



TF Bank AB (publ)

relating to the listing of

SEK 100,000,000

Floating Rate Subordinated Callable Tier 2 Bonds due 2029

ISIN: SE0013110772

Sole Bookrunner



Carnegie Investment Bank

Prospectus dated 13 November 2019

IMPORTANT NOTICE:

This Prospectus (the "**Prospectus**") has been prepared by TF Bank AB (publ) (the "**Issuer**", "**TF Bank**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the registered address, Box 947, 501 10 Borås, Sweden, with reg. no. 556158-1041, in relation to the application for the listing of the floating rate tier 2 capital bonds denominated in SEK (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Carnegie Investment Bank AB, reg. no. 516406-0138, has acted as sole bookrunner in connection with the issue of the Bonds ("**Carnegie**" or the "**Sole Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements of Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council (the "**Regulation**") and the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 and repealing Commission Regulation (EC) No 809/2004 (the "**Delegated Regulation**"). The Regulation and the Delegated Regulation are jointly referred to as the "**Prospectus Regulations**".

The Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as the competent authority under the Regulation. The SFA only approves this prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the bonds that are subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the bonds.

This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Issuer's website (tfbankgroup.com).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 40 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

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

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

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

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

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S person (as defined in Rule 902 of Regulation S under the Securities Act)), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

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

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

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

TABLE OF CONTENTS

RISK FACTORS	4
THE BONDS IN BRIEF	18
STATEMENT OF RESPONSIBILITY	23
DESCRIPTION OF MATERIAL AGREEMENTS	24
DESCRIPTION OF THE GROUP	26
MANAGEMENT	34
HISTORICAL FINANCIAL INFORMATION	36
OTHER INFORMATION	38
TERMS AND CONDITIONS OF THE BONDS	40
ADDRESSES	60

RISK FACTORS

Risk factors deemed to be of importance for the Group's business and future development and risks relating to the Bonds are described below. The risk factors presented below are categorised as "RISKS RELATING TO THE GROUP" or "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Group or to the Bonds. The risk factors categorised as "RISKS RELATING TO THE GROUP", are categorised as risk factors pertaining to the Group and not as risk factors pertaining to the Issuer, as parts of the business operations in the Group are conducted by the Issuer's other subsidiaries. The Issuer's assessment of the materiality of the risk factors are disclosed by the use of a qualitative ordinal scale of low, medium or high. The materiality of the risk factors have been based on the probability of their occurrence and the expected magnitude of their negative impact. 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 RELATING TO THE GROUP

Risks relating to business activities

High level risk

Credit risk related to unsecured lending

The Group conducts unsecured lending, particularly in its main business segment Consumer Lending, representing approximately 86 per cent. share of the Group's operating profit according to the Group's consolidated interim report for the period 1 January 2019 to 30 September 2019. Consequently, credit risk is a predominant factor and a core risk in the Group's business as there is a risk that some debtors will not be able to repay the credit in full and on time due to unexpected variation in such debtors' ability to meet their payment obligations towards the Group. The credit risk may be materialised if the Group's 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. Such adverse changes in the credit quality of the Group's debtors may for instance be a result of general deterioration in the Swedish, European or global economic conditions, or arising from systematic risks in the financial system. In the event of debtors' default, the Group has to take measures to collect the loans which is costly and might be unsuccessful. As a result, if the Group's debtors are not able to fulfill their obligations, the Group's results of operations and financial position would be significantly materially adversely affected.

Medium level risk

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 70 to 80 per cent. of all the loan distribution is carried out by credit intermediaries and other third parties. As for the Group's business segment on ecommerce solutions, the Group's strategy is to sign up ecommerce merchants to supply their customers with the Group's ecommerce payment solutions. The Group is entirely dependent on the ability and willingness of ecommerce merchants to act as distributors. If any of these third party credit intermediaries or ecommerce merchants ceased to supply the Group's consumer loan products or ecommerce solutions or were unable to fulfil their obligations for any reason, and the Group could not replace them with alternative suppliers in a timely fashion and similar commercial terms, it would impair and adversely affect the Group's ability to distribute consumer loans and ecommerce solutions

and consequently affect the Group's ability to operate successfully, which in turn would result in a material adverse effect on the Group's business prospects, financial condition or results of operations.

Risk relating to dependence of debt collectors and partners

The Group is currently collaborating with debt collectors and/or partners to sell off debt in connection with the Group's consumer lending. Receivables that are distressed are sold to debt purchasing companies. Hence, the extent to which the Group is affected by credit losses depends on its ability to sell its receivables on appropriate terms. If the Group is unable to sell off debt on appropriate terms it would have an adverse effect on the Group's business, earnings and financial position.

If the debt collectors and/or partners which the Group collaborate with, for any reason, cease to cooperate with the Group and the Group fails to replace such debt collector/partner in a timely fashion and on similar commercial terms, it would have an adverse effect on the Group's business, earnings and financial position.

Potential reduction in demand for the Group's main business segments

According to the Group's consolidated interim report for the period 1 January 2019 to 30 September 2019, a significant share of the Group's operating revenue is generated through its consumer loan product (approximately 86 per cent.), while the remainder is generated by the Group's ecommerce payments segment (approximately 14 per cent.). The demand for a particular product the Group offers may be reduced due to a variety of factors, such as regulatory restrictions that decrease customer access to loan and ecommerce products, the availability of competing products or changes in customers' preferences or financial conditions. Further, high levels of unemployment in the markets in which the Group operates will likely reduce the number of customers who qualify for consumer loan or ecommerce solution products, which in turn may reduce the Group's revenues. Similarly, reduced consumer confidence and spending may decrease the demand for the Group's consumer loan and ecommerce solution as well as the amount of money consumers are able or willing to deposit in savings deposit accounts maintained by the Group which in turn would affect the Group's liquidity rates, which could materially adversely affect the business prospects and financial condition of the Group.

Risk relating to the assessment of customers' creditworthiness

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

Further, there is a risk that the Group's credit policies and software-based scoring procedure may prove insufficient or the evaluations produced by such software may prove incorrect. This may be caused by an internal failure of the Group's risk management procedures or an external change of conditions beyond the Group's control. Additionally, although the Group currently operates under a "clean-books" policy by regularly selling non-performing assets, the Group may not have attractive

disposal options for non-performing loans in the future. According to the Group's consolidated half-year report for the period ended 30 June 2019, non-performing loans amount to a gross value of SEK 157,000,000. 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.

Risks relating to operating on a highly competitive market

The Group faces high competition in all the countries in which it operates. In some countries, in particular in Sweden, which is one of the Group's core markets, there are well-established and sophisticated competitors, as well as niche banks/companies that are particularly competitive within certain groups of products/services. There is a wide range of companies targeting the market for small consumer loans and credit cards, including various smaller, locally operated companies in addition to larger traditional consumer banks. While the Group's key consumer loan segment currently offers loans in average of approximately EUR 5,000, many of the Group's competitors do not restrict the size of available loans or provide the possibility for larger loan amounts than the Group offers. In addition, the Group also competes with other forms of short-term financing such as peer-to-peer loans and other credit cards.

In the ecommerce solutions industry, other companies could have pre-existing relationships with the Group's target merchant partners or could offer better terms for ecommerce products to the Group's existing merchant partners.

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

Reputational harm and negative public perception in the consumer market

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

Risk relating to dependency on IT infrastructure

The Group depends on information technology and uses its information technology systems for internal purposes as well as externally in relation to its suppliers and customers, the Group for instance offers part of the products in its product portfolio through ecommerce and online stores. There is a risk that extensive downtime of network servers, attacks by IT viruses or other disruptions or failure of information technology systems would have a negative impact on the Group's operations, such as its consumer loan distribution. The Group has outsourced its IT systems and does not have any internal back-up. There is a risk that failure of the Group's information technology systems would cause transaction errors and loss of customers as well as sales and business opportunities, and would have negative consequences for the Group, its employees, and those with whom the Group does business. Additionally, there is a risk that these types of problems will result in leaks of confidential customer information which would result in damages to the Group's reputation and/or litigation which in turn would have a negative effect on the Group's business, financial position and result of operation.

