

*This prospectus was approved by the Swedish Financial Supervisory Authority on 16 December 2021. The validity of this prospectus will expire within twelve (12) months after the date of its approval. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this prospectus is no longer valid.*

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## **TF Bank AB (publ)**

**PROSPECTUS REGARDING THE ADMISSION TO TRADING OF**

**SEK 100,000,000**

**Floating Rate Perpetual Additional Tier 1 Bonds**

**ISIN: SE0017085244**

**16 December 2021**

# IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by TF Bank AB (publ), Swedish reg. no. 556158-1041 (“**TF Bank**”, the “**Company**” or the “**Issuer**” or together with its direct and indirect subsidiaries and branches, unless otherwise indicated by the context, the “**Group**”), in relation to the application for admission for trading of the Issuer’s SEK 100,000,000 Floating Rate Perpetual Additional Tier 1 Bonds with ISIN SE0017085244 (the “**Bonds**”), issued on 1 December 2021 (the “**Issue Date**”), in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**” and the “**Bond Issue**”, respectively), on the corporate bond list of Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). Concepts and terms defined in Section “*Terms and Conditions for the Bonds*” are used with the same meaning throughout the entire Prospectus unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

This Prospectus has been prepared by the Company and approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). Furthermore, Annexes 7 and 15 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the content of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA that the information in this Prospectus is accurate or complete.

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 admitting the Bonds to trading on Nasdaq Stockholm. This Prospectus may not be distributed any country or jurisdiction where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. 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 U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Issuer has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. The Bonds have been offered and sold only outside the United States to persons other than U.S. persons (“non-U.S. purchasers”, which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in reliance upon Regulation S under the Securities Act.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer’s auditors. Certain financial information in this Prospectus may have been rounded off 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 that are incorporated by reference and possible supplements to this Prospectus. In this Prospectus, any references to “**SEK**” refer to Swedish Kronor, references to “**NOK**” refer to Norwegian crowns, references to “**EUR**” refer to Euro, references to “**DKK**” refer to Danish Krone, and references to “**PLN**” refer to Polish Zloty.

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 Issuer’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 Issuer believes that the forecasts 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 Section “*Risk factors*” below.

Amounts payable under the Bonds (as defined herein) are calculated by reference to STIBOR, which is provided by the Swedish Financial Benchmark Facility. As of the date of this Prospectus (as defined herein), the Swedish Financial Benchmark Facility does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (“**BMR**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Financial Benchmark Facility is not currently required to obtain authorisation or registration.

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus has been prepared in English only and is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance. The Prospectus is available at the SFSA’s website ([www.fi.se](http://www.fi.se)) and the Issuer’s website ([www.tfbankgroup.com](http://www.tfbankgroup.com)).

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# RISK FACTORS

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*In this section, a number of risk factors are illustrated, both risks pertaining to the Issuer and the Group's market risks, business risks, legal and regulatory risks, financial risks and risks relating to the Bonds. The purpose of this section is to enable a potential investor to assess the relevant risks related to their potential investment in the Bonds in order to make an informed investment decision. Each of the risk factors set forth below describe risks which, in the meaning of Regulation (EU) 2017/1129, are material and specific to the Issuer and the Bonds.*

*The assessment of how the Issuer, the Group or the Bonds are affected by each risk factor is presented by way of an evaluation of the materiality of the relevant risk factor based on the probability of it occurring and the expected magnitude of its negative impact. The materiality is presented on a qualitative scale as being "low", "medium" or "high". All risk factors described below have been assessed by the Issuer to be material and specific to the Issuer, the Group and the Bonds in the meaning of Regulation (EU) 2017/1129.*

*The most material risk factor in a category is presented first under that category, whereas subsequent risk factors in the same category are not ranked in order of materiality. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.*

## RISKS SPECIFIC AND MATERIAL TO THE ISSUER AND THE GROUP

### Risks relating to business activities

#### *Credit risk related to unsecured lending*

Credit risk is the risk that debtors cause the Group a financial loss by not fulfilling its contractual obligations. The Group's business is carried out within three segments; Consumer Lending, Ecommerce Solutions and Credit Cards, and involves, to a significant extent, providing loans to the public. As per 30 September 2021, the Group's total loans to the public amounted to approximately SEK 9,970 million, whereof approximately SEK 6,734 million related to the Group's main segment Consumer Lending, consisting of unsecured consumer loans, approximately SEK 1,813 million related to the business segment Ecommerce Solutions and approximately SEK 1,423 million related to the business segment Credit Cards. As for the geographic exposure of the Group's lending to the public, approximately SEK 3,240 million was to customers in Norway, approximately SEK 2,416 million was to customers in Finland and SEK 1,195 million was to customers in Germany, being the three largest markets for the Group's lending as of 30 September 2021. Consequently, credit risk is the most significant risk of the Group, being the risk that debtors fail to repay its debt in full or in a timely manner. In order to manage credit risks in the Group, the Group is dependent on its continuous monitoring of loans provided and that the Group's credit policy and the work of the credit committee and credit division is apt to address credit risks from time to time. The Group is also dependent on its continuous monitoring of credit quality and as well as a robust and well-functioning credit approval process. In addition, the Group relies on its ability to classify loans for the purpose of assessing impairment of financial assets and suitable loan loss provisions. The Group regularly sells past due loans to debt collectors where the price levels are deemed favourable for the Group's performance and risk profile. As a result, the Group continuously realises expected loan losses through the sale of such non-performing loans, thereby reducing credit risk. Consequently, in order to be able to control credit risk through the level of loan loss, the Group is dependent on being able to sell non-performing loans at favourable prices.

Credit risks could materialise where current and potential debtors end up in a financial situation where they cannot pay amounts owed to the Group as they fall due, or otherwise abstain from fulfilling their obligations, and the Group is unable to sell non-performing loans at favourable terms or at all. Adverse changes in debtors' payment ability may, for instance, be the result of a general deterioration of the Swedish, European or global economic conditions, or arising from systematic risks in the financial system. Failure to pay debt obligations as they fall due or at all may also be a result of a general financial downturn, which, in turn, could be due to macro-economic factors such as unemployment or over-indebtedness in society at large.

In the event of debtors' default, the Group has to take measures to collect the loans or sell such loans to debt collection companies, which is costly and could be unsuccessful. Should a large numbers of debtors simultaneously be unable to fulfil their obligations, or should debtors' financial situation deteriorate in such manner that credit quality expectations cannot be met, there is a risk of significant loss, especially where non-performing loans cannot be sold to debt collection companies on satisfactory terms or at all. There is also a risk of that a large number of defaulting loans would cause calculations of Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"), based on historical outcomes, available customer information and macro data, to be misleading, resulting in that sufficient loan loss provisions are not made. Should any of the aforementioned risks materialise, it could have a material adverse effect on the Group's business and financial position, and could cause asset items in the Group's balance sheet to be non-indicative for a potential investor.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *high*.

#### *Risks relating to the outbreak of health pandemics and epidemics*

The Group may be affected by public health pandemics and epidemics or outbreaks of diseases that negatively affect the global economy. The outbreak and global spread of COVID-19 has had significant impact on the markets where the Group operates and has created volatility and disruption in the financial markets. The primary risk in relation to the Group's operation due to COVID-19 and any future pandemics is increased future credit losses related to macroeconomic deterioration. Customers' financial situation may be distressed resulting in a reduced ability to meet their payment obligations towards the Group. The duration and the consequences of the COVID-19 pandemic still can not be fully assessed, as it is affected by a number of rapidly changing factors outside of the Group's control. Uncertainty about the economic consequences of the pandemic remains high and it cannot be ruled out that the Group's operations, new lending and credit losses may be further negatively affected by COVID-19 or any other pandemics in the future. If the spread of COVID-19 continues over a prolonged period of time, the adverse impact on the global economy could deepen and result in further decline of the financial markets. This could in turn have material adverse effects on the Group's business, results of operations and financial position as well as overall future prospects.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### *Risk relating to dependence of credit intermediaries and ecommerce merchants*

The Group relies to a large extent on credit intermediaries and other third parties for the day-to-day operation of its consumer loan business, as approximately 80 to 90 per cent. of all the loan distribution is carried out by credit intermediaries and other third parties. The majority of the new lending within the Consumer Lending and Credit Card business segments are performed digitally via loan intermediation. As for the Group's business within Ecommerce Solutions, the Group enters into agreements and partnerships with ecommerce merchants in order to supply such merchants' customers with the Group's payment solutions including several payment methods.

In order for the Group to market and sell its products as well as to retain its business reputation, the Group depends on the ability and willingness of credit intermediaries and ecommerce merchants to act as distributors and, in relation to payments service providers, technical intermediaries. If any such third party is unable to fulfil their obligations under the relevant partnership contract, such as ceases to distribute and deliver or fail to adequately advertise the Group's products, it would lead to decreased sales and reputational damage. Furthermore, should any material third party provider terminate its agreement with the Group and the Group be unable to replace such third party in a timely manner or at acceptable terms, it would impair and adversely affect the Group's ability to distribute its products. Should one or more of the aforementioned risks materialise, it could significantly disrupt the Group's business and have a material adverse effect on the Group's business results of operation, and in the long term, future prospects.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Risks relating to dependence of debt collectors and partners***

As set out under risk factor "Credit risk related to unsecured lending" above, some of the Group's issued loans that are due for payment without being paid by the debtor are, depending on geographical market, sold to debt collection companies. Hence, the extent to which the Group can control credit risk by way of realising expected loan loss depends on its ability to sell non-performing (stage 3) loans to debt collectors on favourable terms in the relevant geographical market where the loan is issued. Furthermore, if the debt collectors and/or partners with whom the Group collaborate cease to cooperate with the Group and the Group fails to replace such debt collector/partner in a timely manner and on favourable terms, it would adversely affect the ability to sell distressed loans, which could increase the Group's exposure towards credit risk. Failure to dispose of non-performing loans would consequently adversely affect the Group's financial position and future prospects.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Risks related to consumers' financial position and spending power***

The Group's largest segment is Consumer Lending, which accounted for 68 per cent. of the Group's loans to the public, and 64 per cent. of the Group's operating income, as of 30 September 2021. Also the Ecommerce segment and the Credit Cards segment involve loans to the public. As such, the Group's product portfolio is limited and there is a risk that the demand for a particular product the Group offers may decline due to a variety of factors, such as regulatory restrictions that decrease customer access to loan and ecommerce products, the availability of competing products or changes in customers' preferences or individual customers' financial conditions. Furthermore, there is a risk that financial crisis, general economic downturn, as well as rising unemployment levels could adversely affect the financial position and spending power of individuals that otherwise, typically, would be deemed creditworthy. Such adverse developments would likely cause the number of customers to decline. Deteriorations in consumer confidence and spending power may also decrease the actual amounts that consumers are able or willing to deposit in savings deposit accounts held by the Group, which in turn would affect the Group's liquidity, and in turn, its ability to provide its lending products. Should any of the above risks materialise, it could have a material adverse effect on the Group's business, results of operation and financial position.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Risks relating to the assessment of customers' creditworthiness***

The ability to assess customers' creditworthiness constitutes an integral part of Group's lending operations, and the Group relies on its ability to correctly analyse and score customers' creditworthiness via its automated IT systems. Prior to issuing a loan, the Group makes an assessment of the customer's creditworthiness, taking into account its financial position, past history and other factors. Customer-specific risk limits are determined on bases of internal and/or external credit assessments pursuant to general limits set by the board of directors. The customer on-boarding process is carried out online and 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 with other lenders. The Group prices its finance products taking into account the estimated risk level of its customers. Consequently, an accurate assessment of creditworthiness is key to setting the right price and maintain profitability. Further, there is a risk that the Group's credit policies and software-based scoring procedure may prove insufficient or that the evaluation rendered by such software may prove incorrect. This could be due to factors such as internal failure in

relation to risk management or that the Group's third party suppliers of the technical platforms experience business interruption or other technical failure. This, in turn, could cause faulty or insufficient assessments of creditworthiness. If any estimates in relation to customers' creditworthiness prove incorrect, customer default rates may increase, or the product be incorrectly priced, which would increase the Group's loan losses and in turn decrease net income, and negatively affect the Group's financial position.

In addition, and as set out under risk factors "Credit risk related to unsecured lending" and "Risks relating to dependence of debt collectors and partners", the Group sells distressed loans to debt collection agencies, and there is a risk that the Group may lack 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 materially adversely affect the Group's financial, economic and liquidity condition.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Risks relating to carrying out operations in a highly competitive market***

The Group faces a high level of competition in all countries where it operates. In some countries there are well-established and sophisticated competitors, as well as niche banks and companies that have a particularly prominent competitive position in relation to certain groups of products and services. There is a wide range of companies targeting the same markets as the Group, including various smaller, locally operated companies in addition to larger traditional consumer banks. The Group also competes with other forms of short-term financing operators, such as peer-to-peer loans and other credit cards. While the Group offers consumer loans in a certain range, being on average approximately SEK 60,000 per customer as of 30 September 2021, certain of the Group's competitors may not apply loan amount restrictions or may offer larger loan amounts than offered by the Group. There is a risk that the Group's narrow targeting of customers and loan volumes makes the Group's products and services less competitive. Competition related risks are particularly high in mature markets with high market saturation and notably, for example the Nordic loan portfolio in the Consumer Lending segment accounts for approximately 76 per cent. of the total segment loan portfolio. Intensive competition has in the past, and may in the future, push prices downwards which could erode profit margins and thereby net income.

There is a risk that the Group's business segments become subject to even more competition 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 shares to such competitors and revenues could decline, adversely affecting the Group's ability to generate sufficient cash flow to fund expansion of its operations. This, in turn, would have a material adverse effect on the Group's business, results of operation, financial condition and future prospects.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Risks related to reputational damage and public perception of the consumer market***

Consumer protection bodies, consumer advocacy groups, media reporting, and several European Union and international regulators in the markets where the Group operates, have initiated and advocated action to prohibit or restrict consumer lending and consumer sales. Such efforts have in particular focused on lenders that target customers who have short-term liquidity needs and, in many cases, low levels of personal savings and income, and lenders charging consumers imputed interest rates and fees, which, on an annualised basis, are significantly higher than those charged by credit card issuers or banks to more creditworthy consumers. The Group does not target such customers, but there is a risk that the Group could be adversely affected by negative publicity associated with such business operators targeted by consumer protection bodies, consumer advocacy groups or regulatory authorities, even if such companies are not affiliated or associated with the Group or its business. There is also a risk that future restrictive measures are designed to target the activities carried out by the Group, which could force

the Group to make changes in its business model. Furthermore, negative publicity may increase the number of customer complaints directed at the Group. Handling of such complaints require time and resources, all of which would increase costs.

Adverse media reporting or increased regulatory pressure as described above could consequently adversely affect the general public's perception of the Group's business, products which could cause customers to abandon the Group for the benefit of competitors. Reputational damage could impair the Group's access to capital markets or external financing, as the case may be, by way of affecting the perception by any future external creditors or investors in the Group.

