Capital-Protected Notes
Information sheet

Financial instruments are all types of instruments that are intended to be traded on the securities market. They can be divided into complex and non-complex instruments. Before you trade in a financial instrument, we are required to ascertain whether you have sufficient knowledge and experience to understand the properties and risks involved in trading in financial instruments. Below is some information about the most important qualities and risks associated with a type of instrument in which you have shown an interest. If you do not have sufficient knowledge and experience, we recommend that you do not trade in this instrument.

Introduction
Capital-Protected Notes are classed as complex financial instruments. The notes are issued by an issuer, such as SEB. The note is linked to the performance of an underlying asset, for example equities, commodities, fixed income or currencies. It consists of two parts, a bond and a derivative. The bond provides the protection of the nominal amount in the note if held to maturity. The value of the bond is affected by the market interest rate during the term of the note. The derivative is linked to the positive performance of the underlying asset.

Capital-Protected Notes have a set term and are bought with or without premium.

Capital-Protected Notes are designed for investors looking to benefit from movement in various markets, but who also want protection from negative performance in the underlying asset.

With or without a premium
The premium is paid in addition to the nominal amount. Capital-Protected Notes with premiums have a higher degree of participation than notes without premiums, which can lead to higher returns. If the underlying asset has a negative performance during the life of the note, you still receive the nominal amount at maturity, whether you bought a note with a premium or not. If you bought a note with a premium, however, the premium will be lost.

Additional amount
The return is generally calculated by multiplying the positive performance in the market by the participation rate. This value is then multiplied by the nominal amount. The amount thus calculated (i.e. the additional amount) is paid along with the nominal amount on the repayment date at the end of the note term.

Return
The return on a Capital-Protected Note is determined partly by the performance of the underlying asset to which it is linked and partly by the participation rate, which expresses how large a part of the market increase you will receive.

Participation rate
The participation rate expresses how large a part of an upswing in the underlying asset you will receive. A participation rate of 100 per cent means that you receive the entire upswing. If the participation rate is lower than 100 per cent, you receive less than the actual upswing. If the participation rate is higher than 100 per cent, you receive more than the actual upswing

Barrier, range and cap
According to the terms of Capital-Protected Notes, it may be necessary to take into account a barrier, i.e. a level that the underlying asset cannot pass (or must pass) in order for the note to pay out a return. Sometimes there is a set interval within which underlying assets can perform in order for the note to pay out a return. A cap indicates the maximum value for an underlying asset when the additional amount is calculated.

Average rate calculation
The closing value is often set as an average for the past year in order to reduce the effects of any downturn in connection with the repayment date. This means that if the market to which the note is linked goes up during the period, the closing value may be lower than the actual upswing – and in the event of a downturn, the closing value may be higher than the actual downturn

Costs
When you invest in a Capital-Protected Note, you usually pay a commission fee, which is calculated according to the invested amount. A brokerage fee is also included in the price of the note. The brokerage fee is deducted as a one-off cost on the settlement date. Among other things, it covers the cost of risk management, production, distribution, secondary market and any licenses.

Risk
In the context of investments, the term "risk" denotes the probability that the invested capital will decline in value. A higher risk often means a greater opportunity for a high return, but at the same time the risk of losing the invested capital increases.

Price risk/liquidity risk
Most Capital-Protected Notes are listed on the stock exchange and traded via the stock exchange trading system. This means that you can sell or buy during the life of the note. The market price may be higher or lower than it was at the time of purchase. The capital protection is only valid if you retain the note until the repayment date. During the term of the note, the value may be lower than the nominal amount. The price is based, among other things, on the remaining term, performance of the underlying market and share price fluctuations (volatility) in the market.

In certain market conditions, however, it may be difficult or impossible to sell a Capital-Protected Note. It is then referred to as illiquid.

Exchange rate risk
With certain Capital-Protected Notes, exchange rate changes can also affect the return on the investment, both positively and negatively.

Credit risk
When you invest in a Capital-Protected Note, you are taking a credit risk on the issuer, i.e. the entity that issues the note, such as SEB. Repayment of the nominal amount and any return assumes that the issuer can fulfil this commitment on the repayment date. Should the issuer not be sufficiently solvent, for example if they go bankrupt, you could lose the entire amount you invested. Investment in a Capital-Protected Note is not covered by the Swedish government's deposit guarantee.

