

*This Base Prospectus was approved by the Swedish Financial Supervision Authority on 21 May 2021 and is valid for twelve months after the date of the approval. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.*



**Nordax Bank**

---

**NORDAX BANK AB (PUBL)**

**Base Prospectus for SEK 3,000,000,000 Swedish Medium Term Note Programme**

---

**Arranger**

Danske Bank A/S, Danmark, Sverige Filial

**Dealers**

Carnegie Investment Bank AB (publ)

Nordea Bank Abp

Danske Bank A/S, Danmark, Sverige Filial

Skandinaviska Enskilda Banken AB (publ)

## Important information

In this base prospectus (the “**Base Prospectus**”), the “**Issuer**” means Nordax Bank AB (publ), Swedish Reg. No. 556647-7286 and the “**Group**” means the Issuer and its subsidiaries. “**Nordax**” means the Issuer and/or the Group, as applicable. “**EUR**” refers to Euro, “**NOK**” refers to Norwegian kroner and “**SEK**” refers to Swedish kronor. “**M**” refers to million(s) and “**bn**” refers to billion(s).

Words and expressions defined in the general terms and conditions for medium term notes (the “**General Terms and Conditions**”) beginning on page 20, and, as the case may be, in the final terms, the form of which begin on page 39 (the “**Final Terms**”) have the same meanings when used in this Base Prospectus, unless expressly stated or otherwise follows from the context.

### Notice to investors

This Base Prospectus has been prepared by the Issuer and contains information about its Swedish medium term note programme (the “**Programme**”). The Programme has been established by the Issuer to constitute a framework under which the Issuer from time to time may issue medium term notes (“**Notes**”) in SEK, NOK and EUR, in a minimum Nominal Amount of EUR 100,000 (or the SEK or NOK equivalent) and with a minimum term of one year. Notes can be either Senior Notes or Subordinated Notes (as defined in the General Terms and Conditions and as specified in the relevant Final Terms). The Issuer has undertaken towards Danske Bank A/S, Danmark, Sverige Filial, Carnegie Investment Bank AB (publ), Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ) (the “**Dealers**”) that the total outstanding Nominal Amount of Notes under the Programme shall not exceed SEK 3,000,000,000 at any time. The Issuer and the Dealers may agree to increase or decrease such amount.

No person has been authorised to provide any information or make any statements other than those contained in this Base Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Base Prospectus nor the offering, sale or delivery of any Note implies that the information in this Base Prospectus is correct and current as at any date other than the date of this Base Prospectus or that there have not been any changes in the Issuer’s or the Group’s business since the date of this Base Prospectus. If the information in this Base Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”).

This Base Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Base Prospectus.

This Base Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Base Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. Subject to certain exemptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Notes have not been, and will not be, registered under the United States Securities Act of 1933 or the securities laws of any state or other jurisdiction outside Sweden. Notes may not be offered, sold or delivered directly or indirectly in Norway, unless in compliance with the Prospectus Regulation, as implemented into Norwegian law through Chapter 7 of the Norwegian Securities Trading Act.

### MiFID II Product Governance

In respect of each issue of Notes, each Issuing House (as defined in the General Terms and Conditions) will undertake a target market assessment in respect of such Notes and determine the appropriate channels for distribution for such Notes. Any person subsequently offering, selling or recommending such Notes (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (as amended “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of such Notes (either by adopting or refining the target market assessment) and determining the appropriate distribution channels. For the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue as to whether any Issuing House participating in the issue of Notes is a manufacturer in respect of such Notes. Neither the Arranger nor the Dealers nor any of their respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### Forward-looking statements and market data

The Base Prospectus contains certain forward-looking statements that reflect the Issuer’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause the Issuer’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in the section “*Risk factors*”. The forward-looking statements included in this Base Prospectus apply only to the date of the Base Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer and the Group or persons acting on the Issuer’s behalf is subject to the reservations in or referred to in this section.

The Base Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the Group participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Base Prospectus is also derived from estimates made by the Issuer.

**TABLE OF CONTENTS**

DESCRIPTION OF THE PROGRAMME .....	2
RISK FACTORS .....	7
GENERAL TERMS AND CONDITIONS AND FORM OF FINAL TERMS .....	20
DESCRIPTION OF THE ISSUER .....	43
MARKET AND INDUSTRY OVERVIEW .....	54
LEGAL AND SUPPLEMENTARY INFORMATION .....	55
ADDRESSES.....	57

## DESCRIPTION OF THE PROGRAMME

---

The following is a description of the Programme and is qualified in its entirety by the full Conditions included in the section “General Terms and Conditions and form of Final Terms”.

### General

The Programme has been established by Nordax Bank AB (publ) for the issuance of medium term notes in SEK, NOK and EUR. A Note may be issued in a minimum Nominal Amount of EUR 100,000 (or the equivalent in any other available currency) and with a minimum term of one year. The Issuer has undertaken towards the Dealers that the total outstanding Nominal Amount of Notes under the Programme shall not exceed SEK 3,000,000,000 at any time. Nordax and the Dealers may agree to increase or decrease such amount.

The Issuer has appointed Danske Bank A/S, Danmark, Sverige Filial as Arranger, and Danske Bank A/S, Danmark, Sverige Filial, Carnegie Investment Bank AB (publ), Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ) as Dealers, in respect of the Programme. Further Dealers may be appointed.

### General Terms and Conditions and Final Terms

Notes issued under the Programme will be governed by the General Terms and Conditions as well as the applicable Final Terms. The General Terms and Conditions are standardised and apply to all Notes issued under the Programme. For each Loan, Final Terms are prepared that include supplementary terms and conditions for the relevant Loan. Applicable Final Terms must therefore be read in conjunction with the General Terms and Conditions. The Final Terms will be submitted to the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**Swedish FSA**”) and published on the webpage of the Issuer.

### Form of Notes

Notes will be issued in dematerialised book-entry form and registered on a CSD Account (maintained with Euroclear or, if the Notes are denominated in NOK, with the Norwegian Central Securities Depository, Verdipapirsentralen ASA (the “**VPS**”)) on behalf of the relevant Noteholder. Hence, no physical notes will be issued. Notes will be registered in accordance with the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) and, if the Notes are denominated in NOK, in accordance with the Norwegian Financial Instruments Act (*lov 2019:6 om verdipapirsentraler og verdipapiroppgjør mv.*) and the VPS Rules (*VPS Rules for Registration of Financial Instruments*). Registration requests relating to Notes shall be directed to an Account Operator. Each Loan will be identified by an individual number (International Securities Identification Number).

The registered addresses of Euroclear and VPS is included in the section “*Addresses*”.

### Status of Senior Notes

Upon issuance, Senior Notes will constitute direct, unconditional, unsubordinated and unsecured debt obligations of the Issuer and rank *pari passu* and without any preference among themselves and shall rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations (except those obligations preferred by law) of the Issuer.

### Status of Subordinated Notes

Upon issuance, Subordinated Notes are intended to constitute Tier 2 Capital of the Issuer and will constitute direct unsecured and subordinated debt obligations of the Issuer and shall at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with (i) any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and (ii) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with Subordinated Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (c) senior to (i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (ii) holders of all classes of the Issuer’s shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes, in each case as regards the right to receive periodic payments (to the extent such periodic payment has not been cancelled) on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

- (d) junior to any present and future claims of (i) depositors of Nordax, (ii) any other unsubordinated creditors of Nordax and (iii) any subordinated creditors of Nordax whose rights are expressed to rank in priority to the holders of Subordinated Notes.

### **Pricing and interest**

Notes may be issued at a discount or at a premium compared to their Nominal Amount. The issue price and interest rate for Notes cannot be determined in advance but is set in connection with the actual issuance of Notes. Interest may be set at a floating interest rate based on EURIBOR, NIBOR or STIBOR, plus a margin, or at a fixed interest rate.

### **Majority decisions by the Noteholders**

Under the General 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 in such matters can impact the Noteholders' rights under Notes in a manner that can be undesirable for some of the Noteholders.

### **Registrar and Paying Agent**

The Issuer has appointed Nordea Bank Abp, filial i Norge (Norwegian Reg. No. 920 058 817) as registrar and paying agent to establish and manage the Issuer's account in the VPS's book-entry system in accordance with Norwegian law, to register the Issuer's issues of Notes denominated in NOK in the VPS's book-entry system and assist the Issuer with payments of interest and principle in respect of such Notes denominated in NOK.

### **Admission to trading**

Notes issued may be admitted to trading on a Regulated Market. If relevant, any intended admission to trading of Notes will be specified in the applicable Final Terms. The estimated costs associated with such admission to trading will also be set out in the applicable Final Terms. Although the Issuer may undertake to apply for an admission to trading of Notes, there is no assurance that such application will be accepted, that Notes will be so admitted to trading or that an active trading market will develop.

### **Credit rating**

When investing in Notes, the investor takes a credit risk on the Issuer. The applicable Final Terms for a Loan will stipulate whether the Loan shall be assigned a credit rating. Such credit rating reflects the assessment by an independent credit rating agency regarding of the creditworthiness of the Issuer with respect to the relevant Loan, i.e. its ability to fulfil payment obligations in a timely manner.

### **Prescription**

Claims for the repayment of the principal of Notes will be prescribed and become void ten (10) years after the Maturity Date. Claims for the payment of interest will be prescribed and become void three (3) years from the relevant Interest Payment Date. Upon prescription, the Issuer will be entitled to keep any funds that may have been reserved for such payments.

If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten years will commence for claims in respect of principal and three years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

### **Governing law**

The Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by the laws of Sweden. Disputes shall be settled by Swedish courts. The Stockholm District Court (*Stockholms tingsrätt*) shall be the court of first instance.

### **Processing of personal data**

In order to comply with the Conditions for a Loan, Nordax and the Administrative Agent, may, acting as a data controllers, collect and process personal data. The processing is based on Nordax's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Conditions, personal data may be shared with third parties, such as Euroclear and VPS, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data Nordax and the Administrative Agent processes about them and may request the same in writing at

the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about Nordax's and the Administrative Agent's respective personal data processing can be obtained by requesting the same in writing at Nordax's or the Administrative Agent's registered address.

## **Product description**

### **Interest structures**

Notes issued under the Programme may have a fixed or floating interest rate. The interest structure applicable to a specific Loan will be stated in the Final Terms. Below is a short description of the available interest structures.

#### ***Fixed interest rate***

If the relevant Final Terms of a Loan specify 'fixed interest rate' as applicable to it, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.

Interest accrued during an Interest Period is calculated using the Day Count Convention 30/360 (or such other Day Count Convention as is specified in the relevant Final Terms) and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day. Day Count Convention 30/360 means that the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed. Interest will, however, only accrue until the relevant Interest Payment Date.

#### ***Floating interest rate (FRN)***

If the relevant Final Terms of a Loan specify 'floating interest rate' as applicable to it, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.

Interest accrued during an Interest Period is calculated using the Day Count Convention Actual/360 (or such other Day Count Convention as is specified in the relevant Final Terms) and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, 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. Day Count Convention Actual/360 means that the amount shall be calculated using the actual number of days in the relevant period divided by 360.

The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the Interest Base plus the Margin for such period. The Margin will be set out in the relevant Final Terms and the Interest Base will be either of EURIBOR, NIBOR and STIBOR (as defined in the General Terms and Conditions).

If the Interest Base plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).

#### ***European Benchmarks Regulation***

Interest payable for Notes issued under the Programme may be calculated by reference to certain benchmarks, being EURIBOR, NIBOR and STIBOR, as defined in the General Terms. The benchmarks are provided by the European Money Market Institute (EURIBOR), Norske Finansielle Referanser AS (NoRe) and calculated in cooperation with Global Rate Set Systems Ltd. acting as calculation agent (NIBOR) and the Swedish Financial Benchmark Facility (a subsidiary of Global Rate Set Systems) (STIBOR). European Money Market Institute and Norske Finansielle Referanser AS are registered in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "**Benchmarks Regulation**"). However, at the date of this Base Prospectus, the Swedish Financial Benchmark Facility does not appear on that register. As far as the Issuer is aware the provisions in Article 51 of the Benchmarks Regulation apply, such that the Swedish Financial Benchmark Facility is not yet required to obtain authorisation or registration (or, if located outside of the European Union, equivalence, recognition or endorsement).

## **Redemption and repurchase of Loans**

### **Redemption at maturity**

A Loan falls due on the Maturity Date set out in the relevant Final Terms. Interest shall be paid on each Interest Payment Date set out in the relevant Final Terms. If the due date in respect of a repayment or payment (other than interest) falls on a day which is not a Business Day, the amount will be credited to an account or made available to the payee on the next following Business Day (and, in respect of interest, as set out above in section “*Interest structures*”).

### **Repurchase of Notes by the Issuer and other Group Companies**

Any Group Company may repurchase Senior Notes at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Senior Notes held by a Group Company may be retained, resold or (if held by the Issuer) cancelled at the such Group Company’s discretion.

In respect of Subordinated Notes, repurchase of Notes as described in the previous paragraph may be made, subject to consent from the Swedish FSA and in accordance with the Conditions.

### **Voluntary redemption of Notes by the Issuer (call option)**

In respect of Senior Notes, the relevant Final Terms may specify a right for the Issuer to redeem Notes, in whole or in part, prior to the Maturity Date at times and prices specified in such Final Terms.

In respect of Subordinated Notes, the relevant Final Terms may specify a right for the Issuer to, subject to consent from the Swedish FSA in accordance with the Conditions, redeem all (but not some only) outstanding Subordinated Notes early at the option of the Issuer.

### **Redemption of Subordinated Notes on the occurrence of a Capital Event or Tax Event**

Subject to consent from the Swedish FSA in accordance with the Conditions, all (but not some only) outstanding Subordinated Notes can be redeemed early at the option of the Issuer if a Capital Event or Tax Event occurs.

### **Mandatory repurchase of Senior Notes due to a Change of Control Event (put option)**

In respect of Senior Notes, following the occurrence of a Change of Control Event, each Noteholder shall, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer pursuant to the General Terms and Conditions (after which time period such right shall lapse), have the right to request that all, or some only, of its Senior Notes be repurchased at a price per Note equal to 100 per cent of the Nominal Amount together with accrued but unpaid interest.

A “**Change of Control Event**” means an event or a series of events resulting in one person (or several persons who (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) act or have agreed to act in concert), other than person(s) approved as owner(s) of the Issuer in an ownership assessment conducted by the Swedish FSA, 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 the General Terms and Conditions.

### **Acceleration of Senior Notes**

The Administrative Agent shall, (i) following a request in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent of the Adjusted Loan Amount under a Senior Loan (such a request can only be made by Noteholders registered on the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution by the Noteholders of a Senior Loan at a Noteholders’ Meeting, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Senior Loan due and payable together with accrued but unpaid interest and any other amounts payable under the Senior Loan, immediately or at such later date as the Administrative Agent or the Noteholders’ Meeting (if applicable) determines, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the relevant Senior Loan, 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, or acts in violation, of the Conditions of the relevant Senior Loan (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 (A) the Administrative Agent giving notice thereof to the Issuer and (B) the Issuer becoming aware of the non-compliance;
- (c) the Conditions for the relevant Senior Loan become invalid or ineffective, in whole or in part (other than in accordance with the provisions of such Conditions), and such invalidity or ineffectiveness is materially prejudicial to the interests of the Noteholders;
- (d) any corporate action, legal proceedings or other procedure or step (unless vexatious or frivolous, 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 or administration of any Material Group Company;
  - (ii) a composition, or arrangement with any creditor of any Material Group Company (other than the Noteholders); or
  - (iii) the appointment of a liquidator, administrator or other similar officer in respect of a Material Group Company or any of its assets, unless, in relation to a Material Group Company other than the Issuer, the liquidation is voluntary and not caused by such company's Insolvency;
- (e) a Material Group Company 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 a Material Group Company which is material to its business and not discharged within thirty (30) Business Days, or any Security over any asset of a Material Group Company which is material to its business is enforced; or
- (g) any financial indebtedness (including for the avoidance of doubt, any financial indebtedness owed under guarantees) of a Material Group Company 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 (g) if the aggregate amount of financial indebtedness referred to herein is less than the equivalent of SEK 50,000,000 or is owed to another Group Company.

**The General Terms and Conditions do not contain any right for the Noteholders to accelerate the Subordinated Notes prior to the Issuer's bankruptcy or liquidation**

Subordinated Notes are intended to constitute Tier 2 Capital of the Issuer. Consequently, the General Terms and Conditions do not include any obligations or undertakings binding on the Issuer which if breached would give rise to a right of the Noteholders to accelerate the Subordinated Notes, and the Subordinated Notes may only be accelerated upon the Issuer's bankruptcy or liquidation.



## **RISK FACTORS**

---

*In this section, material risk factors are illustrated and discussed, including Nordax's economic and market risks, operational risks, finance risks, legal and regulatory risks, risks relating to all Notes, as well as specific risks relating to the Subordinated Notes. Nordax's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Base Prospectus.*

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

### **RISKS RELATING TO THE ISSUER**

#### **Economic and market risks**

##### **Risks relating to the current macroeconomic environment**

Nordax is exposed to general market conditions and the level of economic activity in the countries in which it operates. The economic conditions globally and in the markets in which Nordax operates may be affected by, among other things, unemployment level, household disposable income, household indebtedness, the state of the housing market, housing prices, foreign exchange markets, inflation, the availability and cost of credit and the liquidity of financial markets or market interest rates.

The Nordic region is Nordax's most important market, and Nordax has a customer base of approximately 255,000 private customers in the Nordics. Accordingly, Nordax is predominantly affected by the economic environment in the Nordic region. Due to the high level of consumer indebtedness in the Nordic region, primarily related to average high mortgage loans, Nordax would be affected by fluctuations on the housing market and interest rates on mortgage loans in the Nordic countries.

