

*This base prospectus was approved by the Swedish Financial Supervision Authority on 23 December 2021 and is valid for twelve months after the date of the approval. The obligation to supplement this base prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the base prospectus is no longer valid.*



**Skandinaviska Enskilda Banken AB (publ)**  
**PROGRAMME FOR ISSUANCES OF COVERED BONDS**

**Arranger**

Skandinaviska Enskilda Banken AB (publ)

**Dealers**

Danske Bank A/S, Danmark, Sverige filial  
Svenska Handelsbanken AB (publ)

Nordea Bank Abp  
Skandinaviska Enskilda Banken AB (publ)  
Swedbank AB (publ)

## Important information

This base prospectus (the “**Prospectus**”) relates to Skandinaviska Enskilda Banken AB (publ)’s (“**SEB**” or the “**Bank**”) programme for issuances of covered bonds (*säkerställda obligationer*) under which fixed interest rate and floating interest rate covered bond loans (*säkerställda obligationslån*) (“**Covered Bond Loans**” or, when referred to individually, a “**Covered Bond Loan**”) in SEK are issued in accordance with the Swedish Act (2003:1223) on Issuance of Covered Bonds (*lag (2003:1223) om utgivning av säkerställda obligationer*) (the “**Covered Bonds Act**”) (“**Covered Bonds**” or, when referred to individually, a “**Covered Bond**”) (the “**Programme**”). A Covered Bond may be issued in a minimal Nominal Amount of the SEK equivalent to EUR 100,000 and with a minimum term of one year.

Words and expressions defined in the general terms and conditions for covered bonds (the “**General Terms and Conditions**”) beginning on page 31, and, as the case may be, in the final terms, the form of which begin on page 41 (the “**Final Terms**”) have the same meanings when used in this Prospectus, unless expressly stated or otherwise follows from the context.

This Prospectus shall be read in conjunction with any documents incorporated by reference (see Section “*Incorporation by reference*”), the Final Terms for each Covered Bond Loan and any supplements to this Prospectus.

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

### Notice to investors

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

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. Subject to certain exemptions, Covered Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Covered Bonds have not been, and will not be, registered under the United States Securities Act of 1933 or the securities laws of any state or other jurisdiction outside Sweden.

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 SEB and SEB assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Covered Bond 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 SEB’s or the Group’s business since the date of this Prospectus. If the information in this Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in Regulation (EU) 2017/1129 of the European Parliament and 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**”).

### MiFID II Product Governance

In respect of each issue of Covered Bonds, each Issuing House (as defined in the General Terms and Conditions) will undertake a target market assessment in respect of such Covered Bonds and determine the appropriate channels for distribution for such Covered Bonds. Any person subsequently offering, selling or recommending such Covered Bonds (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (as amended “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of such Covered Bonds (either by adopting or refining the target market assessment) and determining the appropriate distribution channels. For the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue as to whether any Issuing House participating in the issue of Covered Bonds is a manufacturer in respect of such Covered Bonds. Neither the Arranger nor the Dealers nor any of their respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### Forward-looking statements and market data

The Prospectus contains certain forward-looking statements that reflect SEB’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 SEB believes that these statements are based on reasonable assumptions and expectations, SEB cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement. Factors that could cause SEB’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in the section “*Risk factors*”. The forward-looking statements included in this Prospectus apply only to the date of the Prospectus. SEB 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 SEB and the Group or persons acting on SEB’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 Group participates. The information has been extracted from a number of sources. Although SEB 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 SEB 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 SEB.

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## DESCRIPTION OF THE PROGRAMME

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- Issuer:** Skandinaviska Enskilda Banken AB (publ) is a banking company (*bankaktiebolag*) licensed by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “SFSA”) to issue covered bonds under the Covered Bonds Act.
- Skandinaviska Enskilda Banken AB (publ) was incorporated under the laws of Sweden on 29th December, 1971. SEB’s registration number is 502032-9081 and the Legal Entity Identifier (LEI) of SEB is F3JS33DEI6XQ4ZBPTN86.
- SEB has its principal office at Kungsträdgårdsgatan 8 Stockholm.
- Arranger:** Skandinaviska Enskilda Banken AB (publ).
- Dealers:** SEB has appointed Danske Bank A/S, Danmark, Sverige filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) as Dealers (*emissionsinstitut*) under the Programme. Additional Dealers may be appointed and a Dealer may withdraw from its appointment.
- The Dealers have, by arrangements with SEB, made certain commitments to SEB including, *inter alia*, to (subject to certain conditions) offer Covered Bond Loans in the capital market and promote trading of Covered Bonds in the secondary market. The Dealers will, subject to certain conditions, post rates of trade with respect to all or some Covered Bond Loans.
- Description:** The Programme constitutes a framework under which SEB has the opportunity to issue Covered Bond Loans in SEK with different maturities. In addition to the Programme, SEB has established the Global MTN Programme under which, amongst other things, covered bonds may be issued. SEB may from time to time establish other covered bond programmes.
- The decision to establish the Programme was made by SEB’s board of directors. Decisions to raise Covered Bond Loans are made by persons who are authorised by the board of directors, or such person(s) authorised by them, to sign for SEB.
- Purchases and sales are made through the Dealers that have, according to an agreement with SEB and subject to certain conditions, undertaken to offer Covered Bond Loans on the financial market, to actively promote trade of Covered Bonds on the secondary market and to, if possible, continuously report purchase- and sale interest rates of the Covered Bonds. An agreement regarding the Programme was entered into with the Dealers on 16 July 2020 (as amended and/or supplemented and/or restated from time to time).
- Covered Bond Loan:** SEB will issue Covered Bond Loans in SEK. Each Covered Bond Loan is represented by Covered Bonds with a certain denomination as stated in the relevant Final Terms.
- The General Terms and Conditions are found in Section “*General Terms and Conditions and form of Final Terms*”. Final Terms will be prepared for each Covered Bond Loan and will be published by SEB and submitted to the SFSA (see Section “*General Terms and Conditions and form of Final Terms*”).
- Final Terms in respect of Covered Bond Loans that are offered to the public or otherwise admitted to trading on a regulated market will be filed with the SFSA as soon as practicable, if possible in advance of the beginning of the offer and at the latest prior to the admission to trading. Such Final Terms will be published on SEB’s website at [www.sebgroup.com](http://www.sebgroup.com). The information on the website is not part of this Prospectus and has not been scrutinised or approved by the SFSA unless that information is incorporated by reference into this Prospectus.

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

<b>European Benchmark Regulation:</b>	Interest payable under Covered Bonds Loans may be calculated by reference to a specified benchmark ( <i>i.e.</i> STIBOR), as defined in the General Terms and Conditions. STIBOR is provided by the Swedish Financial Benchmark Facility. At the date of this Prospectus, the Swedish Financial Benchmark Facility does not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “ <b>Benchmark Regulation</b> ”). However, the Swedish Financial Benchmark Facility has indicated that it is in the process of seeking authorisation from the SFSA to operate as an approved administrator under the Benchmark Regulation and intends to submit a formal application for authorisation as administrator for STIBOR during 2021.
<b>Interest Payment Date:</b>	As stated in the Final Terms of each Covered Bond Loan.
<b>Maturity Date:</b>	As stated in the Final Terms of each Covered Bond Loan.
<b>Registration, clearing and settlement:</b>	Covered Bonds will be registered in the online account-based system of Euroclear Sweden or other clearing organisation, and clearing and settlement will be executed upon trading in such system. Physical notes representing Covered Bonds will not be issued.
<b>Admission to trading:</b>	If admission to trading is specified in the relevant Final Terms, SEB shall apply to have the Covered Bond Loan admitted to trading at the specified listing venue.
<b>Preliminary withholding-tax:</b>	Euroclear Sweden deducts withholding tax, presently 30 per cent., on interest paid to private individuals’ resident in Sweden as well as to Swedish estates of inheritance.
<b>Status:</b>	The Covered Bonds constitute unsubordinated obligations of SEB and rank <i>pari passu</i> without any preference among themselves. The Covered Bonds are obligations issued or converted in accordance with the Covered Bond Act and rank <i>pari passu</i> with all other obligations of SEB that have been provided with the same priority as Covered Bonds pursuant to the Swedish Preferential Rights of Creditors Act. To the extent that claims in relation to the Covered Bonds are not met out of the pool of assets, the residual claims will rank at least <i>pari passu</i> with the claims of unsecured and unsubordinated creditors of SEB, and in priority to the claims of creditors on or in respect of all senior non-preferred and subordinated obligations.
<b>Selling Restrictions:</b>	The distribution of this Prospectus and the sale of Covered Bonds may be restricted by law in certain countries. Therefore, holders of this Prospectus and/or of Covered Bonds must inform themselves about any restrictions and comply with such restrictions.
<b>Bondholders’ meeting:</b>	The General Terms and Conditions include certain provisions regarding a Bondholders’ meeting, which may be held in order to resolve on matters relating to Bondholders’ interests. Such provisions allow for designated majorities to bind all Bondholders, including Bondholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Bondholders’ meeting.
<b>Use of proceeds:</b>	Unless otherwise specified in the relevant Final Terms, the net proceeds from each issue of Covered Bonds will be applied by SEB in its ordinary business operations.
<b>Prescription:</b>	The right to receive payment of the nominal amount shall be statute-barred and become void 10 years from the relevant maturity date and the right to receive payment of interest shall be statute-barred and become void 3 years from the

relevant due date for payment. SEB is entitled to any funds set aside for payments that have become statute-barred.

**Governing law:**

Each Covered Bond Loan will be governed by and construed in accordance with Swedish law.

**Processing of personal data**

In order to comply with the Conditions for a Loan, SEB and the Dealers, may, acting as a data controllers, collect and process personal data. The processing is based on SEB's or each Dealer's legitimate interest to fulfil its respective obligations under the Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Conditions, personal data may be shared with third parties, such as Euroclear, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data SEB and each Dealer processes about them and may request the same in writing at SEB's or the relevant Dealer's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about SEB's and each Dealer's respective personal data processing can be obtained by requesting the same in writing at SEB's or each Dealer's respective website.

**Expected credit rating:**

Each Covered Bond Loan is expected to be assigned the credit rating Aaa from Moody's Investors Service (Nordics) AB ("**Moody's**"). Moody's is established in the European Union and is registered under Regulation (EC) No.1060/2009 (as amended) (the "**CRA Regulation**"). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning credit rating agency. Credit ratings are a way of evaluating credit risk. For more information regarding the credit rating, visit [www.moody.com](http://www.moody.com).

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

<b>Global long-term rating scale</b>
Aaa
Aa
A
Baa
Ba
B
Caa
Ca
C

European (including the UK) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to certain transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or

certification, as the case may be, has not been withdrawn or suspended, subject to certain transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Covered Bonds changes, European (including the UK) regulated investors may no longer be able to use the rating for regulatory purposes and the Covered Bonds may have a different regulatory treatment. This may result in European (including the UK) regulated investors selling the Covered Bonds which may impact the value of the Covered Bonds and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

## RISK FACTORS

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*In this section, material risk factors are illustrated and discussed, including SEB's economic and market risks, operational risks, finance risks, legal and regulatory risks and risks relating to all Covered Bonds. SEB'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.*

### **Risk factors related to the markets and economies in which SEB operates**

*SEB's business, earnings and results of operations are materially affected by conditions in the global and regional financial markets and by global and regional economic conditions, including, in particular, the direct and indirect impacts of the COVID-19 pandemic*

The macroeconomic environment is the major driver of risk to SEB's results of operations and financial condition. Adverse conditions in the general economy and financial markets affect SEB in a number of ways, including, among others, a decrease in the demand for certain loans and other products and services offered by SEB, increased cost of funding, a decrease in net interest income, net interest margin and net fee and commission income, a deterioration in credit quality and a decrease in prices of real estate and real property held as collateral for loans, volatile fair values for many of SEB's financial instruments, higher goodwill impairment charges and increased loan impairment charges, all of which have in the past resulted in lower profitability and may have the same effect in future periods.

With a significant part of its operating profit arising from its Large Corporates & Financial Institutions division, SEB's results of operations are particularly exposed to the risk of weak economic and financial activity and a downturn in the capital markets in general. As the outbreak of the COVID-19 virus escalated into a global pandemic in the first quarter of 2020, market volatility reached levels not seen since the financial crisis. As a result, economies globally deteriorated rapidly in the second quarter of 2020 as various measures, including large-scale restrictions on movement, were implemented to contain the spread of the COVID-19 virus. Moreover, supply shortages in the global economy have become increasingly apparent and an ongoing challenge for the global recovery. These shortages have driven global inflation up, including due to higher commodity prices. Although the economic recovery appears to be underway, significant uncertainty remains as to the full extent of the adverse economic consequences of the COVID-19 pandemic. See "*The outbreak of COVID-19 has impacted and is expected to further adversely impact SEB and its customers, counterparties, employees, and third-party service providers, and could have a material adverse effect on SEB's business, financial position, results of operations, and prospects*" for further information).

The Group's operations in Sweden account for a significant part of its operating profit and the other Nordic countries of Denmark, Finland and Norway are also important to the Group's profitability. Although the Nordic countries, and the Swedish economy in particular, were generally less affected by global macroeconomic volatility compared to other European countries in the years prior to the COVID-19 outbreak, economic conditions in Sweden and other Nordic countries have worsened significantly in 2020 due to various restrictions following the outbreak of the COVID-19 virus. While lockdown measures have not been as restrictive in Sweden as in other countries, the Swedish economy experienced a rapid and significant increase in redundancies and registered unemployment and a significant overall decline in economic growth in 2020.

According to Statistics Sweden (*Statistiska centralbyrån*), the Swedish household sector's total debt in relation to its disposable income has almost doubled over the past 20 years, largely driven by the significant increase in house prices over the same period. At the peak of the COVID-19 crisis in March and April of 2020, housing prices declined by slightly less than 3 per cent. according to Valueguard, but reversed their course during the remainder of the year and into 2021. Valueguard's price index was up 10.8 per cent. in the twelve month-period ending October 31, 2021. However, there can be no assurance that housing prices will not deteriorate materially, including if the consequences of the COVID-19 pandemic and the measures taken to contain it persist or worsen or for other reasons.

While oil prices were relatively stable in 2019, the outbreak of the COVID-19 virus and the consequent significant decrease in demand for oil, coupled with the decision of the Organization of the Petroleum Exporting Countries (OPEC) to remove all limits on oil production in March 2020, caused a sharp drop in oil prices in the first half of 2020. While this situation was reversed later in the year and into 2021, there can be no assurance that crude oil prices will not decrease further or continue to experience significant volatility. The volatility in oil and gas, as well as other commodity prices have had, and are expected to continue to have, an adverse effect on certain industry sectors in Europe and on Norway, one of SEB's core markets. The offshore segment of the oil industry was particularly impacted, which resulted in increased provisioning for SEB's exposure in 2020.

Negative economic growth, a delay in the economic recovery or a sharp decline in real estate prices in Sweden, the other Nordic countries or the other markets in which SEB operates, including as a result of adverse economic consequences of the COVID-19 pandemic, could have a material adverse effect on SEB's results of operations, business, financial condition, liquidity and/or prospects. Changing market conditions and falling real estate prices could also lead to a deterioration in the quality of SEB's collateral.

The precise nature of all the risks and uncertainties SEB faces as a result of the global economic outlook cannot be accurately predicted and many of these risks are outside SEB's control. No assurance can be given as to future economic conditions in any market or as to the sustainability of economic growth in any of SEB's markets. If economic conditions deteriorate or economic growth is not sustained in any of SEB's main markets, or if there is an economic crisis or significant market volatility, including as a result of the impact of the COVID-19 pandemic, commodity price volatility, deflationary pressures in Europe, changes to U.S. foreign and trade policy or global trade wars, SEB's results of operations, business, financial condition, liquidity and/or prospects could be negatively affected.

*The outbreak of COVID-19 has impacted and is expected to further adversely impact SEB and its customers, counterparties, employees, and third-party service providers, and could have a material adverse effect on SEB's business, financial position, results of operations, and prospects*

The outbreak of a novel strain of coronavirus disease, COVID-19, has created a global public-health crisis that has resulted in widespread volatility and deteriorations in household, business, economic, and market conditions. On 11th March, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. The COVID-19 pandemic and governmental responses to the pandemic have had, and continue to have, a severe impact on global economic and business conditions, including significant volatility in financial and commodities markets. Governments and regulatory bodies in affected areas have imposed a number of measures designed to contain the outbreak, including widespread business closures, travel restrictions, quarantines, and cancellations of gatherings and events. Governments, monetary authorities and regulators have also taken actions to support the economy and financial system, including taking fiscal and monetary measures to increase liquidity and support incomes, and regulatory actions in respect of financial institutions.

Due to the evolving and rapidly changing nature of the COVID-19 pandemic and the various governmental measures implemented to counter or limit the adverse impact of the outbreak, it is not possible at this time to accurately predict the ultimate impact of the outbreak on the global economy, the Swedish economy and/or SEB. The extent of the impact of the COVID-19 pandemic on SEB's business, results of operations, capital, liquidity and prospects will depend on a number of evolving factors, including:

- *The duration, extent, and severity of the pandemic.* The duration and severity of the pandemic cannot be predicted at this time. While some countries began vaccination programmes in December 2020, they might not be as effective as expected (including as a result of variants of COVID-19 in respect of which vaccines are ineffective or less effective than in respect of current variants), the vaccine rollout, including vaccine booster programmes, might be slower than planned and the adverse impacts of the COVID-19 pandemic on the global economy could continue and result in further volatility and/or price declines in financial and commodities markets.
- *The response of governmental, monetary and regulatory authorities.* Many actions taken by authorities, such as widespread business closures, travel restrictions, quarantines and the institution of social distancing, have been directed toward curtailing household and business activity to contain COVID-19 while simultaneously deploying fiscal, monetary and regulatory measures to mitigate the adverse effects on individual households and businesses. The lockdowns of economies globally initially resulted in significant reductions in production, demand and global trade. Large corporates experienced both demand and supply disruptions as global supply chains were challenged by the national lockdowns. Small and medium-sized

corporates in the most exposed sectors, such as tourism and hospitality, experienced a sharp decline in demand, putting the viability of many of the companies and businesses in these sectors at substantial risk. Monetary authorities have also sought to mitigate the economic impact of the pandemic by pursuing accommodative policies. Although as of 24th November, 2021, the date of its most recent monetary meeting, the Swedish Riksbank (the “**Riksbank**”) decided to maintain its repo rate unchanged at 0 per cent., which was raised from -0.25 per cent. in December 2019 and had a positive impact on SEB’s deposit margins and therefore its net interest income in 2020, other monetary actions (including those outside Sweden) are meaningfully influencing the interest rate environment, and could continue to, adversely affect SEB’s results of operations and financial condition.

- *The effect on SEB’s borrowers, counterparties, employees, and third-party service providers.* COVID-19 and its associated consequences and uncertainties have affected individuals, households, and businesses differently and unevenly. A substantial amount of SEB’s business involves making loans or otherwise committing resources to borrowers, including individuals and companies in various industries. The full effect of the COVID-19 pandemic on individual customers remains uncertain, as does the impact of governmental aid and support measures, which are gradually being withdrawn in many countries. The economic consequences of the COVID-19 pandemic have become more visible in terms of labour markets, consumption and economic growth, and while they have recovered to various degrees, they may continue to adversely impact certain corporate and personal borrowers’ ability to repay their loans, which could in turn have a material adverse effect on SEB’s results of operations, financial condition and/or liquidity. Moreover, the recovery in demand has in part led to supply shortages, both in terms of labour and raw materials, in the global economy, which have become increasingly apparent. These shortages have driven global inflation up, including due to higher commodity prices. SEB’s operational risk may also increase to the extent that counterparties and third-party service providers are adversely affected by COVID-19 or the measures implemented to contain it.

If the COVID-19 pandemic is prolonged or there are further outbreaks of the pandemic, or other diseases emerge that give rise to similar effects, this could have a further adverse impact on the global economy and/or financial markets and, in turn, adversely impact SEB in a number of ways, including as a result of (i) declines in net interest income and non-interest income due to reduced activity or volatility and declining prices in financial, real estate and/or commodities markets, (ii) higher credit losses and increases in the allowances for expected credit losses as a result of SEB’s customers’ failure to meet existing payment or other obligations to SEB, especially if businesses remain closed, unemployment continues to rise and/or SEB’s clients and customers draw on their lines of credit or seek additional loans or payment holidays to help finance their personal or business needs, (iii) a further reduction in demand for SEB’s products and services, including loans, deposits and asset management services, (iv) a failure to meet the minimum regulatory capital and liquidity ratios and other supervisory requirements, (v) possible downgrades to SEB’s credit ratings; and (vi) disruptions to significant portions of SEB’s operations as a result of illness, quarantines, sheltering-in-place arrangements, governmental actions and/or other restrictions imposed by measures intended to contain the pandemic.

The effects of the COVID-19 pandemic and government responses thereto become more evident in coming months, the foregoing factors may also have the effect of heightening many of the other risks described in “*Risk Factors*”. For example, SEB’s net expected credit losses by SEK 3,824 million to SEK 6,118 million in 2020, compared to the corresponding period in 2019 as a result of additional portfolio-level provisions made in several sectors considering the uncertainty caused by COVID-19 as well as lower oil prices, which in turn had an adverse effect on SEB’s operating profit before items affecting comparability, which decreased by 16 per cent. in 2020 compared to the corresponding period in 2019. To the extent that the COVID-19 pandemic results in sustained adverse effects on global macroeconomic conditions, financial and commodities markets and the economic environments in which SEB operates, SEB’s business, financial position, results of operations, and prospects may be materially adversely affected.

*Negative interest rates and volatility in interest rates have affected and will continue to affect SEB’s business and results of operations.*

SEB generally relies on deposits for a significant portion of its funding, which funding is low-cost to SEB due to the relatively low rates paid, in particular in current accounts. SEB’s overall net interest margin, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities as a percentage of interest-bearing assets, varies according to prevailing interest rates and is a significant factor in determining SEB’s profitability. Net interest margins vary according to the prevailing level of interest rates and

tend to get compressed in a low or negative interest rate environment, such as that which has prevailed in recent years. Continuing low or negative interest rates, further reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of net interest income generated by SEB and in its net interest margin.

Interest rates are highly sensitive to many factors beyond SEB's control, including fiscal and monetary policies of governments and central banks in the jurisdictions in which SEB operates, which are unpredictable in nature. Central banks have reduced interest rates to record low levels and interest rates have remained low in the major markets in which SEB operates in recent years, and negative in the Eurozone since June 2014 and in Sweden since February 2015. Due to very low inflation, the repo rate of the Riksbank was gradually lowered from 1.00 per cent. in 2013 to -0.50 per cent. in early 2016, a level which was retained until December 2018, when the rate was raised to -0.25 per cent. In December 2019, the Riksbank decided to raise the repo rate by 25 basis points to 0 per cent and in the period since this date the repo rate has remained unchanged at 0 per cent. The negative repo rate between the years 2015 to 2019 in Sweden adversely affected SEB's:

- deposit margins;
- yield on excess liquidity placed by it with the Riksbank;
- yield on its liquidity bond portfolio and its trading and bond portfolios maintained for client facilitation; and
- fees on its money market funds, as these funds' volumes are reduced as a result of low or zero effective yields and are not placed in other types of funds with SEB.