Management risks

Medium level risk

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, for instance the CEO Mattias Carlsson and the CFO Mikael Meomuttel. Familiarity with internal processes and operational expertise of the Group's employees are critical factors in the efficiency of the Group's business operations. If any of the key managers or other critical employees were to leave the Group or join a competitor, the Group might be unable to attract and retain suitable replacements. The Group applies a variety of approaches to mitigate the risk of losing this expertise and to increase employee loyalty, including but not limited to market adjusted salaries and health care contributions. However, these measures may not be sufficient to retain key employees, the loss of key employees would have a materially adverse impact on the Group's business operations. As a result, the Group may be unable to pursue its business operations as planned which would have a material adverse effect on its future business, financial condition and results of operations.

Financial risks

High level risk

Potential lack of liquidity and sufficient cash inflows

The Group's growth depends on cash flow efficiency and the Group relies on customer deposits in Germany, Sweden, Norway and Finland as its main source of liquidity and as the primary resource by which it is able to offer its loans to customers. According to the Group's consolidated balance sheet of the interim report for the period 1 January 2019 to 30 September 2019, deposits from the public amounted to SEK 6,446,102 as at the date of the balance sheet. Although the savings accounts offered to customers by the Group are protected (for example up to EUR 100,000 under the Swedish Deposit Protection Program and up to NOK 2,000,000 under the Norwegian Banks' Guarantee Fund Program) and thus guaranteed, there is a risk that negative publicity regarding the Group or its industry, a deterioration of general economic conditions or governmental budget discipline in Sweden, a regulatory change which decrease the maximum compensation amount or repeal the deposit protection program that are currently implemented or other outside events beyond the Group's control could cause a mass withdrawal event in the future. Additionally, the Group may fail to attract

enough customers for its savings accounts in the future for a variety of reasons which could limit its growth of loans to the public. Except for the fixed rate savings accounts (for which a withdrawal charge is levied), no limits are applied on customers' withdrawals of deposited money. 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 under affordable terms. 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 operations and financial condition would be materially adversely affected.

Medium level risk

High exposure to exchange rates

The Group operates internationally and is therefore subject to unexpected changes in foreign currency exchange rates among various currencies in relating to the Issuer's accounting currency which is Swedish Krona (SEK). Approximately 80 to 85 per cent. of the Issuer's earnings derives mainly from the Euro (EUR), Norwegian Krona (NOK), Danish Krone (DKK) and Polish Złoty (PLN). Foreign exchange risk arises in connection with current and future commercial transactions, recognised assets and liabilities, and net investments in foreign operations.

Currently, the Group also accepts deposits from consumers in SEK, NOK and EUR to finance its assets. The Group relies on swap agreements and other financial instruments in order to obtain necessary currency for its product offerings in other markets that do not use these currencies (such as in Poland, where products are offered in PLN). The Group uses its customer deposits for its liquidity requirements when offering Group products and there is a risk that the amount of customer deposits or the amount of customer deposits in a specific currency does not adequately cover the Group's future liquidity needs. For instance, the Group uses its EUR deposits in Finland and Germany to finance the Group's lending in Finland, Estonia, Latvia, Lithuania, Germany and Austria. Hence, should any of these countries abandon the EUR, the Group would be exposed to a significant foreign currency risk. Further, the Group's income statement is not hedged against currency fluctuations and there is a risk that this would have a material adverse effect on the Groups business, financial position and result of operations.

The exchange rates between some of the relevant currencies have fluctuated in recent years and the currencies may in the future fluctuate significantly. The consolidated financial statement of the Group for the financial year ended 31 December 2018 contains a sensitivity analysis commenting that if SEK had weakened/strengthened by 10 per cent. against EUR, with all other variables held constant, the translated profit after tax at 31 December 2018 would have been SEK 726,000 lower/higher. Consequently, adverse foreign exchange fluctuations against EUR, NOK, DKK and PLN, especially in SEK, could have a material adverse effect on the Group's business, financial condition and results of operations.

Interest rate fluctuations

The Group's consumer lending products and interest paid on savings rate deposits are tied to variable interest rates. An increase in market interest rates could have a negative effect on the Group's profits in the event that such an increase would affect the interest rates and payments on consumer finance products and savings accounts offered by the Group. Higher interest rates could oblige the Group to raise savings account rates, increasing the Group's financing costs. If the Group is unable to compensate by charging higher interest rates on its loan products, its profitability could be negatively affected, which could ultimately affect the Group's business, financial condition and results of operations. Alternatively, should interest rates continue to stay at current levels, the Group could also

face a situation where deposits of the Group held by other institutions decline or reach negative interest rates, which would have an adverse impact on the Group's business, financial condition and results of operations.

Legal and regulatory risks

High level risk

Dependency on license to conduct banking business

As a conductor of a banking business in Sweden, the Issuer has obtained the necessary banking license from the Swedish Financial Supervisory Authority (the "**SFSA**") which conducts full supervision of the Issuer. The SFSA enforces compliance and can impose sanctions for failure to comply with or properly implement legal requirements. Criminal sanctions can apply for failure to comply with market abuse regulations or for tipping off an Issuer under SFSA authority as to a potential or actual investigation. The SFSA also has a wide range of administrative sanctions available to it, including an official remark or warning in connection with a punitive fine and the ability to remove a board member or managing director of a company. The SFSA can also withdraw a company's license for a variety of reasons including, but not limited to, non-compliance with existing or failure to implement new regulatory requirements. Additionally, if a new shareholder accumulates a shareholding of 10 per cent. or more in the Issuer, the shareholder must be approved by the SFSA in order for the Issuer to remain in compliance with Swedish laws and regulations. The Issuer's subsidiary BB Bank ASA has also previously been granted a banking license in Norway. BB Bank ASA is under the supervision of the Financial Supervisory Authority of Norway ("**FSAN**") and is subject to similar restrictions as the Issuer.

The Group is dependent on its banking license with the SFSA and the FSAN which provides the Group with reputational benefits and increased levels of consumer confidence, access to pertinent databases to further enhance the Group's current scoring models and funding options linked to the ability to accept deposits (guaranteed by a deposit protection program) to support profit growth. However, the banking license may be revoked or restricted by the SFSA or FSAN for a variety of reasons including, but not limited to, the Group's non-compliance with existing or new regulatory requirements. If the SFSA or the FSAN were to withdraw the Issuer's or BB Bank ASA's license for any reason, the business of the Group would be in jeopardy and it might also have to cease a majority or all of its current operations. Other administrative sanctions imposed by the SFSA or the FSAN could cause significant reputational risk, which could harm the Group's business, financial condition and results of operations.

Medium level risk

Regulatory requirements in the banking and financing sector

As the Group operates in the banking and financial sector in a wide set of different jurisdictions (Sweden, Norway, Finland, Denmark, Poland, Germany, Austria, Estonia, Latvia and Lithuania), the Group is currently subject to various regulatory requirements relating thereto, including, but not limited to, license requirements, interest rate regulations, distance contracts regulations and consumer protection legislation. These diverse legal frameworks implicate legal and regulatory risks, including, but not limited to, the risks of staying on a current market or entry into new jurisdictions. The legal requirements for launching the Group's business in new jurisdictions vary significantly with some jurisdictions having no registration/license requirements and others requiring various licenses (for instance, a banking license specific to that jurisdiction). Failure to comply with local legal requirements may have a significant material adverse effect on the Group's business, reputational standing, financial condition and results of operations.

The Issuer (as well as the Issuer's subsidiary BB Bank ASA) is further subject to capital adequacy regulations, which aim to put in place a comprehensive and risk-sensitive legal framework and to ensure enhanced risk management among financial institutions. The Issuer must at all times reach the capital requirements in accordance with the EU Capital Requirements Directive 2013/36/EU ("**CRD**") (as amended by the EU Directive 2019/878) and the EU Capital Requirements Regulation No 575/2013 ("**CRR**") (as amended by the EU Regulation 2019/876). CRD and CRR have imposed significant changes for financial institutions in terms of minimum capital requirements and capital buffers. These capital requirements imposed by public authorities could force the Issuer to issue additional capital, which may be unavailable to the Issuer in the future or unavailable at an attractive rate or within the timeframe necessary in order to ensure compliance with such requirements. Failure to comply could lead to administrative sanctions by the SFSA, which may also have a highly significant effect on the Group's ability to conduct its business and in turn its financial condition and results of operations.

