



Base Prospectus for Borgo AB (publ):s Medium Term Note and Covered Bond Programme

Arranger:

Nordea Bank Abp

Dealers:

Nordea Bank Abp
Skandinaviska Enskilda Banken AB (publ)

This Base Prospectus has been approved by the Swedish Financial Supervisory Authority on 24 January 2022 and is valid for twelve (12) months from this date, provided that it is completed by any supplement required pursuant to Article 23 of the Prospectus Regulation. 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event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

Important Information

In this base prospectus (the “**Base Prospectus**”), the “**Issuer**” means Borgo AB (publ), Reg. No. 559153-2303. Words and expressions defined in the general terms and conditions for the Programme (the “**General Terms and Conditions**”) and the final terms for the applicable Notes issued under the Programme (the “**Final Terms**”) shall have the same meaning when used in this Base Prospectus, unless expressly stated otherwise or follows from the context.

This Base Prospectus has been prepared by the Issuer in relation to the programme for issuance of medium term notes (“**Medium Term Notes**”) and covered bonds (“**Covered Bonds**”) in Swedish kronor (“**SEK**”) or Norwegian kroner (“**NOK**”) (Medium Term Notes and Covered Bonds jointly the “**Notes**”) with different maturities but with a minimum term of one (1) year (the “**Programme**”). The Notes may be issued in a minimal nominal amount equivalent (in SEK or NOK) of EUR 100,000. The Issuer has undertaken towards the Dealers that the aggregate Nominal Amount of all Notes outstanding under the Programme shall not exceed SEK 50,000,000,000 (or equivalent amount in NOK). The Issuer and the Dealers may agree to increase or decrease such amount.

This Base Prospectus has been prepared in accordance with the standards and requirements of Regulation (EU) 2017/1129 of the European Parliament and of the Council (the “**Regulation**”), supplemented by Commission Delegated Regulation (EU) 2019/979 and Commission Delegated Regulation (EU) 2019/980 (jointly, the “**Prospectus Regulations**”). This Base Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) as the competent authority under the Regulation. Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Base Prospectus is correct and complete.

This Base Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Base Prospectus comes or persons who acquire the Notes are therefore required to inform themselves about, and to observe, such restrictions. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and are subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Issuer has not undertaken to register the Notes under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered the Notes under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Notes comply with all applicable securities laws.

Unless otherwise explicitly stated, no information contained in this Base Prospectus has been audited or reviewed by the Issuer’s auditors. Certain financial information in this Base Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Base Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Base Prospectus shall be read together with all documents that are incorporated by reference and possible supplements to this Base Prospectus.

The Notes may not be a suitable investment for all investors and each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact other Notes will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; (iv) understand thoroughly the General Terms and Conditions and the applicable Final Terms; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Base Prospectus contains certain forward-looking statements that reflect the Issuer’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these 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 the Issuer’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in section “*Risk Factors*”. The forward-looking statements included in this Base Prospectus apply only to the date of the Base Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer or persons acting on the Issuer’s behalf is subject to the reservations in or referred to in this section.

This Base Prospectus is governed by Swedish law. Disputes concerning, or related to, the contents of this Base Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

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1 Description of the Programme

This section contains a general and broad description of the Programme. It does not claim to be comprehensive or cover all details of the Programme or the Notes and potential investors should therefore carefully consider this Base Prospectus as a whole, including the documents incorporate by reference before a decision is made to invest in the Notes.

1.1 General information

The Issuer has established this Programme for the purpose of issuing Medium Term Notes and Covered Bonds issued in accordance with the Swedish Act on Issuance of Covered Bonds (Sw. lag (2003:1223) om utgivning av säkerställda obligationer) (the “**Covered Bond Act**”) up to a total amount of SEK 50,000,000,000 (or equivalent amount in NOK) or such other amount that the Dealers and the Issuer may agree. The Issuer’s board of directors resolved to establish the Programme and this Base Prospectus on 13 December 2021.

The Notes may be issued with different maturities but with a minimum term of one (1) year. The Notes may be issued in SEK or NOK with fixed interest rate or floating interest rate. The Notes may be issued in a minimal nominal amount equivalent (in SEK or NOK) of EUR 100,000.

Notes issued under this Programme are governed by the General Terms and Conditions together with the applicable Final Terms. The General Terms and Conditions apply to all Notes issued under this Programme. The applicable Final Terms in respect of Notes are specified in relation to the Notes on the basis of the form of final terms set out in section “*Form of Final Terms*” below. The applicable Final Terms must be read together with the General Terms and Conditions. The Final Terms specify, among other things, the Issue Date, the basis for interest calculation and the Maturity Date. Final Terms in relation to each Loan issued under this Programme will also be available on the Issuer’s website, www.borgohypotek.se.

Offers to purchase or otherwise acquire Notes under this Programme are not directed to persons whose participation in such offer(s) requires any additional prospectus, registration or additional measures other than those which follow from Swedish law for such offer(s) made in Sweden. Purchases or other acquisitions of Notes under this Programme in contrary to the above will be deemed null and void.

The Issuer has appointed Nordea Bank Abp as arranger and Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ) as Dealers under the Programme. Additional Dealers may be appointed and Dealers may withdraw from its appointment. The Dealers have not verified and are not responsible for the contents of this Base Prospectus.

1.2 Form of the Notes, clearing and settlement

Each note denominated in SEK constitutes a debt instrument (Sw. *skuldförbindelse*) of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act.

Each note denominated in NOK constitutes a debt instrument of the type set forth in the Norwegian CSD Act.

The Notes are issued in dematerialised book-entry form and will be registered for the Noteholders on their respective Securities Account. Accordingly, Notes denominated in SEK will be maintained by Euroclear Sweden AB and registered in accordance with the Swedish Financial Instruments Accounts Act and no physical notes will be issued. Notes denominated in NOK will be maintained by Verdipapirsentralen ASA and registered in accordance with the Norwegian CSD Act and no physical notes will be issued.

Payments in respect of the Notes will be made and settled through the relevant CSD's book-entry system. Each Loan is given a specific loan identification number (ISIN) in the applicable Final Terms.

The Notes are freely transferable, but Noteholders may be subject to purchase or transfer restrictions with regard to the Notes under local laws to which such Noteholder may be subject (due to, e.g. its nationality, its residency, its registered address or its place(s) of business). The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.

The Issuer has appointed Nordea Bank Abp, filial i Norge (Reg. No. 920058817), as issuing and paying agent to establish and manage the Issuer's account in the VPS in accordance with Norwegian law, to register the Issuer's issues of the Notes in the VPS and perform payments of interest and principal in respect of such Notes.

1.3 Green Notes

The Issuer may issue green Medium Term Notes and shall, in such case, maintain a Green Finance Framework. The Green Finance Framework shall at all times (by no later than on the first Issue Date of a Green Note) be published on the Issuer's website and the Issuer shall ensure that an amount equivalent to the proceeds from any Medium Term Notes specified as "Green Notes" in the applicable Final Terms are applied in accordance with the relevant Green Finance Framework. The Issuer may, from time to time, amend its Green Finance Framework. Any amendments to the Green Finance Framework effectuated after the Issue Date of the relevant Green Notes will not apply to Green Notes already issued prior to such amendment. If the Issuer fails to comply with the relevant Green Finance Framework at any time, it shall not constitute a default under any circumstance and such non-compliance will not entitle any Noteholder to any form of compensation or to otherwise redeem, repurchase or accelerate the Green Notes prior to its specified Maturity Date.

1.4 Admission to trading

An application for admission to trading of the Notes on Nasdaq Stockholm or any other Regulated Market may be made in accordance with the applicable Final Terms. The applicable Regulated Market will carry out its own assessment of the application and will approve or reject the admission to trading.

1.5 Tax

The summary is based on the laws of Sweden as currently in effect and is intended to provide general information only. The summary does not address, *inter alia*, situations where Notes are held in an investment savings account (Sw. *investeringsparkonto*), the tax consequences of a write-down or conversion of the Notes, the existence of the ability of relevant regulatory authorities to effect such a write-down or conversion, any tax consequences following a variation or substitution (instead of redemption) of any Notes or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes in Sweden. Investors should consult a professional tax adviser regarding the Swedish tax and other tax consequences (including the applicability and effect of tax treaties for the avoidance of double taxation) of acquiring, owning and disposing of the Notes in their particular circumstances.

1.5.1 *Noteholders not resident in Sweden*

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

However, broadly speaking, provided that the Notes are deemed to be securities taxed as shares, private individuals who have been residents of Sweden for tax purposes due to a habitual abode or continuous stay in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption, are liable for capital gains taxation in Sweden upon disposal or redemption of such Notes. In a number of cases though, the applicability of this rule is limited by the applicable tax treaty for the avoidance of double taxation.

Swedish withholding tax, or Swedish tax deduction, is not imposed on payments of any principal or any amount that is considered to be interest for Swedish tax purposes except in relation to certain payments of interest (and other distributions on Notes) to a private individual (or the estate of a deceased individual) who is (or was) resident in Sweden for Swedish tax purposes (see “*Noteholders tax resident in Sweden*” below).

1.5.2 *Noteholders resident in Sweden*

In general, for Swedish corporations and private individuals (and estates of deceased individuals) with residence in Sweden for Swedish tax purposes, all capital income (for example, income that is considered to be interest for Swedish tax purposes and capital gains on the Notes) will be taxable. Specific tax consequences may be applicable to certain categories of corporations, for example life insurance companies. Moreover, specific tax consequences may be applicable if, and to the extent that, a holder of the Notes realises a capital loss on the Notes.

If amounts that are deemed as interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, or a clearing institution within the EEA, to a private individual (or an estate of a deceased individual) with residence in

Sweden for Swedish tax purposes, Swedish preliminary taxes are normally withheld by the legal entity on such payments. Swedish preliminary taxes should normally also be withheld on other returns on the Notes (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

1.6 Costs

The Issuer is responsible for all costs associated with the admission to trading of Notes under this Programme, such as (but not limited to) the costs of producing this Base Prospectus, admission to trading, documentation and fees to Euroclear Sweden AB, Verdipapirsentralen ASA and the applicable Regulated Market.

1.7 Status

Medium Term Notes constitute direct, unconditional and unsubordinated obligations of the Issuer and rank at least *pari passu* with all other direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory regulation and except as otherwise provided in the General Terms and Conditions.

Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Covered Bonds will rank *pari passu* with all other obligations of the Issuer that have been provided the same priority in the relevant Cover Pool.

1.8 Description of the Cover Pool

As detailed in the section 6.3 “*Business activities*” below, the Issuer and its Distributors (as defined below under section 6.2 “*Strategy*”) offer residential mortgage loans to consumers in Sweden.

The assets within the Cover Pool will consist of mortgage loans secured by collateral used for residential purposes. All mortgage loans included in the Cover Pools will have a first charge pledge over the relevant collateral. The original maturity of each mortgage loan is between 10 and 40 years and all loans have a final maturity date.

The composition of the Cover Pool will be reported at least quarterly on the Issuer’s website www.borgohypotek.se. The composition of the Issuer’s Cover Pool may vary from time to time, including the geographic location of the relevant mortgaged properties. Noteholders will not receive detailed statistics or information about each loan, location of each mortgaged property or other assets contained or to be contained in the Cover Pool, as it is expected that the constitution of the Cover Pool will change from time to time.

1.9 Sales, price and interest

Primary sales will take place through the Dealers receiving issue and trade instructions from the Issuer. The price of and the interest applicable to the Notes cannot be established in advance but is set in connection with the relevant issue on the basis of the prevailing

market conditions. The Notes may be issued at a price equivalent to, below or above the relevant Nominal Amount. The market price of the Notes depends on several factors, one of which is the interest rate applicable to other investments with a corresponding term.

The yield on a Note is a function of the price at which the Note is acquired, the interest applicable to the relevant Note and any other costs attributable to the acquisition of the Note (including any brokerage costs).

1.10 Credit rating

If any Loan has received (or will receive) a credit rating such credit rating will be specified in the applicable Final Terms. A credit rating is a rating that an independent rating agency (such as Nordic Credit Rating, Moody's, Standard & Poor's and Fitch's) can assign a borrower in respect of its creditworthiness and its ability to fulfil its financial obligations.

On 18 January 2022, the credit rating agency Moody's assigned a Baa2 (with stable outlook) deposit and issuer rating to the Issuer.

1.11 Statute of Limitations

The right to receive repayment of the principal of Notes issued under the Programme shall be prescribed and become void ten (10) years from the relevant Maturity Date (or other redemption date, if earlier). The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*Sw. preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

1.12 Representation of the Noteholders

A holder of the Notes represents itself in its capacity as Noteholder in all matters relating to the Notes and this Programme.

1.13 Governing law

The Note Terms, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden. Disputes shall be settled by Swedish courts. The City Court of Stockholm shall be the court of first instance. Norwegian law and jurisdiction will be applicable with regards to the registration of Notes in VPS.

1.14 Determinations to invest in the Notes

Investing in the Notes involves substantial risks and prospective investors should refer to section “*Risk Factors*” to review certain material risk factors that they should carefully consider before deciding to invest in the Notes.

The Notes may not be a suitable investment for all investors and each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact other Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (iv) understand thoroughly the General Terms and Conditions and the applicable Final Terms; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

2 Product Description

This section contains a general description of the construction and terms applicable to an issue of Notes under this Programme. The final constructions and terms of each Loan are set out in the applicable Final Terms.

2.1 General Terms and Conditions and Final Terms

Notes issued under the Programme are governed by the General Terms and Conditions together with the applicable Final Terms. The General Terms and Conditions apply to all Loans issued under the Programme. Applicable Final Terms are specified in relation to each Loan on the basis of the form of final terms set out on page 58 of this Base Prospectus. The applicable Final Terms must be read together with the General Terms and Conditions. The Final Terms specify, among other things, Issue Date, the basis for interest calculation and Maturity Date. The Final Terms in relation to an offer to invest in the Notes or in relation to Notes that are admitted to trading on a Regulated Market will be submitted for registration by the SFSA as soon as possible and in any event prior to an application is made for admission to trading of the relevant Notes on a Regulated Market. Final Terms in relation to each Loan issued under the Programme will also be made available on the Issuer's website, www.borgohypotek.se.

2.2 Repayment and redemption

The Nominal Amount (or such other amount specified in the relevant Final Terms) of a Loan together with accrued but unpaid interest falls due for repayment on the Maturity Date (or if applicable, the relevant Extended Maturity Date) as specified in the Final Terms. Should the Maturity Date (or if applicable, the relevant Extended Maturity Date) fall on a date which is not a Business Day, the Loan will however be repaid on the following Business Day.

2.3 Extended Maturity

The applicable Final Terms may provide that an Extended Maturity Date may apply to a Loan constituted by Notes specified in the Final Terms as Covered Bonds. For such Loan, the Maturity Date may be extended to the Extended Maturity Date, in each case, subject to (i) such extension being permitted by the SFSA as a result of it being deemed likely that the extension will prevent insolvency (*Sw. obestånd (insolvens)*) of the Issuer or otherwise as a result of a trigger of the maturity event(s) stipulated in the Covered Bond Act (as amended) or any other legislation that implements Article 17.1 (a) of the Covered Bond Directive and (ii) the Final Terms specifies the date being the Extended Maturity Date. An extension of the maturity of the nominal amount outstanding from the Maturity Date to the Extended Maturity Date will not be affected by the insolvency or resolution of the Issuer.

Furthermore, the extension of the maturity of the nominal amount outstanding of the relevant Notes from the Maturity Date to the Extended Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Issuer and no

payment will be payable to the Noteholders in that event other than as set out in the General Terms and Conditions.

2.4 Basis for the calculation of interest on the Loans

2.4.1 *Fixed Interest Rate*

For Loans denominated in SEK with a Fixed Interest Rate, interest accrues in accordance with the rate specified in the applicable Final Terms from, but excluding, the Interest Commencement Date, up to, and including, the Maturity Date (or if applicable, the Extended Maturity Date). For Loans denominated in NOK with a fixed interest rate, interest accrues in accordance with the rate specified in the applicable Final Terms from, and including, the Interest Commencement Date, up to, but excluding, the Maturity Date (or if applicable, the Extended Maturity Date). Accrued interest for Loans in SEK, EUR or NOK shall be paid in arrears on each Interest Payment Date and is calculated using the Day Count Convention 30/360.

2.4.2 *Floating Interest Rate (FRN)*

For Loans denominated in SEK with a Floating Interest Rate, interest accrues at the rate specified in the applicable Final Terms from, but excluding, the Interest Commencement Date, up to, and including, the Maturity Date (or if applicable, the Extended Maturity Date). For Loans denominated in NOK with a floating interest rate, interest accrues at the rate specified in the applicable Final Terms from, and including, the Interest Commencement Date, up to, but excluding, the Maturity Date (or if applicable, the Extended Maturity Date). The Interest Rate for Loans in SEK or NOK is calculated by the Administrative Agent on each Interest Determination Date and is comprised by the Base Rate plus the applicable Margin. Accrued interest for Loans denominated in SEK or NOK shall be paid in arrears on each Interest Payment Date and is calculated using the Day Count Convention Actual/360.

