



**TF Bank AB (publ)**

relating to the listing of

SEK 100,000,000 Floating Rate Perpetual Additional Tier 1 Capital  
Bonds Rate Bonds

ISIN: SE0011311240

**Sole Bookrunner and Issuing Agent**



Prospectus dated 25 September 2018

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by TF Bank AB (publ) (the "**Issuer**", "**TF Bank**" or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Lilla Brogatan 6, Borås, Sverige, with reg. no. 556158-1041, in relation to the application for the listing of the floating rate perpetual additional tier 1 capital bonds denominated in Swedish Krona (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Skandinaviska Enskilda Banken AB (publ) has acted as sole bookrunner and issuing agent in connection with the issue of the Bonds (the "**Issuing Agent**"). This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Issuer's website (tfbankgroup.com).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 50 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" and "**Euro**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended and references to "**SEK**" refer to Swedish krona.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on Nasdaq Stockholm. This Prospectus may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

This Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company's management or are assumptions based on information available to the Group. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts of, or indications of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting the Group's operations. Such factors of a significant nature are mentioned in the section "**Risk factors**" below.

Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.

This Prospectus shall be read together with all documents that are incorporated by reference, see subsection "**Documents incorporated by reference**" under section "**Other information**" below, and possible supplements to this Prospectus.

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## RISK FACTORS

### RISK FACTORS

*Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Issuer. These risk factors include, but are not limited to, financial risks, credit risk, technical risks, risks related to the business operations of the Issuer, and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Issuer could be materially and adversely affected, which could have a material adverse effect on the Issuer's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the additional tier 1 capital bonds (the "Bonds"). The risks presented in this Prospectus are not exhaustive, and other risks not presently known to the Issuer, or that the Issuer currently deems immaterial, and therefore not discussed herein, may also adversely affect the Issuer and adversely affect the price of the Bonds and the Issuer's ability to service its debt obligations. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

*The risk factors below are not ranked in any specific order.*

#### Market and Group specific risks

**An economic slowdown could adversely affect the demand for the Group's direct consumer business or sales finance products or increase its credit losses and decrease its growth.**

Because the Group's business is dependent on consumer spending trends in the countries in which it operates, any period of economic slowdown or recession in these countries could make it more difficult for the Group to retain or expand its customer base. For example, high levels of unemployment in the markets in which the Group operates will likely reduce the number of customers who qualify for direct consumer loan or sales finance products, which in turn may reduce the Group's revenues. Similarly, reduced consumer confidence and spending may decrease the demand for the Group's consumer loan, ecommerce payment solution, credit card or sales finance products as well as the amount of money consumers are able or willing to deposit in savings deposit accounts maintained by the Group, which in turn could affect the Group's liquidity rates. Additionally, during periods of economic slowdown or recession, the Group could experience an increase in defaults, credit extension requests or a higher frequency or severity of credit losses. As a result, adverse changes in economic conditions in countries in which the Group's customers are located (in particular, Sweden, Norway, Finland, Poland and the Baltics) could materially adversely affect the business prospects, results of operations and financial condition of the Group.

**A simultaneous withdrawal of savings deposits by a large number of the Group's customers or a lack of sufficient cash inflows from its business operations could result in a liquidity shortage which could negatively affect the Group's ability to maintain or grow its business**

The Group relies on customer deposits as its main source of liquidity and as the primary resource by which it is able to offer its loans to retail customers. Although the savings accounts offered to customers by the Group are protected (up to EUR 100,000 under the Swedish Deposit Protection Program and up to NOK 2,000,000 under the Norwegian Banks' Guarantee Fund Program) there is a risk that negative publicity regarding the Group or its industry, a deterioration of general economic conditions or governmental budget discipline in Sweden or other outside events beyond the Group's control could cause a mass withdrawal event in the future. Except for the fixed rate savings accounts (for which a withdrawal charge is levied), no limits are applied on customers' withdrawals of deposited money. Additionally, the Group may fail to attract enough customers for its savings accounts in the

future for a variety of reasons which could limit its growth of loans to the public. If a withdraw event were to occur or if the Group fails to increase its deposit volume in line with the growth in loans to the public, the Group's business and ultimately its results of operations and financial condition could be materially adversely affected.

The Group's growth depends on cash flow efficiency and cash collection. Considering the Group's business model and its contemplated expansion in new markets and growth within markets in which it currently operates, the Group is exposed to liquidity risk. Although the Group's cash inflows and capital resources are sufficient to fund its current obligations and to satisfy its liquidity needs as at the date hereof, the Group may not be able to satisfy its liquidity needs in the future. Lack of liquidity may occur in numerous scenarios. For instance, the Group could experience a lack of liquidity due to an unexpected increase in rates of delinquencies or defaults on direct consumer loans. If the Group is unable to meet future cash requirements, its growth and thus the implementation of its growth strategy may be adversely affected. As a result, decreasing cash inflows from existing operations and/or increasing cash outflows associated with new operations may result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

Additionally, in order to support its growth and geographical expansion, the Group may need to continue to rely on, next to deposits, external funds from credit and capital markets. If such external funds are not available under affordable terms, the Group may be required to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding to cover the Group's business needs becomes available under affordable terms. Such measures could include deferring capital expenditures (e.g. acquisitions) and reducing or eliminating the use of cash for the financing of further growth of the Group's business. A limited availability of funds on the market combined with rising lending costs, could adversely affect the Group's growth in both existing and new markets.

### **Systemic risk**

Due to the high level of interdependence between financial institutions, the Group is subject to the risk of deterioration of the actual or perceived commercial and financial soundness of other financial institutions. A default or financial difficulties of one financial institution may have negative consequences for other financial institutions and may lead to liquidity problems, losses, defaults or worsening of general economic climate in the markets in which the Group operates which may result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

### **Credit risk**

The Group's financial performance is affected by borrower and counterparty credit quality and general economic conditions. Risks arising from the credit quality of borrowers and counterparties and the recoverability of loans and amounts due from counterparties in derivative transactions are inherent in the Group's businesses. Adverse changes in the credit quality of the Group's borrowers and counterparties or a general deterioration in the Swedish, European or global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of its assets and require an increase in the Group's provision for bad and high risk loans and other provisions.

The Group's business will also be affected during recessionary conditions when certain customers may face financial problems. Interest rate rises may also have an impact on the ability of customers to meet

their loan obligations. Should any of the above risk materialise, it could materially adversely affect the business prospects, results of operations and financial condition of the Group.

**The Group may not be able to successfully evaluate the creditworthiness of its customers or may not price its direct consumer business or sales finance products correctly**

The Group relies on its ability to correctly analyse and score customers' creditworthiness via its automated IT systems. The instantaneous nature of the Group's credit approval process means that the calculation method by which the Group determines a particular applicant's creditworthiness differs somewhat from the calculations made by other large financial institutions offering traditional consumer loans or other similar products. The Group's customer base may include consumers who are not qualifying for general purpose consumer loans or credit cards and consumers who are expanding their existing credit. The Group prices its finance products taking into account the estimated risk level of its customers. If its estimates are incorrect, customer default rates will be higher, which will result in an increase in the Group's non-performing loan losses and in turn will cause the Group to experience reduced levels of net income.

The Group performs an appraisal of customer applications based on the information provided by individual customers, reviews provided by external consumer credit scoring agencies and various other available data, depending on the market in which a particular applicant is located and the direct consumer business or sales finance product for which they are applying. In addition, the Group uses its own software-based scoring procedure to rate the creditworthiness of new and repeat customer applicants. The software-based scoring procedure combines historical data from all of the markets in which the Group operates with current information regarding the specific market and the individual customer applicant. The Group's credit policies and software-based scoring procedure may prove insufficient or the evaluations produced by such software may prove incorrect. This may be caused by an internal failure of the Group's risk management procedures or an external change of conditions beyond the Group's control. Additionally, although the Group currently operates under a "clean-books" policy by regularly selling non-performing assets and also takes the market for non-performing assets into consideration when evaluating expansion plans and scoring methods applied for customer applicants in specific markets, the Group may not have attractive disposal options for non-performing loans in the future. An increase in the ratio of impairments on assets to revenues as a result of incorrect assessments of consumer creditworthiness could significantly adversely affect the Group's financial, economic and liquidity condition.

**The Group's growth strategy relies to a certain extent on its sales finance business**

In March 2015, the Group launched initial operations through a joint venture formed with Intrum Justitia. In November 2017, the Company acquired all of Intrum Justitia's shares in Avarda making it a wholly owned subsidiary of the Company. Avarda provides white-label invoice solutions to merchants in Sweden and Finland. While Avarda has signed up multiple merchants up till now, Avarda may not be able to sign up merchants at a similar rate in the future. Should the Group not effectively manage Avarda, growth in the sales finance business of the Group may stagnate or the business volume may even decline. As a result, problems with Avarda may result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

Avarda's strategy is to sign up online merchants with large annual turnovers. As a result, the Group is exposed to business counterparty risk to these merchants. While Avarda's cooperation agreements with these merchants are long-term and cover periods of several years, should competitors be able to offer more attractive terms to merchants and such merchants thus terminate contracts with Avarda,

this may result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

**The Group may engage in further acquisitions in the future which subjects it to various risks**

The Group's management has in the past analysed a variety of acquisition targets and may engage in acquisitions of other companies or business assets in the future. Carrying out acquisitions involves further risks. For instance, any acquisition carries the risk that the price paid is considered too high by the market, that the acquisition proves to be less successful than anticipated, that the acquired company or business does not develop as expected by the market, and that sales and earnings goals pursued by way of the acquisition are not met. In addition, any acquisition is subject to the risk that the Group will not be able to integrate the acquired company into the Group as planned or only at a higher cost than originally planned or that any intended synergy effects cannot be realized to the extent anticipated or at all. Furthermore, acquisitions may involve the risk that liabilities related to the acquired business or company are assumed which may not be recoverable from the respective seller. Any of these risks may result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

**A failure to adequately diversify its product portfolio and geographic presence could negatively affect the business of the Group**

The Group's current product offerings are highly concentrated and dependent upon consumer behaviour. Should outside factors negatively affect consumers in the future, some or all of the Group's products could potentially be affected. In such a situation, credit loss risks could further increase if the Group's direct consumer loan and sales finance product portfolio is not adequately diversified among consumer type. A deterioration of economic conditions or an economic slowdown may additionally exacerbate the credit risk associated with insufficient diversification for the Group's product offerings as a whole.

The Group operates in multiple countries, for example Sweden, Denmark, Estonia, Finland, Latvia, Norway, Germany, Lithuania and Poland. The Group is exposed to country-specific risks with respect to the national markets in which the Group operates. In such markets, dissatisfaction with the Group's products, a decrease in customer demand, the failure of the Group to successfully market new and existing products or the failure to retain and further expand its customer base in its mature markets may negatively affect the Group's business. These risks could also intensify if the Group is unable to geographically diversify and expand its operations and customer base in additional markets, which could have a material adverse effect on the Group's business prospects, financial condition or results of operations.

**The Group's business and results of operations may be adversely affected if the Group is unable to manage its growth effectively**

The Group's future expansion strategy, including its product portfolio, partnership and geographic expansion strategy, is subject to certain risks. The Group's continued growth is dependent upon a number of factors, including the ability to develop efficient internal monitoring and control systems, the ability to develop and implement "best practices" in response to day-to-day business challenges, the ability to successfully leverage its various business partnerships, the ability to secure adequate financing to successfully establish operations in new markets, the ability to turn new operations profitable within the expected time after market entry, the ability to correctly assess legal requirements in targeted markets and monitor on-going changes in existing markets, the ability to develop and maintain adequate and secured IT-platforms, the ability to successfully integrate any

operations which may be acquired in the future, the ability to identify and overcome cultural and linguistic differences which may impact market practices within a given geographic region and other factors, some of which are beyond the Group's control. The Group may not be able to effectively manage the expansion of its operations or the Group's current personnel, systems, procedures, and controls may not be adequate to support the Group's future operations.

In some countries, certain consumer loan products of the Group may not be offered in the same manner as in other countries due to more restrictive bank and consumer regulation. For instance, certain fees may be restricted or interest rate caps may be imposed, which can affect the Group's pricing model in these markets. Under these circumstances, the business success of the Group depends on its ability to offer consumers alternative and equally attractive products. In the last years, the Group has enhanced its product portfolio, which now consists of smaller, traditional direct consumer loans, savings accounts, credit cards and sales finance product offerings to customers of ecommerce and other merchants. Although, product variations provide the Group with a more diversified consumer product portfolio, the launch of new products – even when based on the same processes, systems, and scoring as the existing products – involves additional investments and carries the risk of product failure or implementation delays.

Additionally, growth through acquisitions may comprise part of the Group's development strategy. Such acquisitions are accompanied by respective transactional risks. Any future acquisition may require significant financial resources. If the Group experiences any difficulties in integrating acquired operations into its business, the Group may also incur higher than expected costs and may not realize all the benefits of such acquisitions. This could lead to adverse accounting and financial consequences, such as the need to write down acquired assets. Any failure of the Group to effectively manage its growth and development could have a material adverse effect on the Group's business, financial condition and results of operations.

**Any disruption in the Group's information systems or the global telecommunication infrastructure could adversely affect the Group's operations**

IT systems are an essential component of the Group's business due to its diverse use of automated processes and controls. The Group utilizes a proprietary IT-platform, which provides control and automation of the application process for the Group's product offerings. However, due to the open nature of the Internet and the increasing sophistication of online criminality, all web-based services are inherently subject to corruption risks. In addition, despite the comprehensive maintenance efforts and careful development of the Group's IT systems, such systems might fail or experience periods of outage or delay in the transfer of information which could significantly impact the Group's operations. Damage to the Group's IT systems and software or failure to protect its data against a cyber-attack could have a material adverse effect on the Group's business.

Additionally, the Group relies on global telecommunications including the Internet and various mobile and online services worldwide in order to conduct its operations and offer its products to customers. To access the Group's online consumer loan portals or merchant websites which feature the Group's sales finance products, the Group's and affiliate merchants' customers need to have Internet access or a mobile data connection. Disruption of these or similar telecommunications services globally, or in the respective countries in which the Group operates, due to equipment or infrastructure failures, strikes, piracy, terrorism, government restrictions, weather-related problems, or other events, could temporarily impair the Group's ability to supply its product portfolio to its customers, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is partially dependent on third party suppliers and material agreements with third parties**

The Group relies to some extent on hosting providers, marketing support services, licensing agreements, communications carriers and other third parties for the day-to-day operation of its business. The Group also utilizes certain third-party software for general corporate operations and is dependent on certain third-party data providers (i.e., credit bureaus) in order for its customer assessment scoring model to operate successfully. If any of these third party suppliers ceased to supply their products or services to the Group or were unable to fulfil the terms of their contracts for any reason and the Group could not replace them with alternative suppliers in a timely fashion or on favourable commercial terms, it could impair the quality of, or make it impossible for the Group to deliver, its own products and services.