Money laundering and terrorist financing

Criminal activity within the banking and financial industry, in which the Group operates, has been increasingly uncovered in recent years. This area, not least the issue of money laundering and terrorist financing, received particularly intense media attention in 2018 and so far also in 2019. As financial institutions, the Group is subject to a regulatory framework which requires the Group to take measures to counteract money laundering and terrorist financing within its operations. For instance, the Issuer's business is subject to the Swedish Money Laundering and Terrorist Financing (Prevention) Act as well as general guidelines adopted by the Swedish Financial Supervisory Authority ("**SFSA**"). During the last decade, the SFSA has intensified its monitoring of financial institutions, which has led to a number of administrative sanctions for such institutions.

The requirements of the regulatory frameworks are detailed and demand substantial resources, internal routines and guidelines from the Group. There is a risk that the Group's procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are not sufficient or adequate to ensure that the Group complies with the regulatory framework. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties, which may result in a failure to comply with the anti-money laundering regulatory framework. It is further possible that new or amended requirements would require the Group to further adapt its existing practices and procedures.

Failure to comply with the money laundering and terrorist financing regulatory framework is likely to result in legal implications, including remarks or warnings and/or significant administrative fines imposed by the SFSA or other regulatory bodies, which could cause significant and potentially irreparable damage to the reputation of the Group and as a result, the Group's business, financial condition and results of operations could be materially adversely affected.

Legally permissible interest rates for consumer loans

The Group is currently subject to regulatory caps on lending rates in Finland, Latvia, Estonia, Lithuania and Poland within the Group's main business segments, Consumer Lending and Ecommerce Solutions, 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.

Compliance with tax legislation

The Group operates in different countries with diverse sets of tax regimes, although the Issuer is principally subject to Swedish tax law. Corporate income tax, value added tax, sales taxes and other taxes levied upon on the Group's business constitute a significant part of the Group's total expenses. According to the Group's consolidated financial annual report 2018, the Group's tax expense amounted to SEK 58,300,000, with an average tax rate of 23.3 per cent. Should the Group's tax situation change, pertaining to any changes in tax legislation or the interpretation thereof, it could have a significant material adverse effect on the Group's business (as taxes imposed on for instance the Group's financial services could decrease the demand for such services), financial condition (as taxes could have a negative impact on the value of the assets of the Group), or results of operations (as taxes increase the costs of the Group).

Data protection and privacy laws

The Group uses large quantities of personal data in a way that is of commercial use to the Group, for example in determining a potential applicant's credit profile. The Group's ability to collect and use personal data is however affected by the requirements of GDPR and other privacy laws. The implementation of a new system for personal data processing and actions needed to ensure compliance with the General Data Protection Regulation ("GDPR") have previously and may continue to involve substantial costs for the Group. Compliance with the GDPR is important as a breach could result in fines amounting to a maximum of EUR 20,000,000 or 4 per cent of the Group's global turnover (whichever is higher). If the Group fails to comply with the GDPR this may have a material adverse impact on the Group's business and financial position. Breach of data privacy legislation could also result in the Group being subjected to claims from its customers that it has infringed their privacy rights. In addition, any inquiries made, or proceedings initiated by, regulators could lead to negative publicity in addition to potential liability for the Group, which could materially adversely affect its reputation and business.

RISKS RELATING TO THE BONDS

Risks related to the nature of the Bonds

Medium level risk

The Issuer's obligations under the Bonds are subordinated

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

The Bonds shall rank at least *pari passu* with all other obligations or capital instrument which constitute tier 2 capital (Sw. *supplementärkapital*) of the Issuer and shall rank in priority to any additional tier 1 capital (Sw. *övrigt primärkapital*) of the Issuer. For the avoidance of doubt, the bondholders will, in the event of the liquidation or bankruptcy, rank in priority of any holders of any class of share capital or additional tier 1 capital of the Issuer.

The Issuer may also issue other debt obligations or capital instruments that rank or are expressed to rank senior to the Bonds, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

In the event of a liquidation 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. Hence, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Bonds.

Credit risk associated with the Bonds

Investors in the Bonds carry a credit risk towards the Group. Bondholders' likelihood of receiving payment under the Bonds is therefore dependent upon the Issuer's ability to meet its payment obligations, which in turn is largely 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.

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. The Bonds bear interest at a floating rate of 3 month STIBOR 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. Also, the fundamentals of STIBOR may be subject to changes in the future due to regulation (EU) 2016/1011 (the "Benchmark Regulation"). There is a risk that an increase of the general interest rate level will have a significant negative effect on the value of the Bonds. The general interest rate level is to a high degree affected by conditions in Swedish and international financial markets and is outside the Group's control.

Redemption of the Bonds upon the occurrence of a capital disqualification event or a tax event

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

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

Liquidity risks and listing of the Bonds

Pursuant to the Terms and Conditions the Issuer must use its best effort to list the Bonds 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. However, there is a risk that the Bonds will not be admitted to trading in the aforementioned time frame or at all. Further, even if the Bonds are admitted to trading on a regulated market, active trading in the Bonds does not always 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. As a result, the bondholders may be unable to sell their Bonds when they so desire or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market or for a sale at par. 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.

Call options are subject to the prior consent of the SFSA

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

The bondholders have no rights to call for the redemption of the Bonds and 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. 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.

Security over assets granted to third parties

Subject to certain limitations set out in the Terms and Conditions, the Issuer may incur additional financial indebtedness and provide security for such indebtedness. If security is granted in favour of a third party debt provider, 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 provided to such third party debt provider. In addition, if any such third party debt provider holding security provided by the Group were to enforce such security due to a default by any company within the Group under the relevant finance documents, there is a risk that such enforcement would have a material adverse effect on the Group's assets, operations and, ultimately, the financial position of the bondholders.

The resolution act and BRRD

"Write-down and conversion and bail-in"

The Group is subject to the Swedish Resolution Act 2015 (Lag (2015:1016) om resolution) (the "Resolution Act"). The Resolution Act transposes BRRD into Swedish law. The powers granted to the Swedish National Debt Office (Sw. Riksgäldskontoret) (the "NDO"), in its capacity as resolution authority under the Resolution Act and BRRD, to apply the resolution tools and exercise the resolution powers set forth in the Resolution Act, 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 bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. In addition, the bail-in power contains a specific safeguard with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity. Even in circumstances where a claim for compensation is established under the “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 losses incurred by the bondholders in the resolution and there is a risk that such bondholders will experience considerable delays in recovering any such compensation.

The Bonds are unsecured obligations of the relevant Issuer and could be subject to the bail-in power. The determination that all or a part of the principal amount of the Bonds will be subject to bail-in is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Group's control. There is a risk that an application of the bail-in tool will 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 holders of the Bonds. Holders of the Bonds 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.

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 NDO will likely allow the use of financial public support only as a last resort after having assessed and exploited, to the maximum extent practicable, the resolution tools, including the bail-in tool and/or the statutory write-down and/or conversion powers.

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 holders of the Bonds, in the insolvency hierarchy. Furthermore, insured deposits are excluded from the scope of the bail-in powers.

Low level risk

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

The Bonds are affiliated to Euroclear Sweden AB's account-based system, and no physical notes have been, or will be, issued. Clearing and settlement relating to the Bonds is carried out within Euroclear Sweden AB's book-entry system as well as payment of interest and repayment of the principal. Bondholders as well as the Issuer are therefore dependent on the functionality of Euroclear Sweden AB's account-based system and there is a risk that any problems thereof, for instance a system malfunction, could impair the possibility to carry out interest payments and repayment of principal under the Bonds.

Risks related to the bondholders' rights and representation

Medium level risk

There are limited acceleration events in relation to the Bonds

In accordance with the Terms and Conditions, the right of the bondholders to accelerate the Bonds are very limited. The bondholders may only accelerate the Bonds upon the occurrence of (i) a non-payment by the Issuer of any amounts due under Bonds and the non-payment is not remedied within five (5) business days of the due date or (ii) the bankruptcy (Sw. *konkurs*) or (iii) the liquidation (Sw. *likvidation*) of the Issuer (each referred to as an "**Acceleration Event**"). 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. For instance, 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.

