Non-Capital Protected Credit Linked 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

Non-Capital Protected Credit Linked Notes, Non-Capital Protected Credit Index Notes and Non-Capital Protected Credit Basket Notes (known collectively as Non-Capital Protected Credit Linked Notes) are classed as complex financial instruments. The notes are issued by an issuer, e.g. SEB. The note is linked to a derivative, which is linked to credit events in a basket of companies, a credit index or an individual company. Credit events are events such as payment defaults, debt restructuring, bankruptcy and intervention by the authorities.

Some Non-Capital Protected Credit Linked Notes includes a certain amount of protection from credit events, which means that the first credit events that occur in a credit basket or credit index do not affect the value and repayment amount of the Non-Capital Protected Credit Linked Note. Should more than a predetermined number of credit events occur (known as a buffer), each additional credit event will affect the repayment amount.

If a credit event occurs in a Non-Capital Protected Credit Linked Note that is linked to an individual company, you lose the entire initial invested capital, or alternatively you get what is known as a recovery amount. Obviously, this is usually lower than the nominal amount. The amount you lose depends on the structure of the Non-Capital Protected Note. In a Non-Capital Protected Credit Linked Note that is linked to a credit index or a credit basket of companies, instead, the amount you get back on the maturity date is reduced. In both cases, the investment continues until the maturity date. The risk of losing all or a large proportion of the initial invested amount is therefore greater if the Non-Capital Protected Credit Note is linked to a single company than if the note is linked to a basket of companies or a credit index.

Non-Capital Protected Credit Linked Notes have a set term and are not capital-protected, which means there is a risk of losing all or parts of your invested initial capital.

Non-Capital Protected Credit Linked Notes are designed for investors looking for an investment similar to fixed income with an opportunity for regular returns that are higher than traditional fixed income investments.

Types of Non-Capital Protected Credit Linked Notes

The return on a Non-Capital Protected Credit Linked Note is paid as periodic coupons (interest) during the term of the investment, or as a payment on the repayment date that includes interest for the entire term. The return can also be linked to an underlying asset, for example an equity, an equity index, a commodity or a currency.

Non-Capital Protected Note with fixed coupons

The coupons are set in advance and are of equal amounts at each payment. In case of credit events, the coupon is also usually reduced.

Non-Capital Protected Note with variable coupons

These coupons are variable, i.e. they are linked to the current interest rate in the market, and therefore differ in size at each payment. The coupon is usually reduced in case of credit events.

Credit overlay

A Credit overlay is a Non-Capital Protected Credit Linked Note in which the return is linked to an underlying asset, e.g. an equity or a commodity. The return is determined partly by the price movement of the underlying asset (the return part) and partly by the degree of participation, which is an expression of how large a part of the market increase you will receive. In case of credit events, the return part is not reduced.

Costs

When you invest in a Non-Capital Protected Note, you usually pay a commission fee, which is calculated according to the invested capital. A brokerage fee is also included in the price of the investment. 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 investment, 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 Non-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 investment. The market price may be higher or lower than it was at the time of purchase. In certain market situations, however, it may be difficult or impossible to trade Non-Capital Protected Notes during the life of the investment. It is then referred to as illiquid.

Exchange rate risk

With certain Non-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 Non-Capital Protected Credit Linked Note, you are taking a credit risk on the issuer, i.e. the entity that issues the investment, 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 capital you invested.

More information

All information about SEB's Non-Capital Protected Credit Linked Notes can be found in our marketing material, the final terms and conditions and the base prospectus. The specific terms and conditions are laid out clearly in the documents for the respective Non-Capital Protected Note. For this reason, it is important that you read through the information. You will find this at www.seb.se.

If the Non-Capital Protected Note is issued by any entity other than SEB, you will need to approach that entity to obtain the equivalent documents.

A7834eng_inf (inakt+0) 190919

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 Non-Capital Protected Credit Linked Note is...

A) ☐ ... a security linked to a derivative, which is linked, for example, to a credit index
B) ☐ ... a capital protected investment
C) ☐ ... a combination of a bond and a commodity

2. What would you not want to happen when investing in a Non-Capital Protected Credit Linked Note?

A) ☐ The market interest rate to fall
B) ☐ The stock market to fall
C) ☐ A credit event to occur

3. Which statement is correct?

A) ☐ The market price of the note can never be lower than the invested initial capital
B) ☐ The market price of the note can be either higher or lower than the invested initial capital
C) ☐ The market price of the note is always higher than the invested initial capital

4. What costs are associated with buying a Non-Capital Protected Credit Linked Note?

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

5. What is a Credit Overlay?

A) ☐ A Non-Capital Protected Credit Linked Note that pays out a periodic coupon
B) ☐ A Non-Capital Protected Credit Linked Note in which the return is linked to an underlying asset, e.g. an equity
C) ☐ A bond

6. What happens if the issuer, the entity issuing a Non-Capital Protected Credit Linked Note, goes bankrupt?

A) ☐ You get nominal amount back, but no return
B) ☐ Your entire invested initial capital may be lost
C) ☐ You get a nominal amount back and a return

7. What happens if a credit event occurs in a Non-Capital Protected Credit Linked Note linked to an individual company?

A) ☐ All Non-Capital Protected Credit Linked Notes run until the maturity date
B) ☐ All Non-Capital Protected Credit Linked Notes are closed prematurely
C) ☐ Certain Non-Capital Protected Credit Linked Notes are closed prematurely

A7834eng_inf (inakt+0) 190919