**Competition in the direct consumer business or sales finance industries could cause the Group to lose its market share and revenues**

The Group faces high competition in all the countries in which it operates. In some countries, in particular in Sweden, which is one of the Group's core markets, there are well-established and sophisticated competitors. There is a wide range of companies targeting the market for small consumer loans and credit cards, including various smaller, locally operated companies in addition to larger traditional consumer banks. While the Group's key consumer loan segment currently offers loans of up to EUR 5,000 (or up to EUR 6,000 for joint loan applicants), many of the Group's competitors do not restrict the size of available loans or provide the possibility for larger loan amounts than the Group offers. In addition, the Group also competes with other forms of short-term financing such as peer-to-peer loans and other credit cards. In the sales finance industry, other companies could have pre-existing relationships with the Group's target merchant partners or could offer better terms for sales finance products to the Group's existing merchant partners.

The highest risk of competition is experienced particularly in mature markets with high saturation, such as Sweden. In the past, intensive competition has pushed prices downward in some markets, which, if competition further intensifies, could erode profit margins and the Group's net income. The Group believes that the direct consumer loan and ecommerce & sales finance markets may become even more competitive as the industry consolidates. Some of the Group's competitors may have larger and more established customer bases and substantially greater financial, marketing and other resources than the Group currently has. As a result, the Group could lose market share to these competitors and its revenues could decline, thereby affecting the Group's ability to generate sufficient cash flow to fund expansion of its operations. This could have a material adverse effect on the Group's business prospects, financial condition or results of operations.

**A reduction in demand for the Group's products or failure by the Group to develop innovative and attractive products could adversely affect the Group's business and results of operations**

A significant share of the Group's revenue is generated through its core direct consumer loan product, while the remainder is generated by the Group's sales finance segment. The demand for a particular product the Group offers may be reduced due to a variety of factors, such as regulatory restrictions that decrease customer access to particular products, the availability of competing products or changes in customers' preferences or financial conditions. Furthermore, any changes in economic factors that adversely affect consumer purchase behaviour and employment could reduce the volume or type of loan products the Group provides and have an adverse effect on the Group's revenues and result of operations. Should the Group fail to adapt to significant changes in consumers' demand for, or access to, its direct consumer loan product, the Group's revenues could decrease significantly and operations could be harmed. Each modification, new products and alternative method of conducting

business is also subject to risk and uncertainty and requires significant investment in time and capital, including additional marketing expenses, legal costs and other incremental start-up costs. Even if the Group does make changes to existing products or introduce new products to meet customer demand, customers may resist or may reject such products.

The Group's future growth may depend on its ability to foresee the direction of the commercial and technological development of production processes and technologies in its key markets. Future growth and the Group's ability to reach its innovation targets will also depend upon the Group's ability to successfully develop new and improved direct consumer business and sales finance products and services, using existing or new technological capabilities, and to successfully market these products in changing economic environments. The Group might not be successful in continuing to meet its customers' needs through innovation or in developing new products and technologies or, if developed, such new products might not be accepted by potential customers. The Group may not be able to recover investments that it has made in order to develop these new products or processes, and may not have sufficient resources to keep pace with technological developments. The failure of the Group to keep pace with the evolving technological innovations in its markets and adequately predict customer preferences could have a material adverse effect on the Group's business, product portfolio, financial condition and results of operations.

**If the Group loses current key members of management or is unable to attract and retain the talent required for its operations, the Group's business may suffer**

The Group's success depends on its employees, including key management personnel. Familiarity with internal processes and operational expertise of the Group's employees are critical factors in the efficiency of the Group's business operations. If the Group fails to sufficiently retain key employees, the loss could have a significant impact on the Group's business operations.

The Group is especially dependent on the expert knowledge of its current senior management. If any of the key managers or other critical employees were to leave the Group or join a competitor, the Group might be unable to attract and retain suitable replacements. As a result, the Group may be unable to pursue its business operations as planned which could have a material adverse effect on its future business, financial condition and results of operations.

**The Group may fail to comply with data protection and privacy laws, which could negatively affect its business**

In May 2018, a new General Data Protection Regulation ("GDPR") issued by the EU entered into force. The implementation of a new system for personal data processing and actions needed to ensure compliance with the GDPR have and may continue to involve substantial costs for the Group. Compliance with GDPR is important as a breach could result in fines amounting to a maximum of EUR 20,000,000 or 4 per cent of the Group's global turnover (whichever is higher). If the Group fails to comply with the new GDPR this may have a material adverse impact on the Group's business and financial position.

The requirements of GDPR and other privacy laws may affect the Group's ability to collect and use personal data in a way that is of commercial use to the Group, for example in determining a potential applicant's credit profile. Breach of data privacy legislation could also result in the Group being subjected to claims from its customers that it has infringed their privacy rights. In addition, any inquiries made, or proceedings initiated by, regulators could lead to negative publicity in addition to potential liability for the Group, which could materially adversely affect its reputation and business.

**The nature of the Group's business as a provider of consumer loans and sales finance products may be misunderstood by customers, consumer protection organizations and others. Negative public perception and reputational damage could adversely affect the Group's business**

Consumers, consumer protection organizations, or journalists may not correctly understand and represent the nature or scope of the Group's products. Any misunderstandings or mischaracterizations of the Group's business or products could result in negative reviews, articles or complaints regarding the Group, the Group's products, or the industry in which the Group operates.

Consumer protection bodies, consumer advocacy groups, certain media reports, and a number of regulators and elected officials in markets in which the Group conducts business have from time to time advocated government action to prohibit or severely restrict certain types of short-term consumer lending or financing of consumer sales. These efforts have often focused on lenders that target customers who have short term liquidity needs and, in many cases, low levels of personal savings and incomes and that charge consumers imputed interest rates and fees which, on an annualized basis, are much higher than those charged by credit card issuers or banks to more creditworthy consumers. There is a risk that the Group could be affected by negative publicity associated with other loan, credit card or sales finance companies which are targeted by consumer advocacy groups or regulatory authorities, even if these companies are not affiliated with the Group or its business. Additionally, in certain countries, such as Estonia, there is a high rate of complaints brought by customers relating to financial products. Such complaints require time and resources for the Group and must be taken into consideration for operating in the region.

Further, the Group may generally experience a decrease in demand for its products if consumers perceive any of the Group's products as unreasonably expensive or abusive toward customers. Furthermore, media coverage and public statements that allege some form of corporate wrongdoing in the industries in which the Group operates may make it more difficult for the Group to attract and retain qualified employees and management, as well as divert management attention and increase hiring expenses. A negative perception of the behaviour of individual employees, the Group itself, affiliated or like companies or the entire industry may severely damage the Group's reputation and could lead to potential legal claims and have a material adverse effect on the Group's business prospects, financial condition or results of operations.

**The Group's operations are subject to exchange rate risk**

The Group operates internationally and is therefore subject to unexpected changes in foreign currency exchange rates among various currencies. Foreign exchange risk arises in connection with current and future commercial transactions, recognized assets and liabilities, and net investments in foreign operations.

Currently, the Group accepts deposits from consumers in Swedish Krona, Norwegian Krone and Euro to finance its assets. The Group relies on swap agreements and other financial instruments in order to obtain necessary currency for its product offerings in other markets that do not use these currencies (such as in Poland, where products are offered in Polish zloty). The Group uses its customer deposits for a large portion of its liquidity requirements when offering Group products and there is a risk that the amount of customer deposits or the amount of customer deposits in a specific currency does not adequately cover the Group's future liquidity needs. The Group's financial results are not hedged against currency fluctuations. Adverse foreign exchange fluctuations against Euro and Norwegian Krone, especially in Swedish Krona, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group offers deposits in Euro in Finland and Germany. These Euro deposits are used to finance the Group's lending in Finland, Estonia, Latvia and Lithuania. Hence should any of these countries abandon the Euro, the Group would be exposed to a significant foreign currency risk.

### **The Group is subject to accounting and management risk**

Preparation of the Group's financial statements requires the Group's management to make estimates, assumptions, and forecasts regarding the future. These estimates, assumptions, and forecasts may be inaccurate and are inherently subject to uncertainties. Future developments may deviate significantly from the assumptions made if changes occur in the business environment and/or business operations of the Group. Furthermore, the Group's management is required to use its judgment in the application of accounting principles in the preparation of the financial statements. Group subsidiaries vary by size and geographic location. The nature of the Group's cross border operations involves arrangements that often require the judgment of the Group's management in the application of accounting policies. Inadvertent errors in accounting and/or management decisions could have a material adverse effect on the Group's business, financial condition and results of operations.

From time to time, the International Accounting Standards Board or the EU revise the International Financial Reporting Standards ("IFRS"), which apply to the Group's financial reporting. Changes in regulations governing reporting requirements may be difficult to foresee and can affect the accounting and reporting procedures of the Group. The Group's implementation of IFRS 9 have increased its reserve for future loan losses. The group has decided to use the transitional arrangement of IFRS 9. The implementation of IFRS 9 will likely affect the Group's accounting procedures as well as its capital adequacy requirements. If the Group is unable to comply with current or future reporting requirements, its reputation and business could be negatively affected.

### **The Group is subject to certain risks connected to interest rate fluctuations**

The Group's direct consumer lending products and interest paid on savings rate deposits are tied to variable interest rates. An increase in market interest rates could have a negative effect on the Group's profits in the event that such an increase would affect the interest rates and payments on consumer finance products and savings accounts offered by the Group. Higher interest rates could oblige the Group to raise savings account rates, increasing the Group's financing costs. If the Group is unable to compensate by charging higher interest rates on its loan products, its profitability could be negatively affected, which could ultimately affect the Group's business, financial condition and results of operations. Alternatively, should interest rates continue to stay at current levels, the Group could also face a situation where deposits of the Group held by other institutions decline or even reach negative interest rates – which, at the date of this Prospectus, is the case for deposits held with certain institutions – which could have an adverse impact on the Group's business, financial condition and results of operations.

### **If the Group incurs a large amount of fraud-related losses, the Group's results of operations and financial condition may be adversely affected**

The Group is exposed to fraud risk associated with information provided by its (potential) customers. The most common fraud risk is identity theft. There is a risk that the Group could suffer losses in the future due to the criminal behaviour of its potential or actual customers, which may be unanticipated or undetected by the Group. Further, a large-scale attack or collusion among customer applicants could result in potentially greater losses if the Group is unable to detect or prevent such behaviour. This could have a negative impact on the Group's business prospects, including its reputation as well as its financial condition and results of operations.

### **The Group may incur property, casualty or other losses not covered by insurance**

The Group considers its insurance coverage to conform to market practice for companies in its industry. However, insurance fully covering political, economic and many other risks relating to the Group's business is not generally available to the Group or to other companies. No assurance can be given that the insurance policies that the Group currently has in place will continue to be available, or that they will be available at economically feasible premiums.

Any actual losses suffered by the Group may exceed the Group's insurance coverage and would be subject to limitations and excesses, which could be material. The realization of one or more damaging event for which the Group has no or insufficient insurance coverage may have a material adverse effect on the Group's business, financial condition and results of operations.

### **Regulatory and Legal Risks**

#### **The Group's business is dependent on the license to conduct banking business**

According to the Swedish Banking and Financing Business Act of 2004, a banking business in Sweden can only be provided with a license from the Swedish Financial Supervisory Authority (the "SFSA"). The Company was granted its license in January 2012. The SFSA conducts full supervision of the Company. It may do both off and on-site inspections and has the power to require the production of and to obtain access to all records, documents or information. The SFSA enforces compliance and can impose sanctions for failure to comply with or properly implement legal requirements. Criminal sanctions can apply for failure to comply with market abuse regulations or for tipping off a company under SFSA authority as to a potential or actual investigation. The SFSA also has a wide range of administrative sanctions available to it, including an official remark or warning in connection with a punitive fine and the ability to remove a board member or managing director of a company. The SFSA can also withdraw a company's license for a variety of reasons including, but not limited to, non-compliance with existing or failure to implement new regulatory requirements.

In August 2017, the Company's subsidiary BB Bank ASA (formerly BB Finans ASA) was granted a banking licence in Norway. BB Bank ASA is under the supervision of the Financial Supervisory Authority of Norway and is subject to similar restrictions as the Company.

The Group is dependent on its banking license with the SFSA and the FSA in Norway. If the SFSA or the FSA in Norway were to withdraw the Company's or BB Bank ASA's license for any reason, the business of the Group would be in jeopardy and it might also have to cease a majority or all of its current operations. Other administrative sanctions imposed by the SFSA or the FSA in Norway could cause significant reputational risk, which could harm the Group's business, financial condition and results of operations.

#### **The Group is subject to various consumer protection laws, other local legal and regulatory requirements and European law, changes or different interpretations of which could significantly impact the Group's business**

The Group is subject to various laws, regulatory requirements and general guidelines in the countries in which it operates. Changes to local legislation require the Group's respective local subsidiaries to adapt operations to ensure compliance with such changes. Failure to timely implement procedures that comply with new regulations may have a material adverse effect on the Group's business, financial condition, or results of operations. There is a risk that courts, regulatory agencies and

financial supervisory authorities in the jurisdictions which the Group operates in, including the Company's home country supervisory authority, the SFSA, could issue new regulations or interpretations or find the Group's services to be in violation of local or EU-wide legal requirements (such as license requirements, maximum interest rate provisions, transparency requirements or other regulatory requirements).

In the past, the Group has adapted its business model and product offerings in several countries as a result of regulatory changes. Although the Group strives to adapt its business model and products to all changes in regulatory requirements in the various countries it operates in, future regulatory changes may be too burdensome to comply with or may result in the Group's business model in a particular jurisdiction becoming unprofitable. Such developments could have a material adverse impact on the financial and market position of the Group.

**The Group may fail to successfully manage the diverse sets of regulatory requirements it currently is subject to, particularly requirements under the EU Capital Requirements Directive (2013/36/EU) and the Capital Requirement Regulation (575/2013), and may face regulatory problems entering into new markets**

Business operations in a wide set of different jurisdictions with diverse statutory requirements necessitates careful management of the legal and regulatory challenges in many fields, including but not limited to: (i) license requirements, (ii) maximum interest rate regulations, (iii) distance contracts regulations, (iv) consumer protection legislation, and (v) capital adequacy regulations. These diverse legal frameworks implicate various legal and regulatory risks, including but not limited to the risks of market entry in new jurisdictions. The legal requirements for launching the Group's business in new jurisdictions vary significantly with some jurisdictions having no registration/license requirements and others requiring various licenses (e.g., a banking license specific to that jurisdiction). Entering new jurisdictions implicates challenging legal requirements on a local level. Failure to comply with local legal requirements may have a material adverse effect on the Group's business, reputational standing, financial condition and results of operations. In addition, the diversification of the Group and entry into new markets and jurisdictions also increases its legal costs and continued compliance costs with local laws and regulations.

