice shall be of no force and effect and Clause 11.1 (*Loss absorption upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

13. INFORMATION TO NOTEHOLDERS**13.1 Information from the Issuer**

The Issuer will make the following information available to the Noteholders and the Agent by way of publication on the website of the Issuer:

- (a) as soon as the same become available, but in any event within five (5) months after the end of each financial year, audited consolidated financial statements of the Group for that financial year prepared in accordance with the Accounting Principles; and
- (b) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) of the Group for such period prepared in accordance with the Accounting Principles.

13.2 Information from the Agent

Subject to the restrictions of any agreement regarding the non-disclosure of information received from the Issuer, the Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information.

13.3 Information among the Noteholders

Upon a reasonable request by a Noteholder, the Agent shall promptly distribute to the Noteholders any information from such Noteholder which relates to the Notes. The Agent may require that the requesting Noteholder or the Issuer reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

13.4 Publication of Finance Documents

The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.

14. BANKRUPTCY OR LIQUIDATION

- 14.1 The Noteholders have no right to accelerate the Notes or otherwise request prepayment or redemption of the principal amount of the Notes. If, and, notwithstanding anything to the contrary in these Terms and Conditions, only if, the Issuer is declared bankrupt or put into liquidation, a Noteholder may prove or claim in such bankruptcy or liquidation for payment of the Nominal Amount of Notes held by such Noteholder, together with Interest accrued to (but excluding) the date of commencement of the relevant bankruptcy or liquidation proceedings to the extent the Interest has not been cancelled by the Issuer.
- 14.2 If an event where the Issuer is declared bankrupt or put into liquidation as set out in Clause 14.1 above occurs, the Agent is, following the instructions of the Noteholders, authorised to:
- (a) by notice to the Issuer, declare all, but not only some, of the outstanding Notes due for payment together with any other amounts payable under the Finance Documents (except any Interest cancelled in accordance with Clause 10.2 (*Interest cancellation*)), immediately or at such later date as the Agent determines; and
 - (b) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- 14.3 In the event of an acceleration of the Notes upon the Issuer being declared bankrupt or put into liquidation, the Issuer shall redeem all Notes at an amount equal to 100 per cent. of the Nominal Amount together with accrued and unpaid interest. However, no payment will be made to the Noteholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Noteholders as described in Clause 3 (*Status of the Notes*) have been repaid by the Issuer, as ascertained by the judicial liquidator (*likvidator*) or bankruptcy administrator (*konkursförvaltare*).
- 14.4 In the event of bankruptcy, liquidation or resolution of the Issuer, no Noteholder shall be entitled to exercise any right of set-off or counterclaim against monies owned by the Issuer in respect of the Notes held by such Noteholder.

15. DISTRIBUTION OF PROCEEDS

- 15.1 In the event of the liquidation or bankruptcy of the Issuer, all payments relating to the Notes and the Finance Documents shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) *first*, in or towards payment *pro rata* of:
 - (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders);
 - (ii) other costs and expenses relating to the protection or the Noteholders' rights as may have been incurred by the Agent;
 - (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 21.2.9; and
 - (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.17;
 - (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes not cancelled in accordance with Clause 10.2 (*Interest cancellation*) (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Notes; and

- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.
- 15.2 Funds that the Agent receives (directly or indirectly) following an application of Clause 15.1 in connection with the enforcement of the Notes constitute escrow funds (*redovisningsmedel*) and must be held on a separate bank account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 (*Distribution of proceeds*) as soon as reasonably practicable.
- 15.3 If the Issuer or the Agent shall make any payment under this Clause 15 (*Distribution of proceeds*), the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made in accordance with Clause 26 (*Notices*). The notice from the Issuer shall specify the Record Date, the payment date and the amount to be paid.

16. DECISIONS BY NOTEHOLDERS

- 16.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 16.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Total Nominal Amount (such request shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.
- 16.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if:
- (a) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given; or
 - (b) the suggested decision is not in accordance with applicable laws.
- 16.4 The Agent shall not be responsible for the content of a notice for a Noteholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 16.5 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 16.3 being applicable, the person requesting the decision by Noteholders may request the Issuer to convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. Should the Issuer in such situation not convene a Noteholders' Meeting, the person requesting the decision by Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall then upon request provide the convening Noteholder with such information available in the Debt Register as may be necessary in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be. The Issuer or Noteholder(s), as applicable, shall supply to the Agent a copy of the dispatched notice or communication.
- 16.6 Should the Issuer wish to replace the Agent, it may:
- (a) convene a Noteholders' Meeting in accordance with Clause 17.1; or
 - (b) instigate a Written Procedure by sending communication in accordance with Clause 18.1, in either case with a copy to the Agent.

After a request from the Noteholders pursuant to Clause 21.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 17.1. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a

Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the notice or the communication.

16.7 Only a Noteholder, or a person who has been provided with a power of attorney pursuant to Clause 7 (*Right to act on behalf of a Noteholder*) from a Noteholder:

- (a) on the Record Date specified in the notice pursuant to Clause 17.2, in respect of a Noteholders' Meeting; or
- (b) on the Record Date specified in the communication pursuant to Clause 18.2, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Total Nominal Amount. Each whole Note entitles to one vote and any fraction of a Note voted for by a person shall be disregarded. Such Record Date specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the communication.

16.8 The following matters shall require the consent of Noteholders representing at least seventy-five (75) per cent. of the Adjusted Total Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2:

- (a) a change to the terms of Clause 3 (*Status of the Notes*);
- (b) a change to the terms dealing with the requirements for Noteholders' consent set out in Clauses 16 (*Decisions by Noteholders*), 17 (*Noteholders' meeting*) and 18 (*Written procedure*);
- (c) a change to a Floating Interest Rate, Fixed Interest Rate (other than as a result of an application of Clause 20 (*Replacement of Base Rate*)) or the Nominal Amount; and
- (d) a redemption of the Notes, other than as permitted by these Terms and Conditions (which for the avoidance of doubt shall always be subject to Clause 12.5 (*Permission from the Swedish FSA*)).

