

FOREX BANK AKTIEBOLAG

**PROSPECTUS REGARDING LISTING OF
SEK 250,000,000**

**SUBORDINATED FLOATING RATE TIER 2 BONDS
2017/2027**

27 February 2017

Important information

This prospectus (the “**Prospectus**”) has been prepared by Forex Bank Aktiebolag (the “**Company**”), registration number 516406-0104, in relation to the application for listing of Tier 2 bonds issued under the Company’s SEK 250,000,000 subordinated floating rate Tier 2 bonds with ISIN SE0009189343 (the “**Bonds**”), which were issued on 1 February 2017 (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at NASDAQ OMX Stockholm AB (“**Nasdaq Stockholm**”). References to the Company, FOREX Bank, Forex, FOREX or the Group refer in this Prospectus to Forex Bank Aktiebolag, its branches and its subsidiary X-change in Sweden AB, unless otherwise indicated by the context. References to “SEK” refer to Swedish Kronor.

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

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires any additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and may be subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country’s securities laws. It is the investor’s obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page (www.fi.se) and the Company’s web page (www.forex.se), and paper copies may be obtained from the Company.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’s auditors. Certain financial information in this Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

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

This Prospectus shall be read together with all documents that are incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and possible supplements to this Prospectus.

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

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

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Risk Factors

*Investments in bonds always entail a certain degree of risk and this is also the case for an investment in the Tier 2 bonds (Sw. *supplementärkapitalinstrument*) (the “**Bonds**”). The financial performance of the Company and the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which ultimately could affect the Company’s ability to make payments of interest and repayments of principal under the Terms and Condition. In this section, a number of risk factors are illustrated, namely general risks pertaining to the Group’s business operations and material risks relating to the Bonds as financial instruments. The risks presented in this material are not exhaustive as other risks not known to the Company or risks arising in the future may also adversely affect the Group, the price of the Bonds and the Company’s ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this material and make an independent evaluation before making an investment decision.*

RISKS RELATED TO THE GROUP AND THE MARKET

Risk relating to the current macroeconomic environment

The Group’s business is subject to inherent risks arising from general and sector-specific economic conditions. A deterioration in economic conditions globally and in the markets in which the Group operates, including, but not limited to business and consumer confidence, unemployment, household disposable income, the state of the housing market, consumer travel patterns, foreign exchange markets, counter-party risk, inflation, the availability and cost of credit, the liquidity of global financial markets, market share prices, or market interest rates may reduce the level of demand for the products and services of the Group. This may adversely affect the earnings the Group can achieve on its products and could lead to reduced revenue and increased levels of impairment charges. As the Group conducts business in Sweden, Denmark, Finland, Norway and the United Kingdom, the Group is dependent on the market and economic development in these areas, and could be affected to a greater extent by changes in relation thereto.

The aforementioned factors may materially and adversely impact the Group’s operating results, financial condition and prospects. The exact nature of the risks faced by the Group in relation to the macroeconomic environment is difficult to predict in view of the fact that many of the related risks to the business are totally, or in part, outside the control of the Group.

Risk management

Operating within the banking sector and offering financial products and services involves taking calculated risks. The risks related to these products and services are taken deliberately and shall be reflected in, and covered by, the prices offered to the customers. Significant risks that the Group is exposed to are business risks (earnings volatility risk and strategic risk), credit risk, liquidity and funding risk, market risks (interest rate risk and currency risk), and operational risk (see below). The failure to properly manage any such risk could adversely affect the Group’s business, earnings and financial position.

Business risks

The business risks of the Group consist of earnings volatility risk and strategic risk.

The earnings volatility risk of the Group is the risk of volumes and margins being negatively affected by conditions in the Group's business environment, thus lowering the Group's revenues.

The strategic risk of the Group is the risk of losses accruing due to unsuccessful business decisions, wrongful implementations of decisions, or inability to react adequately to social changes, changes in the Group's business sector, or changes in relevant regulations.

If any of the abovementioned risks would materialize, this could adversely affect the Group's business, earnings and financial position.

Credit risk

The credit risk of the Group is the risk of losses due to the Group's counterparties not being able to fulfil their obligations. Credit risks arise due to the Group's (i) lending to the general public (unsecured credits and open credits), (ii) credit exposure in relation to credit institutions (deposits), and (iii) credit exposures in relation to suppliers. If any credit risk of the Group would materialize, this could adversely affect the Group's business, earnings and financial position.

Liquidity and funding risk

The liquidity and funding risk of the Group is the risk that the Group is unable to discharge its payment obligations when due, without its costs for acquiring means of payment increasing significantly. Liquidity and funding risks arise when assets and liabilities of the Group have different terms to maturity. If any liquidity or funding risk of the Group would materialize, this could adversely affect the Group's business, earnings and financial position.

Market risks

The market risk of the Group consists of interest rate and currency risks.

The interest rate risk of the Group is the risk that the fair value of, or future cash flow from, the Group's financial instruments fluctuate because of changes in market rates. Interest rate risk arises when the terms governing fixings of interest in relation to the Group's assets do not correspond to such terms in relation to its debts.

The currency risk of the Group is the risk of losses due to adverse exchange rate movements. Currency risks arise due to the Group's exposure to (i) transactions (primarily stocks of, and credit balances in, foreign currencies), and (ii) recalculations (in relation to assets and liabilities of the Company's branches being denominated in foreign currencies).

If any of the abovementioned risks would materialize, this could adversely affect the Group's business, earnings and financial position.

Operational risk

The operational risk of the Group is the risk of losses due to insufficient or inadequate internal processes, human errors, system faults, or external events (for example political decisions, and deliveries not being fulfilled). The Group has divided its operational risk into the following categories; staff, processes, IT systems, external factors, security, legal, anti-money laundering and

counter-terrorism financing, and compliance. If any operational risk of the Group would materialize, this could adversely affect the Group's business, earnings and financial position.

Risk that capital in the future may not be available on attractive terms, or at all

The Group may need to obtain additional capital in the future, for example due to reduced margins, operational losses above expectations, negative credit risk migration, growth above expectations, or other factors affecting its capital adequacy and/or stricter capital adequacy requirements (please see also below "*The Group must meet certain capital adequacy and liquidity ratios*"). Such capital, whether in the form of subordinated debt, hybrid capital or additional equity, may not be available on attractive terms, or at all, which could adversely affect the Group's business, earnings and financial position.

Agreements with business partners

The Group is dependent on certain agreements within the framework of the Group's operations, and has, for example, entered into cooperation agreements with certain Nordic credit institutions. Further, the Group may outsource certain key functions to external partners. In the event that the current outsourcing becomes unsatisfactory, or the Group's service providers are unable to fulfil their obligations, there is a risk that the Group may be unable to locate new outsourcing partners on economically attractive terms. Where the Group has outsourced work and functions of material significance to its operations, such outsourcing is subject to mandatory regulatory requirements and the Group, amongst other things, shall monitor the external partner and remains liable for the outsourced work or function in relation to its customers. The Group may also rely on distributors to market and sell products of the Group. Termination of or any change to the relationships mentioned above could adversely affect the Group's business, earnings and financial position.

Risks relating to fraudulent behaviour by the Group's customers

Due to the nature of the Group's business, it is exposed to the risk of fraudulent behaviour from new and existing customers. Such risk can materialize following, amongst other things, identity thefts or the illegal interception of data. Fraudulent behaviour could result in credit losses for the Group and could adversely affect the Group's business, earnings and financial position.

Agreements related to card schemes

The Group is dependent on certain material agreements entered into with card schemes. If the Group would fail to comply with material provisions in such agreements, the agreements may be terminated. In the event that such agreements would be terminated, for any reason, or any card schemes would cease to cooperate with the Group, this could adversely affect the Group's business, earnings and financial position.

Risks relating to derivative instruments

The Group uses derivative instruments to reduce its currency risk, mainly in relation to positions in the seven currencies which the Group trades the most in. The maturity of all derivatives used by the Group is less than 30 days. There is a risk that the Group is not able to use derivative instruments, for example due to such instruments not being available on acceptable terms or at all, whereby the Group may not be able to reduce its exposure to currency rate fluctuations (please see also above "*Market risks*"). Furthermore, the derivative instruments used by the Group are entered into with one counterparty. There is a risk that the counterparty is not able to meet its obligations

under relevant derivative instruments of the Group, whereby the Group's exposure to relevant currency risks may remain, and the Group may also lose any amounts paid for the derivative instruments. If any of the above mentioned risks would materialize, this could adversely affect the Group's business, earnings and financial position.

Ownership

The Company is wholly-owned by the Friberg family. The shareholders have the power to decide on certain matters at shareholders' meetings, including the power to appoint the board of directors of the Company and the issuance of shares. The shareholders may have an interest in pursuing acquisitions, divestments, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the holders. If such risk is materialised it could adversely affect the Group's business, earnings and financial position.