Types of Capital-Protected Notes
There are various types of Capital-Protected Notes. They may have different issuers, different terms, different underlying assets, different ways of calculating the return and different repayment terms. This means it can be difficult to compare different types of Capital-Protected Notes.

Equity bond
The return tracks the performance of an equity basket or an equity index.

Commodity bond
The return tracks the performance of a commodity basket or a commodity index.

Strategic bond
The return tracks the performance of a predetermined investment strategy.

Currency bond
The return tracks the performance of one or more currencies.

Interest rate linked bond
The return tracks the performance of a particular interest rate or an interest rate index.

More information
All information about SEB's Capital-Protected Notes can be found in our marketing material, the final terms and conditions and the basic prospectus.

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The specific terms and conditions are laid out clearly in the documents for the respective note. For this reason, it is important that you read through the information. You will find this at www.seb.se.

If the note is issued by any entity other than SEB, you will need to approach that entity to obtain the equivalent documents.

Things to remember:

- The historical return of a financial instrument is not a guarantee of future return. The value of financial instruments can rise or fall, and it is not certain that you will get back all the capital you have invested.
- In order to trade in these instruments, you must familiarise yourself with the terms and conditions that apply to trading in financial instruments. The contracts that apply depend on the instrument you are trading in.
- Certain instruments require you to be liable to make payments in future. It is important that you are prepared to comply with your undertaking.
- Check the information on the statement and other reporting relating to your holdings, and inform us immediately of any errors.
- Regularly monitor changes in the value of your holdings and positions.
- You are responsible for taking any action necessary to reduce the risk of losses.
- Always ask for supplementary marketing material or further information with more details about the financial instrument you are interested in.

Check your experience

How long have you invested in this type of instrument?	What is the average amount of money you have invested in this type of instrument?	How many times per year have you traded in this type of instrument?
☐ No experience	☐ Up to 50 000	☐ Up to 2
☐ Less than one year	☐ Up to 100 000	☐ Up to 5
☐ 1 to 5 years	☐ Up to 250 000	☐ Up to 10
☐ More than 5 years	☐ Up to 500 000	☐ More than 10
	☐ More than 500 000	

Check your knowledge

1. A Capital-Protected Note consists of...

A) ☐ ... a derivative only, linked to (for example) equities or commodities
B) ☐ ... a combination of a bond part and a derivative (return part)
C) ☐ ... purely a bond

2. A participation rate of less than 100 per cent in an Equity Index Bond means...

A) ☐ ... you will receive less than the positive movement in the underlying equity index
B) ☐ ... you will receive more than the positive movement in the underlying equity index
C) ☐ ... you will receive the entire increase in the underlying equity index

3. What happens if the issuer, the entity issuing a Capital-Protected Note, goes bankrupt?

A) ☐ It has no effect. You get back both nominal amount and any return
B) ☐ You get nominal amount back
C) ☐ The entire invested capital may be lost

4. Can the value of a Capital-Protected Note be lower than a nominal amount during the life of the note?

A) ☐ Yes, if there is a negative movement in the underlying asset and/or a change in the market interest rate
B) ☐ No – the value of the note will always be at least as high as the nominal amount
C) ☐ No – the value of the note will always be higher than the nominal amount

5. If you choose to invest in a Capital-Protected Note with a premium, this means...

A) ☐ ... your capital protection is higher
B) ☐ ... the premium is not capital-protected, and so it may be lost
C) ☐ ... the participation rate will be lower than in a Capital-Protected Note without a premium

6. Which of the following applies to a Capital-Protected Note with a cap/maximum level?

A) ☐ Increases beyond the maximum level affect the value of the note
B) ☐ Increases beyond the maximum level do not affect the value of the note
C) ☐ Increases below the maximum level do not affect the value of the note

7. What costs are associated with buying SEB's Capital Protected Notes in connection with issue?

A) ☐ Commission and brokerage fee
B) ☐ Management fee
C) ☐ Commission only

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