

**BORGO AB (publ)***(incorporated with limited liability in the Kingdom of Sweden)***SEK 5,500,000,000****Floating Rate Covered Bonds due 10 September 2026**

On 10 September 2021, Ålandsbanken Abp (business identity code 0145019-3) (**Ålandsbanken**) issued covered bonds under the Finnish Act on Mortgage Credit Bank Activity (in Finnish: *Laki kiinnitysluottopankkitoiminnasta* 688/2010, as amended) with an aggregate amount of SEK 5,500,000,000 (the **Covered Bonds**) to certain institutional investors. The Covered Bonds were issued under Ålandsbanken's and Borgo's (as defined below) listing prospectus dated 10 September 2021. The terms and conditions of the Covered Bonds (the **Terms and Conditions**) provide that after the occurrence of the Issuer Change Event (as defined therein), Borgo AB (publ) (corporate registration number 559153-2303) (**Borgo** or the **Issuer**) replaces Ålandsbanken as issuer under the terms as set out in the Terms and Conditions and the obligations and liabilities of Ålandsbanken under the Terms and Conditions and the Covered Bonds are assumed by and transferred to Borgo. The Issuer Change Event is expected to occur on 14 February 2022.

The Covered Bonds are in denominations of SEK 2,000,000. The Covered Bonds were offered for subscription through a book-building procedure that was carried out on 1 September 2021 (the **Offering**). The Covered Bonds were issued in the book-entry securities system of Euroclear Sweden AB (**Euroclear Sweden**) in dematerialised form under the Swedish Financial Instruments Accounts Act 1998 (in Swedish: *Lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*, as amended). Prior to occurrence of the Issuer Change Event, the ISIN code of the Covered Bonds is SE00113360419. Upon the occurrence of the Issuer Change Event, the ISIN code of the Covered Bonds is SE0017232358.

This listing prospectus (the **Listing Prospectus**) has been prepared solely for the purpose of listing the Covered Bonds on the official list of Nasdaq Helsinki Ltd (the **Helsinki Stock Exchange**) (the **Listing**) after the Issuer Change Event and does not constitute an offer of the Covered Bonds. The Bonds were initially listed on the Helsinki Stock Exchange under the trading code "ALBJVAIH26". Borgo will on or about 11 February 2022 submit a listing application to have the Covered Bonds listed on the Helsinki Stock Exchange after the Issuer Change Event under the trading code "BORJVAIH26".

**The validity of this Listing Prospectus expires when the Covered Bonds have been admitted to trading on the Helsinki Stock Exchange. The obligation to supplement this Listing Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Listing Prospectus is no longer valid.**

Besides filing this Listing Prospectus with the Finnish Financial Supervisory Authority (the **FIN-FSA**) and the application to the Helsinki Stock Exchange, neither Borgo nor the Joint Lead Managers and Bookrunners (as defined below) have taken any action, nor will they take any action, to render any public offer of the Covered Bonds or their possession, or the distribution of this Listing Prospectus or any other documents relating to the Covered Bonds admissible in any jurisdiction requiring special measures to be taken for the purpose of a public offer.

Borgo has been assigned a long-term credit rating of Baa2 (stable outlook) by Moody's Investors Service (Nordics) AB (**Moody's**). Until the Issuer Change Event, the Covered Bonds have been assigned a credit rating of AAA by Standard & Poor's Credit Market Services Europe Limited (**S&P**). Moody's and S&P are established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such Moody's and S&P are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. Borgo has applied from Moody's for a new rating for the Covered Bonds as of the Issuer Change Event. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.**

The Covered Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) nor with any securities regulatory authority of any State of the United States. The Covered Bonds may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States nor to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (the **Regulation S**), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

An investment in the Covered Bonds involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Covered Bonds are discussed under "*Risk Factors*" below.

## IMPORTANT INFORMATION

**PRIIPs Regulation / Prohibition of sales to EEA retail investors:** The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / Professional investors and eligible counterparties only target market:** Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **Distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

This Listing Prospectus has been prepared in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the **Prospectus Regulation**), the Commission Delegated Regulation (EU) 2019/979, as amended, the Commission Delegated Regulation (EU) 2019/980, as amended, in application of the Annexes 7 and 15 thereof, the Finnish Securities Markets Act (746/2012, as amended) (the **Finnish Securities Markets Act**) and the regulations and guidelines issued by the FIN-FSA. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation and relevant implementing measures in Finland has approved the Listing Prospectus but assumes no responsibility for the correctness of the information contained herein. The FIN-FSA has only approved this Listing Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Covered Bonds nor Borgo. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. The record number of the FIN-FSA's approval is FIVA 6/02.05.04/2022. This Listing Prospectus has been prepared in English only.

This Listing Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Listing Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Listing Prospectus. See "*Information Incorporated by Reference*".

Nordea Bank Abp (**Nordea**) and Danske Bank A/S (**Danske**) (the **Joint Lead Managers and Bookrunners**) were acting exclusively for Ålandsbanken and Borgo in connection with the initial listing of the Covered Bonds and the Offering and will not be responsible to anyone other than Ålandsbanken and Borgo for providing the protections afforded to their clients nor giving investment or other advice in relation to the Covered Bonds.

Prospective investors should rely solely on the information contained in this Listing Prospectus including information incorporated by reference into this Listing Prospectus. Neither Borgo nor the Joint Lead Managers and Bookrunners have authorised anyone to provide any information or give any statements other than those provided in this Listing Prospectus. The Joint Lead Managers and Bookrunners assume no responsibility for the accuracy or completeness of the information in this Listing Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Listing Prospectus or any such statement. Delivery of this Listing Prospectus shall not, under any circumstances, indicate that there would not be any changes in the business of Borgo after the date of this Listing Prospectus. Any investor investing in the Covered Bonds becomes bound by the Terms and Conditions. Information given in this Listing Prospectus is not a guarantee or grant for future events by Borgo and shall not be considered as such. If a significant new factor, material mistake or material inaccuracy relating to the information included in this Listing Prospectus which may affect the assessment of the Covered Bonds arises or is noted prior to the Listing, this Listing Prospectus will be supplemented in accordance with the Prospectus Regulation. The obligation to supplement this Listing Prospectus under the Prospectus Regulation will end when the Listing Prospectus expires.

In making an investment decision, each investor must rely on their examination, analysis and enquiry of Borgo and the Terms and Conditions, including the risks and merits involved. Neither Borgo, nor the Joint Lead Managers and Bookrunners nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Covered Bonds regarding the legality of the investment by such person. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Covered Bonds. The contents of this Listing Prospectus are not to be construed as legal, business, tax, financial or other advice.

The distribution of this Listing Prospectus and the offer and sale of the Covered Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Listing Prospectus comes are required by Borgo and the Joint Lead Managers and Bookrunners to inform themselves about and to observe any such restrictions. This Listing Prospectus may not be distributed in the United States, Australia, Canada, Hong Kong, South Africa, Japan, New Zealand or Singapore or such other countries or otherwise in such circumstances in which the offering of the Covered Bonds would be unlawful or require measures other than those required under the laws of Finland. This Listing Prospectus does not constitute an offer of, or an invitation to purchase, the Covered Bonds in any jurisdiction. No offer will be made to persons whose participation in the offering of the Covered Bonds requires any additional prospectus or registration. Neither Borgo, the Joint Lead Managers and Bookrunners or any of their respective affiliates or representatives accepts any legal responsibility for any such violations by any person or entity, whether or not a prospective purchaser of the Covered Bonds, and whether or not the person or entity is aware of such restrictions.

Prior to occurrence of the Issuer Change Event, the Covered Bonds are governed by and construed in accordance with Finnish law and any dispute arising in relation to the Covered Bonds shall be settled exclusively by the Finnish courts as specified in the Terms and Conditions. After the occurrence of the Issuer Change Event, the Covered Bonds are governed by and construed in accordance with Swedish law and any disputes relating to the Covered Bonds shall be settled exclusively by the Swedish courts as specified in the Terms and Conditions. The auditor of Borgo has audited the Swedish language versions of the financial statements that shall prevail.

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## RISK FACTORS

*An investment in the Covered Bonds involves risks, some of which may be significant. Investors considering investment in the Covered Bonds should carefully review the information contained in this Listing Prospectus and, in particular, the risk factors described below. Factors possibly affecting the investment decision are also discussed elsewhere in this Listing Prospectus. Should one or more of the risks materialise, it may have a material adverse effect on Borgo's business, financial condition, results of operations and future prospects and, thereby, on Borgo's ability to fulfil its obligations under the Covered Bonds as well as the market price and value of the Covered Bonds. As a result, investors may lose part of or all of their investment. The following description is a summary of certain risk factors that may affect Borgo's ability to fulfil obligations under the Covered Bonds or that are material in order to assess the market risk associated with the Covered Bonds. This description is based on the information known and assessed at the time of preparing this Listing Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. All investors should make their own evaluations of the risks associated with an investment in the Covered Bonds and consult with their own professional advisers if they consider it necessary.*

*The risk factors are presented below in the following categories:*

- A. *Risks relating to macroeconomic factors and financial and securities markets*
- B. *Risks relating to the Issuer's business activities and industry*
- C. *Risks relating to the Issuer's financing*
- D. *Regulatory risks*
- E. *Risks relating to the Covered Bonds*
- F. *Risks relating to the Purchase of Mortgage Loans*

*While the categories are not presented in any order of materiality, within each risk category the most material risks, in the assessment of Borgo, taking into account the negative impact on Borgo, and the probability of their occurrence, are presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialization.*

*The capitalised words and expressions used in this section but not defined shall have the meanings defined in the Terms and Conditions.*

### **A. Risks relating to macroeconomic factors and financial and securities markets**

#### ***Risks relating to COVID-19 pandemic***

A large uncertainty factor on the date of this Listing 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.

#### ***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 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 Covered Bonds. 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.

### ***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.

## **B. Risks relating to the Issuer's business activities and industry**

### ***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.

### ***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.

#### ***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 "*Risks relating to COVID-19 pandemic*" and "*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.

#### ***Credit risk relating to the value of collateral***

The mortgage loans granted by the Issuer 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.

#### ***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 24 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.

#### ***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.

### ***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)<sup>1</sup>. 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 enter 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.

## **C. Risks relating to the Issuer's financing**

### ***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 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.

### ***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-

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

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.

### ***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. 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 could adversely affect the Issuer's ability to operate its business.

### ***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.

## **D. Regulatory risks**

### ***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.

### ***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.

### ***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 Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the **SWE-FSA**) 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 Covered Bonds, both with or without the intervention by regulators or the imposition of sanctions.

The Issuer submitted its application for credit institute license to the SWE-FSA 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 (**IRRBB**), 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.

### ***Sweden has 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, as amended (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 the Covered Bonds (the **Bondholders**), but 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 Covered Bonds

may result in the cancellation of a portion of the principal amount of, or interest on, the Covered Bonds, however 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 Covered Bonds should consider the risk that the general bail-in tool may be applied in such a manner as to result in the Bondholders losing a part of the value of their investment in the Covered Bonds. Moreover, the Swedish Resolution Authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Bondholders. The Bondholders 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 the Bondholders, the price or value of their investment in the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds. 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 Listing Prospectus, the Swedish Resolution Authority has not imposed an additional MREL requirement in relation to the Issuer.

### ***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 Bondholders would as a result not recover any or the full value of the Covered Bonds, which presents a significant risk to the Bondholders' return on their investment.

### ***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 SWE-FSA and the Swedish Consumer Agency (Sw. *Konsumentverket*). For example, as the Issuer grants, holds and manages mortgage loans in Sweden or plans to do so, it must comply with the Swedish Consumer Credit Act (Sw. *konsumtredittlagen (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 regulations 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.

### ***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, as amended (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. Even though the Issuer has 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.