If the zero interest rate environment in Sweden or the negative interest rate environment in the Eurozone continues for a prolonged period of time, or if negative interest rates return in Sweden, the existing challenges associated with SEB's reluctance to pass the consequences of such interest rates on to retail customers and the challenges associated with passing, to the full extent, the consequences of such interest rates on to its large corporate customers would likely be exacerbated, which would continue to adversely affect SEB's net interest income. While SEB has implemented certain risk management methods to mitigate the interest rate risks to which it is exposed, it is difficult to predict with accuracy changes in economic or financial market conditions and changes in central banks' goals and monetary policies, and to anticipate the effects that such changes could have on SEB's business, financial condition, results of operations, liquidity and/or prospects. In addition, after a long period of extraordinarily accommodative monetary policy, there is a material risk of the ability of corporates and individuals to adjust to a more normal monetary policy environment, whenever that might occur.

*SEB is exposed to foreign exchange risk, and a devaluation or depreciation of any of the currencies in which it operates could have a material adverse effect on its assets, including its loan portfolio, and its results of operations*

A substantial portion of loans made by SEB is denominated in currencies other than SEK. A devaluation or depreciation of any such currencies other than SEK in which SEB operates or in which it has loan exposure may require it to take an impairment charge.

Any significant devaluation or depreciation in any currencies in which SEB operates could cause adverse foreign exchange effects on SEB's income statement and equity. SEB's results of operations and financial condition, expressed in SEK, would also be adversely affected by the relative weakness of the currency of any other country in which it operates, including in particular the euro and, to a lesser extent, the U.S. dollar and the Danish and Norwegian krone, compared to the SEK.

Conversely, a depreciation of the SEK against other currencies in which loans are made to customers would result in an increase in SEB's loan portfolio, resulting in growth in REA and a negative impact on capital ratios. In the 9 months ended 30th September, 2021, fluctuations in the exchange rate between the SEK and the euro, as well as between the SEK and the U.S. dollar resulted in an increase in REA of SEK 9 billion compared to 31<sup>st</sup> December 2020. In 2020, fluctuations in the exchange rate between the SEK and the euro, as well as between the SEK and the U.S. dollar resulted in a decrease in REA of SEK 23 billion compared to 31<sup>st</sup> December, 2019. In 2019, fluctuations in the exchange rate between the SEK and the euro, as well as between the SEK and the U.S. dollar resulted in an increase in REA of SEK 10 billion compared to 31<sup>st</sup> December, 2018.

Exchange rate movements could have a significant effect on SEB's balance sheet positions and, over the long term, its results of operations, which are stated in SEK.

*SEB operates in competitive markets, which could have an adverse effect on its financial condition and results of operations*

SEB is subject to significant competition in the markets in which it operates. Competition has increased and may increase in the future in some or all of SEB's markets as a result of legislative, regulatory, technological or other factors. Increased competition could cause SEB to lose business or compel it to price products and services on less advantageous terms, or otherwise have an adverse effect on its business, financial condition. Results of operations and prospects. Competition in the banking and financial services industry is impacted by consolidation, at both national and international levels, digitalisation, new technologies and regulation, and this trend may impact SEB in the principal markets in which it operates. Competition from new market entrants, including alternative providers of financial services in the so-called fin-tech space, is changing the competitive landscape rapidly and significantly, including by challenging historical banking business models, products, delivery channels and customer expectations. It is difficult to predict with certainty how such technological changes may shape the competitive landscape. Although SEB believes its businesses are well suited to compete effectively in such an environment, it may experience stronger competition for corporate, institutional and retail clients and increased pressure on profit margins as well as other pricing pressures on its products and services, particularly as competitors seek to build their market share, which may harm SEB's ability to maintain or increase profitability and adversely affect SEB's business, financial condition, results of operations, liquidity, markets and prospects.

*Catastrophic events, terrorist acts, acts of war or hostilities, pandemic diseases, geopolitical, climate-related or other unpredictable events could have a negative impact on SEB's business and results of operations*

Catastrophic events, terrorist acts, acts of war or hostilities, pandemic diseases (including the outbreak of the COVID-19 virus), geopolitical, climate-related or other unpredictable events and responses to those acts or events may create economic and political uncertainties, which could have a negative impact on Swedish, European and international economic conditions generally and, more specifically, could interrupt SEB's business and result in substantial losses. Such events or acts and losses resulting therefrom are difficult to predict and may relate to property, financial assets, trading positions or key employees as well as a material adverse impact on borrowers' credit quality. If SEB's business continuity plans do not address such events or cannot be implemented under the circumstances, such losses may increase. Unforeseen events can also lead to increased operating costs, such as higher insurance premiums and the need for redundant back-up systems. Insurance coverage for certain risks may also be unavailable and thus increase SEB's risk. SEB's inability to effectively manage these risks could have a material adverse effect on its business, results of operations and financial condition.

### **Risk Factors related to SEB's operations**

*SEB has significant credit risk exposure and is exposed to the risk of a deterioration of its credit portfolio which could lead to increased credit provisioning*

SEB is exposed to the risk that its borrowers may not repay their loans according to their contractual terms and that the collateral securing the payment of these loans may be insufficient. An adverse economic environment or industry or counterparty-specific dynamics affecting SEB's borrowers, such as regulatory changes or rapid market evolution, could result in a deterioration of SEB's credit portfolio. The specific challenges arising from deterioration of the global and regional economic environments as a result of the COVID-19 pandemic may result in a material adverse impact on SEB's credit risk exposure. In particular, government support programmes in relation to COVID-19 may be delaying the real impact of restrictions and there is uncertainty around additional waves of COVID-19. See also "*The outbreak of COVID-19 has impacted and is expected to further adversely impact SEB and its customers, counterparties, employees, and third-party service providers, and could have a material adverse effect on SEB's business, financial position, results of operations, and prospects*".

Any significant increase in the size of SEB's allowance for loan losses in the future could have a material adverse effect on its financial position and results of operations. SEB's allowances for losses on loans are based on, among other things, its analysis of current and historical delinquency rates and loan management, its customers' likely repayment capacity and the valuation of the underlying assets, as well as numerous other management assumptions, including macroeconomic assumptions. These internal analyses and assumptions may give rise to inaccurate predictions of credit performance and SEB may experience unexpected reductions in profitability or increased losses as a result. SEB's performance may also be affected by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may no longer be accurate.

*SEB is exposed to declining property values on the collateral supporting household mortgages as well as lending to residential and commercial real estate and housing co-operative associations*

SEB's total credit portfolio as of 30th September, 2021 was SEK 2,691 billion, of which household mortgage exposure amounted to 25 per cent., or SEK 669 billion (of which SEK 596 billion, or 22 per cent of the total credit portfolio, was household mortgage exposure in Sweden), and real estate management exposure amounted to 12 per cent., or SEK 336 billion (of which SEK 186 billion, or 7 per cent. of the total credit portfolio, was commercial real estate exposure, and SEK 150 billion, or 6 per cent. of the total credit portfolio, was residential real estate exposure) and SEK 73 billion, or 3 per cent. of the total credit portfolio, was exposure to housing co-operative associations.

SEB applies a cash-flow based credit policy that focuses on the repayment capacity of the customer when extending credit. This policy also applies to all lending backed by residential or commercial real estate. The COVID-19 outbreak resulted in significant decreases in consumption and increases in unemployment during 2020, in the Nordic and Baltic regions, which have now partly recovered. Any future economic downturn in the Nordic and Baltic regions as a result of such developments or for other reasons could adversely affect SEB's commercial and residential property lending portfolio and household mortgage portfolio and generate increases in impairment losses, which could materially affect SEB's financial condition and results of operations. In addition, and particularly given the relatively significant increase in Swedish house prices since the 1990s and the rapid growth in household debt in Sweden, the effects of any future significant decline in property values on the wider economy may also contribute to higher default rates and impairment losses on non-property commercial and consumer loans. Moreover, declining residential property values in Sweden may also have a material adverse effect on SEB's ability to issue Covered Bonds, its most important source of wholesale funding therefore on its financial condition, liquidity and prospects.

*SEB requires significant funding to service its indebtedness and relies on the credit and capital markets to meet a significant part of its funding needs*

As of 30th September, 2021, the amount of outstanding long-term senior unsecured and mortgage covered bond funding scheduled to mature within one year and Tier 2 and Additional Tier 1 issuances which could be called on their respective first call dates and require refinancing was SEK 98 billion, excluding public covered bonds issued by DSK Hyp AG. An additional SEK 122 billion and SEK 90 billion are scheduled to mature or may be called on their respective first call dates within two and three years, respectively. Future disruptions, uncertainty or volatility in the capital and credit markets, which were particularly volatile during the first half of 2020 as a result of the effects of the COVID-19 outbreak, could limit SEB's ability to refinance maturing liabilities with long-term funding. The availability to SEB of any additional financing it may need will depend on a variety of factors, such as market conditions, the availability of credit generally and to borrowers in the financial services industry specifically, the volume of trading activities, SEB's financial condition, its credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of SEB's financial prospects. In particular, SEB's access to funds may be impaired if regulatory authorities impose additional regulatory capital requirements or rating agencies downgrade SEB's credit ratings.

In addition, like many banks, SEB relies on customer deposits to meet a substantial portion of its funding requirements. Such deposits are subject to fluctuation due to certain factors outside SEB's control, such as any possible loss of confidence and competitive pressures, which could result in a significant outflow of deposits within a short period of time. Any material decrease in SEB's deposits could have a negative impact on SEB's liquidity.

*SEB is subject to the risk that liquidity may not always be readily available*

Liquidity risk is the risk that a bank will be unable to meet its obligations, including funding commitments, as they fall due. This risk is inherent in banking operations and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding (including, for example, short-term and overnight funding), changes in credit ratings or market-wide phenomena such as market dislocation and major disasters.

SEB's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its operations, controlling the diversity of its funding, monitoring and managing the maturity dates of its debts and carefully monitoring its undrawn commitments and contingent liabilities toward customers. However, SEB's internal sources of liquidity may prove to be insufficient and, in such case, SEB may not be able to successfully obtain additional financing on favourable terms or at all, which could have a material adverse effect on SEB's liquidity and prospects. Additionally, any liquidity constraints that arise in the funding market, or even a perception among market participants that a financial institution is experiencing greater liquidity risk can cause significant damage

to the institution's funding sources. SEB's funding base comprises deposits and borrowing from the public (excluding repos), deposits from central banks, deposits from credit institutions (excluding repos), debt securities, including Covered Bonds, and subordinated debt. If SEB's funding sources become volatile or are unavailable, including as a result of disruption in the capital markets, SEB's access to liquidity and cost of funding could be adversely affected as SEB would be required to utilise other, more expensive, sources to meet its funding needs, such as collateralised borrowing or asset sales.

*SEB's borrowing costs and its access to the debt capital markets depend significantly on its credit ratings*

SEB's credit ratings are important to its business. SEB's long-term senior unsecured ratings as of the date of this Prospectus are Aa3, A+ and AA- by Moody's, S&P and Fitch, respectively.

SEB's credit ratings are subject to change and could be downgraded as a result of many factors, including the failure of SEB to successfully implement its strategies as well as factors outside of SEB's control such as for COVID-19 pandemic and government response plans. Declines in those aspects of SEB's business identified by the rating agencies as significant or otherwise could adversely affect the rating agencies' perception of SEB's credit and cause them to take negative ratings actions. Any downgrade in SEB's credit ratings or the threat of a potential downgrade could:

- adversely affect its liquidity and competitive position;
- undermine confidence in SEB;
- increase its borrowing costs;
- limit its access to the capital markets; and/or
- limit the range of counterparties willing to enter into transactions with SEB, as many institutions require their counterparties to satisfy minimum ratings requirements.

A downgrade of SEB's credit ratings could also lead to a loss of customers and counterparties which could have a material adverse effect on its business, results of operations and financial condition or on the market price of the Covered Bonds.

*SEB could be negatively affected by the soundness or the perceived soundness of other financial institutions and counterparties*

Given the high level of interdependence between financial institutions, SEB is and will continue to be subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial services institutions. This is particularly relevant to SEB's franchise as an important and large counterparty in equity, fixed-income and foreign exchange markets, including related derivatives, which exposes it to concentration risk. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial and financial soundness of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of, or questions about, one or more financial services institutions may lead to market-wide liquidity problems and losses or defaults by SEB or by other institutions. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with whom SEB interacts on a daily basis.

In addition, SEB is subject to the risk that its rights against third parties may not be enforceable in all circumstances. The deterioration or perceived deterioration in the credit quality of third parties whose securities or obligations SEB holds could result in losses and/or adversely affect its ability to rehypothecate or otherwise use those securities or obligations for liquidity purposes. A significant downgrade in the credit ratings of SEB's counterparties could also have a negative impact on SEB's income and risk weighting, leading to increased capital requirements. While in many cases SEB is permitted to require additional collateral from counterparties that experience financial difficulty, disputes may arise as to the amount of collateral SEB is entitled to receive and the value of pledged assets.

SEB's credit risk may also be exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to SEB, which is most likely

to occur during periods of illiquidity and depressed asset valuations. The termination of contracts and the foreclosure on collateral may subject SEB to claims for the improper exercise of its rights. Bankruptcies, downgrades and disputes with counterparties as to the valuation of collateral tend to increase in times of market stress and illiquidity.

Any of these developments or losses could materially and adversely affect SEB's business, financial condition, results of operations, liquidity and/or prospects.

*A significant part of SEB's Swedish household mortgage portfolio comprises the Cover Pool for the Covered Bonds issued by SEB and the claims of holders of SEB's unsecured obligations rank after the claims of holders of covered bonds and certain derivatives counterparties*

As of 30th September, 2021, a significant part of the Group's Swedish household mortgage portfolio was in the Cover Pool against which SEB issues Covered Bonds. Under Swedish regulations, only that part of the residential mortgage loan that is below 75 per cent. of the loan-to-value is eligible to be in the Cover Pool at origination. As of 30th September, 2021, approximately 49 per cent. of the Cover Pool, or SEK 336 billion, had been used for the issuance of, and security for, outstanding Covered Bonds. Outstanding Covered Bonds represented 9 per cent., 11 per cent. and 13 per cent. of SEB's total assets as of 30th September 2021, 31st December 2020 and 31st December 2019. The mortgage loans in the Cover Pool do not form part of the general assets of SEB that would be available to holders of notes other than Covered Bonds in the case of insolvency or liquidation of SEB, although any excess proceeds from liquidation of the mortgage loans, after satisfaction of the claims of Covered Bond holders, would be available to unsecured creditors, including the holders of notes. The growth of SEB's mortgage lending will continue to be funded through the additional issuance of Covered Bonds which will be secured by Swedish residential mortgages to the extent stipulated by the Swedish Covered Bond Act. The claims of holders of notes that are unsecured obligations of SEB rank after the claims of holders of Covered Bonds and counterparties under derivatives contracts entered into for hedging purposes in relation to such Covered Bonds to the extent of their claims against the assets in the Cover Pool in respect of outstanding Covered Bonds should SEB become insolvent or be liquidated.

*SEB is exposed to changes in the fair value of its holdings of financial instruments and a decline in net trading income*

SEB's holdings of fair value financial instruments amounted to SEK 1,127 billion at 30th September, 2021. Market fluctuations and volatility may adversely affect the fair value of these instruments. For investment, treasury and client trading purposes, SEB maintains portfolios of fixed-income securities, which mainly include government bonds, covered bonds, bonds issued by financial institutions and asset-backed securities. Net of short positions, the total amount of fixed-income securities amounted to SEK 295 billion as of 30th September, 2021 compared to SEK 232 billion and SEK 216 billion as of 31st December, 2020, and 2019, respectively. The principal risk for SEB's fixed-income securities is credit spread risk, meaning that SEB could experience losses in the event of sudden and material deteriorations in the credit quality of securities held within its fixed-income securities portfolios. Approximately 11 per cent. of SEB's fixed-income securities had floating rate coupons as of 30th September, 2021. Although SEB hedges the part of its fixed-income securities portfolios that has fixed coupons against changes in interest rates, there can be no assurance that such hedges will fully mitigate the negative effect of adverse movements in interest rates, and, to that extent, SEB's fixed-income securities portfolios are also exposed to interest rate risk. For example, during the first quarter of 2020, the COVID-19 pandemic led to widened credit spreads, and unfavourable developments in interest rates and equity values, which affected SEB's fair value credit adjustment (reflecting unrealised valuation changes from counterparty risk and own credit risk standing in derivatives).

In addition, a substantial portion of SEB's fixed-income portfolios are marked to market on a daily basis. Valuations in future periods, reflecting then-prevailing market conditions, may result in negative changes in the fair values of SEB's exposure. In addition, the value ultimately realised by SEB may be lower than the current or estimated fair value. Any of these factors could require SEB to recognise valuation losses or realise impairment charges, which may adversely affect its business, financial condition, results of operations, liquidity and prospects.

*Effective management of SEB's capital is critical to its ability to operate and grow its business*

Effective management of SEB's capital is critical to its ability to operate and grow its business and to pursue its strategy. SEB is required by regulators in Sweden and in other jurisdictions in which it undertakes regulated activities to maintain adequate capital. SEB seeks to mitigate the risk of not meeting capital adequacy requirements by careful management of its balance sheet and capital, through capital raising activities and disciplined capital

allocation. However, any change that limits SEB's ability to effectively manage its balance sheet and capital resources (including, for example, reductions in profit and retained earnings as a result of credit losses, write-downs or otherwise, increases in REA (which are typically pro-cyclical, resulting in risk weighting increasing in economic downturns), delays in the disposal of certain assets, the inability to syndicate loans as a result of market conditions or otherwise or the effects of new regulatory requirements) could have a material adverse impact on its business, financial condition, results of operations, liquidity and/or prospects.

*SEB is exposed to insurance risk through its life insurance business*

SEB's traditional life insurance business is subject to the risk of declines in the market values of its asset portfolios. The principal effect of declining market values on the unit-linked and portfolio bond business is to reduce income, as a significant portion of the fee income from this business is related to the value of assets under management. For example, in the first quarter of 2020, the COVID-19 pandemic and its significant impact on the financial markets had an adverse effect on the value of SEB's assets under management and therefore on SEB's income. SEB's traditional life insurance business is also subject to the risk of falling long-term interest rates, as its traditional insurance contracts guarantee specified benefits to the policyholder at maturity. Since the divestment of its Danish life insurance subsidiaries, SEB Pensionsforsikring A/S and SEB Administration A/S (together, "**SEB Pension**") in June 2018, SEB's traditional life insurance business is mainly written in Sweden. In the traditional life insurance business, despite mitigating risk buffers that are a feature of the product, SEB bears the ultimate risk if investment returns over time are not sufficient to service the guarantees given to policyholders and, if investment returns remain depressed for extended periods, additional reserves may need to be established. SEB has, from time to time, made provisions to cover capital shortfalls in the traditional portfolios of SEB Pension och Försäkring AB. Although these provisions are generally recovered in subsequent years as investment returns improve, there can be no assurance that they will be so recovered and that further provisions will not be required in the future. As of 30th September, 2021, SEB's outstanding accumulated provisions, which have been reported in SEB's income statement as they occur, amounted to SEK 45 million.

In addition, SEB's life insurance business inherently faces the risk of volatility in the amount and timing of claims caused by unexpected changes in mortality, longevity, morbidity and expenses. Mortality risk is the risk of deviations in timing and amounts of cash flows (premiums and benefits) due to the incidence or non-incidence of death. Longevity risk is the risk of such deviations due to increasing life expectancy trends among policyholders and pensioners, resulting in pay-out ratios higher than those the insurance company originally accounted for. Morbidity risk is the risk of deviations in timing and amount of cash flows (such as claims) due to the incidence or non-incidence of disability and sickness. Expense risk is the risk that changes of the expenses incurred in servicing insurance or reinsurance contracts affect the value of insurance liabilities. Material changes in relation to any of these insurance risks or the inability of SEB to successfully manage these risks could adversely affect SEB's business, financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage.

*SEB may be required to make provisions for its pension schemes, or further contributions to its pension foundations, if the value of pension fund assets is not sufficient to cover potential obligations*

SEB maintains a limited number of defined benefit pension schemes for past and current employees. The pension obligations under these schemes are partly secured by foundations established for that purpose. The foundations' assets comprise investment portfolios that are held to meet SEB's projected liabilities to the scheme members. Risk arises from the schemes because the value of these asset portfolios and returns from them may be less than expected and because there may be greater than expected increases in the estimated value of the schemes' liabilities. In these circumstances, SEB could be obliged, or may choose, to make provisions for its pension schemes or additional contributions to the foundations. During the past three years SEB has not made any contribution to its Swedish pension, but has made contributions to its German pension foundation equivalent to the service cost. In the second quarter of 2018, the vast majority of the pension obligations in the German pension foundation were transferred to BVV Versicherungsverein des Bankgewerbes a.G. in line with an agreement that SEB AG (now DSK Hyp AG) entered into in the fourth quarter of 2017. SEB may, in the future, be required or elect to make provisions for its pension schemes or further contributions to the pension foundations, which could be significant and have a material adverse effect on SEB's equity position.

*SEB's card business may be affected by fraud, credit losses and delinquencies, as well as regulatory and technological changes*

SEB operates a card business primarily in the Nordic countries and faces the risk of reduction of earnings and credit losses from this business due to fraud and delinquencies. Fraud losses are generally higher in the corporate

card sector (due to more frequent international travel among corporate card users), which forms a significant part of SEB's card business. Although SEB has instituted increased monitoring procedures to protect against incidents of fraud, there can be no assurance that fraudulent incidents will not increase in the future from their current low levels. Further, high delinquency rates in payments by customers on cards and high credit loss rates result in increases in credit loss provisions and write-offs as well as increases in monitoring costs. These may have a negative effect on SEB's financial performance. Changes in consumer behaviour due to economic conditions could also cause a reduction in consumer, as well as corporate, demand and spending. If accountholders carry reduced balances or fail to pay their balances due to the effects of adverse economic conditions, interest and fee income could decline, credit losses could increase and SEB's performance could be negatively affected.

SEB's card business is also subject to new and changing regulations, including the Single Euro Payments Area initiative, interchange fees regulations, Payment Services Directive 2, anti-money laundering and know-your-customer regulations, including Anti-Money Laundering Directive 4 ("AML 4"). These regulations impose additional compliance procedures and information requirements for customers, are likely to result in increased regulation in this business area within the EU and may lead to higher costs, pressure on fees and reduced earnings as well as changed business models and revenue streams.

Furthermore, the payments business is characterised by rapid technological development, which, in combination with increased competition (including new entrants), increases business risks for card network-based payment solutions. If SEB does not keep pace with technological developments, this may adversely affect the competitiveness of SEB's card business and may increase risks of fraudulent incidents.

*As a financial institution, SEB is exposed to risks related to money laundering, terrorist financing activities and sanctions violations, and compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort*

In general, the risk that banks will be subjected to, or used for, money laundering has increased worldwide. The risk of money laundering occurring is higher in emerging markets (including the Baltics, as well as Russia and Ukraine where SEB has small operations) due to, among other factors, high turnover of employees, the difficulty in consistently implementing related policies and technology systems, and the general business conditions in these countries compared to Sweden or other more developed markets where SEB operates.

