



Nordax Bank

NORDAX BANK AB (PUBL)

prospectus regarding the listing of

SEK 500,000,000 SENIOR UNSECURED FLOATING RATE NOTES

ISIN: SE0008129332

Approved by the Swedish Financial Supervisory Authority on 26 May 2016

Joint Bookrunner



Issuing Agent and Joint Bookrunner



Important information

This prospectus (the “**Prospectus**”) has been prepared by Nordax Bank AB (publ) (the “**Issuer**”) in relation to the application for listing of the Issuer’s SEK 500,000,000 3m STIBOR + 2.40 % senior unsecured floating rate notes 2016/2019 (ISIN: SE0008129332) (the “**Notes**”) on the corporate bond list of Nasdaq Stockholm (“**Nasdaq Stockholm**”). References to “**Nordax**” or the “**Group**” in this Prospectus are to Nordax Group AB (publ) and its subsidiaries (including the Issuer), unless otherwise indicated by the context. References to the “**Parent**” only refer to the Issuer’s parent company Nordax Holding AB.

Words and expressions not otherwise defined have the meaning ascribed to them in the Section “Terms and Conditions for the Notes”.

The Prospectus has been prepared in accordance with the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) no 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council (as amended). The Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority in accordance with the provisions in Chapter 2, Section 25 and 26 of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration do not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in the Prospectus is accurate or complete.

The Prospectus does not constitute an offer for sale or a solicitation of an offer to purchase the Notes in any jurisdiction. It has been prepared solely for the purpose of listing the Notes on the corporate bond list of Nasdaq Stockholm.

The Prospectus may not be distributed in any country where such distribution requires additional prospectuses, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire Notes are therefore required to inform themselves about, and to observe, such restrictions.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web site (www.fi.se) and the Issuer’s web site (www.nordax.se). Paper copies may be obtained from the Issuer at the address Gävlegatan 22, 104 35 Stockholm, Sweden.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by auditors. Certain financial information in this Prospectus has been rounded off and, as a result, the numerical figures shown as totals in the Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. Unless otherwise specified or unless the context otherwise requires, “**SEK**” refers to Swedish kronor.

The Prospectus shall be read together with all documents which have been incorporated by reference (see “Incorporation by reference” under Section “Legal and supplementary information” below) and possible supplements to the Prospectus.

The Prospectus is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be for the exclusive jurisdiction of the courts of Sweden. The district court of Stockholm (*Stockholms tingsrätt*) shall be the court of first instance.

Forward-looking statements

To the extent this Prospectus contains forward-looking statements and assumptions regarding future market conditions, operations and results, the statements can be included in several sections and include statements concerning the Group’s current intentions, assessments and expectations. The words “consider”, “intends”, “deems”, “expects”, “anticipates”, “plans” and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Although the Group believes that the forecasts of, or indications of, future results, performance and achievements are based on reasonable assumptions and expectations, the Group cannot guarantee the materialization of these forecasts. Actual events and financial outcomes may differ significantly from what is described in such statements as a result of risks and other factors affecting the Group’s operations. Examples of such factors of a significant nature are mentioned in the Section “Risk factors”.

These forward-looking statements speak only as of the date of this Prospectus. Except to the extent required by law, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

Moreover, no assurance can be given that any of the historical information, data, trends or practices mentioned and described in this Prospectus are indicative of future results or events.

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RISK FACTORS

All investments in notes involve a degree of risk. The financial performance of Nordax and the risks associated with Nordax's business are important when making a decision on whether to invest in the Notes. A number of factors influence and could influence Nordax's operations and financial performance and ultimately the Issuer's ability to make payments under the Notes. In this section a number of risk factors are illustrated and discussed, both risks pertaining to Nordax's operations and risks related to the Notes as financial instruments. The risk factors below are not ranked in any specific order of importance and no claim is being made that the list is exhaustive.

Potential investors should carefully consider the risk factors below and all other information in this Prospectus (including information which has been incorporated in the Prospectus by reference) before deciding on making an investment in the Notes. Investors must, in addition, alone or together with financial and/or other advisers, consider the general business prospects, other information in the Prospectus and general information about the relevant market and companies active on that market, based on their personal circumstances. An investor should possess sufficient knowledge to assess the risk factors and sufficient financial strength to bear those risks.

Additional risk factors that are not currently known or not currently considered to be material may affect the Issuer's obligations under the Notes.

Risks related to the Issuer

Nordax product offering

Nordax derives its revenue almost entirely from unsecured personal loans. Therefore, there is a risk that changes affecting Nordax's ability to offer personal loans in any of its geographical markets will require Nordax to reduce or restrict its primary operations and amend its current business model. Examples of such changes include, but are not limited to:

- changes in laws and regulations, for example, reducing the statute of limitations for debt collection, limiting the interest rates on personal loans or otherwise affecting the terms of personal loans or the activities of personal loan providers;
- decreases in demand for personal loans due to, among other factors, macroeconomic conditions;
- increases in default rates for personal loans due to, among other factors, macroeconomic conditions; and
- decreases in demand for Nordax's personal loans due to competition, damage to Nordax's reputation or other factors.

Furthermore, compared to competitors that have a more diversified product portfolio, Nordax will be more exposed to adverse changes in macroeconomic conditions or other factors affecting the personal loan market.

Nordax's business model is focused on efficient data management, statistical analysis, test and learn approach and quantitative decision making. As a result, Nordax's business model is best suited to countries where highly relevant data is available for customer targeting and conducting credit assessments and with effective legal debt collection systems and a culture that promotes repayment. Therefore, Nordax's ability to expand its business beyond its current markets would be limited, should the environment in any of its current markets change to no longer support its business model. If Nordax were to no longer be able to offer personal loans as it currently does, or at all, Nordax may be required to change its business model or may be required to restrict or cease its operations. Any of the above can, accordingly, have a material adverse effect on Nordax's business, financial condition or results of operations.

Risk relating to the current macroeconomic environment

As personal loans are generally used for debt consolidation and general consumption, there is a risk that the demand for Nordax's loan products will be adversely affected by changes in consumer trends, levels of consumption, demographic patterns, customer preference and financial conditions, all of which are affected by general macroeconomic conditions in the markets in which Nordax operates. For example, growth in GDP has generally resulted in increased demand for personal loans. There is a risk that a decrease in GDP or in GDP growth will adversely affect demand for Nordax's loan products. In addition, deterioration in economic conditions in any of the markets in which Nordax operates, including, but not limited to business and consumer

confidence, unemployment, household disposable income, household indebtedness, the state of the housing market, housing prices, foreign exchange markets, counterparty risk, inflation, the availability and cost of credit, the liquidity of financial markets or market interest rates can reduce the level of demand for Nordax's loan products. Due to the high levels of consumer indebtedness in the Nordic region driven primarily by large mortgages, Nordax is particularly susceptible to fluctuations in the housing markets in its geographical markets.

High levels of unemployment in the markets in which Nordax operates would reduce the number of customers who qualify for Nordax's loan products, and adversely affect Nordax's ability to maintain or grow its loan portfolio. Similarly, reduced consumer confidence and spending or general deterioration of the macroeconomic environment in Nordax's geographical markets can decrease demand for Nordax's loan products. Further slowdown or deterioration of macroeconomic conditions in Finland, Norway or any of the other countries in which Nordax operates can adversely affect demand for Nordax's products and, therefore, have a material adverse effect on Nordax's business, financial condition and results of operations.

Furthermore, there is a risk that changes in macroeconomic conditions can force Nordax to scale down or suspend lending operations. In 2008 and 2009, Nordax suspended its lending operations in all of its markets (at the time, Sweden, Norway, Finland and Denmark) and focused on collections in response to the global economic downturn and tightening of available funding from financial institutions and the capital markets. Nordax resumed new lending operations in Norway and Sweden in 2010 and Finland in 2011 as macroeconomic conditions improved, but has not resumed new lending operations in Denmark due to the continued weakness of the Danish economy, as well as Denmark's less effective legal debt collection system. If Nordax were to suspend lending operations for a prolonged period of time in the future in response to macroeconomic conditions or other factors, it would adversely affect Nordax's ability to maintain and grow its loan portfolio.

Competition in the financial services industry

The markets in which Nordax operates are characterized by a high degree of competition and fragmentation, and the strong growth in demand for personal loans in these markets has led to increased competition among lenders. Nordax's competitors can be broadly categorized into two groups: full-service banks and niche personal loan providers. Competition in Nordax's markets is primarily based on the amount of the monthly payment; the other terms of the loan offered, including interest rate, size, term and other features; and the quality of service in terms of speed, simplicity and availability.

Nordax faces the risk that full-service banks operating in its markets, which offer a broad range of products and services through widespread retail office networks and online, may increase their focus on personal loans. The full-service banks operating in Nordax's markets typically enjoy well-established market positions, extensive branch networks and high customer awareness. Almost all of Nordax's customers have a relationship with at least one of the full-service banks through wage accounts or other banking products. Therefore, there is a risk that the full-service banks operating in Nordax's markets can have significant competitive advantages over niche personal loan providers, such as Nordax. Furthermore, certain larger financial institutions have significantly more available funds to lend or a lower cost of funding than Nordax, which could enable them to, among other things, offer loans with lower interest rates or longer terms than Nordax offers.

Niche personal loan providers are typically focused players with a narrow offering in comparison to full-service banks. Nordax considers niche personal loan providers to be its main competitors as they target similar groups and provide similar sized loans and interest rates as Nordax. New niche personal loan providers may enter the market due to the recent trend of strong demand for personal loans in Nordax's markets. This increased competition can result in decreased demand for Nordax's loan products, which poses Nordax to the risk of having to reduce the interest rates that it charges on such loans in order to compete.

Increased competition among credit intermediaries can also adversely affect Nordax. For example, increased advertising by credit intermediaries can lead more potential borrowers to use credit intermediaries when seeking out a personal loan. This, in turn, would decrease the effectiveness of Nordax's marketing strategy, which primarily relies on targeted marketing channels. Increased mass communication advertising by credit intermediaries can also reduce the effectiveness of Nordax's mass communication advertising. In addition, increased reliance on credit intermediaries by potential borrowers an increase competition among lenders as credit intermediaries benchmark loan products against each other. In addition, if the credit intermediaries with which Nordax cooperates are unable to successfully compete with other credit intermediaries, it will have an adverse effect on the number of potential borrowers referred to Nordax by credit intermediaries.

As a niche personal loan provider that only provides personal loans, Nordax is dependent on its personal loan products unlike its competitors that have a more diversified product offering. If Nordax is unable to successfully compete with other lenders, demand for Nordax's loan products will likely decrease, or Nordax can be required

to reduce the interest rates that it charges on its loan products in order to maintain demand. There is a risk that this will have a material adverse effect on Nordax's business, financial condition and results of operations.

Operational risk

The Issuer's business depends on its ability to process a large number of transactions efficiently and accurately. The Issuer's ability to develop business intelligence systems, to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across the Issuer, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future depends on 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, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This can result in a loss of data and a failure to provide quality service to customers. The Issuer has in place certain business continuity plans to guard against service disruptions, which plans can prove to be not adequate at all times.

If any of the above risks materialise, the interruption or failure of the Issuer's information technology and other systems can impair the Issuer's ability to provide its services effectively causing direct financial loss and may compromise the Issuer's strategic initiatives. Technology failure or underperformance can also increase the Issuer's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate and would have a material adverse effect on the Issuer's operations and financial situation.

Relationships with credit intermediaries

Credit intermediaries are a significant marketing channel for Nordax and Nordax is exposed to various risks inherent in dealing with credit intermediaries and cooperation partners. There is a risk that Nordax's methods and procedures for overseeing how its credit intermediaries' and other cooperation partners' interact with prospective customers are inadequate. Consequently, Nordax faces certain risks related to the conduct of the credit intermediaries and cooperation partners with which it does business. If Nordax's credit intermediaries or cooperation partners are found to have violated applicable conduct regulations or standards in the intermediation of Nordax's loan products, Nordax's reputation can be harmed.

Nordax's credit intermediary partners are typically price comparison websites that enable potential borrowers to benchmark all loan providers affiliated with the credit intermediary against each other and then refer the loan applicant to the loan provider. The incentives of credit intermediaries may not always align with those of Nordax, which can adversely affect the volume and quality of loan applicants that credit intermediaries refer to Nordax. For example, credit intermediaries may promote the loan products of Nordax's competitors to the detriment of Nordax's loan products. Furthermore, a key value proposition of Nordax's loan products is a low monthly payment. If credit intermediaries were to focus on other features, such as interest rates, when benchmarking loans for potential borrowers, it could adversely affect the volume and quality of applicants that credit intermediaries refer to Nordax.

Any of the factors above can have a material adverse effect on Nordax's business, financial condition and results of operations.

Risks related to insurance mediation

As a tied insurance intermediary of PPI, the Issuer is not under the supervision of the Swedish FSA. The insurer is liable to the customers for the actions taken by the Issuer in conjunction to the mediation of insurances. The Issuer is however contractually obliged to indemnify the insurer should any claims be directed to the insurer for misselling by the Issuer or deficient information given by the Issuer to the customer. In addition, the mediation of insurances poses both reputational and conduct risks, should the mediation not be conducted in compliance with the applicable legislation, regulations and the Issuer's internal rules. If any of these risks materialize this can result in a material adverse effect on the Issuer's result of operation and financial condition.