2.5 European Benchmark Regulation

Floating Interest Rate payable on Notes issued under this Programme may be calculated by reference to certain benchmarks, being STIBOR and NIBOR, as defined in the General Terms and Conditions. STIBOR is provided by Swedish Financial Benchmark Facility AB and NIBOR is provided by Norske Finansielle Referanser AS.

At the date of this Base Prospectus, Swedish Financial Benchmark Facility AB is not registered as an administrator in the register provided by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of Regulation (EU) 2016/11 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmark Regulation**”) but has on 27 December 2021 submitted an application with the SFSA to be authorised as an administrator under the Benchmark Regulation. Norske Finansielle Referanser AS was registered on 13 October 2020.

As at the date of this Base Prospectus, as far as the Issuer is aware, the provisions of Article 51 of the Benchmark Regulation apply, such that an index provider may continue to provide an existing benchmark where the index provider submits an application for authorisation or registration, unless or until the authorisation or registration is refused.

Day Count Convention

Unless otherwise specified in the relevant Final Terms, the following Day Count Conventions in respect of the calculation of an amount of interest under a Loan will be used for the calculation of interest under this Programme:

“**30/360**”: the amount shall be calculated 360 days consisting of twelve months each consisting of 30 days and in the case of a fraction of a month using the actual number of days of the month that have passed; and

“**Actual/360**”: the amount shall be calculated using the actual number of days in the relevant period divided by 360.

3 Risk Factors

In this section, the risk factors which the Issuer considers to be material risks relating to the Issuer and the Notes are illustrated. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Base Prospectus.

The risk factors are presented in categories where the most material risk factor in a category is 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.

3.1 Risks relating to macroeconomic factors and financial and securities markets

3.1.1 Risks relating to Covid-19 pandemic

A large uncertainty factor on the date of this Base Prospectus is the impact of the Covid-19 pandemic. The Issuer monitors the development of the Covid-19 pandemic closely and assesses its impact on the business environment. A prolonged pandemic could have an adverse effect on the business environment and have an impact on corporate customers' ability to fulfil their credit obligations as well as lead to long-term unemployment which in turn affects private customers' ability to fulfil their credit obligations.

3.1.2 Macroeconomic conditions and development in Sweden and globally can adversely affect the banking business, results of operations and liquidity of the Issuer

Adverse changes in the Swedish and global macroeconomic circumstances and development could have an adverse effect on the Issuer's business, results of operations and liquidity. Relevant macroeconomic factors to the Issuer are housing market development in Sweden, unemployment ratios, development of interest rates and development of households' disposable income.

During the Covid-19 pandemic housing and residential property values both in and outside the domestic growth centres in Sweden have increased. The majority of the housing and residential property collateral of the mortgage loans granted by the Issuer and its Distributors are located in major cities and growth centres where housing and residential property values have increased in recent years.

Macroeconomic adverse changes could affect debtors' economic situation and, consequently, their ability to fulfil their credit obligations towards the Issuer. It could also have an adverse effect on the development of the residential markets, which form the security for the Issuer's credits.

Adverse changes in the macroeconomic conditions and more specifically on the housing markets could have an adverse effect on the Cover Pool. The Covered Bonds issued will have the benefit of the Cover Pool. The Cover Pool includes housing properties located in Sweden. Accordingly, the credit quality of the Cover Pool could be adversely affected by adverse developments in the housing market in Sweden.

3.1.3 *Circumstances in the financial and capital markets*

A negative development in the financial and securities market could have an adverse effect on the availability of funding from the debt capital markets which could lead to liquidity constraints for the Issuer. This could have an adverse effect on the business and results of the Issuer.

Changes in the global financial market and developments in the fixed income and stock markets create uncertainty of the global economy. This could have a negative impact on the economic conditions and as a consequence on the Issuer's creditors ability to fulfil their credit obligations towards the Issuer.

3.2 Risks relating to the Issuer's business activities and industry

3.2.1 *IT and operational risk*

The Issuer's operations will rely on the secure processing, storage and transmission of customer information and other confidential information in its IT systems and networks. The Issuer's IT systems, software and networks could be vulnerable to breaches, unauthorised access, misuse, computer viruses or other malicious code that could result in disruption to its business or the loss or theft of confidential information, including customer information subject to bank secrecy laws. There is risk that any failure, interruption or breach in the Issuer's IT security, including any failure of its back-up systems or failure to maintain adequate security surrounding customer information, results in reputational harm, disruption in the management of the Issuer's customer relationships, the inability to originate, process and service loans or depositors not being able to access their funds.

In relation to deposits in particular, the risk of IT related problems or failures constitute one of the most severe risks, which may result in the Issuer being unable to service its depositors for a short or long period of time. If any IT security or IT operational risks would materialise, it could result in a loss of customer business, loss of income, damaged reputation and possibly a large number of customers making withdrawals of deposits rapidly, thereby adversely affecting the Issuer's funding and liquidity situation. The Issuer could further be subject to additional regulatory scrutiny or be exposed to lawsuits by customers for identity theft or other loss resulting from the misuse of their personal information and possible financial liability. Regulators may also impose penalties or require remedial action if they identify weaknesses in the Issuer's security systems and the Issuer could be required to incur significant costs to increase its IT security to address any vulnerabilities that may be discovered or to remediate the harm caused by any security breaches. The degree to which IT failures could, now and in the future, affect the Issuer is uncertain and presents a significant risk to the Issuer's operations and financial situation.

As part of its business the Issuer may share confidential customer information and proprietary information on an aggregated basis with outsourcing parties. The information systems of these third parties may be vulnerable to security breaches, and there is a risk that the Issuer's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses may be inadequate or that the Issuer may not be able to ensure that these third parties have appropriate security controls in place to protect the information that the Issuer shares with them. Furthermore, such third parties may misuse data provided by the Issuer. If the Issuer's proprietary or confidential customer information is intercepted, stolen, misused or mishandled while in the possession of a third party, there is a risk that it will result in reputational harm to the Issuer, loss of customer business, loss of income, and possibly a large number of customers making withdrawals of deposits rapidly, thereby adversely affecting the Issuer's funding situation, and additional regulatory scrutiny, and that it will expose the Issuer to civil litigation and possible financial liability, adversely affecting the Issuer's operations and financial situation.

3.2.2 *The Issuer is dependent on its Distributors, owners and service suppliers*

The Issuer's mortgage loans will be distributed by its Distributors. Each Distributor will market and originate mortgage loans through its own preferred route (e.g. online, via telephone or physical meetings) and using its own application interface. In addition, each Distributor will set its own price, apply relevant discounts and following origination, handle first line customer support. The Issuer will thus be, to a large degree, dependent on the Distributors' ability to attract and service customers. In addition, the Issuer is through an outsourcing agreement dependent on Ålandsbanken's and its subsidiary Crosskey Banking Solutions Ab Ltd's treasury-, accounting-, payment- and IT-services to maintain day-to-day operations.

There is a risk that a failure by any of the Issuer's Distributor or service suppliers to attract customers and/or supply the Issuer with required services could have a material adverse effect on the Issuer's business operations and financial position.

3.2.3 *Credit risk relating to non-payment*

Credit risk is the risk that the Issuer will incur losses due to its borrowers' inability to meet their obligations to the Issuer as they fall due. Adverse changes in the creditworthiness of the Issuer's borrowers or any reduction in the value of collateral or other security obtained by the Issuer may have an adverse impact on the Issuer's financial results. Credit risks may also adversely impact the Issuer's creditworthiness.

The Issuer's credit risk mainly pertains to the borrowers' ability to perform their financial obligations under their respective mortgage loan, that is the borrowers' ability to pay principal of, and interest on, such mortgage loan. The Issuer's ability to receive principal and interests depends primarily on the financial status of the relevant borrower, which in turn, could be affected by general macroeconomic conditions and developments. Any national or global economic downturn, for example, the ongoing Covid-19 pandemic, could result in declining property values and increases in unemployment rates (see for

example section 3.1.1 (*Risks relating to Covid-19 pandemic*) and section 3.1.2 (*Macroeconomic conditions and development in Sweden and globally can adversely affect the banking business, results of operations and liquidity of the Issuer*). This could impair borrowers' ability to make timely payments which would have an adverse effect on the Issuer's liquidity and financial results.

3.2.4 *Credit risk relating to the value of collateral*

The mortgage loans granted by the Issuer and its Distributors are secured by a first ranking pledge over mortgage certificates (Sw. *pantbrev*) or rights to cooperative flats (Sw. *bostadsrätt*). The value of the collateral is linked to the performance of the Swedish real estate and housing market. There are various factors which may have a negative effect on the prices on the housing market, for example changes in regulations affecting the market directly or indirectly, a quick rise in interest rates or unemployment levels or changing economic conditions. Legal requirements, such as stricter amortisation requirements as well as stricter caps on loan-to-value levels and loan-to-income ratios, may have a negative effect on prices on the Swedish housing market, as the borrowers will be able to take up less mortgage loans. The foregoing particularly applies to urban areas where market values are higher. In addition, potential constraints of monetary policies can also be expected to hold back house price development. Any such changed regulation or upcoming constraints of monetary policies that hold back pricing development in the housing market or lead to a general downturn in the value of properties in Sweden would adversely affect the value of the collateral and thus diminish the Issuer's security for future claims against a borrower in case of non-payment of such borrower. In addition, the value of the collateral may also be impaired by a borrower's neglect and/or mismanagement of the relevant property, which ultimately may affect the value of the property. If the housing prices on the Swedish housing market, and thus also the value of the Issuer's collateral for mortgage loans, significantly decreases for any reason and a significant number of borrowers are unable to pay principal and/or interest in whole or in part, there is a risk that the collateral does not cover the borrowers' financial obligations under the mortgage loans. Accordingly, there is a risk that the Issuer fails to recover monies equal to the payments to which it is entitled under the relevant mortgage loan, which may adversely affect the value of the Issuer's portfolio of mortgage loans and subsequently result in the Issuer being unable to fulfil its financial obligations and undertakings.

3.2.5 *Risk of losing key persons*

Financial markets are highly dependent on competent people and there is high demand for such people. Risks relating to losing key personnel or not being able to employ new competent people is identified within the Issuer. The Issuer is a small company currently consisting of around 20 employees with the aim to compete with established high-street banks on the Swedish mortgage loan market. This requires competent, skilful and dedicated people. Losing certain people with specific skills could have an adverse effect on the Issuer's operations.

3.2.6 *Reputational risk*

The Issuer's ability to build and maintain a good reputation will be an important factor to establish itself as an alternative to high-street banks on the Swedish mortgage loan market. Reputational risk, including the risk to earnings and capital from negative public opinion, is inherent in the financial services business. Negative public opinion can result from any number of causes, including misconduct by employees, the activities of business partners over which the Issuer has limited or no control, such as its Distributors, severe or prolonged financial losses, or uncertainty about the Issuer's financial soundness or reliability. Negative public opinion may adversely affect the Issuer's ability to keep and attract customers, depositors and investors, as well as its relationships with regulators and the general public. The Issuer cannot ensure that it will be successful in avoiding damage to its business from reputational risk. Negative public opinion with respect to the Issuer's operations, offers and even its investors and business partners operations, such as its Distributors of mortgage loans, could have an adverse effect on the Issuer's business.

3.2.7 *The Issuer faces competition in mortgage loan market*

There is competition for the types of services that the Issuer will provide and there can be no assurances that the Issuer can obtain and maintain a competitive position.

The mortgage market in Sweden is in general dominated by a small group of high-street banks with a combined market share of 77 per cent (according to information from Statistics Sweden (Sw. *Statistiska centralbyrån*) of December 2020)¹. The Issuer faces the risk that competitors, for example high-street banks, which offer a broad range of products and services through widespread retail office networks and online, may outcompete the Issuer's offers, services and products. It is possible that the Issuer's competitors benefit from certain competitive advantages such as lower cost of funds, a more efficient organisation or a larger existing customer base. Additionally, there is a risk that new actors will enter the market with new or improved technical solutions and or business offers. If new actors successfully enters the market or already established high-street banks or other established competitors can continue to benefit from certain competitive advantages which the Issuer lacks, there is a risk that the Issuer will fail to obtain and maintain a profitable market share and that the demand for the Issuer's services and products decreases, or that the Issuer is required to reduce the interest rates that it charges on its loan products in order to maintain demand, which would have a material adverse effect on the Issuer's net interest margin and financial position.

3.3 *Risks relating to the Issuer's financing*

3.3.1 *Market risk*

Market risk is the risk of losses due to changes in interest rates, foreign exchange rates and equity prices. The Issuer's market risk will, following commencement of its opera-

¹ <https://www.statistikdatabasen.scb.se/sq/110912>

tions to originate and administer mortgage loans, mainly be represented in terms of interest rate risk due to interest rates payable by the Issuer on its funding, and the interest rates that the Issuer charges on mortgage loans to its customers. This difference is known as the interest margin. Changes in interest rate levels, yield curves and spreads could affect the interest margin. There is a risk that the Issuer's use of hedging instruments for the mismatch in the different terms in funding and investing interest rates does not perfectly offset the impact of interest rate changes. There is also a risk that the Issuer will not be able to re-price its variable rate assets and liabilities at the same time, resulting in a reduction of the interest margin in the short and/or medium term.

Changes in the competitive environment could also affect spreads on the Issuer's lending and deposits. If the Issuer's funding costs were to significantly increase due to material increases in market interest rates or other reasons and the Issuer were unable to sufficiently increase the interest rates on its loan products in a timely manner, or at all, the Issuer's interest margin will be adversely affected, causing an adverse effect on the Issuer's net earnings.

Interest rates are also sensitive to several factors that are outside of the Issuer's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. The interest rate levels in Sweden have been at historically low levels in recent years. A higher interest rate environment could reduce demand for mortgage loans, as individuals may be less likely or less able to borrow when interest rates are higher. Higher interest rates would also lead to higher interest costs for existing borrowers, which could affect their ability to repay their borrowings and lead to an increased rate of defaults. This could in turn have an adverse effect on the Issuer's net earnings.

3.3.2 *Liquidity risk*

The Issuer is subject to liquidity risk. Liquidity risk is the risk that the Issuer will not be able to meet its payment obligations at maturity without significant cost increases or at all. The Issuer's funding policy is to maintain a diverse funding base for its lending operations through a combination of, amongst others, retail deposits and long-term debt through the issuance of Covered Bonds and Medium Term Notes. As of 31 December 2021, the Issuer's interest-bearing liabilities amounted to approximately SEK 2,000 million (consisting of deposits) and the Issuer estimates that its interest-bearing liabilities will amount to approximately SEK 31,735 million (consisting of deposits and issued securities) by the end of 2022.

Funding risks can be exacerbated by enterprise-specific factors, such as over-reliance on a particular source of funding, or by market-wide phenomena, such as market dislocation or a major disaster. The Issuer's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, a number of them which are outside of the Issuer's control. If access to funding were to be constrained for a prolonged period of time, competition for retail deposits and the cost of accessing the capital markets could similarly increase. There is a risk that this will increase the Issuer's cost of funding or result in the Issuer not getting access to sufficient funding and, therefore, poses a highly significant risk to the Issuer's net interest margin and financial position.

The Issuer's ability to issue notes such as Covered Bonds and Medium Term Notes, depends on a variety of factors, including the credit quality of the Issuer and its assets, market conditions, the general availability of credit and rating agencies' assessment of the Issuer. There is a risk that these and other factors will limit the Issuer's ability to issue notes, which, in turn, could adversely affect the Issuer's ability to maintain or grow its loan portfolio as well as its net interest margin.

3.3.3 *Capital risk*

Capital risk is the risk of not meeting the capital requirements at any point in time. The Issuer has raised capital for the commencement of banking operations, both from current owners and financial investors to hold sufficient own funds in accordance with the Issuer's internal capital adequacy assessment (the "ICAAP"). The amount of the Issuer's equity at the end of 2021 amounted to SEK 257 million. After commencement of banking operations there is also a risk of falling below the required capital levels, for example through a larger than expected loan portfolio growth with a lower margin than expected, resulting in an increased capital requirement which cannot be met with accumulated profits. While the capital raising is currently proceeding in accordance with the ICAAP and as planned, a failure to complete the capitalisation or to secure sufficient own funds when the banking operations have commenced could adversely affect the Issuer's ability to operate its business.

3.3.4 *Adverse change in the credit rating of the Issuer may significantly reduce the Issuer's access to the debt markets and result in increased interest rates on future debt*

The Issuer has been assigned a long-term deposit and issuer rating of Baa2 (stable outlook) by Moody's. Any material deterioration in the credit rating of the Issuer may significantly reduce the Issuer's access to the debt markets and result in increased interest rates on future debt. A downgrade in the Issuer's existing credit rating may result from factors specific to the Issuer or from other factors such as general economic weakness or sovereign credit rating ceilings. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

3.4 **Regulatory risks**

3.4.1 *The Swedish legislation implementing the EU Covered Bond Directive 2019/2162*

On 18 December 2019, Directive 2019/2162/EU on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the "Covered Bond Directive") was published in the Official Journal of the European Union. Member States shall adopt and publish, by 8 July 2021, the laws, regulations and administrative provisions necessary to comply with the Covered Bond Directive and they shall apply those measures at the latest from 8 July 2022.