The Company is subject to capital adequacy regulations, which aim to put in place a comprehensive and risk-sensitive legal framework and to ensure enhanced risk management among financial institutions (and BB Bank ASA is subject to a similar regulatory framework as the Company). The Company must at all times reach the capital requirements in accordance with the EU Capital Requirements Directive 2013/36/EU ("CRD IV") and the Capital Requirements Regulation (EU) No 575/2013 ("CRR"). CRD IV and CRR have imposed significant changes for financial institutions in terms of minimum capital requirements and capital buffers. The regulatory framework will continue to evolve and any resulting changes could have a material impact on the Company's business.

These capital requirements could force the Company to issue additional capital, which may be unavailable to the Company in the future or unavailable at an attractive rate or within the timeframe necessary in order to ensure compliance with such requirements. Failure to comply could lead to administrative sanctions by the SFSA, which may also affect the Company's ability to conduct its business and in turn its financial condition and results of operations.

**Changes to the Swedish Deposit Protection Program or the Norwegian Banks' Guarantee Fund Program, or a decision resulting in the savings deposit accounts with the Company no longer being covered by the Deposit Protection Programs, may have a negative effect on the Group**

The Swedish Deposit Protection Program is a state-provided guarantee of deposits in all types of accounts in banks, securities companies and certain other financial institutions. The Swedish Deposit Protection Program guarantees the customers' deposits in the event the Company is declared bankrupt or if the SFSA determines that the Swedish Deposit Protection Program should be activated in a given situation. The Swedish Deposit Protection Program is administered by the Swedish National Debt Office. If activated, the insurance guarantees each customer compensation amounting to the value of the total funds in his or her account(s) with the Company, plus accrued interest, until the time of the bankruptcy or the SFSA's activation decision. The maximum compensation is an amount of up to EUR 100,000.

In Norway, deposits offered by BB Bank ASA are guaranteed under the Norwegian Banks' Guarantee Fund Program in the amount of NOK 2,000,000.

There is a risk that regulatory changes which decrease the maximum compensation amount or repeal the Swedish Deposit Protection Program or the Norwegian Banks' Guarantee Fund Program (as applicable) are implemented, which could have a negative effect on the amount of customer savings deposit accounts with the Group. Such changes could also lead to an increase in withdrawals from accounts currently held with the Group. This could have a negative effect on the Group's business, financial condition and results of operations.

#### **Changes in laws on legally permissible interest rates may have a negative effect on the Group**

The Group is currently subject to regulatory caps on lending rates in Finland, Latvia, Estonia, Lithuania and Poland. Legislation in these jurisdictions limits the amount of interest that may be charged for certain financial products. Should such regulatory requirements increase or should new requirements be introduced in other jurisdictions in which the Group operates, the Group may have to alter the terms upon which it offers some or all of its financial products. Such changes could lead to decreased profitability and could ultimately have a negative effect on the Group's business, financial condition and results of operations.

#### **Changes in laws on data protection may have a negative effect on the Group's marketing**

The Group's method for processing personal data is governed by laws on personal data protection. The Group's business is subject to, inter alia, the GDPR. The authority supervising the processing of personal data in Sweden is the Swedish Data Protection Authority (Sw. *Datainspektionen*) (the "DPA"). GDPR contains regulations relating to the processing of personal data through, inter alia, the collection, registration, storage and disclosure thereof, as well as the conditions under which processing of personal data is allowed. According to GDPR, the Group must ensure, among other things: (i) that personal data is processed only if it is lawful to do so; (ii) that it is processed in a proper manner and in accordance with good practice; (iii) that it is gathered only for specific, explicitly stated and legitimate purposes; (iv) that it is not processed for any purpose that is incompatible with those for which the data was gathered; (v) that the data is adequate and relevant to the purpose of the processing; and (vi) that the persons providing personal data is properly informed of the Group's processing routines in respect of such data in accordance with GDPR.

The DPA has the right of access to the personal data processed as well as information about and documentation of the processing, and is also empowered to enter the Company's premises which are connected with the processing. If the DPA cannot obtain sufficient information to establish that the processing is lawful, it may prohibit the controller from processing personal data in any manner other than storage of such data or assess a fine against the controller, should it continue any other processing activities. The DPA can also limit processing activities or levy fines if, following an unlawful

instance of personal data processing, the DPA determines that it is not possible to effect rectification in any other way or if the matter is of an urgent, ongoing nature. Such requirements and potential administrative actions or fines administered by the DPA could lead to unexpected costs and increased administrative burden for the Group.

Additionally, if the Group's right to market its products through direct advertising would be limited due to changes in relevant regulations, e.g., by limiting the possibility to use gathered personal data for marketing purposes, the Group may need to rely on other, less effective, marketing methods. This could have a negative effect on the Group's business, financial condition and results of operations.

**The Group may fail to comply with the regulation on measures against money laundering and terrorist financing**

The Company's business is subject to the Swedish Money Laundering and Terrorist Financing (Prevention) Act as well as general guidelines adopted by the SFSA. The requirements are detailed and demand substantial resources, internal routines and guidelines. During the last decade, the SFSA has intensified its monitoring of financial institutions, which has led to a number of administrative sanctions for such institutions. Furthermore, the legal framework has been revised and is constantly subject to discussions on an international level. It is possible that new or amended requirements would require the Company to further adapt its practices and procedures. The Company has adopted internal guidelines and routines in order to comply with the regulation. It is possible that local courts, regulatory agencies and financial supervisory authorities, including the Company's home country supervisory authority, the SFSA, could find the Group's compliance measures to be inadequate or in violation of local or EU-wide legal requirements. Administrative sanctions by the SFSA or other regulatory authorities would cause significant reputational risk, which could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Company may fail to comply with all regulations it is subject to and such failures could materially impact its operations and strategy**

The Group operates in several countries under the Company's EU banking license issued in January 2012 by the SFSA, namely Sweden, Denmark, Estonia, Finland, Latvia, Norway, Germany, Lithuania and Poland. This EU banking license is required or may be required to conduct business in a number of existing and potential future markets. The Company's banking license also provides the Group with reputational benefits and increased levels of consumer confidence, access to pertinent databases to further enhance the Group's current scoring models and funding options linked to the ability to accept deposits (insured by the Deposit Protection Program) to support profit growth. However, under Swedish law, the banking license may be revoked or restricted by the SFSA for a variety of reasons including, but not limited to, the Group's non-compliance with existing or new regulatory requirements. Such a restriction or revocation of the banking license would require the Group to adhere to existing or to implement new measures to comply with regulatory requirements issued by the SFSA.

Additionally, if a new shareholder accumulates a shareholding of 10 per cent. or more in the Company, the shareholder must be approved by the SFSA in order for the Company to remain in compliance with Swedish laws and regulations.

These factors and other factors could impair the Group's swift entry into new European markets and/or result in operational delays that could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is subject to challenges by tax authorities and may not correctly apply all the various tax regimes it is subject to**

The Group's main tax risks are related to changes to or possible erroneous interpretations of tax legislation. Such changes or erroneous interpretations could lead to tax increases or other financial losses. Realization of such risks might have a material adverse effect on the Group's business, financial condition and results of operations.

The Group operates in different countries with diverse sets of tax regimes, although the Company is principally subject to Swedish tax law. Corporate income tax, value added tax, sales taxes and other taxes levied upon on the Group's business are subject to change and can be increased, changed or completely restructured at any time. While the Group monitors tax changes consistently and has not faced any significant tax challenges or disputes with tax authorities in past years, changes to local tax regimes or challenges to the current tax structure of the Group could have a material adverse effect on the Group's business, financial condition, or results of operations.

**Risks relating to the Bonds****Bondholders are subject to credit risks towards the Issuer**

Investors in the Bonds carry a credit risk relating to the Issuer. The investors' ability to receive payment under the Bonds is therefore dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Issuer's operations and its financial position. The Issuer's financial position is affected by several factors of which some have been mentioned above.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Issuer may reduce the Issuer's possibility to receive debt financing at the time of the maturity of the Bonds.

**Liquidity risk**

Active trading in the Bonds does not always occur. Hence, there is a risk that a liquid market for trading in the Bonds will not occur, or be maintained. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

**The market price of the Bonds may be volatile**

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, the global financial markets have experienced significant price and volume fluctuations in recent years, which, if repeated in the future, could adversely affect the

market price of the Bonds without regard to the Issuer's operating results, financial condition or prospects.

### **Change of law**

The Terms and Conditions are based on Swedish law in effect as at the date of issue of the Bonds. Should any possible judicial decision or change to Swedish law or administrative practice occur, there is a risk that the bondholders are negatively affected.

### **The Issuer's obligations under the Bonds are deeply subordinated**

The rights of the bondholders will, in the event of the liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated and subordinated creditors of the Issuer.

The Bonds rank junior to the Issuer's SEK 100,000,000 Tier 2 Bonds (the "**Tier 2 Bonds**"), which in turn rank at least *pari passu* with all other subordinated indebtedness of the Issuer. The Issuer may also issue other debt obligations or capital instruments that rank or are expressed to rank senior to the Bonds, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. In the event of a liquidation of the Issuer, the Issuer will be required to pay its depositors and its unsubordinated creditors in full before it can make any payments on its Tier 2 Bonds, and pay holders of the Tier 2 Bonds before it can make any payments on the Bonds. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Bonds. In addition, the BRRD as defined below, as implemented in Sweden, could mean that an investment in the Issuer's regulatory capital instruments as Additional Tier 1 Capital runs the risk that the Issuer's debt under those instruments will be written off (bail-in), rescheduled or further subordinated (for instance, by the swapping of debt to equity).

### **Redemption of the Bonds upon on the occurrence of a capital event or a tax event**

The Issuer may upon the occurrence of a Capital Event or a Tax Event (each as defined in the Terms and Conditions for the Bonds), at its option, but in each case subject to obtaining the prior consent of the SFSA, redeem all, but not some only, of the Bonds at par together with accrued interest.

If the Bonds would be redeemed following a Capital Event or a Tax Event, there is a risk that the bondholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Bonds.

### **There are limited acceleration events in relation to the Bonds**

The holders of the Bonds may only accelerate the Bonds upon the liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer. No payments will be made to the holders of the Bonds before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the holders of the Bonds have been paid by the Issuer, as ascertained by the judicial liquidator (*Sw. likvidator*) or bankruptcy administrator (*Sw. konkursförvaraltare*).

### **Interest rate risks**

The Bonds bear interest at a floating rate. Bondholders should be aware that the floating rate interest income is subject to changes to the STIBOR rate (with no zero floor) and therefore cannot be

anticipated. Hence, bondholders are not able to determine a definite yield of the Bonds at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

In addition, bondholders are exposed to reinvestment risk with respect to proceeds from coupon payments or redemptions by the Issuer. If the market yield declines, and if bondholder want to invest such proceeds in comparable transactions, bondholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields.

#### **Call options are subject to the prior consent of the SFSA**

The Issuer has the option to redeem the Bonds as from the first call date, being the date falling five years after the issue date of the Bonds. If the Issuer considers it favorable to exercise such a call option, the Issuer must obtain the prior consent of the SFSA.

The bondholders have no rights to call for the redemption of the Bonds and should not invest in the Bonds in the expectation that such a call will be exercised by the Issuer. The SFSA must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. The risk however exists that the SFSA will not permit such a call or that the Issuer will not exercise such a call. The bondholders should be aware that they may be required to bear the financial risks of an investment in the Bonds for a period of time in excess of the minimum period.

#### **The Issuer may cancel interest payments on Bonds at its discretion for any reason, and will be required to cancel interest payments in certain cases**

Any payment of interest in respect of the Bonds shall be payable only out of the Issuer's Distributable Items (as defined in the Terms and Conditions of the Bonds). Interest payments may be cancelled by the Issuer, at any time, in whole or in part, at the option of the Issuer in its sole discretion; or will be mandatorily cancelled to the extent so required by the applicable capital regulations.

The Issuer's Distributable Items will depend to a large extent on the net income earned by the Issuer. The Issuer is entitled to cancel payments of interest in its sole discretion and it is permitted to do so even if it could make such payments without exceeding any maximum distribution limits set out in the applicable capital regulations. Payments of interest on the Bonds may be cancelled even if holders of the Issuer's shares continue to receive dividends.

Following any cancellation of interest, the right of the holders of the Bonds to receive accrued interest in respect of any such interest period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent interest periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose nor will the non-payment of such interest constitute an acceleration event. If a Capital Event (as defined in the Terms and Conditions of the Bonds) has occurred and the Bonds are fully excluded from the Issuer's Additional Tier 1 Capital and the Issuer has not exercised its option to redeem the Bonds or has not exercised its right to substitute or adjust the Bonds so that they become or remain Qualifying Capital Bonds (as defined in the Terms and Conditions of the Bonds), the Issuer shall not, to the extent permitted under the applicable capital regulations, exercise its discretion to cancel any interest payments due on the Bonds following the occurrence of the Capital Disqualification Event.

Any actual or anticipated cancellation of interest payments will likely have an adverse effect on the market price of the Bonds. In addition, as a result of the interest cancellation provision of the Bonds, the market price of the Bonds may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition.

### **Loss absorption following a Trigger Event**

*The principal amount of the Bonds may be written down to absorb losses*

The Bonds were issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Terms and Conditions of the Bonds and which, in particular, require the Bonds and the proceeds of their issue to be available to absorb any losses of the Issuer.

Accordingly, if at any time the CET1 ratio (as defined in the Terms and Conditions of the Bonds) of the Issuer has fallen below 5.125 per cent. in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation (as defined in the Terms and Conditions of the Bonds), (a "**Trigger Event**"), the nominal amount or payment obligation of the Bonds shall be written down as described in the Terms and Conditions of the Bonds.

The Issuer and/or the SFSA may determine that a Trigger Event has occurred on more than one occasion and the nominal amount of each Bond may be reduced on more than one occasion.

Bondholders may lose all or some of their investment as a result of any such write-down to the nominal amount or payment obligation. Any such write-down shall not constitute an acceleration event and, following such write-down, the bondholders' claims in respect of principal will, in all cases (including following a redemption of the Bonds upon a Capital Event or a Tax Event (each as defined in the Terms and Conditions for the Bonds) or upon bankruptcy or liquidation), be based on the reduced nominal amount or payment obligation of the Bonds to the extent the nominal amount or payment obligation, in the sole discretion of the Issuer, has not subsequently been reinstated as described in the Terms and Conditions of the Bonds.

In addition, following a write-down of the Bonds as described above, interest can only continue to accrue on the reduced nominal amount or payment obligation following such write-down, which will be lower than the original nominal amount or payment obligation of the Bonds.

