

This prospectus was approved by the Swedish Financial Supervisory Authority on 6 September 2019.

---

# SBAB!

---

**SBAB Bank AB (publ)**

**Prospectus for the listing and admission to trading of**

**SEK 1,600,000,000 Floating Rate Additional Tier 1 Capital Notes**

ISIN: SE0012193779

**and**

**SEK 400,000,000 Fixed-to-Floating Rate Additional Tier 1 Capital Notes**

ISIN: SE0012193787

---

*Joint Bookrunner and Issuing Agent*

**SEB**

*Joint Bookrunners*

**Danske Bank**

**Nordea**

## Important information

In this prospectus, the “**Issuer**” means SBAB Bank AB (publ), Swedish Corporate ID No. 556253-7513 and LEI code HOYX5LBGKDVOWCXBZ594. “**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 (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

On 5 September 2019 (the “**Issue Date**”), the Issuer issued Floating Rate Additional Tier 1 Capital Notes (the “**Floating Rate Notes**”) in the Total Nominal Amount of SEK 1,600,000,000 and Fixed-to-Floating Rate Additional Tier 1 Capital notes (the “**Fixed-to-Floating Rate Notes**”) in the Total Nominal Amount of SEK 400,000,000. 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 listing and 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 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; and (ii) 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 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 “**PRIIPs 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 (the “**Securities Act**”) 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 2014, 2015, 2016, 2017 and 2018, 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.

## TABLE OF CONTENTS

RISK FACTORS .....	4
OVERVIEW OF THE NOTES.....	19
TERMS AND CONDITIONS FOR THE FLOATING RATE NOTES .....	26
TERMS AND CONDITIONS FOR THE FIXED-TO-FLOATING RATE NOTES .....	57
DESCRIPTION OF THE ISSUER .....	89
THE BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS .....	94
LEGAL AND SUPPLEMENTARY INFORMATION .....	96
ADDRESSES.....	100

**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.**

## 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 the Swedish housing market***

Since the fall in house prices by approximately 10 per cent. in late autumn 2017, prices have remained relatively stable in 2018 and largely stable in 2019 although there is a slight hint of upturn. However, there is a risk that housing prices may fall back slightly as interest rates may rise in the future. For example, with regard to new homes, there has recently been an increase of newly built multi-family dwellings, which is why that particular market segment could be subject to less demand in upcoming years, which could have a negative impact on the housing market. In addition, in 2018 and continuing in 2019, many housing developers have experienced difficulties with selling parts of their newly produced units. In some local markets, signals thus indicate that the supply of newly produced housing has been greater than the real demand. Examples of such signals include longer advertisement times, fewer bidders per property, falling bid premiums and a larger proportion of housing with lowered prices. Accordingly, there is a risk that the Swedish housing market could decline. If the Swedish housing market were to decline, and demand for new loans, as a consequence, were to significantly decrease, this would negatively affect demand for 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 quick rise in interest rates or unemployment levels. Legal requirements, such as further increased amortisation requirements or stricter caps on loan to value levels, may have an adverse effect on house prices, in particular in urban areas where the market value is higher, and contribute to a reduction in lending growth. Furthermore, potential tightening of monetary policy can be expected to hold back house price development. Any such changed regulations or upcoming tightening of monetary policies that hold back house price development would further accentuate the risk of decreased demand for new loans in general, including loans that could be originated by 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 (*pantbrev*) in respect of properties, or pledges over tenant-owners' rights (*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 and corporate clients, the majority of which are concentrated in major metropolitan areas in Sweden. One of the main risks related to the Swedish residential mortgage market is the credit risk associated with borrowers' creditworthiness, their ability to pay under the mortgage loan, and the value of the mortgaged properties. The debt-to-income ratio of borrowers continues to increase, which

is likely to increase the risk profile among the Issuer's customers in the event of rising interest rates. 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. Due to increased 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. Hence, 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 development of the Swedish mortgage housing market may affect the Issuer is uncertain and presents a highly significant risk for a negative development on demand for mortgage loans originated by the Issuer.

### ***Risks relating to 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 to Issuer more specifically 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 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 conditions 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 for a negative development 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.

### ***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 economy, since financial institutions, both in Sweden and globally, are dependent on the global credit market and economy being opulent, so that people are willing and able to take up loans. For the Issuer, the risk is specifically linked to customers' willingness to buy new 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 higher savings and thereby accentuate these risks.

Moreover, Sweden, being a small economy dependent on exports, is largely dependent on the development of the global economy and the global financial markets. This means that although the Swedish

economy, in isolation, would perform well, a negative development in the global economy normally influences the Swedish economy in such manner that the Swedish economy also develops negatively. This was, for example, seen during the global financial crisis starting in 2008, where the Swedish economy was largely affected by the negative global financial development. 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 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 operation 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 (i.e., within the Issuer's operations that include, for example, governmental counterparties such as municipalities). Investment risk arises in relation to financial investments if a debtor does not fulfil its payment obligations, meaning it either pays late or not at all. Investment risk arises through investments in 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). Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in the business of the Issuer. Adverse changes in the credit quality of the Issuer's borrowers and counterparties due to, for example, a general deterioration in the Swedish, European or global economic conditions, or arising from systemic risks in the financial systems, 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 market risk includes interest-rate risk, currency risk, basis risk and spread risk. Interest-rate risk arises if variations in interest rates result in losses or lower future income as assets and liabilities have different fixed-interest periods and interest terms. 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 lending.

Currency risk arises in relation changes in the exchange rate for SEK (the Issuer's reporting currency) against other currencies that result in mark-to-market losses or lower future income. Changes in interest rate

levels, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. Changes in currency rates affect the value of assets and liabilities denominated in foreign currencies and affect income from foreign exchange. Certain interest-rate and currency risks arise due to a mismatch in interest rate flows.

Against this background, a liquid derivative market enabling the Issuer to swap foreign currencies and interest rates is essential and any significant disruption in the access to such market would harm the Issuer. Furthermore, the performance of financial markets typically affects the value of the Issuer's liquidity portfolio. Basis risk refers to the risk associated with transactions that are linked to different interest bases. Spread risk refers to an exposure to changing conditions between interest costs for different issuers. The degree to which interest rates may vary is uncertain and presents a highly significant risk to the Issuer's interest costs margins.

### ***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 and be would prevented from making interest and amortisation payments as a result of such disruption. 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 an ongoing extensive project to replace the Issuer's system platform, since parts of its infrastructure have become obsolete and outdated, the Issuer has identified risks indicating that the change is not proceeding fast enough, that there are too many development-related disturbances in daily operations and that the lifecycle management of other support systems are lagging behind. Accordingly, this accentuates the IT-related risks and thus further increase the negative outcomes. 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. Any breach in security of the Issuer's IT systems risks to crash important systems and disrupt the Issuer's business. There is also a risk of blackmail attempts and the disclosure of sensitive or confidential information, which would create significant financial and legal exposure, and damage the Issuer's reputation and brand. Since the Issuer's business in all important respects is digitalised (for example, mortgage applications are filed online, and loans are being granted via the Issuer's website), these risks are more prominent to the Issuer compared to competitors and other lenders whose operations are less digitalised. The degree to which failure operational or the occurrence of a cyber-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 SCBC. The Issuer's claims for the purchase price of the mortgage loans acquired by AB Sveriges Säkerställda Obligationer (publ) (with the parallel trade name The Swedish Covered Bond Corporation) ("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 (*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 of 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. 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 or the replacement of the Issuer with another counterparty, and/or limit the range of counterparties willing to enter into transactions with the Issuer.

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.

### ***Sustainability and CSR 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, the climate and the environment, human rights and working conditions (including social conditions and personnel-related matters), anti-corruption efforts and financial criminality.

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

Furthermore, 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 some 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. The degree to which sustainability and CSR 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, as a group conducting banking and financing operations, the SBAB Group is subject to regulations and regulatory supervision pursuant to numerous directives, laws, regulations and policies issued by, inter alia, the European Union (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).

The management of business, regulatory and legal risks requires, among other things, guidelines and policies for the accurate registration and control of a large number of transactions and events. However, there is a risk that such guidelines and policies are not always adequate and compliant with applicable regulations. Non-compliance with, as well as deficiencies in, guidelines and policies for risk management that leads to negative publicity or criticism from the Swedish FSA or other regulators within the financial sector would

thus have a material adverse effect on the Issuer's reputation, which is likely to adversely affect demand for loans offered by the Issuer. Furthermore, any non-compliance that would lead to fines from the Swedish FSA or other regulators require the Issuer to pay amounts (which may be significant) and take measures to ensure compliance. The degree to which alterations in the regulatory landscape in which the Issuer operates may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's compliance costs.

As a lender to the Swedish residential mortgage market aimed primarily at individuals, the SBAB Group processes large quantities of personal data on its customers. Such processing of personal data is subject to extensive regulation and scrutiny following the implementation of the general data protection regulation 2016/679/EU ("GDPR"), applicable as of 25 May 2018. Efforts to continuously ensure compliance with the GDPR is time-consuming and costly. Any administrative and monetary sanctions (including administrative fines of up to the greater of EUR 20 million or 4.0 per cent. of the SBAB Group's total global annual turnover) or reputational damage due to incorrect implementation or breach of the GDPR would adversely impact the SBAB Group's business, financial condition and results of operations. The degree to which non-compliance with applicable requirements may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's operations and reputation.

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

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

In 2018, the SBAB Group's tax expenses totalled SEK 515 million and its income tax rate was 23.0 per cent. Accordingly, tax expenses constitute a significant part of the SBAB Group's total expenses (approximately 33 per cent). Should the SBAB Group's tax situation for previous, current and future years change (as a result of legislative changes and decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities, potentially with retroactive effect), it could adversely affect the SBAB Group's 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 2018, the SBAB Group's deferred tax assets(+)/liabilities(-) totalled SEK -194 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 such 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, in 2018, the then-current Swedish government presented a proposal for tax on financial services based on an argued tax advantage for businesses supplying financial services since these services are VAT exempt. The proposal has not yet led to any legislation but certain political parties have expressed their intention to prepare a new proposal on such or similar tax legislation. The details of any intended changes to tax legislation are not yet known but would, if implemented, have an adverse effect on the SBAB Group as set out in the foregoing paragraph. The degree to which amendments to tax legislation may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's tax position.

### ***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 include, *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. Certain buffers may be applicable to the Issuer as determined by the Swedish FSA and certain buffers will increase during the fall of 2019. 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 such as the Notes.

For the period 31 December 2018 to 31 December 2020, the Swedish FSA has changed the method for applying the risk-weight floor for Swedish mortgages. The change has increased the Issuer’s Pillar 1 Risk Exposure Amount (“**REA**”) significantly, but is not viewed to have any material effect on the total (Pillar 1 and Pillar 2) capital requirement in nominal terms. However, given the increase in REA, the actual capital ratios of the Issuer (expressed as a percentage of REA) have decreased. Consequently, the Issuer’s headroom to pay dividends on CET1 capital and make discretionary distributions has reduced compared to previous periods. This has an impact on the Issuer’s amount of funds available for payments under the Notes.

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 Issuer is subject to the Bank Recovery and Resolution Directive (“**BRRD**”) (which was amended by Directive (EU) 2019/879 (“**BRRD II**”) on 27 June 2019 where most of the new rules in BRRD II will start to apply mid-2021). 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 Issuer) 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 (in Sweden, the Swedish National Debt Office (*Riksgäldskontoret*)) upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, including CET1 instruments of the surviving entity, which equity could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (including, in the case of the Issuer, 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. Ultimately, the authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval.