## **E. Risks relating to the Covered Bonds**

### ***Interest rate risks***

The value of the Covered Bonds will depend on several factors, one of the most significant in the long term being the market interest rates. Covered Bonds are issued with a floating rate. 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. The interest rate base rate is STIBOR 3 months and 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 Covered Bonds issued with a floating rate.

### ***Risks relating to listing of the Covered Bonds, liquidity and the secondary market***

The Issuer will on or about 11 February 2022 make an application for the Covered Bonds to be admitted to listing on the Helsinki Stock Exchange. The Issuer is dependent on the Helsinki Stock Exchange's approval to be able to list the Covered Bonds. If the Covered Bonds are not listed in time, or at all, the Bondholders holding such notes on an investment savings account (Sw. *ISK/Investeringssparkonto*) will no longer be able to hold the Covered Bonds on such account, thus affecting the Bondholder's tax situation. Furthermore, if the Issuer fails to list the Covered Bonds, there is a risk that a liquid market for trading in the Covered Bonds will not exist.

Even if the Covered Bonds are admitted to trading on the Helsinki Stock Exchange, there may be a lack of demand for, and trade in, the Covered Bonds. This can result in the Bondholders being unable to sell their Covered Bonds 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 Covered Bonds.

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

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

***The regulation and reform of “benchmarks” may adversely affect the value of the Covered Bonds linked to such “benchmarks”***

At the date of this Listing 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 SWE-FSA to be authorised as an administrator under the Benchmark Regulation.

As at the date of this Listing 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.

Interest payable under the Covered Bonds is calculated by reference to Stockholm Interbank Offered Rate (STIBOR). STIBOR is deemed to be “benchmark” and is 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. These reforms may cause benchmark 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 the Covered Bonds linked to such a “benchmark”.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of “benchmark”, 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 the “benchmark”: (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 the Covered Bonds linked to a “benchmark”.

***No events of default for Covered Bonds***

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

***In the event of a failure of the cover pool to meet the matching requirements, Bondholders 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, Bondholders 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 Bondholders 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 SWE-FSA 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 the Bondholders 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 Bondholders 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 Bondholders 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 Bondholders are not paid in full. However, the Bondholders and any related derivative counterparties will retain the benefit of priority to the assets comprised in the cover pool.

***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 the Bondholders 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 Bondholders.

#### ***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 Bondholders 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 Bondholder 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 the Bondholders 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 Bondholders 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 Bondholders. 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 the Bondholders and any relevant derivative counterparties in relation to such asset.

#### ***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 Bondholders may not be paid in full.

### ***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.

### ***The maturity of the Covered Bonds may be automatically extended up to 12 months***

The Terms and Conditions provide that an Extended Maturity Date applies to the Covered Bonds.

If the Issuer fails to redeem the Covered Bonds in full on the Maturity Date (or within two (2) Business Days thereafter), the maturity of the nominal amount outstanding of the Covered Bonds not redeemed will automatically extend up to but not later than 12 months from the Maturity Date. In that event, the Issuer may redeem all or part of the nominal amount outstanding of the Covered Bonds on an Interest Payment Date falling in any month after the Maturity Date, up to and including the Extended Maturity. The Covered Bonds will also then bear interest on the nominal amount outstanding of the Covered Bonds in accordance with the Terms and Conditions.

The extension of the maturity of the nominal amount outstanding of the Covered Bonds from the Maturity Date to the Extended Maturity Date will not result in any right of the Bondholders to accelerate payments or take action against the Issuer and no payment will be payable to the Bondholders in that event other than as set out in the Terms and Conditions. In these circumstances, failure by the Issuer to make payment in respect of the redemption amount on the Maturity Date shall not constitute a Payment Default (as defined in the Terms and Conditions).

However, failure by the Issuer to pay the redemption amount or the balance thereof on the Extended Maturity Date and/or interest on such amount on any Interest Payment Date falling after the Maturity Date up to (and including) the Extended Maturity Date shall constitute a Payment Default (as defined in the Terms and Conditions).

Where at least three (3) Business Days' notice is not given to the Bondholders by the Issuer of its intention to redeem all or any of the nominal amount outstanding of the Covered Bonds prior to the Maturity Date, or as applicable, the relevant Interest Payment Date or, as applicable, the Extended Maturity Date, this will not affect the validity or effectiveness of any such redemption of the Covered Bonds or give rise to any such person having any rights in respect of any such redemption but such failure may result in a delay in payment being received by a Bondholder through Euroclear Sweden and the Bondholders shall not be entitled to further interest or any other payment in respect of such delay. Any failure to give notice to the Bondholders of any decision to extend the maturity of the Covered Bonds will also not affect the validity or effectiveness of such extension.

### ***The Terms and Conditions allow a change of the issuer from Ålandsbanken to Borgo without consent or any other action of any investor***

The identity of the debtor is one of the most material aspects of any debt instrument. The Terms and Conditions provide that the issuer under the Terms and Conditions, and, accordingly, the identity of the debtor whose obligations and liabilities the Covered Bonds are, may change from Ålandsbanken to Borgo, as specified in the Terms and Conditions. The change in the identity of the issuer under the Terms and Conditions does not require consent or any other actions of any investor in the Covered Bonds. Therefore, any investor in the Covered Bonds is exposed to the credit risk of the Issuer even if the Issuer Change Event has not occurred. The Issuer Change Event may also occur after the financial or other condition of Borgo has already materially decreased which would have a significant material adverse effect on the ability of the debtor whose obligations and liabilities the Covered Bonds are, to fulfil its obligations under the Terms and

Conditions. Regardless of the occurrence of the Issuer Change Event, a decrease in the financial or other condition of the Issuer may impact the market price and value of the Covered Bonds.

***The Terms and Conditions allow a change of the governing law and jurisdiction without consent or any other action of any investor***

The Terms and Conditions provide that the governing law of the Terms and Conditions and jurisdiction in respect of the Covered Bonds changes upon occurrence of the Issuer Change Event, as specified in the Terms and Conditions. Change of governing law or jurisdiction may affect, among other things, the enforceability of certain provisions of the Terms and Conditions, the regulatory framework applicable to the Covered Bonds or the Issuer or the tax treatment of the Covered Bonds. Any effects on such matters or other matters which may be impossible to assess on the date of this Listing Prospectus could have a material adverse impact on any investor in the Covered Bonds or the Issuer.

***The Issuer Change Event may have adverse effects on the tax considerations relating to the Covered Bonds***

There is no certainty that the tax considerations relating to the Covered Bonds will be the same before and after the occurrence of the Issuer Change Event. Changes in the tax treatment of the Covered Bonds and their return during the term of the Covered Bonds may adversely affect the net returns received by the Bondholders. Prospective investors of the Covered Bonds are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of the Covered Bonds, including, but not limited to, the consequences of receipt of payments under the Covered Bonds and their disposal or redemption. For more information on the tax considerations, see “*Taxation*”.

In case the Issuer Change Event occurs, the Terms and Conditions allow a re-issue of the Covered Bonds if required by the Euroclear Rules or the rules of the Helsinki Stock Exchange or technical reasons attributable to Euroclear Sweden or the Helsinki Stock Exchange. There is no certainty whether there are any tax consequences in the case of a possible re-issue of the Covered Bonds.

***The Issuer Change Event may have adverse effects on the Listing or liquidity of the Covered Bonds***

Ålandsbanken applied for listing of the Covered Bonds on the Helsinki Stock Exchange, and the Listing started on 14 September 2021 under the trading code “ALBJVAIH26”. Borgo will also apply for the listing of the Covered Bonds after the Issuer Change Event on the Helsinki Stock Exchange, and the listing is expected to take place on or about 14 February 2022 under the trading code “BORJVAIH26”. There is no guarantee that Borgo fulfils the criteria of a listed company and that the Listing of the Covered Bonds may continue following the occurrence of the Issuer Change Event. If occurrence of the Issuer Change Event results in the de-listing of the Covered Bonds, it may have negative effects to the classification of the Covered Bond from the perspective of a Bondholder or it may adversely affect the liquidity of the Covered Bonds.

***The Issuer has a right to redeem the Covered Bonds prior to maturity due to tax reasons***

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date at their nominal amount, together with unpaid interest accrued to (but excluding) the date of redemption pursuant to certain tax reasons set out in Condition 6.2 of the Terms and Conditions. If the Covered Bonds are redeemed prior to maturity pursuant to tax reasons, the Bondholders will receive less interest than the amount they would have received in case the Covered Bonds would have been redeemed at their maturity. In addition, such early redemption initiated by the Issuer may incur financial losses or damage, among other things, to such Bondholders who had prepared themselves to have the amount of the Covered Bonds invested until the contractual final maturity of the Covered Bonds and may be incapable of reinvesting the redemption amount at a yield comparable to that offered by the Covered Bonds.

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

Prior to the occurrence of the Issuer Change Event, the Terms and Conditions of the Covered Bonds are governed by Finnish law in effect as at the date of this Listing Prospectus, except for the registration of the Covered Bonds in Euroclear Sweden, which will be governed by Swedish law. After the occurrence of the Issuer Change Event on or about 14 February 2022, the Terms and Conditions of the Covered Bonds are governed by Swedish law. No assurance can be given as to the impact of any possible judicial decision or change to Swedish law or administrative practice after the date of this Listing Prospectus and any such change could materially adversely impact the value of the Covered Bonds.

## **F. Risks relating to the Purchase of Mortgage Loans**

### ***The Issuer is subject to risks relating to management and execution of the Purchase of Mortgage Loans***

The Purchase of Mortgage Loans is a material project for the Issuer's business and operating structure. The Issuer is expecting the new business model where the Distributors distribute mortgages from Borgo's balance sheet to provide long-term benefits and stability to its businesses, and also to provide a possibility to offer mortgage loans on competitive terms to its customers. In addition to the actions of the Issuer, the Purchase of Mortgage Loans is dependent on third parties to which the Issuer has limited or no control. Participation in, and preparations for, the Purchase of Mortgage Loans involves risks, such as cost overruns or delays, as well as non-achievement of the economic targets set for the project and the contemplated business. For more information on the project, see "*Purchase of Mortgage Loans*".

### ***The Purchase of Mortgage Loans is dependent on, among others, Euroclear Sweden and Helsinki Stock Exchange***

The Terms and Conditions provide that Borgo may replace Ålandsbanken as issuer and assume the Covered Bonds including relating obligations and liabilities. Pursuant to the Purchase of Mortgage Loans, Ålandsbanken also contemplates to transfer the underlying assets in the cover pool to Borgo. The Issuer Change Event also requires technical actions from and interactions with, among others, the Helsinki Stock Exchange and Euroclear Sweden. At the date of this Listing Prospectus, there is no certainty to the technical feasibility, timetable and extent of the actions of such third parties. If the timetable, costs or occurrence of the Issuer Change Event is adversely affected by the requirements or actions of such third parties, it may prevent the Purchase of Mortgage Loans thus possibly having an adverse effect on the business and business prospects of the Issuer, non-achievement of the economic targets set for the project and the contemplated business or cause negative publicity.

### ***There is no certainty that the synergies and other efficiencies sought by the Purchase of Mortgage Loans will eventually be achieved***

Borgo is expecting the new business model to provide long-term benefits and stability to its business and a possibility to offer mortgage loans on competitive terms. If Borgo is not able to offer mortgage loans with competitive terms and conditions, it could have an adverse effect on Borgo's results.

Ålandsbanken and its information technology providing subsidiary Crosskey Banking Solutions Ab Ltd will supply platform solutions to Borgo. In addition, Ålandsbanken is delivering all back-office services to Borgo's platform. A potential inability by Ålandsbanken to adequately provide the solutions and services may lead to delays and contractual breaches which may have an adverse effect on Borgo's operations and financial results.

Borgo's management has operational responsibility for establishing and running Borgo. A potential failure in execution of Borgo's strategy or poor management decisions may have an adverse effect on Borgo's operations and results.