Key personnel

The Group is dependent upon a number of key employees whom have together developed the efficient day-to-day operations and systems within the Group. Should such key personnel in the future end their employments with the Group or take up employment with a competing business, and not be adequately replaced with new qualified personnel, it could adversely affect the Group's business, earnings and financial position.

Risks relating to inadequate insurance

The Group is subject to potential damages that may result in losses or expose the Group to liabilities in excess of its insurance coverage or significantly impair its reputation. Moreover, any claims the Group makes under its insurance policies or the occurrence of an event or events resulting in a significant number of claims being made may also affect the availability of insurance and increase the premiums the Group pays for its insurance coverage. Hence, if the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance coverage or if the Group's provisions for uninsured costs are insufficient to cover the final costs, there is a risk that it could adversely affect the Group's business, earnings and financial position.

Taxes and charges

The Group conducts its business in accordance with its interpretation of applicable tax regulations and applicable requirements and decisions. There is a risk that the Group's or its advisers' interpretation and application of laws, provisions and judicial practice has been, or will at some point be, incorrect or that such laws, provisions and practice will be changed, potentially with retroactive effect. If such an event should occur, the Group's tax liabilities may increase, which could adversely affect the Group's business, earnings and financial position.

Negative publicity

The Group relies, among other things, on its brand to maintain and attract new customers and employees. Any negative publicity or announcement relating to the Group may, whether or not it is justifiable, deteriorate the brand value and could adversely affect the Group's business, earnings and financial position.

Legal disputes

Claims or legal action may in the future be made or initiated against the Group which may have significant unfavourable effects on the Group's financial position, performance and market position or on the pricing of the Bonds.

Intellectual property rights

The Group is mainly active under the brand FOREX. Failure to protect the Group's brands and other intellectual property rights or prevent their unauthorized use by third parties could have a material adverse effect on the Group's business. In addition the Group faces the risk of claims that it is infringing third parties' intellectual property rights. Any such claim, even if it is without merit, could be expensive and time-consuming, could cause the Group to cease market itself under a certain brand or redesign certain brands and could divert management time and attention. If any of the above risks were to materialise, it could adversely affect the Group's business, earnings and financial position.

Risks related to IT infrastructure

The Group depends on information technology to manage critical business processes, including the running of its internet bank, as well as administrative functions. Extensive downtime of network servers, attacks by IT viruses or other disruptions or failure of information technology systems could have a material adverse effect on the Group's operations and could cause transaction errors and loss of customers an adversely affect the Group's business, earnings and financial position.

Risks related to the processing of personal data

The Group's ability to obtain, retain, share and otherwise process customer data and other personal data is governed by data protection legislation, privacy requirements, agreements and other regulatory restrictions. For example, personal data may only be collected for specified, explicit and legitimate purposes and may only be processed in a manner consistent with these purposes. Further, the personal data collected by the Group must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed, and the data must not be kept for a longer period of time than necessary for the purposes of the collection. The Group's compliance with applicable data protection legislation is primarily supervised by the respective data protection authorities in the countries in which the Group operates.

There is a risk that the Group's routines and systems for processing of customer data and other personal data are insufficient and, for example, do not prevent disclosure or processing of personal data in breach of applicable legislation or relevant agreements. If the Group fails, or is deemed to have failed, to protect and process such data in compliance with applicable legislation and relevant agreements, this could result in, for example, the imposing of sanctions on the Company, criminal charges, monetary fines, reputational damages, the Group having to change relevant routines and systems, or could constitute breach of contract, which, in turn, could adversely affect the Group's business, reputation, earnings and financial position.

There is also a risk that, for example, applicable data protection legislation is amended, which could, for example, limit the Group's access to personal data for the purposes of direct marketing and credit assessments, or its possibility to process personal data, which, in turn, could adversely affect the Group's marketing activities and internal decision making and thus have an adverse effect on the Group's business, earnings and financial position. Also, there is a risk that the Group

would be required to change its current routines and systems for the processing of customer data and other personal data in order to comply with any new requirements, which may be costly and increase the Group's administrative burden, which in turn could have an adverse effect on the Group's business, earnings and financial position.

For example, on 27 April 2016, the European Parliament and the Council adopted a new general data protection regulation ("GDPR") which entered into force on 24 May 2016. Due to a two year transitional period, GDPR's provisions will be applicable as from 25 May 2018. GDPR will entail significant changes compared to personal data regulations currently applicable to the Group, as GDPR will replace national personal data protection laws of the EU member states. Further, GDPR strengthens the rights of the individual, and introduces stricter requirements for the processing of personal data and more severe sanctions for violations, including penalties of up to the higher of EUR 20,000,000 and 4 per cent. of the violating person's global turnover. Compliance with GDPR could cause the Group additional costs and limit the Group's possibilities to process personal data, which, in turn, could adversely affect the Group's business, earnings and financial position.

Merger

The Group is contemplating a merger between the Company as transferee and its wholly owned subsidiary X-change in Sweden AB (the "**Subsidiary**") as transferor. The merger may accrue integration and restructuring costs. By virtue of the merger, liabilities in relation to the Subsidiary will be transferred to the Company. A merger could thus lead to additional liabilities in relation to the Company which could adversely affect the Company's business, earnings and financial position.

Competition

The Group has a large number of competitors, some of whom have greater financial and operational resources than the Group, and competition may increase over time. The competition can lead to lower margins and increased costs with regard to attracting new customers, retaining current customers as well as acquiring debt portfolios. If the Group fails to meet the competition from new and existing companies, this could adversely affect the Group's business, earnings and financial position.

RISKS RELATED TO REGULATIONS

The Company's operations are contingent upon the license issued by the Swedish Financial Supervisory Authority (the "Swedish FSA")

As a bank licensed under the Swedish Banking and Financing Business Act (SFS 2004:297) (Sw. *lagen om bank- och finansieringsrörelse*) ("**BFBA**"), the Company is subject to the Swedish FSA's supervision. The license of the Company has indefinite duration. However, should the Swedish FSA find that the Company has violated its obligations pursuant to the BFBA, other statutory instruments which govern its operations' articles of association, or internal instructions based on statutory instruments governing its' operations, the Swedish FSA may, where the infringement is serious, revoke the Company's license. The loss or suspension of the license to conduct banking business would require the Company to cease its banking business and the Company could also be put into liquidation, which could adversely affect the Group's business, earnings and financial position.

The Company conducts currency trading operations and provides money remittance services from branches in Denmark, Finland and Norway and conducts currency trading operations from a branch in the United Kingdom. Although the Swedish FSA has the main supervisory responsibility in relation to the Company, competent authorities in Denmark, Finland, Norway respectively the United Kingdom may in certain urgent cases take precautionary measures against the relevant branch of the Company, if this is necessary to protect against financial instability that would seriously threaten the collective interests of depositors, investors and clients in the relevant jurisdiction. If a branch of the Company would be subject to such measures it could adversely affect the Group's business, earnings and financial position.

The Company mediates payment protection insurance policies to its customers in Sweden as a tied insurance intermediary under the Swedish Insurance Mediation Act (SFS 2005:405) (Sw. *lagen om försäkringsförmedling*) (the "IMA"), and is also in this regard supervised by the Swedish FSA. The Company's registration as a tied insurance intermediary is indefinite in duration. However, should the Swedish FSA find that the Company has violated its obligations pursuant to the IMA or other statutory instruments which govern its operations, the Swedish FSA may, where the infringement is serious, revoke the Company's registration as a tied insurance intermediary, which could adversely affect the Group's business, earnings and financial position.

The Subsidiary is a registered Swedish financial institution which conducts currency trading operations and provides money remittance services. The registration of the Subsidiary has indefinite duration. However, should the Subsidiary fail to meet its obligations under relevant legislation, the Swedish FSA may order the Subsidiary to cease its operations, which could adversely affect the Group's business, earning and financial position.

The Group's business is subject to significant regulation and supervision in several jurisdictions

The Group's business is subject significant regulation and supervision in Sweden and also in each other jurisdiction in which the Group operates. For example, the Group must comply with local laws, regulations and guidelines regarding for example its banking business, insurance mediation business, business conduct, internal governance and control, anti-money laundering and counter-terrorism financing, processing of personal data, consumer credits, deposit insurance, reporting obligations, outsourcing, marketing and taxation, all of which are subject to change, and compliance with which may from time to time entail significant costs. Any material changes to and/or development of laws, regulations and guidelines, supervision, and/or licensing requirements relevant to the business of the Group could adversely affect the Group's business, earnings and financial position.