It is not possible to predict exactly how the powers and tools of the Swedish National Debt Office provided in the BRRD (as implemented into Swedish law) will affect the Issuer and the SBAB Group, or the Noteholders. However, the powers and tools given to the Swedish National Debt Office are numerous and the exercise of any of those powers or any suggestion of such exercise would, therefore, materially adversely affect the rights of Noteholders (should the Notes be written-down or converted to other securities as set out above), the price or value of the Notes (should the secondary market not trade the Notes at their nominal amount) and/or the ability of the Issuer to satisfy its obligations under the Notes (should the resolution authority take control over the Issuer in certain scenarios). The degree to which amendments to BRRD or application of BRRD may affect the Issuer is uncertain and presents a highly significant risk to the Issuer's funding and compliance costs.

### ***Risks relating to the minimum requirement for own funds and eligible liabilities***

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"), calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (the Swedish National Debt Office for Sweden) on a case by case basis.

The MREL requirement has been required to be met as from 1 January 2018 (the liabilities proportion principle). On 18 June 2018 the Swedish National Debt Office announced and clarified the MREL requirement of the Issuer which means that by 1 January 2022 at the latest, the requirement must be fully met with subordinated and non-preferred liabilities (the subordinated and non-preferred liabilities principle). As a result, the Issuer will be required to issue an amount of additional eligible liabilities in the form of senior non-preferred notes in order to meet the new MREL requirements within the required timeframes.

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

Further, given that the MREL requirements must be met by all EU credit institutions, there is a risk that there is not a sufficient investor appetite in the debt markets for the aggregate volume of eligible liabilities which must be issued up until 1 January 2022, 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 principles for classification of financial instruments, and provisioning for expected credit losses which are mandatory, and were therefore fully implemented by the SBAB Group, as of 1 January 2018. IFRS 9 provides a new general hedge accounting model which is not yet mandatory, which is why it is currently not possible to determine the extent of the impact that the implementation of the hedge accounting model will have on CET 1 capital as the new rules for the transition, and its impact on capital ratios, are not yet final. Recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant impact on the Issuer’s business and financial reporting. IFRS 9 is an intricate accounting standard which requires significant judgment to determine the loan loss provision. As of 31 December 2018, the SBAB Group’s loans to the public amounted to SEK 364,215 million, with loan loss provisions of SEK 131 million. Given the significance of loans to the public (representing 81 per cent. of the SBAB Group’s total assets), the impact from the inherent uncertainty and subjectivity involved in assessing loan loss provisions, as well as the extensive disclosures required under IFRS 9 means that the IFRS 9 transition presents a significant risk for the SBAB Group.

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.

***Non-compliance with anti-money laundering***

Criminal activity within the banking industry, in which the SBAB Group operates, has been increasingly uncovered in recent years. This area, not least the issue of money laundering, received particularly intense media attention in 2018 and so far also in 2019. As a bank, the Issuer is subject to a regulatory framework which requires the Issuer to take measures to counteract money laundering and terrorist financing within its operations. There is a risk that the Issuer’s procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are not sufficient or adequate to ensure that the Issuer complies with the regulatory framework. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties, which may result in a failure to comply with the anti-money laundering regulatory framework.

Failure to comply with such regulatory framework is likely to result in legal implications, including remarks or warnings and/or significant administrative fines imposed by the Swedish FSA or other regulatory bodies, which could cause significant, and potentially irreparable, damage to the reputation of the SBAB Group and, as a result, the SBAB Group’s business (should the demand for its products and services decrease), financial condition (should the value of its assets decrease) and results of operations (should its revenue decrease and/or its costs increase) could be materially adversely affected. The degree to which non-compliance with anti-money laundering may affect the Issuer is uncertain and presents a highly significant risk to the Issuer’s reputation, financial condition and results of operations.

### **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 950,000. There is a risk that regulatory changes which decrease the maximum compensation amount or change the SDIS are implemented 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 Issuer’s collateral**

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

In addition, when collateral is enforced, a court order is normally required to establish the borrower’s obligation to pay and to enable a sale by execution measures. 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 real property. Should the prices of real property 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. The degree to which changes to the Issuer’s collateral may vary is uncertain and presents a highly significant risk to the Issuer’s results of operations.

## **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 factor “*The Bank Recovery and Resolution Directive*” above, 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 (including, without limitation, 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 Issuer 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 Issuer 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.

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 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 11.4 (*Early 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. 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 First Call Date 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 First Call Date 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 26-56 and the complete terms and conditions for the Fixed-to-Floating Rate Notes are found on pages 57-88.*

### The Notes

The Issuer has issued 800 Floating Rate Notes with a Nominal Amount of SEK 2,000,000 each. The aggregate nominal amount of the Floating Rate Notes is SEK 1,600,000,000. The Issuer has issued 200 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 400,000,000.

The Notes are denominated in Swedish kronor.

### ISIN codes

The Floating Rate Notes have been allocated the ISIN code SE0012193779. The Fixed-to-Floating Rate Notes have been allocated the ISIN code SE0012193787.

### 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 Issuer 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:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) 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;
- (iii) 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
- (iv) junior to any present and future claims of (a) depositors of the Issuer, (b) any other unsubordinated creditors of the Issuer, (c) 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 (d) except as expressly stated in (ii) 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 5 September 2019. The Notes are perpetual and have no fixed date for redemption. The Issuer may only redeem the Notes in the circumstances described in Clause 11 (*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 11.5 (*Permission from the Swedish FSA*) of the respective Terms and Conditions, the Issuer or a Group Company, or other company forming part of the Issuer 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.

### Early 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 on (i) the relevant First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

The Issuer can exercise its option by giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent 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 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 or that the Issuer will not elect to exercise such a call. Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes indefinitely.

### Early 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 due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

## Interest

### Floating Rate Notes

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. 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).

### Fixed-to-Floating Rate Notes

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.

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).

### 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 or the Issuer Consolidated Situation, as calculated in accordance with the Applicable Banking Regulations, is less than 5.125 per cent., in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation, 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 800 for the Floating Rate Notes and SEK 200 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 Issuer 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 10.1 (*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 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 1,600,000,000 for the Floating Rate Notes and SEK 400,000,000 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. This benchmark is provided by the Swedish Bankers' Association and/or its wholly owned subsidiary Financial Benchmarks Sweden AB. At the date of this Prospectus, neither of the Swedish Bankers' Association and Financial Benchmarks Sweden AB appears on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, the provisions in Article 51 of the Benchmarks Regulation apply such that the Swedish Bankers' Association or Financial Benchmarks Sweden AB is not yet required to obtain authorisation or registration.

## Listing and admission to trading of the Notes

The Issuer shall use reasonable efforts to ensure that the Notes are listed and admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date, or, if such listing and admission to trading is not possible to obtain, listed and admitted to trading on another Regulated Market. Prior to any listing and 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 listing and admission to trading, use reasonable efforts to maintain the listing and admission to trading as long as any Notes are outstanding, however not longer than up to and including the last day of which the listing and admission to trading can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD, subsist.

It is estimated that the Issuer's costs in conjunction with the listing and admission to trading will be SEK 59,250 for the Floating Rate Notes and SEK 59,750 for the Fixed-to-Floating Rate Notes up to their respective First Call Date and thereafter SEK 1,000 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 prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 17.2 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. Such Business Day specified pursuant to paragraph (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 item (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.

### **Prescription**

The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. Subject to Clause 9 (*Interest and interest cancellation*) of the respective Terms and Conditions, the right to receive payment of interest (excluding any capitalised interest) shall be prescribed 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 prescribed 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 Corporate ID 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, Nordea Bank Abp, Finnish Reg. No. 2858394-9 and Danske Bank A/S, Danish Reg. No. 61126228, have been appointed as Joint Bookrunners.

## Ratings

The Notes have been assigned the credit rating BB by S&P and Ba1 by 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&P's rating scale

AAA	_____
AA+	_____
AA	_____
AA-	_____
A+	_____
A	_____
A-	_____
BBB+	_____
BBB	_____
BBB-	_____
BB+	_____
BB	_____
BB-	_____
B+	_____
B	_____
B-	_____
CCC+	_____
CCC	_____
CCC-	_____
CC	_____
C	_____
D	_____

### Moody's

#### Moody's rating scale

Aaa	_____
Aa1	_____
Aa2	_____
Aa3	_____
A1	_____
A2	_____
A3	_____
Baa1	_____
Baa2	_____
Baa3	_____
Ba1	_____
Ba2	_____
Ba3	_____
B1	_____
B2	_____
B3	_____
Caa	_____
Ca	_____
C	_____

**Use of proceeds**

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 effect 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**

---

**SBAB!****TERMS AND CONDITIONS FOR  
SBAB Bank AB (publ)  
SEK 1,600,000,000  
FLOATING RATE  
ADDITIONAL TIER 1 CAPITAL NOTES  
ISIN: SE0012193779**

---

*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, 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.*

*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 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; and (ii) 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 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 offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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; or (ii) a customer within the meaning of the Insurance Distribution Directive, 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 the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the “PRIIPs 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.*

### **PRIVACY NOTICE**

*The Issuer and the Agent may collect and process personal data relating to the Noteholders, the Noteholders' representatives or agents, and other persons nominated to act on behalf of the Noteholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Notes). The personal data relating to the Noteholders is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.*

*The personal data collected will be processed by the Issuer and the Agent for the following purposes:*

- a) to exercise their respective rights and fulfil their respective obligations under the Finance Documents;*
- b) to manage the administration of the Notes and payments under the Notes;*
- c) to enable the Noteholders' to exercise their rights under the Finance Documents; and*
- d) to comply with their obligations under applicable laws and regulations.*

*The processing of personal data by the Issuer and the Agent in relation to items (a)-(c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer or Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.*

*Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.*

*Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer and the Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.*

*The Issuer's and the Agent's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites: [sbab.se/1/privat/kundservice/service/gdpr\\_\\_nya\\_regler\\_om\\_skydd\\_vid\\_-\\_behandling\\_av\\_personuppgifter.html](http://sbab.se/1/privat/kundservice/service/gdpr__nya_regler_om_skydd_vid_-_behandling_av_personuppgifter.html) and [nordictrustee.com/.se](http://nordictrustee.com/.se).*

## TABLE OF CONTENTS

1.	DEFINITIONS AND CONSTRUCTION .....	29
2.	STATUS OF THE NOTES.....	35
3.	USE OF PROCEEDS .....	36
4.	CONDITIONS FOR DISBURSEMENT.....	36
5.	NOTES IN BOOK-ENTRY FORM .....	37
6.	RIGHT TO ACT ON BEHALF OF A NOTEHOLDER .....	37
7.	ADMISSION TO TRADING AND LISTING .....	38
8.	PAYMENTS IN RESPECT OF THE NOTES .....	38
9.	INTEREST AND INTEREST CANCELLATION .....	39
10.	LOSS ABSORPTION AND REINSTATEMENT .....	40
11.	REDEMPTION AND REPURCHASE OF THE NOTES.....	42
12.	INFORMATION TO NOTEHOLDERS .....	43
13.	DISTRIBUTION OF PROCEEDS .....	44
14.	UNDERTAKINGS .....	44
15.	DECISIONS BY NOTEHOLDERS .....	45
16.	NOTEHOLDERS' MEETING .....	47
17.	WRITTEN PROCEDURE.....	47
18.	AMENDMENTS AND WAIVERS .....	48
19.	BASE RATE REPLACEMENT.....	48
20.	APPOINTMENT AND REPLACEMENT OF THE AGENT .....	50
21.	APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT .....	53
22.	APPOINTMENT AND REPLACEMENT OF THE CSD .....	53
23.	NO DIRECT ACTIONS BY NOTEHOLDERS.....	53
24.	BANKRUPTCY OR LIQUIDATION.....	54
25.	PRESCRIPTION .....	54
26.	NOTICES .....	54
27.	FORCE MAJEURE AND LIMITATION OF LIABILITY .....	55
28.	GOVERNING LAW AND JURISDICTION .....	55

## 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 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.

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

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

“**Affiliate**” means (i) 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 (ii) 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 item (i) to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in item (i). 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 on or 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.