16.9 Any matter not covered by Clause 16.8 shall require the consent of Noteholders representing more than fifty (50) per cent. of the Adjusted Total Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19.1(a), 19.1(d) or 19.1(e)).

16.10 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Total Nominal Amount in case of a matter pursuant to Clause 16.8, and otherwise twenty (20) per cent. of the Adjusted Total Nominal Amount:

- (a) if at a Noteholders' Meeting, attend the meeting in person or by other means prescribed by the Agent pursuant to Clause 17.2 (or appear through duly authorised representatives); or
- (b) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

16.11 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second Written

- Procedure pursuant to this Clause 16.11, the date of request of the second Noteholders' Meeting pursuant to Clause 17.1 or second Written Procedure pursuant to Clause 18.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16.10 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 16.12 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- 16.13 The Noteholders may not resolve to make amendments to these Terms and Conditions if the Issuer, after consultation with the Swedish FSA, considers that a change in the Terms and Conditions would be likely to result in the exclusion of the Notes from the Additional Tier 1 Capital of the Issuer or the Consolidated Situation (an "**Additional Tier 1 Exclusion Event**"). A resolution by the Noteholders to amend these Terms and Conditions is not valid if the Issuer, after consultation with the Swedish FSA, considers that such an amendment would be likely to result in an Additional Tier 1 Exclusion Event.
- 16.14 A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.15 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of owner of Notes (irrespective of whether such person is a Noteholder) for or as inducement to vote under these Terms and Conditions, unless such consideration is offered to all Noteholders that vote in respect of the proposal at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 16.16 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure or how they voted. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- 16.17 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.18 If a decision is to be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by a Group Company or an Affiliate.
- 16.19 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.
- 17. NOTEHOLDERS' MEETING**
- 17.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on the Record Date prior to the date on which the notice is sent.
- 17.2 The notice pursuant to Clause 17.1 shall include:
- (a) the time for the meeting;
 - (b) the place for the meeting;

- (c) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (d) a form of power of attorney;
 - (e) the agenda for the meeting;
 - (f) any applicable conditions and conditions precedent;
 - (g) the reasons for, and contents of, each proposal;
 - (h) if the proposal concerns an amendment to any Finance Document, the details of such proposed amendment;
 - (i) if a notification by the Noteholders is required in order to attend the Noteholders' Meeting, information regarding such requirement; and
 - (j) information on where additional information (if any) will be published.
- 17.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 17.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

18. WRITTEN PROCEDURE

- 18.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than ten (10) Business Days after receipt of valid a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Noteholder on the Record Date prior to the date on which the communication is sent.
- 18.2 A communication pursuant to Clause 18.1 shall include:
- (a) a specification of the Record Date on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights;
 - (b) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney;
 - (c) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 18.1);
 - (d) any applicable conditions and conditions precedent;
 - (e) the reasons for, and contents of, each proposal;
 - (f) if a proposal concerns an amendment to any Finance Document, the details of such proposed amendment;
 - (g) if the voting is to be made electronically, the instructions for such voting; and
 - (h) information on where additional information (if any) will be published.

- 18.3 When consents from Noteholders representing the requisite majority of the total Adjusted Total Nominal Amount pursuant to Clauses 16.8 and 16.9 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.8 or Clause 16.9, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. AMENDMENTS AND WAIVERS

- 19.1 The Issuer and the Agent (acting on behalf of the Noteholders) may, subject to the prior written permission of the Swedish FSA (to the extent required pursuant to Applicable Banking Regulations), agree to amend the Finance Documents or waive any provision in a Finance Document, provided that the Agent is satisfied that such amendment or waiver:

- (a) is not detrimental to the interest of the Noteholders as a group;
- (b) is made solely for the purpose of rectifying obvious errors and mistakes;
- (c) is required by the Swedish FSA for the Notes to satisfy the requirements for Additional Tier 1 Capital under the Applicable Banking Regulations as applied by the Swedish FSA from time to time (provided that it is not detrimental to the interest of the Noteholders as a group);
- (d) is required by any applicable regulation, a court ruling or a decision by a relevant authority, including but not limited to, to facilitate any measure by the relevant regulator pursuant to the Swedish Resolution Act (*lagen (2015:1016) om resolution*);
- (e) is a variation upon replacement of Base Rate made in accordance with Clause 20 (*Replacement of Base Rate*);
- (f) is necessary for the purpose of having the Notes admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided that such amendment or waiver does not materially adversely affect the rights of the Noteholders; or
- (g) has been duly approved by the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*).

- 19.2 The Issuer may substitute or vary the terms of all (but not some only) of the outstanding Notes without any requirement for the consent or approval of the Noteholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Notes in accordance with Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.

- 19.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 19.1 and 19.2, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 13.4 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.

- 19.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

20. REPLACEMENT OF BASE RATE

20.1 General

- 20.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Noteholders in accordance with the provisions of this Clause 20 shall at all times be made by such Independent Adviser, the Issuer or the Noteholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.

20.1.2 If a Base Rate Event has occurred, this Clause 20 shall take precedent over the fallbacks set out in paragraph (b) to (d) (inclusive) of the definition of STIBOR.

20.2 Definitions

In this Clause 20:

“**Adjustment Spread**” means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof to be applied to a Successor Base Rate and that is:

- (a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or
- (b) if paragraph (a) above is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to eliminate, to the extent possible, any transfer of economic value from one party to another as a result of a replacement of the Base Rate and is customarily applied in comparable debt capital market transactions.

“**Base Rate Amendments**” has the meaning set forth in Clause 20.3.4.

“**Base Rate Event**” means one or several of the following circumstances:

- (a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;
- (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
- (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;
- (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Noteholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period);
- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (*krishanteringsregelverket*) containing the information referred to in paragraph (b) above; or
- (f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in paragraphs (b) to (e) above will occur within six (6) months.

“**Base Rate Event Announcement**” means a public statement or published information as set out in paragraph (b) to (e) of the definition of Base Rate Event that any event or circumstance specified therein will occur.

“**Independent Adviser**” means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

“**Relevant Nominating Body**” means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or committee of any of them, or thirdly the Financial Stability Council (*Finansiella stabilitetsrådet*) or any part thereof.