Reputational risk

Reputational risk is the risk of a tarnished reputation among customers, owners, employees, authorities and other parties resulting in reduced income. Reputational risk is difficult to assess, but can be substantially damaging to the Issuer's operations based on a well-established brand, and if such risk is materialised it can materially adversely affect the business, results of operations and financial condition of the Issuer.

Credit risks and risk relating to counterparties

Investors investing in the Notes take a credit risk on the Issuer. Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss is not covered by any collateral). The Issuer's main credit and counterparty risk is that the customers cannot service their debt. A certain amount of delinquencies and impairments is anticipated. Credit risk also includes concentration risk, i.e. the risk relating to large exposures to a group of inter-linked customers. In addition, the Issuer is exposed to risks associated with the uncontrolled deterioration in the credit quality of its customers which can 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 can ultimately have a material adverse effect on the Issuer's business, results of operations and financial condition.

The Issuer has undertaken extensive research to predict future potential impairments and credit losses on which the Issuer's lending model is based and there is a risk that these estimates can prove to be inaccurate. An increase in the level of credit losses will have an adverse impact on the Issuer's business, financial condition and results of operations.

The Issuer is also exposed to counterparty risk related to the risk that the Issuer will suffer loss in the event of default by a bank counterparty or an issuer of securities held by the Issuer. The risk arises as a result of occasional cash deposits placed with clearing banks or invested in securities and the use of derivative financial instruments with banks. A default occurs when a bank or other financial institutions or issuer of securities fails to honour payments as they fall due and such default can have an adverse impact on the Issuer's business, financial condition and results of operations. The Issuer is further exposed to the risk that an insurance company with which it cooperates defaults.

Exposure to currencies

The Issuer operates in Sweden, Norway, Finland, Denmark and Germany and as a result generates revenues in SEK, NOK, EUR and DKK. However, the Issuer's reporting currency is SEK and the Issuer is as a consequence exposed to currency translation risk to the extent that its assets, liabilities, revenues and expenses are denominated in currencies other than SEK. Consequently, there is a risk that increases and decreases in the value of the SEK versus NOK, EUR and DKK will affect the amount of these items in the Issuer's consolidated financial statements, even if their value has not changed in the original currency.

Liquidity and financing risks

Nordax is subject to liquidity risk. Liquidity risk is the risk that Nordax will not be able to meet its payment obligations at maturity without significant cost increases. Nordax's funding policy is to maintain a diverse funding base for its lending operations. If access to funding were constrained for a prolonged period of time, competition for retail deposits and the cost of accessing the capital markets could similarly increase. This would increase Nordax's cost of funding and, therefore, have a material adverse effect on Nordax's access to funding and net interest margin. Funding risks can be exacerbated by enterprise-specific factors, such as over-reliance on a particular source of funding or changes in credit ratings, or by market-wide phenomena, such as market dislocation or a major disaster. There is also a risk that the funding structure employed by Nordax can prove to be inefficient if its funding levels significantly exceed its funding needs, giving rise to increased funding costs that may not be sustainable in the long term. Nordax's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, including a number of factors that are outside of its control.

Retail deposits are a significant source of funding for Nordax. The on-going availability of retail deposits is dependent on a variety of factors that are outside of Nordax's control, such as general macroeconomic conditions, particularly interest rate levels; market volatility; the confidence of depositors in the economy, the financial services industry in general and Nordax in particular; the availability and extent of national deposit insurance schemes and competition for retail deposits, which, in turn, depends on the interest rates offered. Any deterioration in these or other factors can lead to a reduction in Nordax's ability to access retail deposit funding on acceptable terms, or at all, in the future. A serious loss of confidence by deposit customers could result in significant withdrawals of deposits over a sustained period. Should Nordax experience an unusually high and/or unforeseen level of withdrawals, it can require increased funding from other sources in the future. There is a risk that such increased funding will not be available on acceptable terms or at all.

Nordax sources part of its funding in the wholesale markets through issuing bonds on the ABS markets as well as through warehouse funding facilities with international banks secured primarily by certain personal loan portfolios. The availability of ABS and warehouse funding depends on a variety of factors, including the credit quality of Nordax's assets securing the ABSs or warehouse funding facilities, market conditions, the general availability of credit, Nordax's ability to raise funding through other sources, the volume of trading activities, the

overall availability of credit to the financial services industry, and rating agencies' assessment of Nordax's ABSs. These and other factors can limit Nordax's ability to obtain funding through ABSs and warehouse funding facilities, which can adversely affect Nordax's ability to maintain or grow its loan portfolio as well as its net interest margin.

Even though most tranches of Nordax's ABSs are rated, Nordax does not currently hold a credit rating, which, particularly in a period where liquidity may be scarce, can exacerbate its difficulty in obtaining funding from the wholesale or capital markets. During such a period, whether caused by macroeconomic conditions or otherwise, lending activity in the wholesale markets can contract, especially to borrowers perceived as comparatively higher risk. Under such circumstances, Nordax's lack of a credit rating can be seen by some counterparties as evidencing an uncertainty regarding Nordax's creditworthiness, thereby potentially limiting the number of parties willing to lend to it, or otherwise be exposed to its credit, particularly on an unsecured basis.

Failure to manage these or any other risks relating to the cost and availability of funding can adversely affect Nordax's ability to maintain or grow its loan portfolio and have a material adverse effect on Nordax's business, financial condition and results of operations.

Interest rate risk

Nordax is subject to interest rate fluctuations. Changes in interest rate levels, yield curves and spreads could affect Nordax's lending and deposit spreads. Nordax is exposed to changes in the spread between the interest rates payable by it on deposits or its funding costs, and the interest rates that it charges on loans to its customers as well as interest rates that are applicable to its other assets. While the interest rates payable by Nordax on deposits and other funding and the interest rates that it charges on loans to customers as well as substantially all interest rates applicable to its other assets are variable, there is a risk that Nordax will not be able to re-price its variable rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short or medium term. Such delays in re-pricing loans given to its customer can, *inter alia*, occur due to Nordax having an obligation to notify customers in advance of increases in interest rates. For example, the notice period in Norway is six weeks in connection with interest rate increases on loans. Furthermore, Nordax has made a general policy decision to only adjust interest rates on its Swedish and Norwegian loan portfolio when its cost of funding increases or decreases by at least 50 basis points. Moreover, in Finland, Denmark and Germany, Nordax is not permitted to pass its cost of funding to customers and, therefore, the interest rates that Nordax charges on loans to customers are directly linked to reference rates (i.e., EURIBOR and CIBOR). If Nordax's cost of funding in these countries were to change for reasons other than changes in the relevant reference rate, it will affect Nordax's net interest margin. Changes in the competitive environment could also affect spreads on Nordax's lending and deposits. If Nordax's funding costs were to increase due to material increases in market interest rates or other reasons and Nordax were unable to sufficiently increase the interest rates on its loan products in a timely manner, or at all, Nordax's net interest margin can be adversely effected, which can have a material adverse effect on Nordax's net earnings.

Significant changes or volatility in the interest rates could have a material adverse impact on Nordax's business, financial condition or results of operations. In addition, volatility or perceptions that interest rates will increase could also lead customers to prefer fixed-rate loans, which Nordax does not offer, and, therefore, could reduce demand for Nordax's loan products.

Any of the above can have a material adverse effect on Nordax's business, financial condition and results of operations.

Key employees

The Issuer is dependent on its ability to attract, motivate and retain high quality and highly skilled management. The Issuer is dependent on existing key executives and senior management in order to sustain, develop and grow its business and there is a risk that these employees will not remain with the Issuer. The loss of key personnel or of a substantial number of talented employees or an inability to attract, retain and motivate the calibre of employees required for the continuation of, and the expansion of, the Issuer's activities, can cause disruption and adversely affect its business, results of operations and financial condition.

Reliance on third parties

Nordax's business relies on certain service and business process outsourcing and other partners. For example, Nordea Bank AB (publ) acts as Nordax's clearing bank and payment services provider. Nordax has outsourced activities, such as mailing, printing, scanning and forwarding applications as well as certain IT related services. Nordax has also outsourced its internal audit function. While alternative business outsourcing and other partners are available, it can be difficult for Nordax to replace these relationships on commercially reasonable terms, or at

all, and seeking alternate relationships could be time consuming and result in interruptions to Nordax's business. Nordax's use of business outsourcing partners also exposes Nordax to reputational risks.

Nordax also relies on third-party debt collectors in each of the countries in which it operates. Any failure by Nordax's third-party debt collectors to adequately perform collection services on Nordax's behalf can materially reduce Nordax's cash flow, income and profitability and affect Nordax's reputation in the countries in which it operates. The failure of Nordax's third-party debt collectors to perform their services to Nordax's standards and any deterioration in or loss of any key relationships can have a material adverse effect on Nordax's business, financial condition and results of operations.

Furthermore, Nordax's business outsourcing partners and other third parties could commit fraud with respect to the services that Nordax outsources to them, fail to comply with applicable laws and regulations, such as data protection requirements, or fail to otherwise provide their agreed services to Nordax. To the extent these third parties violate laws, other regulatory requirements or their contractual obligations to Nordax, or otherwise act inappropriately in the conduct of their business, Nordax's business and reputation can be negatively affected or penalties could be directly imposed on Nordax. Furthermore, there is a risk that Nordax's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses can be inadequate, and Nordax will not become aware of the occurrence of any violations for a substantial period of time, which could exacerbate the effect of such violations.

Any of the above can have a material adverse effect on Nordax's business, financial condition and results of operations.

Risks relating to Nordax's banking license

The Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*) (the "BFBA") requires all banking companies to operate under a licence granted by the SFSA. On 5 December 2014, the Issuer was granted a banking licence by the SFSA. The Issuer's banking licence has an indefinite duration, but is subject to withdrawal rights by the SFSA. Pursuant to the BFBA, the SFSA must intervene in case the Issuer violates its obligations under the BFBA, other applicable regulations, its articles of association or internal governing documents that are based on laws and regulations governing the Issuer's operations as a bank. The SFSA may then issue an order to limit or reduce the risks of the operations in some respect, restrict or prohibit payment of dividends or interest or take other measures to rectify the situation, issue injunctions or remarks. In case of material violations, the SFSA can, as an ultimate measure, revoke the Issuer's banking licence, following which the SFSA may determine the manner in which the business will be wound up. A decision regarding revocation of licence can be combined with an injunction against continuing the operations. If deemed sufficient, taking into consideration, among other things, the nature, gravity, duration and potential effects on the financial system of the violation, the SFSA can, instead of revoking the Issuer's banking licence, issue a warning. Remarks and warnings may be combined with monetary fines (up to 10 per cent. of the annual turnover or two times the cost avoided or profit realized from the violation, where such amount can be ascertained). If the Issuer were subject to material sanctions, remarks or warnings and/or fines imposed by the SFSA, it will cause significant, and potentially irreparable, damage to the reputation of the Group and, as a result, the Issuer's business, financial position and results of operations can be materially adversely affected. The Issuer's operations are contingent upon the banking licence issued by the SFSA. The loss or suspension of the licence will require the Issuer to cease its banking operations.

Regulatory risk

Nordax's operations are subject to legislation, regulations, codes of conduct and government policies and general recommendations in the jurisdictions in which it operates and in relation to the products it markets and sells. As a Swedish bank, Nordax is subject to supervision by the SFSA with regard to, among other things, solvency and capital adequacy, including solvency ratios and liquidity rules as well as rules on internal governance and control. In addition, the Swedish Consumer Agency (*Konsumentverket*) safeguards the interests of consumers in Sweden and monitors consumer interests within the EU. As a result of conducting operations on a cross-border basis in the other Nordic countries and in Germany, consumer agencies and councils in these countries have jurisdiction over many aspects of Nordax's business, including marketing and selling practices, advertising, general terms of business and legal debt collection operations. Nordax is also subject to EU regulations with direct applicability and EU directives that are implemented through Swedish legislation. Failure to comply with applicable laws and regulations can subject Nordax to monetary fines and other penalties, which can have a material adverse effect on Nordax's reputation, business, financial condition and results of operations. Ultimately, Nordax's banking licence can be revoked and Nordax can be required to discontinue its business operations.

Many initiatives for regulatory changes have been taken in the past and the impact of such initiatives is, to some extent, difficult to predict in full. Therefore, for example, financial services laws; capital, liquidity and solvency laws; marketing laws; consumer protection laws; data protection laws; personal bankruptcy laws; laws related to deposits (including the Swedish deposit insurance scheme) and the laws on enforcement; laws and regulations related to or affecting loan amortization; laws and regulations related to or affecting interest; laws and regulations on internal governance and control; laws and regulations of remuneration; codes of conduct; government policies and general recommendations; and their respective interpretations currently affecting Nordax can change, and Nordax is unable to predict what regulatory changes can be imposed in the future as a result of regulatory initiatives in the EU, by the SFSA or by other authorities and agencies. Such changes can have a material adverse effect on, among other things, Nordax's product range and activities; the sales and pricing of Nordax's products; and Nordax's profitability, solvency and capital requirements, and can give rise to increased costs of compliance. If Nordax is required to make additional provisions or increase its reserves as a result of potential regulatory changes, this can have a material adverse effect on Nordax's results of operations. While Nordax has processes in place to monitor the enactment of new laws and regulations, and to ensure compliance, there is a risk that the measures that Nordax takes will not be adequate. In addition, Nordax can misunderstand or misapply new or amended laws, especially due to the increasing quantity and complexity of legislation, which could lead to adverse consequences for Nordax. Furthermore, since Nordax is a niche personal loan provider, adverse changes in the regulatory environment can have a greater negative impact on Nordax's business, financial condition and results of operations as compared to, for example, full-service banks, which have a more diversified product offering. Nordax incurs, and expects to continue to incur, significant costs and expenditures, to comply with the increasingly complex regulatory environment.