Nordax may also be affected by public health epidemics or outbreaks of diseases that negatively affect the Nordic as well as the global economy such as the current corona virus ("COVID-19") outbreak. The COVID-19 outbreak has resulted in substantial movements and volatility in the financial markets. Nordax could be affected by the COVID-19 outbreak through its direct and indirect impact on, among others, its customers and other counterparties both in the Nordic region and elsewhere, as a result of, among others, public health measures, such as business closings and restrictions on travel and gatherings, which in turn may have an adverse effect on, among others, the customers' ability to pay and the demand for new loans. The extent of the risk posed by COVID-19 in the future is unclear; if the impact of the virus is severe or prolonged, this may result in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets.

Further, reduced customer confidence or a decline in consumption, or a negative change in the use of, or attitude towards, consumer credit in the Nordic region would have an adverse effect on Nordax's ability to generate revenues and new lending. The degree to which a downturn or deterioration in macroeconomic conditions in the Nordic region may affect Nordax is uncertain and presents a highly significant risk to the size of Nordax's loan portfolio and Nordax's ability to attract and maintain customers in order to generate revenue and profit.

##### **Nordax product offering**

Nordax derives its revenue almost entirely from unsecured personal loans, mortgage loans and equity release mortgages. Therefore, there is a risk that changes affecting Nordax's ability to offer these 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 loans or otherwise affecting the terms of loans or the activities of loan providers;
- decreases in demand for Nordax's loans due to, among other factors, macroeconomic conditions;
- increases in default rates for Nordax's loans due to, among other factors, macroeconomic conditions; and
- decreases in demand for Nordax's 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 and mortgage loan market.

Nordax's business model is focused on efficient data management, statistical analysis, a test-and-learn approach and quantitative decision making. As a result, Nordax's business model for personal loans is best suited for 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 no longer able to offer loans as it currently does, or at all, Nordax may be required to change its business model or restrict or cease its operations, with decreased net sales and declined results of operations as a consequence. The degree to which any of the negative consequences related to changes in Nordax's product offering may affect Nordax is uncertain and presents a significant risk to Nordax's business and financial position.

### ***Personal loans***

As personal loans are generally used for debt consolidation and general consumption, there is a risk that the demand for Nordax's personal loan products will be adversely affected by changes in consumer trends, levels of consumption, demographic patterns, customer preferences and financial conditions, all of which are affected by general macroeconomic conditions in the markets in which Nordax operates. For example, growth in gross domestic product ("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 personal loan products.

High unemployment levels in the markets where Nordax operates would reduce the number of customers who qualify for Nordax's loan and credit products and result in increased credit losses, which would in turn adversely affect Nordax's ability to maintain the size of its loan portfolio and to improve loan performance with respect to new loans. Accordingly, a severe deterioration in global or regional economic conditions would adversely affect demand for the products and services offered by Nordax.

Furthermore, there is a risk that changes in macroeconomic conditions could force Nordax to scale down or suspend personal lending operations. In 2008 and 2009, Nordax suspended its personal 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 personal lending operations in Norway and Sweden in 2010 and in Finland in 2011 as macroeconomic conditions improved, Nordax has however not resumed its lending operations in Denmark. If Nordax were to suspend personal lending operations for an extended 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 personal loan portfolio. The degree to which negative development in the macroeconomic conditions in the Nordic region may affect Nordax is uncertain and presents a significant risk for a negative development on demand for personal loans originated by Nordax.

### ***Mortgage loans***

House prices may be negatively affected by, for example, changes in regulations affecting the mortgage market directly or indirectly or by a quick rise in interest rates or unemployment levels. Amortisation requirements on residential mortgages were implemented by the Swedish FSA on 1 June 2016, and more stringent amortisation requirements were implemented on 1 March 2018. Such requirements may have an adverse effect on house prices, in particular in urban areas where market values are higher, and has contributed to a reduction in lending growth.

Should there be a significant downturn in the value of properties in Sweden, this would result in a deterioration in credit quality and the recoverability of mortgage loans of Nordax. In addition, there are certain other circumstances that may affect the level of credit losses, acceleration and payments of interest and principal amounts, such as changes regarding taxation and/or changes in the political environment. Adverse changes in the credit quality of Nordax's borrowers and counterparties would affect the recoverability and value of its assets and require an increase in Nordax's provisions for bad and doubtful debts and other provisions which in turn would have an adverse effect on Nordax's business, financial condition and/or results of operations. The degree to which negative development of the Swedish mortgage market may affect Nordax is uncertain and presents a significant risk for a negative development on demand for mortgage loans originated by Nordax.

### ***Equity release mortgages***

Nordax's equity release mortgages (*kapitalfrigöringskrediter*) include a "No negative equity guarantee" which means that Nordax's claim is limited to the proceeds from the sale of the property and the borrower is not liable

to cover a potential shortfall if the proceeds from the sale of the property are not sufficient to cover the loan. Although Nordax has highly conservative loan-to-value (“LTV”) levels with average LTVs of 28 per cent for equity release mortgages as of 31 December 2020, a significant fall in house prices would materially impact borrowers’ ability to make full repayment which would result in deteriorating credit quality.

The equity release mortgages are granted to individuals of at least sixty years of age. Accordingly, Nordax operates within a market where borrowers more commonly may suffer from certain age-related conditions. There is a risk that, upon death of a borrower, relatives of the deceased may claim that the deceased did not have presence of mind or was misled at the entry into the contract and, on such ground, legally challenge the contract (under the Act on Contracts Concluded Under the Influence of a Mental Disorder (*lag (1924:323) om verkan av avtal, som slutits under påverkan av en psykisk störning*) and the Swedish Contracts Act (*avtalslagen (1915:218)*). Thus, there is a risk that Nordax will, from time to time, become involved in judicial and administrative proceedings in relation to the above, or similar practices, and such proceedings could, if not merely relating to isolated incidents, prove to be time-consuming, disrupt normal operations, involve large amounts and result in significant costs. Equity release mortgages are a complex product and there is also a risk that Nordax is non-compliant with the increased regulatory requirements that apply to this type of mortgages.

### **Competition in the financial services industry**

The markets in which Nordax operates are characterised by a high degree of competition and fragmentation, and a strong growth in demand for both personal loans and mortgage loans in these markets. As of 31 December 2020, lending to the public for Nordax amounted to some SEK 27.6 billion, compared to some SEK 25.2 billion as of 31 December 2019, thus representing an increase in demand for consumer loans, which has led to increased competition between lenders. Nordax’s competitors can be broadly categorised into two groups: full-service banks and niche loan providers. Competition in Nordax’s markets is primarily based on the amount of the monthly payment and the other terms of the loan including interest rate, size, term and other features, as well as the quality of service in terms of speed, simplicity and availability.

As a niche loan provider which derives most of its revenue from personal loans, mortgage loans and equity release mortgages, Nordax is dependent on such loan products unlike its competitors that have a more diversified product offering.

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 or equity release products. 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 payment accounts or other banking products. Therefore, there is a risk that the full-service banks operating in Nordax’s markets could have significant competitive advantages over niche personal loan providers, such as Nordax. Furthermore, certain large financial institutions have significantly more available funds to lend or a lower cost of funding than Nordax, which could enable them, among other things, to offer loans with lower interest rates or longer terms than Nordax offers.

Niche personal loan providers are typically focused, with a narrow offering in comparison to full-service banks. Nordax considers niche personal loan and equity release 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.

If Nordax were unable to successfully compete with other lenders, demand for Nordax’s loan products would likely decrease, or Nordax would be required to reduce the interest rates that it charges on its loan products in order to maintain demand, which would have a material adverse effect on Nordax’s net interest margin.

### **Credit and counterparty risks**

Nordax’s main credit and counterparty risk is that the customers cannot service their debt and with regards to equity release mortgages that sales proceeds are not sufficient to repay the loans. A certain degree 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, Nordax 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. Since Nordax derives a large part of its business from the Nordic countries and since the economies of these countries are partly correlated, Nordax is also exposed to some Nordic concentration risk.

Before any loan is approved, Nordax conducts a thorough credit assessment of each loan application in accordance with its 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. Further, Nordax has undertaken extensive research to predict future potential impairments and credit losses on which Nordax's lending model is based and there is a risk that these estimates prove to be inaccurate. As of 31 December 2020, Nordax's total lending credit exposure amounted to SEK 31.8 billion. In total, Nordax reported SEK 416 million credit losses, net, corresponding to 1.6 per cent of average lending. An increase in the level of credit losses will have an adverse impact on Nordax's business, financial condition and results of operations.

Nordax is also exposed to counterparty risk in that Nordax would suffer a loss in the event of default by a bank counterparty or an issuer of securities held by Nordax. 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 could have an adverse impact on Nordax's business, financial condition and results of operations.

## **Operational risks**

### **IT failure and cyber risks**

Nordax's business depends on its ability to process a large number of transactions efficiently and accurately. Nordax'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 Group, 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, Nordax's monitoring and protective measures and the successful development and implementation of new systems. However, as is the case for information technology systems generally, losses could result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This could result in a loss of data and a failure to provide quality service to customers. Nordax has in place business continuity plans for critical processes and services to guard against service disruptions, which plans could prove to be not adequate at all times.

If any of the above risks materialise, the interruption or failure of Nordax's information technology and other systems could impair Nordax's ability to provide its services effectively causing direct financial loss and may compromise Nordax's strategic initiatives. Technology failure or underperformance could also increase Nordax'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 an adverse effect on Nordax's operations and financial situation.

Furthermore, any intrusion into Nordax's IT systems, for example, from increasingly sophisticated attacks by cybercrime groups, could disrupt its business, result in the disclosure of confidential information and/or create significant financial and/or legal exposure and the risk for damage to Nordax's reputation and/or brand. Such an event could be impacted by the EU General Data Protection Regulation 2016/679/EU ("**GDPR**"). The degree to which IT failures and the materialisation of any cyber risk may affect Nordax is uncertain and presents a highly significant risk to Nordax's operations and financial situation.

### **Reputational risk**

Reputational risk is the risk that an event or circumstance adversely impacts Nordax's reputation among customers, owners, employees, authorities and other parties resulting in reduced income. The reputational risk for Nordax is primarily related to consumer expectations regarding Nordax's products, the delivery of its services, and the ability to meet regulatory and consumer protection obligations related to these products and services. Effects on Nordax's reputation typically originate from internal factors, but also from external partners, suppliers, merchants or even competitors. Reputational risk can be substantially damaging to Nordax's operations since Nordax is a well-established brand, and if such risk materialises to such an extent that consumers chose competitors over Nordax, it would materially adversely affect Nordax's net sales and growth, which in turn would adversely affect its results of operations and financial condition. The degree to which reputational risks may affect Nordax is uncertain and present a highly significant risk to Nordax's business and results of operations.

### **Reliance on third-parties**

Nordax's business relies in part on certain service and business process outsourcing and other partners. For example, another bank 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 and relies on third-party debt collectors in each of the countries in which it operates. There is a risk that Nordax is unable to replace these relationships on commercially reasonable terms, or at all. Seeking alternate relationships also risks being time consuming and resulting in interruptions to Nordax's business. Significant failure of Nordax's third-party providers to perform their services in accordance with Nordax's standards, and any extensive deterioration in or loss of any key relationships would have a material adverse effect on Nordax's business, financial condition and results of operations.

Furthermore, Nordax is exposed to the risk that its outsourcing partners and other third parties commit fraud with respect to the services that Nordax has outsourced to them, that they fail to comply with applicable laws and regulations, such as data protection requirements, or fail to otherwise provide their agreed services to Nordax. If these third parties, to a significant extent, violate laws, other regulatory requirements or important contractual obligations to Nordax, or otherwise act inappropriately in the conduct of their business, Nordax's business and reputation would be negatively affected. In such cases, Nordax also faces the risk of penalties being imposed. Moreover, there is a risk that Nordax's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses do not detect the occurrence of any violations for a substantial period of time, which would exacerbate the effects of such violations. The degree to which any negative consequences related to third-party providers may affect Nordax is uncertain and present a highly significant risk to Nordax's reputation and business.

### **Ongoing change of core banking system**

Nordax is currently replacing its existing core banking system with a core banking system supplied by Banqsoft AS. The change of the core banking system is expected to yield significant benefits over time, partly due to a reduced level of manual input in the operational processes. The replacement has been made in respect of certain of Nordax's markets and products, but the majority of the loan portfolio and operations are still to be migrated. There is a risk that the planned benefits cannot be realised at full, or that the implementation, transition or migration of remaining operations is not successful or has negative customer, operational or other negative impact. The degree to which any negative consequences related to the change of core banking system may affect Nordax is uncertain and present a significant risk to Nordax's operations and business.

### **Relationships with credit intermediaries**

Credit intermediaries are a significant marketing channel for Nordax. Dealing with credit intermediaries and cooperation partners entails various risks to Nordax. 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 could 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 chosen loan provider. The incentives of credit intermediaries may not always align with those of Nordax, which could 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 personal 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. The degree to which risks relating to relationships with credit intermediaries may materialise is uncertain and presents a significant risk for Nordax's revenue and results of operations.

## **Finance risks**

### **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 at all or without significant cost increases. If access to funding is constrained for a prolonged period of time, competition for retail deposits and the cost of accessing the capital markets would increase and, therefore, have a material adverse effect on Nordax's 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 Nordax's credit-worthiness, or by market-wide phenomena, such as market dislocation. There is a risk that the funding structure employed by Nordax is inefficient should its funding levels significantly exceed its funding needs, which risks giving rise to increased funding costs that may not be sustainable in the long term.

Retail deposits are a significant source of funding for Nordax. As of 31 December 2020, Nordax's total financial liabilities amounted to SEK 29.7 billion on a consolidated basis out of which retail deposits comprised the largest part, totalling SEK 24.2 billion. Should Nordax experience an unusually high and/or unforeseen level of withdrawals, this would adversely affect Nordax's liquidity since it will be required to repay a significant amount on demand. Further, it would 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, which could have a material adverse effect on Nordax's financial position and results.

Nordax sources part of its funding in the wholesale markets through issuing bonds on the asset-backed securities (ABS) and mortgage backed securities (MBN) markets as well as through warehouse funding facilities with international banks secured primarily by personal loan or equity release mortgage portfolios. The availability of ABS/MBN and warehouse funding depends on a variety of factors, including the credit quality of Nordax's assets securing the ABSs/MBNs 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/MBNs. These and other factors could limit Nordax's ability to obtain funding through ABSs/MBNs and warehouse funding facilities, which could 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 (or, in respect of MBNs, the single tranche) are rated, Nordax does not currently hold a credit rating, which, particularly in a period where liquidity may be scarce, could 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 could contract, especially to borrowers perceived as comparatively higher risk. Under such circumstances, Nordax's lack of a credit rating could 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 could adversely affect Nordax's ability to maintain or grow its loan portfolio and have an adverse effect on Nordax's financial position and results of operations.

### **Exposure to currencies**

Nordax operates in Sweden, Norway, Finland, Germany and Denmark and as a result generates revenues in SEK, NOK, EUR and DKK. However, Nordax's reporting currency is SEK and, as a consequence, Nordax is 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. As of 31 December 2020, Nordax's exchange rate exposure amounted to NOK 13.6 million, EUR -4.6 million and DKK -0.2 million. Further, a 5 per cent fluctuation between SEK and the respective currencies listed below would have the following effect on the net income of the year before tax (SEK million):

- NOK: +- SEK 0.7 million
- EUR: +- SEK 2.3 million
- DKK: +- SEK 0.1 million

Fluctuations in currencies, particularly the SEK/NOK/EUR/DKK exchange rates, thus have a significant impact on Nordax's operating profits and cash flows.

### **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 are primarily 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. Changes in the

competitive environment could also affect spreads on Nordax's lending and deposits. If Nordax's funding costs were to significantly 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 would be adversely affected, which would have an adverse effect on Nordax's net earnings.

Nordax's equity release mortgages are all variable-rate loans based on 3-month STIBOR and interest is capitalised through the life-time of the loan. Higher than expected rates of 3-month STIBOR would therefore result in greater interest capitalisation, increasing the risk of the loan amount being greater than the sales proceeds of the property and in turn resulting in credit losses.

In 2020, Nordax's interest payments received and interest expenses paid totalled SEK 2.18 billion and SEK 424 million, respectively (each on a consolidated basis). Accordingly, Nordax is to a significant extent exposed to variation in interest rates affecting its interest payments received and interest expenses paid, respectively and interest rate risks thus present a significant risk to Nordax's cost levels, financial position and results of operations.

## Legal and regulatory risks

### Risks relating to regulatory requirements and regulatory changes

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, the Issuer is subject to supervision by the Swedish FSA 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, as for any provider of financial services to consumers, Nordax's offering is occasionally reviewed by consumer authorities. In Sweden, the Swedish Consumer Agency (*Konsumentverket*) safeguards the interests of consumers and monitors consumer interests within the EU and the Swedish Data Protection Authority (*Datainspektionen*) works to protect the privacy of private individuals. As a result of conducting operations on a cross-border basis in the other Nordic countries, Germany and in the Netherlands, consumer agencies and councils in these countries have jurisdiction over certain 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 directly applicable EU regulations and EU directives that are implemented through local legislation. Significant failures to comply with applicable laws and regulations could expose Nordax to monetary fines and other penalties, damages and/or the voiding of contracts and affect Nordax's reputation. Ultimately, the Issuer's banking licence, on which Nordax's operations are highly dependent, could be revoked. The loss or suspension of the licence will require Nordax to cease its banking operations which would have an adverse effect on the Issuer's business, financial condition and results of operations.

SHP has a mortgage credit company (*bostadskreditinstitut*) licence issued by the Swedish FSA and SHP is obliged to follow rules and regulations applicable to mortgage credit companies. Failure to do so could lead to the Swedish FSA imposing sanctions on SHP. In case of material violations, the Swedish FSA can, as an ultimate measure, revoke SHP's licence. The Swedish FSA may also issue remarks and warnings, which may be combined with monetary fines. Any such sanction could have an adverse effect on Nordax's business, financial condition and results of operations.