“**Successor Base Rate**” means:

- (a) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of debt instruments with similar interest rate terms as the Notes, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or
- (b) if there is no such rate as described in paragraph (a) above, such other rate as the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply *mutatis mutandis* to such new Successor Base Rate.

20.3 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

- 20.3.1 Without prejudice to Clause 20.3.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer’s expense appoint an Independent Adviser to initiate the procedure to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating and finally deciding the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Clause 20.3.2.
- 20.3.2 If a Base Rate Event has occurred, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer’s expense, appoint an Independent Adviser to initiate the procedure to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating, and finally deciding the applicable Base Rate.
- 20.3.3 If the Issuer fails to appoint an Independent Adviser in accordance with Clause 20.3.2, the Noteholders shall, if so decided at a Noteholders’ Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer’s expense) for the purposes set forth in Clause 20.3.2. If an event of default has occurred and is continuing, or if the Issuer fails to carry out any other actions set forth in Clause 20.3 to 20.6, the Agent (acting on the instructions of the Noteholders) may to the extent necessary effectuate any Base Rate Amendments without the Issuer’s cooperation.
- 20.3.4 The Independent Adviser shall also initiate the procedure to determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice (“**Base Rate Amendments**”).
- 20.3.5 Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been finally decided no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the CSD and any calculations methods applicable to such Successor Base Rate.

20.4 Interim measures

- 20.4.1 If a Base Rate Event set out in any of the paragraphs (a) to (e) of the Base Rate Event definition has occurred but no Successor Base Rate and Adjustment Spread have been finally decided prior to the relevant Quotation Day in relation to the next succeeding Interest Period or if such Successor Base Rate and Adjustment Spread have been finally decided but due to technical limitations of the CSD,

cannot be applied in relation to the relevant Quotation Day, the Interest Rate applicable to the next succeeding Interest Period shall be:

- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
- (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.

20.4.2 For the avoidance of doubt, Clause 20.4.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 20. This will however not limit the application of Clause 20.4.1 for any subsequent Interest Periods, should all relevant actions provided in this Clause 20 have been taken, but without success.

20.5 Notices etc.

Prior to the Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments become effective the Issuer shall promptly, following the final decision by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments, give notice thereof to the Agent, the Issuing Agent and the Noteholders in accordance with Clause 26 (*Notices*) and the CSD. The notice shall also include information about the effective date of the amendments. If the Notes are admitted to trading on a stock exchange, the Issuer shall also give notice of the amendments to the relevant stock exchange.

20.6 Variation upon replacement of Base Rate

20.6.1 No later than giving the Agent notice pursuant to Clause 20.5, the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly authorised signatory of the Issuer (subject to Clause 20.3.3) confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined and decided in accordance with the provisions of this Clause 20. The Successor Base Rate the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any decision, be binding on the Issuer, the Agent, the Issuing Agent and the Noteholders.

20.6.2 Subject to receipt by the Agent of the certificate referred to in Clause 20.6.1, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Noteholders, without undue delay effect such amendments to the Finance Documents as may be required by the Issuer in order to give effect to this Clause 20.

20.6.3 The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are effected pursuant to this Clause 20 Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), 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 Agent or the Issuing Agent in the Finance Documents.

20.7 Limitation of liability for the Independent Adviser

Any Independent Adviser appointed pursuant to Clause 20.3 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

21. THE AGENT

21.1 Appointment of the Agent

- 21.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder, including the winding-up, dissolution, liquidation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 21.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- 21.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 21.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 21.1.5 The Agent may act as agent or trustee for several issues of securities or other loans issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

21.2 Duties of the Agent

- 21.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. However, the Agent is not responsible for the content, validity, execution or enforceability of the Finance Documents.
- 21.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall act in the best interest of the Noteholders as a group and carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill. The Agent is never acting as an advisor to the Noteholders or the Issuer. Any advice or opinion from the Agent does not bind the Noteholders or the Issuer.
- 21.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 21.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- 21.2.5 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor:
- (a) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents;
 - (b) the financial condition of the Issuer and the Group; or
 - (c) whether any other event specified in any Finance Document has occurred.

Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

- 21.2.6 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 21.2.7 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 21.2.8 The Agent shall give a notice to the Noteholders:
- (a) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement; or
 - (b) if it refrains from acting for any reason described in Clause 21.2.7.
- 21.2.9 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all reasonable costs for external experts engaged after the occurrence of a breach of the Terms and Conditions, or for the purpose of investigating or considering:
- (a) an event or circumstance which the Agent reasonably believes is or may lead to a breach of the Terms and Conditions or may lead to bankruptcy or liquidation;
 - (b) in connection with any Noteholders' Meeting or Written Procedure;
 - (c) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents; or
 - (d) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents.

Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).

- 21.2.10 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.

21.3 Liability for the Agent

- 21.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 21.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- 21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 21.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 16 (*Decisions by Noteholders*).

21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

21.4 Replacement of the Agent

21.4.1 Subject to Clause 21.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the old Agent or by way of Written Procedure initiated by the old Agent.

21.4.2 Subject to Clause 21.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

21.4.3 A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Total Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.

21.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after:

- (a) the earlier of the notice of resignation was given or the resignation otherwise took place; or
- (b) the Agent was dismissed through a decision by the Noteholders,

the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

21.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.

21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

22. THE ISSUING AGENT

22.1 The Issuer shall when necessary appoint an Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes. The Issuing Agent shall be a commercial bank or securities institution approved by the CSD.

22.2 The Issuer shall ensure that the Issuing Agent enters into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties relating to the Notes.

22.3 The Issuing Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

23. THE CSD

23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.

23.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or any admission to trading of the Notes. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lagen (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act.

24. NO DIRECT ACTIONS BY NOTEHOLDERS

24.1 A Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation or bankruptcy (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.

24.2 Clause 24.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 21.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.8 before a Noteholder may take any action referred to in Clause 24.1.

24.3 The provisions of Clause 24.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due by the Issuer to some but not all Noteholders.