The Company conducts operations in both Sweden and other EEA member states. While the Company passports its license to other EEA states and thus comply with Sweden's (*i.e.* its home member state's) laws, regulations and guidelines applicable to the Company, local laws, regulations and guidelines across the EEA states in which the Company operates may differ significantly from the laws, regulations and guidelines of Sweden. Accordingly, compliance measures taken in one jurisdiction may be insufficient in respect of compliance in another jurisdiction. Furthermore, the Company is subject to the supervision of several competent authorities. The Group may experience difficulties and incur increased compliance costs if there are conflicts between laws, regulations and guidelines of different relevant jurisdictions, or the different competent authorities' interpretations or application of a law, regulation or guideline. If

the Group would be deemed to have failed to comply with laws, regulations and guidelines, the Group could be subject to for example sanctions, which could adversely affect its business, reputation, financial condition and results of operations.

Competent authorities in each relevant jurisdiction may determine that the Group does not fully comply with, is in violation of, or in the past has violated, applicable laws, regulations or guidelines. Furthermore, competent authorities may interpret laws, regulations, guidelines, tax agreements and court and government practice differently than the Group. If the Group is deemed to have violated applicable laws, regulations and guidelines, its articles of association or internal instructions, the Group could for example be imposed a variety of sanctions, mainly from the Swedish FSA, but also from competent authorities, including the Swedish Consumer Agency (Sw. *Konsumentverket*) and local consumer protection agencies, in each jurisdiction in which it operates. Such sanctions may include an adverse remark (Sw. *anmärkning*) or a warning, potentially combined with a punitive fine, or an order to limit or reduce the risks of the operations, limit or preclude in full payment of dividends or interest, issue an injunction against executing resolutions, or a revocation of the licenses, permits and registrations of the Group. If any of the above described risks should materialize, this could adversely affect the Group's business, earnings and financial position.

The Company has been issued two warnings by the Swedish FSA

If a bank is subject to a sanction decision by the Swedish FSA, the Swedish FSA may, when deciding on the severity of the sanction, consider any earlier sanction imposed on the bank, as applicable, as an aggravating circumstance. The Company has in 2008 respectively 2013 been imposed two separate warnings by the Swedish FSA, each combined with the highest possible punitive fine. Accordingly, should the Swedish FSA in the future find that there is reason to impose a sanction on the Company, for example if the Group is deemed to have violated applicable law (please see above "*The Group's business is subject to significant regulation and supervision in several jurisdictions*"), there is a risk that such sanction will be more severe than would have otherwise been the case. Would the Company be imposed an adverse remark or a warning combined with a high punitive fine, or have its banking license revoked this would adversely affect the Group's business, earnings and financial position.

The regulatory environment in which the Group operates is subject to ongoing changes

The regulatory environment in which the Group operates is often evaluated, scrutinised and modified and is a focus of media coverage and analysis. Applicable regulations and regulatory requirements are subject to significant change and have generally become stricter since the global financial crisis in 2008. Accordingly, the Group is exposed to risks resulting from regulatory uncertainty and a rapidly evolving and expanding regulatory environment, including the risk that fundamental conditions for the operation of the Group's business may change due to the modification or changing interpretation of existing laws, regulations and guidelines, the implementation of new laws, regulations, guidelines or licensing requirements, and the degree to which the regulatory environment vary across the jurisdictions in which the Group operates. New developments and changes in the regulatory environment, and in the interpretation, application or enforcement of laws, regulations or guidelines by local competent authorities, may also affect the ability and willingness of customers to use the Group's services and products, and may result in adverse publicity relating to the Group or the financing industry in general. Moreover, the costs of

compliance and verification of compliance are increasing as a result of increasingly extensive regulation.

The following is an example of the evolving and expanding regulatory environment which the Group exists in. On 3 February 2016, Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast) (the “**IDD**”) was published. Through the IDD, Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation, which in Sweden has been implemented through the IMA, is repealed as of 23 February 2018. Legislation implementing the IDD in Sweden is expected to enter into force in February 2018. Since the IDD is a minimum harmonisation directive, meaning that it does not preclude EU member states from maintaining or introducing stricter provisions, the precise extent and impact of the new Swedish legislation is not yet certain. However, it will likely entail, among other things, stricter professional requirements and additional information requirements. It may also prescribe that insurance intermediaries may not be remunerated and may not remunerate or assess the performance of their employees in a way that conflicts with their duty to act in accordance with the best interests of the customers. Furthermore, the Group’s costs related to insurance mediation may increase or revenues decrease. Accordingly, new and stricter rules governing insurance mediation could adversely affect the Group’s business, earnings and financial position.

If the fundamental conditions for the operation of the Group’s business were to change or new developments and changes in the regulatory environment were to occur, such changes or developments could adversely affect the Group’s business, earnings and financial position.

The Group must meet certain capital adequacy and liquidity ratios

The Group constitutes a consolidated situation which is subject to extensive regulation regarding capital adequacy and liquidity requirements, mainly established in the legislative package consisting of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No 648/2012 (“**CRR**”) and Directive 2013/36/EU of the European Parliament and of the council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

The Group is required to at all times satisfy relevant capital adequacy requirements set forth in the above mentioned legislative package, entailing that its own funds at all times have to cover the risks which the business of the Group is associated with. The levels of certain capital adequacy ratios applicable to the Group may vary over time. Further, the Group may be required to hold even more capital if deemed necessary by the Swedish FSA. Insufficient own funds, for example as a consequence of an increase of risk in the Group’s business or due to decreased revenues or increased costs, may lead to decisions by the Swedish FSA demanding that the Group for example limits its business or the risks in its business, raises additional capital, or the imposing of sanctions on the Company. Furthermore, increasing capital adequacy ratio levels could increase the Group’s funding costs and limit its possibilities to carry out its business.

The Group is subject to certain rules regarding the management of liquidity risks, mainly established in the CRR and the Swedish FSA’s regulations (FFFS 2010:7) regarding management of liquidity risks in credit institutions and investment firms. These rules include, for example,

requirements to maintain a separate reserve of unencumbered, high-quality liquid assets to secure the Group's short-term capacity to meet payment obligations in the event of lost or impaired access to regularly available funding sources. The size of the liquidity reserve shall be such to enable the Group to withstand a serious liquidity shortfall without needing to alter its business model. In addition, the Group is required to satisfy a certain liquidity coverage ratio, entailing that the Group needs to maintain an adequate level of unencumbered, high-quality assets that can be converted into cash to meet its liquidity needs for a 30-day time horizon under an acute liquidity stress scenario. This requirement is phased in gradually until 2018, and accordingly the Group's need for liquid assets may increase. Further, the Group may be required to satisfy additional liquidity requirements if deemed necessary by the Swedish FSA. If the Group does not satisfy relevant liquidity requirements, this may lead to decisions by the Swedish FSA for example demanding that the Group limits its business or the risks in its business, raises additional capital, or the imposing of sanctions on the Company.

The Group is exposed to the risk of changes in applicable regulatory requirements regarding capital adequacy and liquidity. For example, an additional liquidity requirement on net stable funding is expected to enter into force in 2018. Such requirement may require the Company to maintain a stable funding profile in relation to the composition of its assets, over a time horizon of one year. Changes in the capital adequacy and liquidity requirements applicable to the Group could affect the Group's access to funding and its funding costs, and limit the Group's possibilities to carry out its business. Please see also below, *"The Group is subject to rules on resolution and could be subject to extensive intervening measures of authorities if it fails or is likely to fail, and could also be required to keep additional own funds"*.

Furthermore, the Group is exposed to the risk of a divergent assessment by the Swedish FSA of its business, in relation to applicable capital adequacy and liquidity requirements. This could entail an increase in the own funds or liquid assets the Group is required to hold, which could increase the Group's funding costs and limit its possibilities to carry out its business. There is also a risk that the Swedish FSA will deem that the Group does not fully comply with, or that the Group may violate applicable laws, regulations or guidelines governing capital adequacy and liquidity. Such situations could lead to further unexpected requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated, and the imposing of sanctions on the Company.

Moreover, the Group is exposed to the risk of its business developing in a way that could cause its earnings to decline, which would affect its capital adequacy and liquidity. A lack of capital or liquid assets could lead to decisions by the Swedish FSA, demanding the Group to limit its business or the risks in its business, raise additional capital, and the imposing of sanctions on the Company.

If any of the above mentioned capital adequacy and liquidity related risks would materialize, and/or the Group would not be able to raise capital or have access to funding as necessary (please see also above *"Risk that capital in the future may not be available on attractive terms, or at all"*), it could adversely affect the Group's business, earnings and financial position.

The Group is subject to rules on resolution and could be subject to extensive intervening measures of authorities if it fails or is likely to fail, and could also be required to keep additional own funds

The Swedish Resolution Act (SFS 2015:1016) (Sw. *lagen om resolution*) (the “**Resolution Act**”) is applicable in relation to the Company and the Subsidiary. The Resolution Act partially implements Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the “**BRRD**”), which is an EU wide framework for the recovery and resolution of credit institutions and investment firms.