Should any of the above risks materialise, it could have an adverse effect on the Group's business and future prospects.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Risk relating to dependency on IT infrastructure***

The Group depends on information technology ("IT") and uses its IT systems for internal purposes, such as for credit scoring, as well as externally, in relation to its suppliers and customers. There is a risk that prolonged network failure or server downtime, IT attacks such as malware or ransomware attacks or other disruptions or failures in the Group's IT systems could occur, which would have a negative impact on the Group's operations, including its product distribution. Failure in the Group's IT systems could cause transaction and scoring errors as well as loss of customers and sales and business opportunities. In addition, there is a risk that the aforementioned IT failures cause unauthorised disclosure of confidential customer information, which would result in customer or counterparty claims, administrative fines and reporting obligations under applicable data protection laws as well as reputational damage. The risk of IT disruption also includes multiple partners as the Group's IT systems are distributed among different premises, cloud services, system vendors and internet connections. Should any of the above risks materialise, it would have a negative effect on the Group's business and results of operation.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

### **Management risks**

#### ***Risk relating to dependency on key employees***

The Group's success depends on its employees, in particular key management personnel. The Group is especially dependent on the expert knowledge of its current senior management, primarily its CEO and CFO with several years' experience within the Group. Familiarity with internal processes and operational expertise in relation to the Group's business are key factors for the efficiency of the Group's operation. Furthermore, the Group's key employees within risk management and compliance are crucial in order for the Group to comply with the complex regulatory environment to which it is subject.

If persons in the senior management any key or critical employees would leave the Group, the Group might be unable to hire replacement employees with sufficient level of familiarity with the Group's internal processes and operational expertise. There is also a risk that any measures applied by the Group to motivate or retain its personnel are not sufficient to retain key employees. Should the above risks materialise, the Group may be unable to pursue its business operations as planned which would have a material adverse effect on its future business and financial position.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

## Financial risks

### *Potential lack of liquidity and sufficient cash inflows*

The Group's growth depends on cash flow from its customer deposits, being the main source of liquidity for the Group. As of 30 September 2021, deposits from the public amounted to approximately SEK 11,015 million. Approximately 36 per cent. of the total deposits from the public were deposited on accounts with a fixed term meaning *inter alia* that a charge is levied upon withdrawals and that the deposits have been tied to current interest rate levels for a certain time period (minimum one year and maximum five years).

As of the date hereof, the Group offers deposit products in Germany, Norway Sweden and Finland, whereof Germany accounts for approximately 63 per cent of the Group's total deposits. The Group's offering of deposit products is to a large extent influenced by monetary policy implemented by European central banks. At prolonged periods of low repo rents, the Group may not be able to offer all savings account customers an interest rate that exceeds the inflation rate. As such, the Group's deposit products may appear as a less attractive investment option for consumers seeking higher returns than the Group's deposit products can deliver. This could in turn lead to that customers turn to other investment or savings opportunities with more favourable returns leading to loss of customers and thereby liquidity.

Except for the fixed rate savings accounts (for which a withdrawal charge is levied, as described above), no limits are applied on customers' withdrawals of deposited money. As such, the Group is at risk of ending up in a liquidity crisis in case of a general "bank run", where the customer creditors with short notice withdraw their deposits. Such "bank run" could be due to several factors, for instance to a rapid increase of consumers' liquidity needs in times of financial uncertainty. The Group maintains buffers in compliance with regulatory requirements, but upon a financial crisis, there is a risk that the general financial conditions for consumers deteriorate rapidly, which could cause a significant amount of consumers, also being the Group's debtors, ending up in financial difficulties simultaneously. The Group may be required to take measures to conserve cash until the markets stabilise or until alternative credit arrangements or other funding to cover the Group's business needs becomes available on affordable terms. Although amounts at the deposit accounts offered by the Group are protected under relevant regulations on deposit guarantees in the relevant jurisdictions in which the Group operates (for example corresponding to an amount of up to EUR 100,000 under European Union financial regulation and NOK 2,000,000 under Norwegian law) there is a risk that negative publicity regarding the Group or its industry, a deterioration of general economic conditions, new government-issued budgetary restriction or regulatory changes with regard to the maximum compensation amount or otherwise could cause a mass withdrawal event in the future. This taken together with the risk that the Group may fail to attract new deposit customers to replace withdrawing customers, could materially and adversely affect the Group's possibility to provide loans to the public or sustain growth in such operations. Consequently, a limited availability of funds on the market combined with rising lending costs, would adversely affect the Group's growth in both existing and new markets and the Group's business and ultimately its results of operation and financial condition would be materially adversely affected.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *high*.

### *Risks related to fluctuation in exchange rates*

The Group operates internationally and is therefore subject to changes in foreign currency exchange rates, which implies both translation risk and transaction risk. Translation risk arises when the Group has holdings in foreign operations, the net assets of which are exposed to currency risk when translated into SEK in the Group's financial statements. As the Group has subsidiaries and branches in other countries than Sweden, and accepts deposits and provides loans in other currencies than SEK, the Group is exposed to such risks. Transaction risk refers to exchange rate risks arising from the Group's foreign currency denominated positions in financial instruments and arises when future business transactions or recognised assets or liabilities are expressed in a currency other than the Issuer's functional currency. Translation risk is hedged using currency forward contracts as well as actual deposits

and borrowings from the public as hedging instruments. The Group also use currency forward contracts to hedge transaction risk. The forward contracts used by the Group normally have a maturity of between 1–3 months and is entered into for Euro (EUR), Norwegian Krona (NOK), Danish Krone (DKK) and Polish Złoty (PLN). Such forward contracts are necessary for the Group to obtain necessary currency for its product offerings in other markets that do not use these currencies.

There is a risk that any hedging techniques used are not sufficient to cover losses arising from currency exposure risks. Furthermore, as the Group uses its customer deposits to fulfil liquidity requirements there is a risk that the amount of customer deposits in a different currency than the Group's functional currency due to exchange losses, will not adequately correspond to liquidity needs.

Exchange rates fluctuate significantly, from time to time, and as of 31 December 2020, the sensitivity analysis provides, for example, that if SEK would fluctuate with 9 per cent. against EUR (all other variables being constant), the translated profit before tax at 31 December 2020 would have been approximately SEK 683,000 lower or higher. Consequently, significant foreign exchange fluctuations against EUR, NOK, DKK and PLN, especially in SEK, could adversely affect the Group's financial position.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

## **Legal and regulatory risks**

### *Dependency on license to conduct banking business*

Being authorised to conduct of a banking business in Sweden, the Issuer is supervised by the Swedish Financial Supervisory Authority (the "SFSA"). The SFSA conducts its supervision in accordance with the applicable regulatory framework, and such supervision may include comprehensive inquiries and investigations and could ultimately cause the SFSA to intervene. As a result of intervention, the SFSA may issue injunctions, restrictions, official remarks and warnings, but may also withdraw the operating license. Certain measures can also be taken in combination with the issuance of punitive fines. The SFSA also has access to certain other remedy options, including the dismissal of a board member or managing director of a company. Furthermore, criminal liability may arise in relation to failure to comply with market abuse regulations or for tipping off an Issuer under SFSA authority as to a potential or actual investigation.

The Group is dependent on its banking license with the SFSA in order to carry out its business. Such license, even if necessary, also increases customer confidence, provides reputational benefits, gives access to pertinent databases to further enhance the Group's current scoring models and funding options linked to the ability to accept deposits to support profit growth. In case of regulatory breach, there is a risk that the banking license is restricted or even withdrawn by the SFSA. If the banking license would be withdrawn, it would jeopardize the Group's entire business and existence, as it may be required to cease a significant part or all of its current operations. Other measures taken or imposed by the SFSA could also cause significant reputational risk, which could harm the Group's business, financial condition and results of operations.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *high*.

### *Regulatory requirements in the banking and financing sector*

The European banking regulatory framework is complex and applies in a partly harmonised manner in relation to the EU member states. As of the date hereof, the Group operates in Sweden, Finland, Norway, Denmark, Estonia, Latvia, Lithuania, Poland, Germany, Spain and Austria through *inter alia* branches and cross-border banking. As the Group conducts business in the banking and financial sector in several European jurisdictions, it is subject to a varying degree of local implementation of the EU banking regulatory framework as well as to other local requirements, such as regulation issued by the relevant supervisory authorities or general legal regulations

applicable in relation to companies such as the Group's subsidiaries and branches. Such legal requirements include, among other things, license requirements, interest rate regulations, and general consumer protection legislation, such as in relation to entrance into distance contracts. The diversity of applicable legal requirements results in legal and regulatory risks. In order to be compliant with rules and regulations to which the Group is subject, the Group depends on its continuous assessment of applicable legislation and its impact on the Group's operations. Should the Group fail in its compliance, it could result in claims from counterparties as well as administrative action and/or fines. Regulatory breaches could also result in significant reputational harm. Where the Group seeks to expand its operations into new segments and geographies, there is a risk that the Group fails to address new or additional legal requirements in a timely or accurate manner. Legal requirements for initiating banking business may differ significantly across different jurisdictions, for instance with respect to license requirements. Failure to comply with local legal requirements may have a significant material adverse effect on the Group's business, reputation and future prospects. Such failure may also result in unforeseen or additional costs, which would adversely affect the Group's results of operation.

The Issuer is subject to capital adequacy regulations, pursuant to which regulated entities shall establish a comprehensive and risk-sensitive legal framework and ensure adequate risk management in order to maintain certain levels of capital and liquidity. The framework legislation of the EU Capital Requirements Directive 2013/36/EU (as amended by the EU Directive 2019/878) and the EU Capital Requirements Regulation No 575/2013 (as amended by the EU Regulation 2019/876), is supplemented by a range of EU and local legislation as well as several regulations issued by local competent supervisory authorities. Adherence to such regulatory requirements may force the Issuer to issue additional capital instruments as well as restrict its operations in order to maintain any pre-defined ratios. There is a risk that such means of obtaining capital are unavailable when needed, on satisfactory terms or at all, which could put the Issuer at risk of being in breach with capital adequacy requirements. Failure to comply with such requirements could lead to the SFSA taking restrictive measures or issuing fines, which in turn would have a material adverse effect on the Group's ability to conduct its business and would adversely affect the Group's financial position and future prospects.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

### ***Money laundering and terrorist financing***

The potential risks that a financial business operators' businesses are used for money laundering or terrorist financing purposes have attracted significant attention and media coverage over the past decade. The applicable legal framework has become stricter and several supervisory authorities have devoted significant resources towards investigation of financial entities' compliance and work with anti-money laundering ("AML") and counter-terrorist financing ("CTF") regulations. The area for compliance with AML and CTF regulations received particular attention in 2018 and 2019 due to several large incidents being revealed. The Group is subject to Swedish AML and CTF regulation including regulations issued by the SFSA, in its regulated business operators, which includes the operations carried out through branches. The Group is obliged to implement comprehensive internal measures for customer due diligence, monitoring of customers and transactions as well as reporting of suspicious transactions. The requirements are detailed and the Group must allocate substantial resources in order to comply with the external requirements as well as to maintain internal routines and guidelines for managing day-to-day operations. There is a risk that the Group's procedures, internal control measures and guidelines to comply with AML and CTF requirements are insufficient or inadequate. There is also a risk that new or increased requirements will affect or restrict the Group's operations, or require the Group to further adapt its existing practices and procedures and allocate additional resources to manage compliance.

Due to the increased monitoring activities of the SFSA; the compliance risk in relation to AML and CTF risk has been significantly enhanced, and breaches of applicable regulations could result in measures including comprehensive investigations, remarks or warnings and/or significant administrative fines imposed by the SFSA or other competent authorities, as the case may be. This could in turn result in substantial and potentially irreparable

damage to the reputation of the Group, which would have a material adverse effect on the Group's business, results of operations and financial position.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### *Legally permissible interest rates for consumer loans*

The Group is currently subject to regulatory caps on lending rates in Sweden, Finland, Latvia, Estonia, Lithuania and Poland within the Group's main business segments, which limits the amount of interest and/or fees that may be charged for certain financial products, including on loans provided to consumers. 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 consumer lending and other financial products. Such changes could lead to decreased profitability, which ultimately would have a negative effect on the Group's business, financial condition and results of operations.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### *Data protection and privacy laws*

Since most of the Group's customers and counterparties are natural persons, the Group processes large amounts of personal data for commercial purposes, for example in determining a potential applicant's credit profile. The Group's ability to collect and use personal data is however affected, and to some extent restricted, by the provisions set out in Regulation (EU) 2016/679, the General Data Protection Regulation ("GDPR") and other privacy laws. The Group has historically allocated substantial resources for compliance with the requirements under the GDPR, by way of establishing and implementing a new system for personal data processing and actions needed to ensure compliance with the GDPR. Failure to comply with the GDPR 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). Failure to comply with the requirements could also result in private claims from the relevant registered individual. A failure by the Group to comply with the requirements under the GDPR may thus have a material adverse impact on the Group's business and results of operation, as well as result in reputational damage, especially due to the magnitude of the Group's processing of personal data. In addition, there is a risk that relevant competent authorities gain increased supervisory powers and that more comprehensive administrative measures may be taken in the future, which in turn could adversely affect the Group's business and divert management's attention from the day-to-day operations.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

## **RISK FACTORS SPECIFIC AND MATERIAL TO THE BONDS**

### **Risks related to the nature of the Bonds**

#### *Interest payments on the Bonds may be cancelled by the Issuer*

Any payment of interest in respect of the Bonds shall be payable out of the Issuer's distributable items and (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer acting in its sole discretion and notwithstanding that that it has distributable items or that it may make any distributions pursuant to the applicable regulation, or (ii) will be mandatorily cancelled to the extent so required by applicable regulation.

Any cancellation of interest (in whole or in part thereof) shall in no way limit or restrict the Issuer from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Bonds (including, without limitation, any common equity tier 1 capital) or in respect of any other additional tier 1 capital instruments. In addition, the Issuer may without restriction use the funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

As a result, there is a risk that the payments of interest is cancelled. Following any cancellation of interest as described above, Bondholders shall have no right thereto or to receive additional interest or compensation. Furthermore, no cancellation of interest in accordance with the terms of the Bonds shall constitute a payment default or otherwise entitle the Bondholders to take any action against the Issuer or put the Issuer into bankruptcy.

Any actual or anticipated cancellation of interest on the Bonds will likely have an adverse effect on the market price of the Bonds. In addition, as a result of the interest cancellation provisions of the Bonds, the market price of the Bonds is likely to be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *high*.

#### ***Loss absorption following a trigger event***

If at any time the common equity tier 1 ratio has fallen below 5.125 per cent., in case of the Issuer or 7.00 per cent., in case of the Issuer's consolidated situation (if applicable), this constitute a "trigger event" and the total nominal amount of the Bonds shall be reduced by an amount sufficient to restore the common equity tier 1 ratio of the Issuer and/or, if applicable, the Issuer's consolidated situation to at least 5.125 per cent or 7.00 per cent (as applicable). Such write-down of the Bonds is likely to result in a Bondholder losing some or all of its investment.

The Issuer and/or the SFSA may determine that such a trigger event has occurred on more than one occasion and the nominal amount of the Bonds may consequently be written down on more than one occasion. Further, during any period when the then nominal amount of a Bond is less than the initial nominal amount, interest will accrue on, and the Bonds will be redeemed on, the then nominal amount of the Bonds.

The Issuer's and/or the SFSA's calculation of the common equity tier 1 ratio of the Issuer, and therefore its determination of whether a trigger event has occurred, shall be binding on all Bondholders who shall have no right to challenge the published figures detailing the common equity tier 1 ratio of the Issuer.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *high*.

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

The Bonds constitute deeply subordinated unsecured obligations of the Issuer. In the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, the rights of the Bondholders are subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer as well as any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the Bondholders by statute or regulation.