On 20 December 2021 a government bill was published by the Swedish Government (Sw. Prop. 2021/22:76 Ändrade regler om säkerställda obligationer) containing, *inter alia*, proposals of the legislative amendments needed to implement the Covered Bond Directive in Sweden (the “**Covered Bond Proposal**”). The Covered Bond Proposal constitutes the final proposal on the implementation of the Covered Bond Directive but has not yet been accepted by the Swedish Parliament. Hence, it is still unclear how the Covered Bond Directive will affect the Swedish legislation governing covered bonds and the Issuer’s operations. However, any failure by the Issuer to comply with the Swedish legislation governing covered bonds may have a material adverse effect on the Issuer.

3.4.2 *Regulatory changes may adversely affect the Issuer and the Issuer operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks*

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Sweden and in the EU. The Issuer must meet the requirements set forth in the regulations regarding, *inter alia*, minimum capital and capital adequacy, reporting with respect to financial information and financial condition, marketing and selling practices, advertising, terms and conduct of business and permitted investments, liabilities and payment of dividends. In addition, certain decisions made by the Issuer may require approval or notification to the relevant authorities in advance.

Changes in supervision and regulation could materially affect the business, the products and services offered or the value of assets of the Issuer. Such changes in regulation and supervision may, for example, expose the Issuer to additional costs and liabilities and require it to change how it conducts business.

3.4.3 *Increased capital requirements may adversely affect the Issuer*

The Issuer must comply with numerous capital requirements and standards. Recent and possible future changes to capital adequacy and liquidity requirements, including the current updates to the Capital Requirements Regulation (“**CRR**”) and the Capital Requirements Directive (“**CRD**”), imposed on the Issuer may require the Issuer to raise additional Tier 1, common equity Tier 1 and Tier 2 capital by way of issuances of securities and could result in existing Tier 1 and Tier 2 securities, if any, ceasing to count towards the Issuer’s regulatory capital, either at the same level as at present or at all.

Any updates to the Pillar 2 capital requirement by the SFSA in respect of the Issuer could affect its capital position negatively. Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the Issuer’s business, financial condition and results of operations and may also have other effects on the Issuer’s financial performance and on the value of the Notes, both with or without the intervention by regulators or the imposition of sanctions.

The Issuer submitted its application for credit institute license to the SFSA in 2020 and received an approval in the first quarter of 2021. The ICAAP formed part of the application, detailing the expected capital requirements over a 3-year planning period as well as the projected capital availability during these years. Pillar 2 capital adequacy requirements have been estimated for credit concentration risk, operational risk, interest rate risk in the banking book (“**IRBB**”), credit spread risk in the banking book (“**CSRBB**”) and business risk, totalling 2.7 per cent. of the Issuer’s risk exposure amount end of 2021. As required by regulation, the capital adequacy assessment was also evaluated under stressed conditions and deemed sufficient without any additional capital planning buffers. The ICAAP built on the assumption of a capital conservation buffer of 2.5 per cent. for all three years in the planning period and a countercyclical buffer of 0 per cent. end of 2021, with a stepwise increase to 2.5 per cent. end of 2024. The planned deposit volumes and the transfer of the mortgage loan portfolio to the Issuer’s balance sheet formed part of the ICAAP and are hence assumptions which have been accounted for when assessing the required capital levels. The capital requirements will change over time as the business plan is realized. While the ICAAP includes a plan for available own funds that will be sufficient to meet the regulatory requirements and the capital risk appetite of the Issuer’s board of directors at all times, there is no certainty that the Issuer would be able to meet the requirements when the business plan is realized. A failure to meet the capital requirements could adversely affect the Issuer’s ability to operate its business.

3.4.4 *Sweden have implemented a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing*

The Directive 2014/59/EU (the “**BRRD**”) (including without limitation as amended by the Creditor Hierarchy Directive and by Directive (EU) 2019/879 of 20 May 2019 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms) sets out the necessary steps and powers for authorities to ensure that bank failures across the EU are managed in a way which mitigates the risk of financial instability and minimises the impact of an institution’s failure on the economy and financial system costs for taxpayers. The BRRD and subsequent amendments are implemented in Sweden through the Swedish Act on Resolution (Sw. *lag (2015:1016) om resolution*) (the “**Resolution Act**”).

One of the tools implemented pursuant to the BRRD is bail-in. The Swedish National Debt Office (Sw. *Riksgäldskontoret*) (the “**Swedish Resolution Authority**”), as applicable, has the power to write down certain claims of unsecured creditors of a failing institution (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims to equity or other instruments of ownership (the general bail-in tool), which equity and other instruments could also be subject to any future cancellation, transfer or dilution. Relevant claims for the purposes of the general bail-in tool would include the claims of the holders of Medium Term Notes and Covered Bonds, the latter only if and to the extent that the amounts payable in respect of the Covered Bonds exceed the value of the cover pool collateral against which payment of those amounts is secured. However, the determination that all or a part of the principal amount of the Covered Bonds will be subject to the general bail-in tool, is likely to be inherently

unpredictable and may depend on a number of factors which may be outside of the Issuer's control. The application of the general bail-in tool with respect to the Notes, may result in the cancellation of a portion of the principal amount of, or interest on, the Notes, however, in respect of the Covered Bonds, only if and to the extent that the amounts payable in respect of the Covered Bonds exceed the value of the cover pool collateral against which payment of those amounts is secured. Accordingly, potential investors in Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Noteholders losing a part of the value of their investment in the Notes. Moreover, the Swedish Resolution Authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Noteholders. Noteholders may also have limited or no rights to challenge any decision of the Swedish Resolution Authority to exercise the general bail-in tool or to have that decision reviewed by a judicial or administrative process or otherwise.

The exercise of any power under the Resolution Act or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes. The BRRD and the Resolution Act introduced a requirement for credit institutions and investment firms to meet the minimum requirement for own funds and eligible liabilities (“**MREL**”) for the purposes of ensuring sufficient loss absorbing capacity to enable the continuity of critical functions without recourse to public funds. As of the date of this Base Prospectus, the Swedish Resolution Authority has not imposed an additional MREL requirement in relation to the Issuer.

3.4.5 *Risks relating to the enforcement of collateral*

All or some of the mortgage loans granted by the Issuer are or will be secured by a first ranking pledge over mortgage certificates (Sw. *pantbrev*) or rights to cooperative flats (Sw. *bostadsrätt*). The Issuer is or will therefore be entitled to enforce such security if any borrower defaults under its respective mortgage loan. Perfecting and enforcing security over mortgage certificates over real estate or cooperative flats is subject to formal requirements and thus risks. For instance, there is no official record in Sweden stating whether a cooperative flat right is pledged. Instead a pledge is affected by a notification to the cooperative association (Sw. *bostadsrättsförening*). The Issuer is or will be therefore reliant on the records of the cooperative association and is exposed to risks of fraud and mistakes in relation to the creation of the security. Furthermore, under certain circumstances obligations owed by the cooperative association itself will rank ahead of the pledgee of a cooperative flat, even if proper notification has been made. Following the enforcement of security over a cooperative flat, the cooperative association may, depending on the terms of its charter, have a right to refuse the new owner membership in the association and will have a right to require that the new owner settles any amounts owed to the association by the previous owner. The foregoing may entail a decrease in the value of the cooperative flat as it may be harder to dispose. As to the enforcement of security over mortgage certificate(s), such enforcement must be done through a sale of the property by the Swedish Enforcement Authority (Sw. *Kronofogdemyndigheten*). These enforcement processes may be both time-consuming and costly at the same time as the best possible price for the property may not be generated through such regulated process.

When collateral is enforced, a court order is normally required to establish the borrower's obligation to pay and to enable a sale by execution measures. The ability of the Issuer to enforce the collateral without the consent of the borrower is thus dependent on the decisions from a court, the execution measures, the demand for the relevant real property and other relevant circumstances in the Swedish housing market. If the Issuer cannot realise the collateral to obtain a sufficient amount to repay the Covered Bonds, for example due to delays in obtaining court decisions and/or delays in execution measures, the holders of Covered Bonds would as a result not recover any or the full value of the Covered Bonds, which presents a significant risk to the Noteholders' return on their respective investments.

3.4.6 *Legal risks relating to mortgage loans*

The Issuer's business operations as well as the mortgage loans are subject to legislation and regulations, as well as government policies and general recommendations issued by, *inter alia*, the European Union (EU) and/or relevant Swedish authorities such as the SFSA and the Swedish Consumer Agency (Sw. *Konsumentverket*). For example, as the Issuer grant, hold and manage mortgage loans in Sweden or plan to do so, it must comply with the Swedish Consumer Credit Act (Sw. *konsumentkreditlagen (2010:1846)*) for mortgage credits granted since 1 January 2011. In addition, the Issuer is obliged to follow certain laws and regulations which are applicable to its business, such as the Swedish Mortgage Business Act (Sw. *lag (2016:1024) om verksamhet med bostadskrediter*), the Swedish Money Laundering and Terrorist Financing (Prevention) Act (Sw. *lag (2017:630) om åtgärder mot penningtvätt och finansiering av terrorism*) and the Swedish Consumer Credit Act. Such rules and regulation may for example limit or delay the Issuer's ability to exercise its rights under the mortgage loans, as the Issuer may be obliged to grant extensions of mortgage loans upon maturity. In case of material violations, the relevant authority can, as an ultimate measure prohibit the Issuer to continue its operations. The relevant authority may also make remarks and issue warnings, each of which may be accompanied by monetary fines. Failure to comply with applicable rules and regulations could thus impact the Issuer's ability to carry out its business operations as intended, which would adversely impact the Issuer's competitiveness and profitability.

3.4.7 *Risks arising from processing of personal data*

Processing of personal data (such as customer data) is part of the daily business of the Issuer. Such processing is regulated by the European Union's General Data Protection Regulation (EU) No 2016/679 (the "GDPR") and national laws providing strict confidentiality obligations and sector-specific data protection rules applicable to financial institutions.

Privacy issues and the protection of personal data, in particular the protection of data relating to the Issuer's customers and employees, are of the essence to the Issuer. However, the Issuer have assessed its data protection processes and practices and issued related internal guidelines, they may not be able to prevent intentional or unintentional misuse of its systems containing personal data. Such personal data breaches may be attributable, for instance, to human error or faults in ICT systems or software and they may result

in identity frauds or other types of misuse of personal data if, for instance, customer data is leaked outside the Issuer.

A breach of data protection legislation by the Issuer (or its supplier(s)) could result in administrative sanctions, claims for damages and/or loss of reputation and customers. The GDPR includes an extensive sanction mechanism, according to which breaches of the GDPR can result in administrative fines of up to 4 per cent. of the worldwide annual turnover or 20 million euros (whichever is higher). A breach of personal data legislation could, therefore, have a material adverse effect on the Issuer's business and results of operations.

3.5 Risks related to all Notes

3.5.1 *Interest rate risks*

The value of the Notes will depend on several factors, one of the most significant in the long term being the market interest rates. Notes issued with a floating rate are issued as FRNs (*Floating Rate Notes*). The coupon is calculated on the basis of an interest rate corresponding to the interest base rate plus the interest rate margin, where the interest base rate is adjusted before each Interest Period whilst the interest rate margin is fixed throughout the term. If the interest rate base rate, for example, is constituted of STIBOR 3 months, it is the market's perception of the development of the 3-month interest rates, in connection with the interest rate margin, that constitutes the basis for calculating the market value of the placement. A changed expectation in the market regarding at what level the interest rate base will be set at when determining the interest rate in the future will, hence, risk lowering the market value on Notes issued with a floating rate.

Investments in Notes issued with fixed interest rate involve a risk that the market price of such Notes may be negatively affected as a result of changes in the market interest rates. Generally, longer term of the securities means a higher risk.

3.5.2 *Risks relating to listing of the Notes, liquidity and the secondary market*

The Final Terms of a Loan may include an undertaking for the Issuer to ensure that the Notes under a Loan are admitted to listing on a Regulated Market such as Nasdaq Stockholm. In such case, the Issuer is dependent on the Regulated Market's approval to be able to list the Notes under the relevant Loan. If the Notes are not listed in time, or at all, the Noteholders holding such notes on an investment savings account (Sw. *ISK/Investeringsparkonto*) will no longer be able to hold the Notes under the relevant Loan on such account, thus affecting the Noteholder's tax situation. Furthermore, if the Issuer fails to list the Notes, there is a risk that a liquid market for trading in the Notes under the relevant Loan will not exist.

Even if the Notes are admitted to trading on a Regulated Market such as Nasdaq Stockholm, there may be a lack of demand for, and trade in, the Notes. This can result in Noteholders being unable to sell their Notes at a desired time or to a return which is comparable to similar investments that have an existing and functioning secondary market. The

lack of an efficient and liquid secondary market may adversely affect the market value of the Notes.

3.5.3 *The General Terms and Conditions contain provisions which permit their modification without the consent of all investors*

The General Terms and Conditions contain provisions for calling meetings of Noteholders or a Procedure in Writing to consider matters affecting interests of the Noteholders generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or in the Procedure in Writing and Noteholders who voted in a manner contrary to the majority. Modifications of the General Terms and Conditions and other resolutions made at the Noteholders' meetings or in the Procedure in Writing may not be in all Noteholders' interest.

3.5.4 *The regulation and reform of "benchmarks" may adversely affect the value of the Notes linked to such "benchmarks"*

Interest payable under the Notes with Floating Interest Rate are calculated by reference to Stockholm Interbank Offered Rate (STIBOR) or the Norwegian Interbank Offered Rate (NIBOR). STIBOR, NIBOR and other indices which are deemed to be "benchmarks" are the subject of recent international, national and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. See section 2.5 "*European Benchmark Regulation*". These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to such a "benchmark".

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to such "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmarks" or (iii) lead to disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to a "benchmark".

3.6 Risks related to Covered Bonds

3.6.1 *No events of default for Covered Bonds*

The General Terms and Conditions do not include any events of default relating to the Covered Bonds and therefore the General Terms and Conditions do not entitle any holder of Covered Bonds to accelerate the Covered Bonds. As such, it is envisaged that the Noteholders will only be paid the scheduled interest payments under the Covered Bonds as and when they fall due under the General Terms and Conditions.

3.6.2 *In the event of a failure of the Cover Pool to meet the matching requirements, holders of the Covered Bonds may receive payments according to a schedule that is different from that contemplated by the terms of the Covered Bonds*

In the event of a failure of the Cover Pool to meet the matching requirements, holders of the Covered Bonds may receive payments according to a schedule that is different from that contemplated by the terms of the Covered Bonds.

The Issuer will be required under the Covered Bond Act to comply with certain matching requirements as long as there is any Covered Bond outstanding. These requirements prescribe that the nominal value of a cover pool must at all times exceed the aggregate nominal value of any claims that may be brought against the 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 holders of the Covered Bonds and derivative counterparties. The Issuer may also enter into derivatives contracts to fulfil the matching requirements. In such circumstances, the matching of the 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 relevant derivative agreements.

In the event that the 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 Issuer'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 Issuer's bankruptcy, the bankruptcy administrator (Sw. *konkursförvaltare*) 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.

3.6.3 *If any relevant claims in respect of the Covered Bonds are not met out of the Cover Pool, any remaining claims will subsequently rank pari passu with the Issuer's obligations under unsecured and unsubordinated obligations of the Issuer*

In the event of liquidation or the bankruptcy of the Issuer, claims by holders of Covered Bonds and any related derivative counterparties will, to the extent their remaining claims are not covered by the Cover Pool, rank *pari passu* with the Issuer's unsecured creditors, including holders of Medium Term Notes. 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 Issuer, 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 Noteholders.

3.6.4 *Liquidity post Issuer bankruptcy*

Upon the Issuer's bankruptcy, neither the Issuer nor its bankruptcy estate would have the ability to issue further Covered Bonds. However, the Covered Bond Act gives the bankruptcy administrators an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to maintaining matching cash flows, currencies, interest rates and interest periods between assets in the Cover Pool, the Covered Bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of the Covered Bonds and derivative counterparties. The bankruptcy administrators may also raise liquidity by selling assets in the Cover Pool in the market for example. However, it is uncertain to which extent a bankruptcy administrator will be able to find necessary counterparties to enter into agreements to raise liquidity. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in a holder of Covered Bonds not being paid in a timely manner.

There are certain issues that may, in the event of the Issuer'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 on the other.