Subject to certain prerequisites in the Resolution Act being fulfilled, a company being subject to the Resolution Act may be put into resolution by the Swedish National Debt Office (Sw. *Riksgäldskontoret*) (the “**National Debt Office**”). Such prerequisites include amongst other things the determination by the Swedish FSA that the relevant company is failing (Sw. *fallerar*) or is likely to fail. A company could be considered to fail if the Swedish FSA, amongst other things, determines that there is reason to revoke the company’s regulatory licenses, that the value of the company’s liabilities exceeds the value of its assets, or that the company is not able to pay its debts as they fall due. If a company is put into resolution, the National Debt Office will amongst other things take over the shareholders’ voting rights in the company, and appoint a new board of directors and a new managing director of the company. Furthermore, a set of resolution powers is available for the National Debt Office, and the National Debt Office may, for example, dispose of or transfer the company’s assets. Thus, should the Company, and potentially the Subsidiary, be put into resolution, this could have a material adverse effect to the Group’s business, reputation, financial condition and results of operations.

Further, under the Resolution Act, a minimum requirement for own funds and eligible liabilities (Sw. *nedskrivningsbara skulder*) is established. The minimum requirement shall be calculated as an amount of own funds and eligible liabilities, expressed as a percentage of the total liabilities and own funds of the relevant company. The National Debt Office shall set the level of the minimum requirement for each relevant company, taking into account the circumstances in the individual case. The minimum requirement for own funds and eligible liabilities may affect the own funds requirements applying to the Group, which could increase the Group’s funding costs, or limit the Group’s possibilities to carry out its business, please see above “*The Group must meet certain capital adequacy and liquidity ratios*”. This could adversely affect the Group’s business, earnings and financial position.

Furthermore, an investment in the Bond runs the risk that the Group’s debt under those instruments is written down or converted, and the terms and conditions of the Bonds may be amended, please see below “*The holders are subject to the risk that the Bonds are written down or converted, and that the terms and conditions of the Bonds are amended.*”

The Company may not qualify for preventive state aid in case it faces financial difficulties

If a Swedish bank were to face financial difficulties, the Swedish government has, subject to certain preconditions, the powers to provide preventive state aid pursuant to the Swedish

Preventive State Aid to Credit Institutions Act (SFS 2015:1017) (Sw. *lagen om förebyggande statligt stöd till kreditinstitut*) (the “CIPSAA”), which partially implements the BRRD. Under the CIPSAA, the Swedish government has powers to provide such preventive aid, provided that state aid is needed in order to contravene the risk of a serious disturbance in the Swedish financial system. In order to ensure financial stability, such state aid may be granted for continued operations of for example a Swedish bank that is viable, in the form of various guarantees and equity contributions. In case of financial difficulties in the Group, it is possible that the Company would not fulfil the requirements under the CIPSAA and be qualified for preventive state aid. The Company could thus be refused state aid, which could force the Group to change its business or cease its operations, or could result in the revocation of the Company’s licenses. Any of the above could adversely affect the Group’s business, earnings and financial position.

The Group could be adversely affected by changes in laws regarding debt collection, debt restructuring and personal bankruptcy

The Group’s recoveries on written-down loans depend primarily on the effectiveness of legal debt collection systems, including laws regarding debt collection, debt restructuring and personal bankruptcy, in Sweden. Recoveries are also to some extent dependent on the commitment by and the efficiency of the Group’s third-party debt collection partners. The Group’s ability to collect on its past due loans could particularly be adversely affected by changes in debt restructuring or personal bankruptcy laws if, for example, other creditors are granted priority over consumer credit providers in restructurings or bankruptcies. The Group’s business could also be adversely affected by changes in laws regarding statutes of limitations on debt collection. In Sweden, the statute of limitations for debt collection is normally ten years (three years for some consumer credits) 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.

There is a risk that the statutes of limitations on debt collection could be shortened, or the ability to extend the statutes of limitations could be restricted or abolished, in Sweden, which could adversely affect the Group’s ability to collect from customers with loans in litigation or on non-performing loans. For example, a report published by the Swedish Government in November 2013 suggested that claims that have been established by a Swedish court or the Swedish Enforcement Authority (Sw. *Kronofogdemyndigheten*) should be barred after 15 years. Any new legislation reflecting such suggestions could adversely affect the Group’s ability to collect from customers with loans in litigation or on non-performing loans.

Any changes in laws and regulations affecting the Group’s ability to collect from customers with loans in litigation or on non-performing loans could adversely affect the Group’s business, earnings and financial position.

In the event that the Group is considered to be in violation of applicable consumer protection legislation there is a risk that the relevant competent authority will bring legal action

The Group offers deposit, loan, credit and other financial products to consumers and mediates payment protection insurance policies. The Group is therefore subject to consumer protection rules in the jurisdictions in which it operates, concerning, for example, sound credit assessments, advertising and other marketing practices, fair contract terms and information and documentation requirements. In the event that the Company is deemed to be, or deemed to have previously been,

in violation of applicable consumer protection rules, there is a risk that the relevant competent authority will, among other things, bring legal action against the Company, issue fines or conditional fines, order the Company to modify or cease certain marketing activities, order it to amend its terms of business, order it to cease certain types of credit lending or insurance mediation, or request that it changes its credit lending and credit assessment processes, which could have an adverse impact on the Group's reputation and on its ability to market to new and existing customers and could lead to additional marketing and compliance related costs for the Group. In addition, such events could ultimately require the Group to cease or alter its operations, and could thus adversely affect the Group's business, earnings and financial position.

The Group is at risk of being damaged due to insufficient measures against money laundering and financing of terrorism or by violating trade sanctions and could suffer legal consequences as a result thereof

The Group is subject to laws, regulations and guidelines requiring the Group to take measures against money laundering and financing of terrorism, and to comply with sanction regulations adopted by the EU. The compliance with these laws, regulations and guidelines requires extensive routines, processes and systems support, and such compliance may give rise to material financial strains for the Group.

The Group is at risk of being deemed to not be, or to no have been, taking sufficient measures against money laundering and financing of terrorism, or of violating trade sanctions, and could thus suffer legal consequences as a result thereof. Additionally, a competent authority, both in Sweden, being the Group's home member state, or in one of the jurisdictions in which it operates outside Sweden, could view the Group's policies and procedures against money laundering and terrorism financing as not being, or not having been, in compliance with local rules and standards. Violation of applicable laws, regulations or guidelines, or the finding that the Group's policies are not, or have not been, sufficient or complied with, in any jurisdiction could lead to sanctions in the form of an adverse remark or warning, fines or revocation of its licence, and furthermore, the Group's business relationships and reputation could be damaged. Insufficient measures against money laundering and financing of terrorism or violation of trade sanctions could thus adversely affect the Group's business, earnings and financial position.

The Company must remain connected to a general payment system

To fulfil the prerequisites for constituting a bank under the BFBA, the Company must be connected to at least one general payment system. The Company has entered into accession agreements with the Swedish Riksbank (Sw. *Riksbanken*) for participation in the Riksbank's funds transfer system RIX, with Bankgirocentralen BGC AB for participation in the bankgiro system (Sw. *bankgirosystemet*), with the Swedish Bankers' Association (Sw. *Svenska Bankföreningen*) for participation in the data clearing system (Sw. *dataclearingsystemet*), and with Visa Europe for participation in the VISA system. Should the accession agreements be terminated, the Company would no longer be connected to a general payment system. If the Company would not be connected to a general payment system during a consecutive period of six months, the Swedish FSA could revoke the banking license, whereby the Company could be required to cease its banking business. This would have an adverse effect on the Group's business, earnings and financial position. (Please see also above "*The Company's operations are contingent upon the license issued to the Company by the Swedish FSA*").

The Group faces legal and regulatory uncertainty due to the United Kingdom’s vote to leave the European Union

When conducting business from its branch in the United Kingdom, the Company relies on the freedom of movement within the European Union. However, on 23 June 2016, a referendum was held in the United Kingdom, which resulted in the majority of the voters voting in favour of leaving the European Union. Should the United Kingdom leave the European Union, the Group could face significant regulatory changes in relation to the business of the branch in the United Kingdom, and being compliant in such changed regulatory environment may prove challenging and costly. Further, there is a risk that the Company may not be allowed to continue its operations from its branch in the United Kingdom. Thus, should the United Kingdom leave the European Union, the Group could be required to alter its business in the United Kingdom, face significantly increased compliance costs, or be forced to cease its operations in the United Kingdom, which could adversely affect the Group’s business, earnings and financial position.