“**Alternative Base Rate**” means the rate that the Independent Adviser or the Issuer determines has replaced the applicable Base Rate in and which is customarily applied in the relevant debt capital

markets for the purposes of determining rates of interest in respect of notes denominated in Swedish Kronor and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer determines that there is no such rate, such other rate as the Independent Adviser or the Issuer determines in its sole discretion is most comparable to the applicable Base Rate.

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the Group, 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 Issuer Consolidated Situation).

“**Base Rate**” means STIBOR or, following the occurrence of a Base Rate Event, any reference rate replacing STIBOR in accordance with Clause 19 (*Base Rate replacement*).

“**Base Rate Determination Date**” means as set forth in paragraph in Clause 19.2.1(a).

“**Base Rate Event**” means:

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

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

“**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 Issuer Consolidated Situation or the reclassification, wholly or partially, of the Notes as a lower quality form of regulatory capital, provided that the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date (other than by reason of a partial exclusion of the Notes as a result of a write-down following a Trigger Event) 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 Issuer 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:

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

“**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.

“**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.

“**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.

“**Distributable Items**” shall have the meaning given to such term in CRD IV (as most recently amended by Directive (EU) 2019/878 and Directive (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 anniversary of the Issue Date.

“**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**”).

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

“**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 (1996:764) 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 9.1 (*Interest*).

“**Interest Payment Date**” means 5 March, 5 June, 5 September and 5 December 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 5 December 2019 and the last Interest Payment Date shall be the relevant Redemption Date.

“**Interest Period**” means (i) in respect of the first Interest Period, the period from (but excluding) the Issue Date to (and including) the first Interest Payment Date, and (ii) 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 3.65 per cent. (and any applicable Adjustment Spread) *per annum*.

“**Issue Date**” means 5 September 2019.

“**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.

“**Issuer 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.

“**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) 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 Issuer Consolidated Situation.

“**Nominal Amount**” has the meaning set forth in Clause 2.4.

“**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 16 (*Noteholders’ Meeting*).

“**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.

“**Qualifying Securities**” means securities issued directly by the Issuer following a substitution or variation of the Notes in accordance with Clause 11.4(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) 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
- (f) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Banking Regulations.

If the Notes were admitted to trading and listed on a Regulated Market immediately prior to the relevant substitution or variation, the Issuer shall use reasonable efforts to ensure that the relevant Qualifying Securities are admitted to trading and listed on a Regulated Market within thirty (30) days from their issuance.

**“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 (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 13 (*Distribution of proceeds*) or (iv) a date of a Noteholders’ Meeting or (v) 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 11 (*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 10.2.6.

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

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

**“Risk Exposure Amount”** means, at any time, with respect to the Issuer or the Issuer Consolidated Situation, as the case may be, the aggregate amount of the risk weighted assets or equivalent of the Issuer or the Issuer 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 (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

**“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 applicable percentage rate *per annum* displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period (other than due to a Base Rate Event), the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, as the rates quoted by it for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b) (other than due to a Base Rate Event), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits of SEK 100,000,000 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 the Issuer or the Issuer Consolidated Situation, as calculated in accordance with the Applicable Banking Regulations, is less than 5.125 per cent., in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation, 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 10.1.5.

“**Write Down Date**” has the meaning as set forth in Clause 10.1.2.

“**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 and/or the Issuer 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 10.2 (*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 17 (*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, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (c) a provision of 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](http://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.

## 2. STATUS OF THE NOTES

- 2.1 The Notes on issue are intended to constitute Additional Tier 1 Capital of the Issuer and the Issuer 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:
- (i) *pari passu* without any preference among themselves;
  - (ii) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) 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;
  - (iii) 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
  - (iv) junior to any present and future claims of (a) depositors of the Issuer, (b) any other unsubordinated creditors of the Issuer, (c) 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 (d) except as expressly stated in (ii) 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.

- 2.2 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.
- 2.3 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.
- 2.4 The initial nominal amount of each Note is SEK 2,000,000 (the “**Nominal Amount**”). The aggregate nominal amount of the Notes is SEK 1,600,000,000. 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 10 (*Loss absorption and reinstatement*), and “Nominal Amount” shall be construed accordingly.
- 2.5 Each Note is issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- 2.6 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.
- 2.7 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 law, 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 in 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.
- 2.8 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.
- 2.9 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 laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.10 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. USE OF PROCEEDS

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

### 4. CONDITIONS FOR DISBURSEMENT

- 4.1 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 resolution 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.

4.2 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1 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.

4.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 4.1 have been satisfied.

## **5. NOTES IN BOOK-ENTRY FORM**

5.1 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.

5.2 Those who according to (i) assignment, (ii) Security, (iii) the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), (iv) conditions of will or deed of gift or who have otherwise 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.

5.3 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 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 Notes.

5.4 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 kept by the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

5.5 The Issuer and the Agent may use the information referred to in Clause 5.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

## **6. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER**

6.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive,

coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.

- 6.2 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 by way of a further power of attorney.
- 6.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6.2 and may assume that it 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. ADMISSION TO TRADING AND LISTING**

- 7.1 The Issuer shall use reasonable efforts to ensure that the Notes are listed and admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or, if such listing or admission to trading is not possible to obtain, listed and admitted to trading on another Regulated Market.
- 7.2 The Issuer shall, following the listing and admission to trading, use reasonable efforts to maintain the listing and admission to trading as long as any Notes are outstanding, however not longer than up to and including the last day of which the listing and admission to trading can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD, subsist.
- 7.3 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 list or admit to trading the Notes or maintain a listing or admission to trading of the Notes in accordance with Clause 7.1 or 7.1 above occurs.

## **8. PAYMENTS IN RESPECT OF THE NOTES**

- 8.1 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 due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 8.2 If a Noteholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder at the address registered with the CSD on the Record Date. 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.
- 8.3 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.
- 8.4 If payment or repayment is made in accordance with this Clause 8 (*Payments in respect of the Notes*), 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.
- 8.5 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.

## **9. INTEREST AND INTEREST CANCELLATION**

### **9.1 Interest**

9.1.1 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.

9.1.2 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.

9.1.3 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).

### **9.2 Interest cancellation**

9.2.1 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.

9.2.2 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.

9.2.3 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.

9.2.4 A cancellation of any payment of Interest at any time shall in no event constitute an event of default for any purpose.

### **9.3 Calculation of Interest in case of write-down or reinstatement**

9.3.1 Subject to Clause 9.2 (*Interest cancellation*), in the event that a write-down of the Notes occurs pursuant to Clause 10.1 (*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).

9.3.2 Subject to Clause 9.2 (*Interest cancellation*), in the event that a reinstatement of the Notes occurs pursuant to Clause 10.2 (*Reinstatement of the Notes*), Interest shall begin to accrue on the reinstated Nominal Amount with effect from (and including) the relevant Reinstatement Date.

9.3.3 In connection with a write-down or write-up pursuant to Clause 10 (*Loss absorption and reinstatement*), the Issuer shall inform the CSD of the adjusted interest 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).

#### 9.4 No penalty interest

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

### 10. LOSS ABSORPTION AND REINSTATEMENT

#### 10.1 Loss absorption upon a Trigger Event

10.1.1 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 10.1 (*Loss absorption upon a Trigger Event*).

10.1.2 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.

10.1.3 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 rules of the CSD.

10.1.4 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 Issuer 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 (a) such Loss Absorbing Instrument's trigger level and (b) 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.

10.1.5 The aggregate reduction determined in accordance with Clause 10.1.4 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).

- 10.1.6 To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of Clause 10.1.4 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 10.1.4 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.
- 10.1.7 The Issuer shall set out its determination of the Write Down Amount per Note in the relevant notice referred to in Clause 10.1.8 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, the Agent and the Swedish FSA in accordance with Clause 26 (*Notices*). The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.
- 10.1.8 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.
- 10.1.9 Any reduction of the Nominal Amount of a Note pursuant to this Clause 10.1 (*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 10.2 (*Reinstatement of the Notes*).

## **10.2 Reinstatement of the Notes**

- 10.2.1 Following a write-down of the Total Nominal Amount in accordance with Clause 10.1 (*Loss absorption upon a Trigger Event*), the Issuer may, at its absolute discretion, 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.
- 10.2.2 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.
- 10.2.3 A reinstatement in accordance with this Clause 10.2 (*Reinstatement of the Notes*) shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Notes).
- 10.2.4 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 1,600,000,000.
- 10.2.5 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.

- 10.2.6 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 specifying 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.

## **11. REDEMPTION AND REPURCHASE OF THE NOTES**

### **11.1 No scheduled redemption**

- 11.1.1 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 11 (*Redemption and repurchase of the Notes*).

- 11.1.2 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 24 (*Bankruptcy or liquidation*).

### **11.2 Early redemption at the option of the Issuer**

Subject to Clause 11.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 11.7 (*Notice of early redemption, substitution or variation*), the Issuer may redeem all (but not some only) outstanding Notes on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

### **11.3 Purchase of Notes by the Issuer and related companies**

Subject to applicable law and to Clause 11.5 (*Permission from the Swedish FSA*), the Issuer or a Group Company, or other company forming part of the Issuer 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.

### **11.4 Early 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 11.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 11.7 (*Notice of early 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 11.4 (*Early redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.

### **11.5 Permission from the Swedish FSA**

The Issuer, or any other company forming part of the Issuer Consolidated Situation, may not redeem, purchase, substitute or vary, as contemplated by this Clause 11 (*Redemption and repurchase of the Notes*), any Notes without the prior written permission of the Swedish FSA 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.

#### **11.6 Early redemption amount**

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

#### **11.7 Notice of early redemption, substitution or variation**

11.7.1 Any redemption, substitution or variation in accordance with Clauses 11.2 (*Early redemption at the option of the Issuer*) and 11.4 (*Early redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent 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.

11.7.2 Notwithstanding Clause 11.7.1, if a Trigger Event occurs following a notice being given in accordance with Clause 11.7.1 but prior to the relevant redemption of the Notes, such notice shall be of no force and effect and Clause 10.1 (*Loss absorption upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

### **12. INFORMATION TO NOTEHOLDERS**

#### **12.1 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.

#### **12.2 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.

#### **12.3 Information among the Noteholders**

Upon 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 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.

#### **12.4 Publication of Finance Documents**

12.4.1 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.

12.4.2 The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

### 13. DISTRIBUTION OF PROCEEDS

13.1 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 20.2.9, 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 15.15;
- b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes not cancelled in accordance with Clause 9.2 (*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.