The market price of the Bonds is expected to be affected by fluctuations in the CET1 ratio of the Issuer. Any indication that the CET1 ratio of the Issuer is trending towards 5.125 per cent. in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation may have an adverse effect on the market price of the Bonds. The level of the CET1 ratio of the Issuer and the Issuer consolidated Situation may significantly affect the trading price of the Bonds.

*The CET1 ratio shall be calculated by the Issuer and shall be binding on the bondholders*

For the purposes of determining whether a Trigger Event has occurred and if a write-down of the Bonds is required, the Issuer must (and the SFSA (or any agent appointed for such purpose by the SFSA) may) calculate the CET1 ratio of the Issuer or the Issuer Consolidated Situation, as the case may be, based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective

ongoing monitoring of the capital ratios of the Issuer and the Issuer Consolidated Situation. The Issuer will calculate and publish the relevant CET1 ratio on at least a quarterly basis.

The Issuer's and/or the SFSA's calculation of the CET1 ratios of the Issuer and the Issuer Consolidated Situation, and therefore its determination of whether a Trigger Event has occurred, shall be binding on the bondholders, who shall have no right to challenge the published figures detailing the CET1 ratios of the Issuer or the Issuer Consolidated Situation, as the case may be.

**Any write-up of the Bonds is at the sole and absolute discretion of the Issuer and may require shareholder approval**

Following any write-down of the Bonds, the Issuer may, but is not in any circumstances obliged to, reinstate the nominal amount. Any reinstatement can only be made out of distributable reserves of the Issuer and will thus need a shareholders' decision, which may or may not be given.

**The Issuer's interests may not be aligned with those of investors in the Bonds**

The CET1 ratio and Distributable Items and any relevant maximum distributable amount stipulated in the applicable capital adequacy regulation, will depend in part on decisions made by the Issuer relating to its businesses and operations, as well as the management of its capital position. The Issuer will have no obligation to consider the interests of holders of the Bonds in connection with their strategic decisions and capital management. The Issuer may decide not to raise capital at a time when it is feasible to do so, even if that would result in the occurrence of a Trigger Event. Holders of Bonds will not have any claim against the Issuer relating to decisions that affect the capital position of the Issuer, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause holders of the Bonds to lose the amount of their investment in the Bonds.

**The Bonds are perpetual obligations with no specified maturity date**

The Bonds are perpetual obligations of the Issuer with no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Bonds at any time, except as set forth in the Terms and Conditions of the Bonds, in any event, subject to the prior approval of the Swedish SFA. The holders of the Bonds will have no right to require the redemption of the Bonds except if a judgment is issued for the liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer.

**The Bonds may be subject to substitution and adjustment without bondholders' consent**

Upon the occurrence of a Tax Event or a Capital Event (each as defined in the Terms and Conditions of the Bonds), the Issuer may, at its option, subject to the permission of the SFSA, but without any requirement for the consent or approval of the bondholders, substitute or vary the terms of the Bonds so that they remain, or become, Qualifying Capital Bonds (as defined in the Terms and Conditions of the Bonds). Qualifying Capital Bonds are securities issued directly or indirectly by the Issuer that have terms not materially less favorable to the holders of the Bonds than the terms of the Bonds.

Any such substitution or variation may have adverse consequences for bondholders, dependent on a number of factors, including the nature and terms and conditions of the relevant Qualifying Capital Bonds and the tax laws to which a particular holder of the Bonds is subject.

**No limitation on issuing debt**

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Bonds or on the amount of securities which the Issuer may issue which ranks pari passu with the Bonds. The issuance of additional debt by the Issuer may reduce the amount recoverable by the bondholders upon the bankruptcy or any liquidation of the Issuer.

### **Exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Bonds in Swedish Krona. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Swedish Krona. These include the risk that exchange rates may significantly change (including changes due to devaluation of Swedish Krona or revaluation of Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Swedish Krona would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### **The impact of changes to the capital adequacy framework**

In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken, including an overview of the capital adequacy framework. On 16 December 2010, the Basel Committee on Banking Supervision published its final guidelines for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions and on 13 January 2011, it published the minimum requirements for regulatory capital to ensure loss absorbency at the point of non-viability (the "**Basel III Framework**").

To complement the CRR/CRD IV legislative package, the European Parliament and the Council of Ministers adopted Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council ("**BRRD**"), which provides various measures for the resolution of failing credit institutions.

In particular, the dynamic nature of the regulatory capital and liquidity requirements of the CRD IV/CRR package may force the Issuer to allocate more risk-absorbing capital of sufficient quality and to set aside additional amounts of liquid assets. The BRRD could mean that an investment in the Issuer's regulatory capital instruments as Additional Tier 1 Capital is exposed to the risk that the Issuer's debt under those instruments will be written off (bail-in), rescheduled or further subordinated (for instance, by the swapping of debt to equity).

The Swedish Resolution Act (SFS 2015:1016) (*Sw. lagen om resolution*) (the "**Resolution Act**") is applicable in relation to the Company and the Subsidiary. The Resolution Act partially implements BRRD. Subject to certain prerequisites in the Resolution Act being fulfilled, a company being subject to the Resolution Act may be put into resolution by the Swedish National Debt Office (*Sw. Riksgäldskontoret*) (the "**National Debt Office**"). Such prerequisites include amongst other things the determination by the Swedish FSA that the relevant company is failing (*Sw. fallerar*) or is likely to fail. A company could be considered to fail if the Swedish FSA, amongst other things, determines that there

is reason to revoke the company's regulatory licenses, that the value of the company's liabilities exceeds the value of its assets, or that the company is not able to pay its debts as they fall due. If a company is put into resolution, the National Debt Office may, amongst other things, take over the shareholders' voting rights in the company, and appoint a new board of directors and a new managing director of the company. Furthermore, a set of resolution powers is available for the National Debt Office, and the National Debt Office may, for example, dispose of or transfer the company's assets. Thus, should the Company, and potentially the Subsidiary, be put into resolution, this could have a material adverse effect to the Group's business, reputation, financial condition and results of operations.

Further, under the Resolution Act, a minimum requirement for own funds and eligible liabilities (Sw. *nedskrivningsbara skulder*) is established. The minimum requirement shall be calculated as an amount of own funds and eligible liabilities, expressed as a percentage of the total liabilities and own funds of the relevant company. The National Debt Office shall set the level of the minimum requirement for each relevant company, taking into account the circumstances in the individual case. The minimum requirement for own funds and eligible liabilities may affect the own funds requirements applying to the Group, which could increase the Group's funding costs, or limit the Group's possibilities to carry out its business. This could adversely affect the Group's business, earnings and financial position.

The determination that all or part of the nominal amount of the Bonds will be subject to the BRRD may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. Accordingly, trading behaviour in respect of Bonds which are subject to the BRRD is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that Bonds will become subject to the BRRD could have an adverse effect on the market price of the relevant Bonds. Potential investors should consider the risk that a bondholder may lose all of its investment in such Bonds, including the principal amount plus any accrued but unpaid interest, in the event that measures having that effect are taken under the BRRD or otherwise.

#### **No action against the Issuer and bondholders' representation**

In accordance with the Terms and Conditions, an agent represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action.

However, the possibility that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the agent in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

#### **Bondholders' meetings, modification and waivers**

The Terms and Conditions includes certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

**Risks relating to the clearing and settlement in Euroclear's book-entry system**

The Bonds are affiliated to Euroclear Sweden's account-based system, and no physical notes have been issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system.

## THE BONDS IN BRIEF

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

<b>Issuer</b> .....	TF Bank AB (publ).
<b>Bonds Offered</b> .....	SEK 100,000,000 in aggregate principal amount of floating rate perpetual additional tier 1 capital bonds.
<b>Number of Bonds</b> .....	50.
<b>ISIN</b> .....	SE0011311240.
<b>Issue Date</b> .....	7 June 2018.
<b>Issue Price</b> .....	100 %.
<b>Interest Rates</b> .....	Interest on the Bonds will be paid at a floating rate of STIBOR plus 6.75 % per annum.
<b>Use of Benchmark</b> .....	Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.
<b>Interest Payment Dates</b> .....	7 March, 7 June, 7 September, and 7 December of each year commencing on 7 September 2018. Interest will accrue from (but excluding) the Issue Date.
<b>Nominal Amount</b> .....	The Bonds will have a nominal amount of SEK 2,000,000 and the minimum permissible investment in the Bonds is SEK 2,000,000.
<b>Status of the Bonds</b> .....	The Bonds are denominated in Swedish Krona and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.

The Bonds will constitute additional Tier 1 Capital of the Issuer. The Bonds constitute direct, subordinated and unsecured obligations of the Issuer and will at all times rank:

- (a) With equal right of payment ("*pari passu*") without any preference among themselves;

- (b) *pari passu* with (i) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (ii) any other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) in the liquidation or bankruptcy of the Issuer and the right to receive repayment of capital in the liquidation or bankruptcy of the Issuer;
- (c) senior to holders of all classes of the Issuer's shares in their capacity as such holders and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (d) junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, and (iii) except as expressly stated in (c) above, any subordinated creditors of the Issuer, including, for the avoidance of doubt, holders of notes which constitute Tier 2 Capital.

The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which may rank *pari passu* or senior with the Bonds as well as any capital instruments of the Issuer, which may rank junior to the Bonds.

No Bondholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Bondholder.

**Interest cancellation .....** Any payment of Interest in respect of the Bonds shall be payable only out of and up to the Issuer's distributable items and:

- may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has distributable items or that it may make any distributions pursuant to the Applicable Banking Regulation ; or

- will be mandatorily cancelled to the extent so required by the Applicable Banking Regulation , including the applicable criteria for Additional Tier 1 Capital instruments.

Following any cancellation of Interest as described above, the right of the Bondholders to receive accrued Interest in respect of any such interest period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.

A cancellation of any payment of Interest at any time shall in no event constitute a right for any Bondholder to accelerate the Bonds.

**Loss absorption upon a Trigger Event.....**

If at any time a Trigger Event occurs the Total Nominal Amount or the Issuer's payment obligation under the Bonds shall be written down.

A Write-Down shall take place on a date selected by the Issuer in consultation with the SFSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Applicable Banking Regulation, the Swedish FSA has agreed with the Issuer in writing that a Write-Down may occur after a longer period, in which case, on such date as agreed with the SFSA.

A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's payment obligation under each Bond shall be reduced to a certain percentage of the Nominal Amount and in each case such Write-Down shall be considered to be an unconditional capital contribution (Sw. *ovillkorat kapitaltillskott*) and shall be made in consultation with the Swedish FSA and in accordance with the rules of the CSD.

The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall equal the amount of a Write-Down that would restore the CET1 ratio of the Issuer to at least 5.125 per cent., and the CET1 ratio of the Issuer Consolidated Situation to at least 7.00 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Bond corresponding to SEK 0.01.

A Write-Down shall be made taking into account any preceding or imminent write-down of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).

For the avoidance of doubt, the Nominal Amount of each Bond shall, upon the Write-Down of the Total Nominal Amount described above, be written down on a pro rata basis.

**"Trigger Event"** means if, at any time, the CET1 ratio of the Issuer or the Issuer Consolidated Situation, is less than 5.125 per cent., in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation, in each case as determined by the Issuer and/or the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA).

**"CET1 Capital"** means, at any time, the common equity tier 1 capital of the Issuer or the Issuer Consolidated Situation, respectively, as calculated by the Issuer in accordance with Chapter 2 of Title II of Part Two of the CRR and/or any other Applicable Banking Regulations at such time.

**"CET1 ratio"** means, at any time:

in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer at such time divided by the Risk Exposure Amount of the Issuer at such time; and

in relation to the Issuer Consolidated Situation, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer Consolidated Situation at such time divided by the Risk Exposure Amount of the Issuer Consolidated Situation at such time,

- Call Option**..... Following the consent from the Swedish FSA and giving notice of early redemption in accordance with the Terms and Conditions the Issuer has the right to redeem all (but not some only) outstanding Bonds in on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.
- Redemption Clauses** ..... The Bonds constitute perpetual obligations of the Issuer and have no fixed date for redemption. The Issuer may only redeem the Bonds at its discretion in the circumstances described herein. The Bonds are not redeemable at the option of the Bondholders at any time.

**Early redemption upon the occurrence of a Capital Event**

If a Capital Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to consent from the SFSA and giving notice of early redemption, redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

"**Capital Event**" means, at any time on or after the Issue Date, there is a change in the regulatory classification of the Bonds that would be likely to result in the exclusion of the Bonds (in whole or in part) from the Additional Tier 1 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification of the Bonds (in whole or in part) as a lower quality form of regulatory capital, provided that:

- (a) the Swedish FSA considers such a change to be sufficiently certain; and
- (b) the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date,

and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Additional Tier 1 Capital contained in the Applicable Banking Regulation.

**Early redemption upon the occurrence of a Tax Event .....**

If a Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to consent from the Swedish FSA and giving notice of early redemption, redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

"**Tax Event**" means the occurrence of any amendment to, clarification of or change in the laws, treaties or regulations of any Tax Jurisdiction affecting taxation (including any change in the interpretation by any court or authority entitled to do so) or any governmental action, on or after the Issue Date and which was not foreseeable at the Issue Date, resulting in that:

- (a) the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Bonds; or
- (b) the treatment of any of the Issuer's items of income or expense with respect to the Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be accepted by any tax authority, which subjects

the Issuer to a significant amount of additional taxes, duties or governmental charges,

provided that the Issuer satisfies the SSA that such change in tax treatment of the Bonds is material and was not reasonably foreseeable as at the Issue Date.

<b>Call Option Amount .....</b>	The Bonds shall be redeemed at a price per Bond equal to the Nominal Amount together with accrued but unpaid Interest.
<b>First Call Date.....</b>	Means the Interest Payment Date falling on or nearest to five (5) years after the Issue Date.
<b>Acceleration of the Bonds ...</b>	Neither a Bondholder or the Agent have a right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds, except in the event of liquidation (Sw. <i>likvidation</i> ) or bankruptcy (Sw. <i>konkurs</i> ) of the Issuer.
<b>Use of Proceeds .....</b>	The proceeds from the issue of the Bonds shall be used for general corporate purposes of the Issuer.
<b>Transfer Restrictions .....</b>	The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
<b>Listing.....</b>	Application has been made to list the Bonds on Nasdaq Stockholm.
<b>Agent.....</b>	Nordic Trustee & Agency AB (publ).
<b>Issuing Agent .....</b>	Skandinaviska Enskilda Banken AB (publ).
<b>Governing Law of the Bonds</b>	Swedish law.
<b>Risk Factors.....</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

## STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 28 May 2018, and was subsequently issued by the Issuer on 7 June 2018. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The Issuer is responsible for the information given in this Prospectus. The Issuer is the source of all company specific data contained in this Prospectus and the Issuing Agent has conducted no efforts to confirm or verify the information supplied by the Issuer. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

25 September 2018

TF BANK AB (PUBL)

*The Board of Directors*

## DESCRIPTION OF MATERIAL AGREEMENTS

The following is a summary of the material terms of material agreements to which the Issuer is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

### Working Capital Financing

BB Bank ASA has entered into a credit facility agreement with Sparebanken Vest in an amount of NOK 30,000,000. As of the date of this Prospectus, the credit facility agreement has not been utilised.