A number of money laundering cases were brought to light in 2018 in the Baltic region, where SEB has operations. Following the money laundering cases, SEB undertook a review of its customer flows in the Baltics. On 26th November, 2019, SEB published historical non-resident flows in Estonia for the years 2005 to 2018, of which EUR 25.8 billion (Euro equivalent amount) related to low-transparency non-resident Estonian customer flow. SEB is involved in processing transactions with a very large number of counterpart banks, including in the Baltic region, and relies in part on its counterpart banks having effective anti-money laundering policies and procedures. Over the past years, regulators have been particularly focused on anti-money laundering procedures and regulations, which continue to evolve. SEB has received requests from authorities in jurisdictions in which it operates, including US authorities, to provide information concerning measures against money laundering, which SEB is responding to in dialogue with these authorities. These current and any future supervisory activities and requests from authorities could lead to criticism or sanctions, which could be material. Anti-money laundering policies and procedures may not always be effective to prevent instances of money laundering or terrorism financing.

In June 2019, the SFSA conducted a review of the management and control of money laundering risks in the Baltic countries in cooperation with the local supervisory authorities. The financial supervisory authorities in each of the Baltic countries simultaneously conducted reviews to assess each of SEB's Baltic subsidiaries' compliance with local regulations. In December 2019, the SFSA announced that it had initiated a sanction evaluation process regarding SEB's governance and control measures against money laundering in its Baltic subsidiaries. On 25<sup>th</sup> June, 2020 the SFSA announced the outcome of its review and the reviews undertaken by the financial supervisory authorities in each of the Baltic countries were also concluded by this date. Both the SFSA and the Estonian supervisory authority have, among other things, imposed fines on SEB of SEK 1 billion and EUR 1 million, respectively.

As part of its regular supervisory activities, a review of the implementation of AML 4 in the Latvian branch of the SEB ("SEB Latvia"), initiated in 2017, was concluded by the Latvian financial supervisory authority in December 2019, resulting in an administrative fee of EUR 672,684 for SEB Latvia. In addition, SEB Latvia detected and reported a single case in relation to the European sanctions list where it had not entered correct information regarding a customer's direct owner that was added to the European sanctions list after it had onboarded the

customer. In relation to the case, SEB Latvia paid an administrative fee of EUR 1,121,140 agreed with the Latvian financial supervisory authority in line with its procedures for regulatory reviews.

On 27th November, 2019 the Sveriges Television programme *Uppdrag granskning* aired an episode in which it alleged that SEB was used by persons engaged in money laundering violations. SEB has responded to these allegations, noting that of the list of 194 corporate customer names received from *Uppdrag granskning*, approximately 95 per cent. of the customer relations are terminated and were, in all material respects, covered by the Bank's own assessment. There can be no assurance that historically AML regulatory requirements or the banking system's or entities' ability have been sufficient to prevent or handle risks of money laundering. While SEB's ability to prevent, detect and report suspected financial crime has increased over time, there can be no assurance that SEB has not been used nor that SEB will not be used by persons or entities engaging in money laundering violations. In addition, allegations of past violations, including as a result of back-testing or re-analysing data, may result in adverse reputational and regulatory consequences for SEB, and may lead to fines or remedial consequences for SEB, which could be material.

In addition, SEB is required to comply with a number of international sanctions regimes, including those of the EU, the United Nations, the United States and a number of other countries. A wide range of countries, organisations and individuals may be subject to sanctions under these regimes. While the Group takes steps to screen transactions against sanctions lists, these procedures may not have been and may not always be effective or may require significant cost and effort, and the complexity of banking operations and evolving nature of sanctions (including extending the reach to a greater number of individuals or activities) may increase this risk.

As a result, the risk of future incidents and allegations in relation to money laundering and sanctions violations always exists for SEB. Any violation of anti-money laundering rules or sanctions regimes, or even the suggestion of violations, may have severe legal and reputational consequences for SEB, especially in terms of its business relations with institutions based or active in the United States, and may, as a result, materially and adversely affect SEB's business, results of operations and prospects.

*SEB's guidelines and policies for risk management may prove inadequate for the risks faced by its businesses currently or as a result of new, emerging risks*

The management of business, regulatory and legal risks requires guidelines and policies for the accurate identification, measurement and control of a large number of transactions and events. Such guidelines and policies may not always be adequate. Some of the measures taken by SEB to manage various risks are to enter into hedging transactions to manage market risks, to issue credit risk limits for each counterparty to which SEB is exposed in its lending business, to have sufficient security for credits provided, and to do customary due diligence to manage legal risks. Some of these and other methods used by SEB to manage, estimate and measure risk, such as value-at-risk (VaR) analyses, are based on historic market behaviour. The methods may therefore prove to be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historic experience or may not reflect political risks and geopolitical developments. Historical data may also not adequately allow prediction of circumstances arising due to government interventions and stimulus packages, which increase the difficulty of evaluating risks. Other methods for risk management are based on evaluation of information regarding markets, customers or other information that is publicly known or otherwise available to SEB. Such information may not always be correct, updated or correctly evaluated. Furthermore, banking products, markets and distribution channels are evolving rapidly as result of digitalisation and technological advances, and current risk management guidelines and policies may not be adequate to identify, measure and address risks emerging from such developments on a timely basis. Lastly, the speed of development and lack of historical precedent in certain of these developments result in challenges to modelling or timely anticipating risks from new technologies in the banking sector.

*Weaknesses or failures in SEB's internal processes and procedures and other operational or reputational risks could have a negative impact on its financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage*

SEB's businesses are dependent on their ability to process and report accurately and efficiently a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Operational risks are present in SEB's businesses, through inadequate or defective internal processes (including financial reporting and risk monitoring processes) or from people-related events (including the risk of fraud and other criminal acts carried out against SEB, misconduct or errors by employees, violations of internal instructions and policies and failure to document transactions properly

or obtain proper authorisation) or external events (including natural disasters or the failure of external systems). The increasing presence of new technologies and outsourcing or third party solutions in the banking sector may also increase operational risk.

There can be no assurance that the risk controls, loss mitigation and other internal controls or actions in place within SEB will be effective in controlling each of the operational risks faced by it. Any weakness in these controls or actions could result in a material adverse impact on SEB's business, financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage.

SEB's reputation is one of its most important assets. Negative public opinion may adversely affect SEB's ability to keep and attract customers, depositors and investors, as well as its relationships with regulators and the general public. SEB cannot ensure that it will be successful in avoiding damage to its business from reputational risk, including from negative public opinion from causes such as activities of business partners over which SEB has limited or no control or from unanticipated consequences of using new technologies in the banking sector.

*The information technology and other systems on which SEB depends for its day-to-day operations may fail for a variety of reasons that may be outside its control. SEB is also subject to the risk of infrastructure disruption, cyberattacks or other effects on such systems*

SEB's operations are dependent on its ability to process and monitor, on a daily basis, a large number of transactions, many of which are complex, across numerous and diverse markets, and in many currencies. SEB's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled due to, for example, a spike in transaction volume, failures of communications networks or incidents with third-party software, which may have an adverse effect on SEB's ability to process transactions or provide services. In addition, other factors which could cause SEB's operating systems to fail or not operate properly include a deterioration in the quality of information technology ("IT") development, support and operations processes and, in particular, high turnover of employees, resulting in an inadequate number of personnel to handle the growth and increasing complexity of operations. Despite SEB's significant expenditures on its IT systems, there can be no assurance that these expenditures will be sufficient or that its IT systems will function as planned. Any disruption in SEB's IT or other systems, whether as a result of internal or third party failure, may have a material adverse effect on its business, financial condition, results of operations and/or prospects.

Despite the contingency plans and facilities SEB has in place, its ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the businesses and the countries in which it is located. This may include a disruption involving electrical, communications, transportation or other services used by SEB or third parties with which it conducts business, or a catastrophic event involving any location where SEB has a significant operational base.

SEB's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. SEB's computer systems, software and networks may be vulnerable to unauthorised access or malicious hacking, computer viruses or other malicious code and other external attacks or internal breaches that could have a security impact. The threat to the security of SEB's information held on customers from cyber-attacks continues to increase. Activists, rogue states and cyber-criminals are among those targeting computer systems. Risks to technology and cyber-security change rapidly and require continued focus and investment. Given the increasing sophistication and scope of potential cyber-attacks, it is possible that future attacks may lead to significant breaches of security. Any such breaches may expose SEB to significant legal as well as reputational harm, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

If one or more of such events occur, any one of them potentially could jeopardise the confidential and other information of SEB, its clients or its counterparties. SEB may be required to spend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures. It may also be subject to litigation and financial losses as well as reputation risks that are either not insured against or not fully covered through any insurance maintained by SEB. The occurrence of any of these events could materially and adversely affect SEB's business, financial condition, results of operations or prospects.

*SEB may become subject to various legal proceeding, which could have a material impact on its financial condition, results of operations, liquidity and/or prospects, and could result in reputational damage.*

SEB may in the future become subject to various civil, administrative and arbitration proceedings with various parties, including clients, customers, business partners, employees, or regulatory or tax authorities. Any of these may result in SEB being exposed to financial liability and materially affect SEB's reputation in its markets or its relationships with clients and customers. In addition, the proceedings or settlement in relation to litigation may involve internal and external costs, which may, even in the case of a favourable outcome for SEB of a relevant proceeding, not be fully reimbursable, divert senior management's time or use other resources that would otherwise be utilized elsewhere in SEB's business. The legal proceedings lead to negative media coverage and may adversely affect SEB's brand/and/or public image, even if the proceedings resolve in SEB's favour. The occurrence of any of these events could materially and adversely affect SEB's business, financial condition, results of operations or prospects.

*SEB may incur significant costs and increased operating risk in developing and marketing new products and services*

SEB's success depends, in part, on its ability to adapt products and services to evolving industry standards and customer expectations. There is increasing pressure to provide products and services at lower prices or to use new technologies for the distribution of, or access to, banking products and services. These trends can reduce net interest income and non-interest income from fee-based products and services. In addition, the widespread adoption of new technologies could require SEB to make substantial capital expenditures to modify or adapt existing products and services or develop new products and services. In its business plan, SEB has earmarked SEK 2-2.5 billion for capital expenditures during 2019-2021 in, among other things, new technology, which will increase the bank's cost base from SEK 22 billion to SEK 23 billion by 2021, at 2018 foreign exchange rates. SEB may not be successful in introducing new products and services in response to industry trends or developments in technology, or those new products may not achieve market acceptance or generate the anticipated return to SEB. As a result, SEB could lose business, be forced to price products and services on less advantageous terms to retain or attract clients, or be subject to cost increases.

*SEB's accounting policies and methods are critical to how it reports its financial condition and results of operations. They require management to make estimates about matters that are uncertain*

Accounting policies and methods are fundamental to how SEB records and reports its financial condition and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies and methods so they comply with IFRS.

Management has identified certain accounting policies in the notes to its financial statements as being critical because they require management's judgment to ascertain the valuations of assets, liabilities, commitments and contingencies. See Note 1 to the 2020 Financial Statements. These judgments include, for example, the non-consolidation of Gamla Livförsäkringsaktiebolaget SEB Trygg Liv ("**Gamla Liv**") into the life insurance operations of the Group. As of 1st January, 2018, SEB applies IFRS 9 Financial Instruments for calculating expected loss. When calculating expected credit loss there are a number of key concepts that require a high level of judgment. Estimating expected credit loss is, by its very nature, uncertain and the accuracy of these estimates depends on many factors, including macro-economic forecasts, and involves complex modelling and judgments. The assessment of significant increase in credit risk is a new concept under IFRS 9 and requires significant judgment. SEB uses both models and internal expert credit judgement in order to determine expected credit losses. The degree of judgment that is required to estimate expected credit losses depends on the outcome from calculations, materiality and the availability of detailed information.

Because of the uncertainty surrounding SEB's judgments and the estimates pertaining to these matters, SEB may be required to make changes in accounting estimates or restate prior period financial statements in the future.

*Any impairment of goodwill and other intangible assets would have a negative effect on SEB's financial position and results of operations*

SEB conducts impairment tests on goodwill and other intangible assets at least once a year or whenever there are indications of a possible impairment of any such assets. For example, in 2017, SEB recorded an impairment and derecognition of intangible IT assets no longer in use in the amount of SEK 978 million. Any future impairments or derecognitions may also have a material adverse effect on SEB's financial position and results of operations.

## **Risk Factors related to the Regulatory Environment**

*SEB is subject to a wide variety of banking, insurance and financial services laws and regulations, which could have an adverse effect on its business*

SEB is subject to a wide variety of banking, insurance and financial services laws and regulations and faces the risk of significant interventions by a number of regulatory and enforcement authorities in each of the jurisdictions in which it operates.

Regulation of financial markets and banking has changed substantially as a result of the global financial crisis in 2008. SEB is facing greater regulation in the jurisdictions in which it operates. Compliance with such regulations has increased SEB's capital requirements, exposed it to additional costs and liabilities, and has affected how SEB conducts its business, including collateral management, and may, in future, have other adverse impacts on its business, the products and services it offers and the value of its assets. This is particularly the case in the current market environment, which is experiencing increased levels of government and regulatory supervision, intervention and enforcement in the financial sector, which SEB expects to continue for the foreseeable future. Supervisory authorities regularly conduct reviews of SEB's regulatory compliance, including in areas such as financial stability, transaction reporting, anti-money laundering, investor protection and data privacy. SEB has policies and procedures in place to ensure compliance with applicable rules and regulations. Future changes in regulation, fiscal or other policies are unpredictable and beyond SEB's control and could materially adversely affect SEB's business, financial condition and results of operations. As a result, SEB may become involved in various disputes and legal proceedings in Sweden and other jurisdictions, including litigation and regulatory investigations. These disputes and legal proceedings are subject to many uncertainties and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation.

Recent regulations which have impacted and are expected to continue to impact SEB include the Basel III framework as implemented by CRD, including the higher capital requirements adopted by the SFSA, and the BRRD (as defined below) which was first implemented in Sweden on 1st February, 2016. See "*—SEB is and will continue to be subject to increased capital requirements and standards due to governmental or regulatory requirements and changes in perceived levels of adequate capitalisation, and may need additional capital in the future, which capital may be difficult and/or costly to obtain*" and "*—SEB is subject to laws and regulations related to resolution of systemically important financial institutions*" below. In addition, SEB's life insurance companies are affected by new EU solvency requirements which became effective in Sweden on 1st January, 2016. The resolution fee for Swedish banks increased from 9 basis points to 12.5 basis points in 2018, then reduced to 9 basis points for 2019 and to 5 basis points in 2020, which will be the level at which this fee is levied until the fund's target is met. Once the fund's target is met, fees will be levied to match deposit growth to ensure that the fund's target level is maintained. Other regulations that have been implemented recently, including the General Data Protection Regulation (GDPR), MiFID II, AML 4 and Payment Services Directive 2, which have impacted and are expected to continue to impact SEB.

*SEB is and will continue to be subject to increased capital requirements and standards due to governmental or regulatory requirements and changes in perceived levels of adequate capitalisation, and may need additional capital in the future, which capital may be difficult and/or costly to obtain*

Regulation and supervision of the global financial system remains a priority for governments and supranational organisations following on from the financial crisis. At the international level, a number of initiatives have been and are being implemented which increase capital requirements, increase the quantity and quality of capital, and raise liquidity levels in the banking sector.

Governments in some European countries (including Sweden) have increased the minimum capital requirements for banks domiciled in these countries above the increased capital requirements of the Basel III and CRD frameworks. The major Swedish banks have been required to maintain a CET1 ratio of at least 12 per cent. since 1st January, 2015, calculated according to the CRD capital adequacy framework without transitional rules. In addition, the full implementation of CRD in Sweden (which included SFSA implementation of Pillar 2 and the buffer requirements of CRD) during 2015 increased capital requirements further.

Effective 1st January, 2015, the SFSA increased the previous 15 per cent. risk weight floor for Swedish residential mortgages to 25 per cent. This measure has required SEB to hold more capital for these risk exposures. In addition, on 23rd August, 2018, the SFSA replaced the risk weight floor under Pillar 2 with a corresponding Pillar 1 requirement. The change was undertaken due to structural changes in the Swedish banking market and was also a

step towards alignment with future changes to the Pillar 2 framework. It entered into force on 31st December, 2018 and lowered SEB's CET1 ratio by 2.6 percentage points.

In December 2017, the Basel Committee released the Basel IV framework with the objective of reducing excessive variability of risk-weighted assets. The Basel Committee has enhanced the requirements for robustness and risk sensitivity of the standardised approaches for credit risk and operational risk and has constrained the use of internal models. The Basel Committee has also removed the internal model for operational risk, which SEB currently uses, from the regulatory capital framework as well the option to use the Advanced-Internal Ratings-Based (“**IRB**”) approach for exposures to financial institutions and large corporates. Where the IRB approach is retained, minimum levels are applied on the probability of default and for other input parameters. In addition, the Basel Committee is introducing an output floor, based on the revised standardised approaches, meaning that risk-weighted assets generated by internal models cannot in aggregate fall below 72.5 per cent. of the risk-weighted assets computed by the standardised approaches. The new Basel IV framework was initially proposed to be implemented by 1st January, 2022 with a five year gradual phase-in of the output floor. However, on 27th March, 2020, the Basel Committee's oversight body endorsed changes to this implementation timeline. The implementation date was deferred by one year to 1st January, 2023 and the transitional arrangements for the output floor have been extended by one year to 1st January, 2028. On October 27, 2021, the European Commission released a proposal for the implementation of Basel IV into EU legislation. The new rules are proposed to be implemented by January 1, 2025, with a five-year gradual phase-in of the output floor, which would reach its steady state calibration of 72.5 per cent. by January 1, 2030. When implemented into EU legislation, these measures are expected to result in an increase in SEB's capital requirements.

In addition to risk-based capital ratio requirements, the Basel III framework also introduced a non-risk based leverage ratio as a supplement to the risk-based capital requirements. The EU has implemented a minimum leverage ratio requirement of 3 per cent. of Tier 1 capital in line with the international agreement, effective from 28th June, 2021.

In June, 2019, the CRD V Directive and CRR II were published and provided for extensive changes to the EU regulatory framework, including the Fundamental Review of the Trading Book (“**FRTB**”), the Net Stable Funding Ratio, the minimum requirements for own funds and eligible liabilities (“**MREL**”) and the Pillar 2 framework. Eligible liabilities means the liabilities and capital instruments that do not qualify as CET1, Additional Tier 1 or Tier 2 instruments of the relevant entity and that are not excluded from the scope of the bail-in tool. Member States were required to adopt the measures necessary to comply with the CRD V Directive by 28th December, 2020, which applied from 29th December, 2020, although certain provisions are only to apply from 1st January, 2022. CRR II was applicable from 28th June, 2021 with certain exceptions. On 24th June, 2020, the European Commission decided to implement certain temporary exceptional measures from 27<sup>th</sup> June 2020, in order to alleviate the immediate impact of COVID-19-related developments by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favourably public guarantees granted as part of COVID-19-related mitigation measures, by postponing the date of application of the leverage ratio buffer and by modifying how certain exposures are excluded from the calculation of the leverage ratio.

In connection with the SFSA's annual supervisory and evaluation process (SREP) for 2020, the SFSA implemented a Pillar 2 measure for banks using the IRB models for exposures, which are collateralised by commercial real estate in Sweden. The Pillar 2 measure corresponds to the difference between a risk weight of 35 per cent. for exposures collateralised by commercial real estate and 25 per cent. for exposures collateralised by commercial residential properties and a bank's actual average risk weight for such exposures. According to the SFSA, this Pillar 2 requirement may be adjusted later if the overview of the IRB regulatory framework, expected to be implemented at the end of 2022, results in an increase in the risk weights that is large enough to ensure sufficient capital requirements to cover such risks in commercial real estate lending.

On 21st June, 2021, the SFSA passed a decision to reciprocate the Norwegian Ministry of Finance's decision to implement an average risk weight floor of 20 per cent. for retail exposures collateralised by real estate in Norway and of 35 per cent. for corporate exposures collateralised by real estate in Norway. The decision applies as of 30th September, 2021, for Swedish credit institutions that have branches or other exposures in Norway and are authorised to use an IRB approach for the calculation of their capital requirement for credit risks. As a consequence, the existing Pillar 2 add-on for Norwegian mortgages will no longer be applicable as of that date.

In connection with the SFSA's SREP for 2021, the SFSA decided on the level of the Pillar 2 Guidance (“**P2G**”) for the first time. Through P2G, the SFSA informs a bank which capital level it expects the bank to hold over and

above the minimum requirement, the Pillar 2 requirements (“P2R”) and the combined buffer requirement, to cover risks and manage future financial stresses. The SFSA decided on a P2G of 1.5 per cent. of REA for SEB.

On September 29, 2021, the SFSA decided to raise the countercyclical buffer rate to 1.0 per cent. from 0 per cent. The new buffer rate will be applicable as of September 29, 2022, and, until then, the buffer rate will remain at 0 per cent. Further, the SFSA is intending to gradually raise the buffer rate to 2 per cent. in 2022 if the economic recovery continues, credit losses are low, and the banks can meet customers’ credit demand. If the risks associated with asset markets and indebtedness remain stable, the SFSA may thereafter raise the buffer rate even further

The European Banking Authority (the “EBA”) is developing several new Guidelines and Regulatory Technical Standards to ensure consistency in IRB models. The aim is to reduce unjustified variability in their outcomes, ensuring comparability of risk estimates while at the same time preserving risk sensitivity of capital requirements. The SFSA has communicated that it expects that the new Guidelines and Regulatory Technical Standards will likely require material changes to most IRB models currently in use by Swedish banks. These changes will also require applications for approval by the SFSA. Banks using IRB models in the EU were initially expected to comply with the new rules by the end of 2020. However, to allow for high quality implementation, the EBA has decided to extend the deadline for introducing changes in the rating systems (probability of default (PD)) by one year, to the end of 2021. In addition, considering the interactions with Basel IV, the EBA has allowed for the changes in the loss given default (LGD) and conversion factors models for low default portfolios to be implemented by the end of 2023.

As of the date of this Prospectus, it is not clear what effect this will have on SEB’s risk-weighted assets and overall capitalisation as the SFSA may change its approach regarding capital requirements. However, there can be no assurance that such changes will not result in increased risk weights being applied to certain credit exposures.

The implementation of these or other measures could result in the imposition of further CET1 and total capital requirements upon SEB, which in turn may have adverse effects on SEB’s business and financial condition, and an increase in standardisation of models may negatively impact SEB’s long-term risk-based planning if the proposed models are not adequately nuanced to accurately model underlying risks. Furthermore, the timing of the implementation and development of proposals remains uncertain and subject to change.

*SEB is exposed to the risk of changes in accounting policies and its interpretation*

With effect from 1st January, 2019, SEB has adopted IFRS 16 *Leases*, which requires the recognition of both operating and finance lease assets and liabilities as right of use assets and lease liabilities. Right of use assets (where the underlying asset being leased is tangible) are included in REA and risk-weighted at 100 per cent. From 1st January, 2019, right of use assets are included in Other assets and lease liabilities are included in Other liabilities. Interest expense on lease liabilities and depreciation of right of use assets replaced nearly all lease costs for premises from 1st January, 2019. The increase in *Other assets* as of 1st January, 2019 was the result of an increase in right of use assets of SEK 5,747 million, an increase in deferred tax assets of SEK 51 million and an increase in *Other assets* of SEK 141 million. The increase in *Other liabilities* as of 1st January, 2019 is a result of an increase in *Lease liabilities* of SEK 6,337 million partially offset by decreases in provisions of SEK 122 million and other liabilities of SEK 32 million. The decrease in total equity as of 1st January, 2019 was SEK 244 million. The Group has applied the modified retrospective approach and has not restated comparative periods to reflect the impact of IFRS 16.