In addition, as a foreign financial institution (as defined in FATCA (as defined herein)) resident in Sweden, Nordax must provide certain information on U.S. account holders to the Swedish tax authorities. Information on U.S. account holders will be automatically shared with the U.S. Internal Revenue Service (the "IRS"). Non-compliant foreign financial institutions will be subject to 30 per cent. withholding tax on certain U.S.-source payments made to them.

The failure of Nordax to effectively manage these legal and regulatory risks can have a material adverse effect on Nordax's business, financial condition and results of operations.

Regulatory capital requirements

Since the beginning of the global financial crisis in 2008 and the increased loan losses and asset quality impairment suffered by financial institutions as a result thereof, governments in some European countries (including Sweden) have increased, or have announced that they are likely to increase, the minimum capital requirements for credit institutions domiciled in these countries over and above the increased capital requirements of Basel III and the CRD IV discussed below.

On 16 December 2010, the Basel Committee on Banking Supervision (the "**Basel Committee**") published its final guidelines for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions and on 13 January 2011, it published the minimum requirements for regulatory capital to ensure loss absorbency at the point of non-viability (the "**Basel III Framework**"). The aim of the framework is to improve the ability of credit institutions to absorb shocks arising from financial and economic stress, improve risk management and governance and strengthen credit institutions' transparency and disclosures. The framework raises both the quality and quantity of the capital base and increases capital requirements for certain positions. There will also be buffer requirements in the form of both a capital conservation buffer, a countercyclical capital buffer and additional capital buffers for systemic importance, which may be on a global, European or domestic basis. The regulatory framework will continue to evolve and any resulting changes could have a material impact on the Issuer's business.

Following the Basel III Framework, the European Commission published on 20 July 2011 the corresponding proposed changes at the EU level in the form of (i) a directly applicable European Parliament and Council Regulation establishing the prudential requirements for credit institutions and investment firms (known as the Capital Requirements Regulation or "**CRR**") and (ii) a European Council Directive (through an amendment of Directive 2002/87/EC) governing access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (known as "**CRD IV**"). The CRR has been directly effective in Sweden since 1 January 2014, while CRD IV was implemented in Sweden on 2 August 2014 by amendments to existing Swedish legislation, new Swedish legislation and regulations of the Swedish FSA. CRR and CRD IV are both to be supported by a set of binding technical standards currently being developed by the European Banking Authority (the "**EBA**"). The above-mentioned EU regulatory framework is broadly in line with the Basel III

Framework capital and liquidity standards, however certain issues continue to remain under discussion and certain details remain to be clarified.

CRR and CRD IV permit a transitional period for certain of the enhanced capital requirements and certain other measures. However, the Swedish authorities have, where possible, implemented higher capital requirements than those set out in CRR and CRD IV without any phasing-in period.

Furthermore, the conditions of the Issuer's business as well as external conditions are constantly changing. For the foregoing reasons, the Issuer and/or its consolidated situation can be required to raise regulatory capital in addition to the already existing and such changes could result in the Issuer's and/or the Group's existing regulatory capital ceasing to count either at the same level as present or at all. Any failure by the Issuer and/or the Group's to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators can result in intervention by regulators or the imposition of sanctions, which can have a material adverse effect on the Issuer's profitability and results and can also have other effects on the Issuer's financial performance and on the pricing of the Notes, both with or without the intervention by regulators or the imposition of sanctions. Any market perception or concern regarding compliance with future capital adequacy requirements, can increase the Issuer's and the Group's borrowing costs and limit its access to capital markets, which can have a material adverse effect on results of operations, financial condition and liquidity.

The Recovery and Resolution Directive

The EU Directive 2014/59/EU, known as the Bank Recovery and Resolution Directive ("BRRD"), supplements the CRR and CRD IV legislative package. Each Member State had until 1 January 2015 to transpose the BRRD into national law, other than the bail-in provisions (as contained in Section 5 of Chapter IV of Title IV) for which the implementation deadline was 1 January 2016. The purpose of the BRRD is to harmonise national rules on bank recovery and resolution, providing authorities with common tools and powers to address banking crises proactively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

The BRRD establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that may be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial position. National resolution authorities (the National Debt Office (*Riksgälden*) for Sweden), in consultation with competent authorities (the Swedish FSA for Sweden), is required to prepare resolution plans setting out how a firm might be resolved in an orderly fashion and its essential functions preserved, if it were to fail. This includes the potential application of the resolution tools and powers referred to below as well as options for ensuring the continuity of critical functions.

The BRRD contains a number of resolution tools and powers intended to ensure that resolution authorities across the EU have a harmonised toolkit to manage firms' failure provided that the resolution conditions are satisfied. These tools and powers may be used alone or in combination and include the following: (i) a sale of business tool - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) a bridge institution tool - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) an asset separation tool - which enables resolution authorities to transfer impaired or problem assets to one or more publically owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down; and (iv) a general bail-in tool - which gives resolution authorities the power to write-down all or a portion of the principal amount of, or interest on, certain other eligible liabilities (which could include the Notes), whether subordinated or unsubordinated, of a firm in resolution and/or to convert certain unsecured debt claims (which could also include the Notes) into another security, including common equity tier 1 instruments of the surviving entity, which equity could also be subject to any further application of the general bail-in tool. This means that most of such failing firm's debt could be subject to bail-in, except for certain classes of debt, such as deposits and secured liabilities.

One of the key principles in the BRRD is that the shareholders of a failing firm must bear the first losses in case of a failure. Prior to taking any resolution action that would result in losses for the creditors of the failing firm, the authorities must therefore impose losses on the shareholders by cancelling or severely diluting their shares. Article 48 of the BRRD establishes the sequence in which resolution authorities should apply the general bail-in tool: in general, shareholders' claims should be exhausted before those of subordinated creditors and only when those claims are exhausted can resolution authorities impose losses on senior claims (such as the Notes).

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public

equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

A resolution authority (the National Debt Office (*Riksgälden*) for Sweden) will only be permitted to use resolution powers and tools in relation to a firm if it determines that all the conditions for resolution are satisfied. These conditions are (a) the determination (which in Sweden will be determined by the Swedish FSA) that the institution is failing or likely to fail (the “**failure condition**”); (b) there is no reasonable prospect that any solution, other than a resolution action taken in respect of the firm, would prevent the failure of the firm within a reasonable timeframe (the “**no alternative condition**”); and (c) intervention through resolution action is necessary in the public interest (the “**public interest condition**”).

The powers set out in the BRRD will impact how firms are managed as well as, in certain circumstances, the rights of creditors. Holders of debt instruments (such as the Notes) may be subject to write-down or conversion into equity on any application of the general bail-in tool and non-viability loss absorption, which may result in such holders losing some or all of their investment. The general bail-in tool can be used to recapitalise a firm 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 either together with, or also, independently of, a resolution action. Other powers provided to resolution authorities under the BRRD in respect of debt instruments (which could include the Notes) include replacing or substituting the firm as obligor in respect of such debt instruments; modifying the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or discontinuing the admission to trading of debt instruments. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of the Noteholders, the price or value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Going forward, the BRRD has an impact on how large a capital buffer a firm will need, in addition to those set out in CRR and CRD IV. To ensure that firms always have sufficient loss-absorbing capacity, the BRRD requires firms to maintain at all times a sufficient aggregate amount of own funds (as defined in Article 4(1)(118) of the CRR) and “eligible liabilities” (namely, liabilities that may be bailed-in using the bail-in tool). This is known as the minimum requirement for eligible liabilities or MREL. The minimum requirement is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the firm. Resolution authorities (the National Debt Office (*Riksgälden*) for Sweden), after consultation with the relevant competent authorities (the Swedish FSA for Sweden), are responsible for determining the minimum requirement for each firm on the basis of, amongst other criteria, its size, risk and business model.

The BRRD has been implemented into Swedish law by the Resolutions Act (*Lag (2015:1016) om resolution*) and the Precautionary Support Act (*Lag (2015:1017) om förebyggande statligt stöd till kreditinstitut*) both of which entered into force on 1 February 2016. The National Debt Office (*Riksgälden*) has been appointed as resolution authority and has been given certain powers which can be categorised into preventive powers, early intervention powers and resolution powers. Ultimately, the authority may take control of a failing firm and, for example, transfer the firm to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval.

The primary objective of the BRRD and the Resolutions Act is to maintain financial stability. All firms are covered by the regime and may thus potentially be subject to resolution actions, including the Issuer and the Group. A prerequisite for initiating resolution actions is, however, that it is deemed necessary and proportionate in order to achieve the resolution objectives, such as systemic stability concerns. The BRRD and the Resolutions Act also provide that shares and other tier 1 and tier 2 capital instruments may be written-down/converted independently of resolution and, accordingly, these actions may be taken even if the criteria for initiating resolution action are not satisfied.

It is not possible to predict exactly how the powers and tools of the National Debt Office (*Riksgälden*) described in the BRRD and the Resolutions Act will affect the Issuer and the Group. Accordingly, it is not possible to assess the full impact of the BRRD and the Resolutions Act on the Issuer and the Group. The powers and tools given to the National Debt Office (*Riksgälden*) are numerous and may have a substantial effect on the Issuer and the Group.

On 26 April 2016, the National Debt Office (*Riksgälden*) for Sweden published its consultation paper on the calibration of MREL. Pursuant to the consultation paper, the MREL requirements will be set for every firm in the autumn of 2017. Until then, broadly, the MREL will be set at a level equal to the firm’s applicable capital

requirements. It can be noted that not all firms will be deemed systemically important for the purposes of the resolution regime. For firms which are not so deemed, the MREL requirements will not exceed the firm's applicable capital requirements. The decision on which firms are systemically important will be made in the autumn of 2017.

Change of law

Nordax's recoveries on written-down loans depend primarily on the effectiveness of the legal debt collection systems, including laws regarding debt collection, debt restructuring and personal bankruptcy, in the countries in which it operates. Recoveries are also to some extent dependent on the commitment by and the efficiency of Nordax's third-party debt collection partners. One of the main tools available to Nordax to collect on loans that are more than 100 days past due is wage garnishment, and changes to the wage garnishment system in Nordax's geographical markets can adversely affect Nordax's ability to collect on its past due loans. Nordax's ability to collect on its past due loans can also be adversely affected by changes in debt restructuring or personal bankruptcy laws if, for example, other creditors are granted priority over personal loan providers in restructurings or bankruptcies.

Nordax's business can also be adversely affected by changes in laws regarding statutes of limitations on debt collection. In Sweden, Norway and Denmark the statute of limitations for debt collection is ten years and it can be renewed through acknowledgement of the debt by the customer (usually through payment), the creditor making a claim in writing or otherwise notifying the debtor in writing, or through legal action. In Finland, the absolute statute of limitations for debt collection is 15 years from the first collection effort. In Germany, the ordinary statute of limitations for debt collection is three years calculated from the end of the year in which the claim arises. The statute of limitations for the enforcement of a judgment or an order issued by a court is 30 years in Germany, and can be prolonged by legal action by the creditor. There is a risk that the statute of limitations on debt collection can be shortened, or the ability to extend the statute of limitations can be restricted or abolished, in the countries in which Nordax operates, which could adversely affect Nordax's ability to collect from defaulting customers. For example, a report published by the Swedish Government in November 2013 suggested that claims that have been established by a Swedish court or the enforcement authority (*Kronofogdemyndigheten*) should be barred after 15 years.

Any changes in laws and regulations affecting Nordax's ability to collect from defaulting customers can have a material adverse effect on its business, financial condition and results of operations.

Changes in accounting principles

From time to time, the International Accounting Standards Board (the "IASB") and/or the EU amend IFRS-EU, which governs the preparation of Nordax's financial statements. These changes can be difficult to predict and can materially affect how Nordax records and reports its financial condition and results of operations. In some cases, Nordax can be required to apply a new or revised standard retrospectively, resulting in restating prior period financial statements. For example, on July 24, 2014, the IASB issued the final version of its new standard on financial instruments accounting, *IFRS 9 – Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement on financial assets and financial liabilities, impairment of credit losses and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 (if not voluntarily applied earlier). However, the EU has not endorsed IFRS 9 as at the date hereof (EU endorsement of IFRS 9 is expected in the second half of 2016). The implementation of IFRS 9 is expected to have a material effect on Nordax's financial statements and can result in increased and more volatile provisions for credit losses. Nordax has just recently commenced the implementation of the measurement and impairment requirements but has not yet quantified the effects of IFRS 9. Currently, Nordax expects the implementation of IFRS 9 to lead to a substantial one-off increase in provisions for its loan portfolio as it will be required to record a provision for all loans, including those that are newly originated or acquired, instead of only for past due loans. The implementation of IFRS 9 can lead to a negative impact on the capital position, including CET 1 capital, of affected institutions, including Nordax.