### Credit facility agreement

The Company has committed to provide up to the lower of (i) NOK 150,000,000 or (ii) an amount corresponding to 90% of the aggregate of all loans made available by BB Finans to their end-customers, to BB Finans through a revolving credit facility agreement.

The Company has committed to provide up to the lower of (i) SEK 400,000,000 or (ii) an amount corresponding to 90% of the aggregate of all loans made available by Avarda AB and Avarda Oy to their end-customers, to Avarda AB and Avarda Oy through a revolving credit facility agreement.

### Acquisition of BB Finans

On 29 December 2014, TF Bank entered into a share purchase agreement to acquire 100% of the shares in the Norwegian company, BB Finans ASA, for NOK 69,600,000 (approximately EUR 7,900,000 as at 30 June 2015; BB Finans' total equity amounted to NOK 48,000,000 or approximately EUR 5,500,000 as at 30 June 2015). BB Finans offers Norwegian customers direct consumer loan products, including credit cards. Under the terms of the agreement, the previously registered owners of BB Finans and their affiliates have agreed to a non-compete and non-solicitation agreement for a period of three years from the closing date in Sweden, Finland and Norway. The acquisition of BB Finans by TF Bank closed on 31 July 2015.

### Share Purchase Agreement regarding the shares in Avarda

In March 2015, the Group and Intrum Justitia launched the joint venture company Avarda AB. In November 2017, the Company acquired all of Intrum Justitia's shares in Avarda making it a wholly owned subsidiary of the Company.

### Acquisition of the Credit Receivables Business of Consortio Fashion Group – Integration of the Sales Finance & Ecommerce Segment

On 30 April 2014, TF Bank entered into an agreement with the Consortio Fashion Group and five of its fully owned subsidiaries (together with the Consortio Fashion Group, the "**Consortio Sellers**") that are principally involved in online clothing sales but also engage in online sales of various other items, including furniture, home textiles, beauty products and electronics. Together the Consortio Sellers jointly conducted a consumer finance business in connection with their respective online sales businesses. Under this agreement, TF Bank purchased the consumer finance business at a purchase price calculated as the accumulated net book value of all outstanding amounts of credit receivables for the Consortio Sellers as at the date of the agreement (EUR 40,900,000) in addition to purchasing the software program used to facilitate such consumer finance product offerings for SEK 818,000. The primary employee for the consumer finance business was also transferred from the Consortio Fashion Group to TF Bank. The acquisition was fully financed by the Group's own liquidity.

### Other material agreements

The Group relies to some extent on hosting providers, marketing support services, licensing agreements, communications carriers and other third parties for the day-to-day operation of its business. The Group also utilises certain third party software for general corporate operations and is dependent on certain third-party data providers (i.e., credit bureaus) in order for its customer assessment scoring model to operate successfully.

## DESCRIPTION OF THE GROUP

### History and development

TF Bank AB (publ) was incorporated on 25 November 1971, registered with the Swedish Companies Registration Office 8 February 1972, has been licensed to conduct banking business since 22 February 2012 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 556158-1041. The registered office of the Company is P.O. Box 947, 501 10 Borås and the Company's headquarters is located at Lilla Brogatan 6, 503 30 Borås, with telephone number +46 (0) 33-722 35 00.

In accordance with the articles of association of the Company, adopted on 12 April 2016, the objects of the Company is to conduct such banking business as set forth in Chapter 7, Section 1 in the Swedish Banking and Financing Business Act (2004:297) and other business that is naturally connected herewith. Except for payment services through general payments systems and collection of funds that after cancellation are available for the creditor within a period of maximum 30 days, the Company may provide or mediate loans, e.g., in the form of consumer credit and credit against security in real estate or promissory notes, conduct debt collection business and insurance mediation business in accordance with the Swedish Insurance Mediation Act (2005:405).

### History

In 1987 the Company started offering consumer finance solutions to customers ordering goods from mail order catalogues. Over time, the Group has grown in terms of both revenue and geographic presence. Today the Group offers consumer banking services through a fully-automated proprietary IT-platform designed for scalability and adaptation to different digital banking solutions.

The following is a description of the major milestones in the Group's history:

- The core of the Group's business was created in the 1980s under the name Aktiebolaget Time Finans and operated during the 1990s and 2000s primarily under the trade names of Time Finans and Haléns Finance. Until the late 1990s, the Group remained focused on its Swedish home market and on mail order catalogue financing.
- As part of its strategy to diversify its business geographically, the Group expanded its operations into Finland (1998), Estonia (2002) and Norway (2003).
- In 2007, the Group, under new ownership, accelerated its focus on online and mobile lending as well as ecommerce finance solutions. In 2008, the Company received a new management and also changed its name to Time Finans AB.
- In 2012, the Company further changed its name to "TF Bank AB" and was granted a banking license from the SFSA.
- In 2012 the Company launched consumer lending operations in Poland.
- In 2013 and 2014, the Group expanded operations into Poland and acquired the assets from a related and long-time co-operation partner in the mail order business. The Group also used its cross border license to start activities in Latvia and Denmark.
- In 2014, the Group established a branch in Finland, allowing it to accept deposits in Euro.

- At the end of 2014, the Group expanded its online sales financing operations by establishing Avarda, its joint venture with Intrum Justitia which launched its initial operations in March 2015. In September 2015, Avarda received its license to conduct certain consumer credit activities in Sweden under the Swedish Certain Consumer Credit-related Operations Act of 2014.
- In 2015, the Group established a branch in Poland.
- In July 2015, the Group acquired the Norwegian financial institute BB Finans, a consumer loan specialist company based in Norway through which the Group also acquired technology and licenses to issue credit cards, gaining access to the Norwegian consumer finance market, further credit card technology and licenses.
- In December 2015, TF Bank issued subordinated floating rate Tier 2 bonds in the amount of SEK 100,000,000. The Tier 2 bonds were listed on Nasdaq Stockholm in February 2016.
- In June 2016, TF Bank listed its shares on Nasdaq Stockholm.
- In 2016 TF Bank launched consumer lending operations in Latvia.
- In August 2017, TF Bank's subsidiary BB Bank ASA (formerly BB Finans AS) was granted a banking license.
- In 2017, TF Bank launched deposit products in Germany and Norway.
- In August 2017, TF Bank established a branch in Estonia.
- In November 2017, TF Bank acquire all of Intrum's shares in Avarda.
- In 2018, TF Bank launched consumer lending operations in Lithuania.

### **Development of the Group**

In 1987, TF Bank was founded with the purpose of offering financial solutions to consumers ordering goods from mail order catalogues. Today TF Bank AB (publ) is an internet-based niche bank offering consumer banking services through its proprietary IT-platform with high degree of automation. This IT-platform was created to suit different products, countries, currencies and digital banking solutions.

TF Bank offers lending and depositing for private customers in Sweden, Finland, Norway, Denmark, Poland, Germany, Estonia, Latvia and Lithuania via affiliated companies, branches or cross border banking licenses. The Group is active in two segments, Consumer Lending and Ecommerce Solutions.

The typical customer of the Group varies depending on the geographic market, but the average customer is middle aged, employed with a low to average income and has the need of financial solutions for consumption. The demand for the Group's services is dependent on individuals need for financial solutions, both long and short term, in particular for home improvement, household equipment, car repairs or travels. The Group enables its customers to buy a product and pay afterwards, instead of having to save money to make the purchase.

### **Consumer Lending**

In the segment Consumer Lending, the Group provides consumer loans to creditworthy individuals. The loans range between SEK 40,000 – SEK 300,000, depending on the geographic market. TF Bank currently offers Consumer Lending in Sweden, Estonia, Finland, Latvia Lithuania and Poland and through its subsidiary BB Bank ASA in Norway. The average loan amount in the countries operated by TF Bank was SEK 31,000 per lender on 30 June 2018, with an average term of 22 months. The same average loan amount was SEK 95,000 in BB Bank's operations in Norway.

The credits offered through Consumer Lending is marketed directly to individuals as unsecured consumer credits. The majority of Group's customers apply for credit via internet, typically by using their computers or mobile phones. The customers can also apply for credit using the Group's customer support service by calling or submitting a paper application. The customers' preferred way of lending funds has changed during the past years as internet and mobile bank services have grown. This development is part of the rapidly growing internet based services that was introduced at the end of the 1990 and that has developed further since. As a consequence of the financial crisis in 2008 and 2009, more providers of payment services and lenders of short term credits entered the market, adding to the development and growth of the market. The development accelerated further when several of the major bank institutions were forced to reduce their available credit volume for consumers or withdraw from specific markets. These developments have made internet based bank solutions more common and also made it simpler to apply for loans via internet. This is, according to the Company, a contributing factor to the growth and an important development for the customers.

#### **The Nordic markets – Sweden, Finland and Norway**

The consumer credits on the Nordic markets has grown steadily during the last years. TF Bank focuses on a niche market consisting of smaller loans, whilst the main competitors offers a broader range of loans in terms of maximum loan amounts.

The growth of the market in which the Group operates depends on a number of factors, including a favourable macro environment with an increasing BNP, higher household incomes and stable unemployment levels.

The Swedish consumer credit market is a market with easy access to credit information, a high number of credit providers and it is driven by a growth of the average size of loans issued.

In Finland, internet based loan applications are common and the market is driven by a growth of the average size of loans issued and also a growth in the number of loans provided by intermediaries.

The average size of loans issued in Norway is higher compared to the other Nordic countries. Most loans are distributed through intermediaries and the market is mainly driven by larger loans and a change from credit card use to consumer loans.

#### **Eastern Europe**

The Group has offered Consumer Lending in Estonia since 2006, in Poland since 2012, in Latvia since 2016 and in Lithuania since 2018. Estonia is a market with similar characteristics as the Nordic market, with a widespread internet use and easy accesses to public data. Poland is the market that differs most compared to the Nordic countries, partly because of a more limited use of internet. In the Polish market the Group currently focuses on intermediaries which are using physical stores to locate customers and generate loans. The intermediaries which use physical stores are private entities with their own sales platform selling different financial products from a diverse range of consumer credit providers. Banks and other financial institutions are connected to the IT-systems of the intermediaries in order to offer loans to customers who visit the physical stores run by the intermediaries.

### **Ecommerce Solutions**

In the segment Ecommerce Solutions, the Group provides financing solutions for merchants (ecommerce and retail) and credit cards for private consumers, enabling their customers to finance purchases by way of invoice payment or instalments. Furthermore, the Group offers saving accounts to individuals in Sweden, Norway, Finland and Germany.

The Ecommerce Solutions segment is operated by TF Bank and its subsidiary Avarda AB. The credit cards are offered through BB Bank ASA. On the Ecommerce Solutions market the Group is operating in the Nordic countries Sweden, Finland, Norway and Denmark, and also Poland, Estonia and Latvia. Since the merchants affiliated with the Group's Ecommerce Solutions are mainly e-merchants, the size and development of ecommerce in all countries where the Group is active impact the demand for the Group payment solutions.

The sales finance market for ecommerce gives the customers the opportunity to purchase products from merchants through intermediaries, e.g. TF Bank and other providers of financial solutions. The intermediary enables the customers to receive the product from the merchant at the same time as the merchant is paid by the provider of the finance solution. The customer's payment obligation is transferred from the customer to the provider of the financial solution with different payment terms, e.g. payment plans, where the provider can charge fees and interest in exchange for the credit.

### **Credit cards**

When the Group acquired BB Bank ASA (formerly BB Finans AS) in July 2015 it gained access to BB Bank ASA's license to offer credit cards to consumers. The credit card industry is currently changing worldwide and has recently been subject to upcoming EU regulations with the purpose of determining a limitation on fees and other restrictions to protect consumers and merchants that use credit card products and services. The credit card operation is currently offered to individuals in Norway, Germany and Sweden. However, the credit card operations in Sweden and Germany are part of a pilot project and are therefore more limited.

### **Savings account**

The Group accepts deposits in Swedish Krona, Norwegian Krone and Euro. All deposits that the Group receives are covered by the Swedish Deposit Protection Program (for deposits made to the Company) and the Norwegian Banks' Guarantee Fund Program (for deposits made to BB Bank ASA).

### **Competition**

The consumer credit market has grown and new consumer credit providers have entered the market the last years. The competition has therefore increased steadily as alternative financial products have been established as reliable sources for consumer finance. While several of the market participants have increased their average lending amount during the last years in an effort to increase their volume, the Group has focused on its niche market with relatively smaller loan amounts.

There are multiple companies offering Consumer Lending products in the Nordic market. The Group is if faced with different competition in the different counties. The Swedish, the Group is faced by competition from the major banks as well as niche banks such as Marginalen Bank, Nordax Bank, Resurs Bank, Norwegian Bank and Santander Consumer Finance (these banks generally offering a wider range of loan size than the Group.)

In Poland, the Group's main competitors are Alior Bank, Bank BPH, Plus Bank, Bank Smart (these banks are also generally offering a wider range of loan size than the Group) In Estonia, the Group's main competitors are Swedbank and Bigbank (these banks are also generally offering a wider range of loan size than the Group).

On the Ecommerce market there is a number of competitors who offer invoice and payment solutions to the Nordic market. Some of the competitors mainly focuses on ecommerce, as TF Bank. The main competitors in this segment are Klarna, Arvato Finance, Collector and Svea Ekonomi.

On the Swedish and Norwegian credit card market there is a large number of banks and credit institutions that issue payment and/or credit cards. The four biggest Swedish banks are the main issuers of payment and credit cards on the Swedish market. In addition EnterCard Sverige, Resurs Bank and IKANO Bank are large issuers of payment and credit cards.

On the Swedish, Norwegian and Finish deposit market there is a large number of banks and credit institutes that offer deposit accounts with or without deposit protection. The depletion and influx of deposits from the public are handled through adjustment in interest rates and introduction of new deposit products. Smaller interest adjustments can affect the competitiveness on deposit products compared to deposit products offered by other financial institutes. Competitors on the Swedish market offering deposits to the public include the four big banks and other banks and credit market companies such as Nordnet, Santander Consumer Bank, Collector and HoistSpar. On the German deposit market, the group offers term deposits through a deposit broker and overnight deposits through own marketing channels. The competitors through the broker are mainly niche banks from the EU such as Banco BNI from Portugal, Alior from Poland and Inbank from Estonia. The competitors on the overnight deposit market are mainly German banks such as HSH Nordbank, Deutsche Kreditbank (DKB) and Sparkasse Essen. In Norway the competitors are banks such as Optin Bank, Monobank and Easybank.