Also, the bondholders right to receive repayment following an acceleration due to a non-payment is limited as the Issuer is only required to make a repayment after being placed into bankruptcy (Sw. *försatt i konkurs*) or being the subject of liquidation (Sw. *trätt i likvidation*) unless the SFSA provides its prior written consent. Hence, even though an Acceleration Event has occurred, there is a risk that bondholders do not receive any payment under the Bonds unless SFSA provides its prior written consent or the Issuer is subject of liquidation or placed into bankruptcy.

Low level risk

No action against the Issuer and bondholders' representation

In accordance with the Terms and Conditions, the Agent (being on the issue date Nordic Trustee & Agency AB (publ)) represents all bondholders in all matters relating to the Bonds, for example acting

and demanding repayment of the Bonds on behalf of the bondholders, and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, there is a risk that the actions, or omission of such, of the Agent in such matters would impact a bondholder's rights under the Terms and Conditions in a manner that is undesirable for some bondholders, for example if the Agent agrees on waiving a certain provision under the Terms and Conditions which affects a bondholder's rights thereunder.

Further, individual bondholders do not have the right to take legal actions, such as initiate proceedings or take any steps in relation to bankruptcy or liquidation, to declare any default by claiming any payment from the Issuer and there is a risk that bondholders therefore may lack effective remedies unless and until a requisite majority agree to take such action. The requisite majority is bondholders representing fifty (50) per cent. except with respect to certain material items where the requisite majority is sixty-six and two thirds ($66\frac{2}{3}$) per cent of the adjusted nominal amount.

Also, there is a risk that an individual bondholder, could bring its own action against the Issuer in breach of the Terms and Conditions, which would have a negative impact by for instances obstructing an acceleration of the Bonds or any other action against the Issuer.

To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could have a negative effect on the legal proceedings as for instance the requisite quorum or majority for taking such legal proceedings may not be obtained.

The Agent may further be replaced by a successor Agent in accordance with the Terms and Conditions. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, there is a risk that that the successor Agent would breach its obligations under the Terms and Conditions or that insolvency proceedings would be initiated against it.

Bondholders' meeting

The Terms and Conditions include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to bondholders' interests. The Terms and Conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently from the required majority at a duly convened and conducted bondholders' meeting. For instance, a change of the terms for the distribution of certain proceeds requires the 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. Consequently, there is a risk that the actions of the majority in such matters will impact certain bondholders' rights in a manner that is undesirable for some of the bondholders.

Risks related to the financial standing of the Group

Medium level risk

Ability to service debt

The Group's ability to service its debt under the Bonds will depend upon the Group's future financial and operating performance, which in turn will depend on, among other things, the Group's ability to adapt into any changes of customer demand within the Group's main business segments, Consumer Lending and Ecommerce Solutions. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying

its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all. This would have a significant negative effect on the Group's operations, earnings, results and financial position.

Refinancing risk

There is a risk that the Issuer will be required to refinance some or all of its outstanding debt, comprising of, among other things, tier 2 bonds in an aggregate principal amount of SEK 100,000,000 which are to be redeemed on 14 December 2025 as well as the Bonds, in order to be able to continue the operations of the Group. The Issuer's ability to successfully refinance its debt depends on, among other things, conditions of debt capital markets and its financial condition at such time. Even if debt capital markets are open, there is a risk that the Issuer will not have access to financing on favourable terms, or at all. Should the Issuer be unable to refinance its debt obligations on favourable terms, or at all, it would have a significant negative effect on the Group's business, financial position and result of operation and on the bondholders' recovery under the Bonds.

THE BONDS IN BRIEF

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

Bonds issued under this Prospectus have three-month STIBOR plus 4.65 per cent. as interest rate. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). None of the administrators of STIBOR are, as of the date of this Prospectus, part of the register held by the European Securities and Markets Authority ("**ESMA**") in accordance with article 36 of the Benchmark Regulation.

Issuer	TF Bank AB (publ).
Bonds Offered	SEK 100,000,000 in aggregate principal amount of floating rate subordinated callable tier 2 bonds.
Number of Bonds	Maximum of 80 Bonds. As of the date of this Prospectus all 80 Bonds had been issued.
ISIN	SE0013110772.
Issue Date	27 September 2019.
Issue Price	All bonds issued on the Issue Date have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
Interest Rates	Interest on the Bonds will be paid at a floating rate of three-month STIBOR plus 4.65 per cent. <i>per annum</i> .
Use of benchmark	Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.
Interest Payment Dates	27 March, 27 June, 27 September and 27 December of each year commencing on 27 December 2019. Interest will accrue from (but excluding) the Issue Date.
Nominal Amount	The Bonds will have a nominal amount of SEK 1,250,000 and the minimum permissible investment in the Bonds is SEK 1,250,000.
Status of the Bonds	The Bonds are denominated in SEK and each Bond is constituted by the Terms and Conditions. The Issuer

	<p>undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.</p> <p>The Bonds will constitute Tier 2 Capital of the Issuer. The Bonds constitute subordinated and unsecured obligations of the Issuer and rank with equal right of payment ("pari passu") without any preference among themselves.</p> <p>The rights of the Bondholders shall, in the event of liquidation (Sw. <i>likvidation</i>) or bankruptcy (Sw. <i>konkurs</i>) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer but shall rank at least <i>pari passu</i> with all other obligations or capital instrument which constitute Tier 2 Capital of the Issuer and shall rank in priority to any Additional Tier 1 Capital of the Issuer.</p> <p>For the avoidance of doubt, the Bondholders will, in the event of liquidation (Sw. <i>likvidation</i>) or bankruptcy (Sw. <i>konkurs</i>) of the Issuer, rank in priority of any holders of any class of share capital or Additional Tier 1 Capital of the Issuer.</p> <p>The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which may rank <i>pari passu</i> with the Bonds as well any capital instruments issued as Additional Tier 1 Capital of the Issuer, which may rank junior to the Bonds.</p> <p>No Bondholder who in the event of liquidation (Sw. <i>likvidation</i>) or bankruptcy (Sw. <i>konkurs</i>) of the Issuer is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Bondholder.</p>
<p>Early redemption at the option of the Issuer.....</p>	<p>Subject to consent from the Swedish FSA and giving notice of early redemption in accordance with the Terms and Conditions to the Bondholders and the Agent, the Issuer may redeem all (but not some only) outstanding Bonds on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.</p>
<p>Early redemption upon the occurrence of Capital Disqualification Event.....</p>	<p>If a Capital Disqualification Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to consent from the Swedish FSA and giving notice of early redemption to the Bondholders and the Agent, redeem all (but not some only) outstanding Bonds on any Interest Payment Date.</p> <p>"Capital Disqualification Event" means, at any time on or after the Issue Date, there is a change in the regulatory</p>

	<p>classification of the Bonds that would be likely to result in the exclusion of the Bonds from the Tier 2 Capital of the Issuer or reclassification of the Bonds as a lower quality form of regulatory capital, provided that:</p> <p>(a) the Swedish FSA considers such a change to be sufficiently certain; and</p> <p>(b) the Issuer demonstrates to the satisfaction of the Swedish FSA that the regulatory reclassification of the Bonds was not reasonably foreseeable at the Issue Date,</p> <p>and provided that such exclusion is not a result of any applicable limitation on the amount of such Tier 2 Capital contained in the Capital Regulations.</p>
<p>Early redemption upon the occurrence of a Tax Event....</p>	<p>If a Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to consent from the Swedish FSA and giving notice of early redemption to the Bondholders and the Agent, redeem all (but not some only) outstanding Bonds on any Interest Payment Date.</p> <p>A "Tax Event" means the occurrence of any amendment to, clarification of 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:</p> <p>(a) the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Bonds; or</p> <p>(b) the treatment of any of the Issuer's items of income or expense with respect to the Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be accepted by any tax authority, which subjects the Issuer to a significant amount of additional taxes, duties or governmental charges.</p>
<p>Early redemption amount.....</p>	<p>The Bonds shall be redeemed at a price per Bond equal to the Nominal Amount together with accrued but unpaid Interest.</p>
<p>Acceleration of the Bonds.....</p>	<p>The Bondholders have no right to accelerate the Bonds or otherwise request prepayment or redemption of the</p>