The Bonds rank *pari passu* with all other liabilities or capital instruments which constitute additional tier 1 capital (Sw. *primärkapitaltillskott*) of the Issuer or other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with the Bonds. The Bonds however rank junior to any tier 2 capital (Sw. *supplementärkapital*) of the Issuer.

In the event of a liquidation or bankruptcy 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 the Bonds, where after the Bondholders normally would receive payment *pro rata* with other unsecured creditors. In the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, there is a risk that the Issuer does not have enough assets remaining after payments to senior ranking creditors have been effected, in order to pay the amounts due under the Bonds. No Bondholder who is indebted to the Issuer shall be entitled to exercise any right to set-off or counterclaim against moneys owed by Issuer in respect of the Bonds held by such Bondholder. As a result, there is a risk that the Bondholders will lose some or all of their investments in the Bonds.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

### *Credit risk associated with the Bonds*

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

There is a risk that an increased credit risk will cause the market to charge the Bonds a higher risk premium, which will have a significant negative effect on the value of the Bonds. Another aspect of the credit risk is that there is a risk that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

### *Interest rate risk*

The value of the Bonds depends on several factors, one of the most significant being the level of market interest over time. Potential investors in the Bonds are hence dependent on a favourable and stable general market interest rate over time in order to sustain profitability in respect of its investment. Subject to replacement of base rate provisions of the terms of the Bonds, the Bonds bear interest at a floating rate of 3 month STIBOR (or any base rate replacing STIBOR, as applicable) plus a margin and the interest rate of the Bonds is determined two business days prior to the first day of each respective interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate.

The determining interest rate benchmarks, such as STIBOR has been subject to regulatory changes such as the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial and contracts or to measure the performance of investment funds) (the "BMR"). The implementation of the BMR will lead to that certain previously used benchmarks, such as LIBOR, will be discontinued, leading to that, *inter alia*, existing financing arrangements may need to be renegotiated or terminated. There is a risk that also STIBOR will be discontinued in the future, or that alternative benchmark rates will dominate market practice, leading to uncertainties in relation to the interest rate payable in relation to the Bonds. Increased or altered regulatory requirements and risks associated with the BMR (as amended) involve inherent risks as the effects cannot be fully assessed at this point in time. There is a risk that future developments in relation to STIBOR cause volatility in STIBOR, which would affect the interest rate for the Bonds.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

### *Substitution or variation of the Bonds*

Subject to the terms of the Bonds and the prior consent of the SFSA, upon the occurrence of a Capital Disqualification Event or Tax Event (in each case as defined in the Terms and Conditions), the Issuer may, at its option and without the consent or approval of the Bondholders, elect to substitute or vary the terms of all (but not some only) outstanding Bonds for, or so that they become or remain, as applicable, Qualifying Securities (as defined in the Terms and Conditions).

There is a risk that, due to the particular circumstances of each Bondholder, any Qualifying Security will be less favourable to the Bondholders in all respects or that a particular Bondholder would not make the same determination as the Issuer as to whether the terms of the relevant Qualifying Security is not materially less favourable to Bondholders than the terms of the relevant Bonds. The substitution or variation of the Bonds may thus lead to changes in the Bonds that have effects that are less favourable in the opinion of a Bondholder. The Issuer bears no responsibility towards the Bondholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequence suffered by any Bondholder). The

degree to which the Bonds may be substituted or varied is uncertain and presents a significant risk to the return of the Bonds.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Liquidity risks and listing of the Bonds***

Pursuant to the Terms and Conditions, the Issuer shall procure that the Bonds are listed on the corporate bond list of Nasdaq Stockholm, or if such admission to trading is not possible to obtain or maintain, on another regulated market within 60 days after the Issue Date and with an intention to complete such listing within 30 days after the Issue Date. Even if the Bonds are admitted to trading on a regulated market, active trading in the Bonds may not occur and hence there is a risk that a liquid market for trading in the Bonds will not form or will not be maintained, even if the Bonds are listed. This risk is particularly prominent in times of volatility on the capital markets. As a result, the Bondholders may be unable to sell their Bonds when desired or at a favourable price level that allows for a profit comparable to similar investments traded on an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds.

Furthermore, the nominal value of the Bonds may not be indicative of the market price of the Bonds if the Bonds are admitted for trading on Nasdaq Stockholm as the Bonds may trade below their nominal value (for instance, to allow for the market's perception of a need for an increased risk premium).

It should also be noted that during any given period of time 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 Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Limited acceleration rights in respect of the Bonds***

The Bondholders may only accelerate the Bonds if the Issuer is placed into bankruptcy (Sw. *konkurs*) or is subject to liquidation proceedings (Sw. *likvidation*). The Bondholders have no other acceleration rights with respect to the Bonds. Consequently, there is a risk that there are other events including events which have an adverse effect on the business, operations, assets, liabilities, conditions (financial or otherwise) or prospects of the Issuer, which will not give the Bondholders a right to accelerate the Bonds, and that may cause the market price of the Bonds to decline. For example, a payment default or an acceleration with respect to any other financial indebtedness of the Issuer or a change of control of the Issuer will not give the Bondholders a right to demand repayment of the Bonds.

Furthermore, 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 have been paid by the Issuer as ascertained by the administrator in bankruptcy (Sw. *konkursförvaltare*) or the judicial liquidator (Sw. *likvidator*).

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

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

The Issuer has the option (but no obligation) to redeem the Bonds from the first call date, being the date falling five years after the issue date of the Bonds. However, in order to exercise such a call option, the Issuer must obtain the prior consent of the SFSA. There is a risk that such redemption cannot be carried out at the time when needed or that would be favourable for the Group, which could force the Issuer to sustain an unfavourable financial position for a certain period of time prior to that consent can be obtained.

The Bondholders have no rights to call for the redemption of the Bonds and there is a risk that such a call will not 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. There is a risk that the SFSA will not permit such a call or that the Issuer will not exercise such a call at all. Consequently, there is a risk that Bondholders would 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 considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### *No limitation on issuing debt and granting security over assets*

The Terms and Conditions do not restrict the Issuer from incurring additional financial indebtedness ranking senior to, or *pari passu* with, the Bonds and do not restrict the Issuer from providing security for such debt. If security is granted, the Bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security. Any enforcement action taken by such secured creditor in relation to secured assets of the Group could also have a material adverse effect on the Group's assets and operations and, ultimately, the Issuer's payment ability under the Bonds. Furthermore, the issuance of additional debt by the Issuer may reduce the amount recoverable by the Bondholders in the event of bankruptcy, re-organisation or winding-up of the Issuer.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### **The resolution act and BRRD**

##### *"Write-down and conversion and bail-in"*

The Group is subject to the Swedish Resolution Act 2015 (Sw. *Lag (2015:1016) om resolution*) (the "**Resolution Act**"). The Resolution Act implements Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**") into Swedish law. The Swedish National Debt Office (Sw. *Riksgäldskontoret*) (the "**NDO**") is granted significant powers in its capacity as competent resolution authority under the Resolution Act and BRRD to apply the resolution tools and exercise the resolution powers set forth in the Resolution Act. Such powers include the introduction of a statutory "write-down and conversion power" with respect to capital instruments and a "bail-in power," which will give the NDO the power to cancel or vary all or a portion of the principal amount of, or interest on, the term of and the interest payment dates of certain eligible liabilities including tier 1 and tier 2 capital instruments. Prior to resolution under the Resolution Act, the SFSA may require bail-in.

The bail-in power can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power can be used to ensure that tier 1 capital and tier 2 capital instruments fully absorb losses at the point of non-viability of an institution and before any other resolution action is taken. The Resolution Act specifies the order in which the relevant bail-in tool should be applied, which order reflects the hierarchy of capital instruments under the CRD and otherwise respecting the hierarchy of claims in an ordinary insolvency. In addition, the bail-in power contains a specific mechanism that aims at safeguarding that shareholders and creditors do not receive a less favourable treatment than in ordinary insolvency proceedings. Even where a claim for compensation is established under this "no creditor worse off" safeguard, this will be determined on the basis of an independent valuation performed after the resolution action has been taken. It is unlikely that such compensation would be equivalent to the full loss incurred by the Bondholders in the resolution and there is a risk that such Bondholders will experience considerable delay in recovering any such compensation.

The Bonds constitute unsecured obligations of the Issuer and could be subject to the bail-in power. The determination of whether all or only a part of the principal amount of the Bonds will be subject to bail-in is inherently unpredictable. There is a risk that if the bail-in tool would be applied, it could result in the cancellation of all or a portion of the principal amount of, or interest on, the Bonds and/or the conversion of all, or a portion,

of the principal amount of, or outstanding amount payable in respect of, or interest on, the Bonds into ordinary shares or other securities of the Issuer or another person, including by means of a variation to the terms of the Bonds (including their maturity date or interest rate) to give effect to such application of the bail-in tool.

Accordingly, potential Bondholders should consider the risk that the bail-in tool may be applied in such a manner as to result in Bondholders losing all or a part of the value of their investment in the Bonds or receiving different securities than the Bonds, which will be worth significantly less than the Bonds and which will have significantly fewer protections than those typically afforded to debt securities.

Moreover, the NDO may exercise its authority to apply the bail-in tool without providing any advance notice to the Bondholders. Bondholders may also have limited or no rights to challenge any decision of the NDO to exercise the bail-in power or to have that decision reviewed by a judicial or administrative process or otherwise.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

#### ***Additional measures***

In addition to the bail-in power and the statutory write-down and conversion power, the Resolution Act provides the NDO with broader powers to implement other resolution measures on a credit institution such as the Issuer, in the event of any distress, which may include (without limitation):

- a. directing the sale of the bank, such as the Issuer, or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply;
- b. transferring all or part of the business of the bank, such as the Issuer, to a "bridge institution" (a publicly controlled entity);
- c. transferring the impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time;
- d. replacing or substituting the bank, such as the Issuer, as obligor in respect of debt instruments;
- e. modifying the terms of debt instruments, for instance the Bonds, (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments); and/or
- f. discontinuing the listing and admission to trading of financial instruments, such as the Bonds.

The Resolution Act establishes a preference in the ordinary insolvency hierarchy, firstly, for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in EEA or non-EEA branches of an EEA credit institution. These preferred deposits will rank ahead of all other unsecured senior creditors of the Issuer, including the Bondholders, in the insolvency hierarchy. Furthermore, insured deposits are excluded from the scope of the bail-in powers.

The Issuer considers that the probability of the above risks occurring and the potential negative impact if the risks would materialise, is *medium*.

# THE BONDS IN BRIEF

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This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference, and the full Terms and Conditions for the Bonds included under Section “*Terms and Conditions for the Bonds*”, before a decision is made to invest in the Bonds.

## General

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|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issuer .....                                    | TF Bank AB (publ), Swedish reg. no 556158-1041.                                                                                                                                                                                                                                                                                                                                                                    |
| Resolutions, authorisations and approvals ..... | The Issuer’s board of directors resolved to issue the Bonds on 16 November 2021.                                                                                                                                                                                                                                                                                                                                   |
| The Bonds offered.....                          | SEK 100,000,000 in an aggregate principal amount of floating rate perpetual additional tier 1 bonds.                                                                                                                                                                                                                                                                                                               |
| Nature of the Bonds .....                       | The Bonds constitute tier 1 capital (Sw. <i>primärkapitaltillskott</i> ) as defined in Part Two, Title I, Chapter 3 of the of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time, as amended by Regulation (EU) 2019/876.                |
| Number of Bonds .....                           | 80 Bonds                                                                                                                                                                                                                                                                                                                                                                                                           |
| ISIN.....                                       | SE0017085244,                                                                                                                                                                                                                                                                                                                                                                                                      |
| Issue Date.....                                 | 1 December 2021.                                                                                                                                                                                                                                                                                                                                                                                                   |
| Price .....                                     | All Bonds issued on the Issue Date have been issued at an issue price of 100.00 per cent. of the Nominal Amount.                                                                                                                                                                                                                                                                                                   |
| Interest Rate .....                             | Interest on the Bonds is paid at a rate of three (3) months STIBOR plus 6.25 per cent. <i>per annum</i> . Interest will accrue from, but excluding, the Issue Date.                                                                                                                                                                                                                                                |
| Use of benchmark .....                          | Interest payable for the Bonds issued under the Terms and Conditions is calculated by reference to STIBOR. As of the date of this Prospectus, the administrator (being Swedish Financial Benchmark Facility) does not appear in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the regulation (EU) 2016/1011 (the Benchmark Regulation).                               |
| Interest Payment Dates.....                     | Quarterly in arrears on 1 March, 1 June, 1 September and 1 December each year (with the first Interest Payment Date being on 1 March 2022 and the last Interest Payment Date being the relevant Redemption Date). Interest will accrue from, but excluding, the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant). |
| Nominal Amount.....                             | The nominal amount of each Bond is SEK 1,250,000 and the minimum permissible investment upon issuance of the Bonds was SEK 1,250,000.                                                                                                                                                                                                                                                                              |
| Denomination.....                               | The Bonds are denominated in SEK.                                                                                                                                                                                                                                                                                                                                                                                  |

Status of the Bonds ..... The Bonds (other than any Bonds held by a Group Company) shall constitute Additional Tier 1 Capital of the Issuer and (if applicable) the Issuer Consolidated Situation. The Bonds constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with (i) any present or future liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (ii) any other liabilities 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) on a liquidation or bankruptcy of the Issuer and the right to receive payment of capital on a 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 liabilities 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 payment 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) any subordinated creditors of the Issuer whose rights rank or are expressed to rank in priority to the Bonds, including, for the avoidance of doubt, holders of bonds which constitute tier 2 capital.

The Issuer reserves the right to issue further Additional Tier 1 Capital and other subordinated bonds and obligations in the future, which may rank *pari passu* with the Bonds, as well as any capital instruments of the Issuer issued as Common Equity Tier 1 Capital, which may rank junior to the Bonds or any capital instruments which may rank senior to the Bonds.

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:

- (a) 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 Capital Regulations; and
- (b) will be mandatorily cancelled to the extent so required by the Applicable Capital Regulations, 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**").

A Write-Down shall take place on a date selected by the Issuer in consultation with the SFSA but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Applicable Capital Regulations, the SFSA has agreed with the Issuer in writing that such reduction and cancellation may occur after a longer period, in which case, on such date as agreed with the SFSA.

A Write-Down shall be made as a reduction of the Total Nominal Amount, where the Issuer's payment obligation under each Bond shall be reduced to a certain percentage of the Nominal Amount, and such Write-Down shall be considered to be an unconditional capital contribution (Sw. *ovillkorat kapitaltillskott*) and shall be made in consultation with the SFSA 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. 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 or conversion of corresponding or similar loss absorbing instruments (if any) 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 at any time:

- (a) the CET1 Ratio of the Issuer is less than 5.125 per cent; or
- (b) the CET1 Ratio of the Issuer Consolidated Situation, is less than 7.00 per cent,

in each case as determined by the Issuer and/or the SFSA (or any agent appointed for such purpose by the SFSA).

Reinstatement of the Bonds .....

Following a Write-Down, the Issuer may, at its absolute discretion, reinstate the Bonds, subject to compliance with any maximum distribution limits set out in, and otherwise in accordance with, the Applicable Capital Regulations. Unless a write-up of the Nominal Amount of the Bonds is permitted and possible in accordance with the rules of the CSD, reinstatement shall be made

by way of issuing new bonds that qualify as Additional Tier 1 Capital to the relevant Bondholders.