13.2 Funds that the Agent receives (directly or indirectly) following an application of Clause 13.1 in connection with the enforcement of the Notes constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing 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 13 (*Distribution of proceeds*) as soon as reasonably practicable.

13.3 If the Issuer or the Agent shall make any payment under this Clause 13 (*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.

### 14. UNDERTAKINGS

14.1 The Issuer shall, in accordance with the Agency Agreement:

- a) pay fees to the Agent;
- b) indemnify the Agent for costs, losses and liabilities;
- c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
- d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.

14.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

## 15. DECISIONS BY NOTEHOLDERS

- 15.1 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.
- 15.2 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 may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and 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.
- 15.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) 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 (ii) the suggested decision is not in accordance with applicable laws.
- 15.4 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 15.3 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 (*skuldbok*) kept by the CSD in respect of the Notes 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.
- 15.5 Should the Issuer wish to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 16.1 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 17.1, in either case with a copy to the Agent. After a request from the Noteholders pursuant to Clause 20.4.3, 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 16.1. 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 a notice or the communication.
- 15.6 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Noteholder*) from a person who is, registered as a Noteholder:
- a) on the Record Date prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
  - b) on the Business Day specified in the communication pursuant to Clause 17.2, 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. Such Business Day specified pursuant to paragraph b) above must fall no earlier than one (1) Business Day after the effective date of the communication.
- 15.7 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 17.2:

- a) a change to the terms of Clause 2 (*Status of the Notes*);
- b) a change to the terms dealing with the requirements for Noteholders' consent set out in Clauses 15 (*Decisions by Noteholders*), 16 (*Noteholders' meeting*) and 17 (*Written procedure*);
- c) a change to an Interest Rate or the Nominal Amount; and
- d) an early 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 11.5 (*Permission from the Swedish FSA*)).

15.8 Any matter not covered by Clause 15.7 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 17.2. 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 18.1a), 18.1b) or 18.1c)).

15.9 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 15.7, 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 telephone conference (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.

15.10 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 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), 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 15.10, the date of request of the second Noteholders' Meeting pursuant to Clause 16.1 or second Written Procedure pursuant to Clause 17.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 15.9 shall not apply to such second Noteholders' Meeting or Written Procedure.

15.11 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.

15.12 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.

15.13 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent 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.

- 15.14 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.
- 15.15 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.
- 15.16 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.
- 15.17 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 in Clause 15.6(a) or 15.6(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.

## **16. NOTEHOLDERS' MEETING**

- 16.1 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.
- 16.2 The notice pursuant to Clause 16.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 16.3 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.
- 16.4 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.

## **17. WRITTEN PROCEDURE**

- 17.1 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.
- 17.2 A communication pursuant to Clause 17.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day

on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) 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, and (v) 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 17.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.

- 17.3 When consents from Noteholders representing the requisite majority of the total Adjusted Total Nominal Amount pursuant to Clauses 15.7 and 15.8 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.7 or 15.8, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **18. AMENDMENTS AND WAIVERS**

- 18.1 The Issuer and the Agent (acting on behalf of the Noteholders) may, subject to the prior written permission of the Swedish FSA, agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:

- a) such amendment or waiver is not detrimental to the interest of the Noteholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;
- b) such amendment or waiver is required by applicable law, 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 Resolutions Act (*lagen (2015:1016) om resolution*);
- c) such amendment is a Base Rate Amendment made in accordance with Clause 19.3 (*Variation upon a Base Rate replacement*); or
- d) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 15 (*Decisions by Noteholders*).

- 18.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.

- 18.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 18.1, 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 12.4 (*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.

- 18.4 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.

## **19. BASE RATE REPLACEMENT**

### **19.1 General**

Any determination to be made by or any changes to the Finance Documents to be specified by the Independent Adviser or the Issuer in accordance with the provisions of this Clause 19 (*Base Rate replacement*) shall at all times be made by such Independent Adviser or the Issuer acting in good faith, provided that the determination of any Successor Base Rate or Alternative Base Rate and (in either case) any Adjustment Spread, and any other related changes to the Notes, shall be made pursuant to the Applicable Banking Regulations and be subject to the prior written permission of the Swedish FSA.

## 19.2 Base Rate determination

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

- (a) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, no later than five (5) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period (the “**Base Rate Determination Date**”), a Successor Base Rate or, alternatively, if there is no Successor Base Rate, an Alternative Base Rate for purposes of determining the applicable Base Rate for the next succeeding Interest Period;
- (b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Base Rate or an Alternative Base Rate prior to a Base Rate Determination Date, the Issuer (acting in good faith) may determine a Successor Base Rate or, if there is no Successor Base Rate, an Alternative Base Rate, to constitute the Base Rate for the next succeeding Interest Period; and
- (c) if a Successor Base Rate or an Alternative Base Rate is determined in accordance with paragraph (a) or (b) in this Clause 19.2.1, such Successor Base Rate or Alternative Base Rate shall be the Base Rate for each of the future Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Clause 19 (*Base Rate replacement*)), provided, however, that if paragraph (b) in this Clause 19.2.1 applies and the Issuer is unable to or does not determine a Successor Base Rate or an Alternative Base Rate prior to the relevant Base Rate Determination Date, the Base Rate applicable to the next succeeding Interest Period shall be equal to the Base Rate last determined for the preceding Interest Period.

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

## 19.3 Variation upon a Base Rate replacement

19.3.1 If the Independent Adviser or the Issuer determines a Successor Base Rate, an Alternative Base Rate and, in either case, the applicable Adjustment Spread, in accordance with Clause 19.2 (*Base Rate determination*), the Independent Adviser or the Issuer may determine that amendments to the Finance Documents are necessary to ensure the proper operation of such Successor Base Rate or Alternative Base Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Base Rate Amendments**”).

19.3.2 The Issuer and the Agent shall, at the request and expense of the Issuer, but subject to receipt by the Agent of the certificate referred to in Clause 19.3.4, without the requirement for any consent or approval of the Noteholders, effect such Base Rate Amendments. The Agent shall however not be obliged to concur if in the opinion of the Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent in the Finance Documents.

19.3.3 Notwithstanding any other provision of this Clause 19 (*Base Rate replacement*), no Successor Base Rate or Alternative Base Rate will be adopted, nor will the applicable Adjustment Spread (if any) be applied, nor will any Base Rate Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital or the Issuer of the Issuer Consolidated Situation.

19.3.4 The Issuer shall promptly, following the determination of any Successor Base Rate or Alternative Base Rate and any Base Rate Amendments, give notice thereof to the Agent and the Noteholders in accordance with Clause 26 (*Notices*). No later than giving the Agent such notice, the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer:

- (a) confirming (i) that a Base Rate Event has occurred, (ii) the relevant Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any), and (iii) any Base Rate Amendments, in each case as determined in accordance with the provisions of this Clause 19 (*Base Rate replacement*); and
- (b) certifying that the Base Rate Amendments are necessary to ensure the proper operation of such Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any).

19.3.5 The Agent shall be entitled to rely on such certificate referred to in Clause 19.3.4 without further enquiry and without liability to any person. The Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any) and any Base Rate Amendments specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Base Rate or Alternative Base Rate and any Base Rate Amendments and without prejudice to the Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Issuing Agent and the Noteholders.

19.3.6 Without prejudice to the obligations of the Issuer under this Clause 19 (*Base Rate replacement*), the original Base Rate and the fallback provisions contained within the definition of STIBOR will continue to apply unless and until a Base Rate Event has occurred.

## **20. APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **20.1 Appointment of the Agent**

20.1.1 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.

20.1.2 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.

20.1.3 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.

20.1.4 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.

20.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

### **20.2 Duties of the Agent**

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

- 20.2.2 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.
- 20.2.3 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.
- 20.2.4 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.
- 20.2.5 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents, or (ii) 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.
- 20.2.6 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.
- 20.2.7 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.
- 20.2.8 The Agent shall give a notice to the Noteholders (i) 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 (ii) if it refrains from acting for any reason described in Clause 20.2.7.
- 20.2.9 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 (i) an event or circumstance which the Agent reasonably believes is or may lead to a breach of the Terms and Conditions or (ii) 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 13 (*Distribution of proceeds*).
- 20.2.10 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.

### **20.3 Limited liability for the Agent**

- 20.3.1 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.

- 20.3.2 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.
- 20.3.3 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.
- 20.3.4 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 15 (*Decisions by Noteholders*).
- 20.3.5 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.
- 20.4 Replacement of the Agent**
- 20.4.1 Subject to Clause 20.4.6, 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.
- 20.4.2 Subject to Clause 20.4.6, 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.
- 20.4.3 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.
- 20.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) 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.
- 20.4.5 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.
- 20.4.6 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.
- 20.4.7 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.

- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, 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.

## **21. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 21.1 The Issuer appoints the 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.
- 21.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the retiring Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent which shall replace the retiring Issuing Agent as issuing agent in accordance with these Terms and Conditions.
- 21.3 The Issuing Agent shall enter 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 under the Terms and Conditions.

## **22. APPOINTMENT AND REPLACEMENT OF THE CSD**

- 22.1 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.
- 22.2 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 listing 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.

## **23. NO DIRECT ACTIONS BY NOTEHOLDERS**

- 23.1 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.
- 23.2 Clause 23.1 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 20.1.2), 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 20.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.8 before a Noteholder may take any action referred to in Clause 23.1.
- 23.3 The provisions of Clause 23.1 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.

23.4 The provisions of this Clause 23 (*No direct actions by the Noteholders*) are subject to the over-riding limitations set out in Clause 2 (*Status of the Notes*).

## 24. BANKRUPTCY OR LIQUIDATION

24.1 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.

24.2 No other remedy against the Issuer than as provided in Clause 24.1 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.

## 25. PRESCRIPTION

25.1 The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. Subject to Clause 9 (*Interest and interest cancellation*), the right to receive payment of interest (excluding any capitalised interest) shall be prescribed 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 prescribed 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 (*Bolagsverket*) 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, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1, 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, in case of email, when received in readable form by the email recipient. Any such notice shall be made in English.

- 26.3 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 AND LIMITATION OF LIABILITY**

- 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 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 loss.

- 27.3 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.

- 27.4 The provisions in this Clause 27 (*Force majeure and limitation of liability*) 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 herewith, 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*).

We hereby certify that the above terms and conditions are binding upon ourselves.