Many initiatives for regulatory changes have been taken in the past and Nordax is unable to predict with certainty what regulatory changes can be imposed in the future as a result of regulatory initiatives in the EU, by the Swedish FSA or by other national authorities and agencies. Such changes risk having a material adverse effect on, among other things, Nordax's product range and activities, the sales and pricing of Nordax's products as well as Nordax's profitability and capital adequacy and can give rise to increased costs of compliance. In addition, there is a risk that Nordax misinterprets or misapplies new or amended laws and regulations, especially due to the increasing quantity and complexity of legislation, which, in case of significant misinterpretations, would lead to adverse consequences for Nordax. Furthermore, since Nordax is a niche loan provider, adverse changes in the regulatory environment could 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. The degree to which any negative consequences related to managing these legal and regulatory risks is uncertain and present a highly significant risk to Nordax's reputation and business.

## Regulatory capital and liquidity requirements

Nordax is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted Nordax and are expected to continue to impact Nordax include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU (“**CRD IV**”), as amended by Directive (EU) 2019/878 (“**CRD V**”), and the EU Capital Requirements Regulation 11(99) (EU) No. 575/2013 (“**CRR**”), as amended by Regulation (EU) 2019/876 (“**CRR II**”) and, as a response to the COVID-19 pandemic, by Regulation (EU) 2020/873. CRR and CRD IV are supported by a set of binding technical standards developed by the European Banking Authority (“**EBA**”). Nordax is also subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The Swedish FSA has issued regulations on liquidity, such as FFFS 2014:21 and FFFS 2010:7, which Nordax needs to comply with.

The capital adequacy framework includes, *inter alia*, minimum capital requirements for the components in the capital base with the highest quality, common equity tier 1 (“**CET1**”) capital, additional tier 1 capital and tier 2 capital. CRR II also introduces a binding leverage ratio requirement (i.e. a capital requirement independent from the riskiness of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to CRR. In addition to the minimum capital requirements, CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to Nordax as determined by the Swedish FSA. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by Nordax for example, dividend and coupon payments on CET1 and tier 1 capital instruments. However, Nordax is currently not considered a systemically important institution and is thus not subject to the buffer requirement for systemically important institutions, nor subject to the systemic risk buffer requirements. There can, however, be no assurance that Nordax will not be designated a systemically important institution or subject to systemic risk buffer requirements in the future.

The conditions of Nordax’s business as well as external conditions are constantly changing and the full set of capital adequacy rules applicable to Swedish financial institutions continues to evolve. For the foregoing reasons, the Issuer and/or its consolidated situation can be required to raise regulatory capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, is not always available on attractive terms, or at all.

Serious or systematic deviations by Nordax from the above regulations would most likely lead to the Swedish FSA determining that Nordax’s business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions on Nordax. Further, any increase in the capital and liquidity requirements could have a negative effect on Nordax’s liquidity (should its revenue streams not cover continuous payment to be made under its issued capital), funding (should it not be able to raise funding on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase). The degree to which regulatory capital and liquidity requirements risks may affect Nordax is uncertain and presents a highly significant risk to Nordax’s funding and liquidity position.

## The Recovery and Resolution Directive

As a bank, Nordax is subject to the Bank Recovery and Resolution Directive (2014/59/EU) (“**BRRD**”) (which was amended by Directive (EU) 2019/879 (“**BRRD II**”) on 27 June 2019 where most of the new rules in BRRD II will start to apply mid-2021). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions (such as the Issuer) to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition.

The BRRD contains a number of resolution tools and powers which may be applied by the resolution authority (in Sweden, the Swedish National Debt Office (*Riksgäldskontoret*)) upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, which securities could also be subject to any further application of the general bail-in tool. This means that most of such failing institution’s debt (including any Notes) could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the authority has the power to take control of a failing institution and, for example, transfer



the institution 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 (or other) approval.

It is not possible to predict exactly how the powers and tools of the Swedish National Debt Office described in the BRRD and the Resolutions Act (*Lag 2015:1016 om resolution*) will affect Nordax. The powers and tools given to the Swedish National Debt Office are numerous and may have a material adverse effect on Nordax. Accordingly, the degree to which amendments to BRRD or application of BRRD may affect Nordax is uncertain and presents a significant risk to Nordax's funding and compliance costs.

### **Risks relating to changes to legislation concerning debt collection**

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 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 that cause a significant deterioration for lenders to the wage garnishment system in Nordax's geographical markets would adversely affect Nordax's ability to collect on its past due loans. Nordax's ability to collect on its past due loans could 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 could 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 would adversely affect Nordax's ability to collect from defaulting customers.

The degree to which the aforementioned legislation changes may affect Nordax is uncertain and presents a significant risk to Nordax's cost levels and results of operations.

### **Risks relating to changes in accounting standards**

From time to time, the International Accounting Standards Board (the "IASB"), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of Nordax's financial statements. These changes are sometimes difficult to predict and could materially impact how Nordax record and report its results of operations and financial condition. There is a risk that changes in accounting standards have an adverse effect on Nordax's financial reporting, and thereby its results of operations and financial condition.

For example, in July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (Financial Instruments) ("IFRS 9"), which became effective from 1 January 2018 and replaced IAS 39. IFRS 9 provides principles for classification of financial instruments, and provisioning for expected credit losses which are mandatory, and therefore fully implemented by Nordax, as of 1 January 2018. As a bank offering consumer lending products, provisions for expected credit losses are important for Nordax in relation to its exposure to default and expected credit losses. However, recognition and measurement of financial instruments as regulated in IFRS 9 is a complex area with significant judgement to determine the loan loss provisions. Therefore, changes in assessments of the provisioning can have a material impact on the result and the capital ratios. As a result of applying IFRS 9, allowances for credit losses increased by SEK 177 for Nordax as of 1 January 2018. The impact on equity was SEK 138. The increase in allowances for credit losses was driven by the IFRS 9 requirement to also hold provisions for assets without a significant increase in credit risk (stage 1 as defined in the IFRS 9 standard) as opposed to IAS 39 that requires provisions for losses incurred. Accordingly, new IFRS and other financial accounting and reporting standards may have a significant impact on Nordax's results and financial position.

### **EU General Data Protection Regulation**

As a financial group aimed primarily at individuals, Nordax processes large quantities of personal data on its customers. Such processing of personal data is subject to extensive regulation and scrutiny following the implementation of GDPR, as of 25 May 2018. Any administrative and monetary sanctions (including administrative fines of up to the greater of EUR 20 million or 4 per cent. of Nordax's total global annual turnover) or reputational damage due to incorrect implementation or breach of the GDPR would adversely impact Nordax's

business, financial condition and results of operations. The degree to which non-compliance with applicable requirements may affect Nordax is uncertain and presents a significant risk to Nordax's operations and reputation.

### **Disputes and legal proceedings**

From time to time, Nordax may be subject to legal proceedings, claims and disputes in jurisdictions where it is active. There is a risk that the Issuer will become involved in a dispute which materially adversely affects Nordax's business, financial condition and results of operations. There is further a risk that the results of any investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments are difficult for Nordax to predict. In addition, if an unfavourable decision were to be given against Nordax, significant fines, damages and/or negative publicity risk adversely affecting Nordax's business, financial condition and results of operations. The outcomes of any future potential proceedings, claims and disputes may vary and are uncertain, and presents a significant risk to Nordax's costs and reputation.

### **Tax risks**

Nordax's business and transactions are conducted in accordance with Nordax's interpretation of applicable laws, tax treaties, regulations, case law and requirements of the tax authorities. There is a risk that Nordax's interpretation of applicable laws, tax treaties, regulations, case law or other rules or administrative practice is incorrect, or that such rules or practice will change, possibly with retroactive effect. For example, in 2018, the then-current Swedish government presented a proposal for tax on financial services. The current government revised the proposal in August 2019 this and expressed its intention to introduce such tax in 2022, and on 17 September 2020 the Ministry of Finance (*Finansdepartementet*) published a memorandum proposing new legislation introducing a tax for credit institutions with liabilities of more than SEK 150 billion attributable to operations in Sweden. The new legislation is proposed to enter into force on 1 January 2022 and the suggested tax rate is set to 0.06 per cent of total debt attributable to business carried out in Sweden for taxation years commencing in 2022 and 0.07 per cent in following years. The proposal is subject to a consultation process and further investigation and the final details of the tax are yet to be confirmed. As of the date of this Base Prospectus, this proposed new legislation is not applicable to Nordax. However, there is a risk that the suggestion, if implemented and if applicable to Nordax, will increase Nordax's tax costs.

In 2020, Nordax's reported tax on profit totalled SEK 155 million and its effective tax rate was 22 per cent. Nordax's tax situation for previous, current and future years may change as a result of legislative changes such as the one mentioned, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. Such decisions or changes, potentially with retroactive effect, could have an adverse effect on Nordax's tax position, financial condition and results of operations.

### **Anti-money laundering and counter-terrorism financing**

Counteracting money laundering and terrorist financing is a highly prioritised area within the EU and the regulatory framework is continuously updated to prevent the financial system from being used for money laundering and terrorist financing. As a bank, Nordax is subject to a regulatory framework which requires it to take measures to counteract money laundering and terrorist financing within its operations. There is a risk that Nordax's procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are not sufficient or adequate to ensure that Nordax complies with the regulatory framework. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties, which risk resulting in a failure to comply with the anti-money laundering regulatory framework.

Failure to comply with the requirements could result in legal implications. If Nordax would become subject to material sanctions, remarks or warnings and/or fines imposed by the Swedish FSA, this would cause significant, and potentially irreparable, damage to the reputation of Nordax and, as a result, Nordax's business, financial position and results of operations can be adversely affected. The Issuer's operations are contingent upon the banking licence issued by the Swedish FSA, thus making such consequences a significant risk for Nordax. The degree to which non-compliance with anti-money laundering may affect Nordax is uncertain and presents a significant risk to Nordax's reputation, financial condition and results of operations.

## **RISKS RELATING TO NOTES**

### **Risks relating to all Notes**

#### **Credit risks**

If the Issuer's financial position deteriorates it is likely that the credit risk associated with Notes will increase as there would be an increased risk that the Issuer cannot fulfil its obligations under such Notes. 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 Notes with a higher risk premium, which can adversely affect the value of such 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 Notes and other existing debt, which in turn can adversely affect the Issuer's operations, result and financial position.

#### **Structural subordination and dependence on upstreaming of funds**

Nordax's business is to provide personal loans, mortgage loans and equity release mortgage loans. These loans are to a large extent held by, and funded in, the Issuer's subsidiaries (the "**Subsidiaries**"). Such Subsidiaries have generally created security over such loans in favour of their respective funding partners as security for such funding. 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 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, or other member of the Group, will guarantee or provide any security for the Issuer's obligations under Notes.

#### **The Issuer is not prohibited from issuing further debt, which may rank *pari passu* or with priority to Notes**

There is no restriction on the amount or type of debt that the Issuer (or any other Group Company) may issue or incur that ranks *pari passu* or with priority to Notes. There are no limitations on security in the General Terms and Conditions which limit the ability of the Issuer to provide security for other debt obligations, other than in respect of debt instruments issued by the Issuer which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a regulated market (excluding covered bonds). The incurrence of any debt ranking with priority to Notes and/or being secured may reduce the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation, resolution or bankruptcy of the Issuer.

#### **Events of Default in respect of Senior Loans**

Certain Events of Default in respect of Senior Loans apply to the Issuer, as well as to Material Group Companies (but not to other Group Companies). Group Companies which are asset-backed finance special purpose companies are excluded from the definition of 'Material Group Company' (and, as of the date of this Base Prospectus, the definition of 'Material Group Company' comprises Nordax Holding AB (publ) (previously named NDX Intressenter AB), Nordax Group AB (publ), the Issuer and Svensk Hypotekspension AB). Thus, the Events of Defaults (including the cross-default/cross-acceleration and insolvency Events of Default) do not apply in respect of such special purpose companies, meaning that Noteholders would not be entitled to accelerate Senior Notes by reference to circumstances attributable to such special purpose companies. Further, the cross-default/cross-acceleration Event of Default does not apply in respect of financial indebtedness owed by a Material Group Company to another Group Company.

#### **Change of Control Event in respect of Senior Loans**

A new owner could, directly or indirectly, acquire fifty per cent or more of the shares in the Issuer or otherwise, directly or indirectly, establish control over fifty per cent or more of the shares and/or votes in the Issuer. In respect of Senior Notes, such event would not constitute a Change of Control Event (which entitles each Noteholder to request that its Senior Notes be repurchased by the Issuer), if the new owner is approved as owner of the Issuer in an ownership assessment conducted by the Swedish FSA or if the Noteholders approve such change in accordance with the General Terms and Conditions. In respect of Subordinated Notes, such event would not give rise to any additional rights of the Noteholders (irrespective of whether it constitutes a Change of Control Event or not). A change in the direct or indirect ownership of the Issuer could adversely affect the Issuer's operations, result and financial position and/or the market value or liquidity of the Notes.

## **Interest rate risk**

Notes with a fixed interest rate bear interest at a fixed rate until the Maturity Date for such Notes. During that time, holders of Notes with fixed interest rate are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of Notes with fixed interest rate is fixed until the Maturity Date for such Notes, the market yield typically changes on a daily basis. As the market yield changes, the price of Notes with fixed interest rate changes in the opposite direction, i.e. if the market yield increases, the price of such Notes falls and if the market yield falls, the price of such Notes increases. There is a risk that the price of Notes with fixed interest rate is adversely affected by movements of the market yield, which will result in Noteholders losing a significant part of their investment in such Notes.

## **European Benchmarks Regulation**

Interest payable for Notes issued under the Programme may be calculated by reference to certain benchmarks, being EURIBOR, NIBOR and STIBOR, as defined in the General Terms and Conditions. The process of the calculation of EURIBOR, NIBOR and STIBOR and other interest rate benchmarks, such as LIBOR, have been subject to legislator attention. As a result, a number of legislative measures have been taken, whereof some have been implemented and others are going to be implemented. The most important initiative on the subject matter is the so called Benchmarks Regulation that entered into force 1 January 2018 in the EU and on 20 December 2019 in Norway and which regulates the provision of a benchmark, contribution of input data for the purpose of determining a benchmark and the operation of benchmarks within the EEA.

There is a risk that the Benchmarks Regulation may affect how interest rate benchmarks are calculated. This in turn may give rise to increased volatility for some interest rate benchmarks. In addition, the increased administrative requirements and the associated regulatory risks may decrease the will of some parties to participate in the determination of interest rate benchmarks or to the fact that certain interest rate benchmarks will cease to be published entirely. If this happens to a benchmark that is applicable to Notes, i.e. EURIBOR, NIBOR or STIBOR, this may have an adverse effect on the relevant Noteholders' investment. The potential elimination of EURIBOR, NIBOR, STIBOR or any other benchmark, or changes in the manner of administration of any benchmark could require or result in an adjustment to the interest provisions of the General Terms and Conditions and relevant Final Terms for Notes through a Noteholders' Meeting in accordance with sections 12 and 13.1 of the General Terms and Conditions. The outcome of such Noteholders' Meeting cannot be determined in advance and the outcome may be detrimental to the value of the relevant Medium Term Notes. Hence, any amendment of the interest provisions presents a significant risk to the value of a Noteholder's investment. The degree to which amendments to and application of the Benchmarks Regulation and/or any cessation of interest rate benchmarks may affect Noteholders is uncertain and presents a significant risk to the return on a Noteholder's investment.

## **Specific risks relating to Subordinated Notes**

### **Subordination in right of payments in the event of the Issuer's bankruptcy or liquidation**

The rights of Noteholders in respect of Subordinated Notes will, in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer but shall rank at least *pari passu* with all other subordinated indebtedness of the Issuer (excluding creditors whose rights are expressed to rank in priority to the holders of Subordinated Notes).

Although Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in Subordinated Notes will lose all or some of their investment should the Issuer become insolvent or enter into liquidation or resolution.

### **The Issuer may redeem Subordinated Notes on the occurrence of a Capital Event or Tax Event**

The Issuer may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the Swedish FSA, redeem Subordinated Notes upon the occurrence of a Capital Event or Tax Event at par together with accrued interest.

There is a risk that Noteholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in Subordinated Notes.

**Call options in respect of Subordinated Notes are subject to the prior consent of the Swedish FSA**

The market risk with an investment in notes increases the longer the term is, since it is more difficult to overview how market interest rates will develop with a longer term. The market risk also increases with a longer term since the fluctuation in the price of a note is greater for a note with a longer term than for a note with a shorter term.

Under the Final Terms for Subordinated Notes, the Issuer may have the option to redeem Subordinated Notes prior to their stated Maturity Date. If the Issuer considers it favourable to exercise such a call option, the Issuer must obtain the prior consent of the Swedish FSA.

Noteholders have no rights to call for the redemption of Subordinated Notes and should not invest in such Notes with the expectation that such a call will be exercised by the Issuer. The Swedish FSA will base its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is a risk that the Swedish FSA will not permit such a call or that the Issuer will not exercise such a call. Noteholders should be aware that they may be required to bear the financial risks of an investment in Subordinated Notes for a period of time in excess of the minimum period.

## GENERAL TERMS AND CONDITIONS AND FORM OF FINAL TERMS

---

### GENERAL TERMS AND CONDITIONS

The following general terms and conditions (the “**General Terms and Conditions**”) apply for Notes (as defined below) that Nordax Bank AB (publ) (Reg. No. 556647-7286; LEI No. 21380057HUGFEAF25W84) (the “**Issuer**”) issues in the capital market under an agreement with the Dealers (as defined below) in respect of a Swedish medium term note programme (the “**Programme**”). The maximum Total Nominal Amount (as defined below) of all Loans (as defined below) outstanding under the Programme from time to time may not exceed SEK 3,000,000,000 (or the equivalent thereof in EUR or NOK), unless otherwise agreed in accordance with these General Terms and Conditions.