Borgo intends to receive cost efficiency through scale of the operations. Funding costs and administrative costs, measured as basis points of mortgage volumes, are strongly linked to the size of the operations. The bigger the volume, the lower the cost in terms of basis points. The cost of capital is also indirectly linked to volume, since internal ratings-based models for calculating the capital requirement, with a current risk weight floor of 25 per cent. instead of a risk weight of 35 per cent. with the standard approach, is granted only to large actors. There is a possibility that Borgo does not reach the necessary business volumes needed for economies of scale which could have an adverse effect on Borgo's funding costs, capital requirements and results.

### ***Borgo is dependent on receiving the planned financing with respect to the Purchase of Mortgage Loans***

Borgo's funding will partly come from covered bonds, which will be issued under its Swedish covered bonds programme. This will provide Borgo an access to a proven, cost-efficient and liquid funding source. As Borgo's balance sheet is expected to grow rapidly under the next five years, new funding is constantly needed in order to finance the growth. If Borgo does not manage to raise enough funding in the capital market on competitive terms and conditions, this could potentially have a material adverse effect on its ability to provide mortgage loans on competitive terms and limit growth. Borgo's funding will partly pertain to deposits. Borgo offers deposits accounts via its own website but also via MONU, a web-based deposits distribution platform operated by Monu AB, corporate registration number 559192-0367, (MONU) which connects banks and credit market companies with sources of savings capital, such as asset managers or savings platforms. The success of Borgo's deposits operations is thus to a degree dependent on the result of its collaboration with MONU. In addition, changes in the competitive environment for retail deposits could also affect the company's ability to



attract sufficient deposits. Should Borgo fail to acquire adequate funding through deposits, this could potentially have a material adverse effect on its ability to provide mortgage loans on competitive terms and conditions.

## IMPORTANT NOTICES TO PROSPECTIVE INVESTORS

Each prospective investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference into this Listing Prospectus;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds where the currency for principal or interest payments is different from the prospective investor's currency;
- understands thoroughly the terms of the Covered Bonds and is familiar with the behaviour of financial markets; and
- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should consult its legal advisers to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Covered Bonds under any applicable risk-based capital or similar rules.

### Responsibility Statement

Borgo accepts responsibility for the information contained in this Listing Prospectus. To the best of the knowledge of Borgo, the information contained in this Listing Prospectus is in accordance with the facts and the Listing Prospectus makes no omission likely to affect the import of such information.

Borgo AB (publ)

### Cautionary statement regarding forward looking statements

Some statements in this Listing Prospectus may be deemed to be forward looking statements. Forward looking statements include statements concerning Borgo's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Listing Prospectus, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*" and "*Description of Borgo*" and other sections of this Listing Prospectus. Borgo has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although Borgo believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Listing Prospectus, if one or more of the risks or uncertainties materialise, including those identified above, or if any of Borgo's underlying assumptions prove to be incomplete or inaccurate, Borgo's actual results of operation may vary from those expected, estimated or predicted.

Any forward looking statements contained in this Listing Prospectus speak only as at the date of this Listing Prospectus. Without prejudice to any requirements under applicable laws and regulations, Borgo expressly disclaims any obligation or undertaking to disseminate after the date of this Listing Prospectus any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

### Publishing of the Listing Prospectus

This Listing Prospectus and the information incorporated into this Listing Prospectus will be published on Borgo's website at <https://borgohypotek.se/investor-relations/> on or about 11 February 2022. This Listing Prospectus and the

information incorporated into this Listing Prospectus will also be available during the opening hours free of charge at Borgo's head office at Linnégatan 87F, 104 50, Stockholm, Sweden.

### **Presentation of financial and certain other information**

Unless otherwise indicated, the financial information in this Listing Prospectus relating to Borgo has been derived from the audited financial statements of Borgo for the financial years ended 31 December 2019 (the **Borgo 2019 Financial Statements**) and 31 December 2020 (the **Borgo 2020 Financial Statements**, and together with the Borgo Financial 2019 Statements, the **Borgo Financial Statements**). Borgo's financial year ends on 31 December, and references in this Listing Prospectus to any specific year are to the 12-month period ended 31 December of such year. The Borgo Financial Statements have been prepared in accordance with the recommendation RFR 2, Accounting for Legal Entities of the Swedish Financial Reporting Board. Borgo's financial statements for the financial year 2021 and beyond shall be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

RFR 2 states applicable exceptions from and additions to IFRS that shall be applied in the financial statements of Swedish listed legal entities. RFR 2 states an exception from the main rule regarding the applicability of IFRS for a legal entity if such application is not compatible with the Swedish Annual Accounts Act (in Swedish: *årsredovisningslagen*). Exceptions from the main rule can also be justified if the application of IFRS would lead to a tax position which would deviate from that of other Swedish companies or by other substantial reasons. RFR 2 also contains additions to IFRS as a result of certain disclosure requirements in the Swedish Annual Accounts Act or as a consequence of certain exceptions to IFRS.

## TERMS AND CONDITIONS FOR SEK 5,500,000,000 COVERED BONDS

### 1 DEFINITIONS

In these Conditions, the following terms shall have the following meanings:

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

**Adjusted Nominal Amount** means the aggregate nominal amount of the Covered Bonds less the nominal amount of all Covered Bonds held by the Issuer, another Group Company or any Affiliate of the Issuer, whether the Issuer, that Group Company or any such Affiliate is directly registered as holder of such Covered Bonds or not.

**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.

**Bankruptcy Liquidity Loans** means loans made by the bankruptcy administrator of the Initial Issuer to secure liquidity or take out liquidity credit in accordance with Section 26 of the Finnish Covered Bonds Act and prior to the occurrence of the Issuer Change Event recorded, in accordance with the Finnish Covered Bonds Act, in the register of Covered Bonds maintained by the Initial Issuer.

**Base Rate** means STIBOR or any reference rate replacing STIBOR in accordance with Condition 5.5.

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

**Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Helsinki or Stockholm, as applicable.

**Calculation Agent** means the Initial Issuer.

**Companies Act** means (i) prior to the occurrence of the Issuer Change Event, the Finnish Companies Act (Fi. *osakeyhtiölaki*) (624/2006, as amended) or (ii) after the occurrence of the Issuer Change Event, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)).

**Conditions** means these terms and conditions.

**Covered Bond** means:

- (i) prior to the occurrence of the Issuer Change Event, covered bonds (Fi. *katetut joukkolainat*) issued pursuant to the Finnish Covered Bonds Act by the Initial Issuer under these Conditions and coupled with rights of priority in accordance with the Finnish Covered Bonds Act and the Finnish Rights of Priority Act; or
- (ii) after the occurrence of the Issuer Change Event, bonds (Sw. *säkerställd obligation*) issued pursuant to the Swedish Covered Bonds Act by the Subsequent Issuer under these Conditions and coupled with rights of priority in accordance with the Swedish Covered Bonds Act and the Swedish Rights of Priority Act,

in each case registered in accordance with the Swedish Financial Instruments Accounts Act.

**CSD** means the central securities depository and registrar in which the Covered Bonds are registered, being Euroclear Sweden on the date of these Conditions.

**Day Count Convention** means, when calculating an amount for a certain reference period, the calculation method “actual/360”, which means that the amount is to be calculated on the actual number of days elapsed in the relevant period divided by 360.

**Debt Register** means the register, held by Euroclear Sweden in relation to the Covered Bonds.

**Derivative Transactions** means derivative transactions entered into by the Initial Issuer to hedge against risks relating to the Covered Bonds or the underlying assets in the Swedish Cover Pool and prior to the occurrence of the Issuer Change Event recorded, in accordance with the Finnish Covered Bonds Act, in the register of Covered Bonds.

**Eligible Bank** means (a) the Bank of Finland provided that the long-term credit rating assigned by Standard & Poor's to the Republic of Finland is at least "AA" or (b) a bank or credit institution which has a long-term credit rating assigned by Standard & Poor's of at least "A" or, if such bank or credit institution (or its debt securities) are not rated by Standard & Poor's, such bank or credit institution shall be deemed to be an Eligible Bank if Standard & Poor's confirms to the Issuer in writing that the use of such bank or credit institution for the purpose stated in the Condition 3.1 does not adversely impact the then current Standard & Poor's rating of the Covered Bonds.

**Euroclear Rules** means regulations, decisions and operating procedures applicable to and/or issued by Euroclear Sweden.

**Euroclear Sweden** means Euroclear Sweden AB, a limited liability company incorporated in Sweden with registration number 556112-8074 and having its registered address at Klarabergsviadukten 63, P.O. Box 191, SE-101 23 Stockholm, Sweden.

**Extended Maturity Date** means the date falling twelve (12) months from the Maturity Date.

**Finnish Covered Bonds Act** means the Finnish Act on Mortgage Credit Bank Operations (Fi. laki kiinnitysluottopankkitoiminnasta) (688/2010, as amended), including any act amending, supplementing or replacing the same.

**Finnish Rights of Priority Act** means the Finnish Act on Order of Priority of Claims (Fi. laki velkojien maksunsaantijärjestyksestä) (1578/1992, as amended).

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

**Group Company** means a member of the Group.

**Holder** means the person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Covered Bond.

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

**Indebtedness** means indebtedness (whether being principal, premium, interest or other amounts) in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit of the relevant Issuer.

**Initial Issuer** means Ålandsbanken Abp, a public limited liability company incorporated in Finland with business identity code 0145019-3.

**Interest Payment Date** means each day on which interest is due and payable under these Conditions, being:  
during the period from the Issue Date up to and including the Maturity Date, 10<sup>th</sup> December, 10<sup>th</sup> March, 10<sup>th</sup> June and 10<sup>th</sup> September in each year; and  
during the period from (but excluding) the Maturity Date up to and including the Extended Maturity Date, 10<sup>th</sup> day of each month in each year.

**Interest Period** each period of time for which the interest on the Covered Bonds is calculated.

**Interest Rate** means the applicable interest rate as adjusted by any application of Condition 5.5.

**Issue Date** means 10 September 2021.

**Issuer** means:

- (a) prior to the occurrence of the Issuer Change Event, the Initial Issuer; and
- (b) after the occurrence of the Issuer Change Event, the Subsequent Issuer.

**Issuer Agent** means Nordea Bank Abp, filial i Sverige, acting as the issuer agent (Fi. *liikkeeseenlaskijan asiamies*; Sw. *emissionsinstitut*) of the Covered Bonds referred to in the Euroclear Rules and applicable laws, or any other person replacing the same in accordance with the Euroclear Rules.

**Issuer Change Event** means an event whereby the Subsequent Issuer replaces the Initial Issuer as issuer under the terms as set out in these Conditions and the obligations and liabilities of the Initial Issuer under these Conditions and the Covered Bonds are assumed by and transferred to the Subsequent Issuer. If the Initial Issuer transfers the assets belonging to its Swedish Cover Pool to the Subsequent Issuer, the Issuer Change Event will take place when the transfer becomes effective.

**Margin** means 0.500 per cent., subject to adjustment as a result of a Step-Up Rating Change.

**Maturity Date** means 10 September 2026.

**Mortgage** means commercial mortgages (Fi. *liikekiinteistöluotto*) and residential mortgages (Fi. *asuntoluotto*), each as defined in the Finnish Covered Bonds Act.

**Payment Default** means a default by the relevant Issuer in the payment of any principal or interest due in respect of any of its material Indebtedness where the default continues for a period of five (5) days in the case of principal and three (3) days in the case of interest.

**Public-Sector Debt** means public sector debt (Fi. *julkisyhteisöluotto*) as defined in the Finnish Covered Bonds Act.

**Rating Agency** means each of S&P Global Ratings Europe Limited, Moody's Investors Service Ltd and Fitch Ratings Limited.