RISKS RELATING TO THE BONDS

The Company’s obligations under the Bonds are subordinated

The Bonds constitute Tier 2 instruments (Sw. *supplementärkapitalinstrument*) of the Company and are wholly subordinated and unsecured obligations of the Company. In the event of liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Company, the claims of the holders shall in respect of the Bonds be subordinated to the claims of any depositors and other unsubordinated creditors of Company in respect of such obligations, but rank *pari passu* with the claims of any holders of other subordinated indebtedness of the Company in respect of such obligations, and rank in priority to the claims of any holders of common equity Tier 1 instruments (Sw. *kärnprimärkapitalinstrument*), any other class of share capital or additional Tier 1 instruments (Sw. *primärkapitaltillskott*) of the Company in respect of such obligations.

In the event of a liquidation or bankruptcy of the Company, the Company will be required to pay its depositors and its unsubordinated creditors in full before it can make any payments on the Bonds. If this occurs, the Company may not have enough assets remaining after these payments are made to pay amounts due under the Bonds.

Interest rate risk

The value of the Bonds is dependent on several factors, one of the most significant over time being the level of market interest rates. Investments in the Bonds involve a risk that the market value of the Bonds could be adversely affected by changes in market interest rates.

The holders are subject to the risk that the Bonds are written down or converted, and that the terms and conditions of the Bonds are amended

If a company is put into resolution, a set of resolution powers is available for the National Debt Office under the Resolution Act (please see above “*The Group is subject to rules on resolution and could be subject to extensive intervening measures of authorities if it fails or is likely to fail, and could also be required to keep additional own funds*”). Such powers include the possibility for the National Debt Office to dilute the interests of the shareholders in the company through the conversion of certain debt of the company (including Tier 2 instruments) into share capital (*bail-in*), and to reduce (including reducing to zero) the principal or outstanding amount of certain debt of the company (including Tier 2 instruments) (*write down*). Furthermore, the National Debt

Office may unilaterally amend or alter, amongst other things, the maturity of or the amount of interest payable under Tier 2 instruments. Further, if, amongst other things, the Swedish FSA determines that a company being subject to the Resolution Act is failing or is likely to fail, the Swedish FSA may also outside of resolution decide on a write down or conversion of the company's capital instruments and to transfer shares to creditors having been subject to such write down.

Should the National Debt Office or the Swedish FSA exercise their powers under the Resolution Act in relation to the Group, there is a risk that the maturity of or the amount of interest payable under Bonds are amended, the Bonds become subject to permanent write-down in part or in full, or are converted into higher quality capital instruments of the Group (which capital instruments may also be subject to any application of relevant tools of the National Debt Office and the Swedish FSA under the Resolution Act). Thus, should the Group fail or be deemed likely to fail, the maturity of the Bonds could be extended, the amount of interest payable under the Bond could be lowered, the Bonds could be converted into or exchanged with instruments with properties different than the ones of the Bonds, the value of the Bonds could be materially adversely affected, and the holders could lose the whole value of their investments.

No action against the Company and the holders' representation

In accordance with the Terms and Conditions, the agent will represent all holders in all matters relating to the Bonds and the holders are prevented from taking actions on their own against the Company. Consequently, individual holders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Company and may therefore lack effective remedies unless and until a requisite majority of the holders agree to take such action. However, there is a risk that a holder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions), which could negatively impact an acceleration of the Bonds or other action against the Company. To enable the agent to represent holders in court, the holders may have to submit a written power of attorney for legal proceedings. The failure of all holders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the agent will in some cases have the right to make decisions and take measures that bind all holders. Consequently, the actions of the agent in such matters could impact a holder's rights under the Terms and Conditions in a manner that would be undesirable for some of the holders.

Holders' meetings

The Terms and Conditions will include certain provisions regarding Holders' meeting. Such meetings may be held in order to resolve on matters relating to the holders' interests. The Terms and Conditions will allow for certain majorities to bind all holders, including holders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted Holders' meeting. Consequently, the actions of the majority in such matters could impact a holder's rights in a manner that would be undesirable for some of the holders.

The price of the Bonds may be volatile

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

Amended or new legislation

This material and the Terms and Conditions are based on Swedish law in force at their respective date of issuance. The impact of any possible future legislative measures or changes, or changes to administrative practices, may give rise to risks which are not possible to foresee. There is a risk that amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

No limitation on issuing debt

The Terms and Conditions does not include any restrictions on the amount of debt which the Company may incur or issue which ranks senior to the Bonds or on the amount of securities which the Company may issue which ranks *pari passu* with the Bonds. Such issuance may reduce the amount recoverable by the holders upon the bankruptcy or any liquidation of the Company.

Ability to comply with the Terms and Conditions

The Group is required to comply with the Terms and Conditions. There is a risk that events beyond the Group's control, including changes in the economic and business condition in which the Group operates, will affect the Group's ability to comply with the Terms and Conditions. However, remedies are only available in the event of a bankruptcy or liquidation of the Company, which means that there are no possibilities for the holders to accelerate the Bonds other than due to those circumstances, please see section "*Event of default*" below for additional information.

Credit risks

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

Refinancing risks

The Company may be required to refinance certain or all of its outstanding debt, including the Bonds. The Company's ability to successfully refinance its debt obligations is dependent upon the conditions of the capital markets and the Company's financial position at such time. The

Company's access to financing sources may not be available on acceptable terms, or at all. The Company's inability to refinance its debt obligations on acceptable terms, or at all, could have a material adverse effect on the Company's business, financial position and results of operations and on the holders' recovery under the Bonds.

No active secondary market

Pursuant to the Terms and Conditions, the Company shall apply for admission to trading of the Bonds on a regulated market but there is a risk that the Bonds are not approved for admission of trading. A failure to obtain such admission may have a negative impact on the market value of the Bonds. Even if such admission will occur, there is a risk that an active market for the Bonds will not evolve, or even if such would evolve that it will not last. The nominal amount of the Bonds may not be indicative of their market value after being admitted for trading on a regulated market. In addition, following admission to trading of the Bonds, the liquidity and trading price of the Bonds may vary substantially as a result of numerous factors, including general market movements and irrespective of the Company's performance. Therefore, holders may not be able to sell their Bonds easily (or at all) or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

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

The Bonds will be affiliated to Euroclear's account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear's account-based system, which is a factor that the Company cannot control. If Euroclear's account-based system would not function properly, there is a risk that investors would not receive payments under the Bonds as they fall due.

The Company may redeem the Bonds on the occurrence of a Capital Disqualification Event or Tax Event

The Company may in certain circumstances prior to the First Call Date, at its sole discretion, but in each case subject to obtaining the prior consent of the Swedish FSA, redeem all (but not only some) of the Bonds upon the occurrence of a Capital Disqualification Event or Tax Event at par together with accrued interest.

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

Call and repurchase options are subject to the prior consent of the Swedish FSA

The Company has the option to redeem all (but not only some) the Bonds five years after they have been issued, on the First Call Date or on any interest payment date falling after the First Call Date. If the Company considers it favourable to exercise such a call option, the Company must obtain the prior consent of the Swedish FSA. The Company has also the right to, as of the First Call Date and subject to the prior consent of the Swedish FSA, at any time purchase Bonds.

The holders have no rights to call for the redemption of the Bonds and should not invest in the Bonds with the expectation that such a call will be exercised by the Company. The Swedish FSA must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Company 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 Company will not exercise such a call. The holders should be aware that they may be required to bear the financial risks of an investment in the Bonds for a period of time in excess of the minimum period.

Event of default

The Terms and Conditions includes an Event of default provision, however the holders shall be aware of that the holders can only demand prepayment in the event of bankruptcy or liquidation of the Company.

Exchange rate risks and exchange controls

The Company will pay principal and interest on the Bonds in Swedish kronor. This presents certain risks relating to currency conversions if a holder's financial activities are denominated principally in a currency or currency unit other than Swedish kronor (the "**Holder's currency**"). Accordingly, a holder is exposed to exchange rate risk if relevant exchange rates fluctuate significantly (including, but not limited to, fluctuations due to a devaluation of Swedish kronor or a revaluation of the Holder's Currency) or authorities with jurisdiction over the Holder's Currency impose or modify relevant exchange controls (if any), which could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Restrictions on the transferability of the Bonds

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. A holder of the Bonds may not offer or sell the Bonds in the United States. The Company has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. Each potential investor should observe and obey the transfer restrictions that apply to the Bonds. It is the holder's obligation to ensure, at own cost and expense, that its offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a holder cannot sell its Bonds as desired.

Conflicts of interest

The Bookrunner and the Issuing Agent has engaged in, and/or may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of business. The Bookrunner and/or the Issuing Agent may thus in the future have relations with the Group other than those arising from its role in the issue of the Bonds. The Bookrunner and/or Issuing Agent may, for example, provide services related to financing other than through the issue of the Bonds, such as investment banking services for, or other commercial dealings with, the Group. Therefore, conflict of interest may exist or may arise as a result of the Bookrunner and Issuing Agent having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. There is a risk that such conflicts of interest will adversely affect the Group's ability to renew or maintain existing financing or obtain further financing and in turn have a material adverse effect on the Group's operations, earnings and financial position.