Any future changes to applicable accounting policies may have a substantial effect on the Group’s results of operations and financial condition.

*SEB is subject to laws and regulations related to resolution of systemically important financial institutions*

In October 2012, the Financial Stability Board (the “FSB”) and the Basel Committee finalised a framework for addressing domestic systemically important banks (“D-SIBs”). Banks designated as D-SIBs are required to hold additional capital. SEB has been designated as a D-SIB by the SFSA and is consequently subject to additional capital requirements imposed by the SFSA. Although SEB is not identified as a global systemically important bank (“G-SIB”) by the FSB in its list published in November 2019, which would have required it to hold additional capital (in the form of CET1), it may be so identified in the future.

On 2nd July, 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions, investment firms, certain financial institutions and certain holding companies (each a **relevant entity**) (as amended, the “BRRD”, including as amended by BRRD II (as defined

below), as applicable) entered into force. The BRRD was first implemented in Sweden on 1st February, 2016. The BRRD prescribes that banks shall hold a minimum level of capital and bail-inable debt in relation to total liabilities.

On 26th April, 2016, the Swedish National Debt Office (which is the “**Swedish Resolution Authority**”) issued a proposal on the application of the MREL to Swedish banks. On 23rd February, 2017 the Swedish Resolution Authority published its Decision Memorandum (the “**Decision Memorandum**”) in which it set out its policy positions. As set out in the Decision Memorandum, the Swedish Resolution Authority communicated individual MREL requirements to Swedish banks for the first time in December 2017. Swedish banks, including SEB, are required to comply with MREL requirements starting from 1st January, 2018 but with an initial phase-in period to be fully compliant by 1st January, 2022. On 7th April, 2020, the Swedish Resolution Authority decided to extend the phase-in period for Swedish banks to meet their MREL requirements from 1st January, 2022 to 1st January, 2024.

The MREL requirement comprises the sum of a loss absorption amount and a recapitalisation amount, both of which are based on the applicable capital requirements for banks. The loss absorption amount is equivalent to the bank’s total capital requirements, excluding the combined buffer requirement and capital requirements for systemic risk and macro-prudential factors. The recapitalisation amount is equivalent to the bank’s total capital requirements, excluding the combined buffer requirement but including the full Pillar 2 requirement. The loss absorption amount can be met with own funds instruments (CET1, Additional Tier 1 and Tier 2), while the recapitalisation amount is required to be filled with bail-inable liabilities (the liabilities proportion principle) not included in the capital base from 1st January, 2018. Pursuant to the Decision Memorandum, as from 1st January, 2022, liabilities used to meet the liabilities proportion principle will be required to rank junior to senior liabilities and senior to Tier 2 capital, whether contractually, by statute or structurally.

This involved the introduction of a new layer of senior non-preferred debt, with claims falling within its eligibility criteria ranking below all preferred claims and other senior liabilities, but above all subordinated liabilities. In order to implement this change, amendments were made to the Swedish Rights of Priority Act (*förmånsrättslagen (1970:979)*), the Swedish Capital Buffers Act (*Lagen (2014:966) om kapitalbuffertar*) and the Swedish Law on Resolution (*Lagen (2015:1016) om resolution*), which came into force on 29th December, 2018. This principle is expected to have consequences for Swedish banks, requiring the issue of senior non-preferred notes to meet the requirements of the Decision Memorandum (and which may carry higher financing costs than for other senior unsecured liabilities). By 1st January, 2024, the Swedish Resolution Authority expects large Swedish banks, including SEB, to meet the liability proportion of their MREL requirements with senior non-preferred notes that rank junior to other senior unsecured liabilities.

In December 2020, the relevant resolution authorities decided that the 2021 individual MREL requirement for the Group is 6.74 per cent. of total liabilities and own funds (22.24 per cent. of REA), equivalent to SEK 166 billion. The liabilities proportion is 12.16 per cent. of REA, equivalent to SEK 91 billion. The MREL requirement is based on the balance sheet and applicable capital requirements as of 31st December, 2019. SEB complies with both the current MREL requirement and the liabilities proportion principle as of the date of this Prospectus. However, SEB may be required to issue further instruments in future periods, which may carry higher financing costs.

The applicable combined buffer requirements will in the future be positioned above the relevant MREL requirement such that an institution that does not comply with its MREL requirement will need to use CET1 that previously counted towards meeting the combined buffer requirement to make up the shortfall. Accordingly, any failure by SEB or the Group to meet its MREL requirement could negatively impact its combined buffer requirement and result in, among other things, the imposition of restrictions or prohibitions on discretionary payments by the Bank.

On 7th June, 2019, Directive 2019/879/EU of the European Parliament and of the European Council of 20th May, 2019 (as amended or replaced, the “**BRRD II**”) was published, amending, among other things, the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms. BRRD II focuses on the implementation of total loss absorbing capacity (“**TLAC**”) into EU legislation and the integration of the TLAC requirement with MREL rules to avoid duplication. While the TLAC requirement will apply only to G-SIBs (and hence not to SEB), the MREL implementation by the Swedish Resolution Authority will need to be amended in line with BRRD II. This will include, as part of MREL, a minimum Pillar 1 subordination requirement for “top-tier” banks (including SEB). This Pillar 1 subordination requirement, which is expected to replace the current liabilities proportion principle, shall be satisfied with own funds and other eligible MREL instruments meeting the applicable CRR requirements, including MREL instruments constituting senior non-preferred debt.

The Swedish law implementing BRRD II entered into force on 1<sup>st</sup> July, 2021 and stipulates that the new MREL and subordination requirements shall be fully complied with from 1<sup>st</sup> January, 2024. In order to ensure a linear phase-in of the new requirements, the Resolution Authority shall decide on a target level to be applicable as of 1<sup>st</sup> January, 2022. On October 18, 2021, the Swedish Resolution Authority issued a new policy for the application of the MREL to Swedish banks under the new law. The MREL policy will replace the current policy and is intended to form the basis of the decisions on MREL and subordinating requirements that will be made in December 2021 and take effect from 1<sup>st</sup> January, 2022. According to the policy, the capital base will count in full towards future subordination requirements and the liabilities proportion principle will no longer be applicable. The MREL and the subordination requirements will be the higher of a risk-based and a leverage based requirement. The combined buffer requirement is added on top of both the risk-based MREL requirement and the risk-based subordination requirement. Under the new framework, SEB expects the level of subordination to be lower than under currently applicable Swedish specific MREL requirements.

For the foregoing reasons, SEB may need to raise additional capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms, or at all. SEB is unable to predict what regulatory requirements may be imposed in the future or accurately estimate the impact that any currently proposed regulatory changes may have on its business, the products and services that it offers and the values of its assets. For example, if SEB is required to make additional provisions, increase its reserves or capital, or exit or change certain businesses as a result of the initiatives to strengthen the capitalisation of banks, this could adversely affect its results of operations, financial condition and prospects.

*SEB is exposed to the risk of changes in tax legislation and its interpretation and to increases in the rate of corporate and other taxes in the jurisdictions in which it operates*

SEB's activities are subject to tax at various rates in the jurisdictions in which it operates, computed in accordance with local legislation and practice. Future actions by the Swedish or other governments to increase tax rates or to impose additional taxes would reduce SEB's profitability. In addition, revisions to tax legislation or to its interpretation may have an adverse effect on SEB's financial condition in the future.

In 2019, the Swedish Government announced its intention to introduce a new bank levy in Sweden in 2022, also known as a risk tax. Under the new legislation enacted in December 2021, Swedish credit institutions and Swedish branches of foreign credit institutions with liabilities in excess of SEK 150 billion will be subject to the new risk tax. Such tax will be based on each credit institution's opening balance of liabilities and subject to tax rates of 5 basis points for 2022 and 6 basis points for 2023 and onwards but deductible for income tax purposes. In July 2021, the German Federal Ministry of Finance issued two revised circulars with administrative guidance in relation to withholding taxes on dividends in connection with certain cross-border securities lending and derivative transactions. They replace the earlier dated circulars from 2016 and 2017. . The circulars expand the scope of the ongoing examination of transactions executed prior to the change in tax legislation that was enacted January 1, 2016. With the expanded scope, the complexity and period of uncertainty has been extended and further claims cannot be ruled out. The tax authority in Frankfurt has requested SEB's German subsidiary, DSK Hyp AG, to retroactively repay previously reported withholding tax from more than five years ago. The tax audit was based on federal administrative instructions and methodology that had been retroactively amended and which remain unclear as of the date of this Prospectus. It is therefore not possible for SEB to ascertain the amounts or timing of any potential further reclaims.

Although SEB believes that the cross-border lending and derivative transactions of SEB under review in Germany were conducted in compliance with then prevailing rules and intends to appeal these claims, they may have a material adverse effect on SEB's financial condition if SEB is unsuccessful in appealing these claims. As of the date of this Prospectus, no provisions have been made on the Group level in accordance with SEB's current accounting policies.

In addition, SEB is subject to periodic tax audits which could result in additional tax assessments relating to past periods of up to six years. Any such assessments could be material and might have a material adverse effect on SEB's financial condition.

#### **Risks related to Covered Bonds issued under the Programme**

*Even though Covered Bonds have the benefit of priority in respect of the Cover Pool, holders of Covered Bonds assume credit risk on the Bank*

Investors investing in Covered Bonds have a credit risk on the Bank. The Bank is liable to make payments when due on the Covered Bonds and these obligations are solely the obligations of the Bank.

The Covered Bonds are not guaranteed by any person and, accordingly, holders of Covered Bonds have recourse in respect thereof only to the Bank. The assets in the Cover Pool are owned by the Bank but, in the event of the Bank's bankruptcy, will not be available to other creditors until the holders of the Covered Bonds and related derivative counterparties have been repaid in full (except in limited circumstances if the administrator-in-bankruptcy grants an advance dividend to unsecured creditors). To the extent that claims in relation to the Covered Bonds are not met out of the assets in the Cover Pool, the residual claims will rank *pari passu* with the other unsecured and unsubordinated obligations of the Bank. See also "*Overview of the Swedish Legislation Regarding Covered Bonds*".

*Holders of Covered Bonds have exposure in the event of a failure of the Cover Pool to meet the matching requirements*

The Bank will be required under the Covered Bond Act to comply with certain matching requirements as long as any Covered Bond remains outstanding. These requirements prescribe that the nominal value of the Cover Pool must at all times exceed the aggregate nominal value of any claims that may be brought against the relevant issuer in respect of covered bonds issued by it by an aggregate value of at least two per cent. An issuer of covered bonds must also ensure that the cash flows in respect of the assets in the Cover Pool, derivative agreements and covered bonds are such that the issuer is at all times able to fulfil its payment obligations towards the covered bondholders and derivative counterparties. The Bank may also enter into derivatives contracts to fulfil the matching requirements. In these circumstances, the matching of the relevant Cover Pool is also dependent on the availability of derivative counterparties with a sufficient rating and the performance by such counterparties of their obligations under the derivative agreements.

In the event that an issuer is in material breach of its obligations under the Covered Bond Act, the SFSA may withdraw the issuer's authorisation to issue additional covered bonds and may then determine the manner in which the Bank's covered bond operations are wound up. If the issuer's authorisation to issue covered bonds is withdrawn through failure to meet the matching requirements, this would mean that the assets in the Cover Pool are not sufficient to redeem the Covered Bonds in full and this could result in holders of Covered Bonds not receiving the full amount due to them.

In addition, if, in the Bank's bankruptcy, the administrator-in-bankruptcy deems that the Cover Pool does not comply with the matching requirements (for example, due to a devaluation of the underlying properties and where no additional assets are available to compensate for such devaluation) and the deviations are not just minor and temporary, the Cover Pool can no longer be maintained as a unit and the holders of Covered Bonds and any related derivative counterparties will instead benefit from the proceeds of the sale of assets in the Cover Pool in accordance with the Swedish rules regarding dividends in bankruptcy. This could result in the holders of Covered Bonds receiving payment according to a schedule that is different from that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or that the holders of Covered Bonds are not paid in full. However, the holders of Covered Bonds and any related derivative counterparties will retain the benefit of priority to the assets comprised in the Cover Pool. See also "*Overview of the Swedish Legislation Regarding Covered Bonds – Administration of the Cover Pool in the event of bankruptcy*".

To the extent that the Cover Pool does not cover the remaining claims of the holders of Covered Bonds and any related derivative counterparties, such claims will rank *pari passu* with the Bank's unsecured creditors. There is no assurance that the assets in the Cover Pool will be sufficient to repay any outstanding Covered Bonds in full or that the assets of the Bank, when insolvent, will cover any remaining claims. In addition, as no issuer of covered bonds has yet to file for, or be placed into, bankruptcy in Sweden, it is currently unclear what the impact of a bankruptcy would be on the Bondholders. See "*There are certain issues that may, in the event of the Bank's bankruptcy, lead to a conflict between the interests of holders of Covered Bonds and derivative counterparties on the one hand and the other creditors of the Bank on the other*".

*There are certain issues that may, in the event of the Bank's bankruptcy, lead to a conflict between the interests of holders of Covered Bonds and derivative counterparties on the one hand and the other creditors of the Bank on the other*

In the event of the Bank's bankruptcy, the Covered Bond Act does not provide clear guidance on certain issues that may lead to a conflict between holders of Covered Bonds and derivative counterparties on the one hand and the other creditors of the Bank on the other. In particular, these issues include how proceeds from a loan partly registered to the Cover Pool should be distributed between the portion of such loan registered to the Cover Pool and the portion of such loan not registered to the Cover Pool and how the proceeds of enforcement of a mortgage certificate should be distributed if the mortgage serves as collateral for two different loans ranking *pari passu* where one loan is not wholly or partly registered in the Cover Pool. The lack of clear guidance on these and similar issues may lead to disputes regarding the allocation of proceeds to the Cover Pool and could reduce the return to holders of Covered Bonds.

In addition, there is some uncertainty as to whether a creditor that obtains execution (*utmätning*) against an asset in a cover pool more than three months before the relevant issuer's bankruptcy could defeat the priority afforded to holders of covered bonds and any relevant derivative counterparties in relation to such asset.

*There is risk relating to the value of other assets included in the Cover Pool*

Under the Covered Bond Act, an issuer of covered bonds is permitted to include certain categories of assets in the Cover Pool other than loans secured by mortgages over real estate, including certain public credits (consisting of debt issued by the Swedish State, central banks, Swedish and foreign municipalities and comparable bodies with taxation powers) and supplemental assets (consisting primarily of government bonds and assets and debt instruments issued by credit institutions and other bodies authorised by the SFSA to be included in the Cover Pool). To the extent that such public credits and supplemental assets may be located in jurisdictions other than Sweden, or may be instruments issued by other financial institutions, they may be subject to country and credit risks different from that outlined for the Covered Bonds. There can be no guarantee as to the future development of the value of any such public credits and supplemental assets included in the Cover Pool. In the event the Bank includes such types of assets in the Cover Pool and the value of these other assets decreases, this may adversely affect the value of the Cover Pool and, ultimately, the value of the Covered Bonds which may reduce the return to the Bondholders.

*The value of Fixed Rate Covered Bonds may be adversely affected by movements in market interest rates*

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

*Claims of holders of Covered Bonds could be subordinated to certain other claims in a bankruptcy*

In the event of the bankruptcy of an issuer of covered bonds, the administrator is obliged to assess whether liquidity matching exists for the covered bonds and any derivative instruments issued in accordance with the Covered Bond Act. Pursuant to the Covered Bond Act, the bankruptcy administrator may take out additional loans and enter into derivative agreements, repurchase agreements and other agreements for the purpose of achieving a balance between the financial terms and conditions for the assets in the Cover Pool and derivative agreements entered into on the one hand and the obligations of the issuing institution pursuant to covered bonds and derivative agreements on the other hand.

However, as the bankruptcy administrator can generally only enter into agreements on behalf of the bankruptcy estate, not the debtor in bankruptcy, the counterparties to such additional loans, derivative instruments, repurchase agreements and other agreements will rank senior to existing covered bondholders and derivative counterparties with respect to the assets in the Cover Pool. This senior status of the debt of a liquidity provider could, if the Bank enters into bankruptcy and the Cover Pool is liquidated by a bankruptcy administrator and there has been a

deterioration in the value of the Cover Pool after such additional loans have been made, lead to a shortfall in the Cover Pool and holders of the Covered Bonds not being paid in full.

*The Covered Bonds contain no event of default provisions that allow the Covered Bonds to be accelerated and no gross-up provision*

The conditions of the Covered Bonds do not include any event of default provisions (including any event of default for non-payment) the occurrence of which would entitle holders of Covered Bonds to accelerate the Covered Bonds and it is envisaged that holders will only be paid scheduled interest payments under the Covered Bonds as and when they fall due under the conditions of the Covered Bonds. The only remedies available to holders of the Covered Bonds are to sue in respect of the non-payment or petition for the bankruptcy of the Bank.

All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Covered Bonds will be made free and clear of, and without withholding for or on account of, any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, the withholding or deduction will be made without payment by the Bank of any additional amounts and holders of the Covered Bonds will receive only the net amount after such deduction or withholding.

*There are no limitations on the Bank's incurrence of additional debt or encumbering its assets in the future*

The Bank is not prohibited from issuing, providing guarantees in respect of, or otherwise incurring further debt ranking *pari passu* with its existing obligations, although the Bank's obligations to holders of Covered Bonds will rank senior to all obligations that the Bank has incurred otherwise than in accordance with the terms of the Covered Bond Act. To the extent that claims in relation to the Covered Bonds are not met out of the Cover Pool, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Bank and accordingly an increase in the amount of the Bank's assets which are secured could reduce the amount of assets available to unsecured creditors and could result in holders of Covered Bonds not being repaid in full.

*Only limited due diligence will be undertaken in relation to the Cover Pool in connection with the issue of Covered Bonds*

Only limited investigations, searches or other actions in respect of any assets contained or to be contained in the Cover Pool will be performed by the Managers of any issue of Covered Bonds. Neither will Bondholders receive detailed statistics or information in relation to the loans and other assets contained or to be contained in the Cover Pool, as it is expected that the constitution of such Cover Pool may change from time to time due to, for example, the purchase of further loans by the Bank from time to time. There may therefore be undetected issues or concerns regarding individual loans or other assets in the Cover Pool that would otherwise have been evident from such statistics or investigations.

*Only limited information relating to the Cover Pool will be available to holders of Covered Bonds*

Holders of Covered Bonds will not receive detailed statistics or information in relation to the loans and mortgages and other eligible assets contained or to be contained in the Cover Pool in connection with their purchase of Covered Bonds, as the constitution of the Cover Pool will change from time to time due to the Bank purchasing or originating new loans (or new loan types), repayments and prepayments by borrowers of the loans in the Cover Pool as well as other reasons.

Information regarding the Cover Pool is published by the Bank on the Investor Relations section of its website at: <http://sebgroupp.com/>, on a quarterly basis and reflects Cover Pool data determined at 31st March, 30th June, 30th September and 31st December in each year. Cover Pool information will not be updated between such reports and, as a result, Cover Pool reports may not be a true reflection of the Cover Pool as at any date since the date of the report itself. The contents of the Bank's website do not form part of this Prospectus and investors should not rely on this website.

There is no assurance that the types or characteristics of the new loans, mortgages or eligible assets will be the same as those contained in the Cover Pool as at the issue date of any Covered Bonds.

*There is risk relating to certain mortgagors' rights to set-off deposits and other claims against the Bank against mortgage liabilities included in the Cover Pool in the event of the Bank's bankruptcy or liquidation*

In accordance with the Covered Bond Act, the Bank intends to ensure that the nominal value of the assets in the Cover Pool will at all times exceed the nominal value of claims that may be asserted against the Bank in relation to the Covered Bonds. There is a risk that, upon a bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Bank, those mortgagors whose mortgage loans are included in the Cover Pool and who also hold deposits with or have otherwise lent money to the Bank (the “**Relevant Mortgagors**”) might be able to set-off the value of those deposits or loans against their liability to the Bank under their mortgage.

The undertakings are designed to ensure that the ratings given to the Covered Bonds by Moody's are maintained. However, potential investors should be aware that these undertakings may not be sufficient to retain such ratings in all circumstances and that a reduction or withdrawal of the then current rating given to Covered Bonds by Moody's might occur for other reasons. Any reduction or withdrawal of a rating given to the Covered Bonds may affect the secondary market in, and market value of, the Covered Bonds. In addition, investors should note that if the Bank does not maintain sufficient eligible assets in the Cover Pool to offset any set-off rights of Relevant Mortgagors this may, upon any subsequent bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Bank, result in the holders of Covered Bonds receiving payment according to a schedule that is different from that contemplated by the terms of the Covered Bonds (with accelerations as well as delays) or not being paid in full.

Accordingly, investors should understand that there is no assurance that the ratings originally given to the Covered Bonds will be maintained in all circumstances.

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

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

*It is uncertain how the provisions of the Covered Bond Act will be interpreted or applied by a Swedish court*

The Covered Bond Act entered into force in 2004. There have not been any cases in which the provisions of the Covered Bond Act have been analysed by the Swedish courts. It is uncertain how the provisions of the Covered Bond Act will be interpreted or applied by Swedish courts or whether changes or amendments will be made to it which affect the Covered Bonds. Furthermore, there is no previous legislation on covered bonds in Sweden or other similar legislation that would lend clear support to arguments based on analogy in a dispute over the interpretation of some of the provisions in the Covered Bond Act. See also “*Overview of the Swedish legislation regarding covered bonds*”.

## GENERAL TERMS AND CONDITIONS AND FORM OF FINAL TERMS

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### General terms and conditions for Covered Bonds issued under Skandinaviska Enskilda Banken AB (publ) programme for issuances of covered bonds

The following general terms and conditions (the “**General Terms and Conditions**”) apply for Covered Bonds that Skandinaviska Enskilda Banken AB (publ) (Reg. No. 502032-9081) (the “**Issuer**”), issues in the capital market under the Swedish program for issuances of covered bonds (the “**Programme**”). For each Loan, final terms (“**Final Terms**”, attached to these General Terms and Conditions) are prepared that include supplementary terms and conditions, which together with these General Terms and Conditions constitute the complete terms and conditions for the relevant Loan. Final Terms for Loans that are offered to the public will be published on the Issuer’s website (www.sebgroup.com). For as long as a Loan is outstanding, the Issuer will keep the General Terms and Conditions and the Final Terms for such Loan available on its website.