Date: 30 August 2019

**SBAB BANK AB (publ)**

as Issuer

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Date: 30 August 2019

**NORDIC TRUSTEE & AGENCY AB (publ)**

as Agent

**TERMS AND CONDITIONS FOR THE FIXED-TO-FLOATING RATE NOTES**

---

**SBAB!****TERMS AND CONDITIONS FOR  
SBAB Bank AB (publ)  
SEK 400,000,000  
FIXED-TO-FLOATING RATE  
ADDITIONAL TIER 1 CAPITAL NOTES  
ISIN: SE0012193787**

---

*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, 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.*

*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 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; and (ii) 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 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 offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the 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; or (ii) a customer within the meaning of the Insurance Distribution Directive, 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 the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "PRIIPs 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.*

### **PRIVACY NOTICE**

*The Issuer and the Agent may collect and process personal data relating to the Noteholders, the Noteholders' representatives or agents, and other persons nominated to act on behalf of the Noteholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Notes). The personal data relating to the Noteholders is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.*

*The personal data collected will be processed by the Issuer and the Agent for the following purposes:*

- e) to exercise their respective rights and fulfil their respective obligations under the Finance Documents;*
- f) to manage the administration of the Notes and payments under the Notes;*
- g) to enable the Noteholders' to exercise their rights under the Finance Documents; and*
- h) to comply with their obligations under applicable laws and regulations.*

*The processing of personal data by the Issuer and the Agent in relation to items (a)-(c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer or Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.*

*Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.*

*Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer and the Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.*

*The Issuer's and the Agent's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites: [sbab.se/1/privat/kundservice/service/gdpr\\_nya\\_regler\\_om\\_skydd\\_vid\\_behandling\\_av\\_personuppgifter.html](http://sbab.se/1/privat/kundservice/service/gdpr_nya_regler_om_skydd_vid_behandling_av_personuppgifter.html) and [nordictrustee.com/.se](http://nordictrustee.com/.se).*

## TABLE OF CONTENTS

1.	DEFINITIONS AND CONSTRUCTION .....	60
2.	STATUS OF THE NOTES.....	66
3.	USE OF PROCEEDS .....	68
4.	CONDITIONS FOR DISBURSEMENT.....	68
5.	NOTES IN BOOK-ENTRY FORM .....	68
6.	RIGHT TO ACT ON BEHALF OF A NOTEHOLDER .....	69
7.	ADMISSION TO TRADING AND LISTING .....	69
8.	PAYMENTS IN RESPECT OF THE NOTES .....	69
9.	INTEREST AND INTEREST CANCELLATION .....	70
10.	LOSS ABSORPTION AND REINSTATEMENT .....	71
11.	REDEMPTION AND REPURCHASE OF THE NOTES.....	73
12.	INFORMATION TO NOTEHOLDERS .....	74
13.	DISTRIBUTION OF PROCEEDS .....	75
14.	UNDERTAKINGS .....	76
15.	DECISIONS BY NOTEHOLDERS .....	76
16.	NOTEHOLDERS' MEETING .....	78
17.	WRITTEN PROCEDURE.....	79
18.	AMENDMENTS AND WAIVERS .....	79
19.	BASE RATE REPLACEMENT.....	80
20.	APPOINTMENT AND REPLACEMENT OF THE AGENT .....	81
21.	APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT .....	84
22.	APPOINTMENT AND REPLACEMENT OF THE CSD .....	84
23.	NO DIRECT ACTIONS BY NOTEHOLDERS.....	85
24.	BANKRUPTCY OR LIQUIDATION .....	85
25.	PRESCRIPTION .....	85
26.	NOTICES .....	86
27.	FORCE MAJEURE AND LIMITATION OF LIABILITY .....	86
28.	GOVERNING LAW AND JURISDICTION .....	87

## 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 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.

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

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

“**Affiliate**” means (i) 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 (ii) 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 item (i) to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in item (i). 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 on or 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.

“**Alternative Base Rate**” means the rate that the Independent Adviser or the Issuer determines has replaced the applicable Base Rate in and which is customarily applied in the relevant debt capital

markets for the purposes of determining rates of interest in respect of notes denominated in Swedish Kronor and of a comparable duration to the relevant Interest Period, or, if the Independent Adviser or the Issuer determines that there is no such rate, such other rate as the Independent Adviser or the Issuer determines in its sole discretion is most comparable to the applicable Base Rate.

“**Applicable Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the Group, 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 Issuer Consolidated Situation).

“**Base Rate**” means STIBOR or, following the occurrence of a Base Rate Event, any reference rate replacing STIBOR in accordance with Clause 19 (*Base Rate replacement*).

“**Base Rate Determination Date**” means as set forth in paragraph in Clause 19.2.1(a).

“**Base Rate Event**” means:

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

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

“**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 Issuer Consolidated Situation or the reclassification, wholly or partially, of the Notes as a lower quality form of regulatory capital, provided that the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date (other than by reason of a partial exclusion of the Notes as a result of a write-down following a Trigger Event) 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 Issuer 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:

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

“**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.

“**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.

“**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.

“**Distributable Items**” shall have the meaning given to such term in CRD IV (as most recently amended by Directive (EU) 2019/878 and Directive (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 day which is 5 years and 6 months after the Issue Date (being 5 March 2025).

“**Fixed Interest Payment Date**” means each of 5 March 2020, 5 March 2021, 5 March 2022, 5 March 2023, 5 March 2024 and the First Call 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 5 March 2020 and the last Fixed Interest Payment Date shall be the First Call Date 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 (short first coupon),

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).

“**Fixed Interest Rate**” means 3.67 per cent. *per annum*.

“**Floating Interest Payment Date**” means 5 March, 5 June, 5 September and 5 December 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 5 June 2025 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 sixth (6) Fixed Interest Payment Date 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 3.80 per cent. (and any applicable Adjustment Spread) *per annum*.

“**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**”).

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

“**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 (1996:764) 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 9.1 (*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 5 September 2019.

“**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.

“**Issuer 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.

“**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) 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 Issuer Consolidated Situation.

“**Nominal Amount**” has the meaning set forth in Clause 2.4.

“**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 16 (*Noteholders’ Meeting*).

“**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.

“**Qualifying Securities**” means securities issued directly by the Issuer following a substitution or variation of the Notes in accordance with Clause 11.4(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) 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
- (f) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Banking Regulations.

If the Notes were admitted to trading and listed on a Regulated Market immediately prior to the relevant substitution or variation, the Issuer shall use reasonable efforts to ensure that the relevant Qualifying Securities are admitted to trading and listed on a Regulated Market within thirty (30) days from their issuance.

“**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 (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 13 (*Distribution of proceeds*) or (iv) a date of a Noteholders’ Meeting or (v) 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 11 (*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 10.2.6.

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

- (a) the administrator of the reference rate, or any entity under the common control as the administrator of the reference rate;
- (b) the central bank for the currency to which the reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the reference rate; or

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

“**Risk Exposure Amount**” means, at any time, with respect to the Issuer or the Issuer Consolidated Situation, as the case may be, the aggregate amount of the risk weighted assets or equivalent of the Issuer or the Issuer 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 (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

“**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 applicable percentage rate *per annum* displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period (other than due to a Base Rate Event), the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, as the rates quoted by it for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b) (other than due to a Base Rate Event), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits of SEK 100,000,000 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 the Issuer or the Issuer Consolidated Situation, as calculated in accordance with the Applicable Banking Regulations, is less than 5.125 per cent., in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation, 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 10.1.5.

“**Write Down Date**” has the meaning as set forth in Clause 10.1.2.

“**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 and/or the Issuer 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 10.2 (*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 17 (*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, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (c) a provision of 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](http://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.

## 2. STATUS OF THE NOTES

2.1 The Notes on issue are intended to constitute Additional Tier 1 Capital of the Issuer and the Issuer 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:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) 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;

- (iii) 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
- (iv) junior to any present and future claims of (a) depositors of the Issuer, (b) any other unsubordinated creditors of the Issuer, (c) 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 (d) except as expressly stated in (ii) 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.

- 2.2 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.
- 2.3 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.
- 2.4 The initial nominal amount of each Note is SEK 2,000,000 (the "**Nominal Amount**"). The aggregate nominal amount of the Notes is SEK 400,000,000. 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 10 (*Loss absorption and reinstatement*), and "Nominal Amount" shall be construed accordingly.
- 2.5 Each Note is issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- 2.6 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.
- 2.7 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 law, 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 in 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.
- 2.8 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.
- 2.9 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 laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.10 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. USE OF PROCEEDS**

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

### **4. CONDITIONS FOR DISBURSEMENT**

4.1 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 resolution 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.

4.2 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1 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.

4.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 4.1 have been satisfied.

### **5. NOTES IN BOOK-ENTRY FORM**

5.1 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.

5.2 Those who according to (i) assignment, (ii) Security, (iii) the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), (iv) conditions of will or deed of gift or who have otherwise 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.

5.3 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 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 Notes.

5.4 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 kept by the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

5.5 The Issuer and the Agent may use the information referred to in Clause 5.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

## **6. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER**

6.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.

6.2 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 by way of a further power of attorney.

6.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6.2 and may assume that it 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. ADMISSION TO TRADING AND LISTING**

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

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

7.3 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 list or admit to trading the Notes or maintain a listing or admission to trading of the Notes in accordance with Clause 7.1 or 7.1 above occurs.

## **8. PAYMENTS IN RESPECT OF THE NOTES**

8.1 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 due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

8.2 If a Noteholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder

at the address registered with the CSD on the Record Date. 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.

- 8.3 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.
- 8.4 If payment or repayment is made in accordance with this Clause 8 (*Payments in respect of the Notes*), 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.
- 8.5 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.

## **9. INTEREST AND INTEREST CANCELLATION**

### **9.1 Interest**

- 9.1.1 From (but excluding) the Issue Date to (and including) the last Fixed Interest Payment Date, each Note carries Interest at the Fixed Interest Rate applied to the Nominal Amount.
- 9.1.2 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.
- 9.1.3 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.
- 9.1.4 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).
- 9.1.5 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).

### **9.2 Interest cancellation**

- 9.2.1 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.
- 9.2.2 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.

- 9.2.3 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.
- 9.2.4 A cancellation of any payment of Interest at any time shall in no event constitute an event of default for any purpose.

### 9.3 Calculation of Interest in case of write-down or reinstatement

- 9.3.1 Subject to Clause 9.2 (*Interest cancellation*), in the event that a write-down of the Notes occurs pursuant to Clause 10.1 (*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).
- 9.3.2 Subject to Clause 9.2 (*Interest cancellation*), in the event that a reinstatement of the Notes occurs pursuant to Clause 10.2 (*Reinstatement of the Notes*), Interest shall begin to accrue on the reinstated Nominal Amount with effect from (and including) the relevant Reinstatement Date.
- 9.3.3 In connection with a write-down or write-up pursuant to Clause 10 (*Loss absorption and reinstatement*), the Issuer shall inform the CSD of the adjusted interest 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).

### 9.4 No penalty interest

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

## 10. LOSS ABSORPTION AND REINSTATEMENT

### 10.1 Loss absorption upon a Trigger Event

- 10.1.1 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 10.1 (*Loss absorption upon a Trigger Event*).
- 10.1.2 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.
- 10.1.3 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 rules of the CSD.

10.1.4 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 Issuer 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 (a) such Loss Absorbing Instrument's trigger level and (b) 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.

10.1.5 The aggregate reduction determined in accordance with Clause 10.1.4 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).

10.1.6 To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of Clause 10.1.4 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 10.1.4 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.

10.1.7 The Issuer shall set out its determination of the Write Down Amount per Note in the relevant notice referred to in Clause 10.1.8 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, the Agent and the Swedish FSA in accordance with Clause 26 (*Notices*). The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.

10.1.8 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.

10.1.9 Any reduction of the Nominal Amount of a Note pursuant to this Clause 10.1 (*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 10.2 (*Reinstatement of the Notes*).

## 10.2 Reinstatement of the Notes

10.2.1 Following a write-down of the Total Nominal Amount in accordance with Clause 10.1 (*Loss absorption upon a Trigger Event*), the Issuer may, at its absolute discretion, 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.

- 10.2.2 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.
- 10.2.3 A reinstatement in accordance with this Clause 10.2 (*Reinstatement of the Notes*) shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Notes).
- 10.2.4 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 400,000,000.
- 10.2.5 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.
- 10.2.6 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 specifying 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.

