



## **Avida Finans AB (publ)**

relating to the listing of

**SEK 200,000,000 Floating Rate Perpetual Additional Tier 1 Capital Bonds**

ISIN: SE0022241477

**Joint Bookrunners**



**Prospectus approved on 13 August 2024. Prospectus shall be valid for 12 months after its approval. The Issuer's obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid.**

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Avida Finans AB (publ) (the "**Issuer**", or the "**Company**" or together with its subsidiaries from time to time unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden, with Reg. No. 556230-9004, in relation to the application for the listing of the floating rate perpetual additional tier 1 capital bonds denominated in SEK (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, Reg. No. 556420-8394 ("**Nasdaq Stockholm**"). Arctic Securities AS, filial Sverige and DNB Bank ASA, Sweden branch has acted as joint bookrunners in connection with the issue of the Bonds (the "**Joint Bookrunners**"). 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 Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as the competent authority under the Regulation. The SFSA 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.

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 44 (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 and references to "**SEK**" refer to Swedish krona.

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

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

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

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

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

Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, only the administrator of STIBOR, the Swedish Financial Benchmark Facility AB (SFBF), appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (the "**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**").

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

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## Risk Factors

*Risk factors deemed to be of importance for (a) the Issuer and (b) the Bonds are described below. Unless defined otherwise in these risk factors, defined terms in these risk factors shall have the same meaning as in the Terms and Conditions of the Bonds. The risk factors presented below are categorised as "RISKS RELATING TO THE ISSUER" or "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Issuer or to the Bonds. Each risk factor is disclosed by rating the relevant risk as low, medium or high in terms of the probability of the risk's occurrence as well as the expected magnitude of its adverse impact. The risk factors are organised in several categories and the most material risk factor in a category is presented first in each category. Subsequent risk factors in the same category are not purported to be ranked in order of materiality. The assessment of the materiality and probability for each risk factor has been made by the Issuer.*

### RISKS RELATING TO THE ISSUER

#### Risks relating to the Issuer's market, business activities and industry

##### ***The Issuer is exposed to various types of credit risks***

The Issuer's main credit and counterparty risk is that the customers cannot service their debt. The Issuer is exposed to risks associated with the uncontrolled deterioration in the credit quality of its customers which may be driven by, for example, socio-economic or customer-specific factors linked to economic performance. Declining credit quality and increased impairment levels impact profitability and would ultimately have an adverse effect on the Issuer's business, financial position and results of operations.

Furthermore, the Issuer is exposed to credit risks relating to unsecured lending. The Issuer's business is carried out within two segments; Consumer Finance and Business Finance and it involves providing loans to the public. As per 31 March 2024, the Issuer's net loans to the public amounted to approximately SEK 10,545 million, whereof approximately SEK 7,598 million related to the Issuer's segment Consumer Finance, consisting of unsecured consumer loans. Consequently, credit risk is a significant risk of the Issuer, being that debtors fail to repay its debt in full or in a timely manner.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

##### ***The Issuer is affected by macroeconomic factors, general market conditions and the level of economic activity in Europe***

The Issuer's headquarter is located in Sweden and it currently has branches in Norway and Finland. There is a risk that an adverse change in economic conditions in Europe in general and in the Nordics in particular, and/or a decline in the GDP of one of the countries or on one of the markets in which the Issuer operates, or on the market in any other country which, in turn, affects the countries or markets in which the Issuer operates, would have an effect on the Issuer's business. There is a risk that several factors would have an adverse effect on the general conditions on the markets and reduce economic activity in Europe, including a decline in the rate of employment, confidence of consumers and businesses in the future, unemployment, household disposable income, household debt, house prices, currency markets, inflation, counter-party risk, the availability of loans and cost of borrowing, liquidity on the financial markets, and market interest rates, the Russian invasion of

Ukraine and the international reactions to that invasion, the conflict in Gaza as well as other geopolitical factors. Any resulting volatility or uncertainty in the global economy may in turn lead to *inter alia* increased funding costs for the Issuer, as well as the risk of not being able to obtain funding to the extent needed. Unavailability of funding on acceptable terms could also lead to the Issuer not being able to continue its business operations according to its business plan as well as hamper its future growth. There is a risk that poorer market conditions and a decline in economic activity would reduce the demand for the Issuer's products and services and adversely affect the earnings that the Issuer will achieve on its products and lead to reduced volumes of credit issued. Further, there is a risk that reduced revenue and increased levels of impairment charges would have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***The Issuer is exposed to operational risks***

All operational activities are associated with the risk that losses will be incurred due to deficient procedures and/or irregularities or internal or external events causing disruptions or harm to the business. IT systems are an important component of the Issuer's business. The Issuer's business depends on its ability to process transactions efficiently and accurately, and on collecting intelligence on customer profiles for its sourcing models. The Issuer is affected by certain factors to maintain and develop business intelligence systems (including lending models), to run its internet bank, to maintain financial and operating controls, to monitor and manage its risk exposures, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future. Such factors are the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology, and the successful development and implementation of new systems. However, there is a risk that losses will occur from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt business operations. There is a risk that this will result in a loss of data and a failure to provide quality services to customers.

If any of the above risks materialises, the interruption or failure of the Issuer's information technology and other systems would impair the Issuer's ability to provide its services effectively and this would adversely affect the Issuer's business, financial condition and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***Risk relating to agreements with debt collectors and partners***

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

If the debt collectors and/or partners which the Issuer collaborate with, for any reason, cease to cooperate with the Issuer and the Issuer fail to replace such debt collector/partner, it would lead

to higher costs and decreased revenues, and, thus, an adverse effect on the Issuer's business, earnings and financial position.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***The Issuer can be affected by a simultaneous withdrawal of savings deposits***

The Issuer relies on customer deposits as its main source of liquidity and as the primary resource by which it is able to offer its loans to retail customers and as per 31 March 2024, the Issuer's deposits from the public amounted to SEK 10,789 million. Although the savings accounts offered to customers by the Issuer are protected under the deposit protection program in Sweden, and thus guaranteed by the Swedish government, there is a risk that negative publicity regarding the Issuer or its industry, a deterioration of general economic conditions or governmental budget discipline in Sweden or other outside events beyond the Issuer's control would cause a mass withdrawal event in the future. No limits are applied on customers' withdrawals of deposited money, and it may pose a risk towards the Issuer if net withdrawals are larger than what was desired by the Issuer. Further, it could also be a risk should large withdrawals be made at short notice, resulting in a mismatch between the Issuer's need for funding and the obligations of the Issuer to meet its customers' expectations. Additionally, the Issuer may fail to attract enough customers for its savings accounts in the future for a variety of reasons which would limit its growth of loans to the public. If a withdrawal event were to occur or if the Issuer fails to increase its deposit volume in line with the growth in loans to the public, there is a risk that it would have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

***Money laundering and fraudulent behaviour***

The Issuer is licensed as a credit market company (Sw. *kreditmarknadsbolag*) and is therefore subject to regulations and regulatory supervision, of which one such area of regulations is anti money laundering. The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) is its primary regulator (please see further details under the risk factor "*The Issuer is dependent on licenses to conduct its business*"). The Issuer handles a large number of payments within the ordinary course of business, and is therefore exposed to risks relating to money laundering and fraud. Should the Issuer fail to detect money laundering or fraudulent activities due to e.g. the Issuer's internal guidelines and controls, its procedures or errors by employees, there is a risk that the Issuer will be obliged to refund the transaction. There is a risk that such refunds, or similar payments, will lead to increased costs that will not be covered by the Issuer's insurance, which would have an adverse effect on the Issuer's earnings and financial position. Further, if the Issuer fails to detect money laundering activities there is a risk that it will lead to fines and sanctions imposed by authorities, or even licenses being revoked, which would have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

***The Issuer is exposed to liquidity risk***

An inherent part of the Issuer's customer base entails a capital-intensive business operation for the Issuer on a daily basis, and loans provided to consumers and companies are paid out in cash. This

requires sufficient liquidity management and that the Issuer has cash available prior to a loan being granted. As mentioned above, as per 31 March 2024, the Issuer's net loans to the public amounted to approximately SEK 10,545 million. Should a mismatch occur between its assets and liabilities in terms of when the liabilities mature, which in the long term could lead to a lack of liquidity in the long term.

The Issuer is almost entirely funded through deposits from the public in Sweden, Norway and Germany. The risks in the supply of liquidity consist primarily of the risk of the Issuer not attracting sufficient volume of deposits. The risk may arise in a situation where net withdrawals are larger than desired or when increased deposit volumes are desired in order to finance further lending and other payments. Increased net withdrawals may result from price competition or negative rumours about the Issuer, banks or the financial system in general. The Issuer is also dependent on the main owners' ability to inject needed capital. There is a risk that the Issuer fails to attract a sufficient volume of deposits or to improve the liquidity situation through asset sales or through injection of capital by the main owners which could have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

#### ***Risk management framework***

Given that the Issuer is licensed as a credit market company, it is subject to certain regulations to ensure enhanced risk management among financial institutions (please see further details under the risk factor "*Capital adequacy and liquidity requirements*"). In offering its financial products and services, the Issuer must take calculated risks. The risks related to these products and services are taken deliberately and shall be reflected in, and covered by, the prices and interest rates offered to the customers. Significant risks that the Issuer is exposed to are credit and counterparty risk, market risk, strategic risk, risks relating to disruptions in the global credit markets and economy, liquidity risk, operational risk, regulatory risk and competition and business risks. There is a risk that the Issuer has not implemented appropriate systems and controls to mitigate such risks and investors should be aware that there is a risk of failure to control such risks which would have an adverse impact on the performance and reputation of the business and ultimately, the Issuer's business, financial position and results of operations.