Use of Proceeds..... The Net Proceeds shall be used for general corporate purposes of the Group.

# Call Option

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Early voluntary redemption (Call option).....</p> | <p>(a) Subject to Clause 12.1 (<i>Consent from the SFSA</i>) of the Terms and Conditions, the Issuer may redeem all, but not some only, of the Bonds on the First Call Date or any Interest Payment Date after the First Call Date at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest (to the extent not cancelled);</p> <p>(b) Subject to Clause 12.1 (<i>Consent from the SFSA</i>) of the Terms and Conditions, if a Capital Disqualification Event or Tax Event has occurred prior to the First Call Date, the Issuer may:</p> <ul style="list-style-type: none"> <li>(i) redeem all, but not some only, of the outstanding Bonds on any Interest Payment Date at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest (to the extent not cancelled); or</li> <li>(ii) substitute or vary the terms of all (but not some only) of the outstanding Bonds without any requirement for the consent or approval of the Bondholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Bonds in accordance with Clause 12.5 of the Terms and Conditions in relation to the Qualifying Securities so substituted or varied.</li> </ul> |
| <p>First Call Date .....</p>                         | <p>The date falling five (5) years after the Issue Date (<i>i.e.</i> on 1 December 2026).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>Capital Disqualification Event .....</p>          | <p>The occurrence of a change in the regulatory classification of the Bonds (other than in respect of any Bonds held by a Group Company) that results or would be likely to result in the exclusion of such Bonds from the Additional Tier 1 Capital of the Issuer and/or the Issuer Consolidated Situation or reclassification of such Bonds as a lower quality form of regulatory capital, provided that:</p> <ul style="list-style-type: none"> <li>(a) the SFSA considers such a change to be sufficiently certain;</li> <li>(b) the Issuer demonstrates to the satisfaction of the SFSA that the regulatory reclassification of the Bonds was not reasonably foreseeable at the Issue Date; and</li> <li>(c) 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 Capital Regulations.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <p>Tax Event .....</p>                               | <p>The occurrence of any amendments to, clarification or change in the laws, treaties or regulations of Sweden affecting taxation, including any change in the interpretation by any court or authority entitled to do so, or any</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

governmental action, on or after the Issue Date and which was not foreseeable at the Issue Date, resulting in a substantial risk that:

- (a) the Issuer is, or becomes, subject to a material 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 material amount of additional taxes, duties or governmental charges.

## Miscellaneous

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|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfer restrictions .....             | The Bonds are freely transferable. The Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds under local laws to which such Bondholder may be subject (due to, <i>e.g.</i> , its nationality, its residency, its registered address or its place(s) of business). The Bonds have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Credit rating .....                     | No credit rating has been assigned to the Bonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Acceleration of the Bonds.....          | Neither a Bondholder or the Agent have a right to accelerate the Bonds or otherwise request prepayment or redemption of the Nominal Amount of the Bonds, except in the event of liquidation ( <i>Sw. likvidation</i> ) or bankruptcy ( <i>Sw. konkurs</i> ) of the Issuer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Admission to trading.....               | <p>The Issuer intends to have the Bonds admitted to trading on the corporate bond list of Nasdaq Stockholm within thirty (30) days of the Issue Date and shall procure that the Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm within sixty (60) calendar days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market within sixty (60) calendar days.</p> <p>Once the Bonds are admitted to trading on a Regulated Market, the Issuer shall maintain such admission as long as the Bonds are outstanding (however, taking into account the rules and regulations (as amended from time to time) of Nasdaq Stockholm or any other relevant Regulated Market, as applicable, and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds).</p> <p>The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 20 December 2021. The total expenses of the admission to trading of the Bonds are estimated to amount to approximately SEK 200,000.</p> |
| Representation of the Bondholders ..... | <p>Nordic Trustee &amp; Agency AB (publ), Swedish reg. no. 556882-1879, is acting as Agent for the Bondholders in relation to the Bonds and any other matter within its authority or duty in accordance with the Terms and Conditions.</p> <p>By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the Agent, set out in the Terms and Conditions of the Bonds which document is contained in this Prospectus under Section “Terms and Conditions for the Bonds”. The Terms and Conditions are also available at the Agent’s office address, Norrlandsgatan 23, SE-111 43 Stockholm, Sweden, during normal business hours as well as at the Agent’s website, <a href="http://www.nordictrustee.com">www.nordictrustee.com</a> and the Issuer’s website <a href="http://www.tfbankgroup.com">www.tfbankgroup.com</a>.</p>                                                                                                                                                                       |
| Governing law.....                      | The Bonds are governed by Swedish law.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Time-bar.....                           | The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

shall be time-barred and become void 3 years from the relevant due date for payment.

Clearing and settlement..... The Bonds are affiliated to the account-based system of Euroclear Sweden AB, Swedish reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Bondholders on a securities account (Sw. *VP-konto*). No physical Bonds 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.

Risk factors ..... Investing in the Bonds involves substantial risks and prospective investors should refer to Section "*Risk Factors*" for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

# DESCRIPTION OF THE ISSUER AND THE GROUP

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## Overview of the Issuer

|                                    |                                                                                                                                                                                                                                                                                                      |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal and commercial name.....     | TF Bank AB (publ).                                                                                                                                                                                                                                                                                   |
| Corporate reg. no. ....            | 556158-1041.                                                                                                                                                                                                                                                                                         |
| LEI-code.....                      | 529900BGZZZTLLBR1X49.                                                                                                                                                                                                                                                                                |
| Date and place of registration.... | 8 February 1972, Sweden, with the Swedish Companies Registration Office (Sw. <i>Bolagsverket</i> ).                                                                                                                                                                                                  |
| Date of incorporation .....        | 25 November 1971.                                                                                                                                                                                                                                                                                    |
| Legal form.....                    | Swedish public limited liability company.                                                                                                                                                                                                                                                            |
| Jurisdiction and laws .....        | The Issuer is registered with the Swedish Companies Registration Office and operates under the laws of Sweden including, but not limited to, the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i> ) and the Swedish Annual Accounts Act (Sw. <i>årsredovisningslagen (1995:1554)</i> ). |
| Registered office .....            | Stockholm.                                                                                                                                                                                                                                                                                           |
| Visiting address (postal address)  | Lilla Brogatan 6, SE-503 30, Borås, Sweden (P.O. Box 947, SE-501 10 Borås).                                                                                                                                                                                                                          |
| Phone number.....                  | +46 (0)33-722 35 00.                                                                                                                                                                                                                                                                                 |
| Website.....                       | www.tfbankgroup.com. The information provided at the Issuer's website does not form part of this Prospectus unless explicitly incorporated by reference into the Prospectus.                                                                                                                         |

## History and development

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.

| <i>Year</i>   | <i>Event</i>                                                                                                                                                               |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1980's</b> | <ul style="list-style-type: none"><li>The core of the Group's business was created in the 1980s under the name Aktiebolaget Time Finans.</li></ul>                         |
| <b>1998</b>   | <ul style="list-style-type: none"><li>The Group expanded its operations into Finland.</li></ul>                                                                            |
| <b>2002</b>   | <ul style="list-style-type: none"><li>The Group expanded its operations into Estonia.</li></ul>                                                                            |
| <b>2003</b>   | <ul style="list-style-type: none"><li>The Group expanded its operations into Norway.</li></ul>                                                                             |
| <b>2007</b>   | <ul style="list-style-type: none"><li>The Group, under new ownership, accelerated its focus on online and mobile lending as well as ecommerce finance solutions.</li></ul> |

- 2012**
- The Issuer changed its name to “TF Bank AB” and was granted a banking license from the SFSA.
  - The Issuer launched consumer lending operations in Poland.
- 2013-2014**
- The Group expanded its 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.
  - The Group established a branch in Finland, allowing it to accept deposits in Euro.
  - The Group expanded its online sales financing operations by establishing Avarda, a joint venture together with Intrum AB (previously under the name Intrum Justitia AB).
- 2015**
- Avarda launches its operations and receives its license to conduct certain consumer credit activities in Sweden under the Swedish Certain Consumer Credit-related Operations Act of 2014.
  - The Group established a branch in Poland.
  - The Group acquired the Norwegian financial institute BB Bank ASA (at the time operating under the business name BB Finans), a consumer loan specialist company that was 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.
  - The Issuer issued subordinated floating rate Tier 2 bonds in the amount of SEK 100,000,000.
- 2016**
- The Issuer listed its shares on Nasdaq Stockholm.
  - The Group launched consumer lending operations in Latvia.
- 2017**
- The previous Group Company BB Bank ASA was granted a banking license.
  - The Group launched deposit products in Germany and Norway.
  - The Group established a branch in Estonia.
  - The Group acquired all of Intrum AB’s shares in Avarda.
- 2018**
- The Group launched consumer lending operations in Lithuania.
  - The Issuer issued subordinated floating rate Tier 1 bonds in the amount of SEK 100,000,000.
  - The Group launched credit card activities in Germany within the segment Ecommerce solutions.
- 2019**
- The Group launched consumer lending operations in Austria.
  - The Issuer issued subordinated floating rate Tier 2 bonds in the amount of SEK 100,000,000.
- 2020**
- The Group simplified its legal structure by merging the Issuer with its subsidiaries BB Bank ASA, Avarda AB and Avarda Oy, with the Issuer as the surviving entity.
  - The Group issued subordinated floating rate Tier 2 bonds in the amount of SEK 100,000,000.
  - The Group expanded the segment reporting to three segments. Ecommerce Solutions was split into two business segments; Ecommerce Solutions and Credit Cards.
- 2021**
- TF Bank’s e-commerce initiative Avarda launched a payment solution for Boozt’s whole fast-growing ecommerce environment.
  - New agreements for continuing sale of past due loans signed and TF Bank now has agreements in place in all markets.

## **Business and operations**

### *General*

TF Bank AB (publ) was incorporated on 25 November 1971 and has been licensed to conduct banking business since 22 February 2012. The Company is a Swedish public limited liability company operating under the laws of Sweden.

In accordance with section 3 of the articles of association of the Company, adopted on 4 May 2021, 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 (Sw. *lag (2004:297) om bank- och finansieringsrörelse*) and other business that is naturally connected therewith. 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).

### *Development of the Group*

TF Bank was founded with the purpose of offering financial solutions to consumers ordering goods from mail order catalogues. Today TF Bank is an internet-based niche bank offering consumer banking services through its IT-platform which was created to suit different products, countries, currencies and digital banking solutions.

TF Bank offers lending and deposit services in Sweden, Finland, Norway, Denmark, Poland, Germany, Austria, Estonia, Latvia, Spain and Lithuania through its branches and on cross-border basis. The Group is active in three segments, “Consumer Lending”, “Ecommerce Solutions” and “Credit Cards”. The type of end-customer depends on the relevant service segment.

### *The Group's business*

The Group's main business consists of offering financial services to the public through its three business segments, all of which utilises the Group's IT platform, credit models and cross-selling opportunities. In the segment Consumer Lending, the Group provides consumer loans to creditworthy individuals whereas in the segment Ecommerce Solutions, the Group provides financing solutions for retailers for the management of bill payments and instalment payments. In the segment Credit Cards, the Group offer credit cards to creditworthy individuals.

### **Consumer Lending**

In the segment Consumer Lending, unsecured consumer loans are provided to individuals deemed to be sufficiently creditworthy according to the Group's analysis and credit scores via its credit policies and automated software-based systems. The size of the loans depends on the geographic market, and as of 30 September 2021, the average loan amount per customer amounted to approximately SEK 60,000.

Furthermore, the Group offers savings products in Sweden, Finland, Norway and Germany, which deposits constitute an important source of the Group's financing. Deposits from the public only occur in the household sector and are in Sweden, Norway and Germany payable on demand and on maturity whereas deposits made in Finland are payable only on demand. Deposits that the Group receives are covered by relevant deposit protection or deposit guarantee programmes.

The credits offered through Consumer Lending are unsecured consumer loans, and the majority of the Group's customers apply for credit via internet through various devices. 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 has gained popularity. This development is part of the rapidly growing internet based services that was introduced at the end of the 1990's, and which 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 as well as making 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*

As of 30 September 2021, the Nordic loan portfolio represents 76 per cent. of the Consumer Lending segment. The Nordic markets for consumer loans are characterised by credit information that is easy to access, a high share of credit intermediaries, and a well-functioning system for collection of unpaid debts. The Consumer Lending segment's average loan amount is slightly higher in Norway and Finland.

#### *Eastern and Central Europe*

The Group has offered consumer lending in Estonia since 2006, in Poland since 2012, in Latvia since 2016, in Lithuania since 2018 and in Austria since 2019. As of 30 September 2021, the Baltic and Polish loan portfolio represents 24 per cent. of the segment. Estonia is the country in the Baltics that is most similar to the Nordic markets, with a high degree of internet usage and easy access to public data. Latvia and Lithuania are fast-growing credit markets with several established Nordic players operating locally. During the fourth quarter 2020, the Group decided to almost fully discontinue new lending in Poland.

### **Ecommerce Solutions**

In the segment Ecommerce Solutions, the Group provides payment and checkout solutions for online retailers, enabling such retailers' customers to finance purchases by way of invoice payment or instalments. The end-consumers uses the Group's services when they make purchases. The digital payment solutions are available in the Nordic region under the Avarda brand, and in the Baltics and in Poland under the TF Bank brand. In total, the Group had 245 active merchants during the third quarter of 2021. The merchants affiliated with the Group's Ecommerce Solutions are mainly e-merchants whereby the size and development of ecommerce in general is a contributing factor for the demand for the Group payment solutions.

The solutions provided under the Ecommerce Solutions segment enable customers to purchase products from merchants through an intermediary, *i.e.* TF Bank. 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**

In the Credit Cards segment, the Group offers credit cards to creditworthy individuals in Germany and Norway. The Group's credit card operations in Germany was started in the end of 2018, and the operations are conducted in-house. Services such as risk analysis, finance and IT are provided by central functions within the Group. The individual exposure in Germany is around EUR 1,300 and as of 30 September 2021, 59,217 German credit cards had been issued.

When the Group acquired its former subsidiary BB Bank ASA in July 2015, it gained access to BB Bank ASA's license to offer credit cards to consumers in Norway. Since the beginning of 2020, the business is organised under the Issuer's Norwegian branch, TF Bank AB, filial i Norge. The individual exposure per card is approximately NOK 10,000 and as of 30 September 2021, 11,737 Norwegian credit cards had been issued.

### **Material agreements**

Neither the Issuer nor any other Group Company has entered into any material agreements that are not entered into in the ordinary course of its business, which could result in any Group Company being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Bondholders under the Terms and Conditions. However, the summary below sets out material financing agreements (in addition to the Bonds), *i.e.* outstanding Additional Tier 1 and Tier 2 bonds, which could result in the Issuer being under an obligation or

entitlement that is material to its ability to meet its obligations to the Bondholders under the Terms and Conditions. The following summary does not purport to describe all of the applicable terms and conditions of such agreements.

On 7 June 2018, the Company issued SEK 100,000,000 floating rate perpetual additional tier 1 capital bonds with ISIN SE0011311240. The bonds bear interest at a floating rate of STIBOR plus 6.75 per cent. *per annum* and are perpetual, meaning that there is no fixed date for redemption.