#### 1. DEFINITIONS

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

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

“**Adjusted Loan Amount**” means, with respect to a specific Loan, the Total Nominal Amount of outstanding Covered Bonds excluding Covered Bonds held by the Issuer and any other member of the Group, irrespective of whether such entity is registered by name as the Bondholder of such Covered Bonds;

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

“**Base Rate**” means, for a Loan with floating interest rate, the interest base (STIBOR) stated in the relevant Final Terms;

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

“**Bondholders’ Meeting**” means a meeting of the Bondholders in respect of a Loan as described in Section 9 (*Bondholders’ Meeting*);

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

“**Conditions**” for a particular Loan means these General Terms and Conditions and the Final Terms for such Loan;

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

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

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

- (b) if the counting basis “Actual/360” is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360;

“**Dealers**” means Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) and such other dealer (*emissionsinstitut*) appointed in accordance with Section 11.3, but only for so long as such dealer has not withdrawn as a dealer;

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

“**Final Terms**” means the final terms prepared for a particular Loan;

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

“**Group**” means Skandinaviska Enskilda Banken AB (publ) and its subsidiaries from time to time;

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

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

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

“**Interest Rate**” means until (and including) the Maturity Date (i) for a Loan with fixed interest rate, the interest rate specified in the relevant Final Terms and (ii) for a Loan with floating interest rate, the interest rate calculated in accordance with Section 5.1(b);

“**IPA**” means Skandinaviska Enskilda Banken AB (publ) or such other issuing and paying agent (IPA) appointed by the Issuer for the functions set out in Section 4.3, but only for so long as such issuing and paying agent has not withdrawn as a issuing and paying agent or been replaced in accordance with Section 11.4;

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

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

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

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

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

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

“**Record Date**” means,

if the relevant Covered Bonds are registered as PM securities (*registrerade i penningmarknadsdelen*) with Euroclear,

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

and, if the relevant Covered Bonds are registered as AM securities (*registrerade i aktiemarknadsdelen*) with Euroclear,

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

relevant date (other than a payment date for principal amounts payable under the Conditions),

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

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

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

“**STIBOR**” means the interest rate (1) that is administered, calculated and distributed by the Swedish Financial Benchmark Facility on a daily basis (or by any benchmark administrator replacing the Swedish Financial Benchmark Facility) and published on Thomson Reuters’s webpage “STIBOR=Q” (or on any replacement webpage) (or on such other webpage that replaces the webpage mentioned) or - if such quotation does not exist - (2) at the mentioned time equivalent to (a) the mean of the Reference Banks’ quoted interest rates for deposits of SEK 100,000,000 for the period in question on the Stockholm interbank market - or - if only one or no such quotation is given - (b) the Administrative Agent’s assessment of the interest rate offered by Swedish commercial banks for lending of SEK 100,000,000 for the period in question on the inter-bank market Stockholm;

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

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

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

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

1.3 The definitions contained in these General Terms and Conditions shall also apply to the relevant Final Terms.

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

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

2.2 The Total Nominal Amount will be determined when the sale of the Covered Bonds has been completed and shall be represented by Covered Bonds in the denomination in SEK specified in the relevant Final Terms or in whole multiples thereof.

2.3 The Issuer undertakes to repay the principal and to pay interest in respect of each Loan in accordance with these Conditions.

2.4 In subscribing for Covered Bonds each initial Bondholder accepts that its Covered Bonds shall have the rights and be subject to the conditions stated in the Conditions. In acquiring Covered Bonds each new Bondholder confirms such acceptance.

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

3.1 Upon issuance, Covered Bonds shall be registered in a VP-account on behalf of the Bondholder, and accordingly no physical notes representing the Covered Bonds will be issued.

3.2 A request concerning the initial registration of a Covered Bond in a VP-account in accordance with Section 3.1 shall be made by the Issuer to the Account Operator.

- 3.3 Any person who acquires the right to receive payment under a Covered Bond through a mandate, a pledge, regulations in the Code on Parents and Children (*Föräldrabalken*), conditions in a will or deed of gift or in some other way shall register her or his right to payment.
- 3.4 For Covered Bonds registered in the name of a nominee in accordance with the Financial Instruments Accounts Act, the nominee shall be regarded as the Bondholder under these Conditions.
- 3.5 The Administrative Agent shall, for the purpose of carrying out its tasks under Section 9 (Bondholders' meeting) and, if possible in accordance with the rules of Euroclear Sweden and with Euroclear Sweden's permission, at all other times be entitled to obtain information from the debt register (*skuldbok*) kept by Euroclear Sweden in respect of the Covered Bonds.
- 3.6 The Administrative Agent may use the information referred to in Section 3.5 only for the purposes of carrying out its duties and exercising its rights in accordance with the Conditions and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

#### **4. PAYMENTS**

- 4.1 A Loan falls due on the Maturity Date. Interest shall be paid on each Interest Payment Date in accordance with the relevant Final Terms. On the Maturity Date the Loan shall be repaid together with accrued interest (if any). If the Maturity Date falls on a day that is not a Business Day, the Loan shall not be repaid until the following Business Day.
- 4.2 Repayment of principal and payment of interest shall be made to the person who is Bondholder on the Record Date prior to such payment date, or to such other person who is registered with Euroclear Sweden on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 4.3 The Issuer has appointed the IPA to administrate payments under Covered Bonds and the IPA has accepted this appointment on the condition that the Issuer provides the IPA with the necessary means.
- 4.4 Where the Bondholder has arranged for an Account Operator to record that the principal and interest are to be credited to a particular bank account, the payments will be made through Euroclear Sweden on the relevant due dates. If no such instructions have been given, Euroclear Sweden will withhold the amount to be paid until the Bondholder has arranged for an Account Operator to record such bank account, and no penalty and/or other additional interest or fee shall be payable as a result of such withholding.
- 4.5 If the IPA or Euroclear Sweden is unable to pay the amount in the manner stated above as a result of some delay on the part of the Issuer or because of some other obstacle, then, as soon as the obstacle has been removed, the amount shall be paid by the IPA or Euroclear Sweden, as applicable, to the person registered as Bondholder on the Record Date.
- 4.6 If the Issuer is unable to carry out its obligations to pay through the IPA or Euroclear Sweden in the manner stated above due to obstacles for the IPA or Euroclear Sweden as stated in Section 14.1, the Issuer shall have a right to postpone the obligation to pay until the obstacle has been removed. In such case, interest will be paid in accordance with Section 6.2.
- 4.7 In the event that the person to whom the amount was paid in the manner stated above was not entitled to receive it, the Issuer, the IPA and Euroclear Sweden, as applicable, shall nevertheless be regarded as having fulfilled their obligations. However, this does not apply if the Issuer, the IPA or Euroclear Sweden, as applicable, was aware that the person to whom the amount was paid was not entitled to receive it or if the Issuer, the IPA or Euroclear Sweden, as applicable, neglected to show the necessary care given the circumstances.

#### **5. INTEREST**

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

(a) Fixed interest rate

- (i) If a Loan is specified as a Loan with fixed interest rate, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention 30/360.
- (ii) If the Interest Payment Date for a Loan bearing a Fixed Interest Rate is not a Business Day, then interest will be paid on the next Business Day. Interest is calculated and accrued only up to and including the Interest Payment Date.

(b) Floating interest rate

- (i) If a Loan is specified as a Loan with floating interest rate, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date. The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the applicable Base Rate plus the Margin for such period.
- (ii) For the avoidance of doubt, notwithstanding paragraph (i) above and subject to paragraph (iii) below, if the applicable Base Rate plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).
- (iii) If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in Section, 14.1 the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed the Administrative Agent shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period.
- (iv) Interest accrued during an Interest Period is paid in arrears on the relevant Interest Payment Date and is calculated using the Day Count Convention Actual/360.
- (v) If the Interest Payment Date for a Loan bearing Floating Interest Rate is not a Business Day, then the next Business Day shall be considered the Interest Payment Date provided that such Business Day does not occur in a new calendar month, in which case the Interest Payment Date shall be the previous Business Day. Interest is calculated and accrued up to and including the Interest Payment Date.

**6. PENALTY INTEREST**

- 6.1 In the event of delay in payment relating to principal and/or interest, penalty interest shall be paid on the amount due from the maturity date up to and including the day on which payment is made, at an interest rate which corresponds to one week's STIBOR applicable on the first Business Day in each calendar week during the course of delay plus one percentage points. However, penalty interest according to this Section 6.1 shall never be lower than the Interest Rate at the maturity date plus two (2) percentage points. Penalty interest is not compounded with the principal amount.
- 6.2 If the delay is due to an obstacle of the kind set out in Section 14.1 on the part of the Issuing House(s), the IPA or Euroclear Sweden or otherwise out of control of the Issuer, no penalty interest shall apply, in which case the rate of interest which applied to the relevant Loan on the relevant due date shall apply instead.

**7. ADMISSION TO TRADING ON A REGULATED MARKET**

If admission to trading is specified in the relevant Final Terms for a Loan, the Administrative Agent shall apply to have the Loan admitted to trading at the specified listing venue. As long as such Loan amount is

outstanding, but not beyond the Maturity Date or the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations, subsist, the Issuer shall take such practicably possible measures that may be required to maintain the admission to trading at the specified listing venue or any other Regulated Market.

## 8. REPURCHASE OF COVERED BONDS

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

## 9. BONDHOLDERS' MEETING

- 9.1 The Administrative Agent may and, at the request of another Issuing House with respect to a specific Loan, the Issuer or Bondholders that at the time of such request represent at least ten (10) per cent. of the Adjusted Loan Amount under a particular Loan (such a request can only be made by Bondholders entered in the securities register on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Bondholders, be made jointly), shall, convene a Bondholders' Meeting for the Bondholders under the relevant Loan.
- 9.2 The Administrative Agent shall convene a Bondholders' Meeting by sending notice of this to each Bondholder within five (5) Business Days of having received a request from another Issuing House, the Issuer or Bondholders as described in Section 9.1 (or a later date if this is required for technical or administrative reasons).
- 9.3 The Administrative Agent may refrain from convening a Bondholders' Meeting if (i) the proposed decision has to be approved by any party in addition to the Bondholders and this party has notified the Administrative Agent that such approval will not be given, or (ii) the proposed decision is not compatible with applicable law.
- 9.4 The notice of the meeting described in Section 9.2 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The background and contents of each proposal as well as any applicable conditions and conditions precedent shall be set out in the notice in sufficient detail. If a proposal concerns an amendment to the Conditions, such proposed amendment must always be set out in precise detail. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- 9.5 The Bondholders' Meeting shall be held on a date that is between ten (10) and thirty (30) Business Days after the date of the notice of the meeting. Bondholders' Meetings for several Loans under the Covered Bond Programme may be held on the same occasion.
- 9.6 Without deviating from the provisions of these General Terms and Conditions, the Administrative Agent may prescribe such further provisions relating to the convention of and holding of the Bondholders' Meeting as it considers appropriate. Such provisions may include, among other things, the possibility of Bondholders voting without attending the meeting in person.
- 9.7 Only a person who is, or who has been provided with a power of attorney in accordance with Section 10 (*Right to act on behalf of Bondholders*) by someone who is, a Bondholder on the Record Date for the Bondholders' Meeting may exercise voting rights at such Bondholders' Meeting. The Administrative Agent has the right to attend, and shall in each case ensure that an extract from the debt register kept by Euroclear Sweden as at the Record Date for the Bondholders' Meeting, is available at the Bondholders' Meeting.
- 9.8 The meeting shall be initiated by the appointment of a chairman. The Administrative Agent shall appoint the chairman unless the Bondholders' Meeting decides differently. Board members, the chief executive officer and other senior officials of the Issuer as well as the Issuer's auditors and advisors have the right to participate at the Bondholders' Meeting in addition to the Bondholders and their representatives and advisors. A transcript of the debt register (*skuldbok*) that is kept by Euroclear Sweden and relevant for determining Bondholders eligible to exercise voting rights shall be available at the Bondholders' Meeting (if possible in accordance with the rules of Euroclear Sweden). The chairman shall compile a list of

present Bondholders with voting rights that includes information on the share of the Adjusted Loan Amount that each Bondholder represents (“voting list”). The voting list shall be approved by the Bondholders’ Meeting. Only persons who on the Record Date for the Bondholders’ Meeting were Holders, or who have been authorised in accordance with Section 10 (Right to act on behalf of Bondholders) by persons who were Bondholders on the Record Date, may exercise voting rights at the Bondholders’ Meeting, provided that the relevant Covered Bonds are included in the Adjusted Loan Amount, and only such Bondholders and authorised persons, as applicable, shall be included in the voting list.

- 9.9 The chairman shall ensure that minutes are kept at the Bondholders’ Meeting. The minutes shall include notes as to the participants, the issues dealt with, the voting results and the decisions that were made. The minutes shall be signed by the chairman and at least one person appointed at the Bondholders’ Meeting to approve the minutes and shall thereafter be delivered to the Administrative Agent. The minutes shall be available at the Issuer no later than seven (7) Business Days after the Bondholders’ Meeting and shall be sent upon request to each Bondholder. New or revised General Terms and Conditions or Final Terms shall be appended to the minutes and sent to Euroclear Sweden by the Administrative Agent or by any party appointed by the Administrative Agent.
- 9.10 Decisions on the following matters require the approval of Bondholders representing at least ninety (90) per cent of that part of the Adjusted Loan Amount for which Bondholders are voting under the relevant Loan at the Bondholders’ Meeting:
- (a) a change of Maturity Date, reduction of Nominal Amount, changes in terms relating to interest or amount to be repaid (other than in accordance with what is stated in the Conditions) and change in the specified currency of the Loan;
  - (b) a transfer by the Issuer of its rights and obligations under the Loan;
  - (c) a change to the terms of this Section 9 (*Bondholders’ Meeting*); and
  - (d) a mandatory exchange of Covered Bonds for other securities.
- 9.11 Matters that are not covered by Section 9.10 require the approval of Bondholders representing more than fifty (50) per cent of that part of the Adjusted Loan Amount for which Bondholders are voting under the relevant Loan at the Bondholders’ Meeting. This includes, but is not limited to, changes to and waivers of rights related to the Conditions that do not require a greater majority (other than changes as described in Section 11 (Changes to terms, etc.)).
- 9.12 A Bondholders’ Meeting is quorate if Bondholders representing at least fifty (50) per cent of the Adjusted Loan Amount under the relevant Loan in respect of a matter in Section 9.10 and otherwise twenty (20) per cent of the Adjusted Loan Amount under the relevant Loan are present at the meeting either in person or by telephone (or are present via an authorised representative).
- 9.13 If a Bondholders’ Meeting is not quorate the Administrative Agent shall convene a new Bondholders’ Meeting (in accordance with Section 9.2) unless the relevant proposal has been withdrawn by the party or parties that initiated the Bondholders’ Meeting. The requirement of a quorum in Section 9.12 shall not apply at such new Bondholders’ Meeting. If the Bondholders’ Meeting has met the quorum requirement for certain but not all matters which are to be decided on in the meeting, decisions shall be made in those matters for which a quorum is present whereas any other matters shall be referred to a new Bondholders’ Meeting.
- 9.14 A decision at a Bondholders’ Meeting that extends obligations or limits rights of the Issuer or an Issuing House under the Conditions shall also require the approval of the party concerned.
- 9.15 A Bondholder that holds more than one Covered Bond is not required to vote for all the Covered Bonds it holds and is not required to vote in the same way for all the Covered Bonds it holds.
- 9.16 The Issuer may not, directly or indirectly, pay or contribute to payment being made to any Bondholder in order that this Bondholder will give its approval under the Conditions unless such payment is offered to all Bondholders that give their approval at a relevant Bondholders’ Meeting.

- 9.17 A decision made at a Bondholders' Meeting is binding on all Bondholders under the relevant Loan irrespective of whether they are represented at the Bondholders' Meeting. Bondholders that do not vote for a decision shall not be liable for losses that the decision causes to other Bondholders.
- 9.18 The Administrative Agent's reasonable costs and expenses occasioned by a Bondholders' Meeting, including reasonable payment to the Administrative Agent, shall be borne by the Issuer.
- 9.19 At the Administrative Agent's request, the Issuer shall without delay provide the Administrative Agent with a certificate stating the Nominal Amount for Covered Bonds held by members of the Group on the relevant Record Date prior to a Bondholders' Meeting, irrespective of whether such entities are registered by name as Bondholders of Covered Bonds. The Administrative Agent shall not be responsible for the content of such a certificate or otherwise be responsible for establishing whether a Covered Bond is held by a member of the Group.
- 9.20 Information on decisions taken at a Bondholders' Meeting shall be notified without delay to the Bondholders under the relevant Loan by means of a press release, on the Issuer's website and in accordance with Section 13 (Notices). At the request of a Bondholder the Administrative Agent shall provide the Bondholder with minutes of the relevant Bondholders' Meeting. However, failure to notify the Bondholders as described above shall not affect the validity of the decision.

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

- 10.1 If a party other than a Bondholder wishes to exercise a Bondholder's rights under the Conditions or to vote at a Bondholders' Meeting, such person shall be able to produce a proxy form or other authorisation document issued by the Bondholder or a chain of such proxy forms and/or authorisation documents from the Bondholder.
- 10.2 A Bondholder may authorise one or more parties to represent the Bondholder in respect of certain or all Covered Bonds held by the Holder. Such authorised party may act independently and is entitled to delegate its right to represent the Bondholder.

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

- 11.1 The Issuer and the Dealers may agree on adjustments to correct any clear and manifest error in these General Terms and Conditions.
- 11.2 The Issuer and the Administrative Agent may agree on adjustments to correct any clear and manifest error in the Final Terms of a particular Loan. The Issuer and the Issuing House(s) may agree to amend the Conditions provided that such amendment is not detrimental to the Bondholders.
- 11.3 A new dealer may be engaged by agreement between the Issuer and the dealer in question and the Issuer will inform the other Dealers thereof. A Dealer may step down as a Dealer, but an Administrative Agent in respect of a particular Loan may not step down unless a new Administrative Agent is appointed in its place.
- 11.4 The Issuer, the Dealers and the IPA may agree to replace the IPA with another Account Operator as issuing and paying agent.
- 11.5 Amendments to or concession of Conditions in cases other than as set out in Sections 11.1–11.3 shall take place through a decision at a Bondholders' Meeting as described in Section 9 (Bondholders' Meeting).
- 11.6 Approval at a Bondholders' Meeting of an amendment to the terms may include the objective content of the amendment and need not contain the specific wording of the amendment.
- 11.7 A decision on an amendment to the terms shall also include a decision on when the amendment is to take effect. However, an amendment shall not take effect until it has been registered with Euroclear Sweden (where relevant) and published on the Issuer's website.
- 11.8 The amendment or concession of terms as described in this Section 11 (Changes to terms, etc.) shall be promptly notified by the Issuer to the Bondholders in accordance with Section 13 (Notices).

## 12. PRESCRIPTION

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

## 13. NOTICES

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

## 14. LIMITATION OF LIABILITY ETC.

- 14.1 With regards to the obligations imposed on the Dealers, the IPA and Euroclear Sweden, respectively, the Dealers, the IPA and Euroclear Sweden, as applicable, shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.
- 14.2 Losses arising in other cases shall not be compensated by a Dealer, the IPA or Euroclear Sweden if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses.
- 14.3 Should a Dealer, the IPA or Euroclear Sweden not be able to fulfil its obligations under these Conditions due to any circumstance set out in Section 15.1, such action may be postponed until the obstacle has been removed.
- 14.4 The aforesaid shall apply unless otherwise provided in the Financial Instruments Accounts Act.

## 15. APPLICABLE LAW AND JURISDICTION

- 15.1 The Conditions shall be governed by Swedish law.
- 15.2 Disputes shall be settled by Swedish courts. Stockholm District Court shall be the court of first instance.
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We hereby confirm that the above General Terms and Conditions are binding upon us.

Stockholm 16 JULY 2020

SKANDINAVISKA ENSKILDA BANKEN AB (publ)

## FORM OF FINAL TERMS

### FINAL TERMS

#### for Loan No. [•] under Skandinaviska Enskilda Banken AB (publ)'s Programme for Issuances of Covered Bonds

The following are the final terms and conditions (“**Final Terms**”) of Loan No. [•], (the “**Loan**”) that Skandinaviska Enskilda Banken AB (publ) (the “**Issuer**”) issues in the capital market in accordance with an agreement with the below mentioned Issuing House(s).

The Loan shall be subject to the general terms and conditions dated [16 July 2020] (the “**General Terms and Conditions**”) set out in the Issuer’s base prospectus for issuances of Covered Bonds, dated 23 December 2021 [as supplemented from time to time] (the “**Prospectus**”), and the Final Terms set out below. Words and expressions not defined in the Final Terms shall have the meaning set out in the General Terms and Conditions. The Loan shall be registered as [AM/PM] securities with Euroclear Sweden.

This document constitutes the Final Terms for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and must be read in conjunction with the Prospectus [as supplemented]. Full information on the Issuer and the offer of the Loan is only available on the basis of the combination of these Final Terms, the Prospectus [as supplemented] and any documents incorporated therein by reference. These documents are available via [www.sebgroup.com](http://www.sebgroup.com).