24.4 The provisions of this Clause 24 (*No direct actions by Noteholders*) are subject to the over-riding limitations set out in Clause 3 (*Status of the Notes*).

25. TIME-BAR

25.1 The right to receive repayment of the principal of the Notes shall be time-barred and become void ten (10) years from the Redemption Date. Subject to Clause 10 (*Interest and interest cancellation*), the right to receive payment of interest (excluding any capitalised interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been time-barred and has become void.

25.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslagen (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

26. NOTICES

26.1 Any notice or other communication to be made under or in connection with the Finance Documents:

- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch, or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch, or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
- (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order receive the communication or if such date is not specified, on the Business Day prior to dispatch, and by either courier delivery or letter for all Noteholders. A notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.

26.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, by email, and will only be effective:

- (a) in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1;
- (b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1; or
- (c) in case of email, when received in readable form by the email recipient.

26.3 Any notice which shall be provided to the Noteholders in physical form pursuant to these Terms and Conditions may, at the discretion of the Agent, be limited to:

- (a) a cover letter, which shall include:
 - (i) all information needed in order for Noteholders to exercise their rights under the Finance Documents;
 - (ii) details of where Noteholders can retrieve additional information;
 - (iii) contact details to the Agent; and
 - (iv) an instruction to contact the Agent should any Noteholder wish to receive the additional information by regular mail; and
- (b) copies of any document needed in order for Noteholder to exercise their rights under the Finance Documents.

26.4 Any notice or other communication pursuant to the Finance Documents shall be in English.

26.5 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

27. FORCE MAJEURE

27.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

27.2 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

27.3 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

28. GOVERNING LAW AND JURISDICTION

28.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

28.2 The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Stockholms tingsrätt*).

DESCRIPTION OF THE ISSUER

Introduction

The legal and commercial name of the Issuer is SBAB Bank AB (publ). The Issuer is 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 Government Offices of Sweden. The Issuer operates as an independent profit-making company regulated as a banking company under the Swedish Act on Banking and Financing Activities (*lagen (2004:297) om bank- och finansieringsrörelse*) and is subject to the supervision of the Swedish FSA. The Issuer obtained its licence to conduct banking operations from the Swedish FSA on 30 November 2010. Relevant Articles of Association, permitting the Issuer to conduct banking operations, were adopted on 16 March 2011. 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. On 12 December 2018, the Issuer was also authorised by the Swedish FSA to conduct securities operations in the form of a permit to trade for its own account (*bedriva handel med finansiella instrument för egen räkning*). The permit is, in the Issuer's opinion, required due to legislative amendments following the implementation of MiFID II.

The Issuer was registered in Sweden on 21 December 1984. The Issuer's Swedish Corporate ID is 556253-7513 and its legal entity identifier (LEI) code is H0YX5LBGKDVOWCXBZ594. The Issuer's registered office is situated in the municipality of Solna, Sweden. The registered postal address of the Issuer is P.O. Box 4209, SE 171 04 Solna, Sweden, the telephone number is +46 8 614 43 00 and the Issuer's website is www.sbab.se. The information on the Issuer's website does not form part of this Prospectus unless such information is incorporated by reference into this Prospectus. The visiting address of the Issuer is Svetsarvägen 24, SE-171 41 Solna, Sweden.

The Issuer has been assigned the credit ratings as set out below from Moody's and S&P:

	Moody's	S&P
Issuer Rating	A1	A+
Long-term funding	A1	A+
Short-term funding	P-1	A-1

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

On the date of this Prospectus, the SBAB Group consists of the Issuer as parent company and its wholly-owned subsidiaries SCBC and Booli Search Technologies AB ("**Booli**"). As set out in the sections "*The Swedish Covered Bond Corporation*" and "*Credit facility agreement between the Issuer and SCBC*", the Issuer is dependent on its subsidiary SCBC due to the two companies' mutual commercial and legal relationship.

SCBC's main purpose is to issue covered bonds (*säkerställda obligationer*) (i.e. bonds or other comparable full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits) pursuant to the Swedish Act on Issuance of Covered Bonds (*lagen (2003:1223) om utgivning av säkerställda obligationer*) and to conduct activities related thereto. A more detailed description of SCBC is set out below in the section "*The Swedish Covered Bond Corporation*".

The services provided by Booli include Booli.se, one of Sweden's largest housing sites and search engines for homes, Hittamäklare.se, Sweden's largest service for locating and recommending estate agents, and Booli Pro, an analysis tool that helps residential construction companies and banks understand the real estate market in Sweden.

In addition to its subsidiaries, the Issuer also owns 14 per cent. of the shares in Tibern AB ("**Tibern**"). Tibern is currently jointly owned by the Issuer and six other mortgage banks and provides the housing transaction portal Tambur.

Accounting principles

Unless stated otherwise, the financial information relating to 2022–2023 in this section "*Description of the Issuer*" has been extracted without adjustment from the Annual Report 2022 and Year-End Report 2023.

The consolidated accounts have been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition to these accounting standards, the Swedish FSA's Regulatory Code 2008:25 (Regulations and general guidelines regarding annual reports at credit institutions and securities companies) (*Föreskrifter och allmänna råd (FFFS 2008:25) om årsredovisning i kreditinstitut och värdepappersbolag*), the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (*lagen (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*) as well as the requirements in the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups are taken into consideration.

The Issuer, being the parent company of the SBAB Group, applies statutory IFRS, which means that the annual report has been prepared in compliance with IFRS with the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish FSA's Regulatory Code 2008:25 (Regulations and general guidelines regarding annual reports at credit institutions and securities companies) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies.

The main differences between the SBAB Group's and the Issuer's accounting policies are described on page 28 of the Year End Report 2023.

From 1 January 2018, the mandatory sections of IFRS 9 have replaced IAS 39 within IFRS, while the SBAB Group uses the option to apply IAS 39 regarding hedge accounting.