## **11. REDEMPTION AND REPURCHASE OF THE NOTES**

### **11.1 No scheduled redemption**

- 11.1.1 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 11 (*Redemption and repurchase of the Notes*).
- 11.1.2 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 24 (*Bankruptcy or liquidation*).

### **11.2 Early redemption at the option of the Issuer**

Subject to Clause 11.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 11.7 (*Notice of early redemption, substitution or variation*), the Issuer may redeem all (but not some only) outstanding Notes on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

### **11.3 Purchase of Notes by the Issuer and related companies**

Subject to applicable law and to Clause 11.5 (*Permission from the Swedish FSA*), the Issuer or a Group Company, or other company forming part of the Issuer 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.

#### **11.4 Early 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 11.5 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 11.7 (*Notice of early redemption, substitution or variation*),

- (a) redeem all (but not some only) outstanding Notes on any Business Day; 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 11.4 (*Early redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) in relation to the Qualifying Securities so substituted or varied.

#### **11.5 Permission from the Swedish FSA**

The Issuer, or any other company forming part of the Issuer Consolidated Situation, may not redeem, purchase, substitute or vary, as contemplated by this Clause 11 (*Redemption and repurchase of the Notes*), any Notes without the prior written permission of the Swedish FSA 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.

#### **11.6 Early redemption amount**

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

#### **11.7 Notice of early redemption, substitution or variation**

11.7.1 Any redemption, substitution or variation in accordance with Clauses 11.2 (*Early redemption at the option of the Issuer*) and 11.4 (*Early redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent 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.

11.7.2 Notwithstanding Clause 11.7.1, if a Trigger Event occurs following a notice being given in accordance with Clause 11.7.1 but prior to the relevant redemption of the Notes, such notice shall be of no force and effect and Clause 10.1 (*Loss absorption upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

### **12. INFORMATION TO NOTEHOLDERS**

#### **12.1 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.

## 12.2 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.

## 12.3 Information among the Noteholders

Upon 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 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.

## 12.4 Publication of Finance Documents

12.4.1 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.

12.4.2 The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

## 13. DISTRIBUTION OF PROCEEDS

13.1 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 20.2.9, 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 15.15;
- b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes not cancelled in accordance with Clause 9.2 (*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.

13.2 Funds that the Agent receives (directly or indirectly) following an application of Clause 13.1 in connection with the enforcement of the Notes constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing 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 13 (*Distribution of proceeds*) as soon as reasonably practicable.

- 13.3 If the Issuer or the Agent shall make any payment under this Clause 13 (*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.

#### **14. UNDERTAKINGS**

- 14.1 The Issuer shall, in accordance with the Agency Agreement:
- a) pay fees to the Agent;
  - b) indemnify the Agent for costs, losses and liabilities;
  - c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
  - d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.
- 14.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

#### **15. DECISIONS BY NOTEHOLDERS**

- 15.1 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.
- 15.2 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 may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and 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.
- 15.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) 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 (ii) the suggested decision is not in accordance with applicable laws.
- 15.4 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 15.3 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 (*skuldbok*) kept by the CSD in respect of the Notes 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.

- 15.5 Should the Issuer wish to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 16.1 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 17.1, in either case with a copy to the Agent. After a request from the Noteholders pursuant to Clause 20.4.3, 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 16.1. 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 a notice or the communication.
- 15.6 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Noteholder*) from a person who is, registered as a Noteholder:
- a) on the Record Date prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
  - b) on the Business Day specified in the communication pursuant to Clause 17.2, 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. Such Business Day specified pursuant to paragraph b) above must fall no earlier than one (1) Business Day after the effective date of the communication.
- 15.7 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 17.2:
- a) a change to the terms of Clause 2 (*Status of the Notes*);
  - b) a change to the terms dealing with the requirements for Noteholders' consent set out in Clauses 15 (*Decisions by Noteholders*), 16 (*Noteholders' meeting*) and 17 (*Written procedure*);
  - c) a change to a Floating Interest Rate, Fixed Interest Rate or the Nominal Amount; and
  - d) an early 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 11.5 (*Permission from the Swedish FSA*)).
- 15.8 Any matter not covered by Clause 15.7 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 17.2. 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 18.1a), 18.1b) or 18.1c)).
- 15.9 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 15.7, 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 telephone conference (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.
- 15.10 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 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), 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 15.10, the date of request of the second Noteholders' Meeting pursuant to Clause 16.1 or second Written Procedure pursuant to Clause 17.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 15.9 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 15.11 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.
- 15.12 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.
- 15.13 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent 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.
- 15.14 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.
- 15.15 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.
- 15.16 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.
- 15.17 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 in Clause 15.6a) or 15.6b), 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.

## **16. NOTEHOLDERS' MEETING**

- 16.1 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.

- 16.2 The notice pursuant to Clause 16.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 16.3 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.
- 16.4 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.

## 17. WRITTEN PROCEDURE

- 17.1 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.
- 17.2 A communication pursuant to Clause 17.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) 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, and (v) 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 17.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.
- 17.3 When consents from Noteholders representing the requisite majority of the total Adjusted Total Nominal Amount pursuant to Clauses 15.7 and 15.8 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.7 or 15.8, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## 18. AMENDMENTS AND WAIVERS

- 18.1 The Issuer and the Agent (acting on behalf of the Noteholders) may, subject to the prior written permission of the Swedish FSA, agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- a) such amendment or waiver is not detrimental to the interest of the Noteholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - b) such amendment or waiver is required by applicable law, 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 Resolutions Act (*lagen (2015:1016) om resolution*);
  - c) such amendment is a Base Rate Amendment made in accordance with Clause 19.3 (*Variation upon a Base Rate replacement*); or
  - d) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 15 (*Decisions by Noteholders*).

- 18.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- 18.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 18.1, 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 12.4 (*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.
- 18.4 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.

## 19. BASE RATE REPLACEMENT

### 19.1 General

Any determination to be made by or any changes to the Finance Documents to be specified by the Independent Adviser or the Issuer in accordance with the provisions of this Clause 19 (*Base Rate replacement*) shall at all times be made by such Independent Adviser or the Issuer acting in good faith, provided that the determination of any Successor Base Rate or Alternative Base Rate and (in either case) any Adjustment Spread, and any other related changes to the Notes, shall be made pursuant to the Applicable Banking Regulations and be subject to the prior written permission of the Swedish FSA.

### 19.2 Base Rate determination

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

- (a) the Issuer shall use reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, no later than five (5) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period (the “**Base Rate Determination Date**”), a Successor Base Rate or, alternatively, if there is no Successor Base Rate, an Alternative Base Rate for purposes of determining the applicable Base Rate for the next succeeding Floating Interest Period;
- (b) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Base Rate or an Alternative Base Rate prior to a Base Rate Determination Date, the Issuer (acting in good faith) may determine a Successor Base Rate or, if there is no Successor Base Rate, an Alternative Base Rate, to constitute the Base Rate for the next succeeding Floating Interest Period; and
- (c) if a Successor Base Rate or an Alternative Base Rate is determined in accordance with paragraph (a) or (b) in this Clause 19.2.1, such Successor Base Rate or Alternative Base Rate shall be the Base Rate for each of the future Floating Interest Periods (subject to the subsequent operation of, and to adjustment as provided in, this Clause 19 (*Base Rate replacement*)), provided, however, that if paragraph (b) in this Clause 19.2.1 applies and the Issuer is unable to or does not determine a Successor Base Rate or an Alternative Base Rate prior to the relevant Base Rate Determination Date, the Base Rate applicable to the next succeeding Floating Interest Period shall be equal to the Base Rate last determined for the preceding Floating Interest Period.

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

### 19.3 Variation upon a Base Rate replacement

- 19.3.1 If the Independent Adviser or the Issuer determines a Successor Base Rate, an Alternative Base Rate and, in either case, the applicable Adjustment Spread, in accordance with Clause 19.2 (*Base Rate determination*), the Independent Adviser or the Issuer may determine that amendments to the Finance Documents are necessary to ensure the proper operation of such Successor Base Rate or Alternative Base Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Base Rate Amendments**”).
- 19.3.2 The Issuer and the Agent shall, at the request and expense of the Issuer, but subject to receipt by the Agent of the certificate referred to in Clause 19.3.4, without the requirement for any consent or approval of the Noteholders, effect such Base Rate Amendments. The Agent shall however not be obliged to concur if in the opinion of the Agent, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent in the Finance Documents.
- 19.3.3 Notwithstanding any other provision of this Clause 19 (*Base Rate replacement*), no Successor Base Rate or Alternative Base Rate will be adopted, nor will the applicable Adjustment Spread (if any) be applied, nor will any Base Rate Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Additional Tier 1 Capital of the Issuer or the Issuer Consolidated Situation.
- 19.3.4 The Issuer shall promptly, following the determination of any Successor Base Rate or Alternative Base Rate and any Base Rate Amendments, give notice thereof to the Agent and the Noteholders in accordance with Clause 26 (*Notices*). No later than giving the Agent such notice, the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer:
- (a) confirming (i) that a Base Rate Event has occurred, (ii) the relevant Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any), and (iii) any Base Rate Amendments, in each case as determined in accordance with the provisions of this Clause 19 (*Base Rate replacement*); and
  - (b) certifying that the Base Rate Amendments are necessary to ensure the proper operation of such Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any).
- 19.3.5 The Agent shall be entitled to rely on such certificate referred to in Clause 19.3.4 without further enquiry and without liability to any person. The Successor Base Rate or Alternative Base Rate and (in either case) the applicable Adjustment Spread (if any) and any Base Rate Amendments specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Base Rate or Alternative Base Rate and any Base Rate Amendments and without prejudice to the Agent’s ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Issuing Agent and the Noteholders.
- 19.3.6 Without prejudice to the obligations of the Issuer under this Clause 19 (*Base Rate replacement*), the original Base Rate and the fallback provisions contained within the definition of STIBOR will continue to apply unless and until a Base Rate Event has occurred.

## 20. APPOINTMENT AND REPLACEMENT OF THE AGENT

### 20.1 Appointment of the Agent

- 20.1.1 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.

- 20.1.2 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.
- 20.1.3 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.
- 20.1.4 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.
- 20.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **20.2 Duties of the Agent**

- 20.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents.
- 20.2.2 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.
- 20.2.3 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.
- 20.2.4 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.
- 20.2.5 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents, or (ii) 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.
- 20.2.6 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.
- 20.2.7 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.

- 20.2.8 The Agent shall give a notice to the Noteholders (i) 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 (ii) if it refrains from acting for any reason described in Clause 20.2.7.
- 20.2.9 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 (i) an event or circumstance which the Agent reasonably believes is or may lead to a breach of the Terms and Conditions or (ii) 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 13 (*Distribution of proceeds*).
- 20.2.10 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.

### **20.3 Limited liability for the Agent**

- 20.3.1 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.
- 20.3.2 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.
- 20.3.3 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.
- 20.3.4 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 15 (*Decisions by Noteholders*).
- 20.3.5 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.

### **20.4 Replacement of the Agent**

- 20.4.1 Subject to Clause 20.4.6, 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.
- 20.4.2 Subject to Clause 20.4.6, 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.
- 20.4.3 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.

- 20.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) 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.
- 20.4.5 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.
- 20.4.6 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.
- 20.4.7 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.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, 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.

## **21. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 21.1 The Issuer appoints the 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.
- 21.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the retiring Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent which shall replace the retiring Issuing Agent as issuing agent in accordance with these Terms and Conditions.
- 21.3 The Issuing Agent shall enter 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 under the Terms and Conditions.