Responsible for the information in the Prospectus

The Company issued the Bonds on 1 February 2017. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on Nasdaq Stockholm, in accordance with the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act implementing Directive 2003/71/EC of the European Parliament and of the Council, and Commission Regulation (EC) No 809/2004 of 29 April 2004, each as amended.

The Company is responsible for the information given in this Prospectus. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

The board of directors is responsible for the information given in this Prospectus only under the conditions and to the extent set forth in Swedish law. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Stockholm on 27 February 2017

FOREX BANK AKTIEBOLAG

The board of directors

The Bonds in brief

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference (see below section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Bonds, which can be found in section “Terms and Conditions for the Bonds”, before a decision is made to invest in the Bonds.

Concepts and terms defined in section “Terms and Conditions for the Bonds” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

Summary of the Bonds

The Bonds are debt instruments (Sw. *skuldförbindelser*), intended for public market trading, which confirm that each Holder has a claim against the Company. The Company resolved to issue the Bonds on 10 January 2017. The purpose of the Bond Issue was to raise funds to be used towards general corporate purposes of the Company. The Issue Date for the Bonds was 1 February 2017. The Bonds will mature on 1 February 2027. Each Bond is constituted by the Terms and Conditions. The Company undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.

The aggregate nominal amount of the Bonds is SEK 250,000,000 represented by Bonds denominated in SEK with ISIN SE0009189343, each with a Nominal Amount of SEK 1,000,000. The minimum permissible in the Bonds is SEK 1,000,000. The Bonds were issued at a price equal to 100 per cent of the Nominal Amount.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system.

The Bonds will constitute Tier 2 instruments of the Company. The Bonds constitute wholly subordinated and unsecured obligations of the Company and rank *pari passu* without any preference among themselves. In the event of liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Company, the claims of the Holders shall in respect of the Bonds be subordinated to the claims of any depositors and other unsubordinated creditors of the Company in respect of such obligations, but rank *pari passu* with the claims of any Holders of other subordinated indebtedness of the Company in respect of such obligations, and rank in priority to the claims of any holders of Common Equity Tier 1 Instruments, any other class of share capital or Additional Tier 1 Instruments of the Company in respect of such obligations. The Company shall redeem all outstanding Bonds at 100 per cent of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date. The Company may not under any other circumstances than explicitly stated in the Terms and Conditions redeem or repurchase the Bonds prior to the Final Redemption Date. Any such redemption or repurchase prior to the Final Redemption Date shall always be subject to the prior consent of the Swedish FSA and in accordance with the Capital Regulations. As of the First Call Date (i.e. five years after the Issue Date) and subject to the

consent from the Swedish FSA and applicable law the Company may at any time purchase Bonds and may also redeem all (but not only some) of the outstanding Bonds on the First Call Date or on any Interest Payment Date thereafter. Prior to the First Call Date, the Company may redeem all (but not only some) of the outstanding Bonds if a Capital Disqualification Event occurs, however subject to the consent from the Swedish FSA and applicable law. Furthermore, the Company may also upon the occurrence of a Tax Event redeem all (but not only some) of the outstanding Bonds prior to the First Call Date subject to the consent from the Swedish FSA and applicable law.

If the Bonds are redeemed in accordance with the above the Company shall redeem the Bonds at a price per Bond equal to one hundred per cent of the nominal amount, together with accrued but unpaid interest (see further Chapter 9 of the Terms and Conditions "*Redemption and repurchase of the bonds*" of the Terms and Conditions).

The Terms and Conditions includes an Event of Default provision, however the Holders can only demand prepayment in the event of bankruptcy or liquidation of the Company.

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK. The right to receive payment of the Nominal Amount is time-barred and becomes void ten years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds bear interest from, but excluding, the Issue Date up to, and including, the relevant Redemption Date at floating rate of STIBOR (3 months) plus 5.65 per cent per annum. Interest is paid quarterly in arrears on each Interest Payment Date and is calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis). The Interest Payment Dates are 1 February, 1 May, 1 August and 1 November each year (with the first Interest Payment Date on 1 May 2017 and the last Interest Payment Date being the final Redemption Date). The right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ), registration number 556882-1879, P.O. Box 7329, SE-103 90, Stockholm, Sweden is acting as Agent for the Holders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Holders and without having to obtain any Holder's consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the Holders in every matter concerning the Bonds and the Terms and Conditions. The Agent is authorised to act on behalf of the Holders whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), as the Agent deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request of the Agent.

An agreement was entered into between the Agent and the Company before the Issue Date regarding, *inter alia*, the remuneration payable to the Agent. The Agent agreement is available at the Agent's office. The rights and obligations of the Agent are set forth in the Terms and Conditions which are available at the Company's web page, www.forex.se.

Each of the Company, the Agent and Holders representing at least ten per cent of the Adjusted Nominal Amount, may request that a Holders' Meeting is convened (see further section 15 "*Holders' Meeting*" of the Terms and Conditions) or request a Written Procedure (see further section 16 "*Written Procedure*" of the Terms and Conditions). Such Holders' Meeting or Written Procedure may, upon votes representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Agent under the Terms and Conditions and the Agent Agreement, secondly in or towards payment of accrued but unpaid Interest under the Bonds, thirdly in or towards payment of any unpaid principal under the Bonds and fourthly in or towards payment of any other costs or outstanding amounts unpaid under the Terms and Conditions. Any excess funds shall be transferred to the Company.

The Bonds are freely transferrable and trading can occur from their date of issuance. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

To simplify trading in the Bonds, the Company intends to apply for listing of the Bonds on Nasdaq Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 250. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 28 February 2017. The fact that an application regarding listing of the Bonds on Nasdaq Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 300,000.

According to the Terms and Conditions the Company shall use its best effort to ensure that the Bonds are listed on Nasdaq Stockholm within 30 calendar days from the Issue Date and not later than 60 calendar days from the Issue Date.

The Company and its operations

Introduction

FOREX Bank is a public limited liability banking company registered in Sweden with registration number 516406-0104, having its registered address at Kornhamnstorg 4, 111 27 Stockholm. The Company was formed as a limited liability company on 23 April 1965; however on 11 September 2003 the Company was re-registered as a banking company with the Swedish Companies Registration Office.

The Company is governed by Swedish law, including but not limited to the Swedish Banking and Financing Business Act (SFS 2004:297) (Sw. *lagen om bank- och finansieringsrörelse*), the Companies Act (SFS 2005:551) (Sw. *aktiebolagslagen*) and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (SFS 1995:1559) (Sw. *lagen om årsredovisning i kreditinstitut och värdepappersbolag*). The Company is under supervision of the Swedish FSA.

In accordance with the Company's articles of association, adopted 13 September 2016, the objects of the Company is to borrow funds, for example by accepting deposits from the general public or issuing bonds or other comparable debt instruments, grant and broker loans, provide payment services, provide means of payment, engage in currency trading and provide credit information.

Share capital, shares, ownership, structure, risk management and governance

Share capital and shares

According to its articles of association, the Company's share capital shall be not less than SEK 50,000,000 and not more than SEK 200,000,000, divided into not less than 5,000,000 shares and not more than 20,000,000 shares. The Company's current share capital amounts to SEK 60,000,000, divided into 6,000,000 shares. The shares are denominated in SEK. The shares are divided into class A shares and class B shares, whereby class A shares give right to ten votes per share and class B shares give right to one vote per share.

Ownership

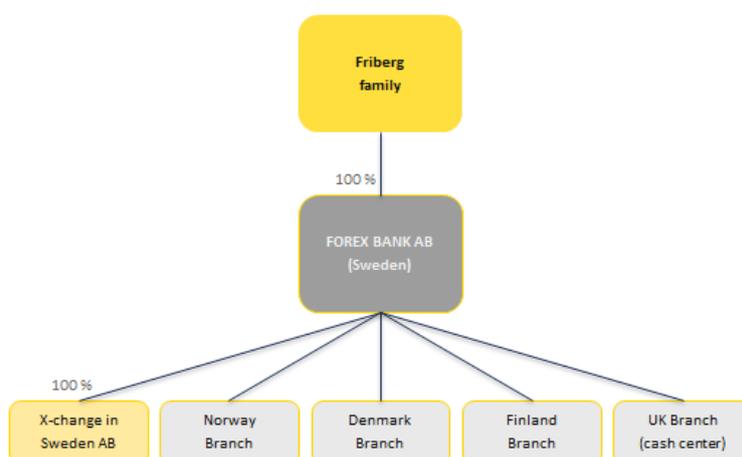
The Company is wholly owned by the Friberg family, where Rolf Friberg owns 60 per cent of the shares, Beth Friberg owns 20 per cent of the shares and Tom Friberg owns 20 per cent of the shares.