For each Loan (as defined below), Final Terms (as defined below) are prepared that include supplementary terms and conditions, which together with these General Terms and Conditions constitute the complete terms and conditions for the relevant Loan. Final Terms for Notes that are offered to the public will be published on the Issuer’s website (www.nordaxgroup.com) and made available at the office of the Issuer. For as long as any Notes are outstanding, the Issuer will keep the General Terms and Conditions and the Final Terms for such Notes available on its website.

#### 1. DEFINITIONS

1.1 In the Conditions (as defined below), the following terms shall have the meaning ascribed to them below.

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator (*kontoförande institut*) pursuant to the Swedish Financial Instruments Accounts Act or (*kontofører*) pursuant to the Norwegian Financial Instruments Accounts Act and through which a Noteholder has opened a CSD 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;

“**Additional Tier 1 Capital**” means additional tier 1 capital (*primärkapitaltillskott*) as defined in Part Two, Title 1, Chapter 3 of the CRR and/or any other Applicable Banking Regulations;

“**Adjusted Loan Amount**” means, with respect to a specific Loan, the Total Nominal Amount of outstanding Notes excluding Notes held by the Issuer, any Group Company and any Affiliate of the Issuer or any Group Company, irrespective of whether such person is directly registered as owner of such Notes;

“**Administrative Agent**” means (i) if a Loan is raised through two or more Issuing Houses, the Issuing House appointed by the Issuer to be responsible for certain administrative tasks in respect of the Loan as set out in the relevant Final Terms; and (ii) if a Loan is raised through only one Issuing House, the Issuing House;

“**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 holding 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;

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

“**Business Day**” means in respect of Notes denominated in EUR and SEK, a day which is not a Sunday or other public holiday in Sweden or which is not treated as a public holiday for the purpose of payment of promissory notes (Saturdays, Midsummer’s Eve (*midsonnarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall be deemed public holidays), and in respect of Notes denominated in NOK, a day which is not a Sunday or other public holiday in Norway or which is not treated as a public holiday for the purpose of payment of promissory notes and on which VPS is open for business in accordance with the VPS Rules;

“**Capital Event**” means, at any time on or after the Issue Date for a Subordinated Loan, a change in the regulatory classification of the relevant Subordinated Notes that would be likely to result in the exclusion of such Notes, in whole or in part, from the Tier 2 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification of such Notes, in whole or in part, as a lower quality form of regulatory capital of the Issuer and/or the Issuer Consolidated Situation, provided that (a) the Swedish FSA considers such a change to be sufficiently certain and (b) the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date, and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Tier 2 Capital contained in the Applicable Banking Regulations;

“**Change of Control Event**” means an event or a series of events resulting in one person (or several persons who (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) act or have agreed to act in concert), other than person(s) approved as owner(s) 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 12.12;

“**Conditions**” for a particular Loan, means these General Terms and Conditions and the Final Terms for such Loan;

“**Covered Bonds**” means covered bonds (*säkerställda obligationer*) issued pursuant to the Swedish Covered Bond Issuance Act (*lag (2003:1223) om utgivning av säkerställda obligationer*);

“**CRD IV**” means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

“**CRD IV Directive**” means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013;

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

“**CRR**” means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013;

“**CSD**” means the central securities depository in which the Notes are registered, being Euroclear for Notes denominated in SEK and EUR, and VPS for Notes denominated in NOK;

“**CSD Account**” means a securities account, maintained by Euroclear pursuant to the Swedish Financial Instruments Accounts Act or, if the Notes are denominated in NOK, the VPS pursuant to the Norwegian Financial Instruments Accounts Act and the VPS Rules, 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;

**“Day Count Convention”** means:

- (a) if the counting basis “30/360” is stated as being applicable, the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed; and
- (b) if the counting basis “Actual/360” is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360;

**“Dealers”** means Carnegie Investment Bank AB (publ), Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ)<sup>1</sup> and such other dealer (*emissionsinstitut*) appointed for this Programme in accordance with Clause 14.4, but only for so long as such dealer has not resigned as a dealer;

**“Debt Instruments”** means bonds, notes, certificates or other debt securities (however defined, including, for the avoidance of doubt, medium term notes programmes and other market funding programmes), 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*));

**“EURIBOR”** means:

- (a) the interest rate for a period comparable to the relevant Interest Period listed at 11.00 a.m. (Brussels time) on the Interest Determination Date displayed on Reuters screen EURIBOR01 (or through such other system or on such other page the said system or page);
- (b) if no such rate as set out in item (a) above is available for the relevant Interest Period, the rate determined by the Administrative Agent by interpolation between the two closest rates published on the information system Reuters page EURIBOR01 (or on such other page as replaces the said system or page) for the offering of deposits in Euro;
- (c) if not rate is available for the relevant Interest Period pursuant to (a) and/or (b) above, the arithmetic mean of quoted interest rates (rounded upwards to four decimal places) for deposits of EUR 10,000,000 for the period in question on the European interbank market as supplied by leading banks in the European interbank market reasonably selected by the Administrative Agent; or
- (d) if only one or no quotation is given pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of Administrative Agent best reflects the interest rate for deposits in Euro offered by European leading bank in the European interbank market for the relevant period;

**“Euro”** and **“EUR”** means the single currency of the participating member states in accordance with the legislation of the European Community relating to the European Economic and Monetary Union;

**“Euroclear”** means the central securities depository in which the Notes denominated in SEK and EUR are registered, being Euroclear Sweden AB, Swedish Reg. No. 556112-8074;

**“Event of Default”** means an event or circumstance specified in Clause 10 (in respect of Senior Notes) or Clause 11 (in respect of Subordinated Notes);

**“Final Terms”** means the final terms prepared for a particular Loan;

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

**“Insolvent”** means, in respect of a relevant person, that it is deemed to be insolvent, 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

---

<sup>1</sup> Skandinaviska Enskilda Banken AB (publ) acceded as Dealer under the Programme pursuant to an accession agreement dated 21 October 2019.



Act (*lag (1996:764) om företagsrekonstruktion*)) or is subject to involuntary winding-up, dissolution or liquidation;

“**Interest Base**” means, for a Loan with floating interest rate, the interest base (EURIBOR, NIBOR or STIBOR) stated in the relevant Final Terms;

“**Interest Determination Date**” means, for a Loan with floating interest rate, the date specified in the relevant Final Terms;

“**Interest Payment Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Interest Period**” means, for a Loan, the period specified in the relevant Final Terms;

“**Interest Rate**” means, (i) for a Loan with fixed interest rate, the interest rate specified in the relevant Final Terms and (ii) for a Loan with floating interest rate, the interest rate calculated in accordance with Clause 6.2;

“**Issue Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Issuer Consolidated Situation**” means the entities which are part of the Issuer’s Swedish prudential consolidated situation (as such term is used in the Applicable Banking Regulations), from time to time;

“**Issuing House**” means the Dealer(s) through which a specific Loan is raised;

“**Loan**” means a Senior Loan or Subordinated Loan, which the Issuer raises under this Programme;

“**Margin**” means, for a Loan with floating interest rate, the margin specified in the relevant Final Terms;

“**Material Group Company**” means each of the Issuer and any other Group Company representing ten (10) per cent or more of the total assets of the Group on a consolidated basis according to its latest financial report or interim financial report, excluding any asset-backed finance special purpose company;

“**Maturity Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**NIBOR**” means:

- (a) the interest rate for a period comparable to the relevant Interest Period listed at 11.00 a.m. (Oslo time) on the Interest Determination Date on the information system Reuters page OIBOR (or through such other system or on such other page the said system or page);
- (b) if no such rate as set out in item (a) above is available for the relevant Interest Period, the rate determined by the Administrative Agent by interpolation between the two closest rates published on the information system Reuters page OIBOR (or on such other page as replaces the said system or page) for the offering of deposits in Norwegian Kronor;
- (c) if not rate is available for the relevant Interest Period pursuant to (a) and/or (b) above, the arithmetic mean of quoted interest rates (rounded upwards to four decimal places) for deposits of NOK 100,000,000 for the period in question on the Norwegian interbank market as supplied by leading banks in the Norwegian interbank market reasonably selected by the Administrative Agent; or
- (d) if only one or no quotation is given pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of Administrative Agent best reflects the interest rate for deposits in Norwegian Kronor offered by Norwegian leading bank in the Norwegian interbank market for the relevant period;

“**Norwegian Financial Instruments Accounts Act**” means the Norwegian Financial Instruments Accounts Act (*lov (2019:6) om verdipapirsentraler og verdipapiroppgjør mv.*);

“**Norwegian Kroner**” and “**NOK**” means the lawful currency of Norway;

“**Norwegian Record Date**” means the second (2) Business Day prior to:

- (a) an Interest Payment Date;
- (b) a Maturity Date or any other date when payment is to be made to Noteholders;

- (c) the date of a Noteholders' Meeting; or
- (d) another relevant date,

or in each case such other Business Day falling prior to a relevant date if generally applicable on the Norwegian debt capital market;

“**Nominal Amount**” means the amount for each Note that is stated in the relevant Final Terms less any amount repaid;

“**Note**” means a Senior Note or Subordinated Note;

“**Noteholder**” means the person recorded on a CSD Account as direct registered owner (*ägare*) or nominee (*förvaltare*) of a Note;

“**Noteholders' Meeting**” means a meeting of the Noteholders in respect of a Loan as described in Clause 11 (*Noteholders' Meeting*);

“**Programme Amount**” means SEK 3,000,000,000 (or the equivalent thereof in EUR or NOK) or such other amount as may be agreed between the Issuer and the Dealers in accordance with Clause 14.3;

“**Record Date**” means a Norwegian Record Date in respect of Notes denominated in NOK or, in the event of Notes denominated in SEK or EUR, the fifth (5) Business Day prior to:

- (a) an Interest Payment Date;
- (b) a Maturity Date or any other date when payment is to be made to Noteholders;
- (c) the date of a Noteholders' Meeting; or
- (d) another relevant date,

or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish debt capital market;

“**Regulated Market**” means a regulated market (as defined in Directive 2014/65/EU on markets in financial instruments of the European Parliament and of the Council of 15 May 2014);

“**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;

“**Senior Loan**” means each Loan specified in its Final Terms to be a senior loan, comprising of one or more Senior Notes with the same ISIN code, raised by the Issuer under this Programme;

“**Senior Note**” means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act, which represents a part of a Senior Loan and which is governed by the Conditions;

“**STIBOR**” means:

- (a) the interest rate for a period comparable to the relevant Interest Period listed at 11.00 a.m. (Stockholm time) on the Interest Determination Date published on the information system Reuters page STIBOR=Q (or through such other system or on such other page the said system or page);
- (b) if no such rate as set out in item (a) above is available for the relevant Interest Period, the rate determined by the Administrative Agent by interpolation between the two closest rates published on the information system Reuters page “STIBOR =Q” (or on such other page as replaces the said system or page) for the offering of deposits in Swedish Kronor;
- (c) if not rate is available for the relevant Interest Period pursuant to (a) and/or (b) above, the arithmetic mean of quoted interest rates (rounded upwards to four decimal places) for deposits of SEK 100,000,000 for the period in question on the Stockholm interbank market as supplied by leading banks in the Stockholm interbank market reasonably selected by the Administrative Agent; or

- (d) if only one or no quotation is given pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of Administrative Agent best reflects the interest rate for deposits in Swedish Kronor offered by Swedish leading bank in the Stockholm interbank market for the relevant period;

“**Subordinated Loan**” means each Loan specified in its Final Terms to be a subordinated loan, comprising of one or more Subordinated Notes with the same ISIN code, raised by the Issuer under this Programme;

“**Subordinated Note**” means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act, which represents a part of a Subordinated Loan and which is governed by the Conditions;

“**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 (*aktiebolagslag (2005:551)*);

“**Swedish Financial Instruments Accounts Act**” means the Swedish Financial Instruments Accounts Act (*lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*);

“**Swedish FSA**” means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or such other Swedish or European regulatory authority as may replace it;

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

“**Tax Event**” means, for a Subordinated Loan, the occurrence of any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which becomes effective on or after the Issue Date, resulting in that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the relevant Subordinated Notes, provided that the Issuer demonstrates to the satisfaction of the Swedish FSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date;

“**Tier 2 Exclusion Event**” has the meaning ascribed to it in Clause 12.10;

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

“**Total Nominal Amount**” means, for a Loan, the total aggregate Nominal Amount of the Notes outstanding at the relevant time; and

“**Ultimate Parent**” means Nordax Holding AB (publ) (earlier NDX Intressenter AB), a limited liability company incorporated under the laws of Sweden with Reg. No. 559097-5743.

“**VPS**” means the central securities depository in which the Notes denominated in NOK are registered, being Verdipapirsentralen ASA, a limited liability company incorporated under the laws of Norway with Reg. No. 985 140 421.

“**VPS Rules**” means the VPS Rules for Registration of Financial Instruments;

1.2 Unless a contrary indication appears, any reference in the Conditions to:

- (a) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (b) a “regulation” or “law” includes any law, regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (c) a provision of law or regulation is a reference to that provision as amended or re-enacted; and
- (d) a time of day is a reference to Stockholm time.

1.3 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 on Reuters' screen "SEKFIX=" (or on such other system or screen which replacing it) or, if such rate not is published, the rate of exchange for such currency published by the Swedish Central Bank (*Riksbanken*) on its website (www.riksbank.se).

1.4 Further definitions are contained (where relevant) in the relevant Final Terms.

1.5 The definitions contained in these General Terms and Conditions shall also apply to the relevant Final Terms.

## 2. STATUS OF NOTES

### 2.1 Senior Loans and Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and shall at all times rank at least *pari passu* with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations, which are, or may be, mandatorily preferred by law (including, but not limited to, the legislation implementing Directive 2014/59/EU on establishing a framework for the recovery and resolution of credit institutions and investment firms).

### 2.2 Subordinated Loans and Subordinated Notes

2.2.1 Subordinated Notes are intended to constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation. Subordinated Notes constitute subordinated and unsecured obligations of the Issuer and shall at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and (b) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with Subordinated Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (c) senior to (i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (ii) holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to Subordinated Notes, in each case as regards the right to receive periodic payments (to the extent such periodic payment has not been cancelled) on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (d) junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer (including holders of Senior Notes) and (iii) any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of Subordinated Notes.

2.2.2 No Noteholder who in the event of the liquidation (*likvidation*), bankruptcy (*konkurs*) or resolution (*resolution*) of the Issuer is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Subordinated Notes held by such Noteholder.

### **3. ISSUANCE OF NOTES AND COVENANT TO PAY**

- 3.1 Under this Programme, the Issuer may issue Notes in Euro, Norwegian Kroner and Swedish Kronor with a minimum term of one year. Under a Loan, Notes may be issued in more than one tranche.
- 3.2 The Issuer undertakes to repay the principal and to pay interest in respect of each Loan in accordance with the Conditions and to otherwise discharge its obligations under the Conditions for each Loan.
- 3.3 In subscribing for Notes each initial Noteholder accepts that its Notes shall have the rights and be subject to the conditions stated in the Conditions. In acquiring Notes each new Noteholder confirms such acceptance.
- 3.4 If the Issuer wishes to issue Notes under this Programme, the Issuer shall enter into a separate agreement for this purpose with one or more Dealers which shall be the Issuing House(s) for such Loan.
- 3.5 Final Terms shall be drawn up for each Loan which, together with these General Terms and Conditions, constitute the full Conditions for the Loan.

### **4. REGISTRATION OF NOTES**

- 4.1 Notes shall be registered in a CSD Account on behalf of the Noteholder, and accordingly no physical notes representing the Notes will be issued.
- 4.2 A request concerning the registration of a Note shall be made to an Account Operator.
- 4.3 Any person who acquires the right to receive payment under a Note through a mandate, a pledge, regulations in the Code on Parents and Children (*Föräldrabalken*), conditions in a will or deed of gift or in some other way shall register her or his right in order to receive payment.
- 4.4 The Administrative Agent shall, for the purpose of carrying out its tasks in connection with the Conditions and, with the CSD's permission, at all other times be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Notes.
- 4.5 The Administrative Agent may use the information referred to in Clause 4.4 only for the purposes of carrying out their duties and exercising their rights in accordance with the Conditions and shall not disclose such information to the Issuer, a Noteholder or any third party unless necessary for such purposes. The Administrative Agent shall not be responsible for the content of such register that is referred to in Clause 4.4 or in any other way be responsible for determining who is a Noteholder.
- 4.6 In order to comply with the Conditions for a Loan, the Issuer and the Administrative Agent, may, acting as a data controller, collect and process personal data. The processing is based on the Issuer's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Conditions, personal data may be shared with third parties, such as the CSD, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data the Issuer and the Administrative Agent processes about them and may request the same in writing at the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about the Issuer's and the Administrative Agent's respective personal data processing can be found on their respective websites.

### **5. PAYMENTS**

- 5.1 Payments in respect of Notes denominated in SEK shall be made in SEK, payments in respect of Notes denominated in NOK shall be made in NOK and payments in respect of Notes denominated in EUR shall be made in EUR.