In the event of the Issuer's bankruptcy, the Covered Bond Act does not provide clear guidance on certain issues that may lead to a conflict between holders of the Covered Bonds and derivative counterparties on the one hand and the other creditors of the Issuer 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 the Covered Bonds. In addition, there is some uncertainty as to whether a creditor that obtains execution (Sw. *utmätning*) against an asset in a cover pool more than three months before the Issuer's bankruptcy could defeat the priority afforded to holders of Covered Bonds and any relevant derivative counterparties in relation to such asset.

3.6.5 *Collection of mortgage loans and default by borrowers*

The mortgage loans which secure the Covered Bonds will comprise loans secured by property. A borrower may default on its obligation under such mortgage loan. Defaults may occur for a variety of reasons. Defaults under mortgage loans can realise the Issuer's credit, liquidity and interest rate risks. In addition, if a mortgage loan is repaid with rental income from the property, the default can cause rental yield reduction and, consequently further affect the ability of a borrower to repay the mortgage loan. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climates, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors relating to borrowers' individual, personal or financial circumstances may affect the ability of the borrowers to repay the mortgage loans. Loss of earnings, illness, divorce, weakening of financial conditions or the results of business operations and other similar factors may lead to an increase in delinquencies by and bankruptcies of borrowers, and could ultimately have an adverse impact on the ability of borrowers to repay the mortgage loans. In addition, the ability of a borrower or the Issuer to sell a property given as security for a mortgage loan at a price sufficient to repay the amounts outstanding under that mortgage loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. The registered value of a property in the Cover Pool may be higher than the price for which such property can actually be sold on any given day. If borrowers default on their obligations under their mortgage loans, it may have an adverse effect on the Issuer's business and financial condition and/or, if the proceeds from the assets in the Cover Pool are not sufficient to discharge the Covered Bonds in full due to, among other things, borrowers' defaults under the mortgages loans, the holders of the Covered Bonds may not be paid in full.

3.6.6 *Reliance on swap providers*

To provide a hedge against possible variances in the rates of interest receivable on the mortgage loans and other assets from time to time held by the Issuer (which may, for instance, include variable rates of interest, discounted rates of interest, fixed interest rates of interest or rates of interest which track a base rate) and the interest rate(s) under the Covered Bonds, the Issuer may from time to time enter into swap agreements.

If any swap counterparty defaults on its obligations to make payments under the relevant swap agreement, the Issuer will be exposed to changes in the relevant rates of interest. Unless one or more replacement interest rate swap agreements are entered into, the Issuer may not have sufficient funds to make payments under the Covered Bonds.

3.6.7 *The maturity of Covered Bonds may be extended*

An Extended Maturity Date may be specified in the applicable Final Terms to apply to a Loan constituted by Noted specified in applicable Final Terms as Covered Bonds.

If an Extended Maturity Date has been specified and the Issuer has received approval from the SFSA to extend the maturity, the maturity of the relevant Notes will be extended to the Extended Maturity Date.

The extension of the maturity of the nominal amount outstanding of the Notes from the Maturity Date to the Extended Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Issuer and no payment will be payable to the Noteholders in that event other than as set out in the General Terms and Conditions.

3.7 Risks related to the Medium Term Notes

3.7.1 *The Issuer is not prohibited from issuing further debt which may rank pari passu or with priority to the Medium Term Notes*

There is no restriction on the amount or type of debt that the Issuer may issue or incur that ranks *pari passu* or with priority to the Medium Term Notes. Should the Issuer incur any such debt, for example by issuing Covered Bonds, there is a risk that the amount recoverable by holders of Medium Terms Notes in the event of the voluntary or involuntary liquidation, bankruptcy or resolution of the Issuer may be reduced, which in turn could have an adverse effect on the market value of the Medium Term Notes.

3.7.2 *Risks related to Green Notes*

The Final Terms of a Loan may specify that the Medium Term Notes issued are defined as “green” according to the Issuer's Green Finance Framework. The Issuer's Green Finance Framework, as well as market practice for green notes, may be amended and develop after the Issue Date of the Green Notes under the relevant Loan, thus affecting any of the requirements applicable to the Issuer in respect of any Green Notes issued thereafter. The Issuer's failure to comply with the Green Finance Framework does not constitute a default under the Terms and Conditions and would not permit the Noteholders under the relevant Loan to exercise any early redemption rights or receive any other type of compensation for non-compliance with the Green Finance Framework. There is however a risk that a failure to comply with the Green Finance Framework could have a material adverse effect on the market value of the Green Notes under the relevant Loan due to investors perceiving the Green Notes as a less favourable investment.

On 22 June 2020 the taxonomy regulation was published (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment) (the “**Taxonomy Regulation**”). The Taxonomy Regulation entails stricter requirements in terms of assessing sustainable investments. The Taxonomy Regulation will partly come into force from 1 January 2022 and 1 January 2023. As of the day of this Base Prospectus, the effects of the Taxonomy Regulation are difficult to determine. There is a risk that the Taxonomy Regulation will affect the assessment of Green Notes and that Green Notes, once the Taxonomy Regulation has come into force, will no longer fulfil the requirements necessary for them to be defined as “green”.

4 Summary of the Swedish legislation regarding covered bonds

4.1 General

The Covered Bond Act entered into force on 1 July 2004 and was last amended in 2018. It enables Swedish banks and credit market companies 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, including the SFSA's regulations and general guidelines regarding covered bonds (Sw. *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer (FFFS 2013:1)*) as amended from time to time (the “**SFSA Regulations**”).

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

The cover pool is dynamic in the sense that an issuer may supplement or substitute assets in the cover pool at any time. An issuer may establish more than one cover pool.

4.2 Eligible Assets for the cover pool

According to the Covered Bond Act, the following types of assets qualify for the cover pool:

- (a) loans secured by: (i) mortgages over real property (Sw. *fastigheter*) intended for residential, agricultural, office or commercial purposes or site leasehold rights (Sw. *tomträtter*) intended for residential, office or commercial purposes; (ii) pledges over tenant-owner rights (Sw. *bostadsrätter*); or (iii) comparable security interests over equivalent assets situated in other countries within the EEA (“**Eligible Mortgages**”);
- (b) loans to (or guaranteed by), among others, the Swedish State, Swedish municipalities and comparable public bodies and the European Union (“**Public Credits**”); and
- (c) in addition, up to 20 per cent. of the aggregate amount of all the assets in the cover pool, certain supplemental assets, primarily government bonds and cash, although the SFSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as supplemental assets (“**Supplemental Assets**”).

4.3 Covered Bond Register

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

4.4 Loan-to-value ratios and certain other restrictions

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

- (a) 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;
- (b) 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
- (c) 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 security serves as first-ranking security for two (or more) loans granted by an issuer 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 issuer’s bankruptcy. The lack of guidance may give room for unsecured creditors of the issuer 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 issuer’s cover pool. Furthermore, the proportion of Supplemental Assets may not exceed 20 per cent. of the cover pool, although the

SFSA has the authority to raise this limit up to 30 per cent. for a limited period in special circumstances.

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

4.5 Matching requirements

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

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

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

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

4.6 Supervision by the SFSA and the independent monitor

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

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

The independent monitor is entitled to request information from the issuer, 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 monitor's remit upon the bankruptcy of an issuer.

4.7 Benefit of a priority right in the cover pool

Pursuant to the Covered Bond Act and the Swedish Rights of Priority Act (Sw. *förmånsrättslag (1970:979)*), the holders of covered bonds benefit from a priority right in the cover pool should the issuer be declared bankrupt (Sw. *försatt i konkurs*). The same priority is awarded to the issuer's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds. Such derivative counterparties and the holders of covered bonds rank *pari passu* with joint seniority in relation to the cover pool.

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

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

4.8 Administration of the cover pool in the event of bankruptcy

Should an issuer be declared bankrupt, at least one bankruptcy administrator would be appointed by the bankruptcy court and one bankruptcy administrator would be appointed by the SFSA. The bankruptcy administrators 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 issuer. The bankruptcy administrators are in such case required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to holders of covered bonds or to derivative counterparties, so long as the cover pool continues to meet the requirements of the Covered Bond Act.

Upon an issuer's bankruptcy, neither the issuer nor its bankruptcy estate would have the ability to issue further covered bonds. However, the Covered Bond Act gives the bankruptcy administrators an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to maintaining matching cash flows, currencies, interest rates and interest periods between assets in the cover pool, covered bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of covered bonds and derivative counterparties. The bankruptcy administrators may also raise liquidity by selling assets in the cover pool in the market for example. However, it is uncertain to which extent a bankruptcy administrator will be able to find necessary counterparties to enter into agreements to raise liquidity. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in a holder of covered bonds not being paid in a timely manner.

If 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 derivative counterparties would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the cover pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the holders of covered bonds are not paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority in the assets comprising the cover pool (although certain bankruptcy-related costs (such as fees payable to the bankruptcy administrators) would rank ahead of the holders of covered bonds and derivative counterparties). Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the issuer but will rank *pari passu* with other unsecured and unsubordinated creditors of the issuer.

4.9 Implementation of Covered Bond Directive in Sweden

On 20 December 2021 a government bill was published by the Swedish Government (Sw. Prop. 2021/22:76 *Ändrade regler om säkerställda obligationer*) containing, *inter alia*, proposals of the legislative amendments needed to implement the Covered Bond Directive in Sweden.

See below for a summary of the main amendments to the Covered Bond Act proposed in the Covered Bond Proposal. It should be noted that Covered Bond Proposal has not yet been accepted by the Swedish Parliament. Hence, it is still unclear how the Covered Bond Directive will affect the Swedish legislation governing covered bonds.

4.9.1 *Assets in the cover pool*

Pursuant to the Covered Bond Proposal, residential and commercial mortgages, exposures to credit institutions and public loans can be included in the cover pool. The Covered Bond Proposal proposes that the provisions of the Covered Bond Act be amended to reflect the provisions of the CRR. Issuers should be required to meet CRR's requirements regarding exposure limits for credit institutions. The proposal amends the provisions of the Covered Bond 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 loan-to-value levels are proposed in the Covered Bond 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 changes the loan-to-value for residential mortgages from 75 per cent. to 80 per cent. of the market value of the collateral and for commercial mortgages, the loan-to-value is changed in certain cases.

The Covered Bond Proposal proposes that the provisions on substitute collateral be repealed, since it is difficult to combine them with the Covered Bond Directive. Instead, new provisions on exposures to credit institutions and provisions on a liquidity buffer are proposed in the Covered Bond 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.

4.9.2 *Liquidity buffer*

As a result of the rules in the Covered Bond Directive, the Covered Bond Proposal proposes that provisions concerning a specific liquidity buffer should be introduced in the Covered Bond Act. It should cover the maximum cumulative net liquid outflow from the issuer over the next 180 days.

4.9.3 *Maturity extensions*

The Covered Bond Proposal proposes that provisions governing maturity extensions are introduced in Swedish law. These are conditions included in the terms of a covered bond contract stating that repayment can be postponed in certain circumstances. In the Covered

Bond Proposal's proposal, such a maturity extension is subject to the approval from the SFSA. Prior to the SFSA making such decision, the Swedish National Debt Office and the Riksbank (Sweden's central bank) shall be given an opportunity to comment.

Calculation of the liquidity buffer requirement for covered bonds allowing for maturity extensions should be based on the extended maturity date.

4.9.4 *Information, monitoring and supervision*

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

As a complement to the provisions on sanctions for issuers and other credit institutions, the Covered Bond Proposal proposes that additional provisions on sanctions for natural persons be included in the Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*), in relation to breaches of certain provisions in the Covered Bond Act.

The Covered Bond Proposal proposes that new authorisations to issue regulations be introduced in the Covered Bond Act in relation to the information to be provided by the issuer to investors.

4.9.5 *Entry into force and transitional provisions*

The legislative amendments are proposed to enter into force on 8 July 2022. For a covered bond that has been issued before this date, the previous provisions of the Covered Bond Act will, as a main principle, continue to apply during the remaining part of its maturity. For tap issues made after 8 July 2022, certain transitional provisions may apply.

5 General Terms and Conditions and Form of Final Terms

The general terms and conditions the (“**Terms and Conditions**”) shall apply to any and all loans that Borgo AB (publ) (Reg. No. 559153-2303) (the “**Issuer**”) raises on the Swedish or Norwegian capital market under an agreement with the Dealers (as defined below) in respect of a Swedish medium term notes and covered bonds programme (the “**Programme**”) by issuing (i) Medium Term Notes (as defined below) and/or (ii) Covered Bonds (as defined below) (Sw. *säkerställda obligationer*) in SEK or NOK up to a maximum aggregate amount equivalent of SEK 50,000,000,000 (the “**Framework Amount**”), each with varying terms and tenor, however not less than one year. The maximum Total Nominal Amount (as defined below) of all Loans (as defined below) outstanding under the Programme from time to time may not exceed the Framework Amount, unless otherwise agreed in accordance with these Terms and Conditions.

For each Loan, final terms are prepared in accordance with Appendix 1 (*Form of Final Terms*) that include supplementary terms and conditions (the “**Final Terms**”) which together with these Terms and Conditions constitute the complete terms and conditions for the relevant Loan (the “**Loan Terms**”). Final Terms for Notes that are offered to the public will be published on the Issuer’s website (www.borgohypotek.se) and made available at the office of the Issuer for as long as any Notes are outstanding. The Issuer will keep the Terms and Conditions and the Final Terms for such Notes available on its website.

1 Definitions

1.1 In addition to the definitions set forth above, the following terms shall have the meaning given below.

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator (Sw. *kontoförande institut*) pursuant to (a) the Swedish Financial Instruments Accounts Act or (b) the Norwegian CSD Act, as applicable, and through which a Noteholder has opened a Securities Account in respect of its Notes.

“**Adjusted Loan Amount**” means, with respect to a specific Loan, the Loan Amount less the amount of all Notes owned by the Issuer, another Group Company or any Affiliate of the Issuer, whether the Issuer, that Group Comp any or any such Affiliate is directly registered as owner of such Notes or not.

“**Administrative Agent**” means (i) if a Loan has been raised through two or more Issuing Dealers, the Issuing Dealer designated by the Issuer to be responsible for certain administrative tasks regarding the Loan in accordance with the Final Terms; and (ii) if a Loan has been raised through only one issuing Dealer, the issuing Dealer.

“**Affiliate**” means, in relation to any person a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Base Rate**” has the meaning specified in the Final Terms

“**Business Day**” means:

- (a) in respect of Euroclear Notes, a day other than a Sunday or other public holiday in Sweden on which commercial banks are open for general business in Stockholm. Saturdays, Midsummer's Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julaf-ton*) and New Year's Eve (Sw. *nyårsafton*), shall for the purpose of this definition be deemed to be public holidays in Sweden; and
- (b) in respect of VPS Notes, a day other than a Saturday, Sunday or other public holiday in Norway on which banks are open for general business in Oslo and Stockholm and in relation to payments of Notes, also a day on which the Norwegian Central Bank's (No. *Norges Bank*) and the VPS's settlement system are operating.

“**Code on Parents and Children**” means the Swedish Code on Parents and Children (Sw. *föräldrabalken* (1949:381)).

“**Companies Act**” means the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)).

“**Cover Pool**” means for each Loan the relevant cover pool (Sw. *säkerhetsmassa*) securing the Loan as specified in the Final Terms for such Loan.

“**Covered Bond**” means a unilateral promissory note (Sw. *skuldförbindelse*) which is registered in accordance with the Swedish Financial Instruments Accounts Act and coupled with rights of priority in accordance with the Covered Bond Act and the Rights of Priority Act (Sw. *säkerställd obligation*), and which is governed by and issued under these Terms and Conditions.

“**Covered Bond Act**” means the Swedish covered bonds issuance act (Sw. *lag* (2003:1223) *om utgivning av säkerställda obligationer*) as amended.

“**Covered Bond Directive**” means Directive 2019/2162/EU on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU.

“**CSD**” means the central securities depository and registrar in which the Notes are registered as stated in the Final Terms and is (i) Euroclear Sweden in respect of Euroclear Notes and (ii) VPS in respect of VPS Notes.

“**Currency**” has the meaning set out in the Final Terms.

“**Day Count Convention**” means, when calculating an amount for a certain reference period, the stated basis of calculation and which:

- (a) if the calculation method “30/360” is specified as applicable, means that the amount is to be calculated based on a year with 360 days consisting of twelve months each consisting of 30 days 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 calculation method “actual/360” is specified as applicable, means that the amount is to be calculated on the actual number of days elapsed in the relevant period divided by 360.

“**Dealers**” means Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ) and such other dealer (Sw. *emissionsinstitut*) appointed for this Programme in accordance with Clause 14.3, but only for so long as such dealer has not withdrawn as a dealer.

“**Debt Register**” means the register, held by (i) Euroclear Sweden in respect of Euroclear Notes and (ii) VPS in respect of VPS Notes, of Noteholders in relation to a Loan.

“**Euroclear Notes**” means Notes denominated in SEK.

“**Euroclear Sweden**” means Euroclear Sweden AB (Reg. No. 555112-8074).