## Market Trends

The Company's perception is that there are current market trends that drive growth and change on the markets:

- **Change in market behaviour with credit needs in new sectors**  
The consumer credit market has gone through a considerable development over the last years and is currently a bigger part of individual's day-to-day economy. Through internet use consumer credit has become available and it has increased and become easier to use. This has also led to a need for consumer credits to move to new sectors, where credit use has previously been limited, e.g. the traveling sector.
- **Growing importance of intermediaries**  
Intermediaries, such as Lendo and Freedom Finance, are becoming increasingly important channels for acquiring customers of consumer credits. The customers can apply and get rejected from a number of creditors through their webpages. The increase in transparency is valuable to the customers and has led to the customers comparing offers before choosing a creditor. The Company's perception is that intermediaries have contributed to the growth of the consumer credit market including the growth of smaller creditors, like TF Bank. This has also lead to an increase in competition and higher cost for customer acquisition.
- **Increase in internet and mobile phone use.**  
The need for physical bank offices and traditional bank operation is decreasing. In today's society the bank customer wants to save, lend and pay using internet and mobile devices. This puts a high demand on product development and improved efficiency amongst the operators in the bank and finance market. The Company's perception is that this has benefited small flexible

creditors, like TF Bank that has built its operation around new modern IT-systems and a single IT-platform.

- **Growth in ecommerce**

TF Bank is experiencing an increase in the number of customer's that make purchases through internet using their mobile phone or tablet during the last years. This has increased the need for simple and flexible payment solutions. Internet based providers of payment solutions have experienced a major growth during the last years and the trend is expected to continue.

## Business Model

The Group's main business consists of lending to the public through two segments: Consumer Lending and Ecommerce Solutions. Consumer Lending primarily deals with loans to retail customers whilst Ecommerce Solutions provides financing solutions to traders in ecommerce and retail for handling consumer invoices and instalments payments. As of January 2017 credit card are also included in the segment.

## Share Capital and Ownership Structure

The shares of the Company are denominated in Swedish Krona. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of SEK 107,500,000 divided into 21,500,000 of shares.

The following table sets forth the major shareholders in the Company as of the date of the Company's Q2 report, dated 30 June 2018:

<i>Shareholder</i>	<i>Share capital</i>	<i>Voting Rights</i>
TFB Holding AB	49.12 %	49.12 %
Erik Selin Fastigheter AB	11.63 %	11.63 %
Danica Pension Försäkrings AB	8.16 %	8.16 %
Merizole Holding LTD	7.01 %	7.01 %
Swedbank Robur fonder	4.41 %	4.41 %
Proventus Aktiebolag	3.00 %	3.00 %
Pareto Nordic Return	1.68 %	1.68 %
Skandia fond småbolag Sverige	1.32 %	1.32 %
Clearstream Banking S.A.	1.22 %	1.22 %
Gurffinans AB	0.95 %	0.95 %

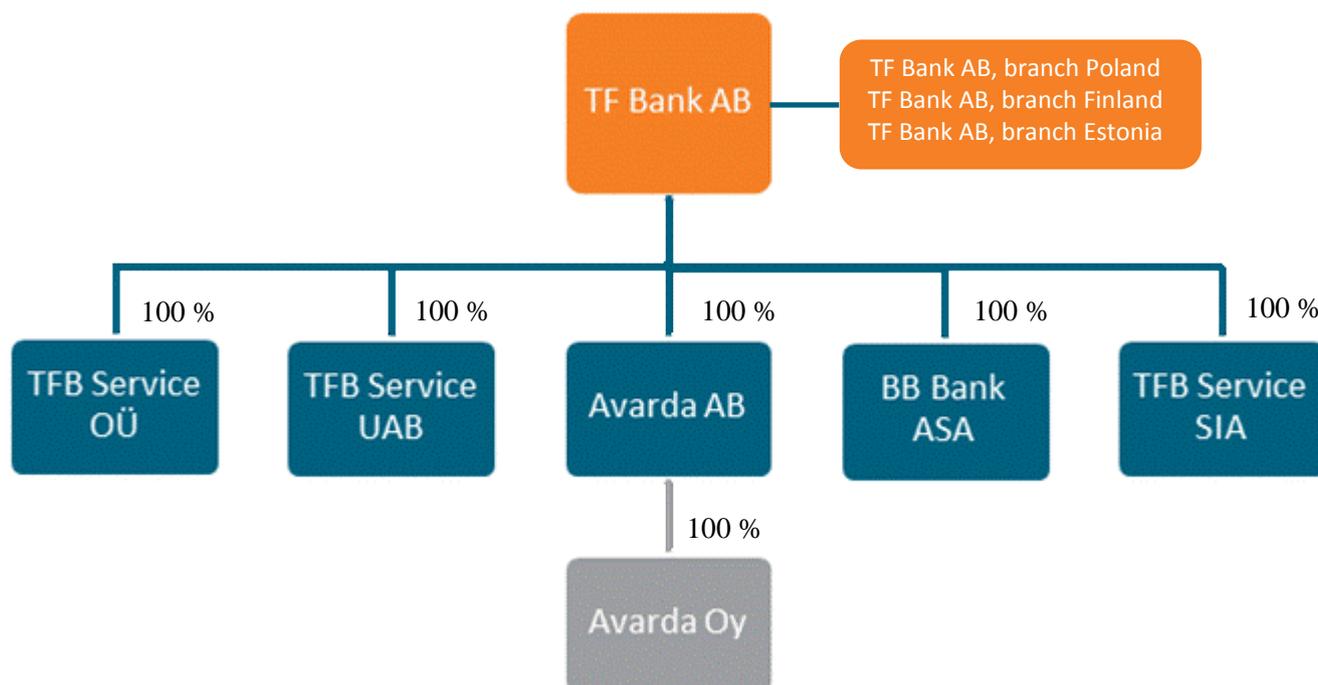
## Shareholders' Agreement

The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

## Overview of Group Structure

TF Bank is the parent company of the Group. Operations are conducted by the subsidiaries and the Issuer is thus dependent on its subsidiaries to generate revenues and profit in order to be able to fulfil its payment obligations under the Bonds.

The structure of the Group, including its subsidiaries, is set out below.



TFB Service OÜ is registered and conducts its business in Estonia. TFB Service UAB is registered and conducts its business in Lithuania. Avarda AB is registered and conducts its business in Sweden. BB Bank ASA is registered and conducts its business in Norway. TFB Service SIA is registered and conducts its business in Latvia. Avarda Oy is registered and conducts its business in Finland.

### Recent events

There has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Issuer's solvency.

### Significant change and trend information

There has been no material adverse change in the prospects of the Group since the date of publication of its last audited annual accounts and no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

### Significant change and trend information

There has been no material adverse change in the prospects of the Group since the date of publication of its last audited annual accounts and no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

### Legal and arbitration proceedings

Neither the Issuer nor the Group is, or has been over the past twelve months been, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Issuer aware of any such proceedings which

are pending or threatening and which could lead to the Issuer or any member of the Group becoming a party to such proceedings.

**Credit rating**

No credit rating has been assigned to the Issuer, or its debt securities.

## MANAGEMENT

The board of directors of the Issuer currently consists of 6 members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Issuer at its headquarters at Lilla Brogatan 6, SE-503 30 Borås, Sweden. Further information on the members of the board of directors and the senior management is set forth below.

### Board of directors

#### ***Mari Thjømøe, chairman of the board since 2018 (member of the board since 2017).***

Education: Master of Economy and Business (Norwegian business School - BI) and Chartered financial analyst/CFA (Norwegian School of Economics and Business Administration – NHH)

Current commitments: *Board member in Hafslund E-CO AS, Nordic Mining ASA, Scatec Solar ASA, SINTEF Resarch Institute and Tryg A/S. Vice chairman in Norconsult AS and chairman of the board in Seilspport Maritimt Forlag AS and ThjømøeKranen AS.*

#### ***Charlotta Björnberg-Paul, member of the board since 2017.***

Education: M.Sc. Econ. Hanken, Svenska Handelshögskolan in Finland.

Current commitments: *Deputy chairman of the board of Saxo Oy, Board member in Paptic Ltd and GuardianX Technologies Inc. Advisor and partner at Superskills and Managing Director at Anki Rugs.*

#### ***Tone Bjørnov, member of the board since 2015.***

Education: Business Management (Handelshøyskolen BI, Norwegian business School).

Current commitments: *Chairman of the board in Filmparken AS, Storyline Studios AS and Norsk Film Kostyme AS. Board member in BB Bank ASA, Aqua Bio Technology ASA, Sparebankstiftelsen Bien, Guard Automation AS, Guard Electro AS and Guard Invest AS.*

#### ***John Brehmer, member of the board since 2010.***

Education: Degree of Master of Science in Business and Economics. (Handelshögskolan in Stockholm).

Current commitments: *Chairman of the board in Mederion AB, Tiberon AB and Zebware AB. Board member in Consortio Fashion Holding AB, TFB Holding AB.*

#### ***Mattias Carlsson, member of the board since 2008, and CEO (chairman of the board 2015-2017).***

Education: MEng., engineering physics, (Uppsala University)

Current commitments: *Chairman of the board in Smedslättens Tennisbanor Aktiebolag and Qred AB. Board member in Avarda AB, Avarda Oy, BB Bank ASA and Tronstad Consulting AB.*

**Bertil Larsson, member of the board since 2007.**

Current commitments: *Chairman of the board LåsTeam Sverige AB, Minso Solutions AB, Minso Holding AB, Aktiebolaget Borås Tidning and Effektiv Bemanning AB. Board member in Conpera AB, Gota Media AB, Kyrkesunds Båthamnsförening and Brf Asplyckan.*

## Management

### ***Mattias Carlsson, CEO***

Education: MSc., engineering physics, Uppsala University.

Current commitments: BB Bank ASA (board member), Avarda AB (board member), Avarda Oy (board member), Smedslättens Tennisbanor Aktiebolag (chairman), Qred AB (chairman), and Tronstad Consulting AB (board member)

### ***Mikael Meomuttel, CFO, Deputy CEO and Head of Investor Relations***

Education: MSc, Business/Economics and Finance, -University of Borås/University of Gothenburg.

Current commitments: Avarda AB (board member)

### ***Espen Johannesen, Head of Consumer Lending and Head of Norway***

Education: Executive M.B.A Management control Norwegian School of Economics (NHH), Bachelor of economics, Business BI Norwegian School of Management

### ***Mikael Johansson, Head of Ecommerce Solutions***

Education: MSc Business Administration and Mathematics, Stockholm University

Current commitments: Svenska Bilhandlare AB (chairman) and Sticklinge Management AB (alternate member)

## **Conflicts of interest within administrative, management and control bodies**

There are no family connections between any board members and the executive management. No board member or member of the executive management has during the last five years represented a company that has been declared bankrupt, been subject to compulsory liquidation or been assigned a trustee. No board member or member of the executive management has been convicted of any fraud related charges during the last five years. No board member or member of the executive management has been subject to sanctions or accused by authorities or organizations that represent a specific occupational group that is governed by public law during the last five years. No board member or member of the executive management has been subject to a ban on business activity.

No board member or member of the executive management has been appointed their current position due to special arrangements with large shareholders, clients, suppliers or other parties.

No board member or member of the executive management has any private interests that would cause a conflict of interest with the Company. However, several of the board members and executive management have, due to their direct or indirect owning of shares in the Company an economic interest in the Company.

## **Interest of natural and legal persons involved in the issue**

The Issuing Agent and/or its affiliates have engaged in, and may in future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Issuing Agent and/or its affiliates having previously engaged, or engaging in future, in transactions with other

parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## HISTORICAL FINANCIAL INFORMATION

### Historical financial information

The Group's consolidated financial statements for the financial year ended 31 December 2017 and the figures for the financial year ended 31 December 2016 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2017 and 31 December 2016 have been prepared in accordance with International Financial Reporting Standards ("*IFRS*") as adopted by the EU.

Other than the auditing of the Group's consolidated financial statements for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016, the Group's auditor has not audited or reviewed any part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2017 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 19;
- consolidated balance sheet, page 21;
- consolidated cash flow statement, page 23;
- consolidated statement of changes in equity, page 22;
- the audit report, page 67; and
- notes, page 29.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's consolidated financial statements for the financial year ended 31 December 2016 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for the financial year ended 31 December 2016 is deemed to not be relevant for the purpose of the Prospectus Regulation as corresponding up to date information is included in the consolidated financial statements for the financial year ended 31 December 2017.

- consolidated income statement, page 16;
- consolidated balance sheet, page 18;
- consolidated cash flow statement, page 20;
- consolidated statement of changes in equity, page 19;
- the audit report, page 59; and
- notes, page 26.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's unaudited mid-year statements for the period 1 January 2018 to 30 June 2018 are incorporated into this Prospectus by reference. The other information set out in the Group's unaudited mid-year statements for the period 1 January 2018 to 30 June 2018 is deemed to not be relevant for the purpose of the Prospectus Regulations.

- consolidated income statement, page 13;

- consolidated balance sheet, page 15;
- consolidated statement of changes in equity 16;
- consolidated cash flow statement, page 17; and
- notes page 18.

### **Auditing of the annual historical financial information**

The Company's consolidated financial statements as at present and for the years 2016 to 2017 have been audited, as applicable, by PricewaterhouseCoopers, Torsgatan 21, 113 97 Stockholm. PricewaterhouseCoopers has been the Company's auditor since 2003, and was re-elected for an additional year on the latest annual general meeting. Martin By is the auditor who is responsible for the Company. Martin By is an authorized auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The auditing of the consolidated financial statements was conducted in accordance with international standards on auditing and the audit reports were submitted without comment.

### **Age of the most recent financial information**

The most recent financial information has been taken from the Group's unaudited mid-year statements for the period 1 January 2018 to 30 June 2018, which was published on 13 July 2018 on the Issuer's website [tfbankgroup.com](http://tfbankgroup.com).

## OTHER INFORMATION

### Assurance regarding the Prospectus

TF Bank AB (publ) is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 100,000,000. Each Bond has a nominal amount of SEK 2,000,000. The ISIN for the Bonds is SE0011311240.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

### Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders.

### Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the TF Bank has not entered into any material contracts not in the ordinary course of its business and which may affect the TF Bank's ability to fulfil its obligations under the Bonds.

### Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at [tfbankgroup.com](http://tfbankgroup.com):

- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2017;
- the Group's consolidated financial statements for the financial year ended 31 December 2017, including the audit report for the financial year ended 31 December 2016; and
- the Group's unaudited mid-year statements for the period 1 January 2018 to 30 June 2018.

### Documents available for inspection

The following documents are available at the Company's headquarters at Lilla Brogatan 6, SE-503 30 Borås, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- TF Bank's articles of association;

- TF Bank's certificate of registration;
- TF Bank's consolidated financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- TFB Service OÜ's financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- TFB Service UAB's financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- TFB Service SIA's financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- Avarda AB's financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- Avarda Oy's financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- BB Bank ASA's financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016; and
- this Prospectus.