#### Terms and conditions for the Loan

1.	<b>Loan no:</b>	[•]
2.	<b>Total Nominal Amount/Continuous issuance:</b>	[[SEK [•]] / [SEK [•]. Covered Bonds issued under this Loan shall be sold continuously at the prevailing market price. The Total Nominal Amount shall be determined when the sale of Covered Bonds is closed.]
2.1	(i) Tranch 1	[SEK [•]]
2.2	(i) [Tranch 2]	[SEK [•]]
3.	<b>Nominal Amount per Covered Bond:</b>	[•]
5.	<b>Interest Commencement Date:</b>	[Issue Date] [ <i>Specify other Interest Commencement Date</i> ]
7.	<b>Issue Date:</b>	[•]
8.	<b>Maturity Date:</b>	[•]
9.	<b>Repayment Basis:</b>	[Each Covered Bond is repaid at par (i.e. at an amount equal to its Nominal Amount)]/[•] per Nominal Amount]
10.	<b>Type of Interest Rate:</b>	[Fixed interest rate] / [Floating interest rate]

11.	<b>Additional terms and conditions for Loans with fixed interest rate</b>	[Applicable] [Not applicable] [ <i>If not applicable, delete the remaining sub-paragraphs of this paragraph.</i> ]
11.1	<b>Interest Rate:</b>	[[•] % per annum]

11.2	<b>Interest Payment Date(s):</b>	[•] (subject to Section [4.3] of the General Terms and Conditions)
11.3	<b>Specific risk factors:</b>	[In accordance with the risk factor “The value of fixed rate Covered Bonds may be adversely affected by movements in market interest rates” in the Prospectus.] / [•]
11.4	<b>Day Count Convention:</b>	[30/360] / [•]

<b>12.</b>	<b>Additional terms and conditions for Loans with floating interest rate</b>	<b>[Applicable]</b> <b>[Not applicable]</b> <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
12.1	<b>Base Rate:</b>	[•] month(s) [STIBOR]
12.2	<b>Margin:</b>	[+/-][•] percentage points
12.3	<b>Interest Determination Date:</b>	[Two] Banking Days prior to the first day of each Interest Period, beginning on [•]
12.4	<b>Interest Period:</b>	The first Interest Period runs from [•] to and including [•], and thereafter from one Interest Payment Date to and including the next Interest Payment Date
12.5	<b>Interest Payment Date(s):</b>	[•],[•],[•] and [•] each year (subject to Section [4.3] of the General Terms and Conditions), the first Interest Payment Date bring on [•]
12.6	<b>Day Count Convention:</b>	[Actual number of days/360]

#### Other information

13.	<b>Credit rating:</b>	[•]
14.	<b>Issuing House(s):</b>	[Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ)]/ {Specify relevant Issuing Houses}
15.	<b>Administrative Agent:</b>	[Skandinaviska Enskilda Banken AB (publ)] / [•]
16.	<b>ISIN code:</b>	[•]
17.	<b>Admission to trading:</b>	[Not applicable] [Nasdaq Stockholm] <i>[Specify other Regulated Market]</i>
18.	<b>The earliest date on which the Covered Bonds will be admitted to trading:</b>	<i>[Specify details]</i> [Not applicable]
19.	<b>Estimate of the total expenses related to the admission to trading:</b>	<i>[Specify details]</i> [Not applicable]
20.	<b>Total number of Covered Bonds admitted to trading:</b>	[•]
20.1	(i) Tranch 1	[•]
20.2	(i) [Tranch 2]	[•]
21.	<b>Resolutions as basis for the issuance:</b>	<i>[Specify details]</i> [Not applicable]

22.	<b>Interests:</b>	[Specify details] [Not applicable]  [If applicable, describe interests of individuals and legal entities involved in the issuance as well as a record of all interests and possible conflicts of interests of importance to the issuance together with records of those involved and the nature of the interest.]
23.	<b>Information from third parties:</b>	[Information in these Final Terms originating from third parties has been reproduced accurately and, as far as the Issuer knows and can ascertain based on comparisons with other information published by relevant third parties, no information has been omitted in a way that may lead to the reproduced information being incorrect or misleading. The sources for such information are [•.] / [Not applicable]
24.	<b>The use of the proceeds</b>	[General financing of the Issuer's and the Group's business activities]/[Specify]
25.	<b>The estimated net amount of the proceeds</b>	[SEK [•]]/[Total Nominal Amount] less customary transaction costs and fees

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

Stockholm, [•]

SKANDINAVISKA ENSKILDA BANKEN AB (publ)

## DESCRIPTION OF SEB

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### OVERVIEW

SEB is a northern European financial services group. As a relationship bank strongly committed to delivering customer value, SEB offers financial advice and a wide range of financial services to corporate customers, financial institutions and private individuals in Sweden and the Baltic countries. In Denmark, Finland, Norway, Germany and the UK, SEB's operations focus on delivering a full-service offering to corporate and institutional clients and building long-term customer relationships. As of the date of this Prospectus, SEB serves more than four million private customers. As of 30th September, 2021, SEB had total assets of SEK 3,585 billion and total equity of SEK 192 billion. For the nine months ended 30th September, 2021, SEB's net profit was SEK 19.2 billion and for the year ended 31st December, 2020, SEB's net profit was SEK 15.7 billion

With effect from 1st June, 2021, SEB is organised into the following six divisions:

- *Large Corporates & Financial Institutions* – provides wholesale banking and investment banking services to large companies and institutional clients and asset management sales and investor services to institutional clients in SEB's core markets;
- *Corporate & Private Customers* – provides banking and advisory services to private individuals, smaller and mid-sized companies (SMEs) and card services in the Nordic countries;
- *Baltic* – provides retail, corporate and institutional banking services, such as trading and capital markets and transaction services, to clients in Estonia, Latvia and Lithuania. The financial results generated by structured finance and life and investment management services provided in these countries are recorded in the Large Corporates & Financial Institutions, the Life and the Investment Management & Group Functions operating segments, respectively;
- *Life* – provides all of the Group's different customer segments with pension and life insurance products;
- *Investment Management* – manages SEB's mutual funds and tailored portfolios for institutional investors, retail and private banking clients; and
- *Private Wealth Management & Family Office* - provides comprehensive banking infrastructure, access to capital markets, financing solutions and individually tailored advisory services to entrepreneurs, high net worth individuals, foundations and professional family offices and their families and businesses in SEB's home markets.

Investment Management is reported in the operating segment Investment Management & Group Functions (where Group Functions consists of Group Treasury, Business Support, the German run-off operations, and Group Staff and other various small units).

The division of Private Wealth Management & Family Office has been operational since 1st June, 2021 and will be reported on as of 1st January, 2022, while the remaining five divisions have been operational since the reorganisation, which took effect from 1st January, 2019 described under "*Business Divisions*" below.

As of 30th September, 2021, SEB's customer base consisted of approximately 3,100 large corporate and institutional customers, approximately 400,000 SMEs of which 272,000 were full-service customers and approximately four million private individuals. At the same date, SEB had 161 retail branch offices in Sweden and the Baltic countries. Outside Sweden, SEB has a strategic presence, through its foreign subsidiaries, branches and representative offices in more than 20 countries, to support and service mainly its large corporate and institutional customers. As of 30th September, 2021, SEB had 15,543 full time equivalent employees (FTEs), of which about half were located outside Sweden.

### COMPETITIVE STRENGTHS

SEB believes that its franchise is built on strong long-term customer relationships, its product excellence and the quality of its advice. Its reputation stems from its long heritage of providing banking and financial services to large corporate customers, financial institutions and private individuals in the Nordic countries. Given its diversified

business mix, SEB believes that it is well positioned to capture opportunities in the financial services industry in its core markets. SEB's competitive strengths include:

#### **Strong and long-term customer relationships**

SEB believes that its 160-year history of providing banking and financial services, its long-standing client relationships, its customer orientation and its strong brand allow it to develop unique relationships with, and knowledge of, its customers and to attract new customers. SEB's customer focus has led to strong loyalty among its customers, as evidenced by continued high customer satisfaction rankings and awards within its core areas of strength.

#### **Leading market positions in core business areas**

SEB has leading market positions in its core business areas. Its Large Corporates & Financial Institutions division is a leading corporate and investment bank in the Nordic region, with substantial market shares in, for example, fixed-income, foreign exchange trading and cash management. For the past five years, SEB has consistently been ranked as the leading bank among corporate and financial institutional customers in Sweden in Kantar Prospera's annual customer survey. In 2021, for the first time in the past five years, SEB was also ranked as number one overall among corporate customers in the Nordics, having made a clear improvement in Denmark and Finland from the year before. Among financial institutional customers overall in the Nordics, SEB was ranked number two in 2021; during the past five years, SEB has been ranked as number one or two. In September 2021, SEB was named the "Best Business Bank of the Year" in Sweden by Finansbarometern for the third consecutive year. In Sweden, SEB is the third largest retail bank in terms of mortgage lending, according to data from Statistics Sweden as of 30th September, 2021. SEB's Corporate & Private Customers division is also a leading provider of corporate charge cards and co-branded cards in the Nordic countries.

In the life insurance market, SEB is a leading provider of unit-linked insurance in Sweden. According to Insurance Sweden, insurance trade association, SEB had a market share of 12.9 per cent. in new unit-linked insurance premium income as of 30th September, 2021. SEB's share of annual life insurance premiums paid (both on new and existing policies) in Sweden as of 30th September, 2021 was 9.4 per cent., according to data from Insurance Sweden.

SEB holds a strong market position within asset management in Sweden and is the third largest asset manager in the Nordic region as of 30<sup>th</sup> September, 2021 (based on a comparison of total SEB assets under management and assets under management reported by other banks in the Nordic region). In addition, SEB won awards in several categories in the 2021 Euromoney Private Banking and Wealth Management Survey announced on 10th February, 2021 (e.g., Net Worth in Sweden based on Mass Affluent Clients (U.S.\$100,000 – U.S.\$1 million)). Euromoney recognised SEB as the best Swedish private bank for international clients in February 2020, whereas The Banker recognised SEB as the best private bank in Sweden for the sixth consecutive year in 2018, which was the latest award from The Banker.

In the Baltic countries, taken together, SEB is the second largest bank by lending market share (according to the most recently available central bank and bank association statistics in those countries). In October 2020, SEB was reaffirmed as the best bank in Estonia and Latvia by Global Finance Magazine, and in October 2019, SEB was recognised by Global Finance Magazine as the best bank in all three Baltic countries. SEB was also awarded the 2019 Euromoney excellence award for the best bank in Latvia and Lithuania.

#### **Diversified revenue base and strong focus on operational efficiency**

SEB has a diversified revenue base, including interest income on customer loans and other interest-bearing assets; fees and commissions from equity, fixed-income and foreign exchange trading; income from payment transactions; advisory and asset management service fees; and income from its life insurance operations. In addition, SEB's business is diversified across customer segments (including large and mid-size corporate and institutional customers and retail, mass affluent and private banking individuals) and geographic markets (including, among others, the Nordic and Baltic countries, Germany and the UK). Moreover, SEB continues to maintain a strong focus on improving its operational efficiency.

#### **Disciplined risk management**

Comprehensive risk management is fundamental to the long-term profitability and stability of the Group and is a core area of focus for SEB. Since the Swedish banking crisis in the early 1990s, SEB has focused on enhancing its risk management systems and controls. Board supervision, a formal decision-making structure, a high level of risk awareness among staff, Group-wide principles and controlled risk-taking within established limits are the

cornerstones of SEB's risk management. To secure financial stability, risk-related issues are identified, monitored and managed at early stages and form an integral part of SEB's long-term planning processes.

### **Well-diversified funding base**

SEB has a strong deposit gathering franchise in its core markets through its Corporate & Private Customers division and, in the cash-management and custody operations, through its Large Corporates & Financial Institutions division.

As of 30th September, 2021, total deposits and borrowing from the public (excluding deposits from central banks, credit institutions and repos) amounted to SEK 1,661 billion, or 63 per cent. of its total funding base, and the ratio of loans to deposits (excluding repos) was 102 per cent. SEB's funding base comprises the sum of deposits from central banks, deposits from credit institutions (excluding repos), deposits and borrowing from the public (excluding repos), debt securities and subordinated debt.

SEB benefits from a well-diversified funding base, with good access to both short and long-term financing sources. During 2018, 2019, 2020 and in the first nine months of 2021, SEB raised the equivalent of SEK 101 billion, SEK 140 billion, SEK 117 billion and SEK 55 billion, respectively, in long-term funding in the domestic Swedish and international covered bond and senior unsecured debt markets. In November 2019, SEB issued U.S.\$900 million Additional Tier 1 convertible notes. In October 2021, SEB issued EUR 500 million Tier 2 notes. Mortgage covered bonds accounted for 13 per cent. of SEB's total funding base as of 30th September, 2021.

## **STRATEGY**

SEB's overall strategic ambition is to be the undisputed leading Nordic corporate and institutional bank and the top universal bank in Sweden and the Baltics, maintaining a strong financial position and cost efficiency to deliver shareholder value.

In 2019, SEB began the execution of its new three-year business plan (2019 to 2021), which focuses on enabling SEB to remain relevant and competitive by accelerating operational efficiency and reinvigorating growth through the following three strategic focus areas:

- **Operational excellence** – driving speed and efficiency and enabling swift transaction execution, through the use of new technology and extended use of data in order to deliver world-class customer experience;
- **Advisory leadership** – providing value-enhancing advice through human interaction and digital solutions with the ambition to be relevant, proactive and accessible through the use of advanced analytics and new technology as a complement to human interaction; and
- **Extended presence** – widening distribution and sharpening the offering through integration of new platforms, external products and data in order to attract new customers in new markets.

SEB aims to continue to build on its core strengths while also addressing new opportunities. To accelerate the development of critical enablers and to reinvigorate growth, SEB has defined initiatives in five building blocks:

- **Critical Enablers** represent prerequisites for SEB to succeed, supporting SEB as a whole. Building on its strong focus on people, quality of risk management, compliance and code of conduct, SEB intends to become more data driven – able to build customer insights and tailored service, utilising all available customer data while also improving regulatory reporting, management reporting and risk monitoring. In order to meet customer expectations of speed and accuracy, SEB aims to increase the speed to achieve end-to-end automation, which will require adoption of a fully agile approach to, among other things, improve product development. These efforts aim to enable SEB to capture the full potential of digitalisation and usage of data, both in terms of customer value and increased efficiency.

Sustainability has become a rapidly increasing business driver, pushing the need to integrate sustainability in business models and product offerings. For more than ten years, SEB has integrated sustainability in its business and is now seeking to commercialise the strong customer demand for sustainable investments and financing solutions through sustainability research and advisory offerings, as well as offering a range of ESG (Environmental, Social and Governance) products in all customer segments.

- **Advisory** builds on SEB's strong capabilities, trust and heritage from servicing a diverse range of customers with valuable advice and aims to further differentiate SEB as the leading Nordic corporate and institutional bank, and build on SEB's strengths in Private Banking. While advice is expected to increasingly rely on insights from advanced analytics and automated processes, personal interaction also plays a critical role in gaining the customers' trust, fully understanding their needs and providing tailored advice. SEB intends to further strengthen its advisory capabilities in high growth segments in investment banking to capture opportunities in the tech/digital transformation and the energy sector, and to export SEB's strengths in Private Banking in the Nordics.
- **Assets Entrusted to Us** relates to deposits, assets under management and assets under custody. This builds on the attractiveness of exposure to assets with long-term underlying price appreciation and volume growth supported by demographics, a growing need for pension savings and increasing disposable income. This area displays high profitability and low capital consumption, despite some margin erosion, and in the case of deposits, an attractive source of funding. SEB has a strong history of providing service and advice in the Investment Management area, and with its leading position in the area of sustainable investments (including microfinance and green bonds) SEB is well-positioned to meet the increasing customer demand in this area.
- **Ecosystems** SEB aims to move closer to customers and develop holistic offerings that cater to end-to-end customer needs, for example by looking at customer journeys in a wider sense, to include adjacent services. By being part of an ecosystem, and using collaborative business models, SEB expects to increase opportunities to provide a better and more complete customer experience, while potentially gaining access to larger profit pools with new service propositions.
- **Digital Explorer** (SEBx) is SEB's approach to disrupt itself, with the purpose to experiment with modern technology for the benefit of SEB's future IT infrastructure, while also exploring new business models with the ambition to create a global platform for new business concepts. This work is done in a start-up manner to start fresh in an autonomous way, with the knowledge, competence, assets and resources within SEB, but without restrictions from legacy platforms. By operating independently, at the fringe of the organisation, creativity and new radical thinking can flourish.

In February 2021, SEB announced its intention to expand its business to selected large corporate customers in Switzerland, Austria and the Netherlands. This strategy is a continuation of SEB's growth initiative that was launched just over ten years ago in the Nordic countries and Germany, which was followed by a successful expansion of its operations in the UK. SEB intends to carry out this strategy with a focus on bringing in selected corporate customers to the Large Corporates & Financial Institutions division and on growing organically and opportunistically with profitability, while continuing to promote cost-effectiveness and taking advantage of the scalability of its current business model.

#### **Foundation for SEB's pursuit of its strategic direction**

The banking environment remains uncertain and continues to require a strong and resilient foundation on which SEB can pursue its strategic direction. To further strengthen its resilience, SEB works diligently to have a competitive and effective cost base. The three year plan 2019-2021 includes strategic initiatives for further revenue growth and continued cost efficiency improvements that, on a cumulative basis, are estimated to lead to total investments of between SEK 2 billion and SEK 2.5 billion during the three-year period from 2019 to 2021, and a new total cost target of around SEK 23 billion by 2021, assuming 2018 foreign exchange rates.

On 27th January, 2021, SEB communicated revised financial targets, in connection with the publication of the 2020 annual accounts. The objective of the new targets is to create further financial flexibility to better support SEB's customers over time, by targeting a yearly dividend of around 50 per cent. of earnings per share and a CET1 capital ratio of 100-300 basis points above the SFSA's required level. SEB expects its capital buffer to remain above the target level and capital distribution to mainly take the form of share repurchases. Once regulators publish revised restrictions on dividends and share repurchases, SEB expects to be able to determine the timing of such actions. The target of having a return on equity that is competitive with SEB's peers, with a long-term target of 15 per cent., remains unchanged.

Long-term divisional aspirations for profitability and cost efficiency were also introduced. The aspirations for each division were set mainly based on two factors. First, each division has the ambition to achieve best-in-class profitability and cost efficiency compared to similar businesses among relevant peers. Second, each division's

aspirations are set so that they enable SEB to achieve its long-term aspiration of 15 per cent. return on equity at the group level.

The group financial targets and long-term aspirations for divisions are expected to be reviewed annually. SEB cannot assure potential investors that its targets will be met.

## HISTORY

SEB was incorporated under the laws of Sweden on 29th December, 1971 through the amalgamation of Stockholms Enskilda Bank and Skandinaviska Banken as a limited liability company with registration number 502032-9081. Stockholms Enskilda Bank was founded in 1856 by André Oscar Wallenberg as Stockholm's first privately-held bank. Skandinaviska Kreditaktiebolaget (later Skandinaviska Banken) commenced operations in 1864 as Stockholm's second privately-held bank. The legal and commercial name of SEB is Skandinaviska Enskilda Banken AB (publ) and SEB is registered with the Swedish Companies Registration Office (*Bolagsverket*).

SEB has its principal office at Kungsträdgårdsgatan 8, Stockholm. As a public limited liability bank company, SEB is under the supervision of the SFSA and is regulated by inter alia the Swedish Banking and Financing Act (*lag (2004:297) om bank- och finansieringsrörelse*) and the Swedish Deposit Insurance Act (*lag (1995:1571) om insättningsgaranti*). The Legal Entity Identifier (LEI) of SEB is F3JS33DEI6XQ4ZBPTN86.

SEB's website is [www.sebgroup.com](http://www.sebgroup.com). The information on the website is not part of this Prospectus and has not been scrutinised or approved by the SFSA unless that information is incorporated by reference into this Prospectus.

Since its foundation, the cornerstones of SEB's business have been its long-standing customer relationships, entrepreneurship and international outlook. These pillars have, together with the joint heritage of SEB's main shareholder, Investor AB, provided a vital foundation for building Sweden's robust export sector, comprising internationally leading companies across a variety of industries.

In the 1990s, SEB set out a strategy focused on international expansion, long-term savings and the use of information technology to improve products and services for customers. In implementing this strategy, SEB restructured its operations, invested in new technologies, including e-banking solutions, and made strategic acquisitions.

The acquisition of Trygg-Hansa AB in 1997 enabled SEB to offer its customers a range of life insurance and pension savings products. To strengthen its presence in Northern Europe, SEB acquired the German bank BfG Bank AG (since then known as SEB AG and, since 4th December, 2018, DSK Hyp AG) in 2000. In the decade between 1998 and 2008, SEB also made investments in three Baltic banks, Eesti Ühispank in Estonia, Latvijas Unibanka in Latvia and Vilniaus Bankas in Lithuania. These acquisitions were aimed at meeting increased client needs in those countries and at taking advantage of the long-term growth potential in the Baltic region. SEB took further steps to support its customers in the Baltic countries and in Eastern Europe through acquisitions of the Latvian life insurance company, Balta Life, and of Bank Agio in Ukraine (renamed SEB Bank in May 2006). In addition, between the years 2006 to 2008, SEB acquired, respectively, the Russian bank, PetroEnergoBank (renamed SEB Bank in 2007), the Ukrainian bank Factorial Bank, and GMAC Commercial Finance Sp. z o.o. in Poland.

Through a number of other smaller acquisitions during the period 1994 to 2009, SEB further expanded its position in the Nordic region.

On 31st January, 2011, SEB completed the sale of its German retail banking business (which was acquired as part of the SEB AG business) in line with its strategy of concentrating on large corporate and institutional banking activities in Germany and the Nordic countries outside Sweden. Similarly, on 7th June, 2012, SEB completed the sale of its retail banking operations in Ukraine. SEB remains in Ukraine as a corporate bank serving its Nordic, Baltic and German corporate and institutional customers. In November 2014, SEB sold its card acquiring business, Euroline AB. On 1st September, 2015, SEB completed the sale of its German real estate investment management business, SEB Asset Management AG, including its main subsidiary SEB Investment GmbH, to Savills plc. As of 1st January, 2018, the majority of the German franchise was transferred to SEB's German branch through a universal succession in accordance with German law. On 4th December, 2018, SEB AG was renamed DSK Hyp AG, and the remaining business is being operated in run-off mode.

On 14th December, 2017, SEB entered into an agreement to sell all of its shares in SEB Pension to Danica Pension, Livsforsikringsaktieselskab (a subsidiary of Danske Bank) for total consideration of DKK 6.5 billion, comprising DKK 5.0 billion in cash consideration and a pre-closing dividend of DKK 1.5 billion in addition to the DKK 1.1 billion SEB received from these subsidiaries in 2017. This sale was completed on 7th June, 2018. For more details, see “*Business Divisions—Life*” below.

From its origins as primarily a Swedish bank established over 160 years ago, SEB has become a leading Nordic financial services group, with more than half of its customers and approximately half of its staff located outside Sweden.

## RATINGS

SEB’s long-term senior unsecured ratings as of the date of this Prospectus are Aa3, A+ and AA- by Moody’s, S&P and Fitch, respectively. Each of Moody’s, S&P and Fitch is established in the European Union (the EU) and/or the UK and is registered under the CRA Regulation. As such, each of S&P, Moody’s and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (ESMA) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation.

## SHARE CAPITAL AND OWNERSHIP DETAILS

The Bank’s share capital is expressed in SEK and is distributed among the shares issued by the Bank. The Bank has two classes of shares outstanding: A Shares and C Shares. Each A Share carries one vote and each C Share carries 0.1 vote. Each shareholder entitled to vote at a meeting may vote the full number of shares owned without limitation. Following the shareholders’ resolution at the Annual General Meeting (the **AGM**) of the Bank held on 6th March, 2009 and pursuant to the Bank’s Articles of Association adopted at such AGM, the share capital shall amount to not less than SEK 10,000,000,000 and not more than SEK 40,000,000,000 and the number of shares shall not be less than 1,000,000,000 and shall not exceed 4,000,000,000. Each A Share and each C Share carries equal rights to dividends and any surplus in connection with liquidation.

The following table shows information about the Bank’s issued share capital as of 30th November, 2021:

Share series	Number of shares	Number of votes	Percentage of all	
			Capital	Votes
A	2,170,019,294	2,170,019,294	98.9	99.9
C	24,152,508	2,415,251	1.1	0.1
<b>Total</b>	<b>2,194,171,802</b>	<b>2,172,434,545</b>	<b>100.0%</b>	<b>100.0%</b>

On 30th November, 2021 the Bank had approximately 267,321 shareholders. As of 30th November, 2021, the 10 and 20 largest shareholders held 49,7 per cent. and 58,6 per cent., respectively, of the Bank’s total share capital, and 49,9 per cent. and 58,7 per cent., respectively, of the votes in the Bank. Approximately 176,057 shareholders, or around 65,8 per cent. of all shareholders held 500 shares or less as of 30th November, 2021. Non-Swedish shareholders held 27,3 per cent. of the Bank’s capital as of 30th November, 2021. According to Euroclear AB, SEB’s shares are among the five most commonly owned listed shares in Sweden in terms of the number of shareholders.

As of 30th November, 2021 there were six shareholders in the Bank holding more than 2.5 per cent. of the share capital, as shown in the table below.

As of 30th November, 2021	Number of shares	of which C shares	Percentage of all	
			Shares	Votes
Investor AB	452,198,555	4,000,372	20.8	20.8
.....				
Alecta <sup>1)</sup>	126,840,886	-	5.8	5.8
.....				
Trygg Foundation <sup>2)</sup>	114,673,802	-	5.2	5.3
.....				
AMF Insurance & Funds	88,598,313	-	4.0	4.1
.....				
Swedbank/Robur Funds	87,744,024	-	4.0	4.0
.....				
Blackrock	57,004,213	144	2.6	2.6
.....				

1) *Alecta pensionsförsäkring ömsesidig.*

2) *Trygg-Stiftelsen.*

Source: Euroclear AB Sweden/Vardepappercentralen (the Swedish Central Securities Depository)/SIS Ägarservice AB

SEB and its owner comply with applicable rules and regulation (such as the Swedish Companies Act (*aktiebolagslagen (2005:551)*)) to ensure that the control over SEB is not abused. Furthermore, SEB is subject to provisions under the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*) which prohibits SEB from entering into unfavourable transactions with its owner.