Furthermore, due to the many risk calculations that the Issuer must take, there is also a risk that the Issuer would be unable to hire replacement employees should anyone in the senior management or a key employee leave the Issuer. The Issuer is highly dependent on being able to keep and, if relevant, hire employees with sufficient knowledge of the area in which the Issuer operates.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

#### ***Competition on current market***

The Issuer currently has a large number of competitors in the market. There is a risk that existing and new competitors on the market will grow stronger and that an increase in competition will lead to increased costs with regards to seeking out new customers, as well as retaining current customers. The Issuer's competitors consist of both large, well-established, financially strong companies and smaller niche companies that are particularly competitive within certain groups of

products/services. There is a risk that some of the competitors will have or develop competitive advantages over the Issuer, such as the ability to offer a wider range of services to customers, a higher degree of specialisation, the ability to adjust prices and interest rates based on demand, or a larger local focus, and more substantial financial, marketing and other resources than the Issuer currently has. Furthermore, any increase in the volume of financial regulations could lead to increased costs for regulatory compliance which in turn could result in greater consolidation of the industry. The Issuer's possibility to compete also depends upon the Issuer's ability to anticipate future market changes and trends and to rapidly react on existing and future market needs. If the Issuer fails to meet the competition from new and existing companies or fails to react to market changes or trends, there is a risk that this will have an adverse effect on the Issuer's business, earnings or financial position.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

#### ***Risks related to IT infrastructure***

The Issuer depends on information technology and uses its information technology systems to manage critical business processes but also to manage its business in general. The Issuer uses its IT-systems for administrative purposes and in relation to services offered to customers. 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 Issuer's operations. There is a risk that failure of the Issuer's information technology systems would cause transaction errors and loss of customers, and would have negative consequences for the Issuer, its employees, and those with whom the Issuer 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 Issuer's reputation and/or litigation. Should any of the aforementioned risks materialise, it could lead to decreased revenues and/or increased costs which in turn would have an adverse effect on the Issuer's business, financial position and result of operation.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

#### ***Risks related to the Issuer's business model and credit rating process***

The Issuer has internal credit approval policies in place and apply several credit scoring models to ensure that the desired risk profile of the loan portfolio is maintained. For instance, the Issuer's credit approval policies within the Consumer Finance segment mainly focus on stable annual income, minimum age, Swedish personal identity number etc. There is a risk that the projections obtained using such models will prove inaccurate or that the Issuer will deviate from the models and credit approval policies when granting consumer credits, which would lead to an increased risk profile and declining credit quality of the portfolio.

There is a risk that declining credit quality and increased impairment levels will impact profitability and ultimately have an adverse effect on the Issuer's business, results of operations and financial condition and the Issuer's ability to fulfil its payment obligations under the Bonds.

The Issuer considers that the probability of the above risks occurring is low to medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

#### ***The use of and the dependency on loan brokers***



A considerable part of the Issuer's customers within Consumer Finance are currently directed to it from external third-party sources, primarily loan brokers or providers of interest rate comparison services. Should such external parties, for any reason, cease to cooperate with the Issuer or the Issuer is unable to develop further relationships with its loan brokers and the Issuer will fail to replace such loan broker, or loan brokers significantly increases their fees for their services, there is a risk that this would adversely affect the inflow of new customers to the Issuer or the use of external third party sources, which would cause a decline in revenues and subsequently have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Harm to the Issuer's reputation***

The Issuer is under supervision by the Swedish Financial Supervisory Authority. As such, the Issuer is exposed to a higher degree of supervision in respect of mismanagement or misconduct by employees compared to companies not being under such supervision. There is a risk that mismanagement or misconduct by the Issuer's employees or consultants would result in supervisory authorities claiming or establishing (based on such mismanagement or misconduct) that the Issuer has failed to implement satisfactory supervisory systems and procedures to inform employees or consultants about applicable rules, or to detect and manage infringements of such rules. As a result, the Issuer's reputation may be damaged. If the Issuer's reputation is damaged due to any of the aforesaid, there is a risk that this would adversely affect the Issuer's ability to attract new customers, retain existing customers, maintain relationships with external parties, and obtain financing, which would cause increased costs and/or decreased revenues and thus have an adverse effect on the Issuer's business, financial position and results of operations.

There is also a risk that established or alleged misconduct by other operators in the financial services market would have an adverse effect on the reputation of the market in which the Issuer operates.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Dependency on key employees***

The Issuer's performance and future growth are dependent on the work that is performed, and the knowledge, expertise and commitment possessed, by the Issuer's employees and key individuals at management level. The ability for the Issuer to continue to compete effectively and develop new areas is dependent on its ability to attract new employees and retain and motivate existing employees. There is a risk that such key personnel will leave the Issuer in the future, or that they will take up employment with a competing business. Further, there is a risk that the Issuer will not be able to recruit new, sufficiently capable personnel to the extent that the Issuer wishes. If the Issuer fails to keep, replace or recruit new key personnel, there is a risk that the Issuer loses key individuals which would have an adverse effect on the Issuer's business, earnings and financial position.

Furthermore, the Business Finance segment of the Issuer is primarily relationship built and the Issuer is therefore highly dependent on the employees within this segment. Should the Issuer not be able to retain key employees within this segment and/or recruit further skilled employees to this

segment as part of its growth strategy, it could cause a decline in revenues and impair the Issuer's growth possibilities.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Insurance cover***

The Issuer is exposed to various types of risks, such as business interruption as a consequence of e.g. cyber-attacks that will cause downtime in the Issuer's IT infrastructure (please see further details under the risk factor "*Risks related to IT infrastructure*"), credit losses (please see further details under the risk factor "*The Issuer is exposed to various types of credit risks*") and other events beyond the Issuer's control. There is a risk that the scope of the Issuer's insurance coverage will not cover all risks that materialise within the Issuer's business, for example in connection with the loan protection offered to customers or credit risks taken by the Issuer, resulting in the total amount of the Issuer's losses not being compensated by the Issuer's insurances in case of damages and instead compensated by own funds. Further, certain types of losses are not possible to insure and will, thus, not be covered by the Issuer's insurances. If the Issuer's insurance coverage proves to be insufficient it could lead to increased costs which would have an adverse effect on the Issuer's business, earnings and financial position.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Risks related to accounting policies***

The Issuer is affected by the accounting rules applicable from time to time in the jurisdictions in which the Issuer operates, such as IFRS and other international accounting rules. This means that in the future, the Issuer's accounting, financial reporting and internal control may be affected by, and need to adapt to, changes in accounting rules or changes in the application of such accounting rules. The Issuer may need to change its operations as a result of new accounting principles. This may entail uncertainty related to the Issuer's accounting, financial reporting and internal control and could also affect the Issuer's reported earnings, balance sheet and equity, which could have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Risks relating to strategic partnerships and other third-party cooperations***

The Issuer may from time to time enter into various partnership arrangements with third parties. Most recently, the Issuer has entered into negotiations for a partnership with Norwegian and Strawberry, combining the new Nordic loyalty program with embedded finance solutions from the Issuer. There are several different risks associated with various third-party partnership arrangements. For instance, there is a risk that the new partnership with Norwegian and Strawberry, or other future partnerships with third parties, does not generate the expected growth in business and revenues as expected and budgeted for or that such third-party partnership arrangements for some reason are terminated. In such case, the Issuer may have deployed resources (both financial and/or human) without achieving the expected return on such investment. Should any such risk materialise, it could have an adverse effect on the operating results and financial position of the Issuer.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

## **Risks relating to legal and regulatory matters**

### ***The Issuer is dependent on licenses to conduct its business***

As mentioned above, the Issuer has been granted a license by the SFSA to act as a credit market company, which authorises the Issuer to provide customers with credit and to borrow funds from the public.

The SFSA enforces compliance and can impose sanctions for failure to comply with or properly implement legal requirements. The SFSA 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.

The Issuer is dependent on its license with the SFSA. If the Issuer fails to maintain or renew the license with SFSA, there is a risk that the business and operation in the Issuer would cease. There is also a risk that other administrative sanctions imposed by the SFSA would cause significant reputational risk and that potential punitive fines would lead to high unanticipated costs, which would have an adverse effect on the Issuer's business, financial condition and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

### ***Risk relating to changes in legislation***

The Issuer operates in an industry that is heavily regulated. Applicable rules and regulations are undergoing significant changes and have generally been tightened since the 2008 financial crisis. For example, MiFID II, the so-called Fifth Anti-Money Laundering Directive and PSD 2 have been or are currently in the process of being implemented into national legislation. Further, new legislation on consumer lending is being proposed or is in the process of being implemented in the Nordics. In recent years Sweden has introduced new legislation on protection for consumers borrowing monies on short terms with high interests. Norway has implemented measures aiming to restrict consumer lending. Finland has adopted new legislation on maximum interest rates. There is a risk that the Issuer will be exposed to risks that would arise as a result of uncertainty concerning regulatory changes. This includes the risk that the conditions for the Issuer's business would change due to changes in the interpretation of existing rules, the implementation of new rules and regulations, or other regulatory changes. The Issuer is also affected by the extent to which rules and regulations vary between the jurisdictions in which the Issuer conducts business. In addition, there is a risk that demand from customers for the Issuer's services and products will be affected by developments and changes in the regulatory environment, including the interpretation, application and enforcement of applicable rules and regulations by supervisory authorities, which would also result in adverse publicity for the Issuer or the industry as a whole.

Furthermore, internal governance and control costs could increase, including the control of regulatory compliance, due to increasingly more extensive rules and regulations. If fundamental conditions for the Issuer's business were to change or if the regulatory environment were to change

or develop, this would have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Capital adequacy and liquidity requirements***

The Issuer is subject to extensive rules and regulations relating to capital adequacy and liquidity requirements, which are primarily governed by the package of rules and regulations comprising CRD IV and CRR (and delegated and implementing acts issued thereunder), which collectively implement and modify the Basel III Accord within the European Union (jointly the "**Basel III Rules**"). The Basel III Rules contain certain capital adequacy requirements that are intended to be changeable over time and, among other things, dependent on the existence of cyclical and structural system risks. The Issuer is required at all times to comply with the specified capital adequacy and liquidity ratios, and have access to sufficient capital and liquidity. If the authorities consider it necessary, they can also impose higher capital adequacy requirements on the Issuer. Consequently, the Issuer is exposed to the risk of changes to applicable capital adequacy and liquidity rules, changes in authorities' assessment of the Issuer's operations in relation to the statutory requirements, and the introduction of new rules and regulations. There is also a risk that relevant public authorities could take the view that (i) the Issuer is not in full compliance with the requirements imposed in applicable rules and regulations or that the Issuer is in breach of these rules and regulations and/or that (ii) the SFSA may impose higher capital requirements as a result of its review of the specifics of the risks generated by the Issuer's business ("**Pillar 2 Guidance**"). Pillar 2 Guidance is provided by the SFSA after an annual review. There is currently no Pillar 2 Guidance in force in respect of the Issuer.

