

## Item 19

### **The Board of Directors' of Skandinaviska Enskilda Banken AB (publ) proposal for decision at the Annual General Meeting on 19 March 2024 on authorisation for the Board to resolve on the issuance of Additional Tier 1 instruments with conversion into Class A shares**

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#### **Proposal**

The Board of Directors proposes that the Annual General Meeting (AGM) authorises the Board of Directors to resolve on the issuance of convertibles as set out below:

1. The authorisation may be utilised on one or several occasions prior to the AGM in 2025.
2. The issuance of the convertibles shall be made with deviation from the shareholders' pre-emption rights; see also 5 below.
3. The convertibles shall mandatorily convert into Class A shares under the conditions stated in the terms and conditions of the convertibles, but not be convertible at the option of the holders.
4. Loan amounts and conditions for conversion shall be set so that the total number of shares which may be issued upon conversion of convertibles, by virtue of this authorisation, may not exceed ten (10) per cent of the total number of shares in the bank at the time of issuance of the convertibles.
5. The Board of Directors shall resolve on all other terms and conditions for issuance according to this authorisation. The terms and conditions of the convertibles will include a provision according to which the shares issued upon conversion shall be offered for sale with preferential rights for the shareholders to buy such shares at a price corresponding to the conversion price.

The President shall be authorised to make such minor adjustments to this decision that may be necessary in connection with the registration of the authorisation.

#### **Rationale for the proposal**

The purpose of the authorisation is to create flexibility for the Board, if and when deemed necessary, to resolve on the issuance of subordinated convertible loans that qualifies as Additional Tier 1 capital, in order to be able to optimize the Bank's capital base. The convertible loans would be mandatorily converted to shares under certain pre-determined conditions in a potential future financially distressed situation for the Bank.

In addition to share capital, certain types of subordinated debt instrument may be included in the capital base. Such instruments need to be able to absorb losses in a going-concern situation. A subordinated debt instrument must, in order to be eligible for inclusion as Additional Tier 1 capital in the capital base, contain conditions to the effect either that the instrument shall be converted into shares or written down if the Bank's Common Equity Tier 1 ratio falls below a certain level. For reasons relating to Profit & Loss volatility, tax and general costs, the most efficient alternative is to issue an Additional Tier 1 capital instrument that converts into shares. An issue of such a convertible instrument can only be made in accordance with the rules of the Swedish Companies Act on issuance of convertibles. A flexible capital management and optimisation is helped if the Bank has the possibility to issue

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convertible subordinated debt and if the Board of Directors has been given a mandate to decide on issuance of Additional Tier 1 instruments with conversion into shares.

Addition Tier 1 instruments with a mandatory conversion are likely to meet investor interest mainly from international institutional investors. It is therefore proposed that the Board of Directors should be allowed to deviate from the shareholders' preferential right in conjunction with such an issue.

**Majority requirement**

A resolution in accordance with the Board's proposal is only valid if supported by shareholders representing at least  $2/3$  of both the votes cast and of the shares represented at the Meeting.

Stockholm in February 2024

**Skandinaviska Enskilda Banken AB (publ)**

THE BOARD OF DIRECTORS