## CORPORATE OBJECTS AND PURPOSES

In accordance with article three of the Bank's articles of association, its principal corporate objects and purposes are to carry on such banking and financial activities as are referred to in Chapter 1, Section 3 and Chapter 7, Section 1 of the Swedish Banking and Financing Business Act (2004: 297), together with all activities related thereto.

## BUSINESS DIVISIONS

With effect from 1st January, 2019, SEB reorganised its operations into five divisions: Large Corporates & Financial Institutions, Corporate & Private Customers, Baltic, Life, and Investment Management. Prior to 1st January, 2019, the Life and the Investment Management divisions were managed as one division with the Investment Management division reporting in the Investment Management & Group functions segment.

With effect from 1st June, 2021, the new division Private Wealth Management & Family Office has been operational, consisting of SEB's private banking and other selected wealth management activities, and will be reported on as of 1st January, 2022.

Large Corporates & Financial Institutions, Corporate & Private Customers, Baltic, Life and Investment Management & Group business divisions are identified as separate operating segments in the Group's financial statements.

Group Functions (consists of Group Treasury, Business Support, the German run-off operations, and Group Staff and other various small units). The Group's common support functions – Business Support and Group Staff – support the Group's business divisions.

## Large Corporates & Financial Institutions

The Large Corporates & Financial Institutions division is primarily responsible for SEB's activities relating to large corporations (including real estate and shipping clients and financial sponsors) and financial institutions (including banks, asset managers, insurance companies, pension funds, foundations, central banks and sovereign wealth funds).

The division is also responsible for developing and providing products and services to all customer segments within the areas of:

- Investment Banking – which includes Corporate Finance, (which provides advisory services relating to mergers and acquisitions and equity capital markets), Equities, Equity Capital Markets and Debt Capital Markets (which arranges structures and executes debt transactions, including bonds, corporate acquisition financings, general corporate refinancing and leveraged buy-outs as well as other types of complex debt facilities);
- FICC Markets – which provides execution and research and development of financial instruments within Fixed Income, Foreign Exchange, and Commodities; as well as financial risk advisory;
- Investor Services – which provides global custody, sub-custody, depository, cash clearing, prime collateral services, derivatives clearing, risk and valuation services and back office for hire to financial institutions. In addition, several products are combined in the following product offerings: fund services, prime brokerage and prime services; and
- Transaction Services – which includes cash management, liquidity management and payment services, trade and supply chain financing and working capital solutions product clusters.

The Large Corporates & Financial Institutions division is also responsible for the sale of asset management services to financial institutions and life insurance companies.

SEB's Large Corporates & Financial Institutions division operates in the Nordic countries, Germany and the UK and is supported through SEB's network of international branches, subsidiaries and representative offices in New York, Singapore, Luxembourg, Beijing, Shanghai, Warsaw, Tallinn, Riga, Vilnius, St. Petersburg, Kiev, New Delhi, Hong Kong and elsewhere.

### **Corporate & Private Customers**

SEB's Corporate & Private Customers division offers full banking and advisory services to private individuals and small and medium-sized corporate customers in Sweden, as well as card services in four Nordic countries.

As of the date of this Prospectus, the division serves approximately 2 million private customers and approximately 175,000 full-service corporate customers.

As of 30th September, 2021, customers within SEB's Corporate & Private Customers division have access to the range of SEB's product offerings and services through 98 branch offices and three portable advisory units in Sweden and through digital services. Approximately 42 per cent. of SEB's household mortgage applications and almost 30 per cent. of new private customers in Sweden were applied for and onboarded digitally during the first nine months of 2021.

The Card business area had a total average of approximately 3.6 million charge, credit, debit and co-branded cards in issue as of 30th September, 2021 in the Nordic region. SEB's card issuing business includes brands such as Eurocard, Spendwise and several co-brands. SEB has obtained the exclusive right to operate with the Eurocard brand in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Russia, Switzerland and Ukraine, which supports its objective to be the market leader for commercial cards in the Nordic region.

### **Baltic**

The Baltic division serves approximately 1.7 million private customers and approximately 121,000 SME customers and is responsible for retail and corporate banking, trading and capital markets and transaction services to Estonian, Latvian and Lithuanian clients. The financial results generated by structured finance and life and investment management provided in these countries are recorded in the Large Corporates & Financial Institutions, the Life and the Investment Management & Group Functions operating segments, respectively. This division's product range includes advisory services, mortgage and other lending, savings products and cards for both SMEs and private individuals in Estonia, Latvia and Lithuania.

The Baltic division's customers have access to the range of SEB's product offerings and services through 61 branch offices in the Baltic countries as of 30th September, 2021, internet and mobile telephone banking and personal telephone banking services. The Baltic division also provides automatic bank service machines (including ATMs and machines for cash deposits).

As well as operating, within the Baltic Banking business units, in a pan-Baltic structure of Baltic retail banking, Baltic corporate banking and Baltic treasury, the Baltic division is formally organised into three business units by geography:

- Estonia;
- Latvia; and
- Lithuania.

### **Life**

The Life business offers products within the area of pension and life insurance for individuals and corporations, mainly in Sweden and the Baltic countries. The Life business offers both unit-linked, traditional insurance and other pension savings products including health insurance. Unit-linked insurance represented 78 per cent. of total sales of insurance policies in the nine months ended 30th September, 2021.

The Life business operates mainly under SEB Life and Pension Holding AB, a wholly-owned subsidiary of the Bank, and its various subsidiaries, which provide both unit-linked and traditional life insurance. The division provides life insurance solutions to approximately 821,000 private and 95,000 corporate customers with 383,000 policyholders as at 30th June 2021 and is organised into two business lines:

- SEB Life, Sweden; and
- SEB Life International.

Certain portions of SEB's traditional life insurance business are run through entities or under portfolios and funds that are not consolidated into the Group's accounts.

The Life business' products are distributed through the retail branch network, insurance mediators, agents and own sales personnel.

On 14th December, 2017, SEB entered into an agreement to sell all of its shares in SEB Pension to Danica Pension, Livsforsikringsaktieselskab (a subsidiary of Danske Bank) for total consideration of DKK 6.5 billion, comprising DKK 5.0 billion in cash consideration and a pre-closing dividend of DKK 1.5 billion in addition to the DKK 1.1 billion SEB received from these subsidiaries in 2017. The sale of the shares in these subsidiaries encompassed a portfolio of life and pensions contracts, predominantly consisting of private individuals and SMEs, and approximately 270 employees, predominantly located in Copenhagen, Denmark. This sale was completed on 7th June, 2018.

In 2018, the divested businesses contributed SEK 360 million to Group income, SEK 152 million in operating expenses and SEK 208 million in operating profit. The effect of the divestments on the Group's key financial ratios was, as expected, an improvement of 60 bps in the Group's CET1 ratio and a limited negative impact on the Group's earnings per share. The divestment reduced SEB's exposure to market risk arising from the traditional guaranteed life insurance contracts.

SEB intends to continue to develop its large corporate and financial institution clients as well as its asset management business in Denmark and remains committed to its successful bancassurance model in Sweden and the Baltic countries.

### **Investment Management**

The investment management business distributes its services through the asset management sales force within the Large Corporates & Financial Institutions division, the Life division, SEB's retail network and the private banking units in SEB's core markets and in Singapore and Luxembourg, as well as through third-party distributors.

The product offering of this business includes a broad range of funds, undertakings for collective investments in transferable securities (UCITS) and alternative investment funds (AIFs) with diverse investment strategies and tailored portfolios for institutional buyers. Sustainability is a focus area for SEB's investment management

business, which has been integrated into its daily business, with UN's Principle for Responsible Investments (PRI) serving as a guide for sustainability activities, with an emphasis on inclusion, engagement and exclusion.

### **Private Wealth Management & Family Office**

The division Private Wealth Management & Family Office provides comprehensive banking infrastructure, access to capital markets, financing solutions and individually tailored advisory services to entrepreneurs, high net worth individuals, foundations and professional family offices and their families and businesses in SEB's home markets.

### **COMPETITION IN KEY MARKET SEGMENTS**

In Sweden, the banking system is highly consolidated, with the four largest banking groups – Nordea Bank Abp (**Nordea**), SEB, Svenska Handelsbanken AB (**Svenska Handelsbanken**) and Swedbank AB (**Swedbank**) – accounting for approximately 74 per cent. of the total assets in the banking market as of 30th September, 2021 according to Statistics Sweden. These four banks together represented approximately 67 per cent. of total Swedish customer deposits and approximately 67 per cent. of total customer lending as of 30th September, 2021, according to the same source. After Nordea's change of home country from Sweden to Finland, its assets reported in the Swedish branch of Nordea Bank Abp decreased to SEK 1.0 billion as of 31st December, 2019, SEK 1.0 billion as of 31st December, 2020 and SEK 1.1 billion as of 30th September, 2021.

Each of SEB and these other banks offers comprehensive banking services to Swedish corporate clients. Despite their significant incumbent market shares, SEB and each of these other banks compete keenly in the Swedish market both in terms of price as well as service, particularly in respect of the deposit market. This competitive environment is evidenced by the relatively low margins and fees in Sweden for the full range of corporate and retail financial services, in common with other mature and consolidated European banking markets.

In the Swedish life insurance market, SEB's main competitors are Försäkringsaktiebolaget Skandia and Länsförsäkringar AB.

The three major banks in Sweden that SEB competes with are also key competitors from a Nordic perspective. Danske Bank is also becoming an important competitor for SEB in the Swedish non-financial corporate market. SEB's main competitor in Finland is Nordea, both in the corporate and wealth management segments. Sampo Bank ABP (part of Danske Bank A/S) is also a key competitor in Finland. In Norway, DNB Bank ASA and Fokus Bank ASA (also part of Danske Bank A/S) are the key competitors. SEB's two main competitors in Denmark are Danske Bank and Nordea.

In Germany, SEB's business faces its primary competition from Deutsche Bank, Commerzbank and UniCredit as well as BNP Paribas, HSBC and ING.

In the Baltic countries, SEB's main competitors are Swedbank and Luminor. SEB also competes with other large international banks in the wholesale and investment banking area.

### **SUBSIDIARIES**

The Bank is the parent company of the Group. The Bank's large subsidiaries are SEB Life and Pension Holding AB, SEB Kort Bank AB, AS SEB Pank (Estonia), AS SEB banka (Latvia) and AB SEB bankas (Lithuania), which are all wholly owned. SEB's subsidiaries as of 31st December, 2020 are listed in Note 22 to the 2020 Financial Statements incorporated by reference in this Prospectus. In addition, a portion of SEB's traditional life insurance business is carried out through a non-consolidated entity, Gamla Liv, as described in Note 1, "Accounting Policies" to the 2020 Financial Statements.

## **THE BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS**

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The Board of Directors (the “**Board**”) has the overall responsibility for the activities carried out within the Bank and the Group and thus decides on the nature, direction, strategy and framework of their activities and sets the objectives for these activities.

The President is responsible for the day-to-day management of the Group’s activities in accordance with the guidelines and established policies and instructions of the Board. The President reports to the Board and submits at each Board meeting a report on, among other things, the development of the business in relation to resolutions taken by the Board at each of its meetings.

The Group has three control functions, which are independent from the business operations: Group Internal Audit, Group Compliance and Group Risk.

Members of the Board are appointed by the shareholders at the annual general meeting for a term of office of one year, extending through the next annual general meeting. In accordance with the Swedish Code of Corporate Governance, the Chairman of the Board is also appointed at the annual general meeting of the Bank’s shareholders for a term of office until the end of the next annual general meeting. The Bank’s articles of association specify that the Board shall consist of not less than six and not more than thirteen members, with a maximum of six deputies. In addition, and in accordance with Swedish law, there must be directors appointed by the Bank’s employees. At present, the Board has nine directors, without any deputies, elected by the shareholders and two members and two deputies appointed by the Bank’s employees. The President is the only member of the Board elected by the shareholders who is also an employee of the Bank. All other members of the Board elected by shareholders at the Bank’s AGM held on 30th March, 2021 are considered to be independent in relation to the Bank and its management. With the exception of Marcus Wallenberg, Helena Saxon and Sven Nyman, who are not considered to be independent directors due to their respective relationships with Investor AB, which is a major shareholder of SEB, all other members of the Board are considered to be independent in relation to the major shareholders of SEB.

The Board appoints and dismisses the President and his/her deputy as well as the Executive Vice Presidents, the Chief Risk Officer, the members of the Group Executive Committee and the Head of Group Internal Audit.

### **Committees of the Board**

At present, there are three committees within the Board: the Risk and Capital Committee, the Audit and Compliance Committee and the Remuneration and Human Resources Committee. Minutes are kept of each committee meeting and the committees submit regular reports to the Board. Neither the President nor any other officer of the Bank is a member of any of the committees. The work of the Board committees is regulated through instructions adopted by the Board.

#### ***Risk and Capital Committee***

The Risk and Capital Committee of the Board supports the Board in establishing and reviewing the Group’s organisation so that it is managed in such a way that risks inherent in the Group’s activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules. The Committee decides the principles and parameters for measuring and allocating risk and capital within the Group and oversees risk management systems and overall risk tolerance and strategy for the near and long term, as well as the implementation of this strategy. The Committee reviews and makes proposals for Group policies and strategies, and monitors the implementation of these policies. The Risk and Capital Committee makes proposals to the Board regarding the decisions to be taken by the Board concerning limits for market and liquidity risks.

The Risk and Capital Committee adopts credit policies and instructions that supplement the Group Credit Policy and the Group Credit Instruction and makes decisions on individual credit matters (matters of major importance or of importance as to principles). In addition, the Risk and Capital Committee reviews on a regular basis both significant developments in the credit portfolio and the credit evaluation process within the Group. It also examines matters relating to operational risk, market and liquidity risk and insurance risk.

The Risk and Capital Committee regularly reviews essential changes in the overall capital and liquidity situation and the capital adequacy situation of the Group. The Risk and Capital Committee deals with changes in the Group’s capital goals and with capital management matters, and makes proposals to the Board on such matters, including dividend levels and the set-up and utilisation of repurchase programmes of own shares.

The Risk and Capital Committee consists of three members and forms a quorum whenever a minimum of two members are present, including the Chairman or Deputy Chairman of the Risk and Capital Committee.

#### ***Audit and Compliance Committee***

The Audit and Compliance Committee of the Board supports the work of the Board in terms of quality control of the Group's financial reports and internal control over financial reporting. The Audit and Compliance Committee maintains regular contact with the external and internal auditors of the Group and discusses the co-ordination of the external and internal audit. The Audit and Compliance Committee deals with the accounts and interim reports, as well as with audit reports, including any changes in the accounting rules. It assesses the external auditors' work and independence and prepares proposals for new auditors prior to the AGM's election of the auditors.

The Audit and Compliance Committee also approves the Group's compliance plan. The internal audit and compliance activities are monitored on a continuous basis.

The Audit and Compliance Committee consists of four members, none of whom are employed by the Group. The Audit and Compliance Committee forms a quorum whenever a minimum of two members are present, including the Chairman or Deputy Chairman of the Audit and Compliance Committee.

#### ***Remuneration and Human Resources Committee***

The Remuneration and Human Resources Committee of the Board prepares proposals for remuneration applicable to the President and the members of the Group Executive Committee according to the principles established by the AGM as well as to the Head of Group Internal Audit, the Head of Group Compliance and the Chief Risk Officer. The Remuneration and Human Resources Committee furthermore prepares matters regarding incentive programmes and pension plans, monitors the pension commitments of the Group and monitors, together with the Risk and Capital Committee of the Board, all measures taken to secure the pension commitments of the Group, including the development of the Group's pension foundations. It also discusses personnel matters of strategic importance, such as succession planning for strategically important positions and other management supply issues.

The Remuneration and Human Resources Committee consists of three members, none of whom is employed by the Group. The Remuneration and Human Resources Committee forms a quorum whenever a minimum of two members are present, including the Chairman or Deputy Chairman of the Remuneration and Human Resources Committee.

#### **President**

The President is responsible for the day-to-day management of the Group's activities in accordance with the guidelines and established policies and instructions of the Board. The President reports to the Board and submits at each Board meeting a report on, among other things, the development of the business in relation to resolutions taken by the Board at each of its meetings.

The President appoints the Heads of Divisions, the Finance Director, the Head of Group Finance, the Head of Business Support and the Heads of various staff and Group functions. The President also appoints the Head of Group Compliance. The Finance Director and the Head of Group Finance are appointed in consultation with the Chairman of the Board and the Head of Group Compliance after approval by the Audit and Compliance Committee of the Board.

The President has three different committees at his disposal for the purpose of managing the Group's operations: the Group Executive Committee (**GEC**) for business issues, the Group Risk Committee for credit issues and the Group's Asset-Liability Committee for capital and risk issues.

#### **Group Executive Committee**

In order to protect the interests of the Group, the President consults with the GEC on matters of major importance. The Group Executive Committee deals with, among other things, matters of common concern to several divisions, strategic issues, business plans, financial forecasts and reports.

The current members of the GEC are as follows:

Name	Position, Other Assignments and Background
Johan Torgeby	<p>President and Chief Executive Officer.</p> <p><i>Other present assignments:</i> Director of the Swedish Banker's Association and of the Institute of International Finance and Mentor Sweden.</p> <p><i>Background:</i> The Board appointed Johan Torgeby as the new President and CEO effective as of 29th March, 2017. Johan Torgeby has been an SEB employee since 2009. He has served as Head of Client Coverage in SEB's former Merchant Banking division and, between 2014 and 2016, as co-Head of the former Merchant Banking division. Prior to joining SEB, he was a Portfolio Manager and Macro-economist at Robur Asset Management (Swedbank), Head of Nordic and Dutch Corporate Debt Capital Markets &amp; Risk Management as well as Executive Director, Financial Sponsors Group Private Equity at Morgan Stanley in London and Stockholm.</p>
Magnus Carlsson <sup>1</sup>	<p>Deputy President and Chief Executive Officer since 2014.</p> <p><i>Background:</i> Magnus Carlsson worked at the Bank of Nova Scotia between 1980 and 1993, holding several leading positions in London. He was first employed by SEB in 1993. He became Head of Project &amp; Structured Finance, SEB Merchant Banking, in 1996, and Head of Corporate Clients in 1999. He was also Deputy Head of SEB Merchant Banking division and an Executive Vice President of SEB in 2005.</p>
Mats Torstendahl	<p>Deputy President and Chief Executive Officer since 2021.</p> <p><i>Background:</i> Mats Torstendahl started his career at ABB in 1985. In 1987, he moved to Östgöta Enskilda Bank, where he was branch manager in Stockholm between 1996 and 2000. He was appointed Executive Vice President of Danske Bank in Sweden in 2001 and Senior Executive Vice President and Head of Danske Bank Sweden and a member of Danske Bank Group Executive Committee between 2004 and 2008. He joined SEB as Head of the former Retail Banking division in 2009.</p>
Masih Yazdi <sup>1</sup>	<p>Chief Financial Officer since 2020.</p> <p><i>Background:</i> Prior to taking on his present position, Masih Yazdi was a highly ranked equity research analyst at Erik Penser Bank, Credit Suisse and SEB. He has also worked as a risk analyst at the SFSA. He joined SEB in 2013, acting as Head of Group Financial Management since 2016 and was appointed as the Finance Director in 2018.</p>
Mats Holmström	<p>Chief Risk Officer since 2021.</p> <p><i>Background:</i> Mats Holmström joined SEB in 1990 and has held various positions. Most recently he was Head of Corporate Banking since 2017, and prior to that he was Head of Project, Asset and Structured Finance.</p>
Jonas Söderberg	<p>Head of Corporate &amp; Private Customers since 2021.</p>

<sup>1</sup> On 16th December, 2020, it was announced that Magnus Carlsson will leave his position to become a senior banker with SEB at the end of 2021. Magnus will remain in his position as Deputy President and Chief Executive Officer, and SEB will therefore have two deputy Chief Executive Officers until he assumes his new role.

<sup>1</sup> Masih Yazdi is currently on leave of absence and is replaced by Peter Kessiakoff.

Name	Position, Other Assignments and Background
	<p><i>Background:</i> Jonas Söderberg joined SEB in 1999 and has held numerous positions, including most recently Head of Region North – Corporate &amp; Private Customers, Head of Investor Relations and Senior Advisor to Head of Large Corporates &amp; Financial Institutions.</p>
William Paus	<p>Head, Private Wealth Management and Family Office since 2021.</p>
	<p><i>Background:</i> William Paus joined SEB in 1992 and has held numerous positions within the Large Corporates &amp; Financial Institutions division in Norway, Germany and Singapore and previously was the Co-Head of Large Corporates &amp; Financial Institutions.</p>
Jeanette Almberg	<p>Head of Group Human Resources since 2016.</p>
	<p><i>Background:</i> Jeanette Almberg has been an SEB employee since 2008. She has acted as Head of SEB Kort, Head of SEB Operations and Head of Customer Operations Tele2. She has also held a number of positions within marketing and sales within various industries.</p>
Joachim Alpen	<p>Executive Vice President, co-Head of the Large Corporates &amp; Financial Institutions division since 2018.</p>
	<p><i>Background:</i> Joachim Alpen has been an SEB employee since 2001, holding several leading positions within Merchant Banking, including co-Head of the former Merchant Banking division between 2014 and 2016. He has also served as Head of Emerging Markets, Global Head of Foreign Exchange and Global Head of Markets. Prior to joining SEB, he worked at the Swedish Embassy in Moscow and at the ABB Treasury Center.</p>
Jonas Ahlström	<p>Co-Head of Large Corporate &amp; Financial Institutions division since 2021.</p>
	<p><i>Background:</i> Jonas Ahlström joined SEB in 2005 from Investor AB and has since then held several strategic, advisory and leading roles in different parts of the bank. He has held the position as head of SEB Group’s strategy office where he played a vital role in the creation and execution of SEB’s business plans. In 2018, he assumed the role as Chief Financial Officer of the Baltic division and in 2020 as Head of Baltic division.</p>
Niina Äikäs	<p>Head of Baltic division since 2021.</p>
	<p>Niina Äikäs joined SEB in 2008 and has held various positions within the Bank, previously as the Head of Large Corporate Coverage in Finland.</p>
Nina Korfu-Pedersen	<p>Head of Business Support and Operations since 2020.</p>
	<p><i>Background:</i> Nina Korfu-Pedersen has a background as a management consultant with PA Consulting and as head of group control &amp; strategy at If P&amp;C Insurance. She joined SEB in 2010 as head of Financial Services within Group Finance and became Head of Group Finance in 2016.</p>
Petra Ålund	<p>Head of Group Technology and Group Outsourcing Senior Manager since 2019.</p>
	<p><i>Background:</i> Petra Ålund has held senior positions within the IT area at Sandvik and Ericsson before she joined SEB as head of IT Services in 2017 and became head of Technology in June 2019.</p>

<b>Name</b>	<b>Position, Other Assignments and Background</b>
Ulrika Areskog Lilja	Head of Group Marketing and Communication since 2020  <i>Background:</i> Prior to joining SEB, Ulrika held several leading communication roles at Stora Enso, SSAB, OMX Stockholm Stock Exchange and Neonet.
Nicolas Moch	Group Chief Information Officer since 2018.  <i>Background:</i> Nicolas Moch has a background as an IT and management consultant at Cap Gemini. He joined SEB in 2008.