## **22. APPOINTMENT AND REPLACEMENT OF THE CSD**

- 22.1 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.
- 22.2 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 listing 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.

### **23. NO DIRECT ACTIONS BY NOTEHOLDERS**

- 23.1 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.
- 23.2 Clause 23.1 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 20.1.2), 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 20.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.8 before a Noteholder may take any action referred to in Clause 23.1.
- 23.3 The provisions of Clause 23.1 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.
- 23.4 The provisions of this Clause 23 (*No direct actions by the Noteholders*) are subject to the over-riding limitations set out in Clause 2 (*Status of the Notes*).

### **24. BANKRUPTCY OR LIQUIDATION**

- 24.1 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.
- 24.2 No other remedy against the Issuer than as provided in Clause 24.1 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.

### **25. PRESCRIPTION**

- 25.1 The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. Subject to Clause 9 (*Interest and interest cancellation*), the right to receive payment of interest (excluding any capitalised interest) shall be prescribed 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 prescribed 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 (*Bolagsverket*) 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, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1, 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, in case of email, when received in readable form by the email recipient. Any such notice shall be made in English.

26.3 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 AND LIMITATION OF LIABILITY

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 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 loss.

27.3 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.

27.4 The provisions in this Clause 27 (*Force majeure and limitation of liability*) 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 herewith, 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*).

We hereby certify that the above terms and conditions are binding upon ourselves.

Date: 30 August 2019

**SBAB BANK AB (publ)**

as Issuer

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Date: 30 August 2019

**NORDIC TRUSTEE & AGENCY AB (publ)**

as Agent

## DESCRIPTION OF THE ISSUER

---

### Introduction

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*) and it is the Issuer's intention to initiate the business activities falling under such authorisation during 2019. 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 credit rating 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	Aaaa	A-1

For information about the ratings assigned for the Notes, please refer to "Rating" in "Overview of the Notes".

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 the two companies' mutual commercial and legal relationship.

The Issuer acquired 71 per cent. of the shares in Booli on 14 January 2016. On 29 November 2018, the Issuer used its call option to acquire the remaining shares of Booli which is since then a wholly owned subsidiary of the Issuer. The services provided by Booli include Booli.se, one of Sweden's largest housing sites and search engines for homes, Hittamäklare.se, a real estate agent guide with around 6,000 registered estate agents, and Booli Pro, an analysis tool that helps residential construction companies and banks understand the real estate market in Sweden.

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*".

### Accounting principles

The financial information relating to 2014–2018 in this section "*Description of the Issuer*" has been extracted without adjustment from the SBAB Group's audited financial statements for the financial year ended 31 December 2018. 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 97 of the SBAB Group's Annual Report 2018 and a more detailed description of the accounting policies in general is included on pages 97-104 of the SBAB Group's Annual Report 2018.

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 three funding programmes in place; a domestic covered bond programme in Sweden, a euro medium term covered note programme (the "EMTCN Programme") in the international market and an Australian covered bond issuance programme. On the date of this Prospectus, these three 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.

SCBC's lending to the public after provisions as at 31 December 2018 and 30 July 2019 amounted to SEK 339,370 million and SEK 346,358 million, respectively (SEK 312,199 million as at 31 December 2017 and SEK 327,193 million as at 30 June 2018).

## 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 av likviditetsrisker för kreditinstitut och värdepappersbolag*).

## Lending

The SBAB Group's lending to the public after provisions at 31 December 2018 and 30 June 2019 amounted to SEK 364,215 million and SEK 372,281 million, respectively (SEK 335,111 million at 31 December 2017 and SEK 351,496 million at 30 June 2018).

## Deposits

In April 2007, the SBAB Group introduced savings products for private customers. During 2009, the savings products were also made available to corporate customers and tenant-owner associations. Total deposits amounted to SEK 124,926 million and SEK 127,319 million as at 31 December 2018 and 30 June 2019, respectively (SEK 111,895 million as at 31 December 2017 and SEK 116,998 million at 30 June 2018).

## 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 on a daily basis.

### Long-term funding

The Issuer issues its long-term non-covered debt under the Issuer's EUR 13,000,000,000 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) the Australian covered bond programme, (iv) on a stand-alone basis and/or (v) under additional programmes from time to time.

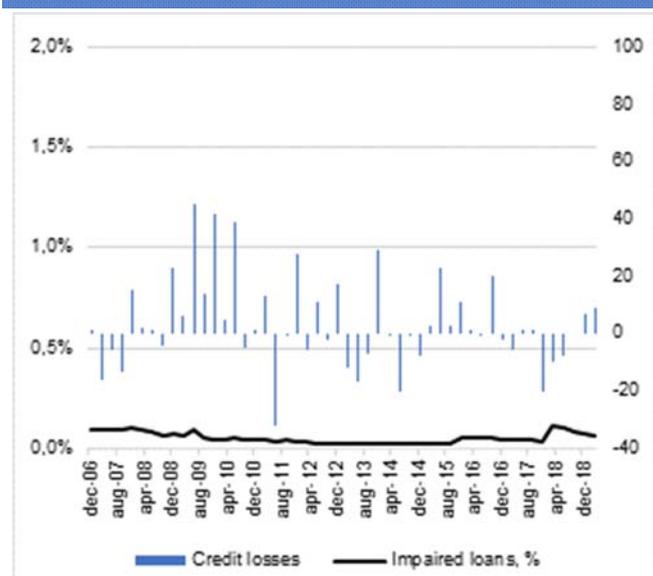
During 2018, the SBAB Group issued a number of long-term transactions with a volume equivalent to SEK 73.7 billion distributed among various currencies but mainly EUR and SEK.

	SBAB Group		The Issuer	
	2018	2017	2018	2017
	<i>SEK million</i>			
<b>Debt securities in issue</b>				
Financial liabilities at amortised cost:				
Swedish kronor commercial paper programmes.....	500	700	500	700
Foreign currency commercial paper programmes.....	2,317	4,788	2,317	4,788
<b>Total .....</b>	<b>2,817</b>	<b>5,488</b>	<b>2,817</b>	<b>5,488</b>
Bond loans:				
Bond loans in SEK				
- at amortised cost .....	57,343	76,789	14,876	18,437
- in fair value hedging .....	117,502	98,786	9,614	7,797
Bond loans in foreign currency .....				
- at amortised cost .....	104,791	75,516	20,927	22,380
- in fair value hedging .....	8,342	17,938	7,787	16,261
<b>Total .....</b>	<b>287,978</b>	<b>269,029</b>	<b>53,204</b>	<b>64,875</b>
<b>Total debt securities in issue.....</b>	<b>290,795</b>	<b>274,517</b>	<b>56,021</b>	<b>70,363</b>
of which covered bonds.....	234,774	204,153	—	—

## Loan losses

The table below shows the SBAB Group's loan loss rate as a percentage at the end of each year for each of the years 2006 to 2019.

Imp. loans (%) & credit losses (SEK mn) 2006–2019



The loan loss data in the table above has been derived from the SBAB Group's annual reports for each year.

## Capital ratios

As at 31 December 2018 and 30 June 2019, the Issuer Consolidated Situation's total capital ratios was 18.1 per cent. and 17.6 per cent., respectively (47.6 per cent. as at 31 December 2017 and 44.4 per cent. as at 30 June 2018). As at 31 December 2018 and 30 June 2019, the Issuer Consolidated Situation's CET1 Ratio was 12.5 per cent. and 12.2 per cent., respectively (32.2 per cent. as at 31 December 2017 and 30.3 per cent. as at 30 June 2018).

## Liquidity reserve

The SBAB Group's liquidity reserve primarily comprises liquid, interest-bearing securities with high ratings. As at 31 December 2018 and 30 June 2019, the market value of the assets in the liquidity portfolio amounted to SEK 73.6 billion and SEK 94.6 billion, respectively (SEK 72.7 billion as at 31 December 2017 and SEK 82.5 billion as at 30 June 2018). Taking the Riksbank's haircuts into account, the market value of the assets in the liquidity portfolio amounted SEK 70.7 billion and SEK 90.8 billion as at 31 December 2018 and 30 June 2019, respectively (SEK 69.4 billion as at 31 December 2017 and SEK 79.5 billion as at 30 June 2018).

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 portfolio and the liquidity reserves, please see pages 117–121 of the SBAB Group's Annual Report 2018.

## 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, and in the Swedish Supervision of Credit Institutions and Investment Firms Act (*lagen (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (*lagen (2014:966) om kapitalbuffertar*) which implements CRD IV.

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

## THE BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

---

### Board of directors

<b>Name and role</b>	<b>Principal outside activities</b>
<p><b>Jan Sinclair</b> Born 1959 Board member since 2018 Chairman since 2019</p>	<p>Other board appointments: chairman of AB Sveriges Säkerställda Obligationer (publ), chairman of AB Victorhuset and board member of STS Alpresor and JML Sinclair AB.</p>
<p><b>Lars Börjesson</b> Born 1964 Board member since 2014</p>	<p>Other board appointments: board member of Taggsvampen AB and Dovana Holding AB. CEO of KGH Customs Services.</p>
<p><b>Inga-Lill Carlberg</b> Born 1962 Board member since 2019</p>	<p>Other board appointments: CAO and board member of Trill Impact AB and chair of Stiftelsen för Finansforskning.</p>
<p><b>Jane Lundgren Ericsson</b> Born 1965 Board member since 2013</p>	<p>Other board appointments: board member of AB Sveriges Säkerställda Obligationer (publ) and Visma Finance AB.</p>
<p><b>Daniel Kristiansson</b> Born 1974 Board member since 2016</p>	<p>Other board appointments: board member of Vasallen AB and stiftelsen Industrifonden. Investment Director at the Government Offices of Sweden.</p>
<p><b>Karin Moberg</b> Born 1963 Board member since 2009</p>	<p>Other board appointments: board member of FriendsOfAdam AB.</p>
<p><b>Synnöve Trygg</b> Born 1959 Board member since 2019</p>	<p>Other board appointments: board member of PreciceBiometrics AB, Volvo Finans Bank AB and Valitor hf. CEO of Synnöve Trygg Consulting AB.</p>
<p><b>Anders Heder</b> Born 1962 Board member (employee representative) since 2019</p>	N/A
<p><b>Margareta Naumburg</b> Born 1964 Board member (employee representative) since 2017</p>	N/A
<p><b>Kristina Ljung</b> Born 1966 Deputy Board member (employee representative) since 2019</p>	N/A
<p><b>David Larsson</b> Born 1976 Deputy Board member (employee representative) since 2018</p>	N/A

### Executive management

<b>Name and role</b>	<b>Principal outside activities</b>
<p><b>Klas Danielsson</b> Born 1963 Chief Executive Officer. Employed since 2014</p>	<p>Other board appointments: chairman of Booli Search Technologies AB and board member of AB Sveriges Säkerställda Obligationer (publ), DE Capital Nordic AB and Spiderweb Consulting AB. Deputy board member of the Swedish Bankers' Association. Chairman of the Nomination Committee for Stockholms Stadsmission.</p>
<p><b>Mikael Inglander</b> Born 1963 Chief Financial Officer and Acting Head of Corporate</p>	<p>Other board appointments: board member of Booli Search Technologies AB. CEO of AB Sveriges Säkerställda Obligationer (publ).</p>

Clients and Tenant-Owners' Associations. Employed since 2014.