The IASB can make other changes to the financial accounting and reporting standards that govern the preparation of Nordax's financial statements, which Nordax can adopt prior to the date on which such changes become mandatory if determined to be appropriate, or which Nordax can be required to adopt. Any such change in Nordax's accounting policies or accounting standards can have a material adverse effect on Nordax's business, financial condition and results of operations.

Disputes and legal proceedings

The Issuer is currently not party to any dispute or legal proceeding which can adversely affect the Group's earnings or financial position. However, there is a risk that the Issuer will become involved in such disputes in

the future. There is further a risk that the results of any future investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments can be hard for the Issuer to predict. In addition, if an unfavourable decision were to be given against the Issuer, significant fines, damages and/or negative publicity can adversely affect the Issuer's earnings and financial position.

Taxes

The Issuer has obtained advice from independent tax advisors on tax-related issues. However, there is a risk that the Issuer's interpretation of applicable rules and administrative practice is not entirely correct, or that rules and practice may change, possibly with retroactive effect. The decisions of tax authorities could change the Group's previous or current tax situation, which could adversely affect the Issuer's earnings.

On 30 March 2016, the Swedish Government presented a proposal to abolish the income tax deductibility for interest payments on capital instruments and subordinated loans qualifying as Additional Tier 1 capital and Tier 2 capital under CRR. The Government proposed that the new rules enter into force on 1 January 2017 and apply to interest payments accruing from this date. Since the proposal is at an early stage in the legislative process, it is currently not possible to predict with any degree of certainty if and how the proposal will be finally enacted and the impact it may have on the Issuer. If the proposed rules were to be enacted, the rules would be relevant to consider in relation to all of the Issuer's Tier 2 and potential Additional Tier 1 instruments and would most likely have the effect of increasing the overall tax burden for the Issuer which could adversely affect its business, financial condition and results of operations.

Risks relating to the Notes

Structural subordination and dependence on upstreaming of funds

The Issuer's business is to provide consumer loans. The consumer loans are, however, to a large extent held by, and financed in, the Issuer's subsidiaries (the "**Subsidiaries**") and the Issuer is reliant on the financial performance of the Subsidiaries and their ability to make dividend distributions and other payments, to enable it to meet its payment obligations (including making payments under the Notes). All Subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments or to make funds available for such payments. No present or future Subsidiary will guarantee or provide any security for the Issuer's obligations under the Notes.

Limitations on Issuer level

Pursuant to the Terms and Conditions, there is no restriction on the amount of securities which the Issuer can issue which ranks *pari passu* with the Notes. Such issuance can reduce the amount recoverable by the Noteholders upon the bankruptcy, resolution or liquidation of the Issuer. Similarly, there are no limitations on security pursuant to the Terms and Conditions which limit the ability of the Issuer to provide security for debt obligations – other than in respect of debt instruments which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a regulated market issued by the Issuer. In addition, there are no default provisions (including cross acceleration) under the Terms and Conditions relating to entities within the Group other than the Issuer.

Interest rate risk

The value of the Notes is dependent on several factors, one of the most significant over time being the level of market interest rates. Investments in the Notes involve a risk that the interest decreases as market interest rates decrease.

Noteholder representation and majority decisions by the Noteholders

Under the Terms and Conditions, the Agent represents each Noteholder in all matters relating to the Notes. The Terms and Conditions contain provisions to the effect that a Noteholder is prohibited from taking actions on its own against the Issuer. To enable the Agent to represent the Noteholders in court, the Noteholders can submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney can negatively impact the enforcement options available to the Agent on behalf of the Noteholders.

Further, under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Noteholders without first obtaining the prior consent of the Noteholders including:

- (a) the right to agree to amendments to the finance documents provided that such amendments do not adversely affect the interest of the Noteholders or such amendments are made solely for the purpose of rectifying obvious errors and mistakes; and

- (b) the right to accelerate the Notes upon the occurrence of an event of default.

Additionally, under the Terms and Conditions certain majorities of Noteholders have the right to make decisions and take measures that bind all Noteholders, including those who vote in a manner contrary to the majority. Therefore, the actions of the majority and the Agent in such matters can impact the Noteholders' rights under the finance documents in a manner that can be undesirable for some of the Noteholders.

The price of the Notes may be volatile

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

Credit risks

If the Issuer's financial position deteriorates it is likely that the credit risk associated with the Notes will increase as there would be an increased risk that the Issuer cannot fulfil its obligations under the Terms and Conditions. The Issuer's financial position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk can result in the market pricing the Notes with a higher risk premium, which can adversely affect the value of the Notes. Another aspect of the credit risk is that a deteriorated financial position can result in a lower credit worthiness, which can affect the Issuer's ability to refinance the Notes and other existing debt, which in turn can adversely affect the Issuer's operations, result and financial position.

No active secondary market

Pursuant to the Terms and Conditions, the Issuer shall apply for admission to trading of the Notes on a Regulated Market but there is a risk that the Notes will not be approved for admission of trading. A failure to obtain such admission can have a negative impact on the market value of the Notes. Even if such admission will occur, there is a risk that an active market for the Notes will not evolve, and even if such would evolve that it lasts. The nominal amount of the Notes may not be indicative of their market value after being admitted for trading on a Regulated Market. In addition, following admission to trading of the Notes, the liquidity and trading price of the Notes can vary substantially as a result of numerous factors, including general market movements and irrespective of the Issuer's performance. Therefore, there is a risk that Noteholders will not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Investors must be prepared to hold the Notes until maturity.

Clearing and settlement in the CSD's account-based system

The Notes are affiliated to and will continue to be affiliated to a central securities depository of notes, currently the CSD's account-based system, and no physical notes have been or will be issued. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within the CSD's account-based system. The investors are therefore dependent on the functionality of the CSD's account-based system.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Swedish Kronor. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit other than Swedish Kronor (the "Noteholder's Currency"). Accordingly, a Noteholder is exposed to exchange rate risk if relevant exchange rates fluctuate significantly (including, but not limited to, fluctuations due to a devaluation of the Swedish Kronor or a revaluation of the Noteholder's Currency) or authorities with jurisdiction over the Noteholder's Currency impose or modify relevant exchange controls (if any).

OVERVIEW OF THE NOTES

The following is a description of the terms and conditions of the Notes and is qualified in its entirety by the full Terms and Conditions included in the Section “Terms and Conditions of the Notes”.

Issuer	Nordax Bank AB (publ), a public limited liability company incorporated in Sweden with Reg. No. 556647-7286.
Notes	Senior unsecured floating rate notes.
Form of the Notes	The Notes have been issued in dematerialised book-entry form in accordance with the Financial Instruments Accounts Act (<i>lagen (1998:1479) om kontoföring av finansiella instrument</i>). The Notes are registered with the CSD.
Status of the Notes	The Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among them and at least <i>pari passu</i> with all other direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory law and except as otherwise provided in the Finance Documents.
ISIN code	SE0008129332.
Nominal Amount	SEK 1,000,000.
Minimum Investment	SEK 1,000,000.
Issue Price	100 per cent. of the Nominal Amount.
Total Amount	SEK 500,000,000.
Issue Date	16 March 2016.
Use of Proceeds	The Issuer shall use the Net Proceeds from the issue of the Notes for general corporate purposes of the Group.
Interest and Interest Payment Dates	The Notes carry interest at a rate equivalent to three (3) months STIBOR plus a margin of 2.40 per cent. per annum. Such interest will accrue during three (3) months interest periods, be calculated on an actual/360-days basis and will be paid at the end of each three-month interest period.
Final Maturity Date	16 March 2019. On the Final Maturity Date, the Issuer shall redeem all (but not some only) of the outstanding Notes in full with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest.
Voluntary total redemption by the Issuer prior to the Final Maturity Date	The Issuer may, at its option, redeem all (but not some only) of the outstanding Notes on any Interest Payment Date prior to the Final Maturity Date at an amount per Note equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest, plus the Applicable Premium. The Issuer may redeem all (but not some only) of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.
Change of Control Event	Means an event or a series of events resulting in one person (or several persons who either (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) who act or

	<p>have agreed to act in concert), other than persons approved as owner of the Issuer in an ownership assessment conducted by the Swedish Financial Supervisory Authority (<i>Finansinspektionen</i>), directly or indirectly acquiring fifty (50) per cent. or more of the shares in the Issuer, or otherwise, directly or indirectly, establishing control over fifty (50) per cent. or more of the shares and/or votes in the Issuer, except where the Noteholders have approved such event or series of events in accordance with Clause 15.8 of the Terms and Conditions.</p>
<p>Mandatory repurchase by the Issuer upon the Occurrence of a Change of Control Event, Share Delisting Event or a Listing Failure Event</p>	<p>Upon the occurrence of a Change of Control Event, a Delisting Event or a Listing Failure Event, each Noteholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event, the Share Delisting Event or the Listing Failure Event (after which time period such right shall lapse), have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.</p>
<p>General Undertakings</p>	<p>The Issuer makes certain undertakings in the Terms and Conditions. These include undertakings and limitations relating to:</p> <ul style="list-style-type: none"> (a) negative pledge; (b) admission to trading; (c) undertakings relating to the Agency Agreement; and (d) undertakings relating to the CSD.
<p>Acceleration</p>	<p>The Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount or following an instruction given pursuant to Clause 12.5 of the Terms and Conditions, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:</p> <ul style="list-style-type: none"> (a) the Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment: <ul style="list-style-type: none"> (i) is caused by technical or administrative error; and (ii) is remedied within five (5) Business Days from the due date; (b) the Issuer does not comply with any terms of or acts in violation of the Finance Documents to which it is a party (other than those terms referred to in paragraph (a) above), unless the non-compliance: <ul style="list-style-type: none"> (i) is capable of remedy; and (ii) is remedied within twenty (20) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance; (c) any Finance Document becomes invalid, ineffective or varied (other than in accordance with the provisions of the Finance Documents), and such invalidity, ineffectiveness or variation

has a detrimental effect on the interests of the Noteholders;

- (d) any corporate action, legal proceedings or other procedure or step (other than vexatious or frivolous and as disputed in good faith and discharged within forty (40) Business Days) is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation of the Issuer;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of the Issuer, other than the Noteholders; or
 - (iii) the appointment of a liquidator, administrator or other similar officer in respect of the Issuer or any of its assets;
- (e) the Issuer is, or is deemed for the purposes of any applicable law to be, Insolvent;
- (f) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of the Issuer which is material to its business and not discharged within ninety (90) Business Days or any Security over any asset of the Issuer which is material to its business is enforced;
- (g) the Issuer carries out a merger (*fusion*), other than (i) a Permitted Merger or (ii) a merger where the Issuer is the surviving entity;
- (h) the Issuer fails to maintain a licence to conduct banking and/or financing business (*tillstånd att bedriva bankrörelse och/eller finansieringsrörelse*) as required pursuant to the Swedish Banking and Financing Business Act (*lag (2004:297) om bank och finansieringsrörelse*) or any similar licence required pursuant to any legislation replacing the Swedish Banking and Financing Business Act, or if such licence is no longer required, the Issuer substantially changes the general nature of its business from that conducted on the First Issue Date; or
- (i) any financial indebtedness of the Issuer is not paid when due nor within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur if the aggregate amount of financial indebtedness referred to herein is less than SEK 50,000,000.

CSD

The Issuer's central securities depository and registrar in respect of the Notes from time to time; initially Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden.

Listing

The Issuer shall use its best efforts to ensure that the Note Loan is admitted to trading on Nasdaq Stockholm within three (3) months after the First Issue Date, and that it remains admitted or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.

	It is estimated that the Issuer's costs in conjunction with the admission to trading will be no higher than SEK 150,000.
Agent	Intertrust Sweden (CN) AB, Reg. No. 556625-5476.
Joint Bookrunners	ABG Sundal Collier AB and Danske Bank A/S, Danmark, Sverige Filial.
Issuing Agent	Danske Bank A/S, Danmark, Sverige Filial, Reg. No. 516401-9811, Box 7523, 103 92 Stockholm.
Noteholder's Meeting and Written Procedure	Each of (i) the Issuer, (ii) the Agent, and (iii) a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount, may at any time call for a meeting among the Noteholders, the Issuer and the Agent to decide upon any issue or matter in relation to the Notes. Consent, approval, instructions or agreement by the Noteholders can also be obtained by way of Written Procedure.
No Petition	A no-petition limitation applies to the Noteholders, except as expressly permitted under Clause 22 (<i>No direct actions by Noteholders</i>) of the terms and conditions of the Notes.
Prescription	The right to receive repayment of the principal of the Notes will be prescribed and become void ten (10) years after the Redemption Date. The right to receive payment of Interest (excluding capitalised interest) will be prescribed and become void three (3) years after the relevant due date for payment.
Governing Law and disputes	The Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with Swedish law. The District Court of Stockholm (<i>Stockholms tingsrätt</i>) shall be the court of first instance.

DESCRIPTION OF THE ISSUER

General information on the Issuer and the Group

Corporate history of the Issuer

The Issuer, Nordax Bank AB (publ) with Swedish corporate registration number 556647-7286, was incorporated in Sweden on 15 July 2003 and registered with the Swedish Companies Registration Office (*Bolagsverket*) on 26 August 2003. The Issuer's registered office is located at Gävlegatan 22 in Stockholm. The Issuer is a public limited liability company (*publikt aktiebolag*).