The shareholders' influence is exercised through active participation in the decisions made at general meetings in the Company. Should a person with a qualified holding of shares in FOREX, for example, impede or be anticipated to impede the operations of FOREX being conducted in a manner which is compatible with the Swedish Banking and Financing Business Act or other statutory instruments which govern FOREX' operations, the Swedish FSA may order that such person may not represent more shares at the general meeting than correspond to a non-qualified holding.

Group structure

The Company is the parent company in the Group and the Company has established branches in Finland, Denmark, Norway and the United Kingdom. Furthermore, the Company has a wholly owned subsidiary, X-change in Sweden AB. The Company's operations account for 95.2 percent

of consolidated revenues and 92.8 percent of operating profit in the Group¹ and the Company is not dependent on its subsidiary. The Company's branches' operations are consolidated into the Company's operations and financial statements. As per year end 2015, the Norwegian branch had 13 stores, the Finnish branch had 13 stores, the Danish branch had 11 stores and the Company had 83 stores in Sweden. An illustrative structure of the Group is set forth below.



Risk management and corporate governance

The board of directors has the overall responsibility for the business carried out by the Company. Further, the board of directors is responsible for the organisation of the Company and the management of the Company's affairs. In this regard, the board of directors has adopted internal rules for the governance and control of FOREX' organisation and operations, which are adapted to the nature, scope and complexity of the operations.

The board of directors has established a risk committee, an audit committee and a remuneration committee.

The Company's risk committee is responsible for providing advice to the board of directors, relating to the current and future risk strategy and the risk appetite, as well as to monitor how the risk strategy is applied. The risk committee shall also participate in the work of identifying and assessing the risks of the Company, preparing the board of director's work with the ICLAAP and shall also, on behalf of the board of directors, monitor the risk management of the Group.

The Company's audit committee is responsible for providing advice to the board of directors and to review that the accounting, financial reporting, asset management and financial situation of the Company are satisfactory. The audit committee is also responsible for reviewing the internal audit in order to make sure that the internal audit complies with the requirements imposed by relevant regulations. In addition, the audit committee monitors the effectiveness of the Group's internal control, internal audit and risk management systems.

The Company's remuneration committee is responsible for reviewing the remuneration policy in order to ensure that it meets external requirements and is also responsible to conduct an independent review of the remuneration policy. In addition, the remuneration committee is

¹¹ The Company's interim report 1 January – 31 August 2016, p. 8.

responsible to prepare the board of director's decisions of the CEO's and control functions' remuneration.

Furthermore, the board of directors has appointed a CEO of the Company. The CEO shall attend to the day-to-day management of the Company pursuant to guidelines and instructions issued by the board of directors, and has the ongoing and general responsibility for all risk management and control in the Group. The CEO shall regularly assess whether FOREX controls and manages its risks in an efficient and appropriate manner.

The Company applies three lines of defence, where the first line of defence consists of the Company's employees being engaged in the daily business of the Company, the second line of defence consists of the Company's compliance and risk management functions, and the third line of defence consists of the Company's internal audit function.

The first line of defence is responsible for the risks of the Company being managed and controlled. Store managers and managers in central positions of the Group have the full responsibility for all risk management and internal control within their own operations. The first line of defence performs the actual risk management as part of the daily work.

The second line of defence consists of the independent functions for risk control and compliance, with the responsibility to support the first line of defence and to conduct independent monitoring and control of the first line of defence's management.

The Company's risk control function is responsible for the daily work related to risk monitoring and shall ensure that procedures, systems and tools that the first line of defence requires in order to be able to manage risks efficiently have been established and correspond to the Group's business. The head of the risk control function shall report to the CEO and the board of directors.

The Company's compliance function is responsible for that the business of the Company is carried out in accordance with applicable laws, regulations and general guidelines, and the internal rules of the Company. The head of the compliance function shall report to the CEO and the board of directors.

The third line of defence consists of the Company's internal audit function. The internal audit function performs independent audits of the Company's internal control and risk management. The third line of defence shall also assess how the second line of defence establishes the principles and framework for the first line of defence. In addition, the third line of defence examines how risk management is carried out in the first line of defence. The head of the internal audit shall report to the board of directors.

Business and operations

The business was started in 1965, founded by Rolf Friberg with the core object to offer foreign currency to private individuals (initially only in Sweden). As previously mentioned FOREX was granted a banking license in 2003 and expanded its business to also include the provision of certain banking services.

Historical milestones of the Group

- 1965 – FOREX was established as a currency exchange company under the name Traveller Resebureau Aktiebolag
- 1977 – Traveller Resebureau Aktiebolag opened its second store

- 1984 – Traveller Resebureau Aktiebolag changed its name to FOREX
- 1990 – large expansion of the store network began
- 1991 – increased competition due to deregulation in the market
- 1993 – the first store in Finland was opened
- 1994 – the first store in Denmark was opened
- 2003 – FOREX was granted a banking licence by Swedish FSA
- 2004 – the first store in Norway was opened
- 2007 – X-change in Sweden AB was acquired
- 2008 – extensive development of the business of the Group
- 2011 – ReseEkonomien was launched (ReseEkonomien is a service providing the customers with economic advice when travelling)
- 2012 – FOREX continued its expansion and acquired 16 of Western Union’s flagship stores in the Nordic countries (through Western Union, FOREX’ customers may transfer funds worldwide)
- 2014 – The cash center (located in the United Kingdom) was established, FOREX entered the United Kingdom market in 2014 based on a sales representatives office (however the branch was registered in 2016)

The business of FOREX is based on selling basic, personalised banking services with high availability. The personalised service and high availability are achieved through a wide network of stores. FOREX provides a range of cash services. Customers can pay bills, transfer funds to other banks, redeem bank and giro slips and make deposits and withdrawals from bank accounts with FOREX, including foreign exchange services. The Group provides its customers with products and services within the field of foreign currencies, payment transfers, bank accounts (including savings accounts), debit- and credit cards (VISA) and personal non-collateralised loans of up to SEK 350,000.

The foreign currency exchange has been the Group’s core business since the start in 1965 and is also, as of today, the largest part of the Group’s business. Going forward, the Group intends to further develop its banking services.

The Group conducts its business mainly in the Swedish market and have stores located in Sweden, Denmark, Finland and Norway, and a cash center in the United Kingdom. The Group has more than 1,300 employees, originating from 70 different countries and speaking in total more than 50 languages.

In Sweden, Denmark, Finland and Norway, FOREX provides foreign currency transactions and online sale. Furthermore, in Sweden, FOREX provides deposits, consumer loans, payment services and credit cards. The branch in the United Kingdom is the cash center of the Group.

Litigation

During the past 12 months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had in the past 12 months, a significant effect on the financial position or profitability of the Company and its subsidiary as a whole, other than that the Panaxia bankruptcy will be fully settled most likely in spring 2017 – however no financial risk in relation to FOREX remains in the Panaxia bankruptcy, please see section *Material adverse changes and*

recent events, for further information. In addition to the aforementioned, FOREX is from time to time involved in legal proceedings in the ordinary course of business.

Material agreements

The Group's most important agreements are with certain banks and relate to providing these banks with foreign exchange. FOREX' cooperation with loan intermediaries is also important for the Group.

No entity in the Group is party to any material agreement outside the ordinary course of business which could result in such entity having a right or an obligation that could materially affect the Company's ability to meet its obligations to the Holders.

Credit rating

Neither the Company nor the Bonds have a credit rating from an international credit rating institute.

Material adverse changes and recent events

There has been no material adverse change in the prospects of the Company since the date of publication of its last audited financial report and last interim financial report for the period January to August 2016, and no significant change in the financial or market position of the Group since the end of the mentioned reports.

However, since the interim financial report for the period January to August 2016 the below stated events have occurred.

- On 7 October 2016, the Company sold its real property Cerberus 2 located at Kornhamnstorg 4. The sale of the real property entailed a positive result amounting to MSEK 72, after transaction costs. The Company will lease the premises until 31 March 2018.²
- On 7 September 2016, the Company's branch in the United Kingdom was registered with the Companies House in the United Kingdom.
- The Panaxia bankruptcy will most likely be fully settled in spring 2017 – however no financial risk in relation to FOREX remains in the Panaxia bankruptcy and FOREX might, at the best, receive a minor refunding.
- The Group has continued the expansion of ATMs and the ATM expansion and foreign currency wholesale business combined with the rollout of FOREX' online platform for foreign currency purchases is ongoing and is intended to further strengthen FOREX' market shares throughout the Nordics.

Shareholders' agreements

No shareholdings in any of the entities in the Group are subject to any shareholders' agreements.

Board of directors, senior management and auditors

The board of directors of the Company currently consists of eight board members and two deputy directors. Information on board members and the senior management, including significant assignments outside the Company which are relevant for the Company, are set forth below. Board

² The Company's interim report 1 January – 31 August 2016, p. 4.

members can be contacted through the Company, at its headquarters located at, Kornhamnstorg 4, SE-111 27 Stockholm, Sweden.