The Issuer is also exposed to the risk that the business will develop in a manner that could lead to a decline in its revenues, which could affect the Issuer's capital coverage. A shortage of capital, or the market's view that there is a shortage of capital, could result in requirements being imposed by public authorities to acquire additional capital, to carry profits forward, or to freeze outgoing payments. The Issuer may need to require additional capital by, for example, issuing new shares or other securities or having recourse to shareholders' equity intended for the business, which would affect its development and growth. If any of the risks referred to above were to be realized, this would have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Processing of personal data***

The Issuer registers, processes, stores and uses personal data in the course of its business operations, especially with regards to personal data relating to its consumer customers, which constitutes personal data under the General Data Protection Regulation 2016/679 ("**GDPR**"). There is a risk that the procedures and systems for protecting personal data that the Issuer has implemented are insufficient and that there are deficiencies in the Issuer's compliance with the GDPR. A breach of the GDPR may result in administrative sanctions amounting to the higher of EUR 20,000,000 and 4 per cent. of the previous year's combined annual turnover of the ultimate parent company that controls the business and all other companies such ultimate parent company controls. Should the abovementioned risks materialise, this could result in adverse effects on the Issuer's operations, results and financial position.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

#### ***Regulatory classification risk***

The SFSA may change the regulatory classification of the Bonds so that they do not constitute additional tier 1 instruments. This could occur as a consequence of the authority e.g. not deeming the terms of the Bonds, for instance the interest rate level, to be sustainable for the income capacity of the Issuer. In such scenario, the Bonds will not form part of the Issuer's own funds and will constitute debt that, in whole or in part, is superfluous for the Issuer. The possibility to redeem the Bonds in such situation prior to the date falling five years after the issue date is limited and will require the prior consent of the SFSA. Should such consent not be obtained, the Issuer will be in a position with high financing costs that are uncalled for, which will have an adverse effect on the Issuer's business, results and financial position.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

### **Risks relating to the Issuer's financial situation**

#### ***Refinancing risk***

The Issuer may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt depends, among other things, on the conditions of the bank market, the capital markets and the Issuer's own financial condition at such time. There is a risk that the Issuer's access to financing sources will not be available on favourable terms or at all. If this risk materialises, it would have an adverse effect on the Issuer's business, operations, earnings and results and on the prospects of recovery by the bondholders under the Bonds.

The Issuer considers that the probability of the above risks occurring is high. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

#### ***Borrowing by the Issuer and interest risk***

The Issuer has incurred, and may incur further financial indebtedness to finance its business operations. Such financing may generate interest costs which may be higher than the gains produced by the Issuer primarily through its business operations of providing credits. Borrowing money through deposits from the public to grant credits will increase the Issuer's exposure to the loss of capital and higher interest expenses. Further, the Issuer is exposed to changes in interest rates in its funding that carry floating rates of interest in case of e.g. a mismatch with interest rates applied for credits granted. The interest rates are affected by a number of factors that are beyond the control of the Issuer, including but not limited to the interest rate policies of governments and central banks. A decrease in interest rates would entail a decrease in the Issuer's interest income, which could have a negative effect on the Issuer's operations and results. It is possible that any hedging arrangement, if used, will not afford the Issuer sufficient protection against adverse effects of interest rate movements. Moreover, the success of any hedging activities is highly dependent on the accuracy of the Issuer's assumptions and forecasts. Any erroneous estimations that affect such assumptions and forecasts could have a negative effect on the Issuer's operations and financial position. An increase in interest rates will lead to an increase in the Issuer's interest obligations and,

thus, increased costs, which would have an adverse effect on the Issuer's operations, financial position, earnings and results.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

### **Currency risk**

The Issuer conducts business in a number of countries and is therefore exposed to currency risks arising from exposures to different currencies. The Issuer is exposed to currency risks when fluctuations occur between the Issuer's accounting currency (which is SEK) and foreign currencies used in conjunction with business transactions, reported assets and liabilities, and net investments in respect of foreign operations (known as transaction risk). The primary exposures are SEK, EUR and NOK.

At Issuer level, foreign currency translation differences could arise when the income statements and balance sheets of foreign branches are consolidated (known as translation risk). The Issuer's employed capital is financed by way of loans in local currency and shareholders' equity. This means that, from a Issuer perspective, the Issuer has equity in foreign currencies which is exposed to exchange rate fluctuations, even if the value has not changed in the original currency.

If measures taken by the Issuer to hedge and otherwise manage the effects of exchange rate fluctuations prove to be insufficient, there is a risk that this would have an adverse effect on the Issuer's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

## **RISKS RELATING TO THE BONDS**

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

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

The Bonds constitute deeply subordinated and unsecured obligations of the Issuer. The rights of the bondholders will, in the event of voluntary or involuntary liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated as well as any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the bondholders by statute or regulation.

The Bonds rank *pari passu* with all other liabilities or capital instruments which constitute additional tier 1 (*Sw. primärkapitaltillskott*) capital of the Issuer or other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with the Bonds. The Bonds however rank junior to, among other things, any tier 2 capital (*Sw. supplementärkapital*) of the Issuer. The Issuer may also issue other debt obligations or capital instruments that rank or are expressed to rank senior to the Bonds, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

In the event of a liquidation of the Issuer, the Issuer will be required to pay its depositors and its unsubordinated creditors in full before it can make any payments on the Bonds. If this occurs, the

Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Bonds. In addition, the BRRD and the Swedish Resolution Act, could mean that an investment in the Issuer's regulatory capital instruments as additional tier 1 capital runs the risk that the Issuer's debt under those instruments will be written off (bail-in), rescheduled or further subordinated (for instance, by the swapping of debt to equity).

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

#### **Bondholders are subject to credit risks towards the Issuer**

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

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

#### **Liquidity risk**

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

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to medium.

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

The market price of the Bonds could be subject to significant fluctuations in response to actual, expected or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Issuer operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, the global financial markets have experienced significant price and volume fluctuations in recent years, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Issuer's operating results, financial condition or prospects.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

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

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

#### **Interest rate risks**

The value of the Bonds depends on several factors, one of the most significant being the level of market interest over time. Bondholders under the Bonds are hence dependent on a favourable and stable general market interest rate over time in order to sustain profitability in respect of its investment. Subject to replacement of base rate provisions of the terms of the Bonds, the Bonds bear interest at a floating rate of 3 month STIBOR (or any base rate replacing STIBOR, as applicable) plus a margin, and therefore cannot be anticipated. Hence, bondholders are not able to determine a definite yield of the Bonds at the time of subscribing for Bonds, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

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

The determining interest rate benchmarks, such as STIBOR, has been subject to regulatory changes such as the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial and contracts or to measure the performance of investment funds) (the "BMR"). The implementation of the BMR has and will lead to that those certain previously used benchmarks, such as LIBOR, has and will be discontinued, leading to that, among other things, existing financing arrangements may need to be renegotiated or terminated. Even if the administrator of STIBOR is authorised by the Swedish FSA to operate as a benchmark administrator pursuant to BMR, there is a risk that alternative benchmark rates (such as SWESTR) will dominate market practice, leading to uncertainties in relation to the interest rate payable in relation to the Bonds. Increased or altered regulatory requirements and risks associated with the BMR involve inherent risks as the effects cannot be fully assessed at this point in time. There is a risk that future developments in relation to STIBOR causes volatility in STIBOR which would impact the interest rate for the Bonds.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### **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 interest payment date falling on or nearest to five (5) years 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 should not invest in the Bonds in the expectation that such a call will be exercised by the Issuer. The SFSA must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is a risk that the SFSA will not permit such a call or that the Issuer will not exercise such a call. The bondholders should be aware that they may be required to bear the financial risks of an investment in the Bonds for a period of time in excess of the minimum period.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

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

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

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

Following any cancellation of interest, the right of the holders of the Bonds to receive accrued interest in respect of any such interest period will terminate and the Issuer will have no further obligation to pay such interest or to pay interest thereon, whether or not payments of interest in respect of subsequent interest periods are made, and such unpaid interest will not be deemed to have "accrued" or been earned for any purpose nor will the non-payment of such interest constitute an acceleration event.

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

**Loss absorption following a Trigger Event**

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

The Bonds were issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of

conditions being satisfied, which are reflected in the Terms and Conditions and which, in particular, require the Bonds and the proceeds of their issue to be available to absorb any losses of the Issuer.

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

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

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

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

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

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

For the purposes of determining whether a Trigger Event has occurred and if a write-down of the Bonds is required, the Issuer must (and the Swedish FSA, or any agent appointed for such purpose by the Swedish FSA, may) calculate the CET1 ratio of the Issuer or the Issuer Consolidated Situation, as the case may be, based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer and the Issuer Consolidated Situation. The Issuer will calculate and publish the relevant CET1 ratio on at least a quarterly basis.

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

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

Following any write-down of the Bonds, the Issuer may, but is not in any circumstances obliged to, reinstate the nominal amount. Any reinstatement can only be made out of distributable reserves of the Issuer and will thus need a shareholders' decision, which may or may not be given. It is therefore a risk that after write-down has been made and even though sufficient distributable reserves are available, the Issuer may not write-up the nominal amount, thus adversely affecting the yield of the bondholders' investment.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

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

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Bonds or on the number of securities which the Issuer may issue which ranks *pari passu* with the Bonds, and do not restrict the Issuer from providing security for such debt. The issuance of additional debt by the Issuer may reduce the amount recoverable by the bondholders upon the bankruptcy or any liquidation of the Issuer. If security is granted, the bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security. Any enforcement action taken by such secured creditor in relation to secured assets of the Issuer could also have an adverse effect on the Issuer's assets and operations and, ultimately, the Issuer's payment ability under the Bonds. Furthermore, the issuance of additional debt by the Issuer may reduce the amount recoverable by the bondholders in the event of bankruptcy, re-organisation or winding-up of the Issuer.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

**Risks relating to the bondholders' rights**

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

The holders of the Bonds may only accelerate the Bonds upon the liquidation or bankruptcy of the Issuer. No payments will be made to the holders of the Bonds before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the holders of the Bonds have been paid by the

Issuer, as ascertained by the judicial liquidator (Sw. *likvidator*) or bankruptcy administrator (Sw. *konkursförvaltare*).

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

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

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

### **Risks relating to the resolution act and BRRD**

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

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

The bail-in power can be used to recapitalize an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power can be used to ensure that

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

The Bonds constitute unsecured obligations of the Issuer and could be subject to the bail-in power. The determination of whether all or only a part of the principal amount of the Bonds will be subject to bail-in is inherently unpredictable. There is a risk that if the bail-in tool would be applied, it could result in the cancellation of all or a portion of the principal amount of, or interest on, the Bonds and/or the conversion of all, or a portion, of the principal amount of, or outstanding amount payable in respect of, or interest on, the Bonds into ordinary shares or other securities of the Issuer or another person, including by means of a variation to the terms of the Bonds (including the 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 notice in advance to the bondholders. Bondholders may also have limited or no rights to challenge any decision of the NDO to exercise the bail-in power or to have that decision reviewed by a judicial or administrative process or otherwise.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

#### **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); (i) directing the sale of the institution 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, (ii) transferring all or part of the business of the institution to a so called bridge institution (a publicly controlled entity), (iii) transferring the impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time, (iv) replacing or substituting the institution as obligor in respect of debt instruments, (v) modifying the terms of debt instruments, for instance the Bonds, (including altering the maturity date and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or (vi) discontinuing the listing 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 established a preference in the ordinary insolvency hierarchy, firstly, for insured depositors and, secondly, for all other deposits of individuals and micro, small and medium-sized enterprises held in EEA or non-EEA branches of an EEA credit institution. These preferred deposits will rank ahead of all other unsecured senior creditors of the Issuer, including the bondholders, in the insolvency hierarchy. Furthermore, insured deposits are excluded from the scope of the bail-in powers.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

## The Bonds in Brief

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

Bonds issued under this Prospectus have STIBOR as interest rate. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). As at the date of this Prospectus, only the administrator of STIBOR, the Swedish Financial Benchmark Facility AB (SFBF), appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

<b>Issuer</b>	Avida Finans AB (publ), a limited liability company incorporated in Sweden and registered with the Swedish Companies Registration Office with Swedish Reg. No. 556230-9004 and having its registered address at Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden.
<b>Bonds Offered</b>	SEK 200,000,000 in aggregate principal amount of floating rate perpetual additional tier 1 capital bonds.
<b>Number of Bonds</b>	Maximum of 160 Bonds. At the date of this Prospectus 160 Bonds had been issued on the Issue Date.
<b>ISIN</b>	SE0022241477.
<b>Issue Date</b>	8 July 2024.
<b>Issue Price</b>	100 per cent.
<b>Interest Rates</b>	Interest on the Bonds will be paid at a floating rate of three-month STIBOR plus 13 per cent. per annum.
<b>Use of benchmark</b>	Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, only the administrator of STIBOR, the Swedish Financial Benchmark Facility AB (SFBF), appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.
<b>Interest Payment Dates</b>	8 January, 8 April, 8 July and 8 October of each year commencing on 8 October 2024. Interest will accrue from (but excluding) the Issue Date.
<b>Nominal Amount</b>	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.
<b>Status of the Bonds</b>	The Bonds are denominated in SEK and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments

in relation to the Bonds and to comply with the Terms and Conditions.