On 27 January 2004, the Issuer was granted a licence as a credit market company (*kreditmarknadsbolag*) to conduct financing business under the Swedish Financing Business Act (*lag (1992:1610) om finansieringsverksamhet*), subsequently replaced by the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*), and on 5 December 2014, the Issuer was granted a licence to conduct banking business. In connection with this, the Issuer changed its name from Nordax Finans AB (publ) to Nordax Bank AB (publ). The banking licence is expected to strengthen the Issuer's brand in the Nordic and German consumer finance markets and will further clarify the Issuer's mission in relation to stakeholders.

Main activities

The Issuer is a niche bank with operations in Norway, Sweden, Finland, Germany and Denmark, offering personal loans and savings products. As at 31 December 2015, the Issuer had 91,000 loan customers and 31,000 savings customers.

The Issuer offers large personal loans to individuals who, based on the absence of historical losses, are deemed to pose a low risk and have high creditworthiness. The loan customers are typically middle aged with incomes above the national average for household incomes. They are also close to or above the national averages for home ownership and do not have any record of non-payment. The Issuer also offers savings products covered by the Swedish state deposit insurance scheme.

As at 31 March 2016, the number of full-time employees of the Group was 214.

Legal structure of the Group

The Issuer is part of a corporate group in which Nordax Group AB (publ) is the ultimate parent. The Issuer is a subsidiary of the holding company Nordax Holding AB, which in turn is held by the holding company Nordax Group Holding AB. The sole purpose of the two holding companies is to own the shares in their subsidiaries. The Group operates through the Issuer and its operating funding subsidiaries (presently five).

As part of the Issuer's current funding strategy, consumer loans are continuously transferred from the Issuer to its funding subsidiaries and pledged as security for bilateral warehouse facilities or asset-backed securities.

Principal shareholders

As at 31 December 2015, Nordax Group AB (publ) had 3,182 shareholders.

The ten largest shareholders as at 31 December 2015 was:

Name of shareholder	Number of shares	Percentage of votes and share capital
Vision Capital Partners	40,058,347	36.1
Swedbank Robur Fonder	10,539,832	9.5
Carnegie Fonder	7,930,742	7.2
Handelsbanken Fonder	4,861,805	4.4
Allianz Global Investors	3,832,896	3.4

Name of shareholder	Number of shares	Percentage of votes and share capital
Europe		
Nordea Fonder	3,029,090	2.7
Morten Falch	2,697,738	2.4
Andra AP-fonden	2,374,700	2.1
Per Bodlund	1,930,012	1.7
Mats Lagerqvist	1,930,012	1.7

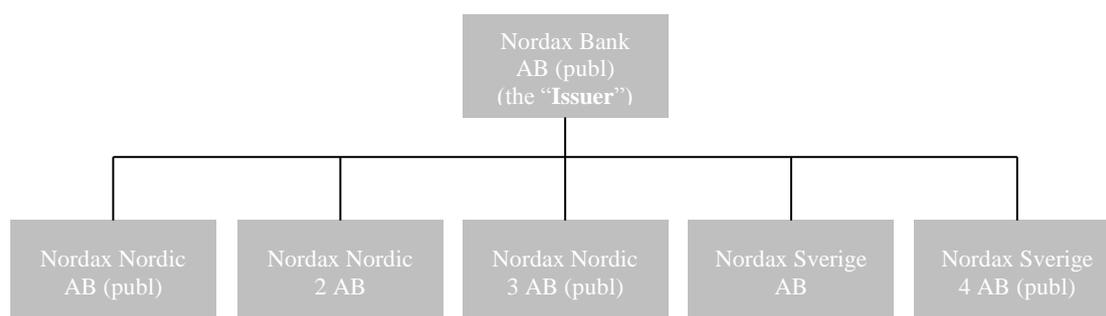
Relevant legislation

The Issuer is a limited liability company and as such regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and its articles of association. As a banking company, the Issuer is subject to the supervision of the Swedish FSA and regulated by *inter alia* the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*) and the Swedish Deposit Insurance Act (*lag (1995:1571) om insättningsgaranti*).

The Issuer is further subject to the provisions set forth in the CRR, the Swedish Supervision of Credit and Investment Firms Act (*lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (*lag 2014:966) om kapitalbuffertar*) which implements CRD IV.

The capital adequacy requirements are measured both on the level of the Issuer and on the consolidated situation which the Issuer reports to the Swedish FSA, consisting, as of 31 December 2015, of the Nordax Group AB (publ), the Nordax Group Holding AB, the Nordax Holding AB, Nordax Bank AB (publ), Nordax Nordic AB (publ), Nordax Nordic 2 AB, Nordax Nordic 3 AB (publ), Nordax Sverige AB, Nordax Sverige 3 AB (publ), Nordax Sverige 4 AB (publ), Nordax Finans AS Norge (dormant) and Nordax OY Finland (dormant). It should be noted that Nordax Sverige 3 AB (publ) does not carry on any business activities since 15 December 2015.

Legal structure (including only operating companies)



In addition to laws and official regulations, the Issuer has a number of internal documents that govern the day-to-day management of the company. These are adopted by the board of directors or the CEO and include *inter alia* the rules of procedures for the board of directors, instructions for the CEO, the risk management policy, the credit policies, the remuneration policy, the outsourcing policy, the financial risk policy, the liquidity contingency plan and the complaints management policy.

Business operations

The loan product and origination channels

The Issuer has developed an effective marketing model for each country they operate in. By marketing the loan products through various channels, principally targeted marketing but also repeat sales marketing to existing customers, credit intermediaries and online advertising.

The Issuer has developed models for selecting potential loan customers by identifying similarities among those who have responded to previous marketing campaigns. The information needed for modelling is bought from external data suppliers. The level of information varies from country to country, as does legislation on data protection. The marketing strategies are therefore adapted to each country. Addressed direct mail is used in all markets, and unaddressed direct mail is also used in Norway, Finland and Germany. The marketing material is adapted to different groups, and varies in design.

The models are updated regularly, and new customer segments are added with attractive response and risk profiles. Age is one of the most important factors influencing turnover in the target groups. The average age of the customers at the time of loan application has typically been just under 50 since start.

The Issuer cooperates with intermediaries on the Nordic market. The credit intermediaries carry out a first review of the loan applications. When the applications reach the Issuer, they undergo a usual credit assessment process.

Geographical segments

The Issuer offers loans to consumers in Norway, Sweden, Finland and Germany. The Issuer has also offered consumer loans in Denmark. However, due to the current Danish legal environment, the Issuer does not grant any new loans in Denmark at present.

Geographic overview of the Group's total portfolio (*as of 31 December 2015*)

	 Sweden	 Norway	 Denmark	 Finland	 Germany
Loan Portfolio	SEK 4,025 mn	SEK 4,125 mn	SEK 179 mn	SEK 1,964 mn	SEK 548 mn
Share of total	37%	38%	2%	18%	5%
Deposits	SEK 3,595 mn	SEK 1,737 mn	n/a	SEK 659 mn	n/a

Underwriting process

The Issuer aims for controlled growth of the loan portfolio, retaining a focus on the creditworthiness of loan customers. The risk assessment process at the Issuer begins with designing the features of the loan product and the marketing campaigns, as this has a strong bearing on the final credit risk in the loan portfolio. Targeted marketing is one of the Issuer's core areas of expertise, and covers the company's most important marketing channels such as addressed direct mail, unaddressed direct mail and marketing through partners. By using sophisticated statistical methods, the Issuer is able to target attractive customer segments by excluding from its marketing those segments that are unlikely to apply or qualify for a loan. This leads to greater effectiveness in marketing and a higher proportion of approved loan applications. Targeted marketing accounted for 56% of the Issuer's new lending in 2015. The Issuer's marketing channels also cover sale to existing customers and marketing channels that are not targeted, including credit intermediaries and online channels. In 2015, 15% of granted loans came through credit intermediaries and 7% through online applications.

Before a loan is approved, the Issuer conducts a thorough credit assessment of each loan application in accordance with credit policies and applicable laws and regulations. The credit assessment process comprises a combination of policy rules, referral rules, internal credit rating models and a calculation of affordability. The maximum amount of loan offered to a customer is calculated using a credit limit matrix based on the customer's creditworthiness.

Customer service

All customer service is performed by the Issuer's customer services department in Stockholm, where all the operating languages are spoken. Representatives from the customer services department handle all communication with the customers via phone, e-mail and regular post. The services include, for example,

preparation and administration around the loan application process or deposit processes, frequently asked questions, change of terms and processing of applications for loan increases.

Collection process

The Issuer's collection process is governed by country-specific collection and provisioning policies and related instructions, and is handled by a separate department. The collection department is divided into two specialised teams; the payment consultant team ("PCT") with focus on outbound calls and the legal collection team ("LCT") with focus on advanced cases and outsourced legal debt collection. The Issuer's policy is to reach out to customers at an early stage of delinquency and both the PCT and the LCT have efficient but strictly limited curing tools available to handle customers who face difficulties repaying their loans.

The LCT team is dedicated to the management of non-performing loans and is thus responsible for the Issuer's co-operation with debt collection agencies. The Issuer only works with reputable and well-established debt collection agencies in each market and loans in arrears are administered by debt collection agencies from the point when they are approximately 90 days overdue.

Insurance

Customers in Sweden, Norway and Finland who qualify for payment protection insurance ("PPI") are offered PPI to secure monthly payments in the event of illness or involuntary unemployment and to secure total repayment in the event of death, and as regards individuals who are self-employed, monthly payments in the event of hospitalization. In Sweden and Norway, the insurance is an optional group insurance and offered by the Issuer as a tied insurance intermediary (*anknuten försäkringsförmedlare*) to Financial Insurance Company Limited, UK, and Financial Assurance Company Limited, UK (the "Insurer"). Thus, the Issuer is not party to any of the insurance agreements but only to a co-operation agreement with the Insurer.

The Group collects insurance premia on behalf of the Insurer. As of 31 December 2015, the insurance premia typically accounted for approximately 10% of insured customers' monthly payments of interest, principal and fees (excluding late payment fees and reminder fees).

Liquidity and funding strategy

The Issuer's long-term liquidity and funding strategy is to attain high maturity and currency matching between its lending assets and its liabilities. The objective is hence to utilise funding sources with a low level of liquidity risk and high certainty of refinancing at maturity, as evidenced by price stability, regularity of issuance and breadth of investor participation.

Funding

The strategy caters for a diversified funding platform of equity and subordinated debt, asset-backed securities (ABS), warehouse funding facilities, retail deposits in several countries and senior unsecured bonds. These strategic funding sources combined give the desired diversification in terms of markets, investors, maturities, geographies and currencies.

An important component of the funding strategy is to securitise consumer loans originated by the Issuer in the European ABS term market. The intention is to regularly issue ABS under the established SCL (Scandinavian Consumer Loans) issuance programme targeted to a diversified investor base.

To enable ABS issuances, the Issuer has established a funding structure with a number of on-balance sheet funding subsidiaries. These funding subsidiaries acquire consumer loans from the Issuer on a continuous basis. The acquisitions are financed through bilateral warehouse facilities sponsored by international banks until a portfolio has reached sufficient size to be eligible for refinancing in the ABS market.

As part of the Issuer's diversified funding strategy, retail deposits are accepted in Sweden, Norway and Finland through the Issuer's own platform and also via a co-operation with the Swedish bank Avanza Bank AB and Raisin GmbH in Germany.

Board of directors

The board of the Issuer consists of eight ordinary members. The table below sets out the name and current position of each board member.

Name	Position
Arne Bernroth	Chairman
Christian Beck	Member
Katarina Bonde	Member
Morten Falch	Member
Hans Larsson	Member
Jenny Rosberg	Member
Andrew Rich	Member
Synnöve Trygg	Member

Arne Bernroth

Born 1947 in Sweden. Non-Executive Chairman of the Board.

Principal education: B.A., Lund University, Sweden.

Other on-going principal assignments: Board member of Biolin Scientific, Emra gruppen AB and Aquilles Invest.

Christian Beck

Born 1958 in Norway. Non-Executive Director.

Principal education: Master of Law and Advanced studies in Political Economics, Oslo University, Norway.

Other on-going principal assignments: Chairman of Eneas Energy Group AS, Banqsoft AS and Axcasa Arkitekter.

Katarina Bonde

Born 1958 in Sweden. Non-Executive Director.

Principal education: MSc Physics and Mathematics, Royal Institute of Technology, Stockholm, Sweden.

Other on-going principal assignments: Chairman of the Board of Directors of Propellerhead Software AB and Opus Group AB. Member of the Board of Directors of Aptilo Holding AB, Avega Group AB, Fingerprint Cards AB, Jarl Securities AB, Mycronic AB (publ) and Micro Systemation AB.

Daryl Cohen

Born 1978 in the United Kingdom. Non-Executive Director.

Principal education: Holds a B.A. and M.A. (Cantab.) in Natural Sciences, University of Cambridge, UK.

Other on-going principal assignments: Partner of Vision Capital LLP and board member of Portman Travel Limited and Bormioli Rocco Holdings S.A.

Morten Falch

Born 1967 in Norway. Executive Director.

Principal education: B.Sc. Honours degree in Business Administration, University of Bath, UK.