Activities

The SBAB Group's main business operations consist of lending in the Swedish residential mortgage market directed at individuals, tenant-owner associations and companies. The SBAB Group may also finance e.g. acquisitions of offices and other commercial properties, but in relation to the SBAB Group's total loan portfolio, lending to commercial properties is not significant. Besides security over mortgage certificates or rights in tenant-owner associations, the SBAB Group may also accept other collateral such as shares in limited liability companies. SBAB Group has a number of business partners that act as distributors for the SBAB Group's products. In 2007, the SBAB Group expanded its product range to include savings products for individuals and in 2009 deposit facilities were launched for companies and tenant-owner associations. As a feature of the SBAB Group's plan to broaden its operations, unsecured loans were launched during 2010.

The SBAB Group's business strategy since August 2014 has been to focus on, and develop, the core business areas of mortgages and residential financing with more efficient operations and an increased focus on mortgage offers, customer communication and sales. The SBAB Group's savings offer continues to be an important part of the business. Furthermore, sustainability is an important and integrated part of the SBAB Group's overall business strategy, as evident from, amongst other, the specific green loan offering launched to customers in June 2018 and by the SBAB Group being an issuer of green bonds with dedicated use of proceeds since 2016.

The Swedish Covered Bond Corporation

SCBC is a wholly-owned subsidiary of the Issuer. SCBC's activities are mainly focused on issuing covered bonds in the Swedish and international capital market, as further described under "Introduction" above. To this end, SCBC currently has two funding programmes in place; a domestic covered bond programme in Sweden and a euro medium term covered note programme (the "EMTCN Programme") in the international market. On the date of this Prospectus, these programmes have all been assigned the highest possible credit rating (Aaa) by Moody's. Other programmes may be established and stand-alone issues may be made from time to time.

SCBC does not conduct any new lending operations but acquires loans primarily from the Issuer and may acquire loans from others. SCBC acquired a portfolio of loans from the Issuer in 2006 under a master sale agreement that also provides for the continuous transfer of loans from the Issuer to SCBC from time to time on the terms and conditions stated in that agreement (as amended and restated or amended and replaced from time to time). The Issuer and SCBC have also entered into a subordination agreement, pursuant to which the Issuer has agreed that all present and future claims that it has or may have against SCBC, except any claims that the Issuer may have against SCBC under any derivative agreement entered into pursuant to the Swedish Act on Issuance of Covered Bonds, will be subordinated to all unsubordinated claims against SCBC in the event of SCBC's bankruptcy. Of the total subordinated debt under the Subordination Agreement, SEK 17,000 million comprises an internal group debt instrument (senior non-preferred notes) that was issued by SCBC to the Issuer for the purpose of meeting the MREL requirement announced by the Swedish National Debt Office in relation to SCBC.

SCBC's lending to the public after provisions as at 31 December 2023 amounted to SEK 493,220 million (SEK 483,738 million as at 31 December 2022). The above data relating to 31 December 2023 has been derived from SCBC's Year-End report for 2023.

Credit facility agreement between the Issuer and SCBC

In December 2008, a multicurrency revolving credit facility agreement was established between the Issuer and SCBC. Under the agreement the Issuer makes available a committed credit facility to SCBC up to an amount equal to SCBC's 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 by a further 364 days unless terminated by SCBC or if a default under the agreement is outstanding and the Issuer gives notice to SCBC 30 days prior to the relevant termination date that the agreement should not be extended.

Satisfying the requirements set out in Chapter 6, section 1 of the Swedish FSA's Regulatory Code 2014:12 (Regulations regarding prudential requirements and capital buffers) (*Föreskrifter (FFFS 2014:12) om tillsynskrav och kapitalbuffertar*) and the corresponding requirements in the CRR, SCBC and the Issuer are supervised as a single liquidity sub-group as part of the liquidity management and risk control pursuant to the Swedish FSA's Regulatory Code 2010:7 (Regulations regarding management of liquidity risks in credit institutions and investment firms) (*Föreskrifter (FFFS 2010:7) om hantering och offentliggörande av likviditetsrisker för kreditinstitut och värdepappersbolag*).

Lending

The SBAB Group's lending to the public after provisions at 31 December 2023 amounted to SEK 517,400 million (SEK 509,492 million at 31 December 2022).

Deposits

Total deposits amounted to SEK 215,211 million as at 31 December 2023 (SEK 182,443 million as at 31 December 2022).

Funding

Short-term funding

The Issuer mainly finances its short-term funding needs through two commercial paper programmes; a Swedish commercial paper programme (SVCP) and a Euro Commercial Paper Programme (ECP). The Issuer is also active in the repo- and deposit markets for short term liquidity needs.

Long-term funding

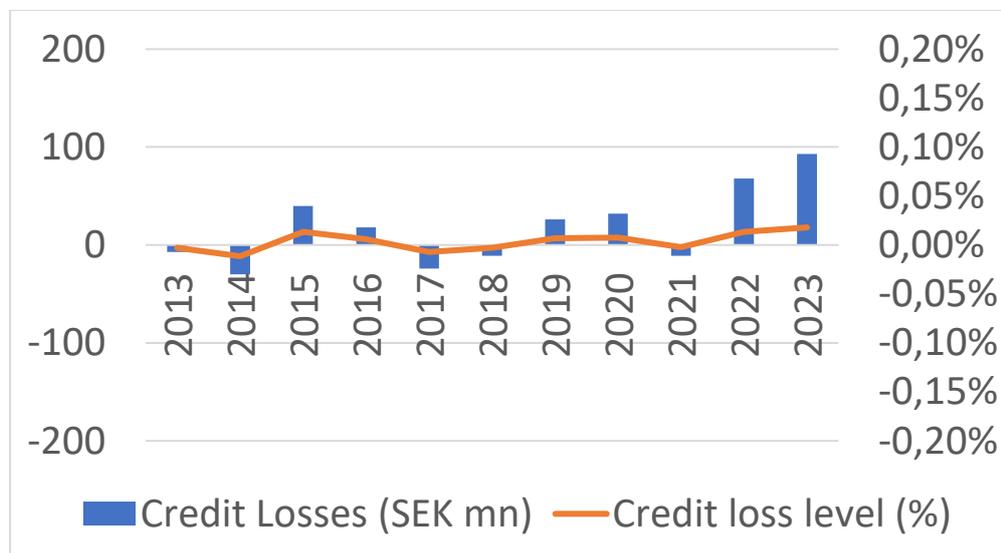
The Issuer issues its long-term non-covered debt under the Issuer's EUR 13 billion Euro Medium Term Note programme and may also issue on a stand-alone basis or under additional programmes from time to time.