**Record Date** means the date pursuant to CSD's applicable rules and practices.

**Securities Account** means the account maintained by the 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 the laws of Sweden.

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

**Step-Up Margin** means 0.150 per cent.

**Step-Up Rating Change** means the first public announcement after the occurrence of the Issuer Change Event by the relevant Rating Agency of a decrease in the credit rating of the Covered Bonds to below Aaa (in the case of Moody's) or below AAA (in the case of S&P) or below AAA (in the case of Fitch). For the avoidance of doubt, any further decrease in the credit rating of the Covered Bonds below Aaa in the case of Moody's or, if applicable, below AAA in the case of S&P or below AAA in the case of Fitch and shall not constitute a further Step-Up Rating Change.

**STIBOR** means:

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

Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period, and

if any such rate is below zero, STIBOR will be deemed to be zero.

**Subsequent Issuer** means Borgo AB (Reg. No. 559153-2303), a private limited liability company incorporated in Sweden to be converted into a public limited liability company prior to the Issuer Change Event.

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

**Supplemental Security Assets** means supplemental security assets (Fi. *täytevakuus*) within the meaning of Section 15 of the Finnish Covered Bonds Act.

**Swedish Covered Bonds Act** means the Swedish Act on Issuance of Covered Bonds (Sw. *lagen (2003:1223) om utgivning av säkerställda obligationer*), including any act amending, supplementing or replacing the same.

**Swedish Cover Pool** means the cover pool (Sw. *säkerhetsmassa*) securing the Covered Bonds and (i) prior to the occurrence of the Issuer Change Event, maintained by the Initial Issuer in accordance with the Finnish Covered Bonds Act and Condition 3.1 and (ii) after the occurrence of the Issuer Change Event, maintained by the Subsequent Issuer in accordance with the Swedish Covered Bonds Act and Condition 3.2.

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

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

**Swedish Rights of Priority Act** means the Swedish Rights of Priority Act (Sw. *förmånrättslag (1970:979)*).

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

## 2 FORM, DENOMINATION AND ISSUANCE

The Covered Bonds are denominated in SEK and each Covered Bond is constituted by these Conditions. The Issuer undertakes to make payments in relation to the Covered Bonds and to comply with these Conditions.

By subscribing for Covered Bonds, each initial Holder agrees that the Covered Bonds shall benefit from and be subject to these Conditions and by acquiring Covered Bonds, each subsequent Holder confirms such agreement.

The denomination of each book-entry unit relating to the Covered Bonds is SEK 2,000,000. The minimum subscription amount shall be SEK 2,000,000. The Covered Bonds shall be offered for subscription mainly to institutional investors.

The Covered Bonds will be issued in uncertificated and dematerialised form in the register (Sw. *avstämningsregister*) held by Euroclear Sweden and formed in accordance with the Swedish Financial Instruments Accounts Act, other applicable Swedish legislation and the Euroclear Rules. Covered Bonds shall be registered on a Securities Account on behalf of Holders and, accordingly, no physical Covered Bonds will be issued. Registration requests relating to Covered Bonds shall be directed to an Account Operator.

## 3 STATUS AND SECURITY

### 3.1 Status and Security prior to the occurrence of the Issuer Change Event

Prior to the occurrence of the Issuer Change Event, the Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Initial Issuer and rank *pari passu* among themselves and with Derivative Transactions and Bankruptcy Liquidity Loans and all other obligations of the Initial Issuer issued in respect of the statutory right of preference to assets registered in the Swedish Cover Pool, including the SEK 2,000,000,000 covered bonds issued by the Initial Issuer on 12 May 2020 which benefit from the Swedish Cover Pool and which are contemplated to be transferred to the Subsequent Issuer at the time of occurrence of the Issuer Change Event, in accordance with the Finnish Covered Bonds Act. Prior to the occurrence of the Issuer Change Event, to the extent that claims in relation to the Covered Bonds and other claims

with the same priority are not met out of the assets of the Initial Issuer that are covered in accordance with the Finnish Covered Bonds Act, the residual claims will rank *pari passu* with the unsecured and unsubordinated obligations of the Initial Issuer.

Prior to the occurrence of the Issuer Change Event and for so long as the Covered Bonds are outstanding:

- (A) where Public-Sector Debt and/or Supplemental Security Assets are included in the Swedish Cover Pool, the Initial Issuer shall ensure that the debtors in respect of such Public-Sector Debt and Supplemental Security Assets make all payments of principal and/or interest to which the Initial Issuer is entitled in respect of its holding of such Public-Sector Debt and/or Supplemental Security Assets to a bank account designated by the Initial Issuer which must be held with an Eligible Bank; and
- (B) as soon as practicable after the occurrence of a Payment Default, the Initial Issuer shall instruct the debtors in respect of Mortgages in the Swedish Cover Pool to make all payments of principal and/or interest to which the Initial Issuer is entitled in respect of such Mortgages to a bank account designated by the Initial Issuer which must be held with an Eligible Bank.

If a bank or credit institution to which debtors have been instructed to make payments in accordance with this Condition 3.1 ceases to be an Eligible Bank, then the Initial Issuer shall ensure that, for purposes of this Condition 3.1, such bank or credit institution is replaced with an Eligible Bank as soon as reasonably practicable, and in any event not later than 60 calendar days, after the date when such bank or credit institution ceased to be an Eligible Bank.

### **3.2 Status and Security after the occurrence of the Issuer Change Event**

After the occurrence of the Issuer Change Event, the Covered Bonds constitute direct, unconditional and unsubordinated obligations of the Subsequent Issuer and rank *pari passu* without any preference among themselves. After the occurrence of the Issuer Change Event, the Covered Bonds are obligations issued or converted in accordance with the Swedish Covered Bonds Act and rank *pari passu* with all other obligations of the Subsequent Issuer that have been provided the same priority in the relevant Cover Pool. After the occurrence of the Issuer Change Event, to the extent that claims in relation to the Covered Bonds are not met out of the pool of assets, the residual claims will rank *pari passu* with the claims of unsecured and unsubordinated creditors of the Subsequent Issuer.

## **4 NOMINAL AMOUNT AND CURRENCY**

The aggregate nominal amount of the Covered Bonds issued under these Conditions is SEK 5,500,000,000, unless the Issuer decides to increase the aggregate nominal amount of the Covered Bonds.

## **5 INTEREST**

### **5.1 Interest rate**

Each Covered Bond bears interest at the percentage rate per annum which is the aggregate of the applicable STIBOR and the Margin.

The Margin payable on the Covered Bonds will be subject to adjustment in the event of a Step-Up Rating Change. From and including the first Interest Payment Date falling on or after the date of a Step-Up Rating Change, the Margin payable on the Covered Bonds shall be increased by the Step-Up Margin.

In the event of a Step-Up Rating Change, the Subsequent Issuer will cause the occurrence of a Step-Up Rating Change giving rise to an adjustment to the Margin payable on the Covered Bonds pursuant to this Condition 5.1 to be notified to the Issuer Agent and (in accordance with Condition 11) the Holders as soon as reasonably practicable after the occurrence of the Step-Up Rating Change.

If the rating designations employed by any Rating Agency are changed from those which are described in this Condition, the Issuer shall determine the rating designations of such Rating Agency as are most equivalent to the prior rating designations of the existing Rating Agency (or Rating Agencies, as the case may be).



## 5.2 Interest periods

The first Interest Period shall begin on the Issue Date and end on the following Interest Payment Date. Each following Interest Period begins on the previous Interest Payment Date and ends on the following Interest Payment Date.

Interest shall accrue for each Interest Period from (but excluding) the first day of the Interest Period to (and including) the last day of such Interest Period on the nominal amount of the Covered Bonds outstanding from time to time.

The last Interest Period ends on the Maturity Date (or if applicable, the Extended Maturity Date).

## 5.3 Payment of interest

Interest shall be paid in arrears on each Interest Payment Date up to (and including) the Maturity Date (or if applicable, the Extended Maturity Date) and shall be calculated by using the Day Count Convention.

If there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Payment of interest shall be made in accordance with Swedish legislation governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules, to the Holder that is entitled to receive such payment according to the book-entry account information.

## 5.4 Penalty interest

In the event of any delay in payment relating to principal and/or interest, 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 the duration of the delay, plus two (2) percentage points. STIBOR 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 Condition 5.4, shall never be paid at a lower interest rate than the interest rate applicable to the Covered Bonds on the relevant due date with the addition of two (2) percentage points. Penalty interest shall not be capitalised. If the delay is due to an obstacle of the kind set out in Condition 9 on the part of the CSD, no penalty interest shall apply, in which case the interest rate which applied to the Covered Bonds on the relevant due date shall apply instead.

## 5.5 Replacement of Base Rate

Notwithstanding Condition 5.1 (*Interest rate*) above, any determination or election to be made by an Independent Adviser, the Issuer or the Holders in accordance with the provisions of this Condition 5.5 shall at all times be made by such Independent Adviser, the Issuer or the Holders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.

If a Base Rate Event has occurred, this Condition 5.5 shall take precedent over the fallbacks set out in paragraph (b) to (d) of the definition of STIBOR.

In this Condition 5.5:

**Adjustment Spread** means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof determined in accordance with Condition 5.5.1, to be applied to a Successor Base Rate or an Alternative Base Rate, the objective of which, in each case, shall be to reduce or eliminate, to the fullest extent reasonably practicable, any transfer of economic value from one party to another as a result of a replacement of the Base Rate.

**Alternative Base Rate** means the reference rate that has replaced the Base Rate in customary market usage in the relevant debt capital markets for the purposes of determining rates of interest in respect of Covered Bonds denominated in Swedish kronor or, if there is no such rate, such other rate as the Independent Adviser determines is most comparable to the Base Rate.

**Base Rate Amendments** has the meaning set forth in Condition 5.5.

**Base Rate Event** means that:

- (a) the Base Rate has (i) been permanently or indefinitely discontinued, (ii) ceased to exist or (iii) ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate ceasing to be calculated or administered;
- (b) the Base Rate Administrator ceases to publish the applicable Base Rate permanently or indefinitely and, at that time, no successor administrator has been appointed to continue to publish the Base Rate;
- (c) the supervisor of the Base Rate Administrator (i) has made a public statement stating that the Base Rate is no longer representative of the underlying market or (ii) is recommending the usage of a Successor Base Rate for the applicable Base Rate;
- (d) the Base Rate Administrator or its supervisor announces that (i) the Base Rate methodology has changed materially after the Issue Date or (ii) the Base Rate may no longer be used, either generally or in respect of the Covered Bonds; or
- (e) it has become unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Holder using the applicable Base Rate.

**Base Rate Event Announcement** means a public statement by the Base Rate Administrator or the supervisor of the Base Rate Administrator that any event or circumstance specified in paragraphs (a) to (e) of the definition of Base Rate Event will occur.

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

**Relevant Nominating Body** means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee of any of them or the Financial Stability Council (*Finansiella stabilitetsrådet*) or any part thereof.

**Successor Base Rate** means a screen or benchmark rate which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body.

#### 5.5.1 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

Without prejudice to Condition 5.5, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate or an Alternative Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to determine a Successor Base Rate or, if there is no Successor Base Rate, an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Condition 5.5.

If (i) a Base Rate Event has occurred or (ii) a Base Rate Event Announcement has been made and the announced Base Rate Event will occur within six (6) months, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to determine, as soon as commercially reasonable, a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate.

If the Issuer fails to appoint an Independent Adviser in accordance with Condition 5.5, the Holders shall, if so decided at a Holders' Meeting or by way of Procedure in Writing, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in Condition 5.5.

The Adjustment Spread determined by the Independent Adviser, shall be the Adjustment Spread which:

- (a) is formally recommended in relation to the replacement of the Base Rate by any Relevant Nominating Body; or
- (b) if paragraph (a) above does not apply, the Independent Adviser determines is customarily applied to the relevant Successor Base Rate or Alternative Base Rate (as applicable), in comparable debt capital markets transactions.