“**Event of Default**” means an event or circumstance specified in Clause 11.1.

“**Extended Maturity Date**” has the meaning set out in Clause 8.2 (*Extended Maturity in respect of Covered Bonds*) and as further specified in the Final Terms.

“**Financial Year**” means the annual accounting period of the Group.

“**Fixed Interest Rate**” has the meaning set out in Clause 6 (*Interest*) and as further specified in the Final Terms.

“**Floating Interest Rate**” has the meaning set out in Clause 6 (*Interest*) and as further specified in the Final Terms.

“**Green Finance Framework**” means the Issuer’s green finance framework as at the time of issuance of the relevant Loan and as further specified in the Final Terms.

“**Group**” means the Issuer and its Subsidiaries from time to time.

“**Group Company**” means a company which is a part of the Group.

“**Holding Company**” means, in relation to a person, any other person in respect of which it is a Subsidiary.

“**Interest Commencement Date**” means, in accordance with the Final Terms, the date from which interest shall begin to accrue.

“**Interest Determination Date**” means the date specified in the Final Terms.

“**Interest Payment Date**” has the meaning set out in the Final Terms.

“**Interest Period**” has the meaning set out in the Final Terms.

“**Interest Rate**” means the rate of interest applicable to a Loan, as specified in the Final Terms.

“**IPA**” and means Nordea Bank Abp, filial i Norge (Reg. No. 920058817) or such other issuing and paying agent as is appointed by the Issuer.

“**Issue Date**” means the date specified in the Final Terms.

“**Issuing Dealer**” means, in accordance with the Final Terms, that or those Dealers through which a particular Loan has been raised under this Programme.

“**Limitations Act**” means the Swedish Limitations Act (Sw. *preskriptionslag (1981:130)*).

“**Loan**” means each loan, comprising of one or more Notes with the same ISIN, raised by the issuer under this Programme.

“**Loan Amount**” means the aggregate Nominal Amount of Notes with regards to a particular Loan.

“**Margin**” has the meaning specified in the Final Terms.

“**Market Debt**” means bonds, notes or other debt securities (however defined), which are or can be quoted, listed, traded or otherwise admitted to listing on a Regulated Market, a multilateral trading facility or an organised trading facility (each as defined in Directive 2014/65/EU on markets in financial instruments).

“**Maturity Date**” means the date specified in the Final Terms.

“**Material Group Company**” means the Issuer or a Subsidiary of the Issuer representing more than ten (10) per cent. of either (i) total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra-group transactions) or (ii) the net profit of the Group according to the latest consolidated financial report of the Group.

“**Medium Term Note**” means a unilateral promissory note (Sw. *skuldförbindelse*) which is not a Covered Bond and which is registered in accordance with the Swedish Financial Instruments Accounts Act, and which is governed by and issued under these Terms and Conditions.

“**NIBOR**” means the interest rate for a period comparable to the relevant Interest Period (a) based on quotes from the NIBOR panel banks for unsecured money market lending in NOK to another bank which is administered by Norske Finansielle Referenser A S and (NoRe) calculated and published by Global Rate Set Systems Ltd. (or any successor to it), at approximately 12:00 (Oslo time) on the Interest Determination Date, or if such quotation does not exist (b) at the mentioned time equivalent to (i) the arithmetic mean of the quoted interest rates (rounded upwards to four decimal places) for deposits of NOK 100,000,000 for the period in question on the Norwegian interbank market as supplied by leading banks in the Norwegian interbank market reason ab selected by the Administrative Agent; or (ii) if only one or no such quotation is given, the Administrative Agent’s assessment of the interest rate offered by Norwegian commercial banks for lending of NOK 100,000,000 for the period in question on the Norwegian interbank market.

“**Nominal Amount**” means the principal amount of each Note that is stated in the relevant Final Terms, less any amount repaid, cancelled or written down in accordance with the Loan Terms or applicable legislation.

“**Norwegian Act on Credit Contracts**” means the Norwegian Act on Credit Contracts (No. *lov av 25. juni 1999 nr. 46 om finansavtaler og finansoppdrag*).

“**Norwegian CSD Act**” means the Norwegian Act on Securities Settlement and Centralised Securities Depositories Act (No. *lov av 15. March 2019 nr. 6 om verdipapirsentraler og verdipapiroppjør*).

“**Note**” means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act in respect of Euroclear Notes, or the Norwegian CSD Act in respect of VPS Notes, which represents a part of a Loan, which is governed by these Terms and Conditions and which is either a (i) Medium Term Note or (ii) a Covered Bond.

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

“**Noteholders’ Meeting**” means a meeting among the Noteholders, in respect of a Loan held in accordance with Clause 12 (*Noteholders’ meeting*).

“**NOK**” means Norwegian kroner, the lawful currency of Norway.

“**Record Date**” means:

- (a) in relation to Euroclear Notes, the fifth Business Day (or another Business Day which is market practice on the Swedish bond market), prior to (i) the payment date for interest or principal in accordance with the Loan Terms, (ii) a date on which payments is to be made to Noteholders, (iii) the date of a Noteholders’ Meeting, (iv) a date on which a notice is sent or (v) another relevant date; and
- (b) in relation to VPS Notes, (A) the third Business Day (or another Business Day which is market practice on the Norwegian bond market), prior to (i) the payment date for principal in accordance with the Loan Terms, (ii) a date on which payments (other than interest payments) is to be made to Noteholders, (iii) the date of a Noteholders’ Meeting, (iv) a date on which a notice is sent or (v) another relevant date; and (B) the fourteenth Business Day (or another Business Day which is market practice on the Norwegian bond market), prior to the payment date for interest in accordance with the Loan Terms.

“**Regulated Market**” means a regulated market as defined in Directive 2014/65/ EU on markets in financial instruments (or any replacing or supplementing legal act) and stated in the Final Terms as applicable to a Loan.

“**Rights of Priority Act**” means the Swedish rights of priority act (Sw. *förmånrättslag (1970;979)*).

“**Securities Account**” means the account maintained by the relevant CSD 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, in accordance with applicable law of the relevant country.

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

“**SEK**” means Swedish kronor, the lawful currency of Sweden.

“**STIBOR**” means the interest rate for a period comparable to the relevant Interest Period (a) calculated and distributed by the Swedish Financial Benchmark Facility (or the replacing administrator or calculation agent) for the current day and published on the information system Reuters page “STIBOR=Q” (or through such other system or on such other page as replaces the system or page mentioned), or, if no such rate is available (b) at the mentioned time equivalent to:

- (i) the arithmetic mean of quoted interest rates (rounded upwards to four decimal places) for deposits of SEK 100,000,000 for the period in question on the Stockholm interbank market as supplied by leading banks in the Stockholm interbank market reasonably selected by the Administrative Agent; or
- (ii) if only one or no such quotation is given, 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 Stockholm interbank market.

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

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

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

“**VPS**” means Verdipapirsentralen ASA (Reg. No. 985 140 42 1).

“**VPS Notes**” means Notes denominated in NOK.

1.2 Unless a contrary indication appears, any reference in the Loan Terms to:

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

1.3 When ascertaining whether a limit or threshold expressed in SEK has been reached or exceeded, an amount in another currency shall be counted on the basis of the rate of exchange on the previous Business Day which is published on Reuters site “SEKFIX=” (or through other such system or on another site which replaces the aforementioned system or site) or, if no such rate is published, the rate of exchange for such currency against SEK for the mentioned date, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se).

- 1.4 The definitions set out in these Terms and Conditions shall apply to the Final Terms.
- 1.5 Unless a contrary indication appears, any reference in these Terms and Conditions to any word importing the singular shall include the plural and vice versa.

2 Status of the Notes

The applicable Final Terms will indicate whether the Notes are Medium Term Notes or Covered Bonds.

2.1 Status of the Covered Bonds and Cover Pool

- 2.1.1 This Clause 2.1 is applicable to Loans constituted by Notes specified in the applicable Final Terms as being Covered Bonds. The Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Covered Bonds rank *pari passu* with all other obligations of the Issuer that have been provided the same priority in the Cover Pool.
- 2.1.2 For each Loan, the relevant Final Terms will specify which Cover Pool secures the Loan.

2.2 Status of the Medium Term Notes

This Clause 2.2 is applicable to Loans constituted by Notes specified in the applicable Final Terms as being Medium Term Notes. The Medium Term Notes constitute direct, unsecured, unconditional and unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves, and at least *pari passu* with all other direct, unsecured, unconditional and unsubordinated obligations of the Issuer, except obligations which are preferred by mandatory regulation.

3 Issue of Notes

- 3.1 Under this Programme the Issuer may issue Notes, denominated in SEK or in NOK, with a maturity of at least one (1) year. Under a Loan, Notes may be issued in multiple tranches without the approval of any Noteholder under the relevant Loan, provided that the terms of such tranches are identical with the exception of Issue Date, Loan Amount, price per Note and Issuing Dealer.
- 3.2 By subscribing for Notes each initial Noteholder approves that its Notes shall be governed by the Loan Terms. By acquiring Notes each new Noteholder confirms such approval.
- 3.3 The Issuer undertakes to make payments in respect of issued Notes in accordance with the Loan Terms and to comply with the Loan Terms for the Notes.
- 3.4 If the Issuer wishes to issue Notes under this Programme the Issuer shall enter into a separate agreement for this purpose with one or more Dealers which shall be the Issuing Dealers for such Loan. Final Terms shall be prepared in relation to each particular Loan, which together with these Terms and Conditions shall constitute the full Loan Terms.

4 Registration of Notes

- 4.1 Notes shall be registered on a Securities Account on behalf of Noteholders and, accordingly, no physical Note will be issued. Registration requests relating to Notes shall be directed to an Account Operator.
- 4.2 Those who according to assignment, pledge, the provisions of the Code on Parents and Children, conditions of will or deed of gift or otherwise have acquired a right to receive payment in respect of a Note shall procure for registration of their right to receive payment.
- 4.3 The Administrative Agent shall, at all times, be entitled to obtain information from the relevant CSD regarding the contents of the Debt Register for purposes of carrying out their duties in accordance with these Terms and Conditions and if the relevant CSD permits, for other purposes, and shall not disclose such information to the Issuer, any Noteholder or third party unless necessary for such purposes. The Administrative Agent shall not be responsible for the content of such excerpt or in any other way be responsible for verifying who is a Noteholder.
- 4.4 The Issuer shall, if necessary for the Administrative Agent to be able to obtain information in accordance with Clause 4.3, issue a power of attorney for individuals employed by the Administrative Agent (as specified by the Administrative Agent) in order for these individuals to independently obtain information from the Debt Register. The Issuer may not revoke such power of attorney except if the Administrative Agent so instructs the Issuer, or gives its approval to the Issuer.
- 4.5 In order to comply with the conditions for a Loan, the Issuer and the Administrative Agent, may, each acting as a data controller, collect and process personal data. The processing is based on the Issuer's or the Administrative Agent's necessity to fulfil its respective obligations under these Terms and Conditions (and to the extent no such strict necessity exists, on the basis of the Issuer's or the Administrative Agent's legitimate interests). 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 for a Loan, personal data may be shared with third parties, such as Euroclear Sweden, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data the Issuer and the Administrative Agent processes about them and may re-quest the same in writing at the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about the Issuer's and the Administrative Agent's respective personal data processing can be found on their respective websites.

5 Payments

- 5.1 Payment in respect of Notes denominated in SEK shall be made in SEK and payment in respect of Notes denominated in NOK shall be made in NOK.

- 5.2 Repayment of principal and payment of interest shall be made to the person who is registered as a Noteholder on the Record Date for the respective payment date or to such person who is registered with the relevant CSD on the Record Date as being entitled to receive such payment.
- 5.3 The Issuer has appointed the IPA to facilitate payments of interest and repayment or principal amounts for VPS Notes. The Issuer undertakes to, for as long as any VPS Notes registered with VPS are outstanding, procure that payments of interest and repayment of principal amounts for such VPS Notes may be made by the IPA in accordance with the conditions for the VPS Note, the rules and regulations of VPS and relevant agreements between the Issuer and the IPA.
- 5.4 For as long as VPS Notes are outstanding with VPS, the IPA shall ensure that payments of interest and principal in relation to VPS Notes may be made by the IPA, these Terms and Conditions and the regulations applicable to the IPA from time to time in relation to record keeping, clearing and settlement.
- 5.5 If a Noteholder has registered, through an Account Operator, that principal or interest shall be deposited into a certain bank account, such deposit shall be effected by the relevant CSD on the relevant payment date.
- 5.6 Should the relevant CSD, due to a delay on behalf of the Issuer or due to any other obstacle (other than the obstacle set out in Clause 5.7), not be able to effect payments as aforesaid, the Issuer shall ensure that such payments are made to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed. In the case of such postponement, interest shall accrue in accordance with Clause 7.1.
- 5.7 If the Issuer is unable to carry out, its obligations to pay through the IPA or a CSD due to obstacles for the IPA or the relevant CSD, the Issuer shall have a right to postpone the obligation to pay until the obstacle has been removed. In the case of such postponement, interest shall accrue in accordance with Clause 7.1.
- 5.8 If payment is made in accordance with this Clause 5.8, the Issuer and the relevant CSD shall be deemed to have fulfilled their payment obligations, irrespective of whether such payment was made to a person not entitled to receive such a amount. However, this shall not apply if the Issuer or the CSD were aware that payment was made to a person not entitled to receive the payment.
- 5.9 The Issuer is not liable to gross-up any payments under Notes by virtue of any withholding tax or otherwise imposed pursuant to any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto, public levy or the similar.

6 Interest

- 6.1 Interest on a particular Loan is calculated in accordance with the Final Terms.

6.2 The basis for interest calculation shall be stated in the Final Terms according to one of the following alternatives:

(a) **Fixed Interest Rate**

If a Loan denominated in SEK is specified as a Loan with Fixed Interest Rate the Loan will bear interest at the Interest Rate from, but excluding, the Interest Commencement Date up to and including the Maturity Date (or if applicable, the Extended Maturity Date).

If a Loan denominated in NOK is specified as a Loan with Fixed Interest Rate the Loan will bear interest at the Interest Rate from and including the Interest Commencement Date up to, but excluding, the Maturity Date (or if applicable, the Extended Maturity Date).

Unless otherwise specified in the relevant Final Terms, interest accrued during each Interest Period is paid in arrears on the relevant Interest Payment Date and shall be calculated using the Day Count Convention 30/360.

(b) **Floating Interest Rate (FRN)**

If a Loan denominated in SEK is specified as a Loan with Floating Interest Rate the Loan will bear interest at the Interest Rate from, but excluding, the Interest Commencement Date up to and including the Maturity Date (or if applicable, the Extended Maturity Date). The Interest Rate for the relevant Interest Period shall be calculated by the Administrative Agent on the respective Interest Determination Date and is the sum of the Base Rate and the Margin for the relevant period.

If a Loan denominated in NOK is specified as a Loan with Floating Interest Rate the Loan will bear interest at the Interest Rate from and including the Interest Commencement Date up to, but excluding, the Maturity Date (of if applicable, the Extended Maturity Date). The Interest Rate for the relevant Interest Period shall be calculated by the Administrative Agent on the respective Interest Determination Date and is the sum of the Base Rate and the Margin for the relevant period.

If the Interest Rate cannot be determined on the Interest Determination Date due to such obstacle as referred to in Clause 17.1 interest shall continue to accrue on the Loan at the interest rate applicable to the preceding Interest Period. As soon as the obstacle has been removed, the Administrative Agent (for Euroclear Notes) and the IPA (for VPS Notes) shall calculate a new Interest Rate which shall be effective from the second Business Day following the day of the calculation until the expiration of the current Interest Period.

Unless otherwise specified in the relevant Final Terms, interest accrued during each Interest Period will be payable in arrears on the relevant Interest Payment Date and shall be calculated using the Day Count Convention Actual/360.

For the avoidance of any doubt, if the Base Rate plus the Margin for the relevant period is below zero (0), the Floating Rate shall be deemed to be zero (0).

6.3 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 for Euroclear Notes and up to, but excluding, the Interest Payment Date for VPS Notes.

- 6.4 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 for Euroclear Notes and up to, but excluding, the Interest Payment Date for VPS Notes.

7 Penalty interest

- 7.1 In the event of any delay in payment relating to principal and/or interest (except, for the avoidance of doubt, in relation to an Extended Maturity Date), penalty interest shall be payable on the overdue amount from its due date up to and including the date on which payment is made at a rate corresponding to the average of one week STIBOR for Notes denominated in SEK and one week NIBOR for Notes denominated in NOK for the duration of the delay, plus two (2) percentage points in each case. STIBOR and NIBOR shall for this purpose be determined on the first Business Day in each calendar week for the duration of the period of default. Penalty interest, in accordance with this Clause 7.1, shall never be paid at a lower interest rate than the interest rate applicable to the relevant Loan on its relevant due date with the addition of two (2) percentage points. Penalty interest shall not be capitalised.
- 7.2 If the delay is due to an obstacle of the kind set out in Clause 17.1 on the part of the Issuing Dealer, the IPA or any relevant CSD, no penalty interest shall apply, in which case the interest rate which applied to the relevant Loan on the relevant due date shall apply instead.