On 27 September 2019, the Company issued SEK 100,000,000 floating rate subordinated callable tier 2 bonds 2019/2029 with ISIN SE0013110772. The bonds bear interest at a floating rate of three months STIBOR plus 4.65 per cent. *per annum* and have a final redemption date on 27 September 2029.

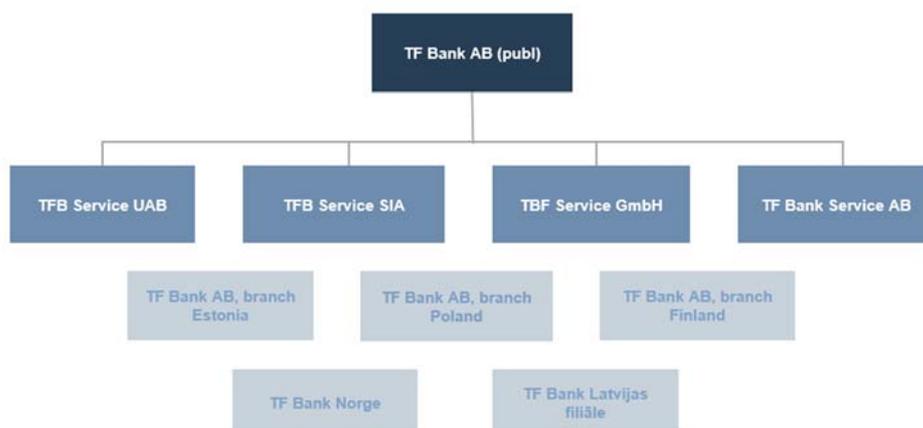
On 14 December 2020, the Company issued SEK 100,000,000 floating rate subordinated callable tier 2 bonds 2020/2030 with ISIN SE0015193768. The bonds bear interest at a floating rate of three months STIBOR plus 5.50 per cent. *per annum* and have a final redemption date on 14 December 2030.

## Overview of the Group

The Issuer is the ultimate parent company of the Group. As of the date of this Prospectus, the Group consists of the Issuer, four (4) subsidiaries and five (5) legal branches. The four wholly owned subsidiaries: TFB Service UAB (Lithuanian reg. no 34785170), TFB Service SIA (Latvian reg. no 40203015782), TFB Service GmbH (German reg. no HRB 208869 B) and TF Bank Service AB (Swedish reg. no. 559310-4697) provide customer support services in relation to banking services provided by the Group. The Group's branches are TF Bank AB, branch Finland (reg. no 2594352-3), TF Bank AB, branch Poland (reg. no PL9571076774), TF Bank AB, branch Estonia (reg. no. 14304235), TF Bank Norge (reg. no 923 194 592) and TF Bank Latvijas filiāle (reg. no. 50203334311). The Latvian branch TF Bank Latvijas filiāle was started in light of the Group's intention to liquidate the Latvian subsidiary TFB Service SIA.

The Group's main operations are conducted through, and the majority of revenues of the Group emanates from, the Issuer's own operations as conducted by itself and its branches, and the Issuer is thus not dependent on its subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

A simplified group structure is presented below.



## Recent events particular to the Issuer

In the spring of 2019, the board of directors of the Issuer decided to initiate a process to simplify the Group's legal structure by merging the Issuer with its wholly-owned subsidiaries BB Bank ASA, Avarda AB and Avarda Oy, with the Issuer as the surviving entity. As announced by the Issuer on 23 January 2020 by way of press release, the mergers were completed. The purpose of the mergers was, in addition to simplifying the Group's legal structure, to enable a higher internal efficiency and to gather more products under the Issuer's brand and further to clarify the Group's offering in various markets.

As announced on 22 January 2021 by way of a press release, the Issuer made an early redemption of all outstanding tier 2 bonds due 2025 with ISIN SE0007783477 at a price per bond equal to the nominal amount (i.e. SEK 1,000,000) together with accrued but unpaid interest.

As announced on 4 May 2021 by way of a press release, the annual general meeting of the Issuer resolved on a dividend of 21.5 MSEK corresponding to SEK 1 per share and with 6 May as record date. The annual general meeting of the Issuer also resolved to authorise the board of directors of the Issuer, on one or more occasions, to decide on new share issues, with or without deviation from shareholders' preferential rights, until the next annual general meeting. The number of shares issued pursuant to the authorisation may not exceed an increase of twenty (20) per cent. of the share capital based on the share capital of the Issuer such time.

As announced on 17 October 2021 by way of a press release, the board of directors of the Issuer resolved on new financial targets whereby by the first half of 2025, the Group's loan portfolio shall have doubled and at the same time achieve a return on equity well above 20 per cent.

Except for the issuance of the Bonds and as described above, there has been no recent events particular to the Issuer, which are to a material extent relevant to the evaluation of the Issuer's solvency.

## Material adverse changes, significant changes and trend information

The spread of COVID-19 has impacted the Group's operations. Apart from that staff have been required to work from home, uncertainty about future economic developments has increased. When repayment ability is generally deemed to be deteriorated, the Group has chosen to be more selective in new lending, and during the second quarter 2020, the Group decided to decrease new lending within the largest segment Consumer Lending. The primary risk in relation to the Group's operation due to COVID-19 and any future pandemics is increased future credit losses

related to macroeconomic deterioration. There can be no assurance that the operations will not be affected in the future.

Other than described above and in the Section “Recent events particular to the Issuer”, there have been (i) no material adverse change in the prospects of the Issuer since the date of publication of its last audited financial report, (ii) no significant changes in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Prospectus, (iii) no significant changes in the financial position of the Group which has occurred since the end of the last financial period for which the Group has published interim financial information, neither (iv) any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer’s prospects for the current financial year.

### **Governmental, legal or arbitration proceedings**

The Group has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous twelve (12) months from the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Issuer’s and/or the Group’s financial position or profitability.

### **Credit rating**

No credit rating has been assigned to the Issuer.

# OWNERSHIP STRUCTURE

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## Ownership structure

The shares of the Company are denominated in SEK. As of the date of this Prospectus, the Company has issued share capital of SEK 107,500,000 divided into 21,500,000 shares. Each share entitles the holder to one vote at general meetings and has equal rights on distribution of income and capital. The Issuer's shares are admitted to trading on the Mid Cap segment of Nasdaq Stockholm since 14 June 2016 under the ticker "TFBANK" and with ISIN SE0007331608.

The following table sets forth the ten (10) largest shareholders in the Issuer as of 30 September 2021.

| <i>Shareholders</i>           | <i>Share capital (%)</i> |
|-------------------------------|--------------------------|
| TFB Holding AB                | 30.31%                   |
| Tiberon AB                    | 15.07%                   |
| Erik Selin Fastigheter AB     | 12.58%                   |
| Proventus Aktiefbolag         | 5.16%                    |
| Jack Weil                     | 4.65%                    |
| Nordnet Pensionsförsäkring AB | 4.50%                    |
| Nordea Investment Funds       | 2.84%                    |
| Merizole Holding LTD          | 2.36%                    |
| Carnegie fonder               | 1.80%                    |
| Skandia fonder                | 1.31%                    |
| Other shareholders            | 19.42%                   |
| <b>Total</b>                  | <b>100.00</b>            |

The Issuer is not owned or controlled, directly or indirectly by any one person or group of persons. The shareholders' influence is exercised through active participation in the decisions made at the general meetings of the Issuer. To ensure that the control over the Issuer is not abused, the Issuer complies with the relevant laws in Sweden including, among other, the Swedish Companies Act (Sw. *aktiefbolagslagen (2005:551)*) and the Banking and Financing Business Act. In addition, the Issuer acts in compliance with the rules of Nasdaq Stockholm and the Swedish Corporate Governance Code (Sw. *Koden för svensk bolagsstyrning*) without deviations.

## Shareholders' agreements

As far as the Issuer is aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Issuer.

# THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

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## General

The division of duties between the board of directors and the CEO follows Swedish law and is set out in the rules of procedure for the board of directors and instructions for the CEO. The CEO is responsible for the Issuer's ongoing management and operations, reports to the board of directors and are required to manage the operations in accordance with the board of directors' guidelines and instructions as well as provide the board with decision-aiding materials. The board of directors and the executive management may be contacted through the Issuer at its head office at Lilla Brogatan 6, SE-503 30 Borås, Sweden.

## Board of directors

The section below presents the members of the board of directors, their position, including the year of their initial election and their significant assignments outside the Issuer, which are relevant for the Issuer.

### Overview

| <i>Name</i>              | <i>Position</i>                    | <i>Independent<sup>1)</sup></i> |
|--------------------------|------------------------------------|---------------------------------|
| John Brehmer             | Chairman of the board of directors | Yes                             |
| Charlotta Björnberg-Paul | Board member                       | Yes                             |
| Michael Lindengren       | Board member                       | Yes                             |
| Bertil Larsson           | Board member                       | Yes                             |
| Sara Mindus              | Board member                       | Yes                             |
| Mari Thjømøe             | Board member                       | Yes                             |

1) Independent in relation to the Issuer and its executive management.

### Members of the board of directors

#### *John Brehmer*

John Brehmer has been Chairman of the board of directors since 2020 and a board member since 2010. Other relevant assignments include: Chairman of the board of Tiberon AB, Zebware AB and Mederion AB, board member of Consortio Invest AB, Consortio Business Center AB, and Halens Real Estate AB.

#### *Charlotta Björnberg-Paul*

Charlotta Björnberg-Paul has been a member of the board of directors since 2017. Other relevant assignments: Chairman of the board of Saxo Oy, board member of Paptic Ltd, co-founder of Superskills and Anki Rugs.

#### *Michael Lindengren*

Michael Lindengren has been a member of the board of directors since 2021. Other relevant assignments include: Chairman of the board of Acrap AB, board member of Simplicity AB, Sparbanksstiftelsen Sjuhärad, Sparbanken Sjuhärad AB (publ) and Tidaholms Sparbank.

#### *Bertil Larsson*

Bertil Larsson has been a member of the board of directors since 2007. Other relevant assignments include: Chairman of the board of Aktiebolaget Borås Tidning, Minso Holding AB and Minso Solutions AB, board member of Conpera AB, Gota Media AB and Tore G Wärenstams Stiftelse.

#### *Sara Mindus*

Sara Mindus has been a member of the board of directors since 2020.

Other relevant assignments include: board member of Besqab AB (publ), K-Fast Holding AB (publ), Dreams AB, Dreams Securities AB, Colibri Ventures AB, Faboss Invest AB and Sara Mindus AB.

#### *Mari Thjømøe*

Mari Thjømøe has been a member of the board of directors since 2018.

Other relevant assignments include: Chairman of the board of Billington Process Technology AS, Seilsport Maritimt Forlag AS and ThjømøeKranen AS and board member of Tryg A/S, Hafslund Eco AS, Norconsult AS and Ice ASA.

## **Executive management**

The section below presents the members of the executive management, including the year each person became a member of the executive management and their shareholdings in the Issuer.

### *Overview*

| <i>Name</i>      | <i>Position</i>                                            |
|------------------|------------------------------------------------------------|
| Mattias Carlsson | Chief Executive Officer                                    |
| Mikael Meomuttel | Chief Financial Officer and Deputy Chief Executive Officer |
| Espen Johannesen | Chief Operating Officer                                    |

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

None of the members of the board of directors or the executive management of the Issuer has a private interest that may be in conflict with the interests of the Issuer except as described below. However and as described above, certain members of the board of directors or the executive management of the Issuer have financial interests in the Issuer as a consequence of their holdings of shares in the Issuer. The members of the board of directors and executive management may serve as directors or officers of other companies or have significant shareholdings in other companies which may result in a conflict of interest. In the event that such conflict of interest arises at a board meeting, a board member which has such conflict will abstain from voting for or against the approval of such participation, or the terms of such participation.

Notwithstanding the above, it cannot be excluded that other conflicts of interest may arise in the future between companies, in which members of the board of directors or the executive management of the Issuer have duties, and the Issuer.

## **Auditor**

The Issuer's auditor is KPMG AB, with Dan Beitner as the auditor in charge. Dan Beitner is a member of FAR (the professional institute for authorised public accountants in Sweden). KPMG AB has been the Issuer's auditor since 2021 and was elected on the latest annual general meeting in the Issuer for a one-year period. PricewaterhouseCoopers AB, with Martin By as the auditor in charge was auditor during the financial years 2019 and 2020. Martin By is a member of FAR (the professional institute for authorised public accountants in Sweden). The business address of KPMG AB is Vasagatan 16, Stockholm, Sweden. The business address of PricewaterhouseCoopers AB is Torsgatan 21 Stockholm, Sweden.

# SUPPLEMENTARY INFORMATION

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## Information about the Prospectus

This Prospectus has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

## Authorisations and responsibility

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the issuance of the Bonds and the performance of its obligations relating thereto. The issuance of the Bonds on 1 December 2021 was resolved upon by the board of directors of the Issuer on 16 November 2021.

The board of directors of the Issuer is responsible for the information contained in the Prospectus. The board of directors of the Issuer declares that, to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is responsible for the information given in the Prospectus only under the conditions and to the extent set forth in Swedish law.

## Information from third parties

Any information in this Prospectus which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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

Carnegie Investment Bank AB (publ) and its affiliates have engaged in, and may in the 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 Carnegie Investment Bank AB (publ) and/or its affiliates having previously engaged, or engaging in the future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Documents available for inspection

Copies of the following documents are available at the Issuer's head office in paper format during the validity period of this Prospectus and also available in electronic format at the Issuer's website, [www.tfbankgroup.com](http://www.tfbankgroup.com).

- The Issuer's articles of association.
- The Issuer's certificate of registration.
- The Group's consolidated audited annual report for the financial year ended 31 December 2020, including the audit report.
- The Group's consolidated audited annual report for the financial year ended 31 December 2019, including the audit report.

# FINANCIAL INFORMATION

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## Historical financial information

The Group's consolidated audited annual reports for the financial years ended 31 December 2019 and 31 December 2020 have been incorporated in this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

All financial information in this Prospectus relating to the financial periods 1 January–31 December 2019 and 1 January–31 December 2020 (or as of 31 December 2020) derives from the Groups consolidated audited annual reports for the financial years ended 31 December 2019 and 31 December 2020. All financial information in this Prospectus relating to the financial period 1 January–30 September 2021 or as of 30 September 2021 derives from the Groups consolidated unaudited interim report for the financial period 1 January–30 September 2021 or constitutes the Group's internal financial information and has not been audited or reviewed by the Issuer's auditor.

## Accounting standards

The financial information for the financial years ended 31 December 2019 and 31 December 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union. In addition, the financial information for the financial years ending 2019 and 2020 have been prepared in accordance with the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*) and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups and the regulations and general guidelines issued by the Swedish Financial Supervisory Authority (FFFS 2008:25).

## Auditing of the historical financial information

The Group's consolidated audited annual reports for the financial years ended 31 December 2019 and 31 December 2020 have been audited by PricewaterhouseCoopers AB, with Martin By as the auditor in charge. Unless otherwise explicitly stated, no other information contained in this Prospectus has been audited or reviewed by the Issuer's auditor.