	<p>principal amount of the Bonds, except following the occurrence of the following events:</p> <p>(a) the Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents, unless the non-payment is remedied within five (5) Business Days of the due date;</p> <p>(b) the Issuer is placed into bankruptcy (Sw. <i>försatt i konkurs</i>); or</p> <p>(b) the Issuer is subject to liquidation proceedings (Sw. <i>trätt i likvidation</i>).</p> <p>If the Bonds are accelerated due to a non-payment, except without the prior consent of the Swedish FSA, the Issuer is only required to make a repayment after being placed in to bankruptcy or being subject of liquidation.</p>
First Call Date	27 September 2024 (being the date falling 5 years after the Issue Date).
Final Maturity Date	27 September 2029 (being the date falling 10 years after the Issue Date).
Use of Proceeds	The Bonds shall constitute Tier 2 Capital of the Issuer and the proceeds from the issue of the Bonds shall be used (after deduction has been made for the transaction costs payable by the Issuer to the Sole Bookrunner and the Issuing Agent and their professional advisors for the services provided in relation to the placement and issuance of the Bonds) for general corporate purposes of the Issuer.
Transfer Restrictions	The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
Listing	Application has been made to list the Bonds on Nasdaq Stockholm.
Agent	Nordic Trustee & Agency AB (publ), Swedish reg. no. 556882-1879, or another party replacing it, as Agent, in accordance with the Terms and Conditions.
Issuing Agent	Carnegie Investment Bank AB (publ), Swedish reg. no. 516406-0138, or another party replacing it, as Issuing Agent, in accordance with the Terms and Conditions.

Sole Bookrunner.....	Carnegie Investment Bank AB (publ), Swedish reg. no. 516406-0138.
Governing Law of the Bonds	Swedish law.
Risk Factors.....	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 15 September 2019, and was subsequently issued by the Issuer on 27 September 2019. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council.

This Prospectus has been approved by the Swedish Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Swedish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 of the European Parliament and of the Council. Such approval should not be considered as an endorsement of the Issuer that is the subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

The board of directors of the Company is, to the extent provided by law, responsible for the information set out in this Prospectus and declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

13 November 2019

TF Bank AB (publ)

The board of directors

DESCRIPTION OF MATERIAL AGREEMENTS

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

Outstanding Tier 1 and Tier 2 Bonds

The Company has issued tier 1 bonds on 7 June 2018 in an aggregate principal amount of SEK 100,000,000. The tier 1 bonds are perpetual with no fixed date for redemption. The Company has also issued tier 2 bonds on 14 December 2015 in an aggregate principal amount of SEK 100,000,000. The tier 2 bonds shall be redeemed on 14 December 2025. The terms and conditions governing the tier 1 and tier 2 bonds gives the issuer the possibility to redeem the bonds early on the first call date, defined as (i) five years from the issue date in respect of the tier 2 bonds (being 14 December 2020) and (ii) the interest payment date falling five years from the first issue date in respect of the tier 1 bonds (being 7 June 2023), or on any interest payment date falling after the first call date. Any redemption prior to the first call date is limited to the occurrence of specific capital events, described as certain changes in regulatory classification of the bonds, and tax events, described as certain changes which affects taxation of the issuer. Further, as a general limitation, no redemption from the Company is possible without the written permission from the Swedish Financial Supervisory Authority.

Working Capital Financing

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

Credit facility agreement

The Company has committed to provide up to the lower of (i) NOK 300,000,000 or (ii) an amount corresponding to 90% of the aggregate of all loans made available by BB Bank to their end-customers, to BB Bank through a revolving credit facility agreement.

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

Acquisition of BB Bank (formerly BB Finans)

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

Share Purchase Agreement regarding the shares in Avarda

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

Acquisition of the Credit Receivables Business of Consortio Fashion Group – Integration of the Consumer Lending & Ecommerce Segment

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

DESCRIPTION OF THE GROUP

History and development of the Issuer

TF Bank AB (publ) was incorporated on 25 November 1971, registered with the Swedish Companies Registration Office 8 February 1972, has been licensed to conduct banking business since 22 February 2012 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 556158-1041. The Company's legal entity identifier (LEI) is 529900BGZZTLLBR1X49.

The registered office of the Company is P.O. Box 947, 501 10 Borås and the Company's headquarters is located at Lilla Brogatan 6, 503 30 Borås, with telephone number +46 (0)33-722 35 00. The website of the Company is tfbankgroup.com. The information on the website does not form part of the prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with section 3 of the articles of association of the Company, adopted on 12 April 2016, the objects of the Company is to conduct such banking business as set forth in Chapter 7, Section 1 in the Swedish Banking and Financing Business Act (2004:297) and other business that is naturally connected herewith. Except for payment services through general payments systems and collection of funds that after cancellation are available for the creditor within a period of maximum 30 days, the Company may provide or mediate loans, e.g., in the form of consumer credit and credit against security in real estate or promissory notes, conduct debt collection business and insurance mediation business in accordance with the Swedish Insurance Mediation Act (2005:405).

History of the Group

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

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

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

- In 2014, the Group established a branch in Finland, allowing it to accept deposits in Euro.
- At the end of 2014, the Group expanded its online sales financing operations by establishing Avarda, its joint venture with Intrum Justitia which launched its initial operations in March 2015. In September 2015, Avarda received its license to conduct certain consumer credit activities in Sweden under the Swedish Certain Consumer Credit-related Operations Act of 2014.
- In 2015, the Group established a branch in Poland.
- In July 2015, the Group acquired the Norwegian financial institute BB Bank ASA (at the time operating under the business name BB Finans), a consumer loan specialist company based in Norway through which the Group also acquired technology and licenses to issue credit cards, gaining access to the Norwegian consumer finance market, further credit card technology and licenses.
- In December 2015, TF Bank issued subordinated floating rate Tier 2 bonds in the amount of SEK 100,000,000. The Tier 2 bonds were listed on Nasdaq Stockholm in February 2016.
- In June 2016, TF Bank listed its shares on Nasdaq Stockholm.
- In 2016 TF Bank launched consumer lending operations in Latvia.
- In August 2017, TF Bank's subsidiary BB Bank ASA (formerly BB Finans AS) was granted a banking license.
- In 2017, TF Bank launched deposit products in Germany and Norway.
- In August 2017, TF Bank established a branch in Estonia.
- In November 2017, TF Bank acquire all of Intrum's shares in Avarda.
- In 2018, TF Bank launched consumer lending operations in Lithuania.
- In June 2018, TF Bank issued subordinated floating rate Tier 1 bonds in the amount of SEK 100,000,000. The Tier 1 bonds were listed on Nasdaq Stockholm in October 2018.
- In October 2018, TF Bank launched credit card activities in Germany within the segment Ecommerce solutions.
- In 2019, TF Bank launched consumer lending operations in Austria.

Development of the Group

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

TF Bank offers lending and depositing for private customers in Sweden, Finland, Norway, Denmark, Poland, Germany, Austria, Estonia, Latvia and Lithuania via affiliated companies, branches or cross

border banking licenses. The Group is active in two segments, Consumer Lending and Ecommerce Solutions.

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

Consumer Lending

In the segment Consumer Lending, the Group provides unsecured consumer loans to individuals which are deemed to be creditworthy according to the Group's analyses and scores via its credit policies and automated software-based systems. The loans range between SEK 40,000 – SEK 300,000, depending on the geographic market. The Group currently offers Consumer Lending in Sweden, Norway, Estonia, Finland, Latvia, Lithuania, Poland and Austria. The average loan amount in the countries operated by the Group was SEK 54,000 per borrower on 30 September 2019, with an average term of 24 months. Consumer loan receivables that are distressed are sold to debt purchasing companies.

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

The Nordic markets

The consumer credits on the Nordic markets has grown steadily during the last years. TF Bank focuses on a niche market consisting of smaller loans. The growth of the market in which the Group operates depends on a number of factors, including a favourable macro environment with an increasing BNP, higher household incomes and stabile unemployment levels.