Other on-going principal assignments: CEO of the Issuer.

Hans Larsson

Born 1961 in Sweden. Non-Executive Director.

Principal education: B.Sc. in Business Administration and Economics, Uppsala University, Sweden.

Other on-going principal assignments: Member of the Board of Directors of Linderyd Advisory AB and Lock TopCo AS, the holding company of the Lindorff Group. CEO of Linderyd Advisory AB.

Jenny Rosberg

Born 1966 in Sweden. Non-Executive Director.

Principal education: Executive MBA from Stockholm School of Economics.

Other on-going principal assignments: founder and CEO of ROPA Management AB, member of the board in NetEnt AB(publ) and East Capital Explorer AB (publ).

Andrew Rich

Born 1974 in Hong Kong. Non-Executive Director.

Principal education: M.A. Honors degree in History of Art and Chinese Studies, Edinburgh University, UK.

Other on-going principal assignments: Partner of Vision Capital LLP and member of the boards of JDR Cables, Park Cake and Pork Farms and the Advisory Board of Trio LLP (the holding company for ABL, MG and SwissHaus).

Synnöve Trygg

Born 1959 in Sweden. Non-Executive Director.

Principal education: B.Sc. in Business Administration, Stockholm University, Sweden.

Other on-going principal assignments: Member of the Board of Intrum Justitia AB, Landshypotek Bank AB, Valitor HF, Volvofinans Bank AB and Wrapp AB.

Senior Management team

Name	Position
Morten Falch	CEO, Executive Director
Christine Ahlm	Credit Risk Manager
Johanna Clason	Treasurer
Andreas Frid	Head of Investor Relations
Jacob Lundblad	Deputy CEO and COO
Kristina Nordlind	Chief Legal Counsel
Camilla Wirth	CFO

In addition, there are nine business executives who are also part of the management team.

Morten Falch

Born 1967 in Norway. Executive Director.

Principal education: B.Sc. Honours degree in Business Administration, University of Bath, UK.

Other on-going principal assignments: CEO of the Issuer.

Christine Ahlm

Born 1967 in Sweden. Credit Risk Manager since 2004.

Principal education: Master of Science in Business and Economics, Stockholm University

Other on-going principal assignments:

Johanna Clason

Born 1965 in Sweden. Treasurer since 2011.

Principal education: B.Sc. in Economics and Business Administration, Stockholm School of Economics

Other on-going principal assignments: member of the boards of Nordax Nordic AB (publ), Nordax Nordic 2 AB, Nordax Nordic 3 AB (publ), Nordax Sverige AB, Nordax Sverige 4 AB (publ), Captor Investment Management AB and Spiltan Fonder AB.

Andreas Frid

Born 1977 in Sweden. Head of Investor Relations since 2016.

Principal education: Degree of Master in Business Administration, Lund University

Other on-going principal assignments:

Jacob Lundblad

Born 1978 in Sweden. Deputy CEO since 2009 and COO since 2015.

Principal education: Degree of Master in Business Administration, Degree of Bachelor of Business Law, School of Economics and Management, Lund University

Other on-going principal assignments: member of the boards of Nordax Nordic AB (publ), Nordax Nordic 2 AB, Nordax Nordic 3 AB (publ), Nordax Sverige AB, Nordax Sverige 4 AB (publ) and People Partner

Kristina Nordlind

Born 1972 in Sweden. Chief Legal Counsel since 2007.

Principal education: *Master of Laws (LL.M), Stockholm University*

Other on-going principal assignments:

Camilla Wirth

Born 1970 in Sweden. CFO since 2015.

Principal education: *Master of Science in Business and Economics, Stockholm University*

Other on-going principal assignments:

Additional information on the board and the management team

Business address

The office address of the board of directors and the management team is the registered office of the Issuer.

Conflicts of interest

To the best knowledge of the Issuer, no conflicts of interest exist between the private interests and other duties of the board members or the management team and their duties towards the Issuer.

Auditors

At the 2013 annual general meeting, authorised public accountant Helena Kaiser de Carolis from Öhrlings PricewaterhouseCoopers AB (Torsgatan 21, 113 97 Stockholm, Sweden) was elected auditor of the Issuer. Helena Kaiser de Carolis is a member of FAR. Öhrlings PricewaterhouseCoopers AB has been the responsible auditing firm since 2003.

MARKET AND INDUSTRY OVERVIEW

An important driver of development in the personal loan market is macroeconomic development. Economic growth such as rising GDP, rising housing prices, higher disposable incomes and low unemployment usually drive household optimism, private consumer spending and therefore demand for personal loans. The personal loan market is characterized for a high level of competition and fragmentation. The Issuer's competitors can be principally divided into two groups: full-service banks and niche banks. The Issuer considers that the niche banks (of which the Issuer is one) are taking market shares and that they are the Issuer's closest direct competitors. The niche banks have product offerings similar to that of the Issuer and offer similar interest rates, which are generally higher than the interest rates offered by full-service banks.

The full-service banks offer various secured or unsecured personal loan products, of which unsecured personal loans account for a fairly limited share. Full-service banks have historically had a relatively limited focus on the personal loan market, with the result that their offerings in the area are not particularly well known. Their limited focus has led to new players such as the niche banks being able to establish a presence in the market. The personal loan customers often have a tendency to differentiate their personal loans from traditional bank products such as mortgages and debit cards.

There are several barriers to entry that make it difficult for new players of limited size or limited experience of operating in a regulated environment to establish a presence on the personal loan market. One obstacle is economies of scale that to a great extent are a feature of the personal loan market. The strict and complicated rules and regulations for banks and credit institutions require the players to create strong functions and systems for legal issues, compliance and finance, necessitating significant investments and expertise. When such functions have been set up, they can normally handle large loan volumes, creating substantial economies of scale and operational leveraging effects. New players also have to meet the increasing number of and increasingly complicated requirements and the provisions, complicated requirements on for example capital adequacy and liquidity. Compliance requires a large amount of capital, strong management focus and sufficient revenue to be able to invest in functions for compliance and risk control. An ability to make credit assessments necessitates proven models, which in turn depend on access to extensive historical information on the development of loans. The development of these models requires time and experience of lending, which is an entry barrier to new players. The risk of making incorrect credit decisions is higher when a player has established a presence on a new market without previous experience or historical results on which to base itself. New players often have limited access to funding due to their limited history with regard to credit assessment, financial stability and compliance with regulatory capital requirements. New establishment therefore requires a significant contribution of capital, leading to low return on equity until loan funding has been obtained.

LEGAL AND SUPPLEMENTARY INFORMATION

Authorisations and responsibility

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Notes and the performance of its obligations relating thereto. The issuance of the Notes on 16 March 2016 was authorised by a resolution of the Board of Directors of the Issuer on 9 February 2016.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Incorporation by reference

The following information has been incorporated into this Prospectus by reference and should be read as part of this Prospectus:

The Issuer's annual report for 2014	as regards the audited consolidated financial information and the audit report on page 3 for key figures, page 8 for income statement, page 27-32 for notes to the income statement, page 10 for balance sheet, page 23-26, 30-34 for notes to the balance sheet, page 11 for cash flow statement, and page 36 for the auditor's report.
The Issuer's annual report for 2015	as regards the audited consolidated financial information and the audit report on page 3 for key figures, page 5 for income statement, pages 28-35 for notes to the income statement, page 7 for balance sheet, pages 23-28 and 33-38 for notes to the balance sheet, page 8 for cash flow statement, pages 9-10 for changes in equity capital and page 40 for the auditor's report.
The Issuer's interim report for Q1 2016	as regards the audited consolidated financial information and the audit report on page 4 for key figures, page 5 for income statement, pages 11 and 23 for notes to the income statement, page 7 for balance sheet, pages 11-25 for notes to the balance sheet, page 8 for cash flow statement and page 9 for changes in equity capital.

The information referred to above are available for inspection at <https://www.nordaxgroup.com/en/investors/debt-investors/reports/>

Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in the Notes or is covered elsewhere in the Prospectus.

The Issuer's annual reports for 2014 and 2015 have been prepared in accordance with international financial reporting standards as adopted by the European Union and in accordance with the Swedish Annual Report Act (*årsredovisningslag (1995:1554)*). With the exception of the annual reports, no information in this Prospectus has been audited or reviewed by the Issuer's auditor.

Documents available for inspection

Copies of the following documents can be obtained in paper format during the validity period of the Prospectus from the Issuer at Gävlegatan 22, 104 35 Stockholm, Sweden.

- (a) The certificate of registration and the Articles of Association of the Issuer.
- (b) All documents which are incorporated by reference into the Prospectus.
- (c) The Annual Reports of the operating subsidiaries of the Issuer (including auditor's report) for the financial years 2014 and 2015 (as applicable).

- (d) The Interim Report for Q1 2016.
- (e) The Finance Documents.
- (f) The Agency Agreement.

Certain material interests

The Joint Bookrunners have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer in the ordinary course of business. Therefore, conflicts of interest may exist or may arise as a result of the Joint Bookrunners having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Trend information

There has been no material adverse change in the prospects of the Issuer's business, financial condition or results of operations since the date of its last published audited financial statements.

Significant changes since 31 March 2016

There has been no significant adverse change of the Issuer's market position since the date of its last published audited financial statements.

Current disputes

No member of the Group is currently, and has not within the last twelve months been, subject to any material court or administrative proceedings (including any such proceedings which are pending or threatening so far as the Issuer is aware) which could have a significant adverse effect on the Issuer's or the Group's financial position or profitability. Members of the Group are however parties to lawsuits and other disputes from time to time in the course of their normal operations, e.g. collection matters.

Material agreements

The Issuer has not concluded any material agreement outside of its ordinary course of business which may materially affect the Issuer's ability to fulfil its obligations under the Notes.

TERMS AND CONDITIONS OF THE NOTES

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

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

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

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

“**Affiliate**” means (i) an entity controlling or under common control with the Issuer, other than a Group Company, and (ii) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in item (i) to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in item (i). For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

“**Agency Agreement**” means the agency agreement entered into on or before the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

“**Agent**” means Intertrust CN (Sweden) AB, Swedish Reg. No. 556625-5476, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

“**Applicable Premium**” means the higher of:

- (a) 1.00 per cent. of the Nominal Amount; and
- (b) an amount equal to:
 - (i) 100 per cent. of the Nominal Amount; plus
 - (ii) all remaining scheduled Interest payments on the Note until the Final Maturity Date (but excluding accrued but unpaid Interest up to the relevant Redemption Date),

assuming for sub-paragraph (ii) that the Interest Rate for the period from the relevant Redemption Date to the Final Maturity Date will be equal to the Applicable Mid Swap Rate; and

both sub-paragraphs (i) and (ii) discounted (for the time period starting from the relevant Redemption Date to the Final Maturity Date or the relevant Interest Payment Date, as the case may be) using a discount rate equal to the yield to maturity on the Business Day immediately preceding the date on which the applicable notice of redemption is given of the direct obligations of Sweden (*statsobligationer*) with a maturity date on or about the Final Maturity Date plus 0.50 per cent., minus

- (iii) the Nominal Amount.

For the purpose of calculating the Applicable Premium, the “**Swedish Bond Rate**” means direct obligations of Sweden (*statsobligationer*) with a fixed maturity most nearly equal to the period from the Redemption Date to the Final Maturity Date, provided that:

- (a) if the period from the Redemption Date to the Final Maturity Date is not equal to the fixed maturity of a direct obligation of Sweden for which a weekly average yield is given, the Swedish Bond Rate shall be obtained by linear interpolation from the weekly average yields of direct obligations of Sweden for which such yields are given; and
- (b) if the period from the Redemption Date to the Final Maturity Date is less than one (1) year, the weekly average yield on actually traded direct obligations of Sweden adjusted to a fixed maturity of one year shall be used.

For the purpose of calculation the Applicable Premium, the “**Applicable Mid Swap Rate**” means:

- (a) the applicable mid-rate displayed on Nasdaq Stockholm’s website for SEK swap fixing as of or around 11.00 a.m. on the Business Day immediately preceding the date on which the relevant notice of redemption is given and for a period of time equal to the period from the Redemption Date to the Final Maturity Date, and if such period is not equal to the tenor of one displayed mid-rate then the mid-rate shall be obtained:
 - (i) if such period is longer than one year, by linear interpolation from the two applicable mid-rates displayed with tenors closest to the Final Maturity Date; and
 - (ii) if such period is one year or shorter, by applying the applicable mid-rate for swaps with a tenor of one year;
- (b) if no mid-rate is available from an application of paragraph (a), the arithmetic mean of the mid-rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks for a period of time equal to the period from the Redemption Date to the Final Maturity Date; and

if no quotation is available pursuant to paragraph (b), the mid-rate which according to the reasonable assessment of the Issuing Agent best reflects the mid-rate for the relevant period.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*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.

“**Change of Control Event**” means an event or a series of events resulting in one person (or several persons who either (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) who act or have agreed to act in concert), other than persons approved as owner of the Issuer in an ownership assessment conducted by the Swedish Financial Supervisory Authority (*Finansinspektionen*), directly or indirectly acquiring fifty (50) per cent. or more of the shares in the Issuer, or otherwise, directly or indirectly, establishing control over fifty (50) per cent. or more of the shares and/or votes in the Issuer, except where the Noteholders have approved such event or series of events in accordance with Clause 15.8.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Notes, Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or another party replacing it, as CSD, in accordance with these Terms and Conditions.