The Independent Adviser shall also determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or an Alternative Base Rate or to reflect the adoption of such Successor Base Rate or Alternative Base Rate in a manner substantially consistent with market practice (**Base Rate Amendments**).

Provided that a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the applicable Adjustment Spread and any Base Rate Amendments have been determined no later than ten (10) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period.

#### 5.5.2 Interim measures

If a Base Rate Event has occurred but no Successor Base Rate or Alternative Base Rate and Adjustment Spread have been determined at least ten (10) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period, the Interest Rate applicable to the next succeeding Interest Period shall be:

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

For the avoidance of doubt, the above shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Condition 5.5.

#### 5.5.3 Notices etc.

The Issuer shall promptly following the determination by the Independent Adviser of any Successor Base Rate, Alternative Base Rate, Adjustment Spread and any Base Rate Amendments give notice thereof to the Issuing Agent and the Holders in accordance with Condition 11 and the CSD. Any notice that the Issuer or the Issuing Agent shall send to the Holders pursuant to this Condition 5.5.3 shall also be published by way of press release by the Issuer.

#### 5.5.4 Variation upon replacement of Base Rate

No later than giving the Issuing Agent notice pursuant to Condition 5.5.3, the Issuer shall deliver to the Issuing Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly authorised signatory of the Issuer confirming the relevant Successor Base Rate or Alternative Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined in accordance with the provisions of this Condition 5.5. The Successor Base Rate or Alternative Base Rate, the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any determination, be binding on the Issuer, the Issuing Agent and the Holders.

Subject to receipt by the Issuing Agent of the certificate referred to in this Condition 5.5.4, the Issuer and the Issuing Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Holders, without undue delay effect such amendments to these Conditions as may be required by the Issuer in order to give effect to this Condition 5.5.

#### 5.5.5 Limitation of liability for the Independent Adviser

Any Independent Adviser appointed pursuant to Condition 5.5 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Conditions, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

#### 5.5.6 Amendment and waivers

The Issuing Agent is satisfied that any amendment or waiver to the Base Rate is made pursuant to Condition 5.5 at any relevant time.

## **6 MATURITY AND REDEMPTION**

### **6.1 Redemption at maturity**

Each Covered Bond will be redeemed by the Issuer on the Maturity Date (or if applicable, the Extended Maturity Date) in an amount equal to its nominal amount together with accrued but unpaid interest.

Payment of the redemption amount will be made in accordance with Swedish legislation governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules, to the Holder that is entitled to receive such payment according to the book-entry account information.

### **6.2 Redemption for tax reasons**

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date at their nominal amount, together with unpaid interest accrued to (but excluding) the date of redemption, provided that the Issuer has given not less than 30 days' prior notice to the Holders in accordance with Condition 11, if:

on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (i) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 12) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date or (ii) solely due to the occurrence of the Issuer Change Event; and

such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts in relation to a payment in respect of the Covered Bonds then due.

### **6.3 Extension of maturity up to Extended Maturity Date**

If the Issuer does not redeem all of the Covered Bonds in full on the Maturity Date or within two (2) Business Days thereafter, the maturity of the Covered Bonds and the date on which the Covered Bonds will be due and redeemable for the purposes of these Conditions will be automatically extended up to but no later than the Extended Maturity Date. In that event, the Issuer may redeem all or some only of the Covered Bonds then outstanding on any Interest Payment Date falling after the Maturity Date up to and including the Extended Maturity Date.

The Issuer shall give notice to the Issuer Agent and the Holders (in accordance with Condition 11) of (a) any decision to so extend the maturity of the Covered Bonds, in whole or in part, as soon as practicable after any such decision is made and (b) its intention to redeem all or some only of the Covered Bonds then outstanding or any of the nominal amount outstanding of the Covered Bonds in full at least three (3) Business Days prior to (i) the Maturity Date, where practicable for the Issuer to do so and otherwise as soon as practicable after the relevant decision to redeem the Covered Bonds (if any) is made or, as applicable (ii) the relevant Interest Payment Date or, as applicable (iii) the Extended Maturity Date.

Any failure by the Issuer to notify the Holders on the extension of the maturity of the Covered Bonds shall not affect the validity or effectiveness of any such extension of the maturity of the Covered Bonds or, as applicable, redemption by the Issuer of the Covered Bonds in accordance with these Conditions or give rise to any Holder having any rights in respect of any such redemption. However, such failure may result in a delay in payment being received by a Holder through Euroclear Sweden, as applicable, (including on the Maturity Date where at least three (3) Business Days' notice of such redemption is not given to the Holders (in accordance with Condition 11)) and Holders shall not be entitled to further interest or any other payment as a result of such delay.

Any extension of the maturity of the Covered Bonds under this Condition 6.3 shall be irrevocable. Where this Condition 6.3 applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of the Covered Bonds under this Condition 6.3 shall not constitute an event of default for any purpose or give any Holder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Conditions.

If the Issuer redeems part and not all of the nominal amount of the Covered Bonds outstanding on any Interest Payment Date falling after the Maturity Date, the redemption proceeds shall be applied *pro rata* across the Covered Bonds and the nominal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption.

If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 6.3, for so long as any of the Covered Bonds remains outstanding, the Issuer shall not issue any further covered bonds, unless the proceeds of issue of such further covered bonds are applied by the Issuer towards redeeming in whole or in part the relevant Covered Bonds the maturity of which has been extended in accordance with this Condition 6.3.

#### **6.4 Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Covered Bonds at any price in the open market or otherwise. Such Covered Bonds may be held, reissued, resold or cancelled at the Issuer's discretion.

### **7 SUBSCRIPTION OF THE COVERED BONDS**

#### **7.1 Method of subscription and payment**

The Covered Bonds are offered for subscription at Nordea Bank Abp, Satamaradankatu 5, FI-00020 Nordea, Finland and at Danske Bank A/S, Danmark, Sverige Filial, Box 7523, SE-103 93 Stockholm, Sweden, on 1 September 2021. The Issuer may shorten or lengthen the subscription period.

The subscription amount equals the nominal amount of the Covered Bonds being subscribed for multiplied by the issue price of 101.260 per cent. of the aggregate nominal amount of the Covered Bonds.

Payment in respect of Covered Bonds subscribed for shall be effected as instructed in connection with the subscription. The Initial Issuer may, at its sole discretion, accept or reject a subscription in part or in whole. Approved subscriptions are confirmed after the subscription period has ended.

#### **7.2 Oversubscription and undersubscription**

In the event of oversubscription or undersubscription, as applicable, in relation to the Covered Bonds, the Initial Issuer is entitled to increase or decrease the aggregate nominal amount of the Covered Bonds during the subscription period, discontinue the subscription or cancel the issue of the Covered Bonds.

If the issue is cancelled or the subscriptions are decreased due to oversubscription, the Initial Issuer shall refund the price paid to the account notified by the relevant subscriber within five (5) Business Days from the date of the decision concerning the cancellation or decrease.

### **8 DELIVERY OF COVERED BONDS**

Covered Bonds subscribed and paid for shall be entered to the respective book-entry accounts of the subscribers on or around the Issue Date in accordance with Swedish legislation governing the book-entry system, clearing operations and book-entry accounts as well as the Euroclear Rules.

Each Covered Bond is freely transferable after it has been registered into the respective book-entry account.

### **9 FORCE MAJEURE**

The Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator shall not be responsible for any loss arising from:

- (a) an act of an authority, war or threat of war, revolt, civil disturbance, or any act of terror;
- (b) disturbance in postal or telephone traffic, electronic communication, or supply of electricity that is beyond the control of, and that has an essential impact on, the operations of the Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator;
- (c) interruption or delay of action or measure of the Issuer, the Issuer Agent, the Calculation Agent, subscription place or any Account Operator that is caused by fire or equivalent accident;

- (d) strike or other industrial action which has an essential impact to the operations of the Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator, even when it only affects part of the personnel of the aforementioned entities and irrespective of whether the aforementioned entities are involved in it or not;
- (e) an act of God (such as, but not limited to, fires, explosions, earthquakes, drought, tidal waves and floods); or
- (f) other equivalent force majeure or any similar reason that causes unreasonable difficulty for the operations of the Issuer, the Issuer Agent, the Calculation Agent, the subscription place or any Account Operator.

## **10 PRESCRIPTION**

### **10.1 Time barring of claims pertaining to the period prior to the occurrence of the Issuer Change Event**

In the case any payment under the Covered Bonds pertaining to the period prior to the occurrence of the Issuer Change Event has not been claimed by the relevant Holder entitled to such payment within three (3) years from the original due date thereof, the right to such payment shall become forfeited by the relevant Holder and the Initial Issuer shall be permanently free from such payment.

### **10.2 Time barring of claims pertaining to the period after the occurrence of the Issuer Change Event**

The right to receive repayment of principal of the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event shall be subject to time bar and become void ten years from the Maturity Date. The right to receive payment of interest on the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event shall be subject to time bar and become void three years from the relevant Interest Payment Date. The Subsequent Issuer is entitled to any funds set aside for payments in respect of claims which have become void due to time bar.

If a period of limitation is duly interrupted (*Sw. preskriptionsavbrott*) in accordance with the Swedish Limitations Act, a new limitation period of ten years with respect to the right to receive repayment of the principal of the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event, and of three years with respect to the right to receive payment of interest on the Covered Bonds pertaining to the period after the occurrence of the Issuer Change Event 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 Limitations Act.

## **11 NOTICES AND RIGHT TO INFORMATION**

Prior to the occurrence of the Issuer Change Event, Holders shall be advised of matters relating to the Covered Bonds by a stock-exchange release and a notice published on the Initial Issuer's website at <https://www.alandsbanken.com/about-us/debt-investors>.

After the occurrence of the Issuer Change Event, Holders shall be advised of matters relating to the Covered Bonds by a stock-exchange release, a notice published on the Subsequent Issuer's website at <https://borgohypotek.se/investor-relations/> or a notice published in any major Swedish national daily newspaper selected by the Subsequent Issuer. After the occurrence of the Issuer Change Event, the Subsequent Issuer will make the following information available to the Holders by way of press release and publication on the website of the Subsequent Issuer:

- (a) as soon as the same become available, but in any event within six months after the end of each accounting period of the Subsequent Issuer, its audited consolidated financial statements for that accounting period;
- (b) as soon as practicable upon becoming aware of an acquisition or disposal of any Covered Bond by the Subsequent Issuer or its Group, information regarding the aggregate Nominal Amount held by the Subsequent Issuer's Group, and the amount of any Covered Bonds cancelled by the Subsequent Issuer; and
- (c) any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:582) om värdepappersmarknaden*) and in any event the rules and regulations of the Helsinki Stock Exchange.

The Issuer may and shall, if required by the Euroclear Rules or applicable laws, also deliver notices relating to the Covered Bonds in writing directly to the Holders at the address appearing on the list of the Holders provided by Euroclear Sweden in accordance with the below paragraph (or through Euroclear Sweden's book-entry system or Account Operators).

Any notice relating to the Covered Bonds shall be deemed to have been received by the Holders when published or delivered in accordance with this Condition 11.

Notwithstanding any secrecy obligation, the Issuer shall, subject to the Euroclear Rules and applicable laws, be entitled to obtain information of the Holders from Euroclear Sweden and Euroclear Sweden shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the Euroclear Rules and applicable laws, be entitled to acquire from Euroclear Sweden a list of Holders, provided that it is technically possible for Euroclear Sweden to maintain such a list. The Issuer shall at the request of the Issuer Agent pass on such information to the Issuer Agent.