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

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

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

Eastern and Central Europe

The Group has offered Consumer Lending in Estonia since 2006, in Poland since 2012, in Latvia since 2016 and in Lithuania since 2018. In 2019, TF Bank launched consumer lending operations in Austria. Estonia is a market with similar characteristics as the Nordic market, with a widespread internet use and easy accesses to public data. Poland is the market that differs most compared to the Nordic countries, partly because of a more limited use of internet. In the Polish market the Group currently focuses on intermediaries which are using physical stores to locate customers and generate loans. The intermediaries which use physical stores are private entities with their own sales platform selling different financial products from a diverse range of consumer credit providers. Banks and other financial institutions are connected to the IT-systems of the intermediaries in order to offer loans to customers who visit the physical stores run by the intermediaries.

Ecommerce Solutions

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

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

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

Credit cards

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

Savings account

The Group accepts deposits in SEK, NOK and EUR and uses it's as a primary resource by which the Group is able to offer its loans to customers. All deposits that the Group receives are covered by the Swedish Deposit Protection Program (for deposits made to the Company) and the Norwegian Banks' Guarantee Fund Program (for deposits made to BB Bank ASA).

Competition

According to the Group's perception, the consumer credit market has grown and new consumer credit providers have entered the market the last years. The competition has therefore increased steadily as alternative financial products have been established as reliable sources for consumer finance.

There are multiple companies offering Consumer Lending products in the Nordic market. The Group's is faced with different competition in the different countries. In Sweden, the Group is faced by competition from the major banks as well as niche banks such as Marginalen Bank, Nordax Bank, Resurs Bank, Norwegian Bank and Santander Consumer Finance.

In Poland, the Group's main competitors are Alior Bank, Bank BPH, Plus Bank, Bank Smart. In Estonia, the Group's main competitors are Swedbank and Bigbank.

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

On the Swedish, German and Norwegian credit card market there is a large number of banks and credit institutions that issue payment and/or credit cards. The four biggest Swedish banks are the main issuers of payment and credit cards on the Swedish market. In addition EnterCard Sverige, Resurs Bank and IKANO Bank are large issuers of payment and credit cards. In Norway DNB is the main issuer of credit cards along with the retail banks. Competition also comes from specialist providers like Santander and Bank Norwegian. The situation is similar in Germany with the retail banks as the main issuers of cards. On the German market, competition also comes from specialist providers such as Advanzia Bank and Barclaycard.

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

Market Trends

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

- **Change in market behaviour with credit needs in new sectors**
The consumer credit market has gone through a considerable development over the last years and is currently a bigger part of individual's day-to-day economy. Through internet use consumer credit has become available and it has increased and become easier to use. This has also led to a need for consumer credits to move to new sectors, where credit use has previously been limited, e.g. the traveling sector.
- **Growing importance of intermediaries**
Intermediaries, such as Lendo and Freedom Finance, are becoming increasingly important channels for acquiring customers of consumer credits. The customers can apply and get rejected from a number of creditors through their webpages. The increase in transparency is valuable to the customers and has led to the customers comparing offers before choosing a creditor. The

Company's perception is that intermediaries have contributed to the growth of the consumer credit market including the growth of smaller creditors, like TF Bank. This has also led to an increase in competition and higher cost for customer acquisition.

- **Increase in internet and mobile phone use**

The need for physical bank offices and traditional bank operation is decreasing. In today's society the bank customer wants to save, lend and pay using internet and mobile devices. This puts a high demand on product development and improved efficiency amongst the operators in the bank and finance market. The Company's perception is that this has benefited small flexible creditors, like TF Bank that has built its operation around new modern IT-systems and a single IT-platform.

- **Growth in ecommerce**

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

Business Model

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

Share capital and 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 and has equal rights on distribution of income and capital. The following table sets forth major shareholders as of the date of the Company's Q3 report, dated 30 September 2019.

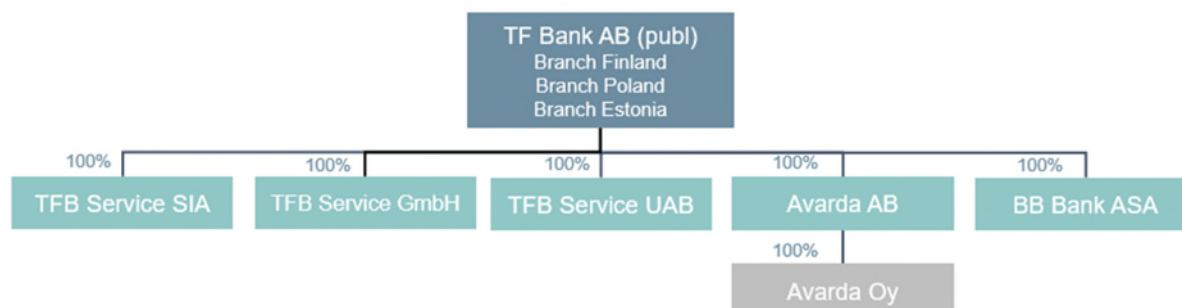
Shareholder	% of the shares in the Company
TFB Holding AB	38,56
Erik Selin Fastigheter AB	11,63
Tiberon AB	10,19
Merizole Holding Ltd	7,01
Danica Pension Försäkringsaktiebolag	6,08
Nordnet pensionsförsäkringar AB	3,04
Proventus Aktiebolag	3,00
Prior & Nilsson Fond- och Kapitalförvaltning AB	2,17
Skandia fonder	1,32
Carnegie fonder	1,01
Other shareholders	16,40
Total	100

Shareholders' Agreement

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

Overview of the Group Structure

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



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

Recent events

The board of directors of the Company has during spring 2019 decided to initiate a process to simplify the group structure by merging the Company with its wholly-owned subsidiaries BB Bank ASA, Avarda AB and Avarda Oy, with the Company as surviving entity. The purpose of the mergers is in addition to simplify the group structure to enable a higher internal efficiency and to gather more products under the Company's brand and further to clarify the Group's offering in the various markets. The contemplated mergers are subject to customary regulatory approvals and the intention is to carry out the mergers during the fourth quarter of 2019.

Other than as described, there has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Group's solvency.

Significant change and trend information

There has been no material adverse change in the prospects of the Group since the date of publication of its last audited annual accounts and no significant change in the financial 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.

Legal and arbitration proceedings

The Group is not and has not been, over the past twelve months, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Group aware of any such proceedings which are pending or threatening and which could lead to the Issuer or any other member of the Group becoming a party to such proceedings.

Credit rating

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

MANAGEMENT

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

Board of directors

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

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

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

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

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

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

Tone Bjørnov, member of the board since 2015.

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

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

John Brehmer, member of the board since 2010.

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

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

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

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

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

Bertil Larsson, member of the board since 2007.

Current commitments: *Chairman of the board in LåsTeam Sverige AB, Minso Solutions AB, Minso Holding AB, Aktiebolaget Borås Tidning, AB Effektiv. Board member in Conpera AB, Tore G Wärenstams stiftelse and Gota Media AB.*

Executive management**Mattias Carlsson, CEO**

Education: Refer to section above on the board of directors.

Current commitments: *Refer to section above on the board of directors.*

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

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

Current commitments: *Board member in Avarda AB.*

Espen Johannesen, Head of Consumer Lending

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

Mikael Johansson, Head of Ecommerce Solutions

Education: MSc Business Administration and Mathematics, Stockholm University.

Current commitments: *Chairman of the board in Svenska Bilhandlare AB.*

Conflicts of interest within administrative, management and control bodies

To the extent that can be reasonably verified by the Group, no conflict of interest exists regarding the private affairs, family relations, or any other kind, between members of the administrative and senior management bodies that might conflict with the Group's interests or prevent the aforementioned to faithfully execute their duties to the Group.

Interest of natural and legal persons involved in the issue

The Sole Bookrunner and/or 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 the Sole Bookrunner and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

HISTORICAL FINANCIAL INFORMATION

The Issuer

The Issuer's consolidated financial statements for the financial year ended 31 December 2018 and the figures for the financial year ended 31 December 2017 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Issuer's consolidated financial statements for the financial year ended 31 December 2017 and 31 December 2018, respectively, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

Other than the Issuer's consolidated financial statements for the financial year ended 31 December 2018 and the Issuer's annual report for the financial year ended 31 December 2017, the Issuer's auditor has not audited or reviewed any part of this Prospectus.