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

“**Debt Instruments**” means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a multilateral trading facility (*handelsplattform*) (as defined in the Swedish Security Market Act (*lag (2007:528) om värdepappersmarknaden*)).

“**Event of Default**” means an event or circumstance specified in Clause 12.1.

“**Final Maturity Date**” means 16 March 2019.

“**Finance Documents**” means these Terms and Conditions 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 (*lag (1998:1479) om kontoföring av finansiella instrument*).

“**First Issue Date**” means 16 March 2016.

“**Force Majeure Event**” has the meaning set forth in Clause 25.1.

“**Group**” means the Ultimate Parent and its Subsidiaries from time to time (each a “**Group Company**”).

“**Initial Notes**” means the Notes issued on the First Issue Date.

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

“**Interest**” means the interest on the Notes calculated in accordance with Clauses 8.1 to 8.3.

“**Interest Payment Date**” means 16 March, 16 June, 16 September and 16 December of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 16 June 2016 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 First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means STIBOR plus 2.40 per cent. *per annum*.

“**Issuer**” means Nordax Bank AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556647-7286 and, following a Permitted Merger where the Ultimate Parent is the surviving entity, the Ultimate Parent.

“**Issuing Agent**” means Danske Bank A/S, Danmark, Sverige Filial, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions and the CSD Regulations.

“**Listing Failure Event**” means (i) that the Note Loan is not admitted to trading on a Regulated Market within six (6) months following the First Issue Date, or (ii) in the case of a successful admission, that a period of sixty (60) days has elapsed since the Note Loan ceased to be listed on a Regulated Market.

“**Net Proceeds**” means the gross proceeds from the offering of the relevant Notes, minus costs and fees incurred in connection with the issuance thereof.

“**Nominal Amount**” has the meaning set forth in Clause 2.3.

“**Note**” means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions, including the Initial Notes and any Subsequent Notes.

“**Note Loan**” means the loan constituted by these Terms and Conditions and evidenced by the Notes.

“**Noteholder**” means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

“**Noteholders’ Committee**” has the meaning set forth in Clause 14 (*Noteholders’ Committee*).

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Clause 16 (*Noteholders’ Meeting*).

“**Permitted Merger**” means a merger (*fusion*) between the Ultimate Parent and the Issuer where either of the Ultimate Parent and the Issuer is the surviving entity.

“**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 Noteholders is to be made under Clause 13 (*Distribution of proceeds*) or (iv) 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 Notes are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and repurchase of the Notes*).

“**Reference Banks**” means banks reasonably selected by the Issuing Agent.

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

“**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.

“**Share Delisting Event**” means that the shares in the Ultimate Parent cease to be listed on a Regulated Market.

“**STIBOR**” means:

- (a) the applicable percentage rate *per annum* displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

“**Subsequent Notes**” means any Notes issued after the First Issue Date on one or more occasions.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

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

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

“**Ultimate Parent**” means Nordax Group AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556993-2485 and, following a Permitted Merger where the Issuer is the surviving entity, the Issuer.

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

1.2 Construction

- 1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:
- (a) “**assets**” includes present and future properties, revenues and rights of every description;
 - (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (c) a “**regulation**” includes any 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;
 - (d) a provision of law is a reference to that provision as amended or re-enacted; and
 - (e) a time of day is a reference to Stockholm time.
- 1.2.2 An Event of Default is continuing if it has not been remedied or waived.
- 1.2.3 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- 1.2.5 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. STATUS OF THE NOTES

- 2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.
- 2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- 2.3 The nominal amount of each Initial Note is SEK 1,000,000 (the “**Nominal Amount**”). The aggregate nominal amount of the Initial Notes as at the First Issue Date is SEK 500,000,000. All Initial Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- 2.4 Provided that no Event of Default is continuing or would result from such issue, the Issuer may, on one or several occasions, issue Subsequent Notes. Subsequent Notes shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the currency, the nominal amount and the final maturity applicable to the Initial Notes shall apply to Subsequent Notes. The issue price of the Subsequent Notes may be set at a discount or at a premium compared to the Nominal Amount. The aggregate nominal amount of the Notes is not limited. Each Subsequent Note shall entitle its holder to Interest in accordance with Clause 8.1, and otherwise have the same rights as the Initial Notes.

- 2.5 The Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them and at least *pari passu* with all other direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory law and except as otherwise provided in the Finance Documents.
- 2.6 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.7 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3. USE OF PROCEEDS

The Issuer shall use the Net Proceeds from the issue of the Notes for general corporate purposes of the Group.

4. CONDITIONS FOR DISBURSEMENT

- 4.1 The Issuing Agent shall pay the Net Proceeds from the issuance of the Initial Notes to the Issuer on the later of (i) the First Issue Date and (ii) the date on which the Agent notifies the Issuing Agent that it has received the following, in form and substance satisfactory to the Agent:
- (a) the Terms and Conditions and the Agency Agreement duly executed by the Issuer;
 - (b) a copy of a resolution from the board of directors of the Issuer approving the issue of the Initial Notes, the Terms and Conditions and the Agency Agreement, and resolving to enter into such documents and any other documents necessary in connection therewith;
 - (c) the articles of association and certificate of incorporation of the Issuer; and
 - (d) evidence that the person(s) who has/have signed the Terms and Conditions, the Agency Agreement and any other documents in connection therewith on behalf of the Issuer is/are duly authorised to do so.
- 4.2 The Issuing Agent shall pay at least the Net Proceeds from the issuance of any Subsequent Notes to the Issuer on the later of (i) the date of the issue of such Subsequent Notes and (ii) the date on which the Agent notifies the Issuing Agent that it has received the following, in form and substance satisfactory to the Agent:
- (a) a copy of a resolution from the board of directors of the Issuer approving the issue of the Subsequent Notes and resolving to enter into documents necessary in connection therewith; and
 - (b) a certificate from the Issuer confirming that no Event of Default is continuing or would result from the issue of the Subsequent Notes.
- 4.3 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1 or 4.2 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.
- 4.4 The Agent shall confirm to the Issuing Agent when the conditions in Clause 4.1 or 4.2, as the case may be, have been satisfied.

5. NOTES IN BOOK-ENTRY FORM

- 5.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator.
- 5.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 5.3 The Issuer and the Agent shall at all times be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.
- 5.4 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 Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.
- 5.5 The Issuer and the Agent may use the information referred to in Clause 5.3 and 5.4 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

6. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

- 6.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.
- 6.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- 6.3 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 6.2 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 or the Agent has actual knowledge to the contrary.

7. PAYMENTS IN RESPECT OF THE NOTES

- 7.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes requested by a Noteholder pursuant to these Terms and Conditions, shall be made to such person who is registered as a Noteholder 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.
- 7.2 If a Noteholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on

the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.

- 7.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 8.4 during such postponement.
- 7.4 If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- 7.5 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.

8. INTEREST

- 8.1 Each Initial Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Note will carry Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date. If the Interest Rate is below zero, the Interest Rate will be deemed to be zero.
- 8.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 8.3 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).
- 8.4 If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. REDEMPTION AND REPURCHASE OF THE NOTES

9.1 Redemption at maturity

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

9.2 Purchase of Notes by Group Companies

Any Group Company may, subject to applicable law, at any time and at any price purchase Notes on the market or in any other way. Notes held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Issuer, cancelled by the Issuer.

9.3 Voluntary total redemption (call option)

- 9.3.1 The Issuer may redeem all, but not some only, of the outstanding Notes in full at any time prior to the Final Maturity Date at an amount per Note equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest, plus the Applicable Premium.
- 9.3.2 Redemption in accordance with Clause 9.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' and not more than forty (40) Business Days' notice to the Noteholders and the Agent, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Notes in full at the applicable amount on the specified Redemption Date.

9.4 Early repayment due to illegality

- 9.4.1 The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.
- 9.4.2 The Issuer may give notice of redemption pursuant to Clause 9.4.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The Issuer is bound to redeem the Notes in full at the applicable amount on the specified Redemption Date.

9.5 Mandatory repurchase due to a Change of Control Event, a Share Delisting Event or a Listing Failure Event (put option)

- 9.5.1 Upon the occurrence of a Change of Control Event or a Share Delisting Event, each Noteholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event or the Share Delisting Event pursuant to Clause 10.1.2 (after which time period such right shall lapse), have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest. However, such period may not start earlier than upon the occurrence of the Change of Control Event or the Share Delisting Event.
- 9.5.2 Upon the occurrence of a Listing Failure Event, each Noteholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Listing Failure Event pursuant to Clause 10.1.2 (after which time period such right shall lapse) have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest. If the Note Loan is, or has been, admitted to trading on a Regulated Market then this Clause 9.5.2 shall not apply following the last day on which such admission reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.
- 9.5.3 The notice from the Issuer pursuant to Clause 10.1.2 shall specify the Record Date on which a person shall be registered as a Noteholder to receive interest and principal, the Redemption Date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Notes and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to Clause 10.1.2. The Redemption Date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.5.2.

- 9.5.4 If Noteholders representing more than 80 per cent. of the Adjusted Nominal Amount have requested that Notes held by them are repurchased pursuant to this Clause 9.5, the Issuer shall, no later than five (5) Business Days after the end of the period referred to in Clause 9.5.1 or 9.5.2, send a notice to the remaining Noteholders, if any, giving them a further opportunity to request that Notes held by them be repurchased on the same terms during a period of twenty (20) Business Days from the date such notice is effective. Such notice shall specify the Redemption Date, the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date and also include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Notes and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to this Clause 9.5.4. The Redemption Date must fall no later than forty (40) Business Days after the end of the period of twenty (20) Business Days referred to in this Clause 9.5.4.
- 9.5.5 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.5, the Issuer may comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.5 by virtue of the conflict.
- 9.5.6 Any Notes repurchased by the Issuer pursuant to this Clause 9.5 may at the Issuer's discretion be retained, sold or cancelled.
- 9.5.7 The Issuer shall not be required to repurchase any Notes pursuant to this Clause 9.5, if a third party in connection with the occurrence of a Change of Control Event, a Share Delisting Event or a Listing Failure Event offers to purchase the Notes in the manner and on the terms set out in this Clause 9.5 (or on terms more favourable to the Noteholders) and purchases all Notes validly tendered in accordance with such offer. If Notes tendered are not purchased within the time limits stipulated in this Clause 9.5, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit.
- 9.5.8 No repurchase of Notes pursuant to this Clause 9.5 shall be required if the Issuer has given notice of a redemption pursuant to Clause 9.3 (*Voluntary total redemption (call option)*) provided that such redemption is duly exercised.

10. INFORMATION TO NOTEHOLDERS

10.1 Information from the Issuer

- 10.1.1 The Issuer shall make the following information available to the Noteholders by way of press release and by publication on the website of the Group:
- (a) as soon as the same become available, but in any event within 150 days after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles;
 - (b) as soon as the same become available, but in any event within 60 days after the end of each quarter of its financial year, its consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) for such period prepared in accordance with the Accounting Principles; and
 - (c) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.
- 10.1.2 The Issuer shall immediately notify the Noteholders and the Agent upon becoming aware of the occurrence of a Change of Control Event, a Share Delisting Event or a Listing Failure Event. Such

notice may be given in advance of the occurrence of a Change of Control Event, a Share Delisting Event or a Listing Failure Event and be conditional upon the occurrence thereof, if a definitive agreement is in place providing for such Change of Control Event, Share Delisting Event or Listing Failure Event.

- 10.1.3 When the financial statements and other information are made available to the Noteholders pursuant to Clause 10.1.1, the Issuer shall send copies of such financial statements and other information to the Agent. Together with the financial statements, the Issuer shall submit to the Agent a compliance certificate (i) containing a confirmation that no Event of Default has occurred (or if an Event of Default has occurred, what steps have been taken to remedy it, and (ii) attaching copies of any notices sent to the Regulated Market on which the Note Loan is admitted to trading. The compliance certificate shall be in a form agreed between the Issuer and the Agent.

10.2 Information from the Agent

- 10.2.1 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 14.4, the Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 10.2.2 Notwithstanding Clause 10.2.1, the Agent shall comply with an agreement regarding the non-disclosure of information received from the Issuer, which is entered into with the members of a Noteholders' Committee and the Issuer pursuant to Clause 14.4.

10.3 Information among the Noteholders

Upon request by a Noteholder, the Agent shall promptly distribute to the Noteholders any information from such Noteholder which relates to the Notes. The Agent may require that the requesting Noteholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

10.4 Publication of Finance Documents

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

11. GENERAL UNDERTAKINGS

11.1 Negative Pledge

The Issuer shall (i) not itself, (ii) procure that none of its Subsidiaries, and (iii) not demand that any other Group Company:

- (a) create or allow to subsist any Security over any of its assets or revenues or enter into any other preferential arrangement having a similar effect; or
- (b) provide any guarantee;

for any obligation under present or future Debt Instruments issued by the Issuer.