SBAB Group's covered bond funding is conducted by SCBC, through (i) the EMTCN Programme, (ii) the Swedish covered bond programme, (iii) on a stand-alone basis and/or (v) under additional programmes from time to time.

During 2023, the SBAB Group issued a number of long-term transactions with a volume equivalent to SEK 55,7 billion distributed among various currencies but mainly EUR and SEK. The total debt securities in issue for SBAB Group amounted to SEK 382,770 million as at 31 December 2023 (SEK 393,885 million as at 31 December 2022).

Credit losses

The diagram below shows the SBAB Group's credit losses and the credit loss level as a percentage of total lending at the end of each year for each of the years 2013 to 2023.



The credit loss data in the table above has been derived from the Issuer's Year End Report.

Capital ratios

As at 31 December 2023, the Consolidated Situation's total capital ratios was 17.0 per cent. (17.8 per cent. as at 31 December 2022). As at 31 December 2023, the Consolidated Situation's CET1 Ratio was 12.3 per cent. (12.8 per cent. as at 31 December 2022).

Liquidity reserve

The SBAB Group's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings. As at 31 December 2023, the market value of the assets in the liquidity reserve amounted to SEK 103.3 billion (SEK 87.9 billion as at 31 December 2022).

Securities holdings are an integrated part of the SBAB Group's liquidity risk management. Holdings in the portfolio are limited by asset class and by country, respectively. In addition to these collective limits, limits for individual issuers may also be set.

For more information regarding the liquidity reserves, please see page 38 of the Year End Report 2023.

Regulatory framework and capital requirements

The Issuer's activities are regulated by, inter alia, the Swedish Companies Act (*aktiebolagslagen (2005:551)*), the Swedish Banking and Financing Business Act and its articles of association. As a banking company, the Issuer is subject to the supervision of the Swedish FSA and regulated by, *inter alia*, the Swedish Deposit Insurance Act (*lagen (1995:1571) om insättningsgaranti*) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies as well as the Swedish FSA's Regulatory Codes (which includes its regulations and general guidelines) and guidelines issued by the European Banking Authority.

The Issuer is further subject to the provisions set forth in the CRR as amended by CRR II, and in the Swedish Supervision of Credit Institutions and Investment Firms Act (*lagen (2014:968) om särskild tillsyn över kreditinstitut och värdepappers-bolag*) and the Swedish Act on Capital Buffers (*lagen (2014:966) om kapitalbuffertar*) which implements CRD IV as amended by CRD V.

In addition, the Issuer is subject to the BRRD and the Swedish Resolution Act.

THE BOARD OF DIRECTORS AND MANAGEMENT

The members of the Board of Directors and Executive Management, whose business addresses are at the registered address of SBAB, are as of the date of this Prospectus:

Board of directors

Name	Title	Principal outside activities
Jan Sinclair	Chairman	Chairman of AB Sveriges Säkerställda Obligationer (publ), and Nilsson Energy AB and board member of Hydri AB, STS Alpresor, Almi AB, Bipon AB and JML Sinclair AB. Acting CEO of Almi AB.
Lars Börjesson	Board Member	Board member of Taggsvampen Aktiebolag and Abion AB.
Inga-Lill Carlberg	Board Member	Charman of Trill Impact Microfinance AB, COO and board member of Trill Impact AB, board member and CEO of Trill Impact Verwaltungs GmbH, board member of Trill Impact Executive Holding AB, Trill Impact Ventures Holding AB, Trill Impact Ventures AB, Trill Impact Ventures Pharma 1 AB, Trill Impact GP S.à.r.l., Trill Impact Ventures (GP) SCS, Trill Impact Ventures (GP) S.à r.l. and TIPE II (GP) S.à r.l. Chairman of Stiftelsen för Finansforskning.
Jenny Lahrin	Board Member	Board member of PostNord AB, Saminvest AB, V.S. VisitSweden AB and AB Göta kanalbolag and Under-secretary at the Government Offices of Sweden.
Jane Lundgren Ericsson	Board Member	Board member of AB Sveriges Säkerställda Obligationer (publ), Visma Financial Solutions AB, Copperstone Resources AB (publ), Bokio AB and Inyett AB. CEO at Flex Applications Sverige AB, Flex Applications Stockholm AB and Flex Services Sverige AB.
Synnöve Trygg	Board Member	Board member of AB Sveriges Säkerställda Obligationer (publ) and Volvo Finans Bank AB.
Leif Pagrotsky	Board Member	Chairman of Göteborg & Co AB, Vitartes Intea Holding AB, Husvärden L Larsson & Co AB and Smartilizer Scandinavia AB.
Wenche Martinussen	Board Member	Sales and Marketing Director, BI Norwegian Business School.

Fredrik Sauter	Board Member	Board Member of American Express Europe S.A.
Karin Neville	Board Member, Employee Representative, SBAB	
Margareta Naumburg	Board Member, Employee Representative, SBAB	
Therese Sandberg	Deputy Board Member, Employee Representative, SBAB	
David Larsson	Deputy Board Member, Employee Representative, SBAB	

Executive management

Name	Title	Principal outside activities
Mikael Inglander	Chief Executive Officer	Board member of AB Sveriges Säkerställda Obligationer (publ) and Booli Search Technologies AB.
Peter Svensén	Chief Financial Officer	-
Sara Davidgård	Head of Business Area Private	-
Liv Forsström	Head of Human Resources	-
Carl Olsson	Head of Business Specialist	-
Robin Silfverhielm	Chief Experience Officer	Board member of Booli Search Technologies AB and Publit Sweden AB.
Malou Sjörin	Head of Sustainability, Marketing and Communication	Board member of Booli Search Technologies AB.
Marko Ivanic	Chief Technology Officer	-
Deniz Güler	Acting Chief Risk Officer	-
Stefan Andersson	Head of Business Area Company & tenant-owner associations	-

SBAB's registered address and postal address is: P.O. Box 4209, SE-171 04 Solna, Sweden. The visiting address is Svetsarvägen 24, SE-171 04 Solna, Sweden.