The Issuer's consolidated financial statements for the financial year ended 31 December 2018 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- consolidated income statement and consolidated statement of comprehensive income, pages 19-20;
- consolidated statement of financial position, page 21;
- consolidated statement of changes in equity, page 22;
- consolidated cash flow statement, page 23;
- notes, pages 29-65; and
- audit report, pages 69-72.

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

- consolidated income statement and consolidated statement of comprehensive income, pages 19-20;
- consolidated balance sheet, page 21;
- consolidated statement of changes in equity, page 22;
- consolidated cash flow statement, page 23;
- notes, pages 29-62; and
- audit report, pages 66-69.

Auditing of the annual historical financial information

The Issuer's annual reports as at present and for the years 2018 and 2017 have been audited, as applicable, by PricewaterhouseCoopers AB, 113 97 Stockholm, Sweden. PricewaterhouseCoopers AB has been the Issuer's auditor since 1989, and was re-elected for an additional year on the latest annual general meeting. Martin By is the auditor who is responsible for the Issuer. Martin By is an authorised public accountant and is a member of FAR, organisation for accounting consultants, auditors and advisors.

The auditing of the annual reports was conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden and the audit reports were submitted without comment.

Age of the most recent financial information

The most recent audited financial information has been taken from the Issuer's consolidated financial statements for the financial year ended 31 December 2018 which was published on 22 March 2019 on the Issuer's website www.tfbankgroup.com. The most recent unaudited financial information is the Issuer's consolidated financial statements for the period 1 January 2019 to 30 September 2019, which was published on 24 October 2019 on the Issuer's website (as stated above).

OTHER INFORMATION

Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 100,000,000. Each Bond has a nominal amount of SEK 1,250,000. The ISIN for the Bonds is SE0013110772.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB, reg. no. 556112-8074. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

Representation of the Bondholders

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

Material contracts

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

Documents incorporated by reference

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

- the Issuer's consolidated financial statements for the financial year ended 31 December 2018, including the audit report for the financial year ended 31 December 2018; and
- the Issuer's consolidated financial statements for the financial year ended 31 December 2017, including the audit report for the financial year ended 31 December 2017.

Documents available for inspection

The following documents are available at the Issuer's headquarters at Box 947, 501 10 Borås, on weekdays during the Issuer's regular office hours throughout the period of validity of this Prospectus:

- the Issuer's consolidated financial statements for the financial year ended 31 December 2018, including the audit report for the financial year ended 31 December 2018;
- the Issuer's consolidated financial statements for the financial year ended 31 December 2017, including the audit report for the financial year ended 31 December 2017;
- the Issuer's unaudited consolidated financial statements for the period 1 January 2019 to 30 June 2019;
- the Issuer's unaudited consolidated financial statements for the period 1 January 2019 to 30 September 2019;
- the Issuer's articles of association;

- the Issuer's certificate of registration; and
- this Prospectus.

The following documents are also available in electronic form on the Issuer's website tfbankgroup.com:

- the Issuer's consolidated financial statements for the financial year ended 31 December 2018, including the audit report for the financial year ended 31 December 2018;
- the Issuer's consolidated financial statements for the financial year ended 31 December 2017, including the audit report for the financial year ended 31 December 2017;
- the Issuer's unaudited consolidated financial statements for the period 1 January 2019 to 30 June 2019;
- the Issuer's unaudited consolidated financial statements for the period 1 January 2019 to 30 September 2019;
- the Issuer's articles of association; and
- this Prospectus.

Listing costs

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 226,500.

TERMS AND CONDITIONS OF THE BONDS

1. Definitions and Construction

1.1. Definitions

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

"**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.

"**Additional Tier 1 Capital**" means, in relation to the Issuer, additional tier 1 capital (Sw. *övrigt primärkapital*) as defined in Chapter 3 of the Capital Requirement Regulation.

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

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

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

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

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

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 9 (*Bondholders' Meeting*).

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

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

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

"**Capital Disqualification Event**" means, at any time on or after the Issue Date, there is a change in the regulatory classification of the Bonds that would be likely to result in the

exclusion of the Bonds from the Tier 2 Capital of the Issuer or reclassification of the Bonds as a lower quality form of regulatory capital, provided that:

() the Swedish FSA considers such a change to be sufficiently certain; and

the Issuer demonstrates to the satisfaction of the Swedish FSA that the regulatory reclassification of the Bonds was not reasonably foreseeable at the Issue Date,

and provided that such exclusion is not a result of any applicable limitation on the amount of such Tier 2 Capital contained in the Capital Regulations.

"**Capital Regulations**" means, at any time, regulations, directives, guidelines or similar of the EU and its institutions, including the Capital Requirement Regulation any delegated act adopted by the European Commission thereunder, as well as the legal acts, regulations, requirements, guidelines and policies relating to capital adequacy issued by the Swedish Government, the Swedish FSA and/or any European successor then in effect.

"**Capital Requirement Regulation**" 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 and amending Regulation (EU) No 648/2012.

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

"**Final Maturity Date**" means the date falling ten (10) years after the Issue Date.

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

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

"**First Call Date**" means the date falling five (5) years after the Issue Date.

"**Floating Rate Margin**" means 4.65 per cent. *per annum*.

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

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

"**Interest**" means the interest on the Bonds calculated in accordance with Clause 4 (*Interest*).

"**Interest Payment Date**" means 27 March, 27 June, 27 September and 27 December of each year or, to the extent such day is not a Business Day, the Business Day following from an

application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 27 December 2019 and the last Interest Payment Date shall be the Final Maturity Date (or such earlier date on which the Bonds are redeemed in full).

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

"Interest Rate" means STIBOR plus the Floating Rate Margin *per annum*.

"Issue Date" means 27 September 2019.

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

"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.

"Nominal Amount" has the meaning set forth in Clause 2 (*Status of the Bonds*).

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

"Record Date" means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 6 (*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 5 (*Redemption and Issuer's Purchase of Bonds*).

"Regulated Market" means any regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

"Securities Account" means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

"Sole Bookrunner" means Carnegie Investment Bank AB (publ), Reg. No. 516406-0138.

"STIBOR" means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its

request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or

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

"**Subsidiary**" means, in respect of which such person, directly or indirectly:

- (d) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners;
- (e) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners; or
- (f) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

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

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

"**Tax Event**" means the occurrence of any amendment to, clarification of or change in the laws, treaties or regulations of 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:

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

"**Tier 2 Capital**" means tier 2 capital (*Sw. supplementärkapital*) as defined in Chapter 4 of the Capital Requirement Regulation.

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

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 10 (*Written Procedure*).

1.2. Construction

- (i) Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (i) "assets" includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (iv) a provision of law is a reference to that provision as amended or re-enacted; and
 - (v) a time of day is a reference to Stockholm time.
- (j) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Sw. Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.
 - (k) 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.
 - (l) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Bonds

- 2.1.1.1. The Bonds will constitute Tier 2 Capital of the Issuer. The Bonds constitute subordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The rights of the Bondholders shall, in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer but shall rank at least *pari passu* with all other obligations or capital instrument which constitute Tier 2 Capital of the Issuer and shall rank in priority to any Additional Tier 1 Capital of the Issuer. For the avoidance of doubt, the Bondholders will, in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer, rank in priority of any holders of any class of share capital or Additional Tier 1 Capital of the Issuer.
- 2.1.1.2. The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which may rank *pari passu* with the Bonds as well any capital instruments issued as Additional Tier 1 Capital of the Issuer, which may rank junior to the Bonds.
- 2.1.1.3. No Bondholder who in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer is indebted to the Issuer shall be entitled to exercise any

right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Bondholder.

2.1.1.4. The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.

- (m) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (n) The Nominal Amount of each Bond is SEK 1,250,000. The Total Nominal Amount of the Bonds is SEK 100,000,000. All Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (o) The minimum permissible investment in the Bond issue is SEK 1,250,000.
- (p) The Bonds are freely transferable.
- (q) 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.

2. Use of Proceeds

The Bonds shall constitute Tier 2 Capital of the Issuer and the proceeds from the issue of the Bonds shall be used (after deduction has been made for the transaction costs payable by the Issuer to the Sole Bookrunner and the Issuing Agent and their professional advisors for the services provided in relation to the placement and issuance of the Bonds) for general corporate purposes of the Issuer.