- 5.2 Repayment of principal and payment of interest shall be made to the person who is registered as a Noteholder on the Record Date prior to such payment 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.
- 5.3 Where a Noteholder has arranged for an Account Operator to record that principal and interest are to be credited to a specific bank account, the payments will be made through the CSD on the relevant due dates. If no such instructions have been given, the CSD will send the amount on such dates to the Noteholder at the address registered on the Record Date with the CSD. If the due date in respect of a repayment or payment (other than interest) falls on a day which is not a Business Day, the amount will be credited to an account or made available to the payee on the next following Business Day (and in respect of interest, in accordance with Clause 6.1.2 or 6.2.2, as applicable).
- 5.4 If the CSD is unable to pay the amount in the manner stated above as a result of some delay on the part of the Issuer or because of some other obstacle, then, as soon as the obstacle has been removed, the Issuer shall ensure that the amount is paid by the CSD, as applicable, to the person registered as Noteholder on the Record Date.
- 5.5 If the Issuer is unable to carry out its obligations to pay through the CSD in the manner stated above due to obstacles for the CSD, the Issuer shall have a right to postpone the obligation to pay until the obstacle has been removed. In such case, interest will be paid in accordance with Clause 7.2.
- 5.6 If payment or repayment is made in accordance with this Clause 5, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD was aware that payment was being made to a person not entitled to receive such amount.
- 5.7 The Issuer is not liable to gross-up any payments under Notes by virtue of any withholding tax (including but not limited to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

## **6. INTEREST**

### **6.1 Fixed interest rate**

- 6.1.1 If the relevant Final Terms of a Loan specify ‘fixed interest rate’ as applicable to it, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.
- 6.1.2 Unless otherwise specified in the relevant Final Terms, interest accrued during an Interest Period is calculated using the Day Count Convention 30/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day. Interest will however only accrue until the relevant Interest Payment Date.

### **6.2 Floating interest rate (FRN)**

- 6.2.1 If the relevant Final Terms of a Loan specify ‘floating interest rate’ as applicable to it, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.
- 6.2.2 Unless otherwise specified in the relevant Final Terms, interest accrued during an Interest Period is calculated using the Day Count Convention Actual/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, 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.

- 6.2.3 The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the Interest Base plus the Margin for such period.
- 6.2.4 If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in Clause 17.1, the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed the Administrative Agent shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period.
- 6.2.5 If the Interest Base plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).
- 6.2.6 If the relevant Final Terms of a Loan specify 'Interpolation' as applicable to it, the Interest Base applicable to the interest paid on the first or last Interest Payment Date shall be subject to linear interpolation as set out in the Final Terms.

## **7. DEFAULT INTEREST**

- 7.1 In the event of delay in payment relating to principal and/or interest, default interest shall be paid on the amount due from the maturity date up to and including the day on which payment is made, at an interest rate which corresponds to the average of one week's EURIBOR (for Loans denominated in EUR), NIBOR (for Loans denominated in NOK) or STIBOR (for Loans denominated in SEK), applicable on the first Business Day in each calendar week during the period of delay plus two (2) percentage points. The default interest rate, in accordance with this Clause 7.1, shall never be less than the interest rate applicable to the relevant Loan on the relevant due date plus two (2) percentage points. Default interest is not compounded with the principal amount.
- 7.2 If the delay is due to an obstacle of the kind set out in Clause 17.1 on the part of the Issuing House(s) or the CSD, no default interest shall apply, in which case the interest rate which applied to the relevant Loan on the relevant due date shall apply instead.

## **8. REDEMPTION AND REPURCHASE OF NOTES**

### **8.1 Redemption upon maturity**

A Loan falls due on the Maturity Date. Unless redeemed earlier in accordance with this Clause 8, each Note shall be redeemed on the Maturity Date in an amount equal to its Nominal Amount together with accrued but unpaid interest (if any). If the Maturity Date is not a Business Day, redemption shall occur on the first following Business Day.

### **8.2 Repurchase of Notes by Group Companies**

Subject to applicable law and Clause 8.6 (in respect of Subordinated Notes), any Group Company, or other company forming part of the Issuer Consolidated Situation, may repurchase Notes at any time and at any price in the open market or otherwise, provided that this is compatible with applicable law. Notes held by a Group Company may be retained, resold or (if held by the Issuer) cancelled at such Group Company's discretion.

### **8.3 Voluntary early redemption of Senior Notes**

- 8.3.1 The Final Terms for a Senior Loan may contain provisions which give the Issuer a right to redeem all or part of such Senior Loan, together with accrued but unpaid interest (if any), prior to the Maturity Date at times and prices specified in such Final Terms.
- 8.3.2 Redemption in accordance with Clause 8.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice and not more than thirty (30) Business Days' notice to the Noteholders,

in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the date of redemption and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such date of redemption. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent(s) (if any), the Issuer is bound to redeem the Notes at the applicable amount on the specified date of redemption.

#### **8.4 Mandatory repurchase of Senior Notes on a Change of Control Event**

- 8.4.1 Upon the occurrence of a Change of Control Event, each Noteholder shall in respect of a Senior Loan, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 9.7.2 (after which time period such right shall lapse), have the right to request that all, or some only, of its Senior Notes be repurchased at a price per Note equal to 100 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.
- 8.4.2 The notice from the Issuer of the Change of Control Event pursuant to Clause 9.7.2 shall specify the Record Date on which a person shall be registered as a Noteholder to receive interest and principal, the date of redemption and shall include instructions about the actions that a Noteholder needs to take if it wishes that its Senior Notes 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 Senior Notes and the repurchase amount shall fall due on the date of redemption specified in the notice given by the Issuer pursuant to Clause 9.7.2. The date of redemption must fall no later than forty (40) Business Days after the end of the period referred to in Clause 8.4.1.
- 8.4.3 Any Senior Notes repurchased by the Issuer pursuant to this Clause 8.4 may at the Issuer's discretion be retained, cancelled or sold.
- 8.4.4 The Issuer shall not be required to repurchase any Senior Notes pursuant to this Clause 8.4, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Senior Notes in the manner and on the terms set out in this Clause 8.4 (or on terms more favourable to the Noteholders) and purchases all Senior Notes validly tendered in accordance with such offer. If Senior Notes tendered are not purchased within the time period stipulated in this Clause 8.4, the Issuer shall repurchase any such Senior Notes within five (5) Business Days after the expiry of the time period.

#### **8.5 Early redemption of Subordinated Notes**

- 8.5.1 In respect of a Subordinated Loan and subject to Clause 8.6, the Issuer may, at its option, redeem all (but not some only) outstanding Subordinated Notes on the date(s) (if any) specified in the relevant Final Terms.
- 8.5.2 In respect of a Subordinated Loan and subject to Clause 8.6, if a Capital Event or Tax Event occurs prior to the Maturity Date, the Issuer may, at its option, redeem all (but not some only) outstanding Subordinated Notes on any Interest Payment Date.
- 8.5.3 Any redemption in accordance with this Clause 8.5 shall be made by the Issuer giving not less than ten (10) Business Days' notice to the Noteholders in accordance with Clause 16 (*Notices*). Any such notice is irrevocable (subject to Clause 8.6) and, upon expiry of the notice period, the Issuer is bound to redeem the Subordinated Notes at a price per Note equal to 100 per cent of the Nominal Amount together with accrued but unpaid interest. The notice shall specify the Record Date on which a person shall be registered as a Noteholder to receive such payment.

#### **8.6 Consent from the Swedish FSA**

The Issuer, or any other company forming part of the Issuer Consolidated Situation, may not redeem or purchase, as contemplated by this Clause 8 (*Redemption and repurchase of Notes*), any Subordinated Notes prior to the Maturity Date without the prior written consent of the Swedish FSA and in accordance with Applicable Banking Regulations.



## **9. GENERAL UNDERTAKINGS**

### **9.1 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 (other than Covered Bonds) issued by the Issuer.

### **9.2 Programme Amount**

The Issuer may not issue further Notes under the Programme if, at the time, the Total Nominal Amount of all Loans outstanding under the Programme exceeds (or, as a result of such issue, will exceed) the Programme Amount. The Issuer and the Dealers may agree to increase or decrease the Programme Amount in accordance with Clause 14.3.

### **9.3 Mergers**

The Issuer shall not carry out a merger (*fusion*), other than a merger where the Issuer is the surviving entity.

### **9.4 Banking licence**

The Issuer shall 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 corresponding licence required pursuant to any legislation replacing the Swedish Banking and Financing Business Act.

### **9.5 Change of business**

If the Issuer is no longer required to maintain any licence pursuant to Clause 9.4 (*Banking licence*) above, the Issuer shall not substantially change the general nature of its business from that conducted on the Issue Date.

### **9.6 Listing**

9.6.1 If listing is applicable under the relevant Final Terms of a Loan, the Issuer shall use its best efforts to ensure that the Loan is admitted to trading on the relevant Regulated Market or, if such listing is not possible to obtain or maintain, admitted to trading on another Regulated Market.

9.6.2 Following the admission to trading, the Issuer shall take all actions on its part to maintain the admission to trading as long the relevant Loan is outstanding, but not longer than up to and including the last day on which the admission to trading can reasonably, pursuant to the then applicable regulations of the relevant Regulated Market and the CSD, subsist.

## 9.7 Information from the Issuer

9.7.1 The Issuer will make the following information available to the Noteholders by way of press release and by publication on the website of the Issuer:

- (a) as soon as the same become available, but in any event within five (5) months 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 two (2) months after the end of the second and fourth 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 any Notes are admitted to trading.

9.7.2 The Issuer shall, without undue delay, notify the Noteholders and each Dealer upon becoming aware of the occurrence of a Change of Control Event or an Event of Default. Such notice shall be made by way of a press release and may be given in advance of the occurrence of a Change of Control Event and be conditional upon the occurrence thereof, if a definitive agreement is in place providing for such Change of Control Event. Should any Dealer not receive such information, it is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that such Dealer does not have actual knowledge of such event or circumstance.

## 9.8 Publication of Conditions

The Conditions applicable for each Note outstanding shall be available on the website of the Issuer.

## 10. EVENTS OF DEFAULT IN RELATION TO SENIOR LOANS

10.1 The Administrative Agent shall, (i) following a request in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent of the Adjusted Loan Amount under a Senior Loan (such a request can only be made by Noteholders registered on the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution by the Noteholders of a Senior Loan at a Noteholders' Meeting, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Senior Loan due and payable together with accrued but unpaid interest and any other amounts payable under the Senior Loan, immediately or at such later date as the Administrative Agent or the Noteholders' Meeting (if applicable) determines, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the relevant Senior Loan, 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, or acts in violation, of the Conditions of the relevant Senior Loan (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 (A) the Administrative Agent giving notice thereof to the Issuer and (B) the Issuer becoming aware of the non-compliance;
- (c) the Conditions for the relevant Senior Loan becomes invalid or ineffective, in whole or in part (other than in accordance with the provisions of such Conditions), and such invalidity or ineffectiveness is materially prejudicial to the interests of the Noteholders;

- (d) any corporate action, legal proceedings or other procedure or step (unless vexatious or frivolous, 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 or administration of any Material Group Company;
    - (ii) a composition, or arrangement with any creditor of any Material Group Company (other than the Noteholders); or
    - (iii) the appointment of a liquidator, administrator or other similar officer in respect of a Material Group Company or any of its assets, unless, in relation to a Material Group Company other than the Issuer, the liquidation is voluntary and not caused by such company's Insolvency;
  - (e) a Material Group Company 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 a Material Group Company which is material to its business and not discharged within thirty (30) Business Days, or any Security over any asset of a Material Group Company which is material to its business is enforced; or
  - (g) any financial indebtedness (including for the avoidance of doubt, any financial indebtedness owed under guarantees) of a Material Group Company 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 (g) if the aggregate amount of financial indebtedness referred to herein is less than the equivalent of SEK 50,000,000 or is owed to another Group Company.
- 10.2 The Administrative Agent may not accelerate Senior Notes in accordance with Clause 10.1 by reference to a specific Event of Default if it has been decided at a Noteholders' Meeting to waive such Event of Default (temporarily or permanently).
- 10.3 If the Noteholders instruct the Administrative Agent to accelerate Senior Notes, the Administrative Agent shall promptly declare the Senior Notes due and payable and take such actions as may, in the opinion of the Administrative Agent, be necessary or desirable to enforce the rights of the Noteholders under the Conditions.
- 10.4 In the event of an acceleration of Senior Notes in accordance with this Clause 10 (*Events of Default in relation to Senior Loans*), the Issuer shall redeem all Senior Notes at an amount per Note equal to 100 per cent of the Nominal Amount, together with accrued but unpaid interest.

## **11. EVENTS OF DEFAULT IN RELATION TO SUBORDINATED LOANS**

- 11.1 The Administrative Agent shall (i) following a request in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent of the Adjusted Loan Amount under a Subordinated Loan (such a request can only be made by Noteholders registered on the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Noteholders, be made jointly), or (ii) following a resolution by the Noteholders of a Subordinated Loan at a Noteholders' Meeting, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Subordinated Loan due and payable together with accrued but unpaid interest and any other amounts payable under the Subordinated Loan, immediately or at such later date as the Administrative Agent or the Noteholders' Meeting (if applicable) determines, if:
- (a) the Issuer enters into bankruptcy (*konkurs*); or
  - (b) the Issuer enters into liquidation (*likvidation*).

- 11.2 The Administrative Agent may not declare the relevant Subordinated Loan due for payment in accordance with Clause 11.1 by a reference to circumstances constituting an Event of Default if it is no longer continuing or if a Noteholders' Meeting has resolved to waive such circumstances.
- 11.3 Except as set out in this Clause 11 (*Events of Default in relation to Subordinated Loans*), a Subordinated Loan may not be declared due for payment by the Administrative Agent (or the Noteholders) prior to the Maturity Date (and irrespective of any breach by the Issuer of the Conditions for such Loan).

## **12. NOTEHOLDERS' MEETING**

- 12.1 The Administrative Agent may and shall, at the request of (i) another Issuing House with respect to a Loan, (ii) the Issuer or (iii) Noteholders that at the time of such request represent at least ten (10) per cent of the Adjusted Loan Amount under that Loan (such a request can only be made by Noteholders registered on the CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Noteholders, be made jointly) convene a Noteholders' Meeting for the Noteholders under the relevant Loan.
- 12.2 The Administrative Agent shall convene a Noteholders' Meeting by sending notice of this to each Noteholder and the Issuer within five (5) Business Days of having received a request from an Issuing House, the Issuer or Noteholders as described in Clause 12.1 (or a later date if this is required for technical or administrative reasons). The Administrative Agent shall also, without delay, inform each Issuing House in writing about such notice.
- 12.3 The Administrative Agent may refrain from convening a Noteholders' Meeting if (i) the proposed decision has to be approved by any party in addition to the Noteholders and this party has notified the Administrative Agent that such approval will not be given, or (ii) the proposed decision is not compatible with applicable law.
- 12.4 The notice of the meeting described in Clause 12.2 shall include (i) time for the meeting, (ii) place for the meeting, (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) a form of power of attorney, and (v) the agenda for the meeting. The background and contents of each proposal as well as any applicable conditions and conditions precedent shall be set out in the notice in sufficient detail. If a proposal concerns an amendment to the Conditions, such proposed amendment must always be set out in precise detail. Only matters that have been included in the notice may be decided on 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.
- 12.5 The Noteholders' Meeting shall be held on a date that is between fifteen (15) and thirty (30) Business Days after the date of the notice of the meeting. Noteholders' Meetings for several Loans under the Programme may be held on the same occasion.
- 12.6 Without deviating from the provisions of these General Terms and Conditions, the Administrative Agent may prescribe such further provisions relating to the convention of and holding of the Noteholders' Meeting as it considers appropriate. Such provisions may include, among other things, the possibility of Noteholders voting without attending the meeting in person or that electronic voting or a written procedure shall be used.
- 12.7 Only a person who is, or who has been provided with a power of attorney in accordance with Clause 13 (*Right to act on behalf of Noteholders*) by someone who is, a Noteholder on the Record Date for the Noteholders' Meeting may exercise voting rights at such Noteholders' Meeting, provided that the relevant Notes are included in the Adjusted Loan Amount. The Administrative Agent has the right to attend, and shall in each case ensure that an extract from the debt register (*skuldbok*) kept by the CSD as at the Record Date for the Noteholders' Meeting, is available at the Noteholders' Meeting.
- 12.8 The meeting shall be initiated by the appointment of a chairman. The Administrative Agent shall appoint the chairman and the secretary, unless the Noteholders' Meeting decides differently. Representatives and advisors of the Noteholders, the Administrative Agent, the Issuing House(s) and

- the Issuer have the right to participate at the Noteholders' Meeting, together with any other persons that the Noteholders' Meeting decides. The Noteholders' Meeting may decide that the Issuer and the representatives and advisors of the Issuer may only participate in a part or parts of the meeting. A transcript of the debt register (*skuldbok*) that is kept by the CSD and relevant for determining Noteholders eligible to exercise voting rights shall be available at the Noteholders' Meeting. The chairman shall compile a list of present Noteholders with voting rights that includes information on the share of the Adjusted Loan Amount that each Noteholder represents ("**voting list**"). The voting list shall be approved by the Noteholders' Meeting. Noteholders voting without attending the meeting in person, or Noteholders voting in case of a written procedure or by way of electronic voting shall for the purpose of the voting list be deemed to be present at the Noteholders' meeting. Only such Noteholders and authorised persons (as applicable) as described in Clause 12.7 above, shall be included in the voting list. The voting list shall be approved by the Noteholders' Meeting.
- 12.9 The chairman shall ensure that minutes are kept at the Noteholders' Meeting. The minutes shall include notes as to the participants, the issues dealt with, the voting results and the decisions that were made. The minutes shall be signed by the chairman, the secretary and at least one person appointed at the Noteholders' Meeting to approve the minutes and shall thereafter be delivered to the Administrative Agent. The minutes shall be available at the Issuer's website as soon as possible and no later than five (5) Business Days after the Noteholders' Meeting. New or revised General Terms and Conditions or Final Terms shall be appended to the minutes and sent to the CSD by the Administrative Agent or by any party appointed by the Administrative Agent.
- 12.10 In respect of a Subordinated Loan, the Noteholders may not resolve to make amendments to the Conditions if the Issuer, after consultation with the Swedish FSA, considers that a change in the Conditions would be likely to result in the exclusion of the Subordinated Notes from the Tier 2 Capital of the Issuer (a "**Tier 2 Exclusion Event**"). A resolution by the Noteholders to amend the Conditions is not valid if the Issuer, after consultation with the Swedish FSA, considers that such amendment would be likely to result in a Tier 2 Exclusion Event.
- 12.11 Decisions on the following matters require the approval of Noteholders representing at least sixty-seven (67) per cent of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting:
- (a) a postponement of the Maturity Date, reduction of the Nominal Amount, changes of terms relating to interest or amount to be repaid (other than in accordance with what is stated in the Conditions) and change in the specified currency of the Loan;
  - (b) a transfer or assignment by the Issuer of its rights and obligations under the Loan;
  - (c) a change to the terms of this Clause 12 (*Noteholders' Meeting*); and
  - (d) a mandatory exchange of Notes for other securities.
- 12.12 Matters that are not covered by Clause 12.11 require the approval of Noteholders representing more than fifty (50) per cent of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting. This includes, but is not limited to, early redemption of a Loan and changes to and waivers of rights related to the Conditions that do not require a greater majority (other than changes as described in Clause 14 (*Changes to terms, etc.*)).
- 12.13 A Noteholders' Meeting is quorate if Noteholders representing at least fifty (50) per cent of the Adjusted Loan Amount under the relevant Loan in respect of a matter in Clause 12.11 and otherwise twenty (20) per cent of the Adjusted Loan Amount under the relevant Loan are present at the meeting either in person or via an authorised representative, or in each case, as has been decided by the Administrative Agent pursuant to Clause 12.6.
- 12.14 If a Noteholders' Meeting is not quorate the Administrative Agent shall convene a new Noteholders' Meeting (in accordance with Clause 12.2) unless the relevant proposal has been withdrawn by the party or parties that initiated the Noteholders' Meeting. The requirement of a quorum in Clause 12.13 shall not apply at such new Noteholders' Meeting. If the Noteholders' Meeting has met the quorum requirement for certain but not all matters which are to be decided on in the meeting, decisions shall be made in those matters for which a quorum is present whereas any other matters shall be referred to a new Noteholders' Meeting.