The address for notices to the Initial Issuer is:

Ålandsbanken Abp  
Nygatan 2  
PB 3  
AX-22101 Mariehamn

The address for notices to the Subsequent Issuer is:

Borgo AB  
Linnégatan 87 F  
Box 24088  
SE-104 50 Stockholm

## 12 TAXATION

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction (defined below) unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond:

- (a) presented for payment in the applicable Tax Jurisdiction;
- (b) the holder of which is liable for such taxes or duties in respect of such Covered Bond by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the Holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Business Day.

For the purposes of this Condition 12:

**Tax Jurisdiction** means (i) prior to the occurrence of the Issuer Change Event, the Republic of Finland or any political subdivision or any authority thereof or therein having power to tax or (ii) after the occurrence of the Issuer Change Event, the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax; and

**Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Issuer Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 11.

## 13 MEETING OF HOLDERS AND PROCEDURE IN WRITING

The Issuer may convene a meeting of Holders (**Holders' Meeting**) or request a procedure in writing among the Holders (**Procedure in Writing**) to decide on amendments to these Conditions or other matters as specified below. Euroclear Sweden must be notified of the Holders' Meeting or a Procedure in Writing by the Issuer in accordance with the Euroclear Rules and applicable laws.

Notice of a Holders' Meeting and the initiation of a Procedure in Writing shall be provided to the Issuer Agent and the Holders in accordance with Condition 11 at least ten (10) Business Days prior to the Holders' Meeting or the last day for

replies in the Procedure in Writing, and shall include information on the date, place and agenda of the Holders' Meeting or the last day and address for replies in the Procedure in Writing (or if the voting is to be made electronically, instructions for such voting) as well as instructions as to any action required on the part of a Holder to attend the Holders' Meeting or to participate in the Procedure in Writing. No matters other than those referred to in the notice of the Holders' Meeting or initiation of the Procedure in Writing may be resolved upon at the Holders' Meeting or the Procedure in Writing.

Only those who, according to the register kept by Euroclear Sweden in accordance with the Euroclear Rules and applicable laws, in respect of the Covered Bonds, were registered as Holders on the fifth (5th) Business Day prior to the Holders' Meeting or the last day for replies in the Procedure in Writing on the list of Holders to be provided by Euroclear Sweden in accordance with Condition 11, or proxies authorised by such Holders, shall, if holding any of the nominal amount of the Covered Bonds at the time of the Holders' Meeting or the last day for replies in the Procedure in Writing, be entitled to vote at the Holders' Meeting or in the Procedure in Writing and shall be recorded in the list of the Holders present at the Holders' Meeting or participating in the Procedure in Writing.

The Holders' Meeting must be held in Stockholm and the chairman of the meeting shall be appointed by the Board of Directors of the Issuer.

A Holders' Meeting or a Procedure in Writing shall constitute a quorum only if two (2) or more Holders present hold or represent at least 50 per cent. or one (1) Holder holding one hundred 100 per cent. of the Adjusted Nominal Amount outstanding attends the Holders' Meeting or provides replies in the Procedure in Writing. Notwithstanding Condition 13 or anything set out in this paragraph, following the occurrence of the Issuer Change Event, the Subsequent Issuer may amend and/or restate these Conditions, and execute any documents required, without further Holder's consent in order to reflect that the Subsequent Issuer has assumed the rights and obligations of the Initial Issuer (including, but not limited to, for the purpose of aligning the terms contained herein with those in the Subsequent Issuer's medium term covered bond programme). For this purpose, each initial Holder agrees to such amendments and/or restatements by subscribing for Covered Bonds, and by acquiring Covered Bonds, each subsequent Holder confirms such agreement. For the avoidance of doubt, no separate decision by the Holders on a Holders' Meeting or Procedure in Writing shall be required in order to effect the aforementioned amendments and/or restatements. Such amendments and/or restatements are for the purposes of adapting the Covered Bond to comply with Swedish law and regulation as well as market practice applicable to a Swedish issuer and may not decrease the Holders' rights.

If, within 30 minutes after the time specified for the start of a Holders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the meeting may, at the request of the Issuer, be adjourned for consideration at a meeting to be convened on a date no earlier than 14 calendar days and no later than 28 calendar days after the original meeting, at a place to be determined by the Issuer. Correspondingly, if by the last day for replies in the Procedure in Writing a quorum is not constituted, the time for replies may be extended as determined by the Issuer.

The quorum for an adjourned Holders' Meeting or extended Procedure in Writing will be at least 25 per cent. of the Adjusted Nominal Amounts outstanding.

Notice of an adjourned Holders' Meeting or in relation to a Procedure in Writing, information regarding the extended time for replies, shall be given in the same manner as notice of the original Holders' Meeting or the Procedure in Writing. The notice shall also state the requirements for the constitution of a quorum.

Voting rights of Holders shall be determined according to the proportion of the Adjusted Nominal Amount held by such Holder.

Resolutions shall be carried by a majority of more than 50 per cent. of the votes cast. A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at a Holders' Meeting.

A Holders' Meeting or a Procedure in Writing is entitled to make the following decisions that are binding upon all Holders:

- (a) amend these Conditions, including approval of any proposal by the Issuer for any modification, abrogation, variation or compromise of these Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds; and
- (b) waive any breach or consent to any proposed breach by the Issuer of its obligations under or in respect of the Covered Bonds,

provided, however, that consent of at least 75 per cent. of the Adjusted Nominal Amount outstanding is required to:



- (a) decrease the nominal amount of, or interest payable on (other than as a result of an application of Condition 5.5), the Covered Bonds;
- (b) extend the term of the Covered Bonds (other than pursuant to Condition 6.3);
- (c) amend the requirements for the constitution of a quorum at a Holders' Meeting or Procedure in Writing; or
- (d) amend the majority requirements of the Holders' Meeting or Procedure in Writing.

The consents can be given at a Holders' Meeting, in the Procedure in Writing or by other verifiable means in writing.

When consent from the Holders representing the requisite majority has been received in the Procedure in Writing, the relevant decision shall be deemed to be adopted even if the time period for replies in the Procedure in Writing has not yet expired, provided that the Holders representing such requisite majority are registered as Holders on the list of Holders provided by Euroclear Sweden in accordance with Condition 11 on the date when such requisite majority is reached.

The Holders' Meeting and the Procedure in Writing can authorise a named person to take necessary action to enforce the decisions of the Holders' Meeting or the Procedure in Writing.

Resolutions passed at a Holders' Meeting or in the Procedure in Writing shall be binding on all Holders irrespective of whether they have been present at the Holders Meeting or participated in the Procedure in Writing. In addition, Holders are obligated to inform subsequent transferees of Covered Bonds of resolutions made at a Holders' Meeting and in a Procedure in Writing. A Holders' Meeting's resolutions must also be notified to the Issuer Agent as well as Euroclear Sweden in accordance with the Euroclear Rules and applicable laws.

Any resolution at a Holders' Meeting or in a Procedure in Writing, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer, shall be subject to the consent of the Issuer.

Notwithstanding anything to the contrary in these Conditions, the Issuer is entitled to, without the consent of the Holders to make appropriate changes to these Conditions if such changes do not weaken the position of the Holders. Any such changes shall be binding upon the Holders. The Issuer shall notify the Holders of such changes in accordance with Condition 11 above.

#### **14                   ADMISSION TO TRADING**

The Initial Issuer undertakes to apply for admission of the Covered Bonds to trading on the Helsinki Stock Exchange and the Initial Issuer and the Subsequent Issuer (as applicable) undertake to take any reasonable measures that may be required to maintain the admission as long as the Covered Bonds are outstanding, however, no longer than what is possible pursuant to applicable laws and regulations.

#### **15                   FURTHER ISSUES**

Subject to the last paragraph of Condition 6.3, the Issuer may from time to time without the consent of, or notice to, the Holders create and issue further covered bonds having the same terms and conditions as the Covered Bonds (or the same in all respects save for the amount and date of the first payment of interest thereon, the issue price, the minimum subscription amount and the date from which interest starts to accrue) and so that the same may be consolidated and form a single series with the outstanding Covered Bonds.

#### **16                   CHANGE OF ISSUER**

The Initial Issuer contemplates to transfer the underlying assets in the Swedish Cover Pool to the Subsequent Issuer, thus triggering the Issuer Change Event. The Issuer Change Event is subject to, among other things, that the Initial Issuer has obtained the prior approval of the Finnish Financial Supervisory Authority for such transfer in accordance with Section 12 of the Finnish Covered Bonds Act. The final decision to transfer the underlying assets in the Swedish Cover Pool and, consequently, the Issuer Change Event taking place is at the full discretion of the Initial Issuer and the Subsequent Issuer and subject to the all the conditions precedent for closing under the related business purchase agreement to be entered into between the Initial Issuer and the Subsequent Issuer having been fulfilled or waived by the parties thereto.

If required by the Euroclear Rules or the rules of the relevant stock exchange or technical reasons attributable to Euroclear Sweden or the relevant stock exchange, upon the occurrence of the Issuer Change Event the Covered Bonds will be re-issued under these Conditions by the Subsequent Issuer.

Following the occurrence of the Issuer Change Event, the Subsequent Issuer will assume the rights and obligations of the Initial Issuer under these Conditions and the Covered Bonds. If required, the Subsequent Issuer may amend and/or restate these Conditions, and execute any documents required, without further Holder's consent in order to reflect that the Subsequent Issuer has assumed the rights and obligations of the Initial Issuer (including, but not limited to, for the purpose of aligning the terms contained herein with those in the Subsequent Issuer's medium term covered bond programme). For this purpose, each initial Holder agrees to such amendments and/or restatements by subscribing for Covered Bonds, and by acquiring Covered Bonds, each subsequent Holder confirms such agreement. For the avoidance of doubt, no separate decision by the Holders on a Holders' Meeting or Procedure in Writing shall be required in order to effect the aforementioned amendments and/or restatements.

By subscribing for Covered Bonds, each initial Holder agrees to the Issuer Change Event and by acquiring Covered Bonds, each subsequent Holder confirms such agreement. No remedy against the Initial Issuer or the Subsequent Issuer shall be available to the Holders, whether for the recovery of amounts owing in respect of the Covered Bonds or otherwise as a result of or in relation to the Issuer Change Event. For the avoidance of doubt, no separate decision by the Holders on a Holders' Meeting or Procedure in Writing shall be required in order to effect the Issuer Change Event.

The Initial Issuer and the Subsequent Issuer shall inform the Holders of the occurrence of the Issuer Change Event in accordance with Condition 11. In addition, the Initial Issuer and the Subsequent Issuer shall notify Euroclear Sweden, the Issuer Agent and (if the Covered Bonds are listed therein) the Helsinki Stock Exchange of the Issuer Change Event without delay upon its occurrence.

## **17 GOVERNING LAW AND JURISDICTION**

### **17.1 Governing law**

- (a) Prior to the occurrence of the Issuer Change Event, the Covered Bonds and any non-contractual obligations arising out of or in connection herewith, are and shall be governed by, and construed in accordance with, Finnish law, except for the provisions on registration of the Covered Bonds in Euroclear Sweden, which shall be governed by, and construed in accordance with, Swedish law.
- (b) After the occurrence of the Issuer Change Event, the Covered Bonds and any non-contractual obligations arising out of or in connection herewith, are and shall be governed by, and construed in accordance with, Swedish law.

### **17.2 Submission to jurisdiction**

- (a) Prior to the occurrence of the Issuer Change Event, any disputes relating to the Covered Bonds shall be settled in the first instance at the District Court of Helsinki (Fi. *Helsingin käräjäoikeus*).
- (b) After the occurrence of the Issuer Change Event, any disputes relating to the Covered Bonds shall be settled in the first instance at the Stockholm District Court (Sw. *Stockholms tingsrätt*).
- (c) If the claimant is a consumer, such claimant may take legal action in a district court of the claimant's place of residence.