**Sara Davidgård** N/A  
Born 1974.  
Head of Business Specialists. Employed since 2017.

**Peter Svensén** N/A  
Born 1974.  
Chief Risk Officer<sup>1</sup>. Employed since 2012.

**Carina Eriksson** N/A  
Born 1965  
Head of Human Resources. Employed since 2015.

**Klas Ljungkvist** N/A  
Born 1966  
Chief Information Officer. Employed since 2016.

**Andras Valko** N/A  
Born 1971  
Head of Data Science. Employed since 2019.

**Malin Pellborn** Other board appointments: board member of Booli Search Technologies AB, board member of the Swedish Golf Association.  
Born 1973  
Head of Sustainability and Communication. Employed since 2017.

**Kristina Frid** N/A  
Born 1976  
Head of Customer Service. Employed since 2017.

**Robin Silberhielm** Other board appointments: board member of Booli Search Technologies AB.  
Born 1973  
Head of Customer Experience. Employed since 2019.

The business address of each member of the board of directors and executive management of the Issuer is P.O. Box 4209, SE-171 04 Solna, Sweden.

## Auditor

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

Patrick Honeth 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.

## Additional information on the board of directors and executive management of the Issuer

There are no potential conflicts of interest between the duties to the Issuer of the persons listed under the headings "Board of directors" and "Executive management" above and their private interests or other duties.

---

<sup>1</sup> Peter Svensén will resign as Chief Risk Officer in October 2019.

## LEGAL AND SUPPLEMENTARY INFORMATION

---

### 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 5 June 2019.

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.

### 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 28 March 2019, being the date of publication of the last audited financial information of the Issuer.

There has been no significant change in the financial performance of the SBAB Group since 30 June 2019, being the date of the end of the last financial period for which financial information has been published to the date of this Prospectus.

### Significant changes since 30 June 2019

There have been no significant changes in the financial position of the SBAB Group since 30 June 2019, being the end of the last financial period for which interim financial information of the Issuer has been presented.

### 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:

<b>Annual Report for 2014<sup>2</sup></b>	Consolidated income statement (p. 65), consolidated statement of comprehensive income (p. 65), consolidated balance sheet (p. 66), consolidated statement of changes in equity (p. 67), consolidated cash-flow statement (p. 68), notes (p. 69–119) and auditor’s report (p. 121).
<b>Annual Report for 2015<sup>3</sup></b>	Consolidated income statement (p. 73), consolidated statement of comprehensive income (p. 73), consolidated balance sheet (p. 74), consolidated statement of changes in equity (p. 75), consolidated cash-flow statement (p. 76), notes (p. 77–125) and auditor’s report (p. 135).
<b>Annual Report for 2016<sup>4</sup></b>	Consolidated income statement (p. 73), consolidated statement of comprehensive income (p. 73), consolidated balance sheet (p. 74), consolidated statement of changes in equity (p. 75), consolidated cash-flow statement (p. 76), notes (p. 77–126) and auditor’s report (p. 134–136).
<b>Annual Report for 2017<sup>5</sup></b>	Administration report (p. 44–63), consolidated income statement (p. 79), consolidated statement of comprehensive income (p. 79), consolidated balance sheet (p. 80), consolidated statement of changes in equity (p. 81), consolidated cash-flow statement (p. 82–83), notes (p. 84–134), auditor’s report (p. 143–145) and alternative performance measures (p. 147).
<b>Annual Report for 2018<sup>6</sup></b>	Administration report (p. 62–87, 89, 91), consolidated income statement (p. 88 ), consolidated statement of comprehensive income (p. 88), consolidated balance sheet (p. 90), consolidated statement of changes in equity (p. 92-93), consolidated cash-flow statement (p. 94–95), notes (p. 96–160), auditor’s report (p. 175–177) and alternative performance measures (p. 180).
<b>Interim Report January–June 2019<sup>7</sup></b>	Condensed income statement (p. 16), condensed statement of comprehensive income (p. 16), condensed balance sheet (p. 17), condensed statement of changes in equity (p. 18), condensed cash-flow statement (p. 19), notes (p. 20-34), auditor’s report (p. 44) and alternative performance measures (p. 43).

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 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 2014–2018 have

<sup>2</sup> [https://www.sbab.se/download/18.7b91d93d14c3abd8f2422f/1427376657495/SBAB\\_Annual%20Report\\_2014.pdf](https://www.sbab.se/download/18.7b91d93d14c3abd8f2422f/1427376657495/SBAB_Annual%20Report_2014.pdf).

<sup>3</sup> [https://www.sbab.se/download/18.5fa84e0f153a2ffac87bf/1462967926463/ENG\\_SBAB\\_15.pdf](https://www.sbab.se/download/18.5fa84e0f153a2ffac87bf/1462967926463/ENG_SBAB_15.pdf).

<sup>4</sup> [https://www.sbab.se/download/18.560afb0415aef310d3abd8/1491314342847/SBAB\\_AR\\_2016\\_ENG.pdf](https://www.sbab.se/download/18.560afb0415aef310d3abd8/1491314342847/SBAB_AR_2016_ENG.pdf).

<sup>5</sup> [https://www.sbab.se/download/18.2656ae1716251f3adfec1/1522826698483/SBAB\\_AR\\_2017\\_ENG.pdf](https://www.sbab.se/download/18.2656ae1716251f3adfec1/1522826698483/SBAB_AR_2017_ENG.pdf).

<sup>6</sup> [https://www.sbab.se/download/18.79afd808169b93442444f/1553781796347/ENG-SBAB\\_AR\\_2018\\_FINAL.pdf](https://www.sbab.se/download/18.79afd808169b93442444f/1553781796347/ENG-SBAB_AR_2018_FINAL.pdf).

<sup>7</sup> [https://www.sbab.se/download/18.6a86aae716bf8281c2e99/1563292449280/SBAB\\_Q2-2019\\_FINAL\\_ENG.pdf](https://www.sbab.se/download/18.6a86aae716bf8281c2e99/1563292449280/SBAB_Q2-2019_FINAL_ENG.pdf).

been audited by the Issuer's auditor, and the interim report January–June 2019 has been reviewed by the Issuer's auditor. With the exception of the annual reports and the interim report, no information in this Prospectus has been audited or reviewed by the Issuer's auditor.

## Documents available

The following documents are available at the Issuer's website:

- the Issuer's articles of association;<sup>8</sup> and
- the Terms and Conditions of the respective Notes.<sup>9</sup>

## 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.

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.

%	Jan–Jun 2019	Jan–Jun 2018	2018	2017
Credit impairment ratio	0.085	0.100	0.073	0.034
Net profit/Risk exposure amount	1.5	3.9	1.5	4.1
Maximum distributable amount (MDA)	9.0	9.0	9.0	9.0
MDA Buffer	3.3	21.3	3.5	23.2
Net credit losses/MDA buffer	-0.4	0.2	0.3	0.2

<sup>8</sup> [www.sbab.se/1/om\\_sbab/bolagsstyrning/bolagsstyrning/bolagsordning.html](http://www.sbab.se/1/om_sbab/bolagsstyrning/bolagsstyrning/bolagsordning.html).

<sup>9</sup> [https://www.sbab.se/1/in\\_english/investor\\_relations/sbab\\_unsecured\\_funding/capital\\_instruments/capital\\_instruments.html](https://www.sbab.se/1/in_english/investor_relations/sbab_unsecured_funding/capital_instruments/capital_instruments.html).

## Definitions and explanations

Measure	Definition	Explanation
Credit impairment ratio	<i>From 1 January 2018:</i> Impaired loans (credit stage 3 gross lending to the public according to IFRS 9) for the period in relation to lending to the public as per closing balances of balance sheet.  <i>Before and up to 31 December 2017:</i> Impaired loans (doubtful loan receivables according to IAS 34) for the period in relation to lending to the public as per closing balances of balance sheet.	The APM aims to provide the reader with further information regarding asset quality.
Net profit/Risk exposure amount	Net profit (annualised) for the period in relation to risk exposure amount (closing balance).	The APM aims to provide the reader with further information regarding organically generated CET1.
Maximum distributable amount (MDA)	CET1 pillar1 requirement + 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	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	The APM aims to provide the reader with further information regarding the asset quality and risk in relation to the ability to pay coupons.

## Reconciliation of alternative performance measures

### Credit impairment ratio

	Jan–Jun 2019	Jan–Jun 2018	2018	2017
Impaired loans, SEK m	319	353	267	113
Lending to the public, SEK m	372,897	351,496	364,215	335,111
<b>Credit impairment ratio, %</b>	<b>0.085</b>	<b>0.100</b>	<b>0.073</b>	<b>0.034</b>

### Net profit/Risk exposure amount

	Jan–Jun 2019	Jan–Jun 2018	2018	2017
Net profit, SEK m	905	887	1,726	1,709
Net profit annualised, SEK m	1,810	1,774	1,726	1,709
Risk exposure amount, SEK m	119,728	45,712	114,141	41,797
<b>Net profit/Risk exposure amount, %</b>	<b>1.5</b>	<b>3.9</b>	<b>1.5</b>	<b>4.1</b>

### MDA buffer and Net credit losses in relation to MDA buffer

	Jan–Jun 2019	Jan–Jun 2018	2018	2017
CET1 capital, %	12.2	30.3	12.5	32.2
Maximum distributable amount (MDA), %	9.0	9.0	9.0	9.0
<b>MDA buffer, %</b>	<b>3.3</b>	<b>21.3</b>	<b>3.5</b>	<b>23.2</b>
Net credit losses, SEK m	-16	18	11	24
MDA Buffer, SEK m	3,897	9,753	4,007	9,688
<b>Net credit losses/MDA buffer, %</b>	<b>-0.4</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>

## ADDRESSES

---

### The Issuer

#### **SBAB Bank AB (publ)**

##### **Postal address**

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

##### **Visiting address**

Svetsarvägen 24  
SE-171 41 Solna, Sweden  
Telephone: +46 (0)771-45 30 00  
[www.sbab.se](http://www.sbab.se)

### The Joint Bookrunner and Issuing Agent

#### **Skandinaviska Enskilda Banken AB (publ)**

SE-106 40 Stockholm, Sweden  
[www.sebgroup.com](http://www.sebgroup.com)

### Joint Bookrunners

#### **Danske Bank A/S**

Norrmalmstorg 1, P.O. Box 7523  
SE-103 92 Stockholm, Sweden  
[www.danskebank.com](http://www.danskebank.com)

#### **Nordea Bank Abp**

Satamaradankatu 5, FI-00020 Nordea, Helsinki, Finland  
[www.nordea.com](http://www.nordea.com)

### Legal adviser to the Issuer

#### **Mannheimer Swartling Advokatbyrå**

P.O. Box 1711  
SE-111 87 Stockholm, Sweden  
[www.mannheimerswartling.se](http://www.mannheimerswartling.se)

### The CSD

#### **Euroclear Sweden**

Klarabergsviadukten 63  
SE-101 23 Stockholm, Sweden  
[www.euroclear.com/sweden](http://www.euroclear.com/sweden)

### The Agent

#### **Nordic Trustee & Agency AB (publ)**

Norrlandsgatan 23  
SE-111 43 Stockholm, Sweden  
[www.nordictrustee.com.com](http://www.nordictrustee.com.com)

# SBAB!

P.O. Box 4209, SE-171 04 Solna, Sweden  
[www.sbab.se](http://www.sbab.se)