The Bonds will constitute Additional Tier 1 Capital of the Issuer. The Bonds constitute unsecured and subordinated liabilities of the Issuer and shall, as regards the right to receive periodic payments (to the extent not cancelled) or repayment of capital in the event of liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with:
  - (i) any present or future liabilities or capital instruments of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Additional Tier 1 Capital of the Issuer and the Issuer Consolidated Situation; and
  - (ii) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Bonds;
- (c) senior to holders of all classes of the Issuer's shares in their capacity as such holders; and
- (d) junior to any present and future claims of:
  - (i) depositors of the Issuer;
  - (ii) any other unsubordinated creditors of the Issuer;
  - (iii) any non-preferred creditors falling within the scope of 18 §, first paragraph of the Swedish Rights of Priority Act (*förmånsrättslag (1970:979)*); and
  - (iv) any subordinated creditors of the Issuer whose rights rank or are expressed to rank in priority to the Bonds, including, for the avoidance of doubt, holders of Bonds which constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation.

The Issuer reserves the right to issue further Additional Tier 1 Capital and other subordinated Bonds and obligations in the future, which may rank *pari passu* or senior or junior with the Bonds.

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

#### **Interest cancellation**

Any payment of Interest in respect of the Bonds shall be payable only out of and up to the Issuer's Distributable Items and:

- (a) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and



notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; and

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

The Issuer shall give notice to the Bondholders in accordance with Clause 24 (*Notices*) of the Terms and Conditions of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above and non-payment of any amount of interest scheduled to be paid on an Interest Payment Date will constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.

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

Failure to pay such interest (or the cancelled part thereof) in accordance with Clause 9 of the Terms and Conditions shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Bondholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer.

**Loss absorption upon a Trigger Event**

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

Irrespective of any Trigger Event Notice given in accordance with Clause 10.2 (*Trigger Event Notice*) of the Terms and Conditions, a Write-Down shall take place without delay on a date selected by the Issuer in consultation with the Swedish FSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Applicable Banking Regulation, the Swedish FSA has agreed with the Issuer in writing that a Write-Down may occur after a longer period, in which case, on such date as agreed with the Swedish FSA.

A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's

payment obligation under each Bond shall be reduced to a certain percentage of the Nominal Amount and in each case such Write-Down shall be considered to be an unconditional capital contribution (Sw. *ovillkorat kapitaltillskott*) by the Bondholders and shall be made in consultation with the Swedish FSA and in accordance with the rules and regulations of the CSD.

The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall (save as otherwise required by the Swedish FSA) equal the amount of a Write-Down that would restore the CET1 ratio of the Issuer to at least 5.125 per cent., and the CET1 ratio of the Issuer Consolidated Situation to at least 7.00 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Bond corresponding to SEK 1.00

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

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

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

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

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

in each case as calculated by the Issuer in accordance with the CRD requirements and any applicable transitional arrangements under the Applicable Banking Regulations.

## **Call Option**

If a Capital Event occurs, the Issuer may, at its option, but subject to Clause 11.8 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 11.9 (*Notice of early redemption*,

*substitution and adjustment*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

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

<b>Early redemption at the option of the Issuer</b>	Subject to Clause 11.8 ( <i>Permission from the Swedish FSA</i> ) and giving notice in accordance with Clause 11.9 ( <i>Notice of early redemption</i> ), the Issuer may redeem all (but not some only) outstanding Bonds on: <ul style="list-style-type: none"><li>(a) the First Call Date;</li><li>(b) any Business Day within the Initial Call Period; or</li><li>(c) any Business Day within the Initial Call Period.</li></ul>
<b>First Call Date</b>	Means the Interest Payment Date falling on or nearest to five (5) years after the Issue Date.
<b>Initial Call Period</b>	Means the period commencing on (and including) the First Call Date and ending on (and including) the Interest Payment Date falling on or immediately after three (3) months of the First Call Date.
<b>Maturity Date</b>	The Bonds constitute perpetual instruments and do not have any stipulated maturity.
<b>Use of Proceeds</b>	The Bonds shall constitute Additional Tier 1 Capital of the Issuer and the proceeds from the issuance of the Bonds shall be used for general corporate purposes of the Issuer, including acquisitions.
<b>Transfer Restrictions</b>	The Bonds are freely transferable, but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
<b>Listing</b>	Application has been made to list the Bonds, issued on the Issue Date, on Nasdaq Stockholm. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 13 August 2024.
<b>Agent</b>	Nordic Trustee & Agency AB (publ).
<b>Security Agent</b>	Nordic Trustee & Agency AB (publ).
<b>Issuing Agent</b>	DNB Bank ASA, Sweden Branch.
<b>Joint Bookrunners</b>	Arctic Securities AS, filial Sverige and DNB Bank ASA, Sweden branch.
<b>Governing Law of the Bonds</b>	Swedish law.

**Risk Factors**

Investing in the Bonds involves substantial risks and prospective investors should refer to the section "*Risk Factors*" 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 7 June 2024, and was subsequently issued by the Issuer on 8 July 2024. 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 was approved on 13 August 2024. After the expiration date of this Prospectus, being 12 months after its approval, the obligation to supplement the prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the prospectus is no longer valid.

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 August 2024

**Avida Finans 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 party and considered as outside of the ordinary course of business. The following summary does not purport to describe all of the applicable terms and conditions of such arrangements.

### Tier 2 Bonds

On 27 October 2023, the Issuer issued tier 2 capital in the aggregate amount of SEK 250,000,000 with ISIN SE0020539765. The bond loan is subordinated callable and has an interest rate of STIBOR (three (3) months) plus 9.25 per cent. *per annum*. The bond loan is listed on Nasdaq Stockholm. Subject to the approval of the Swedish Financial Supervisory Authority, the bonds are callable on the first call date, being the interest payment date falling on or nearest to five (5) years and four (4) months after 27 October 2023 being the issue date, or on any interest payment date falling after the first call date.

## Description of the Issuer

### History and development

Year	Avida Finans AB (publ)
1985	Avida starts to conduct business under the name "Flexil".
2000	Avida receives its license from the Swedish Financial Supervisory Authority (Sw. <i>Finansinspektionen</i> ) to conduct business as a credit market company (Sw. <i>Kreditmarknadsbolag</i> ).
2007	A Norwegian branch is established.
2010	Flexil changes its name to Avida and upgrades its platform to enable growth.
2011	Avida opens an office in Norway.
2013	Avida establishes a branch and opens an office in Finland.
2015	Change of owners, Trøim, Midelfart, Ubon Partners and Icon Capital purchases a majority of the shares in the previous parent company, Avida Holding AB (the " <b>Parent Company</b> "). Issuance of new shares corresponding to the amount of SEK 60,000,000.
2016	The Parent Company issues new shares and raises new capital in the equivalent of approximately SEK 123,000,000. Consumer Finance is launched in Norway.
2017	The Parent Company is listed at NOTC. The Parent Company issues new shares and raises new capital in the amount of SEK 231,000,000.
2018	Issuance of new shares in the Parent Company of approximately SEK 160,000,000.
2018	The Company issues subordinated tier 2 bonds in the aggregate amount of SEK 250,000,000.
2019	The Company issues additional tier 1 bonds in the aggregate amount of SEK 200,000,000.
2020	A directed share issue takes place where KKR became the largest shareholder in Avida. A merger takes place between the former Parent Company and the Company, with the Company as the surviving entity. As a result, the Company is now the parent company of the Group. In connection with the downstream merger, Avida is delisted from NOTC.
2023	The Company carries out a rights issue of approximately SEK 200,000,000. Avida enters into a long-term alliance with Norwegian and Strawberry-owned loyalty company.
2023	The Company issues subordinated callable tier 2 bonds in the aggregate amount of SEK 250,000,000.

Avida Finans AB (publ) was established in 1985 and is a Swedish public limited liability company operating under the laws of Sweden and registered with the Swedish Companies Registration Office with Reg. No. 556230-9004. The Issuer's legal entity identifier (LEI) is 549300TMBWKN02J3ZT25.

The Issuer was incorporated on 17 December 1982 and has its registered office and headquarter at Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden, with telephone number + 46 8 564 20 100. The website of the Issuer is <https://www.avidafinance.com/sv/start/>. The information on the website does not form part of this Prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with the articles of association of the Company, adopted on 4 August 2020, the objects of the Company are the following financial activities:

- acquisition and mortgaging of receivables with or without granting of security;
- leasing activities;
- providing credit which is secured in real estates or movable property within the market value or in the form of guarantee;
- acquiring, managing and collecting debts with or without security;
- acquiring movable property for the conduct of its business and capital investment shares to the extent referred to in Act on banking and financing operations (*Sw. lag (2004:297) om bank och finansieringsrörelse*);
- the company's operations shall primarily be financed through internally generated funds and furthermore by taking out loans from banks and financial institutions and borrowing from the public;
- owning and managing shares and participations in companies that conduct financial activities, purchasing and managing securities, purchasing and managing receivables, providing debt collection services and consulting activities in the aforementioned areas; and
- activities compatible with the above.

## **Business and operations**

The Company's business concept is to offer companies and consumers financial services through simple and modern solutions in two main business areas: Consumer Finance and Business Finance. Other than Consumer Finance and Business Finance, the Company's operations also constitute of deposits from the public. It aims to please their customers through innovation, high competence in technical solutions and most important: dedicated, competent and experienced employees.