- 12.15 A decision at a Noteholders' Meeting that extends obligations or limits rights of the Issuer or an Issuing House under the Conditions shall also require the approval of the party concerned.
- 12.16 A Noteholder that holds more than one Note is not required to vote for all the Notes it holds and is not required to vote in the same way for all the Notes it holds.
- 12.17 The Issuer may not, directly or indirectly, pay or contribute to payment being made to any Noteholder in order that this Noteholder will give its approval under the Conditions unless such payment is offered to all Noteholders that give their approval at a relevant Noteholders' Meeting.
- 12.18 A decision made at a Noteholders' Meeting is binding on all Noteholders under the relevant Loan irrespective of whether they are represented at the Noteholders' Meeting. Noteholders that do not vote for a decision shall not be liable for losses that the decision causes to other Noteholders.
- 12.19 The Administrative Agent's reasonable costs and expenses occasioned by a Noteholders' Meeting, including reasonable payment to the Administrative Agent, shall be borne by the Issuer.
- 12.20 At the Administrative Agent's request, the Issuer shall without delay provide the Administrative Agent with a certificate stating the Nominal Amount for Notes held by Group Companies and Affiliates on the relevant Record Date prior to a Noteholders' Meeting, irrespective of whether such entities are registered by name as Noteholders of Notes. The Administrative Agent shall not be responsible for the content of such a certificate or otherwise be responsible for establishing whether a Note is held by a Group Company.
- 12.21 Information on decisions taken at a Noteholders' Meeting shall be notified without delay to the Noteholders under the relevant Loan in accordance with Clause 16 (*Notices*). At the request of a Noteholder the Administrative Agent shall provide the Noteholder with minutes of the relevant Noteholders' Meeting. However, failure to notify the Noteholders as described above shall not affect the validity of the decision.

### **13. RIGHT TO ACT ON BEHALF OF NOTEHOLDERS**

- 13.1 If a party other than a Noteholder wishes to exercise a Noteholder's rights under the Conditions or to vote at a Noteholders' Meeting, such person shall be able to produce a proxy form or other authorisation document issued by the Noteholder or a chain of such proxy forms and/or authorisation documents from the Noteholder.
- 13.2 A Noteholder may authorise one or more parties to represent the Noteholder in respect of certain or all Notes held by the Noteholder. Such authorised party may act independently.

### **14. CHANGES TO TERMS, ETC.**

- 14.1 The Issuer and the Dealers are entitled to agree on:
- (a) adjustments to correct any clear and manifest error in these General Terms and Conditions; and
  - (b) changes and amendments to these General Terms and Conditions as required by law, court order or official decision.
- 14.2 The Issuer and the Administrative Agent are entitled to agree on:
- (a) adjustments to correct any clear and manifest error in the Final Terms of a specific Loan; and
  - (b) changes and amendments to the Final Terms of a specific Loan as required by law, court order or official decision.
- 14.3 The Issuer and the Dealers may agree to increase or decrease the Programme Amount.

- 14.4 A new dealer may be engaged by agreement between the Issuer and the dealer in question and the Dealers. A Dealer may step down as a Dealer, but an Administrative Agent in respect of a specific Loan may not step down unless a new Administrative Agent is appointed in its place.
- 14.5 Amendments to or concession of Conditions in cases other than as set out in Clauses 14.1–14.4 shall take place through a decision at a Noteholders' Meeting as described in Clause 10 (*Noteholders' Meeting*).
- 14.6 Approval at a Noteholders' Meeting of an amendment to the terms may include the objective content of the amendment and need not contain the specific wording of the amendment.
- 14.7 A decision on an amendment to the terms shall also include a decision on when the amendment is to take effect. However, an amendment shall not take effect until it has been registered with the CSD (where relevant) and published on the Issuer's website.
- 14.8 The amendment or concession of terms as described in this Clause 14 (*Changes to terms, etc.*) shall be promptly notified by the Issuer to the Noteholders in accordance with Clause 16 (*Notices*).

## **15. PRESCRIPTION**

- 15.1 Claims for the repayment of principal shall be prescribed and become void ten (10) years after the Maturity Date. Claims for the payment of interest shall be prescribed and become void three (3) years after the relevant Interest Payment Date. Upon prescription, the Issuer shall be entitled to keep any funds that may have been reserved for such payments.
- 15.2 If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten (10) years will commence for claims in respect of principal and three (3) years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

## **16. NOTICES**

- 16.1 Notices shall be provided to Noteholders for the relevant Loan at the address registered with the CSD on the Record Date before dispatch and, in respect of Notes denominated in NOK, by the VPS to the Noteholders in accordance with the Norwegian Securities Register Act and the VPS Rules. A notice to the Noteholders shall also be published by means of a press release and published on the Issuer's website.
- 16.2 Notices to the Issuer or the Dealers shall be provided at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day before dispatch.
- 16.3 A notice to the Issuer or Noteholders in accordance with the Conditions that is sent by standard post shall be deemed to have been received by the recipient on the third Business Day after dispatch and notices sent by courier shall be deemed to have been received by the recipient when delivered to the specified address.
- 16.4 In the event that a notice is not sent correctly to a certain Noteholder the effectiveness of notices to other Noteholders shall be unaffected.

## **17. LIMITATION OF LIABILITY ETC.**

- 17.1 With regards to the obligations imposed on the Dealers or the CSD, respectively, the Dealers and the CSD shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts

and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.

- 17.2 Losses arising in other cases shall not be compensated by a Dealer or the CSD if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses.
- 17.3 Should a Dealer or the CSD not be able to fulfil its obligations under these Conditions due to any circumstance set out in Clause 15.1, such action may be postponed until the obstacle has been removed.
- 17.4 The aforesaid shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act.

**18. APPLICABLE LAW AND JURISDICTION**

- 18.1 The 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.
- 18.2 Disputes shall be settled by Swedish courts. Stockholm District Court (*Stockholms tingsrätt*) shall be the court of first instance.

---

We hereby confirm that the above General Terms and Conditions are binding upon us.

21 May 2021

**NORDAX BANK AB (publ)**



## FORM OF FINAL TERMS

### for [Senior Loan]/[Subordinated Loan] No. [●] under Nordax Bank AB (publ)'s Swedish medium term note programme

The following are the final terms and conditions (“**Final Terms**”) of [Senior Loan]/[Subordinated Loan] No. [●], (the “**Loan**”) that Nordax Bank AB (publ) (the “**Issuer**”) issues in the capital market.

The Loan shall be subject to the general terms and conditions dated 21 May 2021 (the “**General Terms and Conditions**”) set out in the Issuer’s base prospectus for the issuance of medium term notes, dated 21 May 2021 (the “**Base Prospectus**”) [as supplemented on [●]], and the Final Terms set out below. Words and expressions not defined in the Final Terms shall have the meaning set out in the General Terms and Conditions.

This document constitutes the Final Terms for the purposes of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”) and must be read in conjunction with the Base Prospectus [as supplemented]. Full information on the Issuer and the offer of the Loan is only available on the basis of the combination of these Final Terms, the Base Prospectus and any supplement to the Base Prospectus, and an investor in the Notes should therefore carefully read these Final Terms, the Base Prospectus and any supplements. These documents are available via [www.nordaxgroup.com](http://www.nordaxgroup.com).

*[These Final Terms replace the Final Terms dated [●] whereby the total Nominal Amount is increased by [●] from [●] to [●].*

#### Terms and conditions for the Loan

1.	<b>Loan no:</b> (i) Tranche:	[●] [●]
2.	<b>Total Nominal Amount</b> (i) for the Loan in total: (ii) for the tranche: [for earlier tranches:]	[●] [●] [[●]]
3.	<b>Nominal Amount per Note:</b>	[●] [ <i>Not less than EUR 100,000 or the equivalent.</i> ]
4.	<b>Price per Note:</b>	[●]% of the Nominal Amount per Note [plus accrued interest from and including [●]]
5.	<b>Currency:</b>	[EUR]/[SEK]/[NOK]
6.	<b>Trade Date:</b>	[●]
7.	<b>Issue Date:</b>	[●]
8.	<b>Interest Commencement Date:</b>	[Issue Date]/[Specify other Interest Commencement Date]
9.	<b>Maturity Date:</b>	[●]
10.	<b>Status:</b>	[Senior Loan] [Subordinated Loan] [The risk factors under the heading “Specific risks relating to Subordinated Notes” in the Base Prospectus apply.]
11.	<b>Voluntary redemption of Notes by the Issuer (Senior Notes):</b>	[Applicable]/[Not applicable] [ <i>If not applicable, delete the remaining sub-paragraphs of this paragraph.</i> ] The Issuer may redeem all, or some only, of the outstanding Notes: [[i)] at any time from and including [the first Business Day falling [●] ([●])[months/days] after the Issue Date] / [●] to, but excluding, [the Maturity Date] / [●] at an amount per

		<p>Note equal to [•] per cent of the Nominal Amount, together with accrued but unpaid interest;][and/or]</p> <p>[[i)]/[(ii)] at any time from and including the first Business Day falling [•] ([•]) [months/days] prior to the Maturity Date to, but excluding, the Maturity Date, at an amount equal to 100 per cent of the Nominal Amount together with accrued but unpaid interest]]</p>
12.	<b>Voluntary redemption of Notes by the Issuer (Subordinated Notes):</b>	<p>[Applicable]/[Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i></p> <p>[The Issuer has the right to redeem all of the outstanding Notes on [•] [and thereafter on each Interest Payment Date], provided that the conditions set out in Clause 8.5.1 are met].</p> <p>The Issuer [further] has the right to redeem all of the outstanding Notes provided that the conditions set out in Clause 8.5.2 are met.</p>
13.	<b>Type of interest rate:</b>	[Fixed interest rate]/[Floating interest rate (FRN)]
14.	<b>Additional terms and conditions for Loans with fixed interest rate:</b>	[Applicable]/[Not applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
	(i) Interest Rate:	[[•] % per annum]
	(ii) Interest Payment Date(s):	[•]
	(iii) Interest Period:	The first Interest Period runs from but excluding [•] to and including [•], and thereafter from but excluding one Interest Payment Date to and including the next Interest Payment Date
	(iv) Day Count Convention:	[30/360]/ [•]
15.	<b>Additional terms and conditions for Loans with floating interest rate (FRN):</b>	[Applicable]/[Not applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>
	(i) Interest Base:	[•] month(s) [EURIBOR]/[STIBOR]/[NIBOR]]
	(ii) Margin:	[+/-][•] percentage points
	(iii) Interest Determination Date:	[Two] Business Days prior to the first day of each Interest Period, beginning on [•]
	(iv) Interest Period:	The first Interest Period runs from but excluding [•] to and including [•], and thereafter from but excluding one Interest Payment Date to and including the next Interest Payment Date
	(v) Interpolation:	[Not applicable]/[The Interest Base applicable to the interest paid on the [first]/[last] Interest Payment Date shall be subject to linear interpolation between [•] month(s) [EURIBOR] [STIBOR] [NIBOR] and [•] month(s) [EURIBOR] [STIBOR] [NIBOR]]
	(vi) Interest Payment Date(s):	[•]
	(vii) Day Count Convention:	[Actual/360]/ [•]

**Other information**

16.	<b>Expected credit rating for Loan (on the Issue Date):</b>	[Not applicable]/[•]
17.	<b>Issuing House(s):</b>  (i) for the tranche:  [for earlier tranches:]	[Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/[Skandinaviska Enskilda Banken AB (publ)]/[ ] <i>[If only one tranche, delete the remaining sub-paragraphs of this paragraph.]</i>  [Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/[Skandinaviska Enskilda Banken AB (publ)]/[ ]  [Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/[Skandinaviska Enskilda Banken AB (publ)]/[ ]
18.	<b>Administrative Agent:</b>	[Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/[Skandinaviska Enskilda Banken AB (publ)]/[ ]
19.	<b>ISIN code:</b>	[•]
20.	<b>Listing and admission to trading:</b>  (i) Regulated Market:  (ii) The estimated earliest date on which the Notes will be admitted to trading:  (iii) Estimate of the total costs and expenses related to the admission to trading:  (iv) Total number of Notes admitted to trading:	[Not applicable]/[Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i>  [Nasdaq Stockholm]/[Other Regulated Market]  [Specify details]/[Not applicable]  [Specify details]/[Not applicable]  [•]
21.	<b>Resolutions as basis for the issuance:</b>	[Specify details]/[Not applicable]  <i>[If a resolution covering issuances under the MTN programme is described in the Base Prospectus, and the relevant issue is covered by such resolution, the option “Not applicable” shall be selected.]</i>
22.	<b>Interests:</b>	[Specify details]/[Not applicable]  <i>[If applicable, describe interests of individuals and legal entities involved in the issuance as well as a record of all interests and possible conflicts of interests of importance to the issuance together with records of those involved and the nature of the interest.]</i>
23.	<b>Information from third parties:</b>	[Information in these Final Terms originating from a third party has been reproduced accurately and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources for such information are [•].]/[Not applicable]
24.	<b>Use of proceeds:</b>	[General financing of the Issuer’s and the Group’s business activities] [Specify details]

25.	<b>The estimated net amount of the proceeds:</b>	[EUR/SEK/NOK] [•] less customary transaction costs and fees.
-----	--	--

We hereby confirm that the above Final Terms are applicable to Loan No. [•] together with the General Terms and Conditions and undertake to repay the Loan and to pay interest in accordance herewith. We confirm that any material event after the date of the Base Prospectus that could affect the market's assessment of the Loan and the Company have been made public.

Stockholm, [•]

**NORDAX BANK AB (publ)**

## DESCRIPTION OF THE ISSUER

---

### General information on the Issuer and the Group

#### The Issuer

The Issuer, Nordax Bank AB (publ) with Swedish corporate registration number 556647-7286 and Legal Entity Identifier Code 21380057HUGFEAF25W84, 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 banking company (*publikt bankaktiebolag*).

The Issuer's website is [www.nordax.com](http://www.nordax.com). The information on the website is not a part of this Base Prospectus, unless that information is incorporated by reference into this Base Prospectus.

Under its current Articles of Association, the Issuer's share capital shall be not less than SEK 50,000,000 and not more than SEK 200,000,000, divided into not fewer than 50,000,000 shares and not more than 200,000,000 shares. The Issuer has only one class of shares. The Issuer's registered share capital is SEK 50,100,000, represented by 50,100,000 shares.

#### Regulatory history of the Issuer

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*). On 5 December 2014, the Issuer was granted a licence to conduct banking business under the Swedish Banking and Financing Business Act.

#### Main activities

The Issuer is a specialist bank targeting the markets in Sweden, Norway, Finland and Germany, and offering personal loans and savings products on a cross-border basis from Sweden. Important parts of the business model are a centralised platform, expertise in targeted marketing, data-driven credit underwriting and a diversified funding platform.

As of 31 December 2020, Nordax's total lending was SEK 27.7bn, total deposits were SEK 24.2bn and Nordax had 140 thousand loan customers and 114 thousand savings customers. Lending growth has been organic and steady since 2011 growing from SEK 6.6bn at the end of 2011 with an average compound annual growth rate of 17 per cent until the end of 2020. Since May 2018 and March 2019, the Issuer also offers mortgage loans in Sweden and Norway. On 15 January 2019, Nordax completed the acquisition of Svensk Hypotekspension AB ("**SHP**") which is one of few that offers equity release mortgages in Sweden.

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 or in-line with the national average for household incomes. They are also close to or above the national averages for home ownership and do not have a record of non-payment. The Issuer also offers savings products in Sweden, Norway, Finland, Germany and the Netherlands covered by the Swedish state deposit insurance scheme.