### ***Group Risk Committee***

The Group Risk Committee is a Group-wide decision-making unit, covering all types of risk and evaluating portfolios, products and clients from a comprehensive risk perspective. The Group Risk Committee is authorised by the Board to make all credit decisions, with the exception of a few matters that are reserved for the Risk and Capital Committee of the Board as described under “—Committees of the Board—Risk and Capital Committee”. The Group Risk Committee is also responsible for:

- Ensuring that all risks inherent in the Group’s activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules;
- Supporting the President in ensuring that decisions regarding the Group’s long-term risk appetite are complied with; and
- Ensuring that the Board’s guidelines for risk management and risk control are adhered to and that the necessary rules and policies for risk taking within the Group are maintained and enforced.

The President is the chairman of the Committee and the Chief Risk Officer is its deputy chairman. The Group Risk Committee typically meets on a weekly basis.

### ***Asset-Liability Committee***

The Asset-Liability Committee, chaired by the President, is a Group-wide decision making, monitoring and consultative body that handles financial stability; the trade-off between financial reward and risk appetite; strategic capital and liquidity issues; structural issues and issues concerning the development of the balance sheet and other business volumes; and financing issues relating to wholly-owned subsidiaries, among other matters.

### ***Group Executive Sustainability Committee***

The GESG is a decision-making body in matters related to corporate sustainability activities in the SEB Group. The GESG shall decide in the following matters in the corporate sustainability area in order to secure the best interest of the SEB Group

- matters that are to be presented to the Board
- matters of major importance or of importance as to principles,
- matters which are of common concern to several divisions, group support functions or group staff functions,
- SEB’s sustainability-related policies and position statements; and
- KPIs and targets for the divisions

### ***Group Internal Control and Compliance Committee***

The Group Internal Control and Compliance Committee (GICC) is a newly established Group-wide committee that primarily handles matters and follow-up in the area of internal control and regulatory compliance. GICC is a consultative forum to the President and consists of the President, the CFO and Deputy CEO(s).

### ***Cyber Risk and Cybersecurity Committee***

In January 2021, SEB established a Cyber Risk and Cybersecurity Committee (CRSC) to support the Board of Directors, the President and the CRO with knowledge, skills and expertise in their decision-making and risk assessment.

### ***Internal audit, compliance and risk control***

Group Internal Audit is an independent Group-wide function, reporting directly to the Board. The main responsibility of Group Internal Audit is to provide reliable and objective assurance to the Board and the President on the effectiveness of controls, risk management and governance processes with the aim of mitigating current and evolving risks and in so doing enhancing the control culture within the Group. The Head of Group Internal Audit reports regularly to the Audit and Compliance Committee of the Board and keeps the President and the Group Executive Committee regularly informed. The Audit and Compliance Committee adopts an annual plan for the work of Group Internal Audit.

The Group Compliance function is fully independent from the business operations, although it serves as a support function for the Group's business operations. Group Compliance is instructed to act proactively by providing information, advice, control and follow-up within the compliance areas. The areas of responsibility for Group Compliance include customer protection, market conduct, prevention of money laundering and financing of terrorism, and regulatory systems and control. The duties of the Group Compliance function are risk management, monitoring, reporting, development of internal rules within the compliance area, training and communication and relations with regulators. The Head of Group Compliance reports regularly to the President and the GEC and informs the Audit and Compliance Committee about compliance issues. Following a Group-wide compliance risk assessment and approval from the Audit and Compliance Committee, the President adopts an annual compliance plan.

The Board has the ultimate responsibility for the risk organisation and for the maintenance of satisfactory internal controls. The Board establishes the overall risk and capital policies and monitors the development of risk exposure. The Risk and Capital Committee works to ensure that all risks inherent in the Group's activities are identified, defined, measured, monitored and controlled in accordance with external and internal rules. Specific risk mandates are established by the Board and further allocated by Board committees, executive management committees and other risk control bodies.

The Chief Risk Officer function is the unit responsible for monitoring the Group's risks, primarily credit risk, market risk, operational risk and liquidity risk. It is a function that is deeply embedded in, yet independent from, business operations at the divisional level.

The Board has adopted instructions for the internal audit and compliance activities of the Group.

**Directors of SEB**

As at the date hereof, the members of the Board are as follows:

***Directors elected at the AGM held on 30th March, 2021***

<b>Names</b>	<b>Position</b>
Marcus Wallenberg <sup>(2)(4)(6)</sup>	<i>Chairman of the Board.</i> Chairman of Saab AB and FAM AB, Vice Chairman of Investor AB. Director of AstraZeneca PLC, the Knut and Alice Wallenberg Foundation and Temasek Holdings Ltd. Council member of the International Advisory Council of Hong Kong Exchanges and Clearing Limited.
Sven Nyman	<i>Deputy Chairman of the Board.</i> Chairman of RAM Rational Asset Management AB. Director of RAM One AB, Ferd AS, the Nobel Foundation Investment Committee, the Stockholm School of Economics Association, the Stockholm School of Economics and Axel and Margaret Ax:son Johnsons Foundation.
Jesper Ovesen <sup>(1)(3)</sup>	<i>Deputy Chairman of the Board.</i> Director of Sunrise Communication Group AG.
Signhild Arnegård Hansen <sup>(5)</sup>	Chairman of SnackCo of America Corp. Vice Chairman of the Swedish-American Chamber of Commerce, USA. Director of Business Sweden and the Entrepreneurship and Small Business Research Institute, SOS Children Villages Sweden and Member of the International VAT Association.
Winnie Fok <sup>(8)</sup>	Director of Volvo Car Corporation, G4S plc. and Foscam Properties Limited. Senior Advisor to Wallenberg Foundations AB.
Lars Ottersgård	Head of Market Technology, Nasdaq Inc. (USA). Chair and CEO of Nasdaq Technology AB.
Anne-Catherine Berner <sup>(7)</sup>	Chairman of the Board of Oy Vallila Interior Ab (Finland). Chairman of Board and of the Founders of the Association for the support of the New Children's Hospital in Helsinki.
Helena Saxon <sup>(8)</sup>	CFO of Investor AB. Director of Swedish Orphan Biovitrum AB.
Johan Torgeby	<i>President and Group Chief Executive Officer.</i> Director of the Swedish Bankers' Association and of the Institute of International Finance and Mentor Sweden. Board member of the European Banking Federation.

***Directors appointed by the employees:***

Anna-Karin Glimström	Chairman of Financial Sector Union of Sweden SEB Group, Chairman of Financial Sector Union Western section in SEB, Director of EB-SB Fastigheter AB and Director of EB-SB Holding AB.
Charlotta Lindholm	Chairman of the Association of University Graduates at SEB and Director of the Foundation of Alma Detthows.

***Deputy Directors appointed by the employees:***

Annika Dahlberg	First Deputy Chairman of Financial Sector Union in SEB and Financial Sector Union of Sweden Regional Club Group Operations in SEB.
Magnus Olsson	Business advisor at SEB Lund

- (1) Chairman of the Risk and Capital Committee of the Board.
- (2) Deputy Chairman of the Risk and Capital Committee of the Board.
- (3) Chairman of the Audit and Compliance Committee of the Board.
- (4) Deputy Chairman of the Audit and Compliance Committee of the Board.
- (5) Chairman of the Remuneration and Human Resources Committee of the Board.
- (6) Deputy Chairman of the Remuneration and Human Resources Committee of the Board.
- (7) Member of the Remuneration and Human Resources Committee of the Board.
- (8) Member of the Audit and Compliance Committee of the Board.

### **Additional information on the Directors of SEB and Group Executive Committee**

#### ***Conflicts of interest***

With the exception of Marcus Wallenberg and Helena Saxon, who are not considered to be independent directors due to their respective relationships with Investor AB, which is a major shareholder of SEB, none of the persons described in the section “*Directors of SEB*” or the section “*Group Executive Committee*” of the Prospectus has any actual or potential conflict of interest between his or her duties to the Bank and his or her private interests and/or other duties.

#### ***Business address***

The business address of each of the persons described in the section “*Directors of SEB*” or the section “*Group Executive Committee*” of the Prospectus is Skandinaviska Enskilda Banken AB (publ), Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden.

#### **Auditor**

Both the 2019 and 2020 Annual Financial Statements have been audited by Ernst & Young AB, with Hamish Mabon as auditor in charge, as set forth in the auditors' reports incorporated by reference in this Prospectus.

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

## **OVERVIEW OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS**

*The following is a brief summary of certain features of the Covered Bond Act at the date of this Prospectus. It does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. Please also refer to “Risk factors – Factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme – Risks related to Covered Bonds”.*

### **Introduction**

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

The SFSA has issued regulations and recommendations under the authority conferred on it by the Covered Bond Act (*Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2004:11)*) (the “**2004 SFSA Regulations**”). Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper. In light of recent proposals to amend the Swedish legislation regarding covered bonds, it is expected that the SFSA Regulations will also be amended. However, the details of any such amendment is yet to be confirmed.

In the event of an Institution’s bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the Cover Pool with those of the covered bonds) benefit from a priority claim over the Cover Pool. The Covered Bond Act also enables such holders (and derivative counterparties) to continue to receive timely payments following the Institution’s bankruptcy, subject to certain conditions being met.

### **Registration**

Information in respect of all covered bonds, assets in the Cover Pool and relevant derivative contracts must be entered into a special register (the “**Special Register**”), which is maintained by the Institution. The actual registration of the covered bonds and relevant derivative contracts in the Special Register is necessary to confer the priority claim over the Cover Pool. Conversely, only assets entered into the Special Register form part of the Cover Pool.

The Special Register must at all times show the nominal value of the covered bonds, the Cover Pool and the relevant derivative contracts. As a result, the Special Register requires regular updating, including without limitation due to changes in interest rates, interest periods, outstanding debt and the composition of the Cover Pool. The value of the underlying collateral securing mortgage credits in the Cover Pool must also be entered into the Special Register.

The Covered Bond Act does not prevent Institutions from supplementing and substituting assets in the Cover Pool.

### **Eligible Assets for the Cover Pool**

The Cover Pool may consist of certain mortgage credits, public credits and supplemental assets.

Mortgage credits are defined as loans secured by:

- mortgages over real property (*fastigheter*) intended for residential, agricultural, office or commercial purposes or site leasehold rights (*tomträtter*) intended for residential, office or commercial purposes;
- pledges over tenant-owned apartments (*bostadsrätter*); or
- comparable security interests over equivalent assets situated in other countries within the EEA.

Public credits are defined as certain loans to (or guaranteed by) *inter alia* the Kingdom of Sweden, Swedish municipalities and comparable public bodies, the European Communities, certain foreign states and central banks and certain foreign municipalities and comparable public bodies with powers of taxation.

Supplemental assets consist primarily of government bonds and cash, although the SFSA may also authorise certain debt instruments issued by credit institutions and other bodies to be used as supplemental assets.

### Valuation and LTV Ratios

For mortgage credits, there is a maximum loan amount which may be included in the Cover Pool, depending on the value of the underlying collateral:

- for residential collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 75 per cent. of the market value of the collateral;
- for agricultural collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 70 per cent. of the market value of the collateral; and
- for office or commercial collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 60 per cent. of the market value of the collateral.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the cover pool (a “**Partly Eligible Loan**”). The Covered Bond Act does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan.

The most likely interpretation is that interest payments shall be allocated pro rata between the eligible and non-eligible parts of the loan and that amortisations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, proceeds from enforcement of the security should most likely be applied first towards the eligible part of the loan.

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

The Covered Bond Act restricts the overall proportion of loans provided against security over real property (or site leasehold rights or tenant-owner rights) intended for office or commercial purposes to 10 per cent. of an Institution’s Cover Pool.

Furthermore, the proportion of supplemental assets may not exceed 20 per cent. of the Cover Pool, although the SFSA has the authority to raise this limit to 30 per cent. for a limited period of time provided there is a reason for the increase.

Institutions are required to regularly monitor the market value of the mortgage assets that serve as collateral for loans included in the Cover Pool. If the market value of a mortgage asset declines significantly, then only the part of the loan that falls within the permitted loan-to-value ratio will be eligible for inclusion in the Cover Pool and will be subject to the priority right described below. The Covered Bond Act does not define when a decline would be considered significant but it is generally believed that a decline of 15 per cent. or more would satisfy this requirement. However, a decline in the market value following an Institution’s bankruptcy would not result in a reduction of the assets to which holders of covered bonds (and relevant derivative counterparties) have a priority right, but may result in the Cover Pool ceasing to meet the matching requirements.

### Matching Requirements

The Covered Bond Act prescribes that the value of the Cover Pool shall at all times exceed the aggregate value of claims that may be asserted against an Institution by reference to covered bonds by an aggregate value of at least two per cent. The calculation shall be made on the basis of current book values and shall take into account the effect of relevant derivative contracts.

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

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

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

### **Supervision by the SFSA and the Independent Inspector**

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

The independent inspector is responsible for monitoring the Special Register to assess whether or not it is being maintained correctly and in compliance with the Covered Bond Act and the 2004 SFSA Regulations. In particular, the independent inspector is required to verify that:

- covered bonds and relevant derivative contracts are registered in the Special Register;
- only loans and supplemental assets that satisfy the eligibility criteria are included in the Cover Pool and registered in the Special Register;
- the valuations of the underlying collateral for loans in the Cover Pool are in accordance with the Covered Bond Act and the 2004 SFSA Regulations;
- mortgage loans the underlying collateral of which has decreased significantly in value are, for the purpose of the matching requirements, deducted from the Cover Pool to the extent necessary to comply with the relevant loan-to-value ratio; and
- the matching requirements are complied with.

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

### **The New SFSA Covered Bond Regulations**

The 2004 SFSA Regulations were replaced on 1st July, 2013 with new regulations and recommendations from the SFSA (*Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2013:1)*) (the “**2013 Regulations**”). The 2013 Regulations repeat much of the 2004 SFSA Regulations but also contain some new rules as well as some clarifications of existing rules. Among others, an Institution will be permitted to make upward revaluations of the Cover Pool (which has not previously been regulated or considered possible) in limited and well-documented circumstances and, if it uses this right, it must also make corresponding downwards revaluations when relevant. These adjustments shall be made when the change in the value downwards is less than 15 per cent. (which is considered “*a material change*” and is the threshold for which a downward adjustment is required to be made under the 2004 SFSA Regulations). In addition, an Institution will be required to undertake sensitivity (or “*stress*”) tests regularly and at least once a year with respect to possible future changes in market values of the assets secured on mortgages in the Cover Pool. The tests must be based on assumptions of reduced market values of between 5 per cent. and 30 per cent. and the Institution must also inform the SFSA of actions that it could undertake to improve the matching between assets in the Cover Pool and the covered bond liabilities in circumstances of reduced asset values. The 2013 Regulations further clarify the credit rating requirements on derivative counterparties and there are also some clarifications with respect to the present value calculations required for the matching between the nominal value of the Cover Pool and the nominal value of the liabilities under the covered bonds. The 2013 Regulations also require the appointed independent inspector of an Institution's covered bond programme to use a more “*risk-based approach*” in its inspection of the Institution's compliance with the rules and regulations.

### **Benefit of a Priority Right over the Cover Pool**

Pursuant to the Covered Bond Act and the Swedish Preferential Rights of Creditors Act (*förmånsrättslagen (1970:979)*), holders of covered bonds benefit from a priority claim over the Cover Pool should the Institution be declared

bankrupt (*försatt i konkurs*). The same priority is awarded to the Institution's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the Cover Pool with those of the covered bonds. Such derivative counterparties and the holders of covered bonds rank *pari passu* with joint seniority in relation to the Cover Pool.

By virtue of this priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the Cover Pool (except the administrator-in-bankruptcy as regards fees for his administration of assets in the Cover Pool and costs for the administration). The priority claim also covers cash received by an Institution and deriving from the Cover Pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

#### **Administration of the Cover Pool in the Event of Bankruptcy**

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

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

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

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

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

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

On 28 October 2021, the Swedish Government referred a proposal (*Ändrade regler om säkerställda obligationer*) (the "**Proposal**") to the Council on Legislation (*Lagrådet*) containing, *inter alia*, proposals of the legislative amendments needed to implement the New EU Covered Bond Legislation in Sweden. The legislative amendments are proposed to enter into force on 8 July 2022.

The following is a brief summary of the main amendments to the Covered Bonds Act and the Swedish Banking and Financing Business Act proposed in the Proposal.

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

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

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

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

### **Liquidity buffer**

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

### **Maturity extensions**

The Proposal suggests that provisions permitting maturity extensions be introduced in Swedish law. These are conditions included in the terms of a covered bond contract stating that repayment can be postponed in certain circumstances. According to the Proposal, an issuer will only be allowed to extend the maturity of covered bonds with the approval of the SFSA and that the Riksbank (*Riksbanken*) and the Swedish National Debt Office (*Riksgälden*) shall be consulted before the approval is given.

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

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

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

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

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

The legislative amendments are proposed to enter into force and apply to covered bonds issued on and after 8 July 2022. For a covered bond that has been issued before this date, the previous provisions of the Covered Bonds Act will, as a main principle, continue to apply during the remaining part of its maturity. The main exception concerns the new information and reporting requirements for issuers described above. For tap issues made after

8 July 2022, certain transitional provisions will apply. Furthermore, the new rules on administrative sanctions will apply to all infringements committed after 8 July 2022. It is also worth noting that in order to ensure a smooth transition to the new framework, some provisions of the Covered Bonds Act will continue to apply to certain tap issues made after 8 July 2022 during a transitional period of 24 months.

## LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

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### Swedish Financial Supervisory Authority approval

The Prospectus has been approved by the Swedish Financial Supervisory Authority as competent authority under the Prospectus Regulation. The Swedish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The Swedish Financial Supervisory Authority's approval should not be considered as an endorsement of SEB 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.

This Prospectus is valid for twelve months after the date of the approval of the Prospectus. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

### Authorisations and responsibility

SEB has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Covered Bond Loans and the performance of its obligations relating thereto. The decision to establish the Programme was originally authorised by a resolution of the Board of SEB.

SEB accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus in accordance with the facts and the Prospectus makes no omission likely to affect its import. The Board of Directors of SEB 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. The Dealers and the Arranger have not verified the content in this document and are thus not responsible for the information presented in the Prospectus.

### Material agreements

Neither SEB nor any other Group Company has concluded any material agreements not entered into in the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to SEB's ability to meet its obligations to Bondholders.

### Legal and arbitration proceedings

The Group has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened which SEB is aware of) during the previous 12 months from the date of this Prospectus which may have, or have had in the recent past, significant effects on SEB's and/or the Group's financial position or profitability.

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. The Group's banking and other operations, including its insurance operations, like those of other financial services companies, have been the subject of regulatory scrutiny from time to time. For example, the Group is subject to applicable anti-money laundering and terrorist financing laws. The supervisory authorities conduct ongoing inspections of the Group's compliance with anti-money laundering legislation that could lead to supervisory actions. See also the risk factor "*As a financial institution, SEB is exposed to risks related to money laundering, terrorist financing activities and sanctions violations, and compliance with anti-money laundering and anti-terrorism financing rules involves significant cost and effort*" above.

### Certain material interests

Danske Bank A/S, Danmark, Sverige filial, Svenska Handelsbanken AB (publ), Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) are Dealers in conjunction with the issuance of the Covered Bonds. The Dealers (and closely related companies) have provided, and may in the future provide, certain investment banking and/or commercial banking and other services to SEB and the Group for which they have received, or will receive, remuneration. Accordingly, conflicts of interest may exist or may arise as a result of the Dealers having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

### Trend information

There has been no material adverse change in the prospects of SEB since 2 March 2021, being the date of publication of the last audited financial information of SEB.

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

### Significant changes since 30 September 2021

There have been no significant changes in the financial or trading position of the Group since 30 September, 2021 being the end of the last financial period for which interim financial information of SEB was presented.

### Incorporation by reference

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

#### Annual Report for 2019

[https://sebgroup.com/siteassets/investor\\_relations/annual\\_reports/annual\\_report\\_2019.pdf](https://sebgroup.com/siteassets/investor_relations/annual_reports/annual_report_2019.pdf)

#### The Group

Income statement on page 77

Statement of comprehensive income on page 78

Balance Sheet on page 79

Statement of changes in equity on page 80

Cash flow statement on page 81

#### SEB

Income Statement on page 82

Statement of comprehensive income on page 82

Balance sheet on page 83

Statement of changes in equity on page 84

Cash flow statement on page 85

#### Notes

Notes to the financial statements on pages 86 -169

#### Audit report

Audit report on pages 174-177

#### Annual Report for 2020

[https://webapp.sebgroup.com/mb/mblib.nsf/all\\_docsbyunid/BA2E5E1963C4203DC125869C0054821A/\\$FILE/annual\\_report\\_2020.pdf](https://webapp.sebgroup.com/mb/mblib.nsf/all_docsbyunid/BA2E5E1963C4203DC125869C0054821A/$FILE/annual_report_2020.pdf)

#### The Group

Income statement on page 97

Statement of comprehensive income on page 98

Balance Sheet on page 99

Statement of changes in equity on page 100

Cash flow statement on page 101

#### SEB

Income Statement on page 102

Statement of comprehensive income on page 103

Balance sheet on page 104

Statement of changes in equity on page 105

Cash flow statement on page 106

**Notes**

Notes to the financial statements on pages 106-187

**Audit report**

Audit report on pages 192-195

**2021 Q3 Interim Report**

[https://webapp.sebgroup.com/mb/mblib.nsf/all\\_docsbyunid/A6A19FF4B07C5A19C1258751003\\_EFD69/\\$FILE/2021\\_q3\\_interim.pdf](https://webapp.sebgroup.com/mb/mblib.nsf/all_docsbyunid/A6A19FF4B07C5A19C1258751003_EFD69/$FILE/2021_q3_interim.pdf)

**Financial Statements - SEB Group** (including comparable numbers for the period from January to September 2020)

Income statement, condensed on page 22

Statement of comprehensive income on page 22

Balance Sheet, condensed on page 23

Statement of changes in equity on page 24

Cash flow statement, condensed on page 25

**Notes**

Notes to the financial statements – SEB Group on pages 26-38

**Auditor's review report**

Auditor's review report on page 46

**Definitions**

Definitions on pages 48-49

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

SEB's annual reports for 2019 and 2020 (the "**Annual Reports**") has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Swedish Annual Report Act (*årsredovisningslag (1995:1554)*). With the exception of the Annual Reports, no information in this Prospectus has been audited or reviewed by SEB's auditor.

In addition to the above and in order to enable further tap issuances of covered bonds loans under previous prospectuses, the general terms and conditions as of 26 October 2006, which are included in the Swedish language on pages 32-46 of SEB's base prospectus dated 29 June 2009, are incorporated in, and form part of this Prospectus.

**Third party information**

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

**Documents available**

During the term of this Prospectus, SEB's Certificate of Registration, Articles of Association, Annual Report for 2019, Annual Report for 2020, the 2021 Q3 Interim Report and the general terms and conditions as of 26 October 2006, which are included in the Swedish language on pages 32-46 of SEB's base prospectus dated 29 June 2009 are electronically available at <https://sebgroup.com/>. The information on the website is not part of this Prospectus and has not been scrutinised or approved by the SFSA unless that information is incorporated by reference into this Prospectus.

## ADDRESSES

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### The Issuer

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