### Consumer Finance

In the consumer segment, the market continues to be characterised by customers who want to consolidate their loans and lower their borrowing costs. The Consumer Finance area comprises lending to and deposits from private customers. The company offers overdrafts and unsecured



loans. A personal loan is usually used to finance larger purchases or to refinance more expensive loans with other lenders.

Consumer loans are offered in Sweden, Finland and Norway, with tenors of up to 15 years and loan sizes of SEK 10,000-250,000. Avida applies several minimum criteria for applications, such as a minimum age of 20 years, a stable yearly income of above SEK 150,000, having a Swedish personal identity number etc.

### Business Finance

The Business Finance area offers corporate credits such as invoice purchasing, invoice discounting and loans. Business Finance has a clear focus on building long-term relationships with corporate customers that will contribute stable and profitable earnings over time. Avida's corporate clients comprise entities within all sorts of branches, and with sizes from SMEs to large listed or private equity owned corporate groups.

The majority of its corporate loans are offered in conjunction with factoring solutions. Avida aims to be the market leading player in the Nordics for non-recourse invoice purchasing and offers full administration of invoicing functions as assumes the risk of credit losses via non-recourse factoring.

Within corporate loans, Avida offers debt solutions to Nordic financial sponsors of up to SEK 150,000,000, with larger exposures possible if combined with factoring solutions.

### Deposits from the public

Avida offers savings deposit solutions for consumers in the currencies SEK, NOK and EUR. Deposits from consumers comprise a large portion, and are thus an important source, of the Company's funding for its lending business.

### Non-Performing-Loans (NPL)

In Sweden, Avida is carrying out debt collection both in-house and by the use of external third parties.

In Norway and Finland, the debt collection is solely carried out by external parties.

### Strategic partnerships

From time to time, Avida is exploring possibilities to and enters into various partnership arrangements. Most recently, Avida entered into a partnership with the airline company Norwegian and the hotel group Strawberry, combining a new Nordic loyalty program pursuant to which Avida offers embedded financing solutions to the platform's over 5 million members.

### Digital solutions

Avida's IT infrastructure and digital solutions are core for reaching and attracting existing and new customers, as well as conducting relevant individual credit assessments for each applicant.

During last year, Avida continued its digital transformation, which was primarily characterised by a migration of all loan portfolios into a new core banking system, Stacc Core. In connection with this, Avida also launched completely new My Pages in all countries, which will be a key to meeting customer needs in a fast, flexible and cost-effective way going forward.

Avida's focus on the coming years is to become one of the leading niche credit market company in the Nordic market, by becoming a leader in data and digitalisation, to offer an outstanding customer experience and attract skilled, experienced and driven staff. Recently, a new customer service platform has been implemented in all markets, giving employees the tools they need to improve the customer experience both digitally and over the phone.

### Share capital and ownership structure

The shares of the Company are denominated in SEK. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of SEK 14,628,571.430. The Company has issued a total of 80,658,696.

The following table sets forth the ownership structure in the Company as per 31 December 2023.

Shareholder	Shares	Percentage of outstanding shares
<b>Eckern Finans Holding AB</b>	34,315,683	42,6
<b>FSK Eckern Finans Holding AB</b>	17,411,303	21,6
<b>Andenes Investments S.L.</b>	12,672,140	15,7
<b>Midelfart Capital AS</b>	7,265,568	9,0
<b>Ubon Partners AS</b>	6,712,568	8,3
<b>Loe Equity AS</b>	1,060,606	1,3
<b>Dencker Invest AS</b>	600,000	0,7
<b>Vimar AS</b>	150,000	0,2
<b>Skandinaviska Enskilda Banken AB</b>	86,000	0,1
<b>Englia Invest AS</b>	50,000	0,1
<b>Other shareholders</b>	278,260	0,4
<b>Total</b>		100,0

Major shareholder – 64,2 per cent.

Through a private placement, KKR, through Eckern Finans Holding AB and FSK Eckern Finans Holding AB which KKR controls, has been the Company's largest shareholder since 2020. Due to KKR's holdings, it has a decisive influence over the Company. KKR is one of the world's leading investment companies.

## **Shareholders' agreements**

To the Company's knowledge, there is a shareholder agreement in place between some of the majority shareholders, regulating the parties' various rights and obligations with regards to their holding of shares in the Company. The agreement's main terms include, among other things, provisions limiting owners' rights to sell their shares in the Company in a way that is not in accordance with the provisions of the shareholder agreement.

## **Minority shareholders' protection**

Swedish corporate law sets out general restrictions on abuse of control as shareholder in order to prevent that certain shareholders or others are given undue advantage over other shareholders of the Issuer. Control exercised by the shareholders of the Issuer is limited by virtue of the restrictions that follow from the Swedish Companies act (Sw. *Aktieföretagslagen*). As a default rule, amendments of a company's articles of association require two-thirds majority of both (a) the votes cast and (b) the shareholder votes present at the shareholders' meeting, but certain types of amendments require either (i) two-thirds majority of the votes cast and a 9/10 of the shareholders present at the shareholders' meeting or (ii) unanimity of all shareholders present, representing at least 9/10 of all the shares in the company.

## **Overview of Group structure**

On the date of this Prospectus, the Issuer has no directly or indirectly wholly-owned subsidiaries.

## **Recent events**

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

## **Significant change, trend information and financial performance**

There has been no material adverse change in the prospects of the Company since the date of its last audited annual accounts and no significant change in the financial or trading position of the Company or the Company's financial performance since the end of the last financial period for which audited financial information has been published to the date of this Prospectus.

## **Legal, governmental and arbitration proceedings**

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

## **Credit rating**

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

## Management

On the date of this Prospectus the board of directors of the Issuer consisted 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 Magnus Ladulåsgatan 65, 118 28 Stockholm. Further information on the members of the board of directors and the senior management is set forth below.

### Board of directors

***Magnus Lindqvist, Chairman of the Board since June 2024.***

**Education:** Stockholm School of Economics.

**Current commitments:** More than 20 years of experience from senior positions in global industrial companies. Recently as Chair of Intrum, Group Vice President at Autoliv, Perstorp Group, Chair of the Boards of Munters and Cary Group, and member of the Board of Directors of Trust Payment Holdings Ltd.

***Geir Olsen, member of the board since August 2016.***

**Education:** M.Sc., Norwegian School of Economics.

**Current commitments:** Partner at Ubon Partners, Board member of PRA Group, Board member of Acano, CEO at Aktiv Kapital, Vice President of Telepresence Sales at Cisco, President EMEA at Tandberg and Manager at McKinsey & Co.

***Celina Midelfart, member of the board since October 2015.***

**Education:** B.Sc., London School of Economics & Stern School of Business at New York University.

**Current commitments:** Owner, CEO, Executive Chairman, Board member of several companies within the Midelfart conglomerate and Board member of Siem Offshore Ltd, and Oslo International School.

***Johnnie Stein, member of the board since June 2024.***

**Education:** MA from Edinburg University.

**Current commitments:** Principal at KKR Credit and member of the Asset-Based Finance investment team. Previous member of the asset-based finance team at HPS Investment Partners and Director at Cabot Square Capital.

***Vaibhav Piplapure, member of the board since August 2021.***

**Education:** MBA from Smith School of Business at the University of Maryland. B.Sc. in Mechanical Engineering from the University of Mumbai.

**Current commitments:** Managing Director at KKR Credit. Previous Co-head specialty investing at M&G Investments, London, investing in mortgage and

consumer portfolio credit opportunities. Previous Head of securitized products finance in EMEA at Credit Suisse.

***Teresa Robson–Capps, member of the board since August 2021.***

**Education:** PhD Management Control and Accounting and BA (Hons) Business Studies.

**Current commitments:** Executive career at HSBC, Accenture and Reality. Non-Executive Director and Chair & member of Audit, Risk, Nomination and Remuneration committees within in Financial Services, Retail, Teleco and Technology sectors.

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

To the extent that can be reasonably verified by the Company, 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 Company's interests or prevent the aforementioned to faithfully execute their duties to the Company.

Some members of the board of directors have private interests in the Issuer by their direct and/or indirect holding of shares in the Issuer. The members of the board of directors and the management may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the members of the board of directors or the management may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a board meeting of the Issuer, a board member which has such a conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. In accordance with the laws of Sweden, the members of the board of directors of the Issuer are required to act honestly, in good faith and in the best interests of the Issuer. Other than the aforementioned, none of the board members or the management has any private interests which may conflict with the interests of the Issuer.

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

The Joint Bookrunners and/or their 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 Joint Bookrunners and/or their affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Historical Financial Information

### Historical financial information

The Company's financial statements for the financial year ended 31 December 2023 and the figures for the financial year ended 31 December 2022 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. All such information is available on the Issuer's website, <https://www.avidafinance.com/sv/om-avida/investor-relations/annual-and-interim-reports/>. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

The Company's financial statements for the financial year ended 31 December 2023 and 31 December 2022 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

Other than the auditing of the Company's financial statements for the financial year ended 31 December 2023 and for the financial year ended 31 December 2022, the Company's auditor has not audited or reviewed any part of this Prospectus.

The Company's financial statements for the financial year ended 31 December 2023 are incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- statement of profit/loss, page 24;
- statement of comprehensive income, page 24;
- balance sheet, page 25;
- cash flow statement, page 27;
- statement of changes in equity, page 26;
- notes, pages 28 – 60;
- alternative performance measures, page 61; and
- the audit report, pages 63 – 65.

The pages referred to below in respect of the Group's consolidated financial statements for the financial year ended 31 December 2022 are incorporated into this Prospectus by reference:

- consolidated statement of profit/loss, page 24;
- consolidated statement of comprehensive income, page 24;
- consolidated balance sheet, page 25;
- consolidated cash flow statement, page 27;

- consolidated statement of changes in equity, page 26;
- notes, pages 32 – 68;
- alternative performance measures, page 69; and
- the audit report, pages 71 – 76.

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

The Company's consolidated financial statements as at present and for the years 2022 to 2023 have been audited, as applicable, by Deloitte AB, Rehnsgatan 11, 113 57 Stockholm, Sweden. Deloitte AB has been the Company's auditor since 2019 and was re-elected for an additional year on the latest annual general meeting. Patrick Honeth is the auditor who is responsible for the Company. Patrick Honeth is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

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

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

The most recent audited financial information has been taken from the financial statements for the financial year ended 31 December 2023, which was published on 30 April 2024 on the Issuer's website <https://www.avidafinance.com/sv/om-avida/investor-relations/annual-and-interim-reports/>.



## Other Information

### Approval of the Prospectus

This Prospectus has been approved by Finansinspektionen, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. Finansinspektionen only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by 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 the European Parliament and of the Council. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this prospectus nor of the Issuer that is the subject of this prospectus and investors should make their own assessment as to the suitability of investing in the securities.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 200,000,000. Each Bond has a nominal amount of SEK 1,250,000. The ISIN for the Bonds is SE0022241477.