The following documents are also available in electronic form on the Company's website [tfbankgroup.com](http://tfbankgroup.com):

- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016;
- the Group's unaudited mid-year statements for the period 1 January 2018 to 30 June 2018; and
- this Prospectus.

### **Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 600,000.

## TERMS AND CONDITIONS OF THE BONDS

### 1. Definitions and Construction

#### 1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Acceleration Event**" shall have the meaning given to such term in Clause 13(a).

"**Account Operator**" means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time/as in force on the Issue Date) as applied by the Issuer in preparing its annual consolidated financial statements.

"**Additional Tier 1 Capital**" means additional tier 1 capital (Sw. *primärkapitaltillskott*) as defined in Chapter 3 of Title I of Part Two of the CRR and/or any other Applicable Banking Regulations at such time.

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Bonds.

"**Affiliate**" means any person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person. For the purpose of this definition, "**control**" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means the agency agreement entered into between the Agent and the Issuer on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Agent.

"**Agent**" means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the Group, as the case may be, including, without limitation to the generality of the foregoing, CRD IV and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied in Sweden by the Swedish FSA (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group).

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

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 16 (*Bondholders' Meeting*).

"**Bonds**" means a debt instrument (*Sw. skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions.

"**Business Day**" means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*Sw. midsommarafton*), Christmas Eve (*Sw. julafton*) and New Year's Eve (*Sw. nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

"**Business Day Convention**" means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

"**Capital Event**" means, at any time on or after the Issue Date, there is a change in the regulatory classification of the Bonds that would be likely to result in the exclusion of the Bonds (in whole or in part) from the Additional Tier 1 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification of the Bonds (in whole or in part) as a lower quality form of regulatory capital, provided that:

- (a) the Swedish FSA considers such a change to be sufficiently certain; and
- (b) the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date,

and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Additional Tier 1 Capital contained in the Applicable Banking Regulation.

"**CET1 Capital**" means, at any time, the common equity tier 1 capital of the Issuer or the Issuer Consolidated Situation, respectively, as calculated by the Issuer in accordance with Chapter 2 of Title II of Part Two of the CRR and/or any other Applicable Banking Regulations at such time.

"**CET1 ratio**" means, at any time:

- (a) in relation to the Issuer, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer at such time divided by the Risk Exposure Amount of the Issuer at such time; and
- (b) in relation to the Issuer Consolidated Situation, the ratio (expressed as a percentage) of the aggregate amount of the CET1 Capital of the Issuer Consolidated Situation at such time divided by the Risk Exposure Amount of the Issuer Consolidated Situation at such time,

in each case as calculated by the Issuer in accordance with the CRD IV requirements, any applicable transitional arrangements under the Applicable Banking Regulations and any information (whether or not published) available to the management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer and the Issuer Consolidated Situation.

"**CRD IV**" means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

"**CRD IV Directive**" means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

"**CRD IV Implementing Measures**" means any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, adopted by the Swedish FSA and guidelines issued by the Swedish FSA, the European Banking Authority or any other relevant authority, which are applicable to the Issuer or the Group, as applicable.

"**CRR**" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

"**Distributable Items**" means (subject to as otherwise defined in the Applicable Banking Regulations), as at any Interest Payment Date, the amount of the profits of the Issuer for the financial year ended immediately prior to such Interest Payment Date, *plus* any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (*Sw. kapitalbasinstrument*) excluding, for the avoidance of doubt, distributions to holders of any Tier 2 Capital instruments, less any losses brought forward, profits which are non-distributable pursuant to any applicable legislation or the Issuer's Articles of Association and sums placed to non-distributable reserves in accordance with applicable legislation or the Issuer's Articles of Association, those losses and reserves being determined on the basis of the audited annual financial statements of the Issuer in respect of such financial year.

"**Finance Documents**" means these Terms and Conditions, the Agency Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

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

"**First Call Date**" means the Interest Payment Date falling on or nearest to five (5) years after the Issue Date.

"**Force Majeure Event**" has the meaning set forth in Clause 24(a).

"**Group**" means the Issuer and its Subsidiaries from time to time (each a "**Group Company**").

"**Initial Nominal Amount**" shall have the meaning given thereto in Clause 2(f).

**"Insolvent"** means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*Sw. konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*Sw. lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

**"Interest"** means the interest on the Bonds calculated in accordance with Clause 9 (*Interest*).

**"Interest Payment Date"** means 7 March, 7 June, 7 September and 7 December of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 7 September 2018 and the last Interest Payment Date shall be the relevant Redemption Date.

**"Interest Period"** means (i) in respect of the first Interest Period, the period from (but excluding) the Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means STIBOR plus 6.75 per cent. *per annum*.

**"Issue Date"** means 7 June 2018.

**"Issuer"** means TF Bank AB (publ), a public limited liability company (*Sw. aktiebolag*) incorporated under the laws of Sweden with reg. no. 556158-1041.

**"Issuer Consolidated Situation"** means the Issuer, the Issuer's Subsidiaries and any other entities which are part of the Swedish prudential consolidated situation (as such term is used in the Applicable Banking Regulations) of which the Issuer is a part, from time to time.

**"Issuing Agent"** means Skandinaviska Enskilda Banken AB (publ), Reg. No. 502032-9081, SE-106 40 Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Maximum Write-Up Amount"** means the Relevant Profits multiplied by the sum of the aggregate Initial Nominal Amount of the Bonds and the aggregate Initial Nominal Amount of all Written-Down Additional Tier 1 Instruments of the Relevant Entity, and divided by the total Tier 1 Capital of such Relevant Entity as at the date of the relevant Write-Up, or any higher amount permissible pursuant to the Applicable Banking Regulation in force on the date of the relevant Write-Up, as determined by the Issuer.

**"Net Profit"** means, at any time,

- (a) with respect to the Issuer, the non-consolidated net profit (excluding minority interests) of the Issuer as calculated and set out in the most recent published audited annual non-consolidated accounts of the Issuer; and
- (b) with respect to the Issuer Consolidated Situation, the consolidated net profit (excluding minority interests) of the Issuer Consolidated Situation, as calculated and

set out in the most recent published audited annual consolidated accounts of the Issuer Consolidated Situation.

**"Nominal Amount"** means the Initial Nominal Amount, as reduced (on one or more occasions) by any Write-Down and increased (on one or more occasions) by any Write-Up.

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

**"Qualifying Capital Bonds"** means, at any time, any securities (other than the Bonds) issued or guaranteed by the Issuer that:

- (a) contain terms which at such time comply with the Applicable Banking Regulation in relation to Additional Tier 1 Capital (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or both of the Tax Event or Capital Event which are included in the Bonds) and (ii) provide the same amount of regulatory capital recognition as the Bonds prior to the relevant substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (b) carry the same rate of interest, including for the avoidance of doubt any interest reset provisions, from time to time applying to the Bonds prior to the relevant substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (c) have the same Nominal Amount and Total Nominal Amount as the Bonds prior to substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (d) rank *pari passu* with the Bonds prior to the substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (e) shall not at such time be subject to a Tax Event or Capital Event;
- (f) have terms not otherwise materially less favourable to the Bondholders than the terms of the Bonds, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect, signed by an authorized signatory of the Issuer, to the Agent (and copies thereof will be available at the office of the Agent during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Bonds, the issue date of the relevant securities or (y) in the case of a variation of the Bonds, the date such variation becomes effective; and
- (g) if (i) the Bonds were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (ii) the Bonds were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer.

**"Record Date"** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 14 (*Distribution of proceeds*) (iv) the date of a Bondholders' Meeting, or (v) another

relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"**Redemption Date**" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 11 (*Redemption, Re-purchase, Substitution and Adjustments of the Bonds*).

"**Reference Date**" means the accounting date as at which the applicable Relevant Profits were determined.

"**Regulated Market**" means Nasdaq Stockholm or any other regulated market (*Sw. reglerad marknad*) (as defined in the Swedish Securities Market Act (*lag (2007:528) om värdepappersmarknaden*)).

"**Relevant Entity**" means if a Write-Down has occurred following the breach of the relevant CET1 ratio:

- (a) by the Issuer, the Issuer;
- (b) by the Issuer Consolidated Situation, the Issuer Consolidated Situation; and
- (c) by both the Issuer and the Issuer Consolidated Situation, the Issuer and the Issuer Consolidated Situation.

"**Relevant Profits**" means the lowest of the Net Profit of the Issuer and the Issuer Consolidated Situation.

"**Risk Exposure Amount**" means, at any time, with respect to the Issuer or the Issuer Consolidated Situation, as the case may be, the aggregate amount of the risk weighted assets (or any equivalent or successor term) of the Issuer or the Issuer Consolidated Situation, respectively, calculated in accordance with the Applicable Banking Regulations at such time.

"**Securities Account**" means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act 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.

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

"**STIBOR**" means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate 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 leading banks in the Stockholm interbank market reasonably

selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period;  
or

- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

**"Subsidiary"** means, in relation to any person, a subsidiary of the Issuer according to Chapter 1 Section 11 of the Swedish Companies Act (or under such provision as may replace this provision).

**"Swedish FSA"** means the Swedish financial supervisory authority (*Sw. Finansinspektionen*) or such other governmental authority in Sweden (or, if the Issuer becomes subject to primary bank supervision in a jurisdiction other than Sweden, in such other jurisdiction) having primary bank supervisory authority with respect to the Issuer.

**"Swedish Kronor"** and **"SEK"** means the lawful currency of Sweden.

**"Tax Event"** means the occurrence of any amendment to, clarification of or change in the laws, treaties or regulations of any Tax Jurisdiction affecting taxation (including any change in the interpretation by any court or authority entitled to do so) or any governmental action, on or after the Issue Date and which was not foreseeable at the Issue Date, resulting in that:

- (a) the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Bonds; or
- (b) the treatment of any of the Issuer's items of income or expense with respect to the Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be accepted by any tax authority, which subjects the Issuer to a significant amount of additional taxes, duties or governmental charges,

provided that the Issuer satisfies the Swedish FSA that such change in tax treatment of the Bonds is material and was not reasonably foreseeable as at the Issue Date.

**"Tax Jurisdiction"** means the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction.

**"Tier 2 Capital"** means tier 2 capital (*Sw. supplementärkapital*) as defined in Chapter 4 of Title I of Part Two of the CRR and/or any other Applicable Banking Regulations at such time.

**"Total Nominal Amount"** means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

**"Trigger Event"** means if, at any time, the CET1 ratio of the Issuer or the Issuer Consolidated Situation, is less than 5.125 per cent., in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation, in each case as determined by the Issuer and/or the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA).

"**Write- Down**" has the meaning as set forth in Clause 10.1(a).

"**Write-Down Date**" has the meaning as set forth in Clause 10.1(b).

"**Write-Up**" has the meaning as set forth in Clause 10.4(a).

"**Written-Down Additional Tier 1 Instruments**" means, at any time, any instrument (other than the Bonds) issued directly or indirectly by the Issuer or, as applicable, any member of the Issuer Consolidated Situation, which qualifies as Additional Tier 1 Capital of the Issuer or, as applicable, the Issuer Consolidated Situation and which, immediately prior to the relevant Write-Up, has a prevailing principal amount lower than the principal amount that it was issued with due to such principal amount having been written down on a temporary basis pursuant to its terms.

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17 (*Written Procedure*).

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) "**assets**" includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a "**regulation**" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) a provision of law is a reference to that provision as amended or re-enacted; and
  - (v) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website (*riksbank.se*). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. Status of the Bonds

- (a) The Bonds will constitute Additional Tier 1 Capital of the Issuer and the Issuer Consolidated Situation. The Bonds constitute direct, subordinated and unsecured obligations of the Issuer and will at all times rank:
- (i) *pari passu* without any preference among themselves;
  - (ii) *pari passu* with (A) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (B) any other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) in the liquidation or bankruptcy of the Issuer and the right to receive repayment of capital in the liquidation or bankruptcy of the Issuer;
  - (iii) senior to holders of all classes of the Issuer's shares in their capacity as such holders and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
  - (iv) junior to any present and future claims of (A) depositors of the Issuer, (B) any other unsubordinated creditors of the Issuer, and (C) except as expressly stated in (iii) above, any subordinated creditors of the Issuer, including, for the avoidance of doubt, holders of notes which constitute Tier 2 Capital.
- (b) The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which may rank *pari passu* or senior with the Bonds as well any capital instruments of the Issuer, which may rank junior to the Bonds.
- (c) No Bondholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Bondholder.
- (d) The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (e) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (f) The initial nominal amount of each Bond is SEK 2,000,000 (the "**Initial Nominal Amount**"). Investment in the Bonds shall be made in integral multiples of SEK 2,000,000. The maximum total nominal amount of the Bonds is SEK 100,000,000.
- (g) All Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.

- (h) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (i) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### **3. Use of Proceeds**

The proceeds from the issue of the Bonds shall be used for general corporate purposes of the Issuer.

### **4. Conditions Precedent**

- (a) Prior to the issuance of the Bonds, the Issuer shall provide the following to the Agent:
  - (i) constitutional documents and corporate resolutions (approving the Finance Documents and authorising a signatory/-ies to execute the Finance Documents for the Issuer), together constituting evidence that the Finance Documents have been duly executed; and
  - (ii) copies of the Finance Documents, duly executed.
- (b) The Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (a) is accurate, legally valid, enforceable, correct and true, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documents referred to in paragraph (a) from a legal or commercial perspective of the Bondholders.
- (c) The Agent shall confirm to the Issuing Agent when the conditions in paragraph (a) have been received.

### **5. Bonds in Book-Entry Form**

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, a Security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by

the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## **6. Right to Act on Behalf of a Bondholder**

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **7. Listing**

- (a) The Issuer shall use its best efforts to ensure that the Bonds are listed on Nasdaq Stockholm within four (4) months after the Issue Date, and that it remains admitted or, if such listing is not possible to obtain or maintain, listing on another Regulated Market.
- (b) The Issuer shall, following the listing, use its best efforts to maintain the admission as long as any Bonds are outstanding, however not longer than up to and including the last day on which the listing reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.
- (c) For the avoidance of doubt, a failure to list the Bonds or maintain a listing of the Bonds in accordance with paragraph (a) and/or (b) above shall not constitute an Acceleration Event.