8 Redemption and Repurchase

8.1 Redemption at maturity

Each Note shall be redeemed on its Maturity Date (or if applicable, the Extended Maturity Date) in an amount equal to its Nominal Amount (or such other amount specified in the relevant Final Terms), together with accrued but unpaid interest. If the Maturity Date (or if applicable, the Extended Maturity Date) is not a Business Day, redemption shall occur on first following Business Day.

8.2 Extended Maturity in respect of Covered Bonds

- 8.2.1 This Clause 8.2 is applicable only to Loans constituted by Notes specified in the applicable Final Terms as being Covered Bonds and references to “Notes” and “Loans” shall be construed accordingly, and the same applies to any reference to “Noteholder” which shall be construed a holder of Covered Bonds.
- 8.2.2 An Extended Maturity Date may be specified as applicable to a Loan in the Final Terms and may, in such cases, extend the Maturity Date to the Extended Maturity Date, in each case subject to (i) such extension being permitted by the Swedish Financial Supervisory

Authority (Sw. *Finansinspektionen*) as a result of it being deemed likely that the extension will prevent insolvency (Sw. *obestånd (insolvens)*) of the Issuer or otherwise as a result of a trigger of the maturity event(s) stipulated in the Covered Bond Act or any other legislation that implements Article 17.1 (a) of the Covered Bond Directive and (ii) the Final Terms specifies the date being the Extended Maturity Date.

8.2.3 If the Maturity Date is extended to the Extended Maturity Date in accordance with Clause 8.2.2 above, the Issuer shall no later than thirty (30) calendar days prior to the specified Maturity date give written notice to the Administrative Agent (and instruct the Administrative Agent to notify Euroclear Sweden) and the Noteholders (in accordance with Clause 16 (*Notices*)) of its intention to so extend the maturity of the Notes (however, failure to make such notifications shall not constitute an Event of Default or acceleration of payment for any purpose or give any Noteholder any right to receive any payment of interest, principal or otherwise on the relevant Loan other than as expressly set out in the Loan Terms).

8.2.4 Any extension of the maturity of the Notes under this Clause 8.2 shall be irrevocable. Where this Clause 8.2.2 applies, any extension of the maturity of the Notes under this Clause 8.2.2 shall not for any purpose or give any Noteholder any right to receive any payment of interest, principal or otherwise on the relevant Notes other than as expressly set out in the Loan Terms.

8.2.5 If the maturity of the Notes is extended up to the Extended Maturity Date in accordance with this Clause 8.2.2, subject to as otherwise provided in the applicable Final Terms, for so long as any of the Notes remains outstanding, the Issuer shall not issue any further Notes, unless the proceeds from the issuance of such further Notes are used for redeeming in whole or in part the relevant Notes the maturity of which has been extended in accordance with this Clause 8.2.2.

8.3 Purchase of Notes by the Issuer and other Group Companies

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

9 Information to Noteholders

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

- (a) as soon as the same become available, but in any event within six months after the end of each Financial Year, its audited consolidated financial statements for that Financial Year;
- (b) the Terms and Conditions and the Final Terms for all outstanding Loans admitted to trading on a Regulated Market;
- (c) as soon as practicable upon becoming aware of an acquisition or disposal of any Note by a Group Company, information regarding the aggregate Nominal Amount

held by Group Companies, and the amount of any Notes cancelled by the Issuer; and

- (d) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:582) om värdepappersmarknaden*) or the Norwegian Securities Trading Act (*No. lov av 19. juni 2007 nr. 75 om verdipapirhandel*), as applicable, and in any event the rules and regulations of the Regulated Market on which any Notes are admitted to trading.

9.2 The Issuer will make and keep these Terms and Conditions, and the applicable Final Terms for any outstanding Loan admitted to trading on a Regulated Market, available on its website.

10 Undertakings

10.1 Status of Medium Term Notes

10.1.1 The Issuer shall ensure that at all times its payment obligations pursuant to Notes specified in the applicable Final Terms as being Medium Term Notes rank in accordance with Clause 2.2 (*Status of the Medium Term Notes*).

10.2 Negative pledge regarding Market Debt

Other than in respect of Covered Bonds issued under the Loan Terms, the Issuer shall not, and shall procure that no Group Company will, maintain, provide, prolong or renew any Security (excluding, for the avoidance of doubt, any guarantees provided by the Issuer in respect of Market Debt incurred by another Group Company, which shall always be permitted) over any of its assets (present or future) in respect of any Market Debt incurred by the Issuer and/or any other Group Company. This Clause 10.2 shall not apply in respect of any covered bonds initially issued by and transferred from Ålandsbanken Abp (Reg. No. 0145019-3) to the Issuer.

10.3 Nature of business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group taken as a whole from that carried on at the first Issue Date.

10.4 Admission to trading

The Issuer undertakes to apply for admission to trading on the relevant Regulated Market for Loans, which according to the Final Terms shall be admitted to trading on a Regulated Market and to take any reasonable measures that may be required to maintain the admission as long as the relevant Loan is outstanding, however, no longer than what is possible pursuant to applicable laws and regulations.

10.5 Green Finance Framework

The Issuer shall by no later than on the first Issue Date of a Green Medium Term Note under these Terms and Conditions maintain a Green Finance Framework, which shall thereafter, for as long as any Green Medium Term Notes remain outstanding, be published on the Issuer's webpage. The Issuer may elect to issue Notes, the proceeds from which, if so provided in the Final Terms, shall be applied in accordance with the Green Finance Framework.

11 Events of Default and Acceleration of Medium Term Notes

11.1 This Clause 11 is applicable only to Loans constituted by Notes specified in the applicable Final Terms as being Medium Term Notes and references to "Notes" and "Loans" shall be construed accordingly, and the same applies to any reference to "Noteholder" which shall be construed a holder of Medium Term Notes. No Event of Default shall under any circumstance be applicable in respect of any Loans constituted by Notes specified in the applicable Final Terms as being Covered Bonds.

11.2 The Administrative Agent shall (i) if requested in writing by a Noteholder (or Noteholders) who at the time of the request represent at least one-tenth of the Adjusted Loan Amount under the relevant Loan (such request may only be made by Noteholders who are registered in the Debt Register on the next Business Day after the day the request was received by the Administrative Agent and must, if made by several Noteholders who alone represent less than ten (10) per cent of the Adjusted Loan Amount, be done together) or (ii) if so decided on a Noteholders' Meeting by the Noteholders under the relevant Loan, by written notice to the Issuer declare the relevant Loan due and payable together with any accrued but unpaid interest (if any), immediately or at such later date as the Administrative Agent or the Noteholders' Meeting (if applicable) determines, if:

(a) **Non-payment**

The Issuer does not pay on the due date any amount payable by it in respect of a Loan, unless the non-payment:

- (i) is caused by technical or administrative error; and
- (ii) is remedied within three (3) Business Days from the due date.

(b) **Other obligations**

The Issuer does not comply with any term or condition of the Loan Terms applicable to a Loan (other than in respect of paragraph (a) above), unless the non-compliance:

- (i) is capable of remedy; and
- (ii) is remedied within fifteen (15) Business Days of the Administrative Agent giving written request of remedy to the Issuer.

Notwithstanding the above, any failure to comply with the undertaking set out in Clause 10.5 (*Green Finance Framework*), the terms of the Green Finance Framework itself and/or in respect of the paragraph titled "*Green Medium Term Notes*" in the Final Terms shall not constitute an Event of Default under any circumstance.

(c) **Cross-acceleration**

Any loan or Market Debt of any Group Company is:

- (i) not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or
- (ii) any commitment for any loan or Market Debt of any Group Company is cancelled or suspended by a creditor as a result of an event of default (however described),

provided that no Event of Default will occur if the aggregate amount of the loan or Market Debt, or commitment for the same referred to herein, is less than SEK 50,000,000 (or its equivalent in any other currency) and provided that it does not apply to any indebtedness owed to a Group Company.

(d) **Creditor's process**

Any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of any Group Company having an aggregate value equal to or exceeding SEK 50,000,000 (or its equivalent in any other currency) and is not discharged within forty-five (45) days or any Security over any asset of any Material Group Company is enforced.

(e) **Insolvency**

Any Material Group Company, is, or is deemed for the purposes of any applicable regulation to be, insolvent, or a moratorium is declared in respect of the loan or Market Debt of any Material Group Company.

(f) **Insolvency proceedings**

Any corporate action, legal proceedings or other procedure or step other than vexatious or frivolous and as disputed in good faith and discharged within forty-five (45) days of commencement is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) of any Material Group Company, other than a solvent liquidation or reorganisation of any Material Group Company other than the Issuer;
- (ii) a composition, compromise, assignment or arrangement with creditors of the Issuer or any other Material Group Company generally, other than the Noteholders;
- (iii) the appointment of a liquidator (other than in respect of a solvent liquidation of a Material Group Company other than the Issuer), administrator or other similar officer in respect of the Issuer or any other Material Group Company or any of its assets; or

any step analogous to paragraphs (i)-(iii) above is taken in any jurisdiction in relation to the Issuer or any other Material Group Company.

(g) **Merger**

The Issuer or another Material Group Company enters into any amalgamation, merger, demerger or consolidation with a company outside of the Group and such action has a material adverse effect on the Issuer's ability to fulfil its payment obligations under the relevant Loan(s). Any amalgamation, merger, demerger or consolidation with the effect that the Issuer is not the surviving entity shall not be permitted.

- 11.3 The Administrative Agent may not declare the relevant Loan due and payable pursuant to Clause 11.2 above by reference to an Event of Default if it has been resolved on a Noteholder's Meeting that such Event of Default shall (whether it be temporary or permanently) not result in an acceleration of the relevant Loan(s).
- 11.4 The Issuer shall promptly notify the Issuing Dealers and the Noteholders in accordance with Clause 16 (*Notices*) upon the occurrence of an Event of Default. Should the Issuing Dealers not have received such notification, the Issuing Dealers are entitled to assume that no such event has occurred. Neither the Administrative Agent nor the Issuing Dealers have any obligation to monitor or verify whether any circumstance or event which may constitute an Event of Default is at hand.

12 Noteholders' meeting

- 12.1 The Administrative Agent is entitled to, and shall at the request of the Issuer, any other Issuing Dealer or Noteholders who at the time of the request represent at least one-tenth of the Adjusted Loan Amount under the relevant Loan (such request may only be made by Noteholders who are registered in the Debt Register on the next Business Day after the day the request was received by the Administrative Agent and must, if made by several Noteholders who alone represent less than ten (10) per cent of the Adjusted Loan Amount, be done together), convene a Noteholders' Meeting for the Noteholders under the relevant Loan.
- 12.2 The Administrative Agent shall convene a Noteholders' Meeting by sending notice in accordance with Clause 16 (*Notices*) to each Noteholder and the Issuer, within five (5) Business Days from the date when a complete request was received in accordance with Clause 12.1 (or such later date as necessary for technical or administrative reasons). The Administrative Agent shall also, without delay, inform each Issuing Dealer and the IPA in writing about such notice.
- 12.3 The Administrative Agent may refrain from convening a Noteholders' Meeting if (i) the proposed resolution must be approved by a person, in addition to the Noteholders, and this person has notified the Administrative Agent that such approval will not be given; or (ii) the proposed resolution is not compatible with applicable law.
- 12.4 The notice sent by the Administrative Agent in accordance with Clause 12.2 shall contain (i) the time and place of the meeting; (ii) an agenda listing the matters to be addressed at the meeting (including a detailed summary of each proposed decision); (iii) the day on which a person must be Noteholder in order to exercise Noteholders' rights at the Noteholders' Meeting and (iv) a proxy form. A decision may not be made at the meeting in respect of any matter that is not listed in the notice. The notice shall, if Noteholders are

required to announce their intention to participate in the Noteholders' Meeting, contain information of such requirement.

- 12.5 The Noteholders' Meeting shall not be held earlier than 15 Business Days and no later than 30 Business Days after the notice. Noteholders' Meetings for several Loans under the Programme may be held on the same occasion.
- 12.6 The Administrative Agent may, without deviating from the provisions in these Terms and Conditions and as it deems appropriate, stipulate further provisions regarding the convening and holding of the Noteholders' Meeting. Such provisions may include provisions enabling Noteholders to vote without attending the meeting in person.
- 12.7 Only a person who is or has been issued a power of attorney in accordance with Clause 13 (*Right to act on behalf of a Noteholder*) by someone who is a Noteholder on the Record Date for the Noteholders' Meeting may exercise voting rights at such Noteholders' Meeting, provided that the relevant Note is covered by the Adjusted Loan Amount. The Administrative Agent has the right to attend and shall make sure that an extract from the Debt Register at the Record Date for the Noteholders' Meeting is available at, the Noteholders' Meeting.
- 12.8 The Noteholders and the Administrative Agent, and their respective counsel or representatives, are entitled to attend a Noteholders' Meeting. The Noteholders' Meeting may resolve that other persons may attend. Representatives shall submit a power of attorney to be approved by the chairman of the Noteholders' Meeting. The Noteholders' Meeting shall commence with the appointment of a chairman, recording clerk and attestor(s). The chairman shall prepare a list of Noteholders that are present with the right to vote at the meeting, with information on the proportion of the Adjusted Loan amount that is held by each respective Noteholder (the "**Voting Register**"). The Voting Register shall thereafter be approved by the Noteholders' Meeting. When applying these provisions Noteholders who have cast their vote via electronic voting, ballot paper or equivalent shall be deemed present at the Noteholders' Meeting. Only those who, on the Record Date of the Noteholders' Meeting, were Noteholders, or representatives for such Noteholders, and who are covered by the Adjusted Loan Amount, are entitled to vote and shall be included in the Voting Register. The Issuer shall be granted access to relevant voting calculations and the basis for these. The minutes shall be completed as soon as possible and be made available to Noteholders, the Issuer and the Administrative Agent.
- 12.9 Decisions on the following matters require the approval of Noteholders representing at least ninety (90) per cent of the part of the Adjusted Loan Amount for which Noteholders vote under the relevant Loan at the Noteholders' Meeting:
- (a) changing of the Maturity Date (but not the Extended Maturity Date), reduction of the Nominal Amount. Changing of terms relating to interest or the amount that is to be repaid (other than in accordance with the Loan Terms) and changing of the relevant Currency for the Loan;
 - (b) mending the provisions for the Noteholders' Meeting in this Clause 12;
 - (c) mandatory exchange of Notes into another security;
 - (d) substitution of debtor; and
 - (e) changing the status and/or ranking of the Notes.

- 12.10 Matters which are not covered by Clause 12.9 requires the approval of Noteholders representing more than fifty (50) per cent of the portion of the Adjusted Loan Amount for which Noteholders vote under the relevant Loan at the Noteholders' Meeting. This includes, but is not limited to, amendments and waivers of rights with relation to the Loan Terms which do not require a greater majority (other than change) in accordance with Clause 14 (*Amendment of Loan Terms, Framework Amount etc.*)
- 12.11 Quorum at a Noteholders' Meeting requires the presence of Noteholders, in person or via telephone (or by a representative with a power of attorney), representing at least fifty (50) per cent of the Adjusted Loan Amount for matters listed in Clause 12.9 and for any other matter twenty (20) per cent of the Adjusted Loan Amount.
- 12.12 If the Noteholders' Meeting has not met the necessary quorum requirements, the Administrative Agent shall convene a new Noteholders' Meeting (in accordance with Clause 12.2) provided that the relevant proposal has not been withdrawn by the initiator of the Noteholders' Meeting. The quorum requirement in Clause 12.11 is not applicable for such new Noteholders' Meeting.
- 12.13 If the Noteholders' Meeting has met the quorum requirement for certain, but not all, matters which are to be resolved on in the meeting, decisions shall be made on those matters for which a quorum is present, and any other matter is to be referred to a new Noteholders' Meeting.
- 12.14 A decision at a Noteholders' Meeting which extends new obligations to or limits the rights of the Issuer, the Administrative Agent, the Dealers or the Issuing Dealer under the Terms and Conditions requires the approval of the relevant party.
- 12.15 Noteholder which holds more than one Note does not need to vote for all or vote in the same way for all Notes held.
- 12.16 The Issuer may not, directly or indirectly, pay or contribute to the payment of any compensation to any Noteholder for its approval under the Loan Terms unless such compensation is offered to all Noteholders at the relevant Noteholders' Meeting.
- 12.17 A decision made at a Noteholders' Meeting shall be binding on all Noteholders under the relevant Loan, whether or not they were present at the Noteholders' Meeting. Noteholders that did not vote in favour of a decision shall not be held liable for any damage that the decision may cause another Noteholder.
- 12.18 The Issuer shall reimburse the Administrative Agent for costs incurred by it in connection with the Noteholders' Meeting including reasonable compensation for the Administrative Agent.
- 12.19 The Issuer shall, without delay, at the request of the Administrative Agent, provide the Administrative Agent with a certificate which states the Nominal Amount for each Note which is owned by Group Companies on the relevant Record Date before a Noteholders' Meeting, regardless if such Group Company is directly registered as owner of such Notes. The Administrative Agent shall not be held responsible for the contents of such certificate or otherwise be responsible for determining if a Note is owned by a Group Company.