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

### Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders and can be accessed on the Issuer's website: <https://www.avidafinance.com/sv/om-avida/investor-relations/debt-investors/>.

### Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the Issuer has not entered into any material contracts that are not in the ordinary course of its business and which may affect the Issuer'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 <https://www.avidafinance.com/sv/om-avida/investor-relations/annual-and-interim-reports/>:

- the Company's financial statements for the financial year ended 31 December 2023; and
- the following pages from the Group's consolidated financial statements for the financial year ended 31 December 2022:
  - consolidated statement of profit/loss, page 24;

- consolidated statement of comprehensive income, page 24;
- consolidated balance sheet, page 25;
- consolidated cash flow statement, page 27;
- consolidated statement of changes in equity, page 26;
- notes, pages 32 – 68;
- alternative performance measures, page 69;
- the audit report, pages 71 – 76; and

### **Documents available for inspection**

The following documents are available at the Company's headquarters at Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus:

- the Company's articles of association; and
- the Company's certificate of registration.

The following documents are also available in electronic form on the Company's website <https://www.avidafinance.com/sv/start/>:

- the Company's articles of association; and
- the Company's certificate of registration.

### **Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 275,000.

## Terms and Conditions of the Bonds

### 1. Definitions and Construction

#### 1.1 Definitions

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

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

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

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

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

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

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

"**Agency Agreement**" means the 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 and/or any agency agreement in respect of the Bonds, entered into after the Issue Date by the Issuer and any replacing agent.

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

"**Applicable Banking Regulations**" means at any time the laws, regulations, directives, requirements, guidelines and policies relating to capital adequacy which from time to time are applicable to the Issuer or the Issuer Consolidated Situation, including, without limiting the generality of the foregoing, the CRD and any delegated act adopted by the European Commission thereunder, as well as the legal acts, regulations, requirements, guidelines, regulatory technical standards and policies relating to capital adequacy as then applied in Sweden by the Swedish FSA and/or any successor (whether or not such requirements, guidelines, regulatory technical standards or policies have the force of law and whether or

not they are applied generally or specifically to the Issuer or the Issuer Consolidated Situation).

**"Base Rate"** means STIBOR or any reference rate replacing STIBOR in accordance with Clause 21 (Replacement of Base Rate).

**"Base Rate Administrator"** means Swedish Financial Benchmark Facility AB (SFBF) in relation to STIBOR or any person replacing it as administrator of the Base Rate.

**"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 17 (*Bondholders' Meeting*).

**"Bond"** means:

- (a) a debt instrument (Sw. *skuldförbindelse*), each 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; and
- (b) any overdue and unpaid principal which has been issued under a separate ISIN in accordance with the rules and regulations of the CSD.

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

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

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

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

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

**"CET1 Capital"** means the common equity tier 1 capital of the Issuer or the Issuer Consolidated Situation, respectively, as calculated by the Issuer in accordance with Chapter

2 of Title II of Part Two of the CRR and/or any other Applicable Banking Regulations at such time.

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

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

in each case as calculated by the Issuer in accordance with the CRD requirements and any applicable transitional arrangements under the Applicable Banking Regulations.

**"CRD"** means the legislative package consisting of:

- (a) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervisions of credit institutions and investment firms, as amended by Directive 2019/878/EU of the European Parliament and of the Council of 20 May 2019 as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures;
- (b) the CRR; and
- (c) any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the foregoing which may from time to time be introduced, including, but not limited to, delegated or implementing acts or regulations (including technical standards) adopted by the European Commission, national laws and regulations, adopted by the Swedish FSA and guidelines issued by the Swedish FSA, the European Banking Authority (EBA) or any other relevant authority, which are applicable to the Issuer, the Issuer Consolidated Situation or the Group, as applicable.

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

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

**"Distributable Items"** means (subject to as otherwise defined in the Applicable Banking Regulations), as at any Interest Payment Date, the amount of the profits of the Issuer for the financial year ended immediately prior to such Interest Payment Date, *plus* any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (Sw. *kapitalbasinstrument*) of the Issuer excluding, for the avoidance of doubt, distributions to holders of any Tier 2 Capital instruments, less any losses brought forward, profits which are non-distributable pursuant to any applicable legislation or the Issuer's articles of association and sums placed to non-distributable reserves in accordance with applicable legislation or the Issuer's articles of association, those profits, losses and reserves being determined on the basis of the audited annual financial statements of the Issuer in respect of such financial year and not on the basis of its consolidated accounts.

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

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

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

**"Force Majeure Event"** has the meaning set forth in Clause 25(a).

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

**"Initial Call Period"** means the period commencing on (and including) the First Call Date and ending on (and including) the Interest Payment Date falling on or immediately after three (3) months of the First Call Date.

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

**"Insolvent"** means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 6-9 of the Swedish Bankruptcy Act (Sw. *konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (Sw. *lag (2022:964) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

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

**"Interest Payment Date"** means 8 January, 8 April, 8 July and 8 October 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 8 October 2024 and the last Interest Payment Date shall be the relevant Redemption Date.

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

**"Interest Rate"** means STIBOR (3 months) plus 13.00 per cent. *per annum*.

**"Issue Date"** means 8 July 2024.

**"Issuer"** means Avida Finans AB (publ), a public limited liability company (Sw. *aktiebolag*) incorporated under the laws of Sweden with reg. no. 556230-9004 and legal entity identifier 549300TMBWKN02J3ZT25.

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

**"Issuing Agent"** means DNB Bank ASA, Sweden Branch, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Nominal Amount"** means the Initial Nominal Amount, as reduced (on one or more occasions) by any Write-Down and increased (on one or more occasions) by any reinstatement made pursuant to Clause 10.4 (*Discretionary reinstatement of the Bonds*).

**"Qualifying Capital Bonds"** means securities issued directly by the Issuer following a substitution or variation of the Bonds in accordance with Clause 11.4 (*Early redemption upon the occurrence of a Capital Event*) or Clause 11.5 (*Early redemption upon the occurrence of a Tax Event*) that have terms not materially less favourable to investors, certified by the Issuer acting reasonably (having consulted with an independent investment bank or independent financial adviser of international standing), than the terms of the Bonds (immediately prior to the relevant substitution or variation), provided that they shall:

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

- (f) comply with the then current requirements for Additional Tier 1 Capital contained in the Applicable Banking Regulations.

**"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 14 (*Distribution of proceeds*) (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 11 (*Redemption, repurchase, substitution and adjustments of the Bonds*).

**"Regulated Market"** means Nasdaq Stockholm or any other regulated market (*Sw. reglerad marknad*) (as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

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

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

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

**"STIBOR"** means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Refinitiv screen (or through such other system or on such other page as replaces the said system or page)) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Refinitiv screen



(or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for Swedish Kronor;

- (c) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period, the arithmetic mean of the Stockholm interbank offered rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

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

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

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

**"Tax Event"** means as a result if any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, such that 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, provided that the Issuer satisfied the Swedish FSA that such change in tax treatment of the Bonds is material and as not reasonably foreseeable as at the Issue Date.

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

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

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

**"Trigger Event Notice"** has the meaning as set forth in Clause 10.2(a).

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

**"Write-Down Amount"** has the meaning as set forth in Clause 10.2(a).

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

**"Written Procedure"** means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 18 (*Written Procedure*).

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) **"assets"** includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a **"regulation"** includes any law, regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) a provision of law is a reference to that provision as amended or re-enacted; and
  - (v) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Sw. Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.
- (e) The selling and distribution restrictions and the privacy statement contained in this document before the table of contents do not form part of the Terms and Conditions and may be updated without the consent of the Bondholders or the Agent (save for the privacy statement insofar it relates to the Agent).

## 2. Status of the Bonds

- (a) The Bonds are intended to constitute Additional Tier 1 Capital of the Issuer and the Issuer Consolidated Situation. The Bonds will constitute unsecured and subordinated liabilities of the Issuer and shall, as regards the right to receive

periodic payments (to the extent not cancelled) or repayment of capital in the event of liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with:
  - (A) any present or future liabilities or capital instruments of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Additional Tier 1 Capital of the Issuer and the Issuer Consolidated Situation; and
  - (B) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Bonds;
- (iii) senior to holders of all classes of the Issuer's shares in their capacity as such holders; and
- (iv) junior to any present and future claims of:
  - (A) depositors of the Issuer;
  - (B) any other unsubordinated creditors of the Issuer;
  - (C) any non-preferred creditors falling within the scope of 18 §, first paragraph of the Swedish Rights of Priority Act (*förmånsrättslag (1970:979)*); and
  - (D) any subordinated creditors of the Issuer whose rights rank or are expressed to rank in priority to the Bonds, including, for the avoidance of doubt, holders of Bonds which constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation.
- (b) The Issuer reserves the right to issue further Additional Tier 1 Capital and other subordinated Bonds and obligations in the future, which may rank *pari passu* or senior or junior with the Bonds.
- (c) No Bondholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Bondholder.
- (d) The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions. Subject to and in accordance with the terms of these Terms and Conditions, the Issuer undertakes to make payments in relation to the Bonds and to otherwise comply with these Terms and Conditions.
- (e) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.

- (f) The initial nominal amount of each Bond is SEK 1,250,000 (the "**Initial Nominal Amount**"). Investment in the Bonds shall be made in integral multiples of SEK 1,250,000. The maximum total nominal amount of the Bonds is SEK 200,000,000. The minimum permissible investment in connection with the issuance of the Bonds is SEK 1,250,000.
- (g) All Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (h) A Bondholders or the Agent may only declare the Bonds (and any accrued interest) due and payable in the event of the liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer as set out in Clause 13 (*Acceleration of the Bonds*).
- (i) Each Bondholder acknowledges and accepts that any liability of the Issuer towards a Bondholder under the Bonds may be subject to bail-in action, including conversion or write-down, in accordance with Directive 2014/59/EU and Directive 2019/879/EU establishing a framework for the recovery and resolution of credit institutions and investment firms as amended or replaced from time to time.
- (j) 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.
- (k) 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, 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.
- (l) No security or guarantee of any kind is, or shall at any time, be provided by the Issuer or any other person for the purpose of securing the Bondholders' rights under the Bonds.

### **3. Use of proceeds**

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

### **4. Conditions precedent**

- (a) Prior to the issuance of the Bonds, the Issuer shall provide the following to the Agent:
  - (i) constitutional documents and corporate resolutions (approving the Finance Documents and authorising a signatory/-ies to execute the Finance Documents for the Issuer), together constituting evidence that the Finance Documents have been duly executed; and

- (ii) copies of the Finance Documents, duly executed.
- (b) The Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (a) is accurate, legally valid, enforceable, correct and true, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documents referred to in paragraph (a) from a legal or commercial perspective of the Bondholders.
- (c) The Agent shall confirm to the Issuing Agent when the conditions in paragraph (a) have been received.