The Issuer's mortgage offer is targeted towards a niche of the mortgage market which is primarily customers with an employment form other than a traditional full-time position e.g. part-time workers, self-employed persons, freelancers etc. Other target groups are individuals with limited credit history or people who have a payment remark. All groups are individuals who might have problems being granted a mortgage loan from a full-service bank and the offer comes with a higher interest rate than a regular mortgage in such bank.

Nordax offers equity release mortgages through its subsidiary SHP. Equity release mortgages allow retirees to release equity from properties with a significant over-value. The equity release mortgage is life-long and non-amortising. All interest is capitalised during the life of the loan and repaid together with the principal and at time of the repayment, usually when the borrowers either sell their property or decrease. All customers benefit from a 'No negative equity guarantee', which guarantees that the borrower can never owe a loan amount higher than the market value of their home, or interest payments during the life of the loan. SHP is licensed as a mortgage credit company by the Swedish FSA.

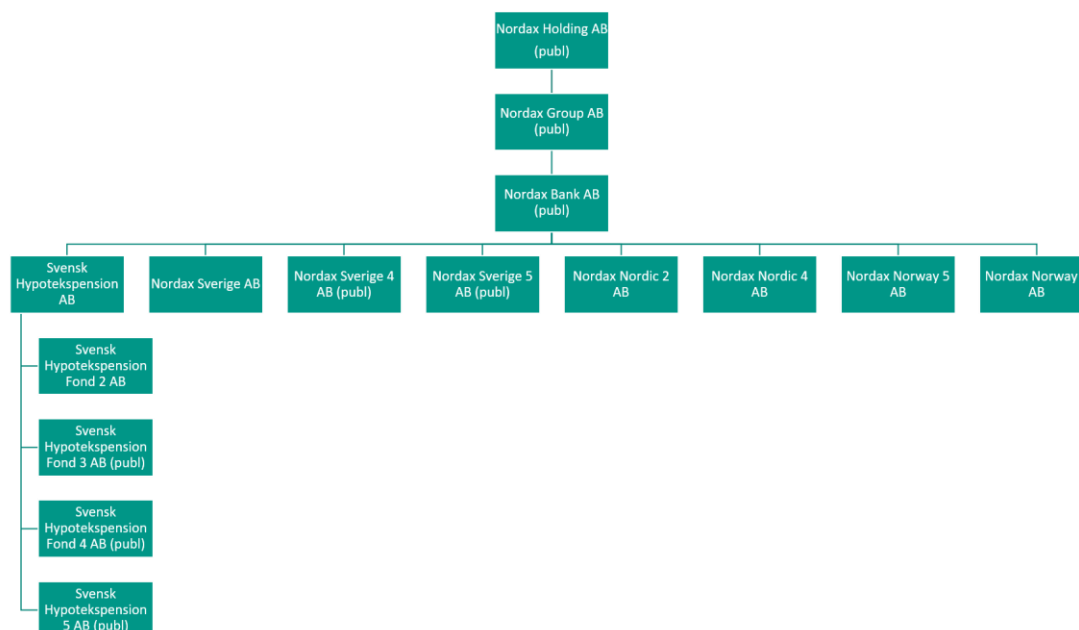
As of 31 December 2020, the number of full-time employees of the Group was 351 of which SHP had 17 employees.

## Legal structure of the Group

The Issuer is part of a corporate group in which Nordax Holding AB (publ)<sup>2</sup> (“**Nordax Holding**”) is the ultimate parent. The Issuer is a wholly-owned subsidiary of the holding company Nordax Group AB (publ) (“**Nordax Group**”), which in turn is a wholly-owned subsidiary of the holding company Nordax Holding. The object of the two holding companies’ business is to own and manage securities and to conduct other business compatible therewith. The group operates through the Issuer, the Issuer’s funding subsidiaries (as of the date of this Base Prospectus seven subsidiaries), its subsidiary Svensk Hypotekspension AB and Svensk Hypotekspension AB’s funding subsidiaries (as of the date of this Base Prospectus three subsidiaries). In December 2019, Nordax acquired approximately 9 per cent. of the mortgage institution Stabelo.

As part of the Issuer’s current funding strategy, consumer loans and equity release mortgages are continuously transferred from the Issuer and SHP to their respective funding subsidiaries and pledged as security for bilateral warehouse facilities or asset-backed securities.

*Legal structure of the Group and the holding companies (as per 31 December 2020)*



## Owners

In February 2018, Nordic Capital Fund VIII<sup>3</sup> (“**Nordic Capital**”) and Sampo plc<sup>4</sup> (“**Sampo**”), through Nordax Holding, announced a recommended mandatory public cash offer to the shareholders in Nordax Group to acquire all outstanding shares in Nordax Group. After the expiry of the acceptance period and a compulsory redemption of certain remaining shares, Nordax Holding holds 100 per cent of the shares and votes in Nordax Group. Nordax Group’s shares were delisted from Nasdaq Stockholm, the last day of trading being 24 April 2018.

The Issuer and its shareholders each comply with applicable rules and regulation (such as the Swedish Companies Act) to ensure that the control over the Issuer is not abused. In order to prevent shareholders from abusing power due to the ownership structure and control of the Issuer, the Issuer has also adopted a policy regarding closely related party transactions.

<sup>2</sup> A Swedish private limited liability company with reg.no. 559097-5743 and with registered address P.O. Box 23124, SE – 104 35 Stockholm, Sweden (previously NDX Intressenter AB).

<sup>3</sup> “Nordic Capital Fund VIII” refers to Nordic Capital VIII Limited, a limited liability company established in accordance with the laws of Jersey, having its registered office at 26 Esplanade, St Helier, Jersey, JE2 3QA, Channel Islands, acting in its capacity as General Partner of Nordic Capital VIII Alpha, L.P. and Nordic Capital VIII Beta, L.P. “Nordic Capital” refers to Nordic Capital Fund VIII and/or any or all of its predecessor or successor funds or continuation vehicles (depending on the context).

<sup>4</sup> “Sampo” refers to Sampo plc, a public limited liability company incorporated under the laws of Finland with reg. no. 0142213-3 and registered address at Fabianinkatu 27, 00100 Helsinki.

## Relevant legislation

The Issuer is a public 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* by the Swedish Banking and Financing Business Act, the Swedish Deposit Insurance Act (*lag (1995:1571) om insättningsgaranti*) and the Swedish Insurance Distribution Act (*lag (2018:1219) om försäkringsdistribution*).

The Issuer is further regulated by the CRR II, 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 V. 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 2020, of Nordax Holding AB (publ), Nordax Group AB (publ), Nordax Bank AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB, Nordax Norway 5 AB, Nordax Norway 6 AB, Nordax Sverige 5 AB (publ), Svensk Hypotekspension AB, Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ).

In addition to laws and official regulations, the Issuer has a number of internal governing 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 governance and enterprise risk management policy, the credit policies and instructions, the remuneration policy, the outsourcing policy, the financial risk policy, the liquidity contingency plan, the complaints management policy, the financial crime policy and the information security policy.

## Business operations

Nordax has historically been specialised within the personal loan segment. In recent years, Nordax has however undergone a product expansion through organic initiatives and through the acquisition of SHP. Nordax's main product offering remains consumer loans which account for the majority of profits and lending with SEK 17.8 billion of loans as of 31 December 2020 representing 64 per cent of Nordax's total lending. In May 2018 and March 2019, Nordax also started offering non-standard mortgages in Sweden and Norway, respectively. The operations are still nascent with total mortgage lending of SEK 3.2 billion as of 31 December 2020 representing 12 per cent of Nordax's total lending.

In January 2019, Nordax completed the acquisition of SHP. As of 31 December 2020, the total equity release mortgage lending accounted for 24 per cent of Nordax's total lending.

The customer groups serviced varies between the products. Nordax's personal loan customers are middle-aged prime customers with stable income above the national average. Within the non-standard mortgage segment, Nordax targets customers with unconventional employment forms (self-employed, part-time workers, project-assigned staff, free-lancers etc.) and/or with a limited credit history and also accepts customers with historic payment remarks.

Within equity release mortgages, the customer base consists of retirees, typically with low income but significant housing wealth. The life-long equity release mortgage provides elderly with an enhanced quality of life through improved financial ability to meet every-day needs and afford home improvements, travel, finance larger dental work, among other things. In many instances, an equity release mortgage offers the only possibility for customers to keep and continue living in their home. SHP has grown organically since it was founded in 2005 and as of 31 December 2020 had 17 employees with offices in Stockholm, Gothenburg and Malmö. As of 31 December 2020, SHP had 8,000 customers (households) and a total loan book of SEK 6.6 billion with a gradual and consistent loan book growth since 2010 at which time the loan book was SEK 0.9 billion. Since inception, SHP has realized zero credit losses and average LTV (loan value in relation to market value of properties) of the entire loan book, including capitalised interest, was 28 per cent as at 31 December 2020.

## The loan product and origination channels

Within personal loans, the Issuer has developed a product offering with strong customer utility providing unsecured loans up to SEK 600,000, NOK 500,000 and EUR 60,000 (in Finland) and long maturity of up to 20 years providing low monthly costs. The average loan size is circa SEK 200,000 (or its equivalent in NOK or EUR), the average maturity at origination is 12 years and average customer interest rate is circa 11 per cent.

The Issuer has developed an effective marketing model for each country it targets, by marketing through various channels; targeted marketing through direct mails, repeat sales marketing to existing customers, credit

intermediaries and online advertising. In 2020, 43 per cent of the loans were originated through direct mails and other direct channels, 10 per cent through repeat sales and 49 per cent through credit intermediaries.

Within the direct mail channel, the Issuer has developed models for selecting potential loan customers by identifying similarities among those who have responded to previous marketing campaigns. Addressed direct mail is used in all markets, and unaddressed direct mail is also used in Norway and Finland. The marketing material is adapted to different groups and varies in design.

The Issuer cooperates with credit intermediaries in all markets. 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.







Non-standard mortgages are originated through direct distribution with the customer applying directly on Nordax's web page. Nordax invests in general branding and marketing as well as in digital marketing to attract customers. In addition to direct distribution, Nordax also cooperates with credit intermediaries and other partners.

SHP has a strong market position and a well-known brand within the target group. Equity release mortgages are only originated through direct applications. SHP invests in general branding and marketing to attract customers, as well as digital marketing and direct mails.

## Segments

The Issuer offers personal loans in Norway, Sweden and Finland and non-standard mortgage loans in Sweden and Norway and equity release mortgages in Sweden. Pursuant to a decision by the board of directors of Nordax in May 2019, the Issuer has ceased to offer new loans in Germany. Historically, the Issuer has also offered personal loans in Denmark.

The table below shows an overview of the Group's total portfolio by segment (as of 31 December 2020).

	 Sweden	 Norway	 Denmark	 Finland	 Germany	 Equity release mortgages
<b>Loan Portfolio</b>	SEK 10695M	SEK 5654M	SEK 23M	SEK 4064M	SEK 575M	SEK 6,645M
<b>Share of total</b>	39%	20%	0%	15%	2%	24%

## Underwriting process

The Issuer aims to achieve controlled growth of the loan portfolio, retaining a focus on the creditworthiness of loan customers. Within personal loans, the Issuer's risk assessment process 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 credit intermediaries. 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. Nordax's stringent underwriting has been reflected in a long period of overall stable and low cost of risk levels. The cost of risk levels were higher in 2018 than in previous years and were impacted by the implementation of IFRS9, one-off effects relating to the termination of a forward flow agreement and a curve revision in Germany. Nordax has high loss absorption capacity with the ability to sustain significantly higher cost of risk levels before making actual losses or having negative capital impact.

Before a loan is approved, the Issuer conducts a thorough credit assessment of each loan application in accordance with its 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 loan amount offered as a personal loan is calculated using a credit limit matrix based on the customer's creditworthiness. For mortgage loans the maximum loan amount offered is based on the loan-to-value (LTV) and the customer's creditworthiness. An on-sight valuation is performed on all properties to establish a correct value of the security. The affordability calculation for mortgage loans includes a "left-to-live-on" calculation with a household budget, stressed interest rates and regulatory required amortisation.

SHP follows a strict underwriting process carefully developed and refined over the years. Since inception in 2005, SHP has realised SEK 0 in credit losses. There is an initial screening of applicants based on certain minimum property value requirements and SHP only lends to customers in certain pre-approved municipalities, typically property in metropolitan areas of a certain size and sufficient liquidity in the local property market. In addition, there is a strict limit on the loan amount in relation to market value of each home (LTV) and the age of the borrower. As at 31 December 2020, the average LTV of the entire SHP loan book, including capitalised interest, amounted



to approximately 28 per cent. There are several additional requirements which need to be met, for example only first priority mortgages are accepted. If the applicant qualifies with all base requirements, a rigorous underwriting process follows with emphasis on property valuation, inspection of each home before a loan is approved, physical ID control and extensive verification of all relevant documentation required from external sources such as UC, tenant associations, property registers etc. Throughout the process, which normally lasts for 3-5 weeks, SHP puts great emphasis on transparency and ensuring that the product is properly understood and that customers feel secure.

### **Customer service**

Customer service is performed by the Issuer's customer services and mortgage departments in Stockholm, where all the operating languages are spoken. Representatives from these departments handle all communication with the customers via phone, e-mail and regular post. The services include, for example, preparation and administration of the loan application process or deposit process, frequently asked questions, change of terms and processing of applications for loans.

Equity release mortgages are only offered through Nordax's subsidiary SHP, with offices in Stockholm, Malmö and Gothenburg where all customer communication is handled by SHP's staff.

### **Collection process**

The Issuer's collection process is governed by a general Collection Policy, country-specific Collection and Provisioning Instructions and a Legal Collection Instruction, and is handled by a separate collections department. The department is divided into two teams; the pre-collection team and the legal collection team.

The pre-collection team focus on outbound calls with the aim to reach out to customers at an early stage of delinquency. The team has efficient but strictly limited curing tools available to handle customers who face difficulties repaying their loans.

The legal collection team focus on advanced cases and to the management of non-performing loans and is thus responsible for the Issuer's co-operation with outsourced 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.

### **Payment protection insurance**

Personal loan 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 (reduced work capacity), hospitalisation or involuntary unemployment. The compensation matches the amount the relevant customer was billed the month before the insurance case. In the event of death, the compensation corresponds to the remaining amount of loan debt on the day of death. The Issuer offers the insurance product in cooperation with an insurance company (BNP Paribas Cardif) by operating as a tied insurance mediator (*anknuten försäkringsförmedlare*). In the Issuer's Swedish personal loan operations "automatic affiliation" (*reservationsanslutning*) is applied for new customers. "Automatic affiliation" refers to an automatic connection to the insurance, whereby the customer becomes the policyholder in conjunction with the customer receiving a new loan unless the customer actively opts-out from the insurance.

### **Liquidity and funding strategy**

Nordax's long-term liquidity and funding strategy is to attain high degree of 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. The goal is to use funding sources which:

- provide a high degree of matching of currencies and interest periods as well as maturities – between assets and liabilities;
- offer diversification in terms of markets, investors, instruments, maturities, currencies, counterparties and geography;
- carry a low liquidity risk and offer a strong possibility of refinancing at maturity, as evidenced by price stability, regularity of issuance and a broad investor base; and
- provide access to relatively large volumes, to meet the funding requirements of a growing balance sheet.

## **Issuer funding**

The funding 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.

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

To enable ABS issuance, Nordax has established a funding structure with a number of on-balance sheet funding subsidiaries. These funding subsidiaries are Swedish special purpose companies (each, an “SPC”) and acquire consumer loans from the Issuer on a continuous basis. Prior to each ABS term transaction, the growing loan portfolios are temporarily financed through bilateral warehouse facilities sponsored by international banks until they have reached a sufficient size to be eligible for a possible refinancing in the ABS market.

For each ABS term transaction and each warehouse facility transaction, a separate special purpose company is established to which the Issuer sells consumer loans. Each consumer loan sold to an SPC must meet certain eligibility criteria at the point of sale. The purchase price payable by the SPC equals the nominal amount of the consumer loan at the point of sale, plus deferred consideration each month provided that there is a surplus in the SPC and subject to certain conditions (such as the absence of certain portfolio triggers). Besides being the seller of consumer loans and the shareholder of the SPC, the Issuer also provides subordinated loans to the SPCs and acts as the servicer of the consumer loans on behalf of the SPC and its financiers.

For each ABS term transaction, the SPC funds its acquisition of consumer loans by the issuance in the debt capital market of rated asset-backed notes. There are several classes of notes, *i.e.* securities exposed to the same pool of consumer loans but with different payment priorities and characteristics (such as different credit ratings and interest rates). The more senior classes have priority of payment over more junior classes and so have lower risk of non-payment and accordingly carry a lower coupon than more junior classes. The Issuer has invested in certain of the junior classes of notes (and is required from a regulatory point of view to retain such notes up to a certain level).

For each warehouse facility transaction, the SPC funds its acquisition of consumer loans by a senior secured bilateral loan (besides a subordinated loan provided by the Issuer).

The asset-backed securities and the warehouse facilities are secured by a pledge over the relevant portfolio of consumer loans, the SPC’s bank accounts, certain contractual rights of the SPC and the shares in the SPC. The asset-backed securities and the warehouse facilities contain customary events of default. Upon the occurrence of any such event of default, the funding may be accelerated and the security enforced.

For each ABS term transaction and each warehouse facility transaction, the Issuer has been appointed as servicer of the consumer loan portfolio. In such capacity, the Issuer administers the loans and provides regular reporting in respect of the portfolio. Such appointment may be terminated in certain situations, in which case a standby servicer will be appointed as a successor servicer.

As part of Nordax’s diversified funding strategy, deposits from the general public (retail deposits) are raised in Sweden, Norway, Finland, Germany and the Netherlands through the Issuer’s own platform and also via a co-operation with the Swedish bank Avanza Bank AB and Raisin GmbH in Germany and the Netherlands.