11.2 Admission to trading

- 11.2.1 The Issuer shall use its best efforts to ensure that the Note Loan is admitted to trading on Nasdaq Stockholm within three (3) months after the First Issue Date, and that it remains admitted or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.
- 11.2.2 Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long as any Notes are outstanding, but not longer than up to and including the last day on which the admission reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

11.3 Undertakings relating to the Agency Agreement

- 11.3.1 The Issuer shall, in accordance with the Agency Agreement:
- (a) pay fees to the Agent;
 - (b) indemnify the Agent for costs, losses and liabilities;
 - (c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
 - (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.
- 11.3.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

11.4 CSD related undertakings

The Issuer shall keep the Notes affiliated with a CSD and comply with all applicable CSD Regulations.

12. ACCELERATION OF THE NOTES

- 12.1 The Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Noteholders, be made by them jointly) or following an instruction given pursuant to Clause 12.5, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:
- (a) the Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:
 - (i) is caused by technical or administrative error; and
 - (ii) is remedied within five (5) Business Days from the due date;
 - (b) the Issuer does not comply with any terms of or acts in violation of the Finance Documents to which it is a party (other than those terms referred to in paragraph (a) above), unless the non-compliance:

- (i) is capable of remedy; and
 - (ii) is remedied within twenty (20) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance;
- (c) any Finance Document becomes invalid, ineffective or varied (other than in accordance with the provisions of the Finance Documents), and such invalidity, ineffectiveness or variation has a detrimental effect on the interests of the Noteholders;
- (d) any corporate action, legal proceedings or other procedure or step (other than vexatious or frivolous and as disputed in good faith and discharged within forty (40) Business Days) is taken in relation to:
- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation of the Issuer;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of the Issuer, other than the Noteholders; or
 - (iii) the appointment of a liquidator, administrator or other similar officer in respect of the Issuer or any of its assets;
- (e) the Issuer is, or is deemed for the purposes of any applicable law to be, Insolvent;
- (f) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of the Issuer which is material to its business and not discharged within ninety (90) Business Days or any Security over any asset of the Issuer which is material to its business is enforced;
- (g) the Issuer carries out a merger (*fusion*), other than (i) a Permitted Merger or (ii) a merger where the Issuer is the surviving entity;
- (h) the Issuer fails to maintain a licence to conduct banking and/or financing business (*tillstånd att bedriva bankrörelse och/eller finansieringsrörelse*) as required pursuant to the Swedish Banking and Financing Business Act (*lag (2004:297) om bank och finansieringsrörelse*) or any similar licence required pursuant to any legislation replacing the Swedish Banking and Financing Business Act, or if such licence is no longer required, the Issuer substantially changes the general nature of its business from that conducted on the First Issue Date; or
- (i) any financial indebtedness of the Issuer is not paid when due nor within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (i) if the aggregate amount of financial indebtedness referred to herein is less than SEK 50,000,000.
- 12.2 The Agent may not accelerate the Notes in accordance with Clause 12.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Noteholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 12.3 The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. 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.

- 12.4 The Agent shall notify the Noteholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly seek instructions from the Noteholders in accordance with Clause 15 (*Decisions by Noteholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 12.5 If the Noteholders instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 12.6 If the right to accelerate the Notes is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 12.7 In the event of an acceleration of the Notes in accordance with this Clause 12, up to, but excluding the Final Maturity Date, the Issuer shall redeem all Notes at an amount per Note equal to 100 per cent. of the Nominal Amount plus the Applicable Premium, together with accrued but unpaid Interest.

13. DISTRIBUTION OF PROCEEDS

- 13.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 12 (*Acceleration of the Notes*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2.5, and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 15.15, together with default interest in accordance with Clause 8.4 on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer;
 - (b) *secondly*, in or towards payment *pro rata* of any cost and expenses incurred by a Noteholders' Committee in accordance with an agreement with the Issuer pursuant to Clause 14.5 that have not been reimbursed by the Issuer, together with default interest in accordance with Clause 8.4 on any such amount calculated from the date it was due to be reimbursed by the Issuer;
 - (c) *thirdly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (d) *fourthly*, in or towards payment *pro rata* of any unpaid principal under the Notes; and
 - (e) *fifthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents, including default interest in accordance with Clause 8.4 on delayed payments of Interest and repayments of principal under the Notes.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (e) above shall be paid to the Issuer.

- 13.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 13.1(a) or (b), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.1(a) or (b).
- 13.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.
- 13.4 If the Issuer or the Agent shall make any payment under this Clause 13, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply.

14. NOTEHOLDERS' COMMITTEE

- 14.1 The Noteholders may appoint a committee (a "**Noteholders' Committee**") to represent the interests of the Noteholders. A Noteholders' Committee shall consist of no less than three (3) natural persons. All members of a Noteholders' Committee shall be elected at a Noteholders' Meeting.
- 14.2 Each Noteholder is entitled to nominate candidates to the Noteholders' Committee by notice to Agent no later than two (2) Business Days prior to the Noteholders' Meeting. At the Noteholders' Meeting all candidates so nominated shall be presented to the Noteholders. Each Noteholder that is entitled to vote shall for such election have the same number of votes to cast for each Note as the total number of persons to be elected. A Noteholder may cast its votes for one or several of the candidates. The candidates that receive the most votes shall be elected to the Noteholders' Committee.
- 14.3 A Noteholders' Committee may enter into discussions with the Issuer and other creditors of the Issuer and by majority decision among its members (i) adopt such procedural rules as it considers appropriate and (ii) prepare proposals and recommendations to the Noteholders. A Noteholders' Committee may not bind the Noteholders to any agreement or resolution. The Agent shall provide reasonable assistance to the Noteholders' Committee and participate in its meetings.
- 14.4 The Noteholders' Committee may agree with the Issuer not to disclose information received from the Issuer provided that it, in the reasonable opinion of the Noteholders' Committee, is beneficial to the interests of the Noteholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the Noteholders' Committee.
- 14.5 The Noteholders' Committee and the Issuer may agree that the Issuer shall pay certain costs and expenses incurred by the Noteholders' Committee. Otherwise the Noteholders' Committee is not entitled to be reimbursed for any costs or expenses.

15. DECISIONS BY NOTEHOLDERS

- 15.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 15.2 Any request from the Issuer or a Noteholder (or Noteholders) 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 Noteholder on the Business Day immediately following the day on which the request is received by

the Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' 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 Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting. Notwithstanding the foregoing, the appointment of a Noteholders' Committee shall always be dealt with at a Noteholders' Meeting.

15.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders 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.

15.4 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 15.3 being applicable, the Issuer or the Noteholder(s) requesting a decision by the Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall upon request provide the Issuer or the convening Noteholder(s) with the information available in the debt register (*skuldbok*) kept by the CSD in respect of the Notes in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be.

15.5 Should the Issuer want to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 16.1 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 17.1, in both cases with a copy to the Agent. After a request from the Noteholders pursuant to Clause 19.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 16.1. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the a notice or the communication.

15.6 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 Noteholder*) from a person who is, registered as a Noteholder:

- (a) on the Business Day specified in the notice pursuant to Clause 16.2, in respect of a Noteholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 17.2, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Nominal Amount. Such Business Day specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the notice or communication, as the case may be.

15.7 The following matters shall require the consent of Noteholders representing at least sixty-seven (67) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.2:

- (a) a change to the terms of any of Clause 2.1, and Clauses 0 to 2.7;
- (b) a reduction of the premium payable upon the redemption or repurchase of any Note pursuant to Clause 9 (*Redemption and repurchase of the Notes*);
- (c) a change to the Interest Rate or the Nominal Amount;
- (d) a change to the terms for the distribution of proceeds set out in Clause 13 (*Distribution of proceeds*);

- (e) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 15;
 - (f) an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;
 - (g) a mandatory exchange of the Notes for other securities (other than as a result of a Permitted Merger (which shall not require any consent from the Noteholders)); and
 - (h) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 12 (*Acceleration of the Notes*) or as otherwise permitted or required by these Terms and Conditions.
- 15.8 Any matter not covered by Clause 15.7 shall require the consent of Noteholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 18.1(a) or (b)), an acceleration of the Notes or the appointment of a Noteholders' Committee.
- 15.9 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 15.7, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (b) if in respect of a Written Procedure, reply to the request.
- If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- 15.10 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second Written Procedure pursuant to this Clause 15.10, the date of request of the second Noteholders' Meeting pursuant to Clause 16.1 or second Written Procedure pursuant to Clause 17.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 15.9 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 15.11 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.
- 15.12 A Noteholder holding more than one Note 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.
- 15.13 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' 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.

- 15.14 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- 15.15 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 15.16 If a decision is to be taken by the Noteholders 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 Notes owned by Group Companies, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by a Group Company.
- 15.17 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered as a Noteholder on the date referred to in Clause 15.6(a) or 15.6(b), as the case may be, and also be published on the websites of the Group 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 Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

16. NOTEHOLDERS' MEETING

- 16.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the notice is sent.
- 16.2 The notice pursuant to Clause 16.1 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 Noteholders), (iv) the day on which a person must be Noteholder in order to exercise Noteholders' rights at the Noteholders' Meeting, and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 16.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 16.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

17. WRITTEN PROCEDURE

- 17.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each person who is registered as a Noteholder on a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the communication is sent.

17.2 A communication pursuant to Clause 17.1 shall include (i) each request for a decision by the Noteholders, (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 Noteholder 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 Noteholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 17.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.

17.3 When consents from Noteholders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 15.7 and 15.8 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.7 or 15.8, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18. AMENDMENTS AND WAIVERS

18.1 The Issuer and the Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:

- (a) such amendment or waiver is not detrimental to the interest of the Noteholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
- (c) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 15 (*Decisions by Noteholders*).

18.2 The consent of the Noteholders 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.

18.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 18.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 10.3 (*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.

18.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

19. APPOINTMENT AND REPLACEMENT OF THE AGENT

19.1 Appointment of the Agent

19.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes 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 Notes held by such Noteholder, including the winding-up, dissolution, liquidation, resolution or bankruptcy (*konkurs*) of the Issuer. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.

19.1.2 Each Noteholder 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 Noteholder which does not comply with such request.

- 19.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 19.1.4 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.
- 19.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

19.2 Duties of the Agent

- 19.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. Except as specified in Clause 4 (*Conditions for disbursement*), the Agent is not responsible for the execution or enforceability of the Finance Documents.
- 19.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall act in the best interest of the Noteholders as a group and carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 19.2.3 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.
- 19.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders 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.
- 19.2.5 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 Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders 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 13 (*Distribution of proceeds*).
- 19.2.6 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- 19.2.7 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.
- 19.2.8 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 Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.

- 19.2.9 The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 19.2.8.

19.3 Limited liability for the Agent

- 19.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 19.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- 19.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, 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.
- 19.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 15 (*Decisions by Noteholders*) or a demand by Noteholders given pursuant to Clause 12.1.
- 19.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

19.4 Replacement of the Agent

- 19.4.1 Subject to Clause 19.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 19.4.2 Subject to Clause 19.4.6, 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.
- 19.4.3 A Noteholder (or Noteholders) 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 Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- 19.4.4 If the Noteholders 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 Noteholders, 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.
- 19.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.

- 19.4.6 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.
- 19.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders 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.
- 19.4.8 In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

20. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

- 20.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes.
- 20.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.
- 20.3 The Issuing Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties under the Finance Documents.

21. APPOINTMENT AND REPLACEMENT OF THE CSD

- 21.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.
- 21.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or the listing of the Notes on the Regulated Market. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

22. NO DIRECT ACTIONS BY NOTEHOLDERS

- 22.1 A Noteholder 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 (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.

22.2 Clause 22.1 shall not apply if the Agent has been instructed by the Noteholders 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 Noteholder to provide documents in accordance with Clause 19.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2.8, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2.9 before a Noteholder may take any action referred to in Clause 22.1.

22.3 The provisions of Clause 22.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due to it under Clause 9.4 (*Mandatory repurchase due to a Change of Control Event, a Share Delisting Event or a Listing Failure Event*) or other payments which are due by the Issuer to some but not all Noteholders.

23. PRESCRIPTION

23.1 The right to receive repayment of the principal of the Notes 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 Noteholders' right to receive payment has been prescribed and has become void.

23.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, 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 AND PRESS RELEASES

24.1 Notices

24.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:

- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
- (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order to receive the communication, and by either courier delivery or letter for all Noteholders. A Notice to the Noteholders shall also be published on the websites of the Group and the Agent.

24.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, by email, and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 24.1.1, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24.1.1, or, in case of email, when received in readable form by the email recipient.

- 24.1.3 Any notice pursuant to the Finance Documents shall be in English.
- 24.1.4 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

24.2 Press releases

- 24.2.1 Any notice that the Issuer or the Agent shall send to the Noteholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 9.4 (*Early repayment due to illegality*), 10.1.2, 12.3, 15.17, 16.1, 17.1 and 18.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.
- 24.2.2 In addition to Clause 24.2.1, if any information relating to the Notes or the Group contained in a notice the Agent may send to the Noteholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends a notice containing such information to the Noteholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Noteholders, the Agent shall be entitled to issue such press release.

25. FORCE MAJEURE AND LIMITATION OF LIABILITY

- 25.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 25.2 The Issuing Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 25.3 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.
- 25.4 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

- 26.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 26.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).
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We hereby certify that the above terms and conditions are binding upon ourselves.

Place: Stockholm

Date: 10 March 2016

NORDAX BANK AB (publ)
as Issuer

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place: Stockholm

Date: 10 March 2016

INTERTRUST SWEDEN (CN) AB
as Agent

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