## **5. Bonds in book-entry form**

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, a Security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## **6. Right to act on behalf of a Bondholder**

- (a) If any person other than a Bondholder (including the owner of a Bond, if such person is not the Bondholder) wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such

representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.

- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **7. Admission to trading**

- (a) The Issuer shall use its best efforts to ensure that the Bonds are admitted to trading on Nasdaq Stockholm within sixty (60) days after the Issue Date (with an intention to complete such admission to trading within thirty (30) days), and that it remains admitted to trading or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.
- (b) The Issuer shall, following the listing, use its best efforts to maintain the admission to trading as long as any Bonds are outstanding, however not longer than up to and including the last day on which the admission to trading 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 admit the Bonds to trading or maintain admission to trading of the Bonds in accordance with paragraph (a) and/or (b) above shall not constitute an Acceleration Event.

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

- (a) Any payment or repayment under the Finance Documents, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) Provided that a Bondholder has registered an income account (Sw. *avkastningskonto*) for the relevant Securities Account on the applicable Record Date, the CSD shall procure that principal, interest and other payments under the Bonds are deposited to such income account on the relevant payment date. If an income account has not been registered on the Record Date for the payment, no payment will be effected by the CSD to such Bondholder. The outstanding amount will not be paid by the Issuer until the person that was registered as a Bondholder on the relevant Record Date has made a valid request for such amount. 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. For the avoidance of doubt, such postponement shall in no event constitute an Acceleration Event.
- (d) If payment or repayment is made in accordance with this Clause 8, the Issuer shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount (unless the Issuer has actual knowledge of the fact that the payment was made to the wrong person).
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **9. Interest and Interest cancellation**

### **9.1 Interest**

- (a) Subject to paragraph (b) below and Clause 10 (*Loss absorption and discretionary reinstatement*), each Bond carries Interest at the Interest Rate from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

### **9.2 Interest cancellation**

- (a) Any payment of Interest in respect of the Bonds shall be payable only out of and up to the Issuer's Distributable Items and:
  - (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulations; and
  - (ii) will be mandatorily cancelled to the extent so required by the Applicable Banking Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.
- (b) The Issuer shall give notice to the Bondholders in accordance with Clause 24 (*Notices*) of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above and non-payment of any amount of interest scheduled to be paid on an Interest Payment Date will

constitute evidence of cancellation of the relevant payment, whether or not notice of cancellation has been given by the Issuer.

- (c) Following any cancellation of Interest as described above, the right of the Bondholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.
- (d) Failure to pay such interest (or the cancelled part thereof) in accordance with this Clause 9 shall not constitute an event of default or the occurrence of any event related to the insolvency of the Issuer or entitle Bondholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer.

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

- (a) Subject to Clause 9.2 (*Interest cancellation*), in the event that a Write-Down occurs during an Interest Period, Interest will continue to accrue on the Nominal Amount (as adjusted pursuant to such Write-Down).
- (b) Subject to Clause 9.2 (*Interest cancellation*), in the event that a reinstatement of the Bonds occurs pursuant to Clause 10.4 (*Discretionary reinstatement of the Bonds*), Interest shall begin to accrue on the reinstated Nominal Amount.
- (c) In connection with a Write-Down or reinstatement pursuant to Clause 10.4 (*Discretionary reinstatement of the Bonds*), the Issuer shall inform the CSD of the adjusted basis for calculation that shall be applied on the next Interest Payment Date, in order for the Bondholders to receive an amount of Interest equivalent to the Interest Rate on the Nominal Amount so written down or written up (as applicable).

### **9.4 No penalty interest**

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

## **10. Loss absorption and discretionary reinstatement**

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

- (a) If at any time a Trigger Event occurs the Total Nominal Amount and/or the Issuer's payment obligation under the Bonds shall be written down in accordance with this Clause 10.1 (such reduction a "**Write-Down**").
- (b) Irrespective of any Trigger Event Notice given in accordance with Clause 10.2 (*Trigger Event Notice*) below, a Write-Down shall take place without delay on a date selected by the Issuer in consultation with the Swedish FSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger



Event unless, in accordance with the Applicable Banking Regulation, the Swedish FSA has agreed with the Issuer in writing that a Write-Down may occur after a longer period, in which case, on such date as agreed with the Swedish FSA.

- (c) A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's payment obligation under each Bond shall be reduced to a certain percentage of the Nominal Amount and in each case such Write-Down shall be considered to be an unconditional capital contribution (Sw. *ovillkorat kapitaltillskott*) by the Bondholders and shall be made in consultation with the Swedish FSA and in accordance with the rules and regulations of the CSD.
- (d) The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall (save as otherwise required by the Swedish FSA) equal the amount of a Write-Down that would restore the CET1 ratio of the Issuer to at least 5.125 per cent., and the CET1 ratio of the Issuer Consolidated Situation to at least 7.00 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Bond corresponding to SEK 1.00.
- (e) A Write-Down in accordance with this Clause 10.1 shall be made taking into account any preceding or imminent write-down or conversion of corresponding or similar loss absorbing instruments issued by the Issuer or any other member of the Issuer Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).
- (f) For the avoidance of doubt, the Nominal Amount of each Bond shall, upon the Write-Down of the Total Nominal Amount described above, be written down on a *pro rata* basis.
- (g) For the purposes of determining whether a Trigger Event has occurred, the Issuer will:
  - (i) calculate the CET1 ratio of the Issuer or the Issuer Consolidated Situation (as applicable) based on information (whether or not published) available to management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer or the Issuer Consolidated Situation; and
  - (ii) calculate and publish the CET1 ratios of the Issuer or the Issuer Consolidated Situation on at least a quarterly basis.

For the avoidance of doubt, it is noted that the occurrence of a Trigger Event may also be determined by the Swedish FSA (or any agent appointed for such purpose by the Swedish FSA), in which case the determination may be made in accordance with the internal rules and processes applied by the Swedish FSA from time to time.

## 10.2 Trigger Event Notice

- (a) Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the Swedish FSA and shall as soon as practicable following the occurrence of a Trigger Event and in any event not later than five (5) Business Days following such occurrence give notice (a "**Trigger Event Notice**") to the Bondholders and the Agent in accordance with Clause 24 (*Notices*), which notice, in addition to specifying that a Trigger Event has occurred shall specify:
  - (i) the Write-Down Date; and
  - (ii) if then determined, the amount to be written down in accordance with Clause 10.1 (*Write-Down upon a Trigger Event*) ("**Write-Down Amount**"). If the Write-Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Bondholders and the Agent of the Write-Down Amount.
- (b) Notwithstanding paragraph (a) above, failure to give a Trigger Event Notice shall not prejudice any Write-Down of the Bonds.

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

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

## 10.4 Discretionary reinstatement of the Bonds

- (a) Following a Write-Down, the Issuer may, at its sole and absolute discretion, reinstate the Bonds, subject to compliance with any maximum distribution limits set out in, and otherwise in accordance with, the Applicable Banking Regulations.
- (b) Unless a write-up of the Nominal Amount of the Bonds is permitted and possible in accordance with the rules and regulations of the CSD, reinstatement shall be made by way of issuing new Bonds that qualify as Additional Tier 1 Capital to the relevant Bondholders. Any such new issuance of Bonds shall specify the relevant details of the manner in which such new issuance of Bonds shall take effect and where the Bondholders can obtain copies of the new terms and conditions of such new Bonds. Such new Bonds shall be issued without any cost or charge to the Bondholders and shall be made in accordance with the rules and regulations of the CSD.
- (c) A reinstatement in accordance with this Clause 10.4 shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments issued by the Issuer or any other member of the Issuer Consolidated Situation, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).

- (d) For the avoidance of doubt, at no time may the reinstated Total Nominal Amount exceed the original Total Nominal Amount of the Bonds (if issued in full), being SEK 200,000,000.
- (e) For the avoidance of doubt, any reinstatement of the Bonds shall be made on a *pro rata* basis.
- (f) If the Issuer decides to reinstate the Bonds, the Issuer shall notify the Bondholders and the Agent in accordance with Clause 24 (*Notices*) prior to such reinstatement becoming effective.

## **11. Redemption, repurchase, substitution and adjustments of the Bonds**

### **11.1 Perpetual Bonds**

The Bonds constitute perpetual obligations of the Issuer and have no fixed date for redemption. The Issuer may only redeem the Bonds at its discretion in the circumstances described herein. The Bonds are not redeemable at the option of the Bondholders at any time and the Bondholders shall have no right to accelerate the Bonds or request other remedies or sanctions against the Issuer for any breach of these Terms and Conditions by the Issuer, other than as set out in Clause 13 (*Acceleration of the Bonds*).

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

Subject to Clause 11.8 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 11.9 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Bonds on:

- (a) the First Call Date;
- (b) any Business Day within the Initial Call Period; or
- (c) (b) any Business Day within the Initial Call Period.

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

Subject to Clause 11.8 (*Permission from the Swedish FSA*) and applicable law, the Issuer or any other Group Company, or other company forming part of the Issuer Consolidated Situation, may at any time on or following the First Call Date and at any price purchase Bonds on the market or in any other way and at any price. Bonds held by such company may at its discretion be retained, sold or cancelled, provided that such action has been approved by the Swedish FSA (if and to the extent then required by the Applicable Banking Regulations).

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

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

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

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

### **11.6 Early redemption amount**

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

### **11.7 Substitution and adjustment**

- (a) If a Tax Event or a Capital Event has occurred and is continuing, and subject to having given notice in accordance with Clause 11.9 (*Notice of early redemption, substitution and adjustment*), the Issuer may, subject to Clause 11.8 (*Permission from the Swedish FSA*) and to the extent permitted by law and the applicable rules of the CSD, substitute all (but not some only) of the Bonds or adjust the terms of all (but not some only) of the Bonds, without any requirement for the consent or approval of the Bondholders, so that they become or remain Qualifying Capital Bonds, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem, substitute or vary the terms of the Bonds in accordance with this Clause 11.7 in relation to the Qualifying Capital Bonds so substituted or varied.
- (b) Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Bondholders can inspect or obtain copies of the new terms and conditions of the Qualifying Capital Bonds. Such substitution or adjustment will be effected without any cost or charge to the Bondholders.

### **11.8 Permission from the Swedish FSA**

The Issuer may not redeem, purchase, substitute or adjust, as contemplated by this Clause 11, any outstanding Bonds without in each case having obtained the prior written permission from the Swedish FSA and in accordance with the Applicable Banking Regulations (including any pre-conditions set out therein at the relevant time). Any refusal by the Swedish FSA to give its permission shall not constitute an event of default for any purpose.