3. Bonds in Book-Entry Form

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

- (d) For the purpose of or in connection with any Bondholders' Meeting under Clause 9 (*Bondholders' Meeting*) or any direct communication to the Bondholders under Clause 10 (*Written Procedure*), the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

3. Right to Act on Behalf of a Bondholder

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney or other authorisation to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 3(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

4. Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 5(g) during such postponement.

- (d) If payment or repayment is made in accordance with this Clause 4, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the Finance Documents. The Issuer shall not be liable to gross-up any payments in relation to the Finance Documents by virtue of withholding tax, public levy or similar taxes. Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.

5. Listing

- (a) The Issuer shall use its best efforts to ensure 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, admitted to trading 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.
- (b) The Issuer shall, following the listing, take all actions on its part to maintain the admission as long as any Bonds are outstanding, however not longer than up to and including the last day on which the listing reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.
- (c) For the avoidance of doubt, a failure to list the Bonds or maintain a listing of the Bonds in accordance with paragraphs (a) and/or (b) above shall not constitute an Acceleration Event.

4. Interest

- (d) Each Bond carries Interest at the Interest Rate from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- (e) 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.
- (f) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (g) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the then applicable Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

5. Redemption and Issuer's Purchase of Bonds

5.1. Redemption at maturity

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the Business Day following from an application of the Business Day Convention.

5.2. Early redemption at the option of the Issuer

Subject to Clause 5.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 5.8 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Bonds on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

5.3. Issuer's purchase of Bonds

The Issuer may as of the First Call Date and subject to Clause 5.6 (*Consent from the Swedish FSA*) and applicable law, at any time and at any price purchase Bonds on the market or in any other way. The Bonds so purchased by the Issuer must be cancelled immediately by the Issuer and may not be retained or sold.

5.4. Early redemption upon the occurrence of a Capital Disqualification Event

If a Capital Disqualification Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 5.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 5.8 (*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

5.5. Early redemption upon the occurrence of a Tax Event

If a Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 5.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 5.8

(*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

5.6. Consent from the Swedish FSA

The Issuer may not redeem or purchase, as contemplated by this Clause 5, any outstanding Bonds without the prior consent of the Swedish FSA and in accordance with the Capital Regulation.

5.7. Early redemption amount

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

5.8. Notice of early redemption

Redemption in accordance with Clauses 5.2 (*Early redemption at the option of the Issuer*), 5.4 (*Early redemption upon the occurrence of a Capital Disqualification Event*) and 5.5 (*Early redemption upon the occurrence of a Tax Event*) shall be made by giving not less than twenty (20) nor more than sixty (60) Business Days' notice to the Bondholders and the Agent in accordance with Clause 16 (*Notices*). Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Bonds at the applicable amounts specified above in Clause 5.7 (*Early redemption amount*).

6. Acceleration of the Bonds

- (a) The Bondholders have no right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds, except following the occurrence of the following events (each an "**Acceleration Event**"):
- (i) the Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents, unless the non-payment is remedied within five (5) Business Days of the due date;
 - (ii) the Issuer is placed into bankruptcy (Sw. *försatt i konkurs*); or
 - (iii) the Issuer is subject to liquidation proceedings (Sw. *trätt i likvidation*).
- (b) If an Acceleration Event has occurred, the Agent is, following the instructions of the Bondholders, authorised to (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, provided however that in case of a non-payment in pursuant to Clause (a)(i) above, except without the prior consent of the Swedish FSA, the Issuer is only required to make a repayment after being placed into bankruptcy (Sw. *försatt i konkurs*) or being subject to liquidation (Sw. *trätt i likvidation*).
- (c) The Issuer shall as soon as possible notify the Agent of the occurrence an Acceleration Event and the Agent shall notify the Bondholders of an Acceleration Event as soon as possible when the Agent received actual knowledge of the Acceleration Event.

- (d) In the event of an acceleration of the Bonds upon an Acceleration Event, the Issuer shall redeem all Bonds at an amount equal to 100 per cent. of the Nominal Amount.

7. Distribution of proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 6 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (i) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 12.2(e), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 12.1(d);
 - (ii) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (iii) thirdly, in or towards payment pro rata of any unpaid principal under the Bonds; and
 - (iv) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents.
- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 7(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 7(a)(i).
- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 7 as soon as reasonably practicable.
- (d) If the Issuer or the Agent shall make any payment under this Clause 7, 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.

8. Decisions by Bondholders

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

- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney or other authorisation pursuant to Clause 3 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
 - (ii) on the Business Day specified in the communication pursuant to Clause 10(c), in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least 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 10(c):
- (i) a change to the terms of any of Clauses 2.1.1.1, 2.1.1.4 and 0.0.0(q);
 - (ii) a change to the terms for the distribution of proceeds set out in Clause 7 (*Distribution of proceeds*);
 - (iii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 8;
 - (iv) a change to the definition "Interest Payment Date" or "Interest Rate" set out in Clause 1.1 (*Definitions*);
 - (v) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
 - (vi) a mandatory exchange of the Bonds for other securities;

- (vii) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 6 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 8(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 10(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 11(a)(i) - 11(a)(iii)).
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
 - (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (ii) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 9(a)) or initiate a second Written Procedure (in accordance with Clause 10(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 8(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) If any matter decided in accordance with this Clause 8 would require consent from the Swedish FSA, such consent shall be sought by the Issuer.
- (l) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

- (m) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (n) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (o) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.
- (p) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

9. Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 9(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 12.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 9(a).
- (c) The notice pursuant to Clause 9(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

10. Written Procedure

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 10(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 10(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 10(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 8(e) and 8(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 8(e) or 8(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

11. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by the Swedish FSA for the Bonds to satisfy the requirements for Tier 2 Capital applicable from time to time;
 - (iii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (iv) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 8 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 11(a), setting out the date from which the amendment or

waiver will be effective. The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority, to the extent such registration is possible with the rules of the relevant CSD.

- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

12. Appointment and Replacement of the Agent

12.1 Appointment of Agent

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

12.2 Duties of the Agent

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent is entitled to delegate its duties to other professional parties, provided that such professional parties are selected with due care.

- (d) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Acceleration Event, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Acceleration Event or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 7 (*Distribution of proceeds*).
- (f) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (g) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such indemnities (or adequate security has been provided therefore) as it may reasonably require.

12.3 Limited liability for the Agent

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

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

12.4 Replacement of the Agent

- (a) Subject to Clause 12.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 12.4(f), if the Agent becomes Insolvent, the Agent shall be deemed to resign as Agent with immediate effect and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 12.4, 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.

13. Appointment and Replacement of the Issuing Agent

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

14. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 14(a) shall not apply if the Agent has been instructed by the Bondholders to take certain actions but is legally unable to take such actions.

15. Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

16. Notices

- (a) Subject to Clause 16(d), any notice or other communication to be made under or in connection with the Finance Documents:

- (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch;
 - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch, marked "for the attention of the Chief Executive Officer" and accompanied by a copy marked "for the attention of the General Counsel".
 - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
 - (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 16(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 16(a).
 - (d) If an Acceleration Event is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (d) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

17. Governing Law and Jurisdiction

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

ADDRESSES

SOLE BOOKRUNNER

Carnegie Investment Bank AB

SE-103 38 Stockholm
Sweden
Tel.: +46 (0)8 5886 88 00

LEGAL COUNSEL

Roschier Advokatbyrå AB

Brunkebergstorg 2
P.O. Box 7358
SE-103 90 Stockholm
Sweden
Tel.: +46 (0)8 553 190 00

AGENT

Nordic Trustee & Agency AB (publ)

P.O Box 7329
SE-103 90 Stockholm
Sweden
Tel.: +46 (0)8 783 79 00

AUDITOR

PricewaterhouseCoopers AB

SE-113 97 Stockholm
Sweden
Tel.: +46 (0)10 212 40 00

CENTRAL SECURITIES DEPOSITORY

Euroclear Sweden AB

Klarabergsviadukten 63
Box 191
SE-101 23 Stockholm
Sweden
Tel.: +46 (0)8 402 90 00