## Incorporation by reference

The information on the following pages in the Group's consolidated audited annual reports for the financial years 2019 and 2020 are incorporated in this Prospectus by reference and is available at the Issuer's website, [www.tfbankgroup.com](http://www.tfbankgroup.com), on <https://group.tfbank.se/en/financial-reports/>. For particular financial figures, please refer to the pages set out below.

| Reference                                          | Pages |
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| <i>The Group's consolidated annual report 2020</i> |       |
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| <i>The Group's consolidated annual report 2019</i>              |       |
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| Consolidated balance sheet                                      | 25    |
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# TERMS AND CONDITIONS FOR THE BONDS

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## TERMS AND CONDITIONS



**TF Bank AB (publ)**  
**SEK 100,000,000**  
**Floating Rate Additional Tier 1 Bonds**

ISIN: SE0017085244

Issue Date: 1 December 2021

## SELLING RESTRICTIONS

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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. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.

## PRIVACY STATEMENT

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Each of the Issuer, the Agent and the Issuing Agent may collect and process personal data relating to the Bondholders, the Bondholders' representatives or agents, and other persons nominated to act on behalf of the Bondholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Bonds). The personal data relating to the Bondholders is primarily collected from the registry kept by the CSD. The personal data relating to other Persons is primarily collected directly from such Persons.

The personal data collected will be processed by the Issuer, the Agent and the Issuing Agent for the following purposes (i) to exercise their respective rights and fulfil their respective obligations under the Finance Documents, (ii) to manage the administration of the Bonds and payments under the Bonds, (iii) to enable the Bondholders to exercise their rights under the Finance Documents and (iv) to comply with its obligations under applicable laws and regulations.

The processing of personal data by the Issuer, the Agent and the Issuing Agent in relation to items (i) to (iii) above is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (iv), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer, the Agent or the Issuing Agent (as applicable). Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer, the Agent or the Issuing Agent (as applicable). In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format.

Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's, the Agent's and the Issuing Agent's addresses, and the contact details for their respective data protection officers (if applicable), are found on their respective websites: [www.tfbankgroup.com](http://www.tfbankgroup.com), [www.nordictrustee.com](http://www.nordictrustee.com) and [www.carnegie.se](http://www.carnegie.se).

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# TERMS AND CONDITIONS

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

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

“**Acceleration Event**” has the meaning ascribed to it in Clause 15 (*Acceleration of the Bonds*).

“**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 applied by the Issuer.

“**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 Capital Regulations.

“**Adjusted Nominal Amount**” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the aggregate Nominal Amount of all Bonds owned by a Group Company, an Affiliate of a Group Company or any other person or entity owning any Bonds that has undertaken towards a Group Company or an Affiliate of a Group Company to vote for such Bonds in accordance with the instructions given by a Group Company or an Affiliate of a Group Company, in each case irrespective of whether such Person is directly registered as owner of such Bonds.

“**Affiliate**” means, in respect of any Person, any other 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 agreement entered into between the Agent and the Issuer on or prior to the Issue Date regarding, *inter alia*, the remuneration payable by the Issuer to the Agent or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

“**Agent**” means the Bondholders’ agent under these Terms and Conditions from time to time; initially Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.

“**Applicable Capital Regulations**” means the laws, regulations, directives, requirements, guidelines and policies relating to capital adequacy which from time to time are applicable to the Issuer or the Issuer Consolidated Situation, including, without limiting the generality of the foregoing, the CRD and any delegated act adopted by the European Commission

thereunder, as well as the legal acts, regulations, requirements, guidelines, regulatory technical standards and policies relating to capital adequacy as then applied in Sweden by the SFSA and/or any successor (whether or not such requirements, guidelines, regulatory technical standards or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Issuer Consolidated Situation).

**“Base Rate”** means STIBOR or any reference rate replacing STIBOR in accordance with Clause 19 (*Replacement of Base Rate*).

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

**“Bond”** means debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and of the type set forth in Chapter 1, Section 3 of the Financial Instruments Accounts Act, issued by the Issuer under these Terms and Conditions.

**“Bond Issue”** has the meaning set forth in Clause 3.4.

**“Bondholder”** means the Person who is registered on a Securities Account as direct registered owner (Sw. *direktregistrerad ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

**“Bondholders’ Meeting”** means a meeting among the Bondholders held in accordance with Clause 17.2 (*Bondholders’ Meeting*).

**“Business Day”** means a day in Sweden other than a public holiday. For the purpose of this definition, Saturdays, Sundays, Midsummer Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall 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 Disqualification Event”** means, at any time on or after the Issue Date, there is a change in the regulatory classification of the Bonds (other than in respect of any Bonds held by a Group Company) that results or would be likely to result in the exclusion of such Bonds from the Additional Tier 1 Capital of the Issuer and/or the Issuer Consolidated Situation or reclassification of such Bonds as a lower quality form of regulatory capital, *provided that*:

- (a) the SFSA considers such a change to be sufficiently certain;
- (b) the Issuer demonstrates to the satisfaction of the SFSA that the regulatory reclassification of the Bonds was not reasonably foreseeable at the Issue Date; and
- (c) 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 Capital Regulations.

**“CET1 Ratio”** means, at any time:

- (a) with respect to the Issuer, the Common Equity Tier 1 Capital of the Issuer as of such time expressed as a percentage of the Risk Exposure Amount; and

- (b) with respect to the Issuer Consolidated Situation, the Common Equity Tier 1 Capital of the Issuer Consolidated Situation expressed as percentage of the Risk Exposure Amount,

in each case calculated by the Issuer in accordance the Applicable Capital Regulations.

**“Common Equity Tier 1 Capital”** means common equity tier 1 instruments (Sw. *kärnprimärkapitalinstrument*) as defined in Chapter 2 of Title I of Part Two of the CRR and/or any other Applicable Capital Regulations.

**“CRD”** means the legislative package consisting of:

- (a) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended by Directive 2019/878/EU of the European Parliament and of the Council of 20 May 2019 as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;
- (b) the CRR; and
- (c) any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the foregoing 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 SFSA and guidelines issued by the SFSA, the European Banking Authority (EBA) or any other relevant authority, which are applicable to the Issuer or the Group, as applicable,

in each case as the same may be amended or replaced from time to time.

**“CRR”** means Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as the same may be amended or replaced from time to time, as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

**“CSD”** means the Issuer’s central securities depository and registrar in respect of the Bonds from time to time, initially Euroclear Sweden AB, reg. no. 556112-8074.

**“CSD Regulations”** means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Bonds from time to time.

**“Debt Register”** means the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds in which an owner of Bonds is directly registered or an owner’s holding of Bonds is registered in the name of a nominee.

**“Distributable Items”** means (subject to as otherwise defined in the Applicable Capital Regulations), the amount of the profits of the Issuer for the last financial year, plus any profits brought forward and reserves available for that purpose before distributions to holders of own

funds instruments (*Sw. kapitalbasinstrument*) of the Issuer 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 profits, losses and reserves being determined on the basis of the individual audited annual financial statements of the Issuer in respect of such financial year and not on the basis of its consolidated accounts.

“**Finance Documents**” means the Terms and Conditions and any other document designated to be a Finance Document by the Issuer and the Agent.

“**Financial Instruments Accounts Act**” means the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

“**First Call Date**” means the date falling five (5) years after the Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“**Force Majeure Event**” has the meaning set forth in Clause 26.1.

“**Group**” means the Issuer and each of its Subsidiaries from time to time.

“**Group Company**” means the Issuer or any of its Subsidiaries.

“**Interest**” means the interest on the Bonds calculated in accordance with Clause 10.1.

“**Interest Payment Date**” means 1 March, 1 June, 1 September and 1 December 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 (with the first Interest Payment Date falling on 1 March 2022 and the last Interest Payment Date being the relevant Redemption Date).

“**Interest Period**” means each period beginning on (but excluding) the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means the Base Rate plus 6.25 per cent. *per annum* as adjusted by any application of Clause 19 (*Replacement of Base Rate*), however if such rate is below zero (0), the interest rate will be deemed to be zero (0).

“**Issue Date**” means 1 December 2021.

“**Issuer**” means TF Bank AB (publ), a public limited liability company incorporated in Sweden with reg. no. 556158-1041.

“**Issuer Consolidated Situation**” means the entities (if any) which from time to time are part of the Issuer's prudential consolidated situation, as such term is used in the Applicable Capital Regulations, from time to time.

“**Issuing Agent**” means Carnegie Investment Bank AB (publ), reg. no. 516406-0138, SE-103 38 Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Nasdaq Stockholm**” means the Regulated Market of Nasdaq Stockholm AB, reg. no. 556420-8394, SE-105 78 Stockholm, Sweden.

“**Net Proceeds**” means the proceeds from the Bond Issue after deduction has been made for fees payable to the sole bookrunner and the Issuing Agent for services provided in relation to the placement and issuance of the bonds.

“**Nominal Amount**” has the meaning set forth in Clause 3.4 (as adjusted by any Write-Down and reinstatement made pursuant to Clause 11 (*Loss absorption and discretionary reinstatement*)).

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“**Qualifying Securities**” means securities issued directly by the Issuer following a substitution or variation of the Bonds in accordance with Clause 12.5 (*Early voluntary total redemption or substitution or variation due to Capital Disqualification Event or Tax Event (call option)*) that have terms not materially less favourable to investors, certified by the Issuer acting reasonably (having consulted with an independent investment bank or independent financial adviser of international standing), than the terms of the Bonds (immediately prior to the relevant substitution or variation), provided that they shall:

- (a) include a ranking at least equal to the Bonds;
- (b) have at least the same Interest Rate and the same Interest Payment Dates as those applying to the Bonds;
- (c) have the same redemption rights as the Bonds (including the same call dates as the Bonds);
- (d) preserve any existing rights under the Bonds to any accrued interest which has not been paid but which has not been cancelled in respect of the period from (and including) the Interest Payment Date last preceding the date of the relevant substitution or variation of the Bonds;
- (e) are assigned (or maintain) the same or higher credit ratings as were assigned to the Bonds (if any) immediately prior to the relevant substitution or variation of the Bonds; and
- (f) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Capital Regulations.

If the Bonds were admitted to trading and listed on a Regulated Market immediately prior to the relevant substitution or variation, the Issuer shall use reasonable efforts to ensure that the relevant Qualifying Securities are admitted to trading and listed on a Regulated Market within sixty (60) days from their issuance.

“**Quotation Day**” means:

- (a) in relation to an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or, in respect of the first Interest Period, two (2) Business Days before the Issue Date); or
- (b) in relation to any other period for which an Interest Rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5th) 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 16 (*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 12 (*Redemption and repurchase of the Bonds*).

“**Regulated Market**” means any regulated market as defined in Directive 2014/65/EU on markets in financial instruments (MiFID II), as amended.

“**Risk Exposure Amount**” means, at any time, with respect to the Issuer or the Issuer Consolidated Situation, the aggregate amount of the risk weighted assets (or any equivalent or successor term) of the Issuer or the Issuer Consolidated Situation, calculated by the Issuer in accordance with the Applicable Capital Regulations at such time. For the purposes of this definition, the term “risk weighted assets” means the risk weighted assets or total risk exposure amount, as calculated by the Issuer, in accordance with the Applicable Capital Regulations applicable to the Issuer or the Issuer Consolidated Situation.

“**Securities Account**” means the account for dematerialised securities (Sw. *avstämningsregister*) maintained by the CSD pursuant to the Financial Instruments Accounts Act in which an owner of such securities is directly registered or an owner’s holding of securities is registered in the name of a nominee.

“**SEK**” denotes the lawful currency of Sweden.

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

“**STIBOR**” means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for the offering of deposits in SEK and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Thomson Reuters screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Thomson

Reuters screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK;

- (c) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by 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
- (d) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period.

“**Subsidiary**” means, in relation to any Person, any legal entity (whether incorporated or not), in respect of which such Person, directly or indirectly:

- (a) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners;
- (b) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners;
- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body; or
- (d) exercises control as determined in accordance with the Accounting Principles.

“**Tax Event**” means the occurrence of any amendments to, clarification or change in the laws, treaties or regulations of Sweden 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 a substantial risk that:

- (a) the Issuer is, or becomes, subject to a material 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 material amount of additional taxes, duties or governmental charges.

“**Tier 2 Capital**” means tier 2 capital (Sw. *supplementärkapital*) as defined Chapter 4 of Title I of Part Two of the CRR and/or any other Applicable Capital Regulations.

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

“**Trigger Event**” means at any time:

- (a) the CET1 Ratio of the Issuer is less than 5.125 per cent; or
- (b) the CET1 Ratio of the Issuer Consolidated Situation, is less than 7.00 per cent,

in each case as determined by the Issuer and/or the SFSA (or any agent appointed for such purpose by the SFSA).

“**Write-Down**” has the meaning set forth in Clause 11.1.1.

“**Written Procedure**” means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17.3 (*Written Procedure*).

## 1.2 **Construction**

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (c) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a “**regulation**” includes any law, regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department; and
- (d) a provision of regulation is a reference to that provision as amended or re-enacted.

1.2.2 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

1.2.3 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.

1.2.4 The selling and distribution restrictions and the privacy statement contained in this document before the table of contents do not form part of the Terms and Conditions and may be updated without the consent of the Bondholders and the Agent (save for the privacy statement insofar it relates to the Agent).

## 2. **STATUS AND RANKING OF THE BONDS**

2.1 The Bonds (other than any Bonds held by a Group Company) shall constitute Additional Tier 1 Capital of the Issuer and (if applicable) the Issuer Consolidated Situation. The Bonds will constitute direct, unsecured and subordinated obligations of the Issuer and shall at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with (i) any present or future liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (ii) any other liabilities 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) on a liquidation or bankruptcy of the Issuer and the right to receive payment of capital on a 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 liabilities 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 payment 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) any subordinated creditors of the Issuer whose rights rank or are expressed to rank in priority to the Bonds, including, for the avoidance of doubt, holders of bonds which constitute Tier 2 Capital.

- 2.2 The Issuer reserves the right to issue further Additional Tier 1 Capital and other subordinated bonds and obligations in the future, which may rank *pari passu* with the Bonds, as well as any capital instruments of the Issuer issued as Common Equity Tier 1 Capital, which may rank junior to the Bonds or any capital instruments which may rank senior to the Bonds.

### **3. THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS**

- 3.1 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 3.2 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and by acquiring Bonds each subsequent Bondholder confirms these Terms and Conditions.
- 3.3 Each Bondholder acknowledges and accepts that any liability of the Issuer towards a Bondholder under the Bonds may be subject to bail in action, including conversion or write-down in accordance with Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms as amended or replaced from time to time.
- 3.4 The aggregate amount of the bond loan will be an amount of SEK 100,000,000 (the “**Bond Issue**”) which will be represented by Bonds, each of a nominal amount of SEK 1,250,000 or full multiples thereof (the “**Nominal Amount**”).
- 3.5 All Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- 3.6 The minimum permissible investment in connection with the Bond Issue is SEK 1,250,000.
- 3.7 The ISIN for the Bonds is SE0017085244.

### **4. USE OF PROCEEDS**

The Net Proceeds shall be used for general corporate purposes of the Group.

### **5. CONDITIONS FOR DISBURSEMENT**

- 5.1 The Issuer shall provide to the Agent, no later than the Issue Date, the following:

- (a) a copy of the articles of association and certificate of registration of the Issuer;
- (b) a copy of a resolution of the board of directors of the Issuer:
  - (i) approving the terms of, and the transactions contemplated by, the Terms and Conditions and the Agency Agreement, and resolving that it executes, delivers and performs the Terms and Conditions and the Agency Agreement;
  - (ii) authorising a specified person or persons to execute the Terms and Conditions and the Agency Agreement on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Terms and Conditions and the Agency Agreement;
- (c) a duly executed copy of the Terms and Conditions; and
- (d) a duly executed copy of the Agency Agreement.