## **8. Payments in Respect of the Bonds**

- (a) Any payment or repayment under the Finance Documents, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered

with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect the payment of amounts according to the aforesaid, the CSD will pay such amount to the relevant Bondholder being registered as such on the Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. For the avoidance of doubt, such postponement shall in no event constitute an Acceleration Event.
- (d) If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **9. Interest and Interest Cancellation**

### **9.1 Interest**

- (a) Each Bond carries Interest at the Interest Rate from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

### **9.2 Interest cancellation**

- (a) Any payment of Interest in respect of the Bonds shall be payable only out of and up to the Issuer's Distributable Items and:
  - (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that

it may make any distributions pursuant to the Applicable Banking Regulation;  
or

- (ii) will be mandatorily cancelled to the extent so required by the Applicable Banking Regulation, including the applicable criteria for Additional Tier 1 Capital instruments.
- (b) The Issuer shall give notice to the Bondholders in accordance with Clause 23 (*Notices*) of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above.
- (c) Following any cancellation of Interest as described above, the right of the Bondholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.
- (d) A cancellation of any payment of Interest at any time shall in no event constitute an Acceleration Event.

### 9.3 Calculation of Interest in case of Write-Down or Write-Up

- (a) Subject to Clause 9.2 (*Interest cancellation*), in the event that a Write-Down occurs during an Interest Period, Interest will continue to accrue on the Nominal Amount (as adjusted pursuant to such Write-Down).
- (b) Subject to Clause 9.2 (*Interest cancellation*), in the event that a Write-Up occurs, Interest shall begin to accrue on the reinstated Nominal Amount (as adjusted pursuant to such Write-Up).
- (c) In connection with a Write-Down or Write-Up, the Issuer shall inform the CSD of an adjusted interest rate that shall be applied on the next Interest Payment Date, in order for the Bondholders to receive an amount of Interest equivalent to the Interest Rate on the Bonds so written down or written up (as applicable).

### 9.4 No penalty interest

Under no circumstances shall any penalty (*Sw. dröjsmålsränta*) interest be payable by the Issuer in respect of the Bonds.

## 10. Loss Absorption and Discretionary Reinstatement

### 10.1 Write-Down upon a Trigger Event

- (a) If at any time a Trigger Event occurs the Total Nominal Amount or the Issuer's payment obligation under the Bonds shall be written down in accordance with this Clause 10.1 (such reduction a "**Write-Down**").

- (b) A Write-Down shall take place on a date selected by the Issuer in consultation with the Swedish FSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Applicable Banking Regulation, the Swedish FSA has agreed with the Issuer in writing that a Write-Down may occur after a longer period, in which case, on such date as agreed with the Swedish FSA.
- (c) A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's payment obligation under each Bond shall be reduced to a certain percentage of the Nominal Amount and in each case such Write-Down shall be considered to be an unconditional capital contribution (Sw. *ovillkorat kapitaltillskott*) and shall be made in consultation with the Swedish FSA and in accordance with the rules of the CSD.
- (d) The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall equal the amount of a Write-Down that would restore the CET1 ratio of the Issuer to at least 5.125 per cent., and the CET1 ratio of the Issuer Consolidated Situation to at least 7.00 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Bond corresponding to SEK 0.01.
- (e) A Write-Down in accordance with this Clause 10.1 shall be made taking into account any preceding or imminent write-down of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).
- (f) For the avoidance of doubt, the Nominal Amount of each Bond shall, upon the Write-Down of the Total Nominal Amount described above, be written down on a *pro rata* basis.

## 10.2 Trigger Event Notice

- (a) Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the Swedish FSA and shall as soon as practicable following the occurrence of a Trigger Event and in any event not later than five (5) Business Days following such occurrence give notice (a "**Trigger Event Notice**") to the Bondholders and the Agent in accordance with Clause 23 (*Notices*), which notice, in addition to specifying that a Trigger Event has occurred shall specify:
  - (i) the Write-Down Date; and
  - (ii) if then determined, the amount to be written down in accordance with Clause 10.1 (*Write-Down upon a Trigger Event*) ("**Write-Down Amount**"). If the Write-Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify Bondholders and the Agent of the Write-Down Amount.
- (b) Notwithstanding paragraph (a) above, failure to give a Trigger Event Notice shall not prejudice any Write-Down of the Bonds.

### 10.3 Write-Down may occur one or more occasion; No Acceleration Event

- (a) A Write-Down may occur on more than one occasion and the Bonds may be written-down in accordance with Clause 10.1 (*Write-Down upon a Trigger Event*) on more than one occasion.
- (b) Any Write-Down shall not constitute an Acceleration Event.

### 10.4 Discretionary reinstatement of the Bonds

- (a) If, following a Write-Down, the Relevant Entity records a positive Net Profit, the Issuer may, in its sole and absolute discretion and subject to the maximum distribution limits set out in the Applicable Banking Regulations (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the Issuer Consolidated Situation, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of the Capital Regulations implementing Article 141(2) of the CRD IV Directive) not being exceeded thereby, increase the Nominal Amount of each Bond (a "**Write-Up**") up to a maximum of the Initial Nominal Amount on a *pro rata* basis with the other Bonds and with any other Written-Down Additional Tier 1 Instruments of the Issuer (in the case where the Relevant Entity is the Issuer) and any Written-Down Additional Tier 1 Instruments of any members of the Issuer Consolidated Situation (in the case where the Relevant Entity is the Issuer Consolidated Situation) that have terms permitting a principal write-up to occur on a similar basis to that set out in these provisions in the circumstances existing on the date of the relevant Write-Up, provided that the sum of:
  - (i) the aggregate amount of the relevant Write-Up on all the Bonds (out of the same Relevant Profits);
  - (ii) the aggregate amount of any payments of interest in respect of the Bonds that were paid on the basis of a Nominal Amount lower than the Initial Nominal Amount at any time after the Reference Date;
  - (iii) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up (out of the same Relevant Profits); and
  - (iv) the aggregate amount of any interest payments or distributions in respect of each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the Reference Date;

does not exceed the Maximum Write-Up Amount.
- (b) The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer or any member of the Issuer Consolidated Situation that have terms permitting a write-up of such principal amount to occur on a similar basis to that set out in these provisions unless it does so on a *pro rata* basis with a Write-Up of the Issuer.
- (c) A Write-Up may be made on more than one occasion in accordance with these provisions until the Nominal Amount of the Bonds has been reinstated to the Initial Nominal Amount.

- (d) Any decision by the Issuer to effect or not to effect any Write-Up pursuant to these provisions on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to these provisions.
- (e) A Write-Up may be made either by means of a pooling factor, where the Issuer's payment obligation under each Bond is increased to a certain percentage of the Nominal Amount or by way of issuing new bonds that qualify as Additional Tier 1 Capital of the Issuer to the relevant Bondholders. Any such new bond issuance shall specify the relevant details of the manner in which such new bond issuance shall take effect and where the Bondholders can obtain copies of the new terms and conditions of the new bonds. Such new bonds shall be issued without any cost or charge to the Bondholders.
- (f) A Write-Up by means of a pooling factor may be made on one or more occasions in accordance with this Clause 10.4 until the Total Nominal Amount of the Bonds has been reinstated to the original Total Nominal Amount (save in the event of occurrence of another Write-Down).
- (g) A Write-Up in accordance with this Clause 10.4 shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).
- (h) For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the Bonds (if issued in full), being SEK 100,000,000.
- (i) If the Issuer decides to Write-Up the Bonds pursuant to this Clause 10.4, a notice (a "**Write-Up Notice**") of such Write-Up shall be given to the Bondholders and to the Agent specifying the amount of any Write-Up (as a percentage of the Initial Nominal Amount of a Bond that results in a *pro rata* increase in the Nominal Amount of each Bond) and the date on which such Write-Up shall take effect. Such Write-Up Notice shall be given at least five (5) Business Days prior to the date on which the relevant Write-Up is to become effective.
- (j) The Issuer may not effect a Write-Up in respect of the Notes:
  - (i) if a Trigger Event has occurred and is continuing; or
  - (ii) in circumstances where such Write-Up, together with the *pro rata* reinstatement of the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer or any member of the Issuer Consolidated Situation, as the case may be, would cause a Trigger Event to occur.

## **11. Redemption, Re-purchase, Substitution and Adjustments of the Bonds**

### **11.1 Perpetual Bonds**

The Bonds constitute perpetual obligations of the Issuer and have no fixed date for redemption. The Issuer may only redeem the Bonds at its discretion in the circumstances described herein. The Bonds are not redeemable at the option of the Bondholders at any time.

## **11.2 Early redemption at the option of the Issuer**

Subject to Clause 11.8 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 11.9 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Bonds on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

## **11.3 Issuer's purchase of Bonds**

Subject to Clause 11.8 (*Consent from the Swedish FSA*) and applicable law, a Group Company, or other company forming part of the Issuer Consolidated Situation, may at any time on or following the First Call Date and at any price purchase Bonds on the market or in any other way. Bonds held by such company may at its discretion be retained, sold or cancelled.

## **11.4 Early redemption upon the occurrence of a Capital Event**

If a Capital Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 11.8 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 11.9 (*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

## **11.5 Early redemption upon the occurrence of a Tax Event**

If a Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 11.8 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 11.9 (*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

## **11.6 Early redemption amount**

The Bonds shall be redeemed at a price per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

## **11.7 Substitution and adjustment**

- (a) If a Tax Event or a Capital Event has occurred and is continuing, and subject to having given no less than thirty (30) nor more than sixty (60) days' notice to the Bondholders and the Agent in accordance with Clause 23 (*Notices*), the Issuer may, subject to Clause 11.8 (*Consent from the Swedish FSA*), substitute all (but not some only) of the Bonds or adjust the terms of all (but not some only) of the Bonds, without any requirement for the consent or approval of the Bondholders, so that they become or remain Qualifying Capital Bonds.
- (b) Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Bondholders can inspect or obtain copies of the new terms and conditions of the Qualifying Capital Bonds. Such substitution or adjustment will be effected without any cost or charge to the Bondholders.

## 11.8 Consent from the Swedish FSA

The Issuer may not redeem, purchase substitute or adjust, as contemplated by this Clause 11, any outstanding Bonds without the prior written consent of the Swedish FSA and in accordance with the Applicable Banking Regulation.

## 11.9 Notice of early redemption

- (a) Any redemption in accordance with Clauses 11.2 (*Early redemption at the option of the Issuer*), 11.4 (*Early redemption upon the occurrence of a Capital Event*) and 11.5 (*Early redemption upon the occurrence of a Tax Event*) shall be made by giving not less than twenty (20) nor more than sixty (60) Business Days' notice to the Bondholders and the Agent in accordance with Clause 23 (*Notices*). Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Bonds at the applicable amounts specified above in Clause 11.6 (*Early redemption amount*).
- (b) Notwithstanding paragraph (a) above,
  - (i) if a Trigger Event is outstanding, no notice of redemption may be given until the Trigger Event has been cured; and
  - (ii) if a Trigger Event occurs following a notice being given in accordance with paragraph (a) above but prior to the relevant redemption of the Bonds, such notice shall be of no force and effect and Clause 10.1 (*Write-Down upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

## 12. Information to Bondholders

### 12.1 Information from the Issuer

- (a) The Issuer will make the following information available to the Bondholders by way of press release and by publication on the website of the Issuer:
  - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors
  - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, its unaudited consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) for such period prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
  - (iii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, a report on regulatory capital

for the Issuer and the Issuer Consolidated Situation including the CET1 ratios of the Issuer and the Issuer Consolidated Situation; and

- (iv) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.

## 12.2 Information from the Agent

Subject to the restrictions of any applicable law or regulation, the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information.

## 12.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.
- (b) The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

## 13. Acceleration of the Bonds

- (a) Neither a Bondholder or the Agent have a right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds, except in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer (an "**Acceleration Event**").
- (b) If an Acceleration Event has occurred, the Agent is, following the instructions of the Bondholders, authorised to:
  - (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines; and
  - (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (c) The Issuer shall as soon as possible notify the Agent of the occurrence an Acceleration Event and the Agent shall notify the Bondholders of an Acceleration Event as soon as possible when the Agent received actual knowledge of the Acceleration Event.
- (d) In the event of an acceleration of the Bonds upon an Acceleration Event, the Issuer shall redeem all Bonds at an amount equal to 100 per cent. of the Nominal Amount together with accrued and unpaid interest.
- (e) No payments will be made to the Bondholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Bondholders as described in Clause 2 (*Status of the Bonds*) have been paid by the Issuer, as ascertained by the

judicial liquidator (Sw. *likvidator*) or bankruptcy administrator (Sw. *konkursförvaltare*).

#### 14. Distribution of proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 13 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (i) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2(e), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 19.1(d);
  - (ii) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) thirdly, in or towards payment pro rata of any unpaid principal under the Bonds; and
  - (iv) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents.
- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14(a)(i).
- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (Sw. *redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 14 as soon as reasonably practicable.
- (d) If the Issuer or the Agent shall make any payment under this Clause 14, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid.

#### 15. Decisions by Bondholders

- (a) Any decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.

- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 17(c), in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least  $66\frac{2}{3}$  per cent. of the Bonds represented at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c):
- (i) a change to the terms of any of Clauses 2(a), 2(d) and 2(i);
  - (ii) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of proceeds*);
  - (iii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 15;
  - (iv) a change to the Interest Rate or the Nominal Amount; and
  - (v) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 13 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 15(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in

- a Written Procedure in accordance with the instructions given pursuant to Clause 17(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 18(a)(i) or 18(a)(ii)).
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16(a)) or initiate a second Written Procedure (in accordance with Clause 17(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 15(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) If any matter decided in accordance with this Clause 15 would require consent from the Swedish FSA, such consent shall be sought by the Issuer.
- (l) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (m) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (n) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (o) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent

with a certificate specifying the number of Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.

- (p) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **16. Bondholders' Meeting**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 16(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16(a).
- (c) The notice pursuant to Clause 16(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **17. Written Procedure**

- (a) The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 17(a) to each Bondholder with a copy to the Agent.

- (c) A communication pursuant to Clause 17(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 17(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 15(e) and 15(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15(e) or 15(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## 18. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 18(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **19. Appointment and Replacement of the Agent**

### **19.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.
- (b) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (c) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (d) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

### **19.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (d) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.

- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Acceleration Event, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Acceleration Event or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 14 (*Distribution of proceeds*).
- (f) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (g) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (h) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 19.2(g).

### **19.3 Limited liability for the Agent**

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 15 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 13(a).

- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

#### **19.4 Replacement of the Agent**

- (a) Subject to Clause 19.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 19.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers

and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **20. Appointment and Replacement of the Issuing Agent**

- (a) The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **21. No Direct Actions by Bondholders**

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 21(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 19.1(b)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2(g), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2(g) before a Bondholder may take any action referred to in Clause 21(a).
- (c) The provisions of Clause 21(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due by the Issuer to some but not all Bondholders.
- (d) The provisions of this Clause 21 are subject to the over-riding limitations set out in Clause 2(c).

## **22. Prescription**

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any

funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.

- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## 23. Notices

- (a) Subject to Clause 23(d), any notice or other communication to be made under or in connection with the Finance Documents:
  - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch;
  - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch.
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23(a).
- (d) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (e) If an Acceleration Event is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

## 24. Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## 25. Governing Law and Jurisdiction

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

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