## ADDITIONAL INFORMATION ON THE ISSUE OF THE COVERED BONDS

Form of the Covered Bonds:	Securities in book-entry form issued in the book-entry securities system maintained by Euroclear Sweden AB.
ISIN code of the Covered Bonds:	SE0013360419 (prior to occurrence of the Issuer Change Event).  SE0017232358 (upon the occurrence of the Issuer Change Event).
Depository and settlement system:	Euroclear Sweden AB, Klarabergsviadukten 63, P.O. Box 191, SE-101 23 Stockholm, Sweden.
Decisions and authorisations:	Decision of the Board of Directors of Ålandsbanken on 19 July 2021 and decision of the Board of Directors of Borgo on 8 July 2021.
Rate of interest of the Covered Bonds:	3-month STIBOR + 0.500%.
Issuing Agent:	Nordea Bank Abp, Filial i Sverige c/o Nordea Danmark, filial af Nordea Bank Abp, Finland Grønjordsvej 10 PO Box 850 DK-0900 Copenhagen C Denmark
Listing:	The Bonds were initially listed on the Helsinki Stock Exchange on 14 September 2021. Application will be made on or about 11 February 2022 to have the Covered Bonds listed on the Helsinki Stock Exchange after the Issuer Change Event.
Interests of the participants of the Offering:	Interests of the Joint Lead Managers and Bookrunners: Business interest normal in the financial markets.
Use of proceeds:	The proceeds of the Covered Bonds will be applied by the Issuer towards the purchase of the Ålandsbanken mortgage portfolio and for general corporate purposes, which include making a profit.

## **USE OF PROCEEDS**

The proceeds of the Covered Bonds will be applied by the Issuer towards the purchase of the Ålandsbanken mortgage portfolio and for general corporate purposes, which include making a profit.

## SUMMARY OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS

### 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 SWE-FSA, to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public-sector credits.

The SWE-FSA has issued regulations and recommendations under the authority conferred on it by the Covered Bond Act, including the SWE-FSA'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 **SWE-FSA 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.

### 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 SWE-FSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as supplemental assets (**Supplemental Assets**).

### 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.

### 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 SWE-FSA 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.

### **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.

### **Supervision by the SWE-FSA and the independent monitor**

The SWE-FSA 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 SWE-FSA 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 SWE-FSA 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 SWE-FSA 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 SWE-FSA. The Covered Bond Act does not provide for any change to the independent monitor's remit upon the bankruptcy of an issuer.

### **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.

### **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 SWE-FSA. 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.

### **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.

#### ***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.

#### ***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.

#### ***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 SWE-FSA. Prior to the SWE-FSA 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.



### ***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 SWE-FSA'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.

### ***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.

## DESCRIPTION OF BORGO

### 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](http://www.borgohypotek.se). The information on the website does not form part of the Listing Prospectus unless that information is incorporated by reference into the Listing Prospectus. Any supplements to the Listing Prospectus on the website are also part of the Listing 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 Listing Prospectus.

### 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. All mortgages will be mediated through its Distributors (as defined below). At the date of this Listing Prospectus the distributors are 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), Ålandsbanken and Sparbanken Syd, corporate registration number 548000-7425 (**Sparbanken Syd**, together with the other companies 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.

### 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 by the SWE-FSA 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. On 11 March 2021, the Issuer was granted a license by the SWE-FSA to conduct financing operations in accordance with the Swedish Banking and Financing Business Act and to issue covered bonds in accordance with the Covered Bond Act.

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 Listing 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 main owners as intermediaries. The Issuer also receives deposits from the public.

The Issuer’s operations, including but not limited to the Purchase of Mortgage Loans (as defined below), 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.

## **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, ICA Banken, Ikano Bank, Söderberg & Partners, Ålandsbanken, 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 customary conditions for investments of this nature being fulfilled. On the date of this Listing Prospectus, the first part of the Syd Investment has been completed whereby Sparbanken Syd has, following a new issue of shares on 7 February 2022, become a direct owner of the Issuer.

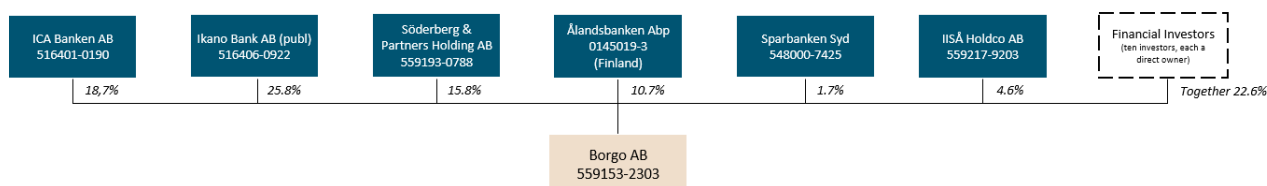
Since the Issuer’s balance sheet is expected to grow during the next five years, in particular with the transfer of the Swedish mortgage loan portfolio from Ålandsbanken to the Issuer’s balance sheet in the first half of the calendar year 2022, new equity capital contributions will constantly be needed. In order to secure capital contributions, the Distributors and the Financial Investors (as defined below) have signed an investment agreement, pursuant to which the total investment in the Company is approximately SEK 720 million. The proceeds attributable from the investment agreement shall be used for supporting the Issuer’s business plan and fulfilling the regulatory capital level and the target capital level as determined by the Issuer’s Board of Directors. In addition to the investment agreement, continuous discussions are being held with financial investors.

## Share capital, shares and ownership structure

As at the date of this Listing Prospectus, the share capital of the Issuer was SEK 238,879,450. The number of ordinary shares was 4,777,589 (representing 4,777,589 votes). Each ordinary share will represent one vote at the shareholders' meetings.

As at the date of this Listing Prospectus, there are six main direct shareholders in the Issuer (IISÅ Holdco AB, ICA Banken, Ikano Bank, Söderberg & Partners, Ålandsbanken and Sparbanken Syd) and a group of ten financial investors (**Financial Investors**). As at the date of this Prospectus, each of ICA Banken, Ikano Bank, Söderberg & Partners and Ålandsbanken owns 25 per cent. of IISÅ Holdco AB.

As at the date of this Listing Prospectus, the Issuer has no subsidiaries.



Following the Purchase of Mortgage Loans (see “*Purchase of Mortgage Loans*”), Ålandsbanken and other Distributors will subscribe for shares in Borgo which will alter the ownership structure of the Issuer. The changes will however not have a material effect on the overall ownership structure of the Issuer.

## Board of Directors, Executive Team and Auditor

### 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 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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**BJÖRN RENTZHOG**, MsC in Economics, Mittuniversitet Östersund, born 1969.

*Background*

AB Persson Invest, Chief Executive Officer (2011-); Wist Last & Buss AB, Chief Executive Officer (2004-2011), Controller (2002-2004); Samhall Midland AB, Chief Financial Officer (2000-2002); Deloitte AB, Auditor (1997-2000).

*Membership in other Board of Directors and other positions of trust*

Chairman of the Board of Directors in several companies including: Bilbolaget Nord AB (2011-), Valbo Trä AB, Wist Last & Buss AB (2011-), Wist Last & Buss AS (2011-), Östersunds Lastbilsservice AB, NHP Sverige AB, Intakt AB (2021-); member of the Board of Directors in several companies including: AB Persson Invest (2011-), Persson Invest Skog AB (2011-), Gällö Timber AB (2011-), JP Vind AB, Mullbergs Vindpark AB, Hocksjön Vind AB, Volvofinans Bank AB.

**GUSTAF RENTZHOG**, BSc in 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-).

**JOHAN SANDBERG**, MSc in Accounting and Financial Management, Lunds Universitet, born 1976.

*Background*

Sparbanken Syd, Chief Financial Officer (2012-), acting Chief Executive Officer (2019-2020); SAXO Privatbank A/S, Nordic Controller (2010-2012); E\*TRADE Financial, Manager (2009-2010); Folkia A/S, Group Controller (2008-2009); E\*TRADE Financial, Lead Accountant (2007-2009); Norrtälje kommun, Controller (2004-2007).

*Membership in other Board of Directors and other positions of trust*

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**CAJ TIGERSTEDT**, MSc in Accounting and Financial Management, Stockholm School of Economics, born 1986.

*Background*

Proventus AB, Chief Investment Officer (2020-); Catella Group, Group Investment Manager and Head of M&A (2016-2020) and Consumer M&A (2009-2016); Pamica 2 AB, member of the Board of Directors (2018-2020); CatWave AB, member of the Board of Directors (2019-2020); APAM Ltd, member of the Board of Directors (2019-2020); Catella Logistics Europe SAS, member of the Board of Directors (2018-2020).

*Membership in other Board of Directors and other positions of trust*

Ace Music AB, member of the Board of Directors (2021-); Atensin Group AB, member of the Board of Directors; Atensin Invest AB, member of the Board of Directors.

**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-).

## **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

### 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 are independent in relation to the Issuer. The Board members Johan Brodin and Julia Lannerheim are independent in relation to significant shareholders.

- Per Balazsi represents ICA Banken which will mediate mortgages on behalf of the Issuer (see "*Description of Borgo – Strategy*") and which owns approximately 18.7 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 Borgo – Strategy*") and which owns approximately 25.8 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 Borgo – Strategy*") and which owns approximately 25.8 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 Borgo – Strategy*") and which owns approximately 15.8 per cent. of the Issuer's shares and total voting power;
- Jan-Gunnar Eurell represents Ålandsbanken which will mediate mortgages on behalf of the Issuer (see "*Description of Borgo – Strategy*") and supply the Issuer with platform solutions consisting of four main services - treasury, payments, credits and accounting and which owns approximately 10.7 per cent. of the Issuer's shares and total voting power;
- Johan Sandberg represents Sparbanken Syd which will mediate mortgages on behalf of the Issuer (see "*Description of Borgo – Strategy*") and which owns approximately 1.7 per cent. of the Issuer's shares and total voting power;

- Caj Tigerstedt represents Proventus AB, being one of the Financial Investors, which owns approximately 2.6 per cent. of the Issuer's shares and total voting power; and
- Björn Rentzhog represents AB Persson Invest, being one of the Financial Investors, which owns approximately 5.0 per cent. of the Issuer's shares and total voting power.

### **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 Borgo – 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 Borgo – 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.

### **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.



## PURCHASE OF MORTGAGE LOANS

Ålandsbanken's board of directors has on 21 January 2022 and Borgo's board of directors has on 19 January 2022 and 26 January 2022 decided to carry out an agreement, according to which Ålandsbanken will transfer its Swedish mortgage loans, SEK-denominated covered bonds it has issued and SEK-denominated bonds from its liquidity portfolio to Borgo (the **Purchase of Mortgage Loans**). The mortgage loan stock to be transferred is approximately SEK 10,500 million and consists of around 6,600 loans split by around 4,100 households with an average loan size of SEK 2,600 thousand per household. The portfolio is of high quality with an average LTV of 58% and 70% of the loans have an LTV below 70%. A large part of the portfolio (80%) is on a floating rate (0-3 months) and 20% is on a fixed interest period (more than 1 year). The portfolio is dominated by exposures in the Stockholm region with 58% of the total mortgage portfolio.

As at the date of this Listing Prospectus, the size of the liquidity portfolio to be transferred is approximately SEK 600 million. Mortgage loans which will be transferred to Borgo consist of loans to Ålandsbanken's own customers and loans which ICA Banken and Söderberg & Partners have distributed but which have been granted from Ålandsbanken's balance sheet.

The transfer of Ålandsbanken's mortgage loans for its own customers will be done at a market price determined by the parties. Loans which ICA Banken and Söderberg & Partners have distributed will be transferred to Borgo at nominal value.