There are no potential conflicts of interest between the duties to SBAB of the persons listed under the headings "*Board of Directors*" and "*Executive Management*" above and their private interests or other duties.

Auditors

Deloitte AB, Rehnsgatan 11, SE-113 79 Stockholm, Sweden, has been the Issuer's auditor since the annual general meeting held on 28 April 2016. Deloitte is represented by the auditor in charge Malin Lüning (Authorised Public Accountant).

Malin Lüning is a member of FAR, the professional institute for authorised public accountants, authorised public accountants, licensed auditors for financial institutions and other highly qualified professionals in the accountancy sector in Sweden.

LEGAL AND SUPPLEMENTARY INFORMATION

Information about the Prospectus

This Prospectus has been approved by the Swedish FSA as competent authority under the Regulation (EU) 2017/1129 (Prospectus Regulation). The Swedish FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The Swedish FSA's approval should not be considered as an endorsement of the Issuer 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.

The validity of this Prospectus will expire twelve months after the date of the approval of the Prospectus. 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.

Authorisations and responsibility statement

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Notes and the performance of its obligations relating thereto. The issuance of the Notes was authorised by a resolution of the board of directors of the Issuer on 14 December 2023.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

Material agreements

Neither the Issuer nor any other company within the SBAB Group has 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 the Issuer's ability to meet its obligations to Noteholders.

For information about the credit facility agreement between the Issuer and SCBC, please refer to "*Credit facility agreement between the Issuer and SCBC*" in "*Description of the Issuer*" above.

Governmental, legal and arbitration proceedings

Neither the Issuer nor any other company within the SBAB Group has been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened that the Issuer is aware of) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the SBAB Group's financial position or profitability.

Certain material interests

The Joint Bookrunners and the Issuing Agent (and their closely related companies) have engaged in, and may in the future engage in, certain investment banking and/or commercial banking and other services to the Issuer and the SBAB Group for which they will receive remuneration. Accordingly, conflicts of interest may arise as a result of the Joint Bookrunners and the Issuing Agent 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 material adverse change in the prospects of the Issuer since 2 February 2024, being the date of the Issuer's last published audited financial statements.

Except as set out above, there has been no significant change in the financial performance or financial position of the SBAB Group since 31 December 2023, being the date of the end of the last financial period for which financial information has been published to the date of this Prospectus.

Third party information

The Issuer confirms that the information sourced from third parties has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by the relevant third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information sourced from third parties has not been audited and has not been scrutinised or approved by the Swedish FSA.

Incorporation by reference

The following information has been incorporated into this Prospectus by reference and should be read as part of the Prospectus. Reference is made as follows:

Annual Report for 2019¹

Administration report (p. 64-93, 95, 97), consolidated income statement (p. 94), consolidated statement of comprehensive income (p. 94-95), consolidated balance sheet (p. 96-97), consolidated statement of changes in equity (p. 98-99), consolidated cash-flow statement (p. 100-101), notes (p. 102-168), auditor's report (p. 183-185) and alternative performance measures (p. 188).

Annual Report for 2020²

Administration report (p. 74-110), consolidated income statement (p. 108), consolidated statement of comprehensive income (p. 108-109), consolidated balance sheet (p. 110-111), consolidated statement of changes in equity (p. 112-113), consolidated cash-flow statement (p. 113-115), notes (p. 116-188), auditor's report (p. 205-207) and alternative performance measures (p. 210).

Annual Report for 2021³

Administration report (p. 68-87, 95 and 100-186), consolidated income statement (p. 101), consolidated statement of comprehensive income (p. 100-101), consolidated balance sheet (p. 102-103), consolidated statement of changes in equity (p. 104-105), consolidated cash-flow statement (p. 106-107), notes (p. 108-186), auditor's report (p. 205-207) and alternative performance measures (p. 210).

Annual Report for 2022⁴

Administration report (p. 44-65, 73 and 78-165), consolidated income statement (p. 78), consolidated statement of comprehensive income (p. 78-79), consolidated balance sheet (p. 80-81), consolidated statement of changes in equity (p. 82-83), consolidated cash-flow statement (p. 84-85), notes (p. 86-164), auditor's report (p. 184-186) and alternative performance measures (p. 189-190).

Year-end Report for 2023⁵

Condensed income statement (p. 23), condensed statement of comprehensive income (p. 24), condensed balance sheet (p. 25), condensed statement of changes in equity (p. 26), condensed cash-flow statement (p. 27), notes (p. 28-44), alternative performance measures (p. 53-55) and auditors review report (p. 56).

Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in Notes or is covered elsewhere in the Prospectus.

The Issuer's annual reports have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (*lagen 1995:1559 om årsredovisning i kreditinstitut och värdepappersbolag*), the accounting regulations of the Swedish FSA in respect of Credit Institutions and

¹ https://www.sbab.se/download/18.2a8e0e9e17111db4ead24/1585561335171/SBAB_AR_2019_ENG_FINAL.pdf

² https://www.sbab.se/download/18.479067b71773fa213c372b/1612977332785/SBAB_Q4_2020_FINAL_ENG.pdf

³ https://www.sbab.se/download/18.1a43fdec17fb5d81a2b3c/1648115953842/SBAB_AR_2021_ENG_FINAL_20220325.pdf

⁴ https://www.sbab.se/download/18.3dd4193a1867e1c48471941/1679576781139/SBAB%20%C3%85R%202022_ENG_FINAL.pdf

⁵ [https://www.sbab.se/download/18.43c35c8018d11ae303024aa/1706795027221/SBAB%20Bank%20AB%20\(publ\)%20Q4%202023%20ENG.pdf](https://www.sbab.se/download/18.43c35c8018d11ae303024aa/1706795027221/SBAB%20Bank%20AB%20(publ)%20Q4%202023%20ENG.pdf)

Securities Companies (*Föreskrifter och allmänna råd (FFFS 2008:25) om årsredovisning i kreditinstitut och värdepappersbolag* (including its amendments)) and the Supplementary Accounting Rules for the SBAB Group (RFR 1) of the Swedish Financial Reporting Board have been applied. The Annual Reports for 2019 –2022 have been audited by the Issuer’s auditor and the Year-end Report for 2023 has been reviewed by the Issuer’s auditor in accordance with the International Standard on Review Engagements (ISRE) 2410. With the exception of the annual reports, no information in this Prospectus has been audited by the Issuer’s auditor.