Nordax established its Swedish medium-term note programme of SEK 3.0 billion during Q2 2019 in order to have an additional funding source and to diversify its funding. Nordax can issue senior unsecured bonds and subordinated Tier 2 bonds under its programme. The programme has been utilised frequently, mainly by the issuance of senior unsecured bonds. The investor base is broad and consists mainly of Nordic institutions.

## **SHP funding**

Similar to Nordax ABS programme for consumer loans, SHP has its own securitisation programme for equity release mortgage loans.

Prior to each ABS term transaction, the growing loan portfolios are temporarily financed through a bilateral warehouse facility sponsored by large Nordic banks until they have reached a sufficient size to be eligible for refinancing in the ABS market. SHP currently has one outstanding ABS term transaction (Svensk Hypotekspension Fond 4 AB (publ)) and two active warehouses (Svensk Hypotekspension Fond 2 AB and Svensk Hypotekspension 5 AB (publ)) with Swedish equity release mortgage loans.

Since interest payments on equity release loans are capitalised for the duration of the loan and repaid in connection with the loan being terminated, there is no continued cash flow to the issuer from regular interest payments. However, as SHP's loan portfolio has grown and matured over the years, there is a portion of the loan book terminated each year where the capitalised interest is repaid in full to the SPC (together with the principal loan amount). The interest payments to holders of the issued MBN notes are subordinated to certain senior expenses payable to SHP, ensuring a continued cash flow to SHP. Following interest payments on the MBN notes and certain other junior expenses, any remaining cash from the terminated loans is reinvested in new equity release mortgages from the warehouse funding facility.

The current ABS notes of SEK 2.25 billion were issued to Nordic institutions in 2019. The notes have a Fitch A+ rating. The ABS notes mature in 2067 with a first call date in January 2024.

For each warehouse facility transaction, the SPC funds its acquisition of loans by a senior secured bilateral loan. The asset-backed securities and the warehouse facilities are secured by pledges over the relevant portfolio of equity release mortgages and over the shares issued in the SPC. The asset-backed securities and the warehouse facilities contain certain events of default. Upon the occurrence of any such event of default, the funding may be accelerated and the security enforced.

The MBN programme and the warehouse funding facilities are the main funding sources for SHP. In addition, SHP has intra-group loans from the parent company, Nordax Bank AB (publ).

## Board of directors

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

<b>Name</b>	<b>Position</b>	<b>Appointed</b>
Hans-Ole Jochumsen	Chairman	2018
Christopher Ekdahl	Member	2018
Henrik Källén	Member	2018
Christian Frick	Member	2018
Ville Talasmäki	Member	2018
Anna Storåkers	Member	2019
Ricard Wennerklint	Member	2020

### Hans-Ole Jochumsen

*Born 1957 in Denmark. Chairman of the Board.*

**Principal education:** MSc in Economics, Copenhagen University, Denmark

**Other on-going principal assignments:** Chairman of the board of MFEX Holding AB and MFEX Mutual Funds Exchange AB. Board member of Nykredit A/S, Nykredit Realkredit A/S and MFEX Holding AB. Senior Advisor in the company Alkymi.io, member of the Advisory Board of Concordium AG and Industrial Advisor in Airfinity Ltd (UK).

### Christopher Ekdahl

*Born 1980 in Sweden. Non-Executive Director.*

**Principal education:** MSc in Engineering Physics, Lund University, Sweden and École Centrale Paris, France.

**Other on-going principal assignments:** Principal in NC Advisory AB, adviser to the Nordic Capital Funds. Board member of Stabelo Group AB.

### Henrik Källén

*Born in 1968 in Sweden. Non-Executive Director.*

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

**Other on-going principal assignments:** Chairman of the board of Fondab AB and Zensum AB. Board member of *inter alia* DPOrganizer AB and MM Holding AB. Industrial advisor through own company Kallen Advisory AB.

### Christian Frick

*Born in 1976 in Sweden. Non-Executive Director.*

**Principal education:** MSc in Economics and Business Administration, Stockholm School of Economics and the Stockholm University School of Business, Sweden.

**Other on-going principal assignments:** Partner in NC Advisory AB, adviser to Nordic Capitals funds. Board member of *inter alia* Nordnet AB, Nordnet Bank AB, MFEX Holding AB, MFEX Mutual Funds Exchange AB and MM Holding AB.

### Ville Talasmäki

*Born in 1975 in Finland. Non-Executive Director.*

**Principal education:** MSc in Economics and Business Administration, Turku School of Economics and Business Administration, Finland and Warwick Business School, England.

**Other on-going principal assignments:** Head of Allocation and Head of Credit Investments, Sampo plc.

### Anna Storåkers

*Born in 1974 in Stockholm. Non-Executive Director.*

**Principal education:** MSc in Business Administration; Major in Finance and International Business; CEMS Master's degree, Stockholm School of Economics, Sweden.

**Other on-going principal assignments:** Member of the Supervisory Board of ABN Amro Bank. NV. Board member of MM Holding AB. Chairman of the board of Kreditz AB.

### Ricard Wennerklint

*Born in 1969 in Sweden. Non-Executive Director.*

**Principal education:** Business Administration and Finance, Stockholm School of Economics

**Other on-going principal assignments:** Chief of Strategy/Group Executive Vice President at Sampo plc, Sampo Abp filial i Sverige and member of the Sampo Group Executive Committee. Chairman of the board of Topdanmark A/S, Denmark and Hastings Group Holdings Limited, UK. Board member of If P&C Insurance Holding Ltd and Mandatum Holding Ltd.

## Senior Management team

Name	Position
Jacob Lundblad	Chief Executive Officer
Markus Kirsten	Director of Credit Risk and Analytics
Malin Frick (currently on parental leave)	HR Director
Carolina Åberg	Interim HR Director
Hanna Belander	Head of Marketing & Communication
Malin Jönsson	Chief Operating Officer
Patrick MacArthur	Chief Financial Officer and Head of Business Development & Strategy
Kristina Tham Nordlind	Chief Legal Counsel
Adam Wiman	Chief Information Officer
Olof Mankert	Chief Risk Officer (adjunct member of senior management team)

### Jacob Lundblad

*Born 1978 in Sweden. CEO since 2017.*

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

**Other on-going principal assignments:** Board member, and CEO of, Nordax Sverige 4 AB (publ), Nordax Nordic 4 AB and Nordax Sverige 5 AB (publ). Chairman of the board of Svensk Hypotekspension AB, Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ). Board member of Nordax Sverige AB, Nordax Nordic 2 AB, Nordax Norway 5 AB, and Nordax Norway 6 AB. External CEO of Nordax Group AB and Nordax Holding AB (publ).

### Markus Kirsten

*Born 1982 in Sweden. Director of Credit Risk and Analytics since 2019.*

**Principal education:** Degree of Master in Computer Science from Royal Institute of Technology, Stockholm Sweden with exchange studies in mathematics from Indian Institute of Technology, Mumbai, India

**Other on-going principal assignments:** Chairman of the board of Molnify AB. Board member of WhyWaste AB, Nordic Mountain Equity AB, Vunder HoldCo AB, Kirsten Holding AB and Kirsten Development AB.

### Malin Frick

*Born 1986 in Sweden, HR Director since 2014 (HR Coordinator 2012-2014).*

**Principal education:** Philosophy Bachelor's Degree in Human Resource Management and Development, Linköping University, Sweden, further studies in Business and Leadership at Swinburne University, Melbourne.

**Other on-going principal assignments:** -

### Carolina Åberg

*Born 1963 in Sweden, interim HR Director since 2020.*

**Principal education:** Bachelor of science in Human resources management and behavioural science from University of Stockholm, and studies in Business and economics from Stockholm School of Economics.

**Other on-going principal assignments:** Head of HR of Nordstjernen AB, Chairman of the board of Stockviken Consulting AB and board member of Vamlingbo Chamber-music festival.

### Hanna Belander

*Born 1977 in Sweden. Head of Marketing & Communication since 2020.*

**Principal education:** Master's Degree in Media & Communication, Jönköping University, Sweden.

**Other on-going principal assignments:** -

**Malin Jönsson**

*Born 1971 in Sweden. Chief Operating Officer since 2018 (Operations Director 2016-2018).*

**Principal education:** Master's Degree in International Economics, Linköping University, Sweden.

**Other on-going principal assignments:** Board member of Svensk Hypotekspension AB, Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ).

**Patrick MacArthur**

*Born 1980 in Sweden. Chief Financial Officer since 2018 and Head of Business Development & Strategy since 2017.*

**Principal education:** MSc in Business Administration, School of Economics in Stockholm and Master of Laws (LL.M), Lund University, Sweden.

**Other on-going principal assignments:** Chairman of the board of Nordax Sverige AB, Nordax Nordic 4 AB, Nordax Sverige 4 AB (publ), Nordax Nordic 2 AB, Nordax Sverige 5 AB (publ), Nordax Norway 5 and Nordax Norway 6. Board member of Svensk Hypotekspension AB, Svensk Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Svensk Hypotekspension Fond 4 AB (publ) and Svensk Hypotekspension 5 AB (publ).

**Kristina Tham Nordlind**

*Born 1972 in Sweden. Chief Legal Counsel since 2007.*

**Principal education:** Master of Laws (LL.M), Stockholm University, Sweden and Diplôme d'Etudes Universitaires Générales (droit), Université du Havre, France.

**Other on-going principal assignments:** -

**Adam Wiman**

*Born 1986 in Sweden. Chief Information Officer since 2019.*

**Principal education:** Master of Science, Engineering Physic, Faculty of Engineering at Lund University (LTH), Sweden (including exchange semester at University of Illinois Urbana Champaign, USA)

**Other on-going principal assignments:** -

**Olof Mankert**

*Born 1979 in Sweden. Chief Risk Officer since 2016.*

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

**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**

Ricard Wennerklint is a board member of If P&C Insurance Holding Ltd and Mandatum Holding Ltd and a member of the Sampo Group Executive Committee. If P&C Insurance Holding Ltd and/or Mandatum Holding Ltd (or its respective subsidiaries) may from time to time invest in MTNs issued under the Programme and Sampo Group and Mandatum Holding Ltd are, through Nordax Holding, two of the shareholders in Nordax Group. These assignments could under certain circumstances potentially impose a conflict of interest in relation to him being a board member in the Issuer.

Henrik Källén and Anna Storåkers will not participate in the board of director's decisions in any questions concerning Consector AB as a consequence of their board assignments in MM Holding AB.

Other than described above, 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 2021 Annual General Meeting, Deloitte AB (Rehmsgatan 11, 113 57 Stockholm, Sweden) was re-elected auditor of the Issuer for the period until the end of the Annual General Meeting 2022. Malin Lünig, born 1980,

is the Auditor-in-Charge and is a Chartered Accountant and member of FAR, the professional institute for accountants in Sweden. Deloitte AB audited the Issuer's annual reports for 2017, 2018, 2019 and 2020.

## MARKET AND INDUSTRY OVERVIEW

---

An important driver of development in the 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 both personal and mortgage loans. The loan market is characterised by 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 other niche banks 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 mortgage loans and 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 mortgage loans and debit cards.

On the mortgage loan market, increased competition, a stricter regulatory environment and an accelerated trend of standardisation have prompted the full-service banks to shift focus to automation and cost-efficient products and solutions. This has left an opening for the niche banks to offer mortgage loans to customers with unconventional employment forms (self-employed, part-time workers, project-assigned staff, free-lancers etc.) and/or with a limited credit history.

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 loan market. One obstacle is economies of scale which is a feature of the loan market. The strict and complicated rules and regulations for banks and other credit institutions require the players to create strong functions and systems for legal, 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. The 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 also 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 its assessment. 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 a low return on equity until loan funding has been obtained.

The equity release mortgage market in Sweden is highly consolidated with SHP having the dominating position. Historically the high-street banks as well as some insurance companies have offered time-limited mortgage products for seniors, but they have since a few years all exited the market. There are strong secular growth factors supporting the equity release mortgage market and large untapped demand with a large and growing population of "housing rich" but "cash poor" retirees with insufficient pensions. These customers are often not able to get a traditional mortgage due to bank's policy rules and low debt servicing capacity, or prefer an equity release mortgage to avoid ongoing interest and amortisation requirements.



## LEGAL AND SUPPLEMENTARY INFORMATION

---

### Swedish FSA approval

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

### Authorisations and responsibility

The decision to establish the Programme was authorised by a resolution of the Board of Directors of the Issuer on 23 April 2019.

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes 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 Base Prospectus and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect its import.

### Incorporation by reference

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

---

#### The Issuer's annual report for 2019

<https://mb.cision.com/Main/7708/3098866/1237776.pdf>

as regards the audited consolidated financial information and the audit report page 29 for income statement, page 31 for balance sheet, page 32 for cash flow statement, page 33 for changes in equity capital, pages 35-69 for notes and pages 74-76 for the audit report.

---

#### The Issuer's annual report for 2020

<https://mb.cision.com/Main/7708/3296576/1379549.pdf>

as regards the audited consolidated financial information and the audit report page 34 for income statement, page 36 for balance sheet, page 37 for cash flow statement, page 38 for changes in equity capital, pages 40-78 for notes and pages 81-83 for the audit report.

---

#### The Issuer's interim report for the first quarter of 2021

<https://mb.cision.com/Main/7708/3347057/1417486.pdf>

as regards the consolidated financial information on page 6 for income statement, page 8 for balance sheet, page 9 for cash flow statement, page 10 for changes in equity capital and pages 12-27 for notes.

---

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

The Issuer's annual reports for 2019-2020 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 Issuer's annual reports, no information in this Base Prospectus has been audited or reviewed by the Issuer's auditors.

### Documents available

The Issuer's Certificate of Registration and Articles of Association are electronically available at <https://www.nordaxgroup.com/sv/bolagsstyrning> (the information on the website is not part of this Base Prospectus and has not been scrutinised or approved by the Swedish FSA).

## Certain material interests

Danske Bank A/S, Danmark, Sverige Filial, Carnegie Investment Bank AB (publ), Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ) are Dealers under the Programme and Danske Bank A/S, Danmark, Sverige Filial is Arranger. The Dealers and the Arranger (and their affiliates) 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 Dealers and the Arranger having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Trend information

During at least the first half of 2021, the effects of the spread of COVID-19 is expected to continue to create significant uncertainty and have a dampening effect on the world economy, including the markets in which the Group operates.

Except for the above, there has been no material adverse change in the prospects of the Issuer since 26 February 2021, being the date of publication of the latest audited financial information of the Group.

There has been no significant change in the financial performance of the Group since 31 March 2021, being the end of the last financial period for which financial information has been published to the date of the Base Prospectus.

## Significant change

On 4 March 2021, Nordax announced its intention to launch a voluntary offer to acquire the entire outstanding share capital in Norwegian Finans Holding ASA (“**NFH**”) for a cash consideration of NOK 95 per NFH share (the “**Initial Offer**”). Launch of the Initial Offer was subject to Nordax receiving access to and having completed a due diligence review of NFH, including its subsidiary Bank Norwegian AS, to its satisfaction. On 9 March 2021, the Board of Directors of NFH announced that the Initial Offer does not form a basis for commencement of a process and on 19 March 2021 Nordax announced that there was no basis for launching the Initial Offer as presented and that Nordax and its owners were evaluating all options.

On 3 May 2021, Nordax confirmed that the Board of Directors of NFH on the basis of an revised indicative offer of NOK 100 per NFH share (the “**Revised Offer**”), has resolved to grant Nordax access to a confirmatory due diligence process and the parties have entered into an agreement to this effect. The proposed Revised Offer is conditional on acceptance from 90% of NFH’s shareholders with Nordax reserving the right to lower the acceptance threshold to 2/3. There is no certainty at this stage that any formal offer will be made.

Except for the above, there has been no significant change in the financial position of the Group since 31 March 2021, being the end of the last financial period for which interim financial information has been published to the date of the Base Prospectus.

## Current disputes

No member of the Group is currently, and has not within the last twelve months been, subject to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatening so far as the Issuer is aware) which may have, or have in such period had, 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 issued Notes.

## ADDRESSES

---

### The Issuer

#### Nordax Bank AB (publ)

**Postal address**

P.O. Box 23124, 104 35 Stockholm, Sweden

**Visiting address**

Gävlegatan 22, Stockholm  
www.nordaxgroup.com  
Tel. 08-508 808 00

### Dealers

#### Danske Bank A/S, Danmark, Sverige Filial

**Postal address**

P.O. Box 7523, 103 92 Stockholm, Sweden

**Visiting address**

Norrmalmstorg 1  
www.danskebank.se

#### Carnegie Investment Bank AB (publ)

**Postal address**

SE-103 38 Stockholm, Sweden

**Visiting address**

Regeringsgatan 56 Stockholm  
www.carnegie.se

#### Nordea Bank Abp

**Postal address**

Smålandsgatan 17, 105 71 Stockholm, Sweden

**Visiting address**

Smålandsgatan 17 Stockholm  
www.nordea.com

#### Skandinaviska Enskilda Banken AB (publ)

**Postal address**

SE- 106 40 Stockholm, Sweden

**Visiting address**

Kungsträdgårdsgatan 8 Stockholm  
www.seb.se

### Auditor to the Issuer

#### Deloitte AB

**Postal address**

SE-113 79 Stockholm, Sweden

**Visiting address**

Rehnsgratan 11, Stockholm  
www.deloitte.se

### Legal Adviser to the Issuer

#### Mannheimer Swartling Advokatbyrå

**Postal address**

P.O. Box 1711, 111 87 Stockholm, Sweden

**Visiting address**

Norrlandsgatan 21, Stockholm  
www.mannheimerswartling.se

### CSD

#### Euroclear Sweden AB

**Postal address**

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

**Visiting address**

Klarabergsviadukten 63, 111 64 Stockholm

### Verdipapirsentralen ASA

**Postal address**

P.O. Box 1174, Sentrum, 0107 Oslo,  
Norway

**Visiting address**

Fred. Olsens gate 1, 0152 Oslo  
Norway