Simultaneously with the transfer of the mortgage loans, Ålandsbanken will transfer two separate covered bonds to Borgo, the SEK 2,000,000,000 covered bonds issued in May 2020 and the SEK 5,500,000,000 Covered Bonds referred to in this Listing Prospectus. The holders of the SEK 2,000,000,000 covered bonds have on 26 January 2022 agreed to amend and restate the original terms and conditions of the covered bonds, following which the terms and conditions provide that after the occurrence of the Issuer Change Event, Borgo replaces Ålandsbanken as issuer of the SEK 2,000,000,000 covered bonds. The two covered bonds will be transferred at a market price agreed between Ålandsbanken and Borgo.

As payment for its mortgage loans and covered bonds transferred to Borgo, Ålandsbanken will receive partly shares in Borgo and partly cash. Simultaneously other Distributors will subscribe and it is intended that financial investors subscribe for new shares at the same price. Maximum number of shares to be issued to Ålandsbanken will correspond to SEK 230 million. The total investment amount received by Borgo from all its investors under the investment agreement is approximately SEK 720 million, of which SEK 620 million has been paid as at the date of this Listing Prospectus and of which 100 million is expected to be paid on or about 14 February 2022.

The Purchase of Mortgage Loans is expected to take place on 14 February 2022. The FIN-FSA has approved the removal of the housing loans from Ålandsbanken's cover pool and to transfer them to Borgo. Additionally, the SWE-FSA has approved the transfer of the housing loans to Borgo.

The composition of the Cover Pool will, following the occurrence of the Issuer Change Event, be reported at least quarterly on Borgo's website at [www.borghypotek.se](http://www.borghypotek.se), with the first reporting date being in April 2022.

## TAXATION

*The following is a general description of certain tax considerations relating to the Covered Bonds. It does not purport to be a complete analysis of all tax considerations relating to the Covered Bonds, whether in those countries or elsewhere. Prospective investors of the Covered Bonds should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Covered Bonds and receiving payments of interest, principal and/or other amounts under the Covered Bonds and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Listing Prospectus and is subject to any change in law that may take effect after such date.*

### **General**

Prospective investors of the Covered Bonds are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of the Covered Bonds, including, but not limited to, the consequences of receipt of payments under the Covered Bonds and their disposal or redemption.

### **Sweden**

The following summary outlines certain Swedish tax consequences relating to Bondholders. 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 Covered Bonds are held in an investment savings account (in Swedish: *investeringssparkonto*), the tax consequences of a write-down or conversion of the Covered Bonds, 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 Covered Bonds 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 Covered Bonds in their particular circumstances.

#### ***Bondholders not tax resident in Sweden***

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

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 Covered Bonds) to a private individual (or the estate of a deceased individual) who is (or was) resident in Sweden for Swedish tax purposes (see "*Bondholders tax resident in Sweden*" below).

#### ***Bondholders tax 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 Covered Bonds) 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 Bondholder realises a capital loss on the Covered Bonds and to any currency exchange gains or losses.

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 Covered Bonds (but not capital gains), if the return is paid out together with such a payment of interest referred to above.

## **Finland**

### ***Finnish Resident Individuals and Estates***

If the recipient of interest paid on the Covered Bonds is an individual (natural person) residing in Finland or an undistributed estate of a deceased Finnish resident, such interest is, when paid by the Issuer or securities dealer (i.e., a Swedish financial institution making the payment), subject to tax as capital income in accordance with the Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended). The current capital income tax rate is 30 per cent. Should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent. The Act on Tax at Source of Interest Income (*Laki korkotulon lähdeverosta* 1341/1990, as amended) is not applicable to the interest paid to a Finnish resident individual or an undistributed estate of deceased Finnish resident.

Any gain or loss (including exchange rate gain or loss) realised following a disposal of the Covered Bonds is taxable income or a tax deductible loss for the relevant Bondholder. If Covered Bonds are disposed of during the loan period, any capital gain as well as any accrued interest received (secondary market compensation) is taxed as capital income at a flat rate of 30 per cent. (34 per cent. of the capital income exceeding EUR 30,000).

Capital losses are primarily deductible from capital gains arising in the same year. Any capital losses that cannot be used to offset capital gains in the same year can then be applied against other capital income in the same year. Any remaining unused capital losses can finally be carried forward for five years and used in the same manner as described above.

If Covered Bonds are acquired in the secondary market, any accrued interest paid (secondary market compensation) is deductible from the capital income or, to the extent exceeding capital income, from earned income subject to the limitations of the Finnish Income Tax Act.

Eventual interests, capital gains or losses shall be reported in the annual tax return.

### ***Finnish Resident Corporate Entity***

If the recipient of interest paid on the Covered Bonds is a corporation or a partnership residing in Finland as further defined in the Finnish Income Tax Act, The interest is subject to final taxation of the recipient in accordance with the Finnish Business Income Tax Act (24.6.1968/360, as amended). The current rate of corporate income tax is 20 per cent.

Any gain or loss (including exchange rate gain or loss) realised following a disposal of the Covered Bonds will be taxable income or a tax deductible loss for the relevant Bondholder. Capital gains are currently taxed at a flat rate of 20 per cent. Generally, a capital loss is deductible from the resident corporations' income arising in the same year and during the following ten fiscal years.

Eventual interests, capital gains or losses shall be reported in the annual tax return.

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be incorporated into, and form part of, this Listing Prospectus:

- (a) The audited annual financial statements, in Swedish language, for the financial year ended 31 December 2019 of Borgo for the year ended 31 December 2019.

This document is available on the following website:

[https://borgohypotek.se/uploads/Borgo\\_AB\\_Arsredovisning\\_2019.pdf](https://borgohypotek.se/uploads/Borgo_AB_Arsredovisning_2019.pdf)

- (b) The auditors' report, in Swedish language, for the financial year ended 31 December 2019 of Borgo for the year ended 31 December 2019.

This document is available on the following website:

[https://borgohypotek.se/uploads/Borgo\\_AB\\_Revisionsberattelse\\_2019.pdf](https://borgohypotek.se/uploads/Borgo_AB_Revisionsberattelse_2019.pdf)

- (c) The audited annual financial statements, in Swedish language, for the financial year ended 31 December 2020 of Borgo for the year ended 31 December 2020.

This document is available on the following website:

[https://borgohypotek.se/uploads/Borgo\\_AB\\_Arsredovisning\\_2020.pdf](https://borgohypotek.se/uploads/Borgo_AB_Arsredovisning_2020.pdf)

- (d) The auditors' report, in Swedish language, for the financial year ended 31 December 2020 of Borgo for the year ended 31 December 2020.

This document is available on the following website:

[https://borgohypotek.se/uploads/Borgo\\_AB\\_Revisionsberattelse\\_2020.pdf](https://borgohypotek.se/uploads/Borgo_AB_Revisionsberattelse_2020.pdf)

Any non-incorporated parts of a document referred to above are either deemed not relevant for an investor or are otherwise covered elsewhere in this Listing Prospectus.

## SELLING RESTRICTIONS

### **The United States, Australia, Japan, Canada, Great Britain, Hong Kong, South Africa, Singapore and Certain Other Jurisdictions**

The Covered Bonds will not be offered to persons who are residents of the United States, Australia, Japan, Canada, Great Britain, Hong Kong, South Africa, Singapore or any jurisdiction in which such offering would be unlawful.

The Covered Bonds have not been approved or disapproved by the United States Securities and Exchange Commission or any State Securities Commission in the United States or any other regulatory authority in the United States nor have any of the foregoing authorities passed upon or endorsed the merits of the securities or the accuracy of this Listing Prospectus. Any representation to the contrary is a criminal offence in the United States.

The Covered Bonds have not been, and will not be, registered under the US Securities Act of 1933 (as amended), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Covered Bonds may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States except in transactions exempt from registration under the US Securities Act. The Covered Bonds are being offered and sold outside the United States in compliance with Regulation S.

### **Public Offer Selling Restriction under the Prospectus Regulation**

The Joint Lead Managers and Bookrunners have represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Listing Prospectus as completed by the Terms and Conditions in relation thereto to any retail investor in or outside the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of the MiFID II; or
  - (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds.

### **General**

The Joint Lead Managers and Bookrunners have represented and agreed that they will (to the best of their knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which they purchase, offer, sell or deliver Covered Bonds or possess or distribute this Listing Prospectus and will obtain any consent, approval or permission required by them for the purchase, offer, sale or delivery by them of the Covered Bonds under the laws and regulations in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales or deliveries and Borgo shall not have any responsibility therefor.

Neither Borgo or the Joint Lead Managers and Bookrunners represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Issuer

Borgo AB (publ)  
Business identity code: 559153-2303  
Linnégatan 87F  
104 50, Stockholm, Sweden  
Tel: +46 (0)10 - 525 25 00  
info@borgohypotek.se

### Joint Lead Managers and Bookrunners

Nordea Bank Abp  
Satamaradankatu 5  
FI-00020 NORDEA  
Helsinki, Finland

Danske Bank A/S  
2-12 Holmens Kanal  
DK-1092 Copenhagen K  
Denmark

### Auditor of Borgo

Öhrlings PricewaterhouseCoopers AB  
Torsgatan 21  
SE-113 21 Stockholm, Sweden

### Auditors of Borgo

The following auditors have audited Borgo's accounts in accordance with the International Standards on Auditing for the financial years ended 31 December 2019 and 31 December 2020.

Daniel Algotsson  
Authorised Public Accountant

Öhrlings PricewaterhouseCoopers AB  
Torsgatan 21  
SE-113 21 Stockholm, Sweden

The auditor of Borgo has no material interest in Borgo.

### Documents available

This Listing Prospectus, copies of Borgo's articles of association, trade register extract and the information incorporated by reference (see "*Information Incorporated by Reference*") are available for inspection from the registered office of Borgo and at <https://borgohypotek.se/investor-relations/>.

### No incorporation of website information

This Listing Prospectus and any supplement thereto will be published on Borgo's website at <https://borgohypotek.se/investor-relations/>. However, the contents of Borgo's website (excluding the Listing Prospectus, any supplement thereto and the information incorporated by reference) or any other website do not form a part of this Listing Prospectus, and prospective investors should not rely on such information in making their decision to invest in the Covered Bonds.

### Information derived from third party sources

Where certain information contained in this Listing Prospectus has been derived from third party sources, such sources have been identified herein. Borgo confirms, in respect of the third party information about itself, that such third party information has been accurately reproduced herein. In addition, as far as Borgo is aware and able to ascertain from

information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Litigation**

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 Listing Prospectus which may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

### **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 Bondholders.

### **Joint Lead Managers and Bookrunners transacting with Borgo**

The Joint Lead Managers and Bookrunners and their affiliates may engage in investment banking and/or commercial banking transactions with Borgo and may perform services for Borgo and their affiliates in the ordinary course of business.

### **Recent events**

For recent events, see under "*Purchase of Mortgage Loans*". No other important events have occurred in respect of Borgo after the close of the report period for the financial year ended 31 December 2020.

### **Significant or material change**

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, except for the recent events described under "*Purchase of Mortgage Loans*", 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.

**ISSUER**

**Borgo AB (publ)**  
Linnégatan 87F  
104 50, Stockholm  
Sweden

**JOINT LEAD MANAGERS AND BOOKRUNNERS**

**Nordea Bank Abp**  
Satamaradankatu 5  
FI-00020 NORDEA  
Finland

**Danske Bank A/S**  
2-12 Holmens Kanal  
DK-1092 Copenhagen K  
Denmark

**AUDITOR**

**Öhrlings PricewaterhouseCoopers AB**  
Torsgatan 21  
SE-113 21 Stockholm  
Sweden

**LEGAL ADVISERS**

*to the Issuer as to Finnish Law*

**Borenus Attorneys Ltd**  
Eteläesplanadi 2  
FI-00130 Helsinki  
Finland

*to the Issuer as to Swedish Law*

**Advokatfirman Vinge KB**  
Smålandsgatan 20  
SE-11187 Stockholm  
Sweden