5.2 The Agent shall confirm to the Issuing Agent when it is satisfied that the conditions in Clause 5.1 have been fulfilled (or amended or waived in accordance with Clause 18 (*Amendments and waivers*)).

5.3 Following receipt by the Issuing Agent of the confirmations in accordance with Clause 5.2, the Issuing Agent shall settle the issuance of the Bonds and pay the Net Proceeds to the Issuer on the Issue Date.

## **6. THE BONDS AND TRANSFERABILITY**

6.1 Each Bondholder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.

6.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.

6.3 Upon a transfer of Bonds, any rights and obligations under these Terms and Conditions relating to such Bonds are automatically transferred to the transferee.

6.4 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, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

6.5 For the avoidance of doubt and notwithstanding the above, a Bondholder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Bondholder hereunder in each case until such allegations have been resolved.

## **7. BONDS IN BOOK-ENTRY FORM**

- 7.1 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. The Debt Register shall constitute conclusive evidence of the persons who are Bondholders and their holdings of Bonds at the relevant point of time.
- 7.2 Those who according to assignment, 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.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall at all times be entitled to obtain information from the Debt Register.
- 7.4 For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the Debt Register. If the Agent does not otherwise obtain information from such Debt Register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the Debt Register and provide it to the Agent.
- 7.5 At the request of the Agent, the Issuer shall promptly obtain information from the Debt Register and provide it to the Agent.
- 7.6 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. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.
- 7.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and the Agency Agreement and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

## **8. RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

- 8.1 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 authorisation from the Bondholder or, if applicable, a coherent chain of powers of attorney or authorisations, a certificate from the authorised nominee or other sufficient authorisation for such Person.
- 8.2 A Bondholder may issue one or several powers of attorney or other authorisations 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.

- 8.3 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clauses 8.1 and 8.2 and may assume that such document 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 or the Agent has actual knowledge to the contrary.
- 8.4 These Terms and Conditions shall not affect the relationship between a Bondholder who is the nominee (Sw. *förvaltare*) with respect to a Bond and the owner of such Bond, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

## **9. PAYMENTS IN RESPECT OF THE BONDS**

- 9.1 Any payment or repayment under these Terms and Conditions shall be made to such Person who is registered as a Bondholder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Bondholder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account, such deposits will be effectuated by the CSD on the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid as soon as possible after such obstacle has been removed.
- 9.3 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 event of default.
- 9.4 If payment or repayment is made in accordance with this Clause 9, 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, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.
- 9.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

## **10. INTEREST AND INTEREST CANCELLATION**

### **10.1 Interest**

- 10.1.1 Subject to Clause 10.2 and Clause 11, the Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- 10.1.2 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.
- 10.1.3 Interest shall be calculated on the basis of the actual number of calendar days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

### **10.2 Interest cancellation**

- 10.2.1 Any payment of Interest in respect of the Bonds shall be payable only out of and up to the Issuer's Distributable Items and:
  - (a) 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 Capital Regulations; and
  - (b) will be mandatorily cancelled to the extent so required by the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.
- 10.2.2 The Issuer shall give notice to the Bondholders in accordance with Clause 25 (*Notices and press releases*) of any such cancellation of a payment of Interest, which notice may 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.
- 10.2.3 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.
- 10.2.4 Failure to pay such interest (or the cancelled part thereof) in accordance with this Clause 10 shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Bondholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer.

### **10.3 Calculation of Interest in case of Write-Down or reinstatement**

- 10.3.1 Subject to Clause 10.2 (*Interest cancellation*), in the event that a Write-Down occurs during an Interest Period, Interest will accrue on the Nominal Amount (as adjusted pursuant to such Write-Down).
- 10.3.2 Subject to Clause 10.2 (*Interest cancellation*), in the event that a reinstatement of the Bonds occurs pursuant to Clause 11.3 (*Reinstatement of the Bonds*) Interest shall begin to accrue on the reinstated Nominal Amount.

10.3.3 In connection with a Write-Down or reinstatement pursuant to Clause 11 (*Loss absorption and discretionary reinstatement*), 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).

#### 10.4 **No penalty interest**

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

### 11. **LOSS ABSORPTION AND DISCRETIONARY REINSTATEMENT**

#### 11.1 **Write-Down upon a Trigger Event**

11.1.1 If at any time a Trigger Event occurs the Issuer will irrevocably cancel any accrued and unpaid interest in respect of the Bonds to (but excluding) the Write-Down Date (as defined below) in accordance with Clause 10 above (including if payable on the Write-Down Date); and on the Write-Down Date (without any requirement for the consent or approval of the Bondholders), reduce the then Total Nominal Amount or the Issuer's payment obligation under the Bonds in accordance with this Clause 11.1 (such reduction a "**Write-Down**").

11.1.2 Such cancellation and reduction 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 Capital Regulations, the SFSA has agreed with the Issuer in writing that such reduction and cancellation may occur after a longer period, in which case, on such date as agreed with the SFSA.

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

11.1.4 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. 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.

11.1.5 A Write-Down in accordance with this Clause 11.1 shall be made taking into account any preceding or imminent write-down or conversion of corresponding or similar loss absorbing instruments (if any) issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).

11.1.6 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.

11.1.7 A Write-Down may occur on more than one occasion and the Bonds may be written-down on more than one occasion. Any Write-Down shall not constitute an Acceleration Event.

## 11.2 **Trigger Event Notice**

11.2.1 Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the SFSA 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 25 (Notices and press releases), which notice, in addition to specifying that a Trigger Event has occurred shall specify:

- (a) the Write-Down Date; and
- (b) if then determined, the amount to be written down in accordance with Clause 11.1 (*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.

11.2.2 Notwithstanding Clause 11.2.1 above, failure to give a Trigger Event Notice shall not prejudice any Write-Down of the Bonds.

## 11.3 **Reinstatement of the Bonds**

11.3.1 Following a Write-Down, the Issuer may, at its absolute discretion, reinstate the Bonds, subject to compliance with any maximum distribution limits set out in, and otherwise in accordance with, the Applicable Capital Regulations.

11.3.2 Unless a write-up of the Nominal Amount of the Bonds is permitted and possible in accordance with the rules of the CSD, reinstatement shall be made by way of issuing new bonds that qualify as Additional Tier 1 Capital 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 and shall be made in accordance with the rules of the CSD.

11.3.3 A reinstatement in accordance with this Clause 11.3 shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments issued by the Issuer or any other member of the Issuer Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).

11.3.4 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.

11.3.5 For the avoidance of doubt, any reinstatement of the Bonds shall be made on a *pro rata* basis.

11.3.6 If the Issuer decides to reinstate the Bonds, the Issuer shall notify the Bondholders and the Agent in accordance with Clause 25 (*Notices and press releases*) prior to such reinstatements becoming effective.

## **12. REDEMPTION AND REPURCHASE OF THE BONDS**

### **12.1 Consent from the SFSA**

The Issuer may not, other than as explicitly set forth in this Clause 12, redeem or repurchase any outstanding Bonds. Any such redemption or repurchase shall always be made in accordance with the Applicable Capital Regulations and, provided that such consent is required under the Applicable Capital Regulations, be subject to the prior consent of the SFSA.

### **12.2 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.

### **12.3 Purchase of Bonds by the Issuer**

Subject to Clause 12.1 (*Consent from the SFSA*), the Issuer may at any time and at any price purchase Bonds on the market or in any other way. Any Bonds repurchased by the Issuer may be retained, sold or cancelled by the Issuer, provided that such action has been approved by the SFSA (if and to the extent then required by the Applicable Capital Regulations).

### **12.4 Early voluntary total redemption (call option)**

Subject to Clause 12.1 (*Consent from the SFSA*), the Issuer may redeem all, but not some only, of the Bonds on the First Call Date or on any Interest Payment Date after the First Call Date at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest (to the extent not cancelled).

### **12.5 Early voluntary total redemption or substitution or variation due to Capital Disqualification Event or Tax Event (call option)**

Subject to Clause 12.1 (*Consent from the SFSA*), if a Capital Disqualification Event or Tax Event has occurred prior to the First Call Date, the Issuer may:

- (a) redeem all, but not some only, of the outstanding Bonds on any Interest Payment Date at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest (to the extent not cancelled); or
- (b) substitute or vary the terms of all (but not some only) of the outstanding Bonds without any requirement for the consent or approval of the Bondholders, so that they become or remain, as applicable, Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Bonds in accordance with this Clause 12.5 in relation to the Qualifying Securities so substituted or varied.

### **12.6 Notice of early redemption, substitution or variation**

- 12.6.1 Redemption in accordance with Clause 12.4 (*Early voluntary total redemption (call option)*) or Clause 12.5 (*Early voluntary total redemption or substitution or variation due to Capital Disqualification Event or Tax Event (call option)*) shall be made by the Issuer giving not less than twenty (20) and not more than sixty (60) Business Days' notice to the Bondholders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date.

Such notice is irrevocable but may, subject to the Applicable Capital Regulations and approval of the SFSA, at the Issuer's discretion contain one or more conditions precedent that shall be fulfilled prior to the Record Date. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer shall redeem the Bonds in full at the applicable amount on the specified Redemption Date.

12.6.2 Notwithstanding Clause 12.6.1 above:

- (a) if a Trigger Event is outstanding, no notice of redemption, substitution or variation may be given until the Trigger Event has been cured; and
- (b) if a Trigger Event occurs following a notice being given in accordance with paragraph (a) above but prior to the relevant redemption, substitution or variation of the Bonds, such notice shall be of no force and effect and Clause 11.1 (*Write-Down upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

## **13. INFORMATION TO BONDHOLDERS**

### **13.1 Financial Statements**

The Issuer shall make available to the Agent and on its website:

- (a) as soon as they are available, but in any event within four (4) months after the expiry of each financial year:
  - (i) the audited consolidated financial statements of the Group for that financial year (if applicable); and
  - (ii) the annual audited unconsolidated financial statements of the Issuer for that financial year; and
- (b) as soon as they are available, but in any event within two (2) months after the end of each quarter of each of its financial year:
  - (i) the consolidated financial statements or year-end report (Sw. *bokslutskommuniké*) (as applicable) of the Group for that period (if applicable);
  - (ii) the unconsolidated financial statements of the Issuer or year-end report (as applicable) for that period; and
  - (iii) a report on regulatory capital of the Issuer and the Issuer Consolidated Situation (if applicable).

### **13.2 Information; miscellaneous**

The Issuer shall:

- (a) prepare the financial statements in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*) (as amended from time to time);

- (b) procure that each of the financial statements include a profit and loss account, a balance sheet, a cash flow statement and a management commentary or report from the Issuer's board of directors; and
- (c) keep the latest version of the Terms and Conditions (including documents amending the Terms and Conditions) available on its website.

## **14. ADMISSION TO TRADING**

The Issuer:

- (a) intends to have the Bonds admitted to trading on the corporate bond list of Nasdaq Stockholm within thirty (30) days of the Issue Date;
- (b) shall procure that the Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm within sixty (60) calendar days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market within sixty (60) calendar days from the Issue Date; and
- (c) once the Bonds are admitted to trading on a Regulated Market, shall maintain such admission as long as the Bonds are outstanding (however, taking into account the rules and regulations (as amended from time to time) of Nasdaq Stockholm or any other relevant Regulated Market, as applicable, and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds).

## **15. ACCELERATION OF THE BONDS**

### **15.1 Limited rights of acceleration**

Neither a Bondholder or the Agent have a right to accelerate the Bonds or otherwise request prepayment or redemption of the Nominal Amount of the Bonds, except in the event of liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer (an “**Acceleration Event**”).

### **15.2 Acceleration**

- 15.2.1 The Issuer shall immediately notify the Agent of the occurrence of an Acceleration Event. The Agent shall notify the Bondholders of an Acceleration Event as soon as possible when the Agent received actual knowledge of the Acceleration Event.
- 15.2.2 If an Acceleration Event has occurred, the Agent is, following the instructions of the Bondholders, authorised to 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 Terms and Conditions, immediately or at such later date as the Agent determines and exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- 15.2.3 In the event of an acceleration of the Bonds upon an Acceleration Event, the Bonds shall be redeemed by the Issuer at a price per Bond equal to one hundred (100) per cent. of the Nominal Amount, together with accrued but unpaid Interest.

### 15.3 **No set-off**

In the event of the liquidation (Sw. *likvidation*), bankruptcy (Sw. *konkurs*) or resolution (Sw. *resolution*) of the Issuer, no Bondholder shall be entitled to exercise any right of set-off or counterclaim against monies owed by the Issuer in respect of the Bonds held by such Bondholder.

## 16. **DISTRIBUTION OF PROCEEDS**

16.1 All payments by the Issuer relating to the Bonds and the Terms and Conditions following an acceleration of the Bonds in accordance with Clause 15 (*Acceleration of the Bonds*), shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of:
  - (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent;
  - (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights;
  - (iii) any non-reimbursed costs incurred by the Agent for external experts; and
  - (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure;
- (b) *second*, 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);
- (c) *third*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourth*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Terms and Conditions.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with paragraphs (a) to (d) above shall, however, not restrict a Bondholders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

16.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1, such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1.

16.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds according to the Escrow Funds Act (Sw. *lag (1944:181) om 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 16 as soon as reasonably practicable.

16.4 If the Issuer or the Agent shall make any payment under this Clause 16, 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. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 9.1 shall apply.

## **17. DECISIONS BY BONDHOLDERS**

### **17.1 Request for a decision**

- 17.1.1 A request by the Agent for a decision by the Bondholders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- 17.1.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way of 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.
- 17.1.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if 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 the suggested decision is not in accordance with applicable regulations.
- 17.1.4 The Agent shall not be responsible for the content of a notice for a Bondholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 17.1.5 Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 17.1.3 being applicable, the Person requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the Debt Register in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be. If no Person has been appointed by the Agent to open the Bondholders' Meeting, the meeting shall be opened by a Person appointed by the requesting Person.
- 17.1.6 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17.2.1 or instigate a Written Procedure by sending communication in accordance with Clause 17.3.1. After a request from the Bondholders pursuant to Clause 20.4.3, 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 17.2.1. The Issuer shall inform the Agent before a notice for a Bondholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and supply to the Agent a copy of the dispatched notice or communication.

## 17.2 **Bondholders' Meeting**

17.2.1 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). If the Bondholders' Meeting has been requested by the Bondholder(s), the Agent shall send a copy of the notice to the Issuer.

17.2.2 The notice pursuant to Clause 17.2.1 shall include:

- (a) the time for the meeting;
- (b) the place for the meeting;
- (c) an agenda for the meeting (including each request for a decision by the Bondholders);
- (d) a form of power of attorney; and
- (e) should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting.

17.2.3 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.

17.2.4 At a Bondholders' Meeting, the Issuer, the Bondholders (or the Bondholders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Bondholders' Meeting. The Bondholders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Bondholders' Meeting instead of the Bondholder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Bondholder.

17.2.5 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.

## 17.3 **Written Procedure**

17.3.1 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. If the Written Procedure has been requested by the Bondholder(s), the Agent shall send a copy of the communication to the Issuer.