- 12.20 Noteholders under the relevant Loan shall, without delay, be notified of decisions made at a Noteholders' Meeting in accordance with Clause 16 (*Notices*). The Administrative Agent shall, on the request of a Noteholder or a Dealer, provide them with the minutes from the relevant Noteholders' meeting. Failure to notify the Noteholders as stated above in this Clause 12.20 does not affect the validity of the decision.

13 Right to act on behalf of a Noteholder

- 13.1 If any person other than a Noteholder wishes to exercise the Noteholder's rights under the Loan Terms or vote at a Noteholders' Meeting, that person must present the Administrative Agent with a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder.
- 13.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some, or all, of the Notes held by the Noteholder. Any such representative may act independently and may further delegate its right to represent the Noteholder.

14 Amendment of Loan Terms, Framework Amount etc.

- 14.1 The Issuer and the Issuing Dealer(s) are entitled to agree upon:
- (a) adjustment of clear and obvious errors in the Loan Terms; and
 - (b) changes and amendments to the Loan Terms as required by law, court order or official decision.
- 14.2 The Issuer and the Dealers may agree to increase or decrease the Framework Amount.
- 14.3 Appointment of a new Dealer may be made through an agreement between the Issuer, the relevant dealer and the Dealers. A Dealer may retire as a Dealer, however, the Administrative Agent under a particular Loan may only retire as such if a new Administrative Agent is simultaneously appointed in its place.
- 14.4 The Issuer may, if resolved upon at a Noteholders' Meeting in accordance with Clause 12 (*Noteholders' meeting*), make amendments to the Loan Terms in instances other than those set out in Clause 14.1 to Clause 14.3.
- 14.5 A decision made on a Noteholders' Meeting to amend or waive any Loan Term may include only the substance of the amendment and need not contain the specific form of the amendment.
- 14.6 A decision regarding an amendment to the Loan Terms shall also contain a decision regarding when the amendment shall enter into force and if relevant, any conditions for the amendment to enter into force. No decision shall enter into force before it has been duly registered with the CSD and published on the Issuer's website.
- 14.7 Information regarding a decision to amend or waive any terms and conditions of a Loan in accordance with this Clause 13, shall be submitted to the Noteholders in accordance with Clause 16 (*Notices*). The decision shall also be published on the Issuer's website.

15 Time barring of claims

- 15.1 The right to receive repayment of principal shall be subject to time bar and become void ten years from the Maturity Date (or if applicable, the relevant Extended Maturity Date). The right to receive payment of interest shall be subject to time bar and become void three years from the relevant Interest Payment Date. The Issuer is entitled to any funds set aside for payments in respect of claims which have become void due to time bar.
- 15.2 If a period of limitation is duly interrupted (Sw. *preskriptionsavbrott*) in accordance with the Limitations Act, a new limitation period of ten years with respect to the right to receive repayment of the principal, and of three years with respect to the right to receive payment of interest will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Limitations Act.

16 Notices

- 16.1 Any notice or other communication to be made under or in connection with the Loan Terms:
- (a) if to the Administrative Agent, the Issuing Dealer or the Dealers (except for Nordea Bank Abp) shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the recipient to the Issuer from time to time;
 - (b) if to Nordea Bank Abp, notice shall be given to the address registered in the Swedish Companies Registration Office for Nordea Bank Abp, filial in Sverige, to the attention of Debt Capital Markets, on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the recipient to the Issuer from time to time;
 - (c) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Administrative Agent, to the email address notified by the Issuer to the Administrative Agent from time to time; and
 - (d) if to the Noteholders shall be given at their addresses as registered with the relevant CSD, on the Record Date prior to dispatch, and by either courier delivery (if practically possible) or letter to all Noteholders. A notice to the Noteholders shall also be published on the website of the Issuer and the Administrative Agent.
- 16.2 Any notice or other communication made by one person to another under or in connection with the Loan Terms shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Administrative Agent, by email, and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 16.1 in case of letter, three Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 16.1 or, in case of email, when received in readable form by the email recipient. Any notice sent to the Noteholders shall also be disclosed by way of a press release and be made available on the Issuer's website.

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

17 Force majeure and limitation of liability

- 17.1 With regards to the obligations imposed on the Dealers and the IPA, respectively, the Dealers and the IPA, 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.
- 17.2 Losses arising in other cases shall not be compensated by a Dealer or the IPA if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses.
- 17.3 Should a Dealer or the IPA not be able to fulfil its obligations under these Terms and Conditions due to any circumstance set out in Clause 17.1, such action may be postponed until the obstacle has been removed.
- 17.4 The aforesaid shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act or the Norwegian CSD Act, as applicable.

18 Governing law and jurisdiction

- 18.1 The Loan Terms, any non-contractual obligations arising out of or in connection herewith, shall be governed by and construed in accordance with the laws of Sweden, save for the registration of VPS Notes in VPS which will be governed by, and construed in accordance with, Norwegian law.
- 18.2 Disputes shall be settled in the courts of Sweden. The Stockholm District Court (Sw. *Stockholms tingsrätt*) shall be court of first instance.

It is hereby confirmed that the above Terms and Conditions are binding on us.

Stockholm, 24 January 2022

BORGO AB (publ)

Form of Final Terms

Final Terms

Loan no. [●]

under the Swedish Medium Term Notes and Covered Bonds Programme

of

Borgo AB (publ) (LEI 54930030QWENGUD8ZR59) (the “Issuer”)

The Terms and Conditions dated [●] 2022 of the aforementioned Programme shall apply to this Loan, along with the Final Terms set out below.

The Terms and Conditions for the Programme are set out in the Issuer’s base prospectus dated 24 January 2022, together with any supplementary prospectus published from time to time (the “**Base Prospectus**”). Capitalised terms used below shall have the meaning given to them in the Terms and Conditions, or as otherwise set out in the Base Prospectus.

This document constitutes the Final Terms for the purposes of Regulation (EU) 2017/1129 (along with relevant implementing measures under this Regulation in each Member State and in its current wording, referred to as the “**Prospectus Regulation**”) and must be read in conjunction with the Base Prospectus and any supplement thereto in order to obtain all the relevant information. The Base Prospectus including any supplements thereto and any documents incorporated therein by reference are made available at the Issuer’s website www.borghypotek.se.

[These Final Terms replace the Final Terms dated [●] whereby the Loan Amount is increased from [●] [SEK/NOK] to [SEK/NOK]].

General

1. **Type of Note:** [Medium Term Note]/[Covered Bond]
2. **Loan number** [●]
 - (i) **Tranche name** [●]
3. **Aggregate Nominal Amount**
 - (i) **for the Loan:** [SEK]/[NOK][●]
 - (ii) **for tranche [●]** [SEK]/[NOK][●]
 - (iii) **for previous tranch(es)** [SEK]/[NOK][●]
4. **Currency:** [SEK]/[NOK]

5. **Nominal Amount per Note (denomination):** [SEK]/[NOK] [●] (*the SEK or NOK equivalent of minimum EUR 100,000*)
6. **Minimum subscription amount:**
7. **Price per Note:** [●]% of the Nominal Amount [plus accrued interest from and including [●] if applicable]
8. **Number of book-entry Notes:** [●]
9. **Issue Date:** [●]
10. **Interest Commencement Date:** [●]
11. **Maturity Date:** [●]
- Extended Maturity:** [Applicable]/[Not Applicable] (*this only applies in respect of Covered Bonds*)
- Extended Maturity Date:** [Applicable]/[Not Applicable] (*this only applies in respect of Covered Bonds*)
- [insert date]
12. **Amount by which Note is to be repaid at the Maturity Date:** [Nominal Amount]/ [Specify other amount]
13. **Basis for calculation of interest:** [Fixed Interest Rate]
[Floating Interest Rate (FRN)]
14. **Amount as basis for calculation of interest:** [Nominal Amount]/[●]
15. **Cover Pool:** The Issuer's Swedish cover pool

Interest

16. **Fixed Interest Rate:** [Applicable]/[Not Applicable]
(*if not applicable, delete the remaining subheadings under this heading*)
- (i) **Interest Rate:** [●]% annual interest calculated on [Nominal Amount]/[●]
- (ii) **Interest Period:** [SEK: Period from [●] to and including the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]
- [NOK: Period from and including [●] to the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]
- (iii) **Interest Payment Date(s):** [Annually]/[Semi-Annually]/[Quarterly] the [●], the first time the [●] and the last time the [●].
(*The above is adjusted in the event of a shortened or extended Interest Period*)

- (iv) Day Count Convention: [30/360]/[other]
17. **Floating Interest Rate (FRN)** [Applicable]/[Not Applicable]
(if not applicable, delete the remaining subheadings under this heading)
- (i) Base Rate: [●] months [STIBOR]/[NIBOR]
 [The interest Basis for the first coupon will be a linear interpolation between [●] months [STIBOR]/[NIBOR] and [●] months [STIBOR]/[NIBOR].]
- (ii) Margin: [+]/[-][●]% annual interest calculated on the [Nominal Amount]/[●]
- (iii) Interest Determination Date: [Two (2) Business Days prior to each Interest Period, first time [●]
- (iv) Interest Period: [SEK: Period from [●] to and including the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]
 [NOK: Period from and including [●] to the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]
- (v) Interest Payment Date(s): The last day of each Interest Period, [●],[●],[●] and [●], the first time on [●] and the last time on [●]
- (vi) Day Count Convention: [Actual/360]/[other]

Other

18. **Green Medium Term Notes:** [Applicable]/[Not Applicable] *(this applies in respect of the Medium Term Notes)*
 [Green Finance Framework dated [●] applies for this Loan].
- (i) Risk factors: [As per the risk factor titled [“Risks related to Green Medium Term Notes”] in the Base Prospectus.] / [Not applicable]
19. **Admitted to trading on a Regulated Market:** [Applicable]/[Not Applicable]
(If not applicable, delete remaining subheadings under this heading)
- (i) Regulated Market: [Nasdaq Stockholm]/[Oslo Børs]/[Specify other relevant Regulated Market]
- (ii) Estimate of total expenses in connection with admission to trading: [●]

- (iii) Total number of Notes admitted [●]
to trading:
- (iv) Earliest date of admission to trad-[●]
ing:
20. **CSD:** [Euroclear Sweden] / [VPS]
21. **Interests:** [Specify]/[Not Applicable]
*(Natural persons involved in the Issue and which may
be relevant to individual Loans, shall be described)*
22. **Following specific risk factors de-**[Notes with fixed interest rate]/[Notes with floating
scribed in the Base Prospectus apply: interest rate]
*(Specify relevant interest rate risk for the applicable
interest rate pursuant to above)*
23. **Credit rating for Loan (on the Issue**[Specify]/[Not Applicable]
Date):
24. **Resolution as basis for the issue:** [Specify]/[Not Applicable]
25. **Third party information:** [Information in these Final Terms that comes from a
third party has been accurately reproduced and so far
as the Issuer is aware and is able to ascertain from a
comparison with other information that has been pub-
lished by the relevant third party, no facts have been
omitted in a way that would render the reproduced in-
formation inaccurate or misleading/[Not Applicable]
26. **Issuing Dealer:**
- (i) for tranche [●] [Nordea Bank Abp]/[Skandinaviska Enskilda Banken
AB (publ)]
- (ii) for previous tranch(es):] [Nordea Bank Abp]/[Skandinaviska Enskilda Banken
AB (publ)]
27. **Administrative Agent:** [Nordea Bank Abp]/[Skandinaviska Enskilda Banken
AB (publ)]
28. **ISIN:** SE[●]
29. **Use of proceeds:** [General financing of the Issuer's and the Group's
business activities] / [To be used in accordance with
the Issuer's Green Finance Framework] / [Specify de-
tails]
30. **The estimated net amount of the pro-**[SEK/NOK] [●] less customary transaction costs
ceeds: and fees.

The Issuer confirms that the above supplementary terms and conditions are applicable to the relevant Loan together with the Terms and Conditions and undertakes accordingly to pay principal and interest. The Issuer also confirms that it has disclosed all material events after the date of this Programme regarding the Base Prospectus that could affect the market's perception of the Issuer.

Stockholm [Date]

BORGO AB (publ)

6 The Issuer and its Operations

6.1 General information

The Issuer is a public limited liability company, incorporated in Sweden and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*), with its registered office in Stockholm, Sweden and it operates under Swedish law. The Issuer was incorporated on 15 March 2018 under the laws of Sweden with corporate registration number 559153-2303. Its LEI number is 54930030QWENGUD8ZR59. Its registered address and phone number is as follows:

Borgo AB (publ)
Linnégatan 87 F
Box 24088
SE-104 50 Stockholm
Tel. +46 (0)10-525 25 00

The Issuer's website is www.borgohypotek.se. The information on the website does not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus. Any supplements to the Base Prospectus on the website are also part of the Base Prospectus.

As of 31 December 2020, the Issuer had total assets of SEK 27.5 million total equity of SEK 21.1 million and net operating profit of SEK -43.9 million (1 January — 31 December 2020). As of 31 December 2019, the Issuer had total assets of SEK 39.9 million, total equity of SEK 37.3 million and net operating profit of SEK -11.2 million (1 January — 31 December 2019). As of 31 December 2018, the Issuer had total assets of SEK 5.4 million, total equity of SEK 2.7 million and a net operating profit of SEK -5.3 million (21 March — 31 December 2018). As of 31 December 2020, the Issuer had 10 employees (based on hours worked, recalculated to full-time equivalent positions). The same number for 2019 was 7 employees.

For further information on the Issuer's financial position, please refer to the Issuer's Financial Statements incorporated by reference into this Base Prospectus.

6.2 Strategy

The Issuer's strategy is to conduct its business as a credit market company specializing in mortgage loans and financing of such loans by issuing securities such as Covered Bonds and by receiving deposits from the public. The majority of the mortgages will be mediated through its Distributors (as defined below). At the date of this Base Prospectus the distributors are the Issuer's owners, i.e. ICA Banken AB, corporate registration number 516401-0190 ("**ICA Banken**"), Ikano Bank AB (publ), corporate registration number 516406-0922 ("**Ikano Bank**"), Söderberg & Partners Bolån AB (which is a partly owned subsidiary of Söderberg & Partners Holding AB, corporate registration number 559193-0788 ("**Söderberg & Partners**"), which is one of the Issuer's indirect owners) and Ålandsbanken Abp, business identity code 0145019-3 ("**Ålandsbanken**", together with the other owners mentioned above, the "**Distributors**"). The credit intermediation and the work that each Distributor performs in connection with the distribution of mortgages

and during the term of each mortgage is regulated in separate agreements between the Issuer and each respective Distributor.

In order to achieve profitability, the Issuer strives to achieve low financing costs. The goal is that responsible lending, good credit quality lead to the highest possible rating of the Issuer's Covered Bonds and an attractive pricing. By establishing itself as a regular issuer in the Swedish market for Covered Bonds, the Issuer will be able to offer its customers competitive terms.

6.3 Business activities

The Issuer was founded in 2018 with the purpose of originating mortgage loans and administering already originated mortgage loans on the Swedish market. The mortgage business was initially intended to be financed solely through a Swedish alternative investment fund. On 19 October 2018, the Issuer was granted a license to conduct operations as a mortgage credit institution (Sw. *bostadskreditinstitut*) in accordance with the Swedish Mortgage Business Act. Since the granting of the permit, the Issuer has worked to secure the long-term financing and to prepare the Issuer operationally to begin operations.

In September 2019, the Issuer entered into an agreement with ICA Banken, Ikano Bank, Söderberg & Partners and Ålandsbanken with the aim of creating a joint mortgage company through the Issuer. The transaction meant that the previous owner of the shares in the Issuer, Caserne AB (previously Borgo Holding AB), sold its majority of shares in the Issuer to ICA Banken, Ikano Bank, Söderberg & Partners and Ålandsbanken, which, via IISÅ Holdco AB, corporate registration number 559217-9203, became indirect owners in the Issuer. Following certain transactions involving the direct and indirect owners of the Issuer, including a new issue of shares (Sw. *nyemission*) completed on 18 October 2021, each of ICA Banken, Ikano Bank, Söderberg & Partners and Ålandsbanken are, on the date of this prospectus, also direct owners of shares in the Issuer (refer to section "*Share capital, shares and ownership structure*" for information about the current ownership structure). As a result of the transactions, the Issuer will conduct its lending operation mainly through its owners as intermediaries. The Issuer also receives deposits from the public.