### **11.9 Notice of early redemption, substitution and adjustment**

- (a) Any redemption in accordance with Clauses 11.2 (*Early redemption at the option of the Issuer*), 11.4 (*Early redemption upon the occurrence of a Capital Event*) or 11.5 (*Early redemption upon the occurrence of a Tax Event*) or any substitution or adjustment in accordance with Clause 11.7 (*Substitution and adjustment*) shall be made by the Issuer having given:
  - (i) not less than fifteen (15) Business Days' notice to the Bondholders; and

- (ii) not less than five (5) Business Days' notice (or such lesser period as may be agreed between the Issuer and the Agent) before the giving of the notice referred to in paragraph (i) above to the Agent,

in each case notice shall be given in accordance with Clause 24 (*Notices*).

- (b) Any notice of redemption shall state the Redemption Date and the relevant Record Date. Such notice is irrevocable and may, subject to the then Applicable Banking Regulations and approval of the Swedish FSA (if required), at the Issuer's discretion contain one or more conditions precedent that shall be fulfilled prior to the Record Date. Upon expiry of such notice, the Issuer is bound to redeem the Bonds at the applicable amounts specified above in Clause 11.6 (*Early redemption amount*).
- (c) Notwithstanding paragraph (a) above,
  - (i) if a Trigger Event is outstanding, no notice of redemption, substitution or variation may be given until the Trigger Event has been cured; and
  - (ii) if a Trigger Event occurs following a notice being given in accordance with paragraph (a) above but prior to the relevant redemption, substitution or variation of the Bonds, such notice shall be of no force and effect and Clause 10.1 (*Write-Down upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption, substitution or variation shall occur.

## **12. Information to Bondholders**

### **12.1 Information from the Issuer**

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

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

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

## 12.2 Information from the Agent

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

## 12.3 Publication of Finance Documents

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

## 13. Acceleration of the Bonds

- (a) Neither a Bondholder or the Agent have a right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds, except in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer (an "**Acceleration Event**").
- (b) If an Acceleration Event has occurred, the Agent is, following the instructions of the Bondholders, authorised to:
  - (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Finance Documents (except any Interest cancelled in accordance with Clause 9.2 (*Interest cancellation*)), immediately or at such later date as the Agent determines; and
  - (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (c) The Issuer shall as soon as possible notify the Agent of the occurrence of an Acceleration Event and the Agent shall notify the Bondholders of an Acceleration Event as soon as possible when the Agent received actual knowledge of the Acceleration Event.

- (d) In the event of an acceleration of the Bonds upon an Acceleration Event, the Issuer shall redeem all Bonds at an amount equal to 100 per cent. of the Nominal Amount together with accrued and unpaid interest.
- (e) No payments will be made to the Bondholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Bondholders as described in Clause 2 (*Status of the Bonds*) have been paid by the Issuer, as ascertained by the judicial liquidator (Sw. *likvidator*) or bankruptcy administrator (Sw. *konkursförvaltare*).
- (f) In the event of liquidation (Sw. *likvidation*), bankruptcy (Sw. *konkurs*) or resolution (Sw. *resolution*) of the Issuer, no Bondholder shall be entitled to exercise any right of set-off or counterclaim against monies owed by the Issuer in respect of the Bonds held by such Bondholder.

#### 14. Distribution of proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 13 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
  - (i) *first*, in or towards payment *pro rata* of:
    - (A) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement and the Terms and Conditions (other than any indemnity given for liability against the Bondholders);
    - (B) 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;
    - (C) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2(g); and
    - (D) 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 20.1(d);
  - (ii) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds not cancelled in accordance with Clause 9.2 (*Interest cancellation*) (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
  - (iv) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14(a)(i).
- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 14 as soon as reasonably practicable.
- (d) If the Issuer or the Agent shall make any payment under this Clause 14, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made in accordance with Clause 24 (*Notices*). Such notice shall specify the Record Date, the payment date and the amount to be paid.

## 15. Amendments and waivers

- (a) Where the Issuer and the Agent (acting on behalf of the Bondholders) have agreed to amend the Finance Documents or waive any provision in a Finance Document, such amendment or waiver of the Finance Documents may, subject to the prior written permission of the Swedish FSA (to the extent required pursuant to Applicable Banking Regulations), be made provided that the Agent is satisfied that:
  - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority, including but not limited to, to facilitate any measure by the relevant regulator pursuant to the Swedish Resolutions Act (*Sw. lag (2015:1016) om resolution*); or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 15(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.



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

## 16. Decisions by Bondholders

- (a) Any decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Bondholder*) from a person who is, registered as a Bondholder:
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least  $66\frac{2}{3}$  per cent. of the Bonds represented at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
  - (i) a change to the terms of any of Clauses 2(a), 2(d) and 2(k);

- (ii) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of proceeds*);
  - (iii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
  - (iv) a change to the Interest Rate or the Nominal Amount; and
  - (v) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 13 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 16(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 18(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 15(a)(i) or 15(a)(ii)).
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(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 16(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 16 would require permission from the Swedish FSA, such permission 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.

## **17. 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 17(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 20.4(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 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

- (d) The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18. Written Procedure**

- (a) The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 18(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 ten (10) Business Days from the communication pursuant to Clause 18(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 16(e) and 16(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19. Replacement of Base Rate**

### **19.1 General**

- (a) Any determination or election to be made by an Independent Adviser, the Issuer or the Bondholders in accordance with the provisions of this Clause 19 shall at all times be made by such Independent Adviser, the Issuer or the Bondholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.
- (b) If a Base Rate Event has occurred, this Clause 19 shall take precedent over the fallbacks set out in paragraph (b) to (d) of the definition of STIBOR.

## 19.2 Definitions

In this Clause 19:

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

- (a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or
- (b) if (a) is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to eliminate, to the extent possible, any transfer of economic value from one party to another as a result of a replacement of the Base Rate and is customarily applied in comparable debt capital market transactions.

**"Base Rate Amendments"** has the meaning set forth in Clause 19.3(d).

**"Base Rate Event"** means one or several of the following circumstances:

- (a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;
- (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
- (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;
- (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Bondholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period);
- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*) containing the information referred to in paragraph (b) above; or

- (f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in paragraphs (b) to (e) above will occur within six (6) months.

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

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

**"Relevant Nominating Body"** means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or committee of any of them, or thirdly the Financial Stability Council (Sw. *Finansiella stabilitetsrådet*) or any part thereof.

**"Successor Base Rate"** means:

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

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

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

- (a) Without prejudice to paragraph (b) below, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to initiate the procedure to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating and finally deciding the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to paragraph (b) below.
- (b) If a Base Rate Event has occurred, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to initiate the procedure to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating, and finally deciding the applicable Base Rate.
- (c) If the Issuer fails to appoint an Independent Adviser in accordance with paragraph (b) above, the Bondholders shall, if so decided at a Bondholders' Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in paragraph (b) above. If an Event of Default has occurred and is continuing, or if the Issuer fails to carry out any other actions

set forth in Clauses 19.3 (*Determination of Base Rate, Adjustment Spread and Base Rate Amendments*) to 19.6 (*Variation upon replacement of Base Rate*), the Agent (acting on the instructions of the Bondholders) may to the extent necessary effectuate any Base Rate Amendments without the Issuer's cooperation.

- (d) The Independent Adviser shall also initiate the procedure to determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice ("**Base Rate Amendments**").
- (e) Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been finally decided no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the CSD and any calculations methods applicable to such Successor Base Rate.

#### **19.4 Interim measures**

- (a) If a Base Rate Event set out in any of the paragraphs (a) to (e) of the Base Rate Event definition has occurred but no Successor Base Rate and Adjustment Spread have been finally decided prior to the relevant Quotation Day in relation to the next succeeding Interest Period or if such Successor Base Rate and Adjustment Spread have been finally decided but due to technical limitations of the CSD, cannot be applied in relation to the relevant Quotation Day, the Interest Rate applicable to the next succeeding Interest Period shall be:
  - (b) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
  - (c) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.
- (d) For the avoidance of doubt, paragraph (a) above shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 19. This will however not limit the application of paragraph (a) above for any subsequent Interest Periods, should all relevant actions provided in this Clause 19 have been taken, but without success.

#### **19.5 Notices etc.**

Prior to the Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments become effective the Issuer shall promptly, following the final decision by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments, give notice thereof to the Agent, the Issuing Agent and the Bondholders in accordance with Clause 24 (*Notices*) and the CSD. The notice shall also include information

about the effective date of the amendments. If the Bonds are admitted to trading on a stock exchange, the Issuer shall also give notice of the amendments to the relevant stock exchange.

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

- (a) No later than giving the Agent notice pursuant to Clause 19.5 (*Notices etc.*), the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly authorised signatory of the Issuer (subject to Clause 19.3(c)) confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined and decided in accordance with the provisions of this Clause 19. The Successor Base Rate the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any decision, be binding on the Issuer, the Agent, the Issuing Agent and the Bondholders.
- (b) Subject to receipt by the Agent of the certificate referred to in paragraph (a) above, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Bondholders, without undue delay effect such amendments to the Finance Documents as may be required by the Issuer in order to give effect to this Clause 19.
- (c) The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are affected pursuant to this Clause 19. Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent or the Issuing Agent in the Finance Documents.

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

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

## **20. Appointment and replacement of the Agent**

### **20.1 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 Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **20.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents.
- (b) When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent is never acting as an advisor to the Bondholders or the Issuer. Any advice or opinion from the Agent does not bind the Bondholders or the Issuer.
- (c) Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) whether any Acceleration Event (ii) the financial condition of the Issuer and the Group, (iii) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents, or (iv) whether any other event specified in any Finance Document has occurred or is expected to occur, and should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (d) 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.
- (e) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.

- (f) 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.
- (g) 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 (ii) in connection with any Bondholders' Meeting or Written Procedure (iii) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents or (iv) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 14 (*Distribution of proceeds*).
- (h) 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.
- (i) 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.
- (j) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2(i).

### **20.3 Limited liability for the Agent**

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.

- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 16 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 13(a).
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

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

- (a) Subject to Clause 20.4(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 20.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **21. 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.

## **22. No direct actions by Bondholders**

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 22(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1(b)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or

the Agency Agreement or by any reason described in Clause 20.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(i) before a Bondholder may take any action referred to in Clause 22(a).

- (c) The provisions of Clause 22(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due by the Issuer to some but not all Bondholders.
- (d) The provisions of this Clause 22 are subject to the over-riding limitations set out in Clause 2(c).

## 23. 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.

## 24. Notices

- (a) Subject to Clause 24(d), any notice or other communication to be made under or in connection with the Finance Documents:
  - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch;
  - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch.
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal

delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 24(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 24(a).

- (d) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (e) If an Acceleration Event is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

## 25. Force majeure and limitation of liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and willful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## 26. 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 District Court of Stockholm (Sw. *Stockholms tingsrätt*).

## Addresses

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