Documents available

During the term of this Prospectus, the following documents are available at the Issuer’s website:

- the Issuer’s articles of association and certificate of registration;⁶ and
- the Terms and Conditions of the respective Notes.⁷

⁶ https://www.sbab.se/1/in_english/about_sbab/facts_about_sbab/corporate_governance.html

⁷ https://www.sbab.se/1/in_english/investor_relations/investor_relations/the_sbab_groups_funding_programmes/sbab_-_unsecured_funding/capital_instruments/capital_instruments.html

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures (APMs) are financial metrics of historical or future performance, financial position or cash flows that are not defined in the applicable rules for financial reporting (among others, IFRS and the Swedish Annual Accounts Act) or in the EU's Capital Requirements Directive (CRD IV)/Capital Requirements Regulation (CRR) (as amended). The SBAB Group uses APMs when these are relevant for the presentation and follow-up of the SBAB Group's financial position and when these metrics are deemed to provide additional valuable information to readers of the financial reports. The SBAB Group has also chosen to present the APMs as they are in common use within the industry. APMs can be calculated with various approaches and, accordingly, SBAB's metrics are not directly comparable with similar metrics presented by other companies. All alternative performance measures in this Prospectus have been derived from SBAB's annual report for 2019, 2020, 2021 and 2022 and from Year-End Report 2023. Alternative performance measures have not been audited nor reviewed by SBAB's auditor. In addition to the alternative performance measures that are incorporated by reference (see "Incorporation by reference" above), the following alternative performance measures are also presented in this Prospectus.

%	2023	2022	2021	2020	2019
Maximum distributable amount (MDA)	10.1%	10.2%	9.2%	8.0%	10.7%
MDA Buffer	2.2%	2.6%	4.3%	5.4%	2.4%
Net credit losses/MDA buffer	2.5%	1.7%	-0.2%	0.5%	0.9%
Net profit/Risk Exposure Amount (REA)	1.4%	1.3%	1.5%	1.4%	1.5%

Definitions and explanations

Measure	Definition	Explanation
Maximum distributable amount (MDA) ⁸	CET1 pillar 1 requirement + pillar 2 requirement (P2R) + combined buffer requirement (both as calculated in accordance with CRR).	The MDA aims to provide the reader with further information regarding the CET1 capital level under which discretionary payments on dividends and additional tier 1 (AT1) coupons would be constrained.
MDA buffer (SEK)	Total CET1 capital less MDA (both as nominal amounts).	The APM aims to provide the reader with further information regarding the buffer of CET1 capital that is available for coupon payments before reaching the maximum distributable amount, i.e., the cushion above the capital level at which discretionary payments on dividends and additional tier 1 (AT1) coupons would be constrained.
MDA buffer %	CET1 capital ratio less MDA (both as a percentage of total risk-weighted exposure amount).	The APM aims to provide the reader with further information regarding the buffer of CET1 capital that is available for coupon payments before reaching the maximum distributable amount, i.e., the cushion above the capital level at which discretionary payments on dividends and additional tier 1 (AT1) coupons would be constrained.
Net credit losses/MDA buffer	Net credit losses (for the period) in relation to MDA buffer (both expressed as nominal amounts).	The APM aims to provide the reader with further information regarding the asset quality and risk in relation to the ability to pay coupons.
Net profit/Risk Exposure Amount (REA)	Net profit (for the period) in relation to Risk Exposure Amount (REA) (closing balance for the period).	The APM aims to provide the reader with further information regarding the capital generation

⁸ Prior to 2021, The Swedish FSA did not make a formal decision, in normal times, regarding additional capital requirement in Pillar 2. Therefore, Pillar 2 was not an official part of the MDA. In the table above the Pillar 2-requirement is included as part of the MDA-calculation for comparability.

MDA buffer and Net credit losses in relation to MDA buffer

	2023	2022	2021	2020	2019
CET1 capital, %	12.3	12.8	13.5	13.4	13.1
Maximum distributable amount (MDA), %	10.1	10.2	9.2	8.0	10.7
MDA buffer, %	2.2%	2.6%	4.3%	5.4%	2.4%
Net credit losses, SEK m	-93	-68	11	-32	-26
MDA Buffer, SEK m	3,697	3,958	6,031	7,023	2,888
Net credit losses/MDA buffer, %	2.5%	1.7%	-0.2%	0.5%	0.9%
Net profit, SEK m	2,408	2,081	2,081	1,839	1,788
Risk Exposure Amount (REA), SEK m	166,294	154,151	138,876	130,267	120,571
Net profit/Risk Exposure Amount (REA), %	1.4%	1.3%	1.5%	1.4%	1.5%

ADDRESSES

The Issuer

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SE-171 04 Solna, Sweden

Visiting address

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Telephone: +46 (0)771-45 30 00
www.sbab.se

Joint Bookrunner and Issuing Agent

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SE-106 40 Stockholm, Sweden
www.sebgroup.com

Joint Bookrunner

Swedbank AB (publ)

Malmskillnadsgatan 23
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www.swedbank.se

Legal adviser to the Issuer

Advokatfirman Cederquist

P.O. Box 1670
SE-111 96 Stockholm, Sweden
www.cederquist.se

The Agent

Nordic Trustee & Agency AB (publ)

Norrlandsgatan 23
SE-111 43 Stockholm, Sweden
www.nordictrustee.com

The CSD

Euroclear Sweden

Klarabergsviadukten 63
SE-101 23 Stockholm, Sweden
www.euroclear.com/sweden

SBAB!

P.O. Box 4209, SE-171 04 Solna, Sweden
www.sbab.se