The Issuer's operations will be capitalized by its owners and financed through deposits from the public and the issuance of Covered Bonds and other supplementary financing. As of 31 December 2021, the Issuer's interest-bearing liabilities amounted to approximately SEK 2,000 million (consisting of deposits) and the Issuer estimates that its interest-bearing liabilities will amount to approximately SEK 31,735 million (consisting of deposits and issued securities) by the end of 2022.

The Issuer offers deposit accounts to selected private and corporate customers and to the general public via a web-based application on its website. The Issuer will continuously monitor volume needs, success in each channel and pricing to ensure there are sufficient deposits to cover the company's needs. In addition, the Issuer, together with MONU, has in November 2021 launched an offer via MONU's web-based platform. MONU is a new Nordic actor that is a so-called "deposit distribution platform" which connects banks and

credit market companies with sources of savings capital, such as asset managers or savings platforms.

In the long term, MONU will work with several actors which provides sources of capital. One actor that has already been involved is SBC Sveriges BostadsrättsCentrum AB (“SBC”). SBC is a manager of finances for cooperative associations (Sw. *bostadsrättsföreningar*). SBC estimates that their customers currently have SEK 5 - 7 billion invested in accounts that provide low or no interest. This is where SBC sees a great opportunity to transfer a significant share to the Issuer via MONU. Since the Issuer’s needs are less than what is considered to be the total possible capital that can be attracted via SBC, a plan will be drawn up to gradually transfer deposits to restricted accounts with the Issuer to match the need that exists on an ongoing basis. MONU also maintains a dialogue with Söderberg & Partners, which has the potential to be another important source of deposits through access to their extensive customer base.

6.4 Organisational structure

On September 19, 2019, Ålandsbanken together with ICA Banken, Ikano Bank, Söderberg & Partners and the Issuer signed an agreement to establish a joint mortgage company on the Swedish market. The Issuer’s management will have operational responsibility for coordinating and establishing the new mortgage company. Ålandsbanken, together with its subsidiary Crosskey Banking Solutions Ab Ltd, will supply platform solutions to the Issuer and contribute with their existing knowledge about mortgage loans management.

On 5 February 2021 it was made public that Sparbanken Syd had signed a Letter of Intent with the Issuer with the ambition to finance their current mortgage loan portfolio as well as distributing mortgage loans. On 27 August 2021, Sparbanken Syd, the Issuer, the Distributors, IISÅ Holdco AB and Caserne AB (previously Borgo Holding AB) entered into a binding investment agreement whereby Sparbanken Syd committed to make an investment (the “**Syd Investment**”) in the Issuer. The Syd Investment is conditional upon certain conditions being fulfilled. Sparbanken Syd’s maximum ownership percentage will, following the Syd Investment, be 19.9 per cent. of the shares in the Issuer.

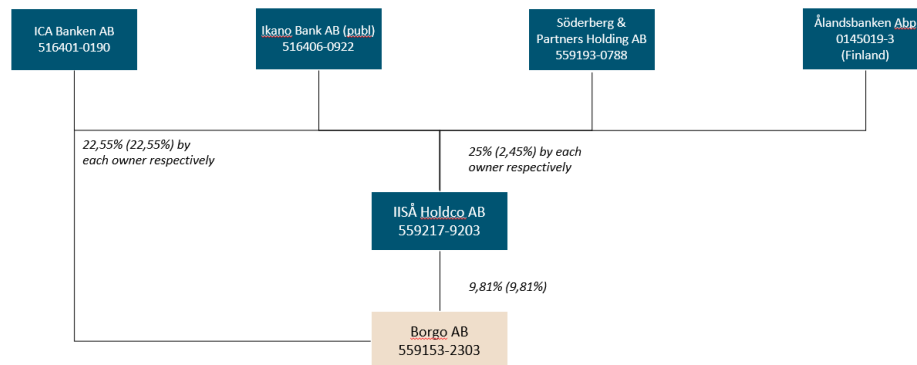
Since the Issuer’s balance sheet is expected to grow during the next five years, in particular with the transfer of the Swedish mortgage loan portfolio from Ålandsbanken to the Issuer’s balance sheet in the first half of the calendar year 2022, new equity capital contributions will constantly be needed. In order to secure capital contributions, the Distributors have signed an investment agreement. In addition, continuous discussions are being held with financial investors.

6.5 Share capital, shares and ownership structure

As at the date of this Base Prospectus, the share capital of the Issuer was SEK 110,928,800. The number of ordinary shares was 2,218,576 (representing 2,218,576 votes). Each ordinary share will represent one vote at the shareholders’ meetings.

As at the date of this Base Prospectus, there are five direct shareholders in the Issuer, IISÅ Holdco AB, ICA Banken, Ikano Bank, Söderberg & Partners, and Ålandsbanken.

Each of Ålandsbanken, ICA Banken, Ikano Bank and Söderberg & Partners, owns approximately 22.55 per cent. of the shares in the Issuer. IISÅ Holdco AB owns approximately 9.81 per cent. of the shares in the Issuer. As at the date of this Base Prospectus, the Issuer has no subsidiaries.



6.6 Board of Directors, Executive Team and Auditor

6.6.1 Board of Directors

The board of directors of the Issuer (the “**Board of Directors of the Issuer**”) has the overall responsibility for the activities of the Issuer and decides on the nature of its business and its business strategies and goals.

The Managing Director supervises the business operations of the Issuer in accordance with the instructions of the Board of Directors of the Issuer and is responsible for the day-to-day administration.

The Executive Team serves as an advisory team to the Managing Director.

The members of the Board of Directors are annually elected at the annual general meeting for a one-year term ending at close of the next annual general meeting.

The Board of Directors consists of eight directors which are presented below.

EVA CEDERBALK – Chairman of the Board of Directors of the Issuer, BSc in Business and Economics, Stockholm School of Economics, born 1952

Background

Arion Banki hf, Chairman of the Board (2017-2019); National Bank of Greece Group, member of the Board of Directors (2016-2019); Klarna Holding AB and Klarna AB, Chairman of the Board of Directors (2011-2016); Klarna Holding AB and Klarna AB, member of the Board of Directors (2009-2011); SBAB Bank AB (publ), Managing Director (2004-2011); Netgiro International AB, Managing Director (2002-2003); If Skadeförsäkring AB, Executive Vice President and Head of Corporate E-commerce (2000-

2001); Dial Försäkring, Managing Director (1998-2000); Skandinaviska Enskilda Banken, different senior executive positions (1975-1998).

Membership in other Board of Directors and other positions of trust

Green City Ferries AB, member of the Board of Directors (2021 -); Gimi AB, member of the Board of Directors (2021 -); Econans AB, Chairman of the Board of Directors (2020 -); Svolder AB, member of the Board of Directors (2015 -); Ikano S.A., member of the Board of Directors (2012 -).

PER BALAZSI, MSc in Economics, Finance and Accounting, Lund University, Executive MBA Stockholm School of Economics, born 1966.

Background

ICA Banken, CFO (2012 -); SBAB Bank, CRO (2011-2012); SBAB Bank, Ekonomichef (2002-2011); Finansdepartementet, Kansliråd (1994-2002).

Membership in other Board of Directors and other positions of trust

IISÅ Holdco AB, member of the Board of Directors (2019-); Inanlv AB, member of the Board of Directors (2019 -).

JOHAN BRODIN, MSc in Economics and Finance, Örebro University, born 1968

Background

Intrum, Chief Technology Officer (2019 -); Intrum, Chief Risk Officer (2011-2020); SBAB, CRO (2009-2011); SBAB, Head of Risk Control (2005-2009); Oliver Wyman, Senior Manager (2003-2005); KPMG, Head of Department and Senior Manager (2000-2003).

Membership in other Board of Directors and other positions of trust

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JAN-GUNNAR EURELL, Master of Business Administration, University of Rhode Island, Bachelor of Science (Economics), Stockholm School of Economics, born 1959

Background

Ålandsbanken, CFO and deputy Managing Director (2011 -); Swedbank, Group Chief Financial Controller (2001-2006), Head of Group Finance (2006-2011); SEB, Chief Financial Controller for Retail Division (1984-2001).

Membership in other Board of Directors and other positions of trust

IISÅ Holdco AB, member of the Board of Directors (2019 -); Pingst Förvaltning AB, member of the Board of Directors.

JULIA LANNERHEIM, Master of Laws University of Stockholm, born 1978

Background

Arvato Financial Solutions, Divisional Risk & Compliance Officer (2017 -); Bambora Group AB, Head of Group Credit, Risk & Legal (2014-2017); Euroline AB, Head of Group Credit, Risk & Legal (2014); SEB Kort Bank AB, Senior Legal Counsel (2011-2014); Advokatfirman Vinge KB, Associate/Senior Associate (2006-2011); Norrtälje District Court, Junior Judge (2004-2006).

Membership in other Board of Directors and other positions of trust

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GUSTAF RENTZHOG, BSc, Banking and Finance, Stockholm School of Business, born 1972

Background

Söderberg & Partners, CEO (2004 -); Carnegie Pension Consulting AB, Business Analyst (1996-2003), CEO (2003-2004).

Membership in other Board of Directors and other positions of trust

IISÅ Holdco AB, member of the Board of Directors (2019 -).

PETER WALLDOUR, BSc in Business Administration, School of Business, Economics and Law at the University of Gothenburg, born 1983

Background

Avanza Bank, Head of Private Banking & Pro (2014-2017); Collector Bank, Client Executive (2012-2014); Avanza Bank, Client Manager Private Banking (2010-2012); Nordea Bank, Relationship Manager (2008-2010).

Membership in other Board of Directors and other positions of trust

Caserne AB (previously Borgo Holding AB), chairman of the Board of Directors; Caserne Fund I AB (publ) (previously Borgo Fund I AB (publ)), member of the Board of Directors (2018 -); Peter Holding i Sthlm AB, member of the Board of Directors (2012 -); Pär Aronsson Konsult AB, deputy board member; Aspetoft Fastigheter AB, deputy board member.

ANNA WANBY, Master of Law, Lunds Universitet, born 1966

Background

Ikano Bank, CLO (2020 -); Handelsbanken, Head Legal Department (South of Sweden) (2011-2020); Handelsbanken, Legal Counsel (2002-2011).

Membership in other Board of Directors and other positions of trust

IISÅ Holdco AB, member of the Board of Directors (2021 -).

6.6.2 *Executive Team*

The Managing Director supervises the business operations of the Issuer in accordance with the instructions of the Board of Directors of the Issuer and is responsible for the day-to-day administration of the Issuer.

The Executive Team serves as an advisory team to the Managing Director and has decision making powers in any matters that the Board of Directors of the Issuer has delegated to it.

The Executive Team consists of seven persons which are presented below.

GUSTAV BERGGREN Master of Laws Managing Director	Born 1980 Member of the Executive Team since 2018
EMMA DI NICOLA MSc, Business and Economics Chief Risk Officer	Born 1982 Member of the Executive Team since 2021
DANIEL KOLVIK MSc, Computer Science Chief Technology Officer	Born 1980 Member of the Executive Team since 2018
ADAM LEWENHAUPT MSc, Business and Economics Chief Marketing Officer	Born 1981 Member of the Executive Team since 2018
CARL MARTINSON MSc, Accounting and Financial Management Chief Financial Officer	Born 1979 Member of the Executive Team since 2020
CAMILLA PHILIPSON WATZ Master of Law Chief Legal Officer	Born 1975 Member of the Executive Team since 2020
PETER WALLDOUR BSc in Business Administration Chief Operating Officer	Born 1983 Member of the Executive Team since 2018

6.6.3 *Independence of directors*

The Issuer is not required to comply with any corporate governance code. According to the Board of Directors' internal evaluation made in accordance with the Issuer's policies and internal guidelines, all Board members, except for Peter Walldour which is the Chief

Operating Officer of the Issuer, are independent in relation to the Issuer. The Board members Johan Brodin, Julia Lannerheim and Peter Walldour are independent in relation to significant shareholders.

- Per Balazsi represents ICA Banken which will mediate mortgages on behalf of the Issuer (see “*Description of the Issuer – Strategy of the Issuer*”) and which owns 22.55 per cent. of the Issuer’s shares and total voting power;
- Anna Wanby represents Ikano Bank which will mediate mortgages on behalf of the Issuer (see “*Description of the Issuer – Strategy of the Issuer*”) and which owns 22.55 per cent. of the Issuer’s shares and total voting power;
- Eva Cederbalk is member of the Board of Directors of Ikano S.A., a shareholder in Ikano Bank which will mediate mortgages on behalf of the Issuer (see “*Description of the Issuer – Strategy of the Issuer*”) and which owns 22.55 per cent. of the Issuer’s shares and total voting power;
- Gustaf Rentzhog is an indirect shareholder of the Issuer and represents Söderberg & Partners which will mediate mortgages on behalf of the Issuer (see “*Description of the Issuer – Strategy of the Issuer*”) and which owns 22.55 per cent. of the Issuer’s shares and total voting power; and
- Jan-Gunnar Eurell represents Ålandsbanken which will mediate mortgages on behalf of the Issuer (see “*Description of the Issuer – Strategy of the Issuer*”) and supply the Issuer with platform solutions consisting of four main services - treasury, payments, credits and accounting and which owns 22.55 per cent. of the Issuer’s shares and total voting power.

6.6.4 Conflicts of interest

Johan Brodin who is a member of the Board of Directors of the Issuer is the Chief Technology Officer of Intrum which will supply the Issuer with debt collection services and Emma di Nicola who is the Chief Risk Officer of the Issuer is married to one of the founders of MONU, a web-based deposits distribution platform through which the Issuer will offer deposits accounts (see “*Description of the Issuer – Business activities*”) and further Carl Martinson who is the Chief Financial Officer of the Issuer is married to Katarina Martinson which is a member of the Board of Directors of Fidelio Capital AB, in turn controlling SBC which has and will continue to transfer a significant share of their customers’ invested capital to the Issuer via MONU (see “*Description of the Issuer – Business activities*”). Other than that, and what is stated above under “Independence of directors”, there are no conflicts of interest between any duties of the members of the Board of Directors of the Issuer or the Executive Team to the Issuer and their private interests or duties.

6.6.5 Auditor

According to the Issuer’s articles of association, the Issuer shall have one auditor. Öhrlings PricewaterhouseCoopers AB is the Issuer’s auditor, with Daniel Algotsson (born

1982) as the auditor in charge during the period covered by the historical financial information. At the annual general meeting held on 30 June 2021, Öhrlings PricewaterhouseCoopers AB was re-elected with Daniel Algotsson as the auditor in charge for the time leading up to the next annual general meeting. Daniel Algotsson is a certified public accountant and member of FAR. Öhrlings PricewaterhouseCoopers AB office address is Torsgatan 21, SE-113 21 Stockholm.

7 Other Information

7.1 Information regarding the Base Prospectus

This Base Prospectus has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. The SFSA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 of the European Parliament and of the Council. The SFSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Base Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

7.2 Responsibility

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

7.3 Legal and arbitrary proceedings

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

7.4 Certain material interests

The Dealers (and closely related companies) have provided, and may in the future provide, certain investment banking and/or commercial banking and other services and facilities to the Issuer 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 with conflicting interests.

7.5 Material changes and trend information

There have been no significant changes to the Issuer's financial performance or position since 31 December 2020 (the end of the last period where financial information is available).

There has been no material adverse change in the prospects of the Issuer since 31 December 2020, being the end of the last financial period for which an audited financial report has been prepared and there have been no recent events specific to the Issuer which to a material extent are relevant to the evaluation of the Issuer's solvency.

7.6 Material agreements

The Issuer has not concluded any material agreements not entered into in the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Noteholders.

7.7 Historical financial information and audit reports

The Issuer's audited annual reports for the financial years ended 31 December 2020 and 31 December 2019, respectively (the "**Financial Statements**") and the relating audit reports (the "**Audit Reports**"), are incorporated into this Base Prospectus. The Financial Statements are incorporated by reference to the extent set out below. The Audit Reports are incorporated in their entirety. The Financial Statements and the Audit Reports are to be read as part of this Base Prospectus, provided that the non-incorporated parts are not relevant for investors in the Notes or covered elsewhere in the Base Prospectus.

The Issuer's annual report for the financial year ended 31 December 2020:

1. income statement, page 5;
2. balance sheet, page 6-7;
3. statement of changes in equity, page 8;
4. cash flow statement, page 9; and
5. the notes, pages 10-16.

The Issuer's annual report for the financial year ended 31 December 2019:

1. income statement, page 5;
2. balance sheet, page 6-7;
3. statement of changes in equity, page 8;
4. cash flow statement, page 9; and

5. the notes, pages 10-19.

The Financial Statements have been audited. Save for the Financial Statements, the Issuer's auditor has not audited or reviewed any part of this Base Prospectus.

The audited annual reports have been prepared in accordance with International Standards on Auditing.

7.8 Documents available for inspection

Copies of the Issuers articles of association and certificate of registration together with all other documents incorporated into this Base Prospectus by reference are available at the Issuer's head office at Linnégatan 87 F, 115 23 Stockholm and at the Issuer's website, www.borgohypotek.se.

8 Addresses

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