17.3.2 A communication pursuant to Clause 17.3.1 shall include:

- (a) each request for a decision by the Bondholders;

- (b) a description of the reasons for each request;
- (c) 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;
- (d) 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;
- (e) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days but no more than twenty (20) Business Days from the communication pursuant to Clause 17.3.1); and
- (f) if the voting shall be made electronically, instructions for such voting.

17.3.3 When the requisite majority consents of the aggregate Adjusted Nominal Amount pursuant to Clause 17.4.2 and 17.4.3 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.4.2 or 17.4.3, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

#### 17.4 **Majority, quorum and other provisions**

17.4.1 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Bondholder*) from a Person who is, registered as a Bondholder:

- (a) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 17.3.2, 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.

17.4.2 The following matters shall require consent of Bondholders representing at least sixty-six and two thirds ( $66\frac{2}{3}$ ) 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 17.3.2:

- (a) a change of the terms of Clauses 2.1, 15.1 or 16.1;
- (b) a mandatory exchange of the Bonds for other securities;
- (c) reduce the Nominal Amount, Interest Rate or Interest which shall be paid by the Issuer (other than as a result of an application of Clause 19 (Replacement of Base Rate));
- (d) amend any payment day for principal or Interest or waive any breach of a payment undertaking, provided that any early redemption, amortisation or repurchase of the Bonds shall always be subject to subject to the Applicable Capital Regulations and the prior consent of the SFSA; or
- (e) amend the provisions in this Clause 17.4.2 or in Clause 17.4.3.

- 17.4.3 Any matter not covered by Clause 17.4.2 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 17.3.2. This includes, but is not limited to, any amendment to or waiver of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to paragraphs (a) to (f) of Clause 18.1) or an acceleration of the Bonds.
- 17.4.4 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Bondholders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Bondholders' Meeting shall be appointed by the Bondholders in accordance with Clause 17.4.3.
- 17.4.5 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:
- (a) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 17.4.6 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 17.2.1) or initiate a second Written Procedure (in accordance with Clause 17.3.1), 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 17.4.5 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 17.4.7 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 these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 17.4.8 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.
- 17.4.9 If any matter decided in accordance with this Clause 17 would require consent from the SFSA, such consent shall be sought by the Issuer.
- 17.4.10 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.
- 17.4.11 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.

- 17.4.12 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.
- 17.4.13 If a decision shall be taken by the Bondholders on a matter relating to these Terms and Conditions, 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 or (to the knowledge of the Issuer) their Affiliates, 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 or an Affiliate of a Group Company.
- 17.4.14 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.

## **18. AMENDMENTS AND WAIVERS**

- 18.1 The Issuer and the Agent (acting on behalf of the Bondholders) may agree in writing to amend the Finance Documents or waive any provision in the Finance Documents, provided that the Agent is satisfied that such amendment or waiver:
- (a) is not detrimental to the interest of the Bondholders;
  - (b) is made solely for the purpose of rectifying obvious errors and mistakes;
  - (c) is made pursuant to Clause 19 (*Replacement of Base Rate*);
  - (d) such amendment or waiver is required by the SFSA for the Bonds to satisfy the requirements for Additional Tier 1 Capital under the Applicable Capital Regulations as applied by the SFSA from time to time;
  - (e) is required by applicable regulation, a court ruling or a decision by a relevant authority;
  - (f) is necessary for the purpose of having the Bonds admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), provided that such amendment or waiver does not materially adversely affect the rights of the Bondholders; or
  - (g) has been duly approved by the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*) and it has received any conditions precedent specified for the effectiveness of the approval by the Bondholders.
- 18.2 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 18.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

18.3 An amendment or waiver 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. REPLACEMENT OF BASE RATE**

### **19.1 General**

19.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Bondholders in accordance with the provisions of this Clause 19 shall at all times be made by such Independent Adviser, the Issuer or the Bondholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.

19.1.2 If a Base Rate Event has occurred, this Clause 19 shall take precedent over the fallbacks set out in paragraph (a) to (d) of the definition of STIBOR.

### **19.2 Definitions**

In this Clause 19:

“Adjustment Spread” means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof to be applied to a Successor Base Rate and that is:

- (a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or
- (b) if (a) is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to minimise any transfer of economic value from one party to another as a result of a replacement of the Base Rate.

“Base Rate Amendments” has the meaning set forth in Clause 19.3.4.

“Base Rate Event” means one or several of the following circumstances:

- (a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;
- (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
- (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;

- (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that it is unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Bondholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period); or
- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*).

“Base Rate Event Announcement” means a public statement or published information as set out in paragraph (b) to (e) of the definition of Base Rate Event that any event or circumstance specified therein will occur.

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

“Relevant Nominating Body” means, subject to applicable law, first any relevant supervisory authority, second any applicable central bank, or any working group or committee of any of them, or third the Financial Stability Council (*Finansiella stabilitetsrådet*) or any part thereof.

“Successor Base Rate” means:

- (a) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of Bonds, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or
- (b) if there is no such rate as described in paragraph (a), such other rate as the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply *mutatis mutandis* to such new Successor Base Rate.

### **19.3 Determination of Base Rate, Adjustment Spread and Base Rate Amendments**

19.3.1 Without prejudice to Clause 19.3.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer’s expense appoint an Independent Adviser to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Clause 19.3.2.

19.3.2 If (i) a Base Rate Event has occurred or (ii) a Base Rate Event Announcement has been made and the announced Base Rate Event will occur within six (6) months, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer’s expense, appoint an Independent Adviser to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate.

- 19.3.3 If the Issuer fails to appoint an Independent Adviser in accordance with Clause 19.3.2 within thirty (30) calendar days, the Bondholders shall, if so decided at a Bondholders' Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in Clause 19.3.2.
- 19.3.4 The Independent Adviser shall also determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice ("**Base Rate Amendments**").
- 19.3.5 Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been determined no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, taking into account any technical limitations of the CSD and any calculations methods applicable to such Successor Base Rate.

#### 19.4 **Interim measures**

- 19.4.1 If a Base Rate Event has occurred but no Successor Base Rate and Adjustment Spread have been determined prior to the relevant Quotation Day in relation to the next succeeding Interest Period, the Interest Rate applicable to the next succeeding Interest Period shall be:
- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
  - (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.
- 19.4.2 For the avoidance of doubt, Clause 19.4.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 19.

#### 19.5 **Notices**

The Issuer shall promptly following the determination by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments give notice thereof to the Agent, the Issuing Agent and the Bondholders in accordance with Clause 25 (*Notices and press releases*) and the CSD. The notice shall also include information when the amendments will become effective.

#### 19.6 **Variation upon replacement of Base Rate**

- 19.6.1 No later than giving the Agent notice pursuant to Clause 19.5, the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and a duly authorised signatory of the Issuer confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined in accordance with the provisions of this Clause 19. The Successor Base Rate the Adjustment Spread and any Base Rate Amendments (as

applicable) specified in such certificate will, in the absence of manifest error or bad faith in any determination, be binding on the Issuer, the Agent, the Issuing Agent and the Bondholders.

19.6.2 Subject to receipt by the Agent of the certificate referred to in Clause 19.6.1, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Bondholders, without undue delay effect such amendments to the Finance Documents as may be required by the Issuer in order to give effect to this Clause 19.

19.6.3 The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are effected pursuant to this Clause 19. Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent or the Issuing Agent in the Finance Documents.

#### 19.7 **Limitation of liability for the Independent Adviser**

Any Independent Adviser appointed pursuant to Clause 19.3 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

## 20. **THE AGENT**

### 20.1 **Appointment of the Agent**

20.1.1 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 the winding-up, dissolution, liquidation or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.

20.1.2 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.

20.1.3 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.

20.1.4 The Agent is entitled to fees for all its work in such capacity 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.

20.1.5 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.

## 20.2 **Duties of the Agent**

20.2.1 The Agent shall represent the Bondholders in accordance with the Finance Documents.

20.2.2 When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent is never acting as an advisor to the Bondholders or the Issuer. Any advice or opinion from the Agent does not bind the Bondholders or the Issuer.

20.2.3 When acting pursuant to the Finance Documents, the Agent shall carry out its duties with reasonable care and skill in a proficient and professional manner.

20.2.4 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 as a group 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.

20.2.5 The Agent is always entitled to delegate its duties to other professional parties and to engage external experts when carrying out its duties as agent, without having to first obtain any consent from the Bondholders or the Issuer. The Agent shall however remain liable for any actions of such parties if such parties are performing duties of the Agent under the Finance Documents.

20.2.6 The Issuer shall on demand by the Agent pay all costs for external experts engaged by it:

- (a) after the occurrence of an Acceleration Event;
- (b) for the purpose of investigating or considering:
  - (i) an event or circumstance which the Agent reasonably believes is or may lead to an Acceleration Event; or
  - (ii) a matter relating to the Issuer or the Finance Documents which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents;
- (c) in connection with any Bondholders' Meeting or Written Procedure; or
- (d) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver 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 16 (*Distribution of proceeds*).

20.2.7 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.

20.2.8 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor:

- (a) whether any Acceleration Event has occurred;
- (b) the financial condition of the Issuer and the Group;
- (c) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents; or
- (d) whether any other event specified in any Finance Document has occurred.

Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

20.2.9 The Agent shall ensure that it receives evidence satisfactory to it that Finance Documents which are required to be delivered to the Agent are duly authorised and executed (as applicable). The Issuer shall promptly upon request provide the Agent with such documents and evidence as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 20.2.9. Other than as set out above, the Agent shall neither be liable to the Issuer or the Bondholders for damage due to any documents and information delivered to the Agent not being accurate, correct and complete, unless it has actual knowledge to the contrary, nor be liable for the content, validity, perfection or enforceability of such documents.

20.2.10 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 regulation.

20.2.11 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 funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

20.2.12 The Agent shall give a notice to the Bondholders 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 if it refrains from acting for any reason described in Clause 20.2.11.

20.2.13 Upon the reasonable request by a Bondholder, the Agent shall promptly distribute to the Bondholders any information from such Bondholder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Bondholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a

reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Bondholder disclose the identity of any other Bondholder who has consented to the Agent in doing so.

20.2.14 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in connection with these Terms and Conditions, the Agent shall be entitled to disclose to the Bondholders any document, information, 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.

### 20.3 **Liability for the Agent**

20.3.1 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.

20.3.2 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 provided to 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.

20.3.3 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.

20.3.4 The Agent shall have no liability to the Issuer or the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.

20.3.5 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.

### 20.4 **Replacement of the Agent**

20.4.1 Subject to Clause 20.4.6, 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.

20.4.2 Subject to Clause 20.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, 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.

- 20.4.3 A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice 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.
- 20.4.4 If the Bondholders have not appointed a successor Agent within ninety (90) days after:
- (a) the earlier of the notice of resignation was given or the resignation otherwise took place; or
  - (b) the Agent was dismissed through a decision by the Bondholders,
- the Issuer shall within thirty (30) days thereafter appoint a successor Agent which shall be an independent financial institution or other reputable company with the necessary resources to act as agent in respect of Market Loans.
- 20.4.5 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.
- 20.4.6 The Agent's resignation or dismissal shall only take effect upon the earlier of:
- (a) 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; and
  - (b) the period pursuant to paragraph (b) of Clause 20.4.4 having lapsed.
- 20.4.7 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.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, 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 agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **21. THE ISSUING AGENT**

- 21.1 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. The Issuing Agent shall be a commercial bank or securities institution approved by the CSD.

- 21.2 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.
- 21.3 The Issuer shall ensure that the Issuing Agent enters into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties relating to the Bonds.
- 21.4 The Issuing 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 gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

## **22. THE CSD**

- 22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Bonds.
- 22.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder or the admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Accounts Act.

## **23. NO DIRECT ACTIONS BY BONDHOLDERS**

- 23.1 A Bondholder may not take any action or legal steps whatsoever against any Group Company 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 or bankruptcy (*Sw. konkurs*) (or their equivalents in any other jurisdiction) of any Group Company in relation to any of the obligations or liabilities of such Group Company under the Finance Documents. Such steps may only be taken by the Agent.
- 23.2 Clause 23.1 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 20.1.2), 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 of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 20.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2.12 before a Bondholder may take any action referred to in Clause 23.1.

## **24. TIME-BAR**

- 24.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be time-barred 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 time-barred and has become void.
- 24.2 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 the right to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **25. NOTICES AND PRESS RELEASES**

### **25.1 Notices**

- 25.1.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) 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 or to such address as notified by the Agent to the Issuer from time to time or, if sent by e-mail by the Issuer, to such e-mail address notified by the Agent to the Issuer from time to time;
  - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or to such address as notified by the Issuer to the Agent by not less than five (5) Business Days' notice from time to time, or, if sent by e-mail by the Agent, to such e-mail address as notified by the Issuer to the Agent from time to time; and
  - (c) if to the Bondholders, shall be given at their addresses as registered with the CSD (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- 25.1.2 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 (or, if between the Agent and the Issuer, by e-mail) and will only be effective:
- (a) in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1.1;

- (b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1.1; or
- (c) in case of e-mail to the Agent or the Issuer, when received in legible form by the e-mail address specified in Clause 25.1.1.

25.1.3 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.

## 25.2 **Press releases**

25.2.1 Any notice that the Issuer shall send to the Bondholders pursuant to Clause 10.2 (*Interest cancellation*), Clause 11.2 (*Trigger Event Notice*) Clause 12.4 (*Early voluntary total redemption (call option)*), Clause 12.5 (*Early voluntary total redemption or substitution or variation due to Capital Disqualification Event or Tax Event (call option)*), Clauses 17.4.14, 17.2.1, 17.3.1, 18.2, 19.5, 20.2.12 or 20.4.1 shall also be published by way of press release by the Issuer.

25.2.2 In addition to Clause 25.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice that the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## 26. **FORCE MAJEURE**

26.1 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, natural disaster, insurrection, civil commotion, terrorism 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.

26.2 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.

26.3 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## 27. **GOVERNING LAW AND JURISDICTION**

27.1 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.

- 27.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 27.3, be determined by Swedish courts and the City Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.
- 27.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
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# ADDRESSES

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## Issuer

### **TF Bank AB (publ)**

Lilla Brogatan 6, SE-503 30 Borås, Sweden

Tel: +46 33-722 35 00

Web page: [www.tfbankgroup.com](http://www.tfbankgroup.com)

## Auditor

### **PricewaterhouseCoopers AB**

Torsgatan 21, SE-113 97 Stockholm, Sweden

Tel: +46 (0)10-213 30 00

Web page: [www.pwc.se](http://www.pwc.se)

## Agent

### **Nordic Trustee & Agency AB (publ)**

P.O. Box 7329, SE-103 90 Stockholm, Sweden

Tel: +46 (0)8-783 79 00

Web page: [www.nordictrustee.com](http://www.nordictrustee.com)

## Issuing Agent

### **Carnegie Investment Bank AB (publ)**

Regeringsgatan 56, SE-103 38 Stockholm, Sweden

Tel: +46 8 5886 88 00

Web page: [www.carnegie.se](http://www.carnegie.se)

## Legal advisor

### **Gernandt & Danielsson Advokatbyrå KB**

P.O. Box 5747, SE-114 87 Stockholm, Sweden

Tel: +46 (0)8-670 66 00

Web page: [www.gda.se](http://www.gda.se)

## Central securities depository

### **Euroclear Sweden AB**

P.O. Box 191, SE-101 23 Stockholm, Sweden

Tel: +46 (0)8-402 90 00

Web page: [www.euroclear.com](http://www.euroclear.com)