Board of directors

Beth Friberg

Born 1961 and of Swedish nationality, member of the board of directors since 2003 and chairman of the board of directors of the Company since 2015. Current assignments outside the Company include chairman of the board of directors of House of Appeal AB, and chairman of the board of directors of Swedish Triathlon Federation. Beth Friberg holds 20 per cent of the shares in the Company.

Eric Rydmark

Born 1949 and of Swedish nationality, member of the board of directors of the Company since 2013. Current assignments outside the Company include chairman of the board of directors and CEO of CapeHearts Holding AB.

Hans Pihl

Born 1951 and of Swedish nationality, member of the board of directors of the Company since 2013. Current assignments outside the Company include chairman of the board of directors of Malmö City Fastigheter AB, chairman of the board of directors of EP Teknik Fastighet AB, member of the board of directors of Augmenta AB and member of the board of directors of Upplands Bilforum AB.

Lars Olof Andersson

Born 1953 and of Swedish nationality, member of the board of directors of the Company since 2015. Current assignments outside the Company include member of the board of directors and CEO of Lomaragd Invest AB and member of the board of directors and CEO of Anerli Förvaltning AB.

Britt-Marie Ahrnell

Born in 1958 and of Swedish nationality, member of the board of directors of the Company since 2016. Current assignments outside the Company include chairman of the board of directors of Veryday AB and member of the board of directors of Gullers Group AB.

Bo Lagergren

Born in 1960 and of Swedish nationality, member of the board of directors of the Company since 2016. Current assignment outside the Company includes member of the board of directors of Auto Concept Insurance AB.

Christina Ragsten Pettersson

Born in 1958 and of Swedish nationality, member of the board of directors of the Company since 2016. Current assignment outside the Company includes member of the board of directors of Moment Projektkonsult AB.

Stefan Zadik

Born in 1974 and of Swedish nationality, member of the board of directors of the Company since 2011. Stefan Zadik is also an employee representative (Sw. *arbetstagarrepresentant*).

Tom Friberg

Born in 1967 and of Swedish nationality, deputy director of the Company since 2003. Tom Friberg holds 20 per cent of the shares in the Company.

Annika Jansson

Born in 1971 and of Swedish nationality, deputy director of the Company since 2017. Annika Jansson is also an employee representative (Sw. *arbetstagarrepresentant*).

Senior management*Anders Scherlund*

Anders Scherlund is the CEO of the Company.

Karl Högstedt

Karl Högstedt is the CFO of the Company.

Agneta Rudin

Agneta Rudin is the Head of the Product and Development of the Company. Current assignments outside the Company include board membership of Troxhammar Golf Aktiebolag and chairman of the board of directors of the foundation Stiftelsen Ingrid och Jacob Thoréns fond.

Ellinor Örtegren

Ellinor Örtegren is the Head of Business Support of the Company.

Thomas Högväg

Thomas Högväg is the Deputy CEO and Head of Sales of the Company.

Mattias Wikman

Mattias Wikman is the CIO of the Company.

Helena Selinder

Helena Selinder is the Head of HR of the Company.

Kaisa Fexe

Kaisa Fexe is the Marketing Manager of the Company. Current assignments outside the Company include partnership in Viggobelle Handelsbolag and owner of Vigtüre.

Auditors

Ernst & Young AB, with Stefan Persson and Jesper Nilsson, the auditor-in-charge, has been the Company's auditors for the period covered by the historical financial information incorporated into this Prospectus by reference. Stefan Persson and Jesper Nilsson are both members of FAR. The business address to Ernst & Young AB is P.O. Box 7850, SE-103 99 Stockholm.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditors.

Conflicts of interests

The board member and chairman of the board of directors in the Company, Beth Friberg, is also one of the owners of the Company, having a private interest that may be in conflict with the

interests of the Company. The deputy director Tom Friberg is also one of the owners of the Company and may have interest in conflict with the interests of the Company.

In addition to the aforementioned, it cannot be excluded that conflicts of interest may arise between companies in which members of the board of directors and members of the senior management have duties, as described above, and the Company.

Financial interests

The above mentioned members of the board set forth in section *Conflicts of interests* have a financial interest in the Company through their direct holdings of shares in the Company.

Overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements presented below are set out in the following and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial years ending on 31 December 2014 and 31 December 2015 and the Company's financial interim report for the period January to August 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Annual Accounts Act for Credit Institutions and Securities Companies.

The Company's consolidated annual reports for the financial years ended 31 December 2014, 31 December 2015 and the financial interim report for the period January to August 2016 have been incorporated in this Prospectus by reference. The consolidated annual reports have been audited by the Company's auditor and the auditor's report has been incorporated in this Prospectus through the consolidated annual reports for the financial years ended 31 December 2014 and 31 December 2015 by reference. The year-end reports have been reviewed by the Company's auditor.

The Company's financial interim report for the period January to August 2016 has been generally reviewed (Sw. *översiktligt granskad*) by the Company's auditor and the auditor's report has been incorporated in this Prospectus by reference.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page
Financial information regarding the Company and its business for the financial year ended 31 December 2014	FOREX' consolidated annual report for the financial year ended 31 December 2014	<ul style="list-style-type: none"> - 18 (Consolidated statement of comprehensive income) - 19 (Consolidated balance sheet) - 20 (Consolidated statement of changes in shareholders' equity) - 21 (Consolidated statement of cash flows) - 22 (Parent company income statement) - 23 (Parent company balance sheet) - 24 (Parent company statement of changes in shareholders' equity) - 25 (Parent company cash flows) - 26–77 (Notes)
Auditor's report for the financial year ended 31 December 2014	FOREX' consolidated annual report for the financial year ended 31 December 2014	- 79 (Auditor's report)
Financial information regarding the Company	FOREX' consolidated annual report for the	- 20 (Consolidated statement of comprehensive income)

and its business for the financial year ended 31 December 2015	financial year ended 31 December 2015	<ul style="list-style-type: none"> - 21 (Consolidated balance sheet) - 22 (Consolidated statement of changes in shareholders' equity) - 23 (Consolidated statement of cash flows) - 24 (Parent company income statement) - 25 (Parent company balance sheet) - 26 (Parent company statement of changes in shareholders' equity) - 27 (Parent company cash flows) - 28–83 (Notes)
Auditor's report for the financial year ended 31 December 2015	FOREX' consolidated annual report for the financial year ended 31 December 2015	<ul style="list-style-type: none"> - 85 (Auditor's report)
Financial information regarding the Company and its business for the financial interim report January to August 2016	FOREX' consolidated report for the financial period ended 31 August 2016	<ul style="list-style-type: none"> - 5 (Consolidated statement of comprehensive income) - 6 (Consolidated balance sheet) - 6 (Consolidated statement of changes in shareholders' equity) - 7 (Consolidated statement of cash flows) - 8 (Parent company income statement) - 9 (Parent company balance sheet) - 10–18 (Notes)
Auditor's report for the financial interim report January to August 2016	FOREX' consolidated financial interim report for the period ended on August 2016	<ul style="list-style-type: none"> - 19 (Auditor's report)

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus. The documents can be obtained in paper format at the Company's head office and are also available at the Company's web page, www.forex.se.

Documents available for inspection

Copies of the following documents can be obtained from the Company in paper format during the validity period of this Prospectus at the Company's head office and the financial reports are also available at the Company's web page, www.forex.se.

- The articles of association of the Company
- All documents which by reference are a part of this Prospectus, including historical financial information for the Company and its subsidiary and branches

Terms and Conditions for the Bonds

**TERMS AND CONDITIONS FOR
FOREX BANK AKTIEBOLAG
SEK 250,000,000
SUBORDINATED FLOATING RATE TIER 2 BONDS DUE 2027**

ISIN: SE0009189343

Issue Date: 1 February 2017

The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.

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

**TERMS AND CONDITIONS FOR
FOREX BANK AKTIEBOLAG
SEK 250,000,000 SUBORDINATED FLOATING RATE TIER 2 BONDS
DUE 2027 ISIN: SE0009189343**

1. Definitions and construction

1.1 Definitions

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

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

“**Accounting Principles**” means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

“**Additional Tier 1 Instruments**” means Additional Tier 1 instruments (Sw. *primärkapitaltillskott*) as defined in Part Two, Title 1, Chapter 3 of the Capital Requirements Regulation.

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

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

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

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

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

“**Branch**” means the Norwegian (reg. no. 985090882), the Finnish (reg. no. 1904387-9), the Danish (reg. no. 27748562) and the British (reg. no. BR018745) branches of the Issuer (or any other branch of the Issuer from time to time).

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

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

“**Capital Disqualification Event**” means that, at any time after the Issue Date, there is a change in the regulatory classification of the Bonds that would be likely to result in the exclusion of the Bonds from the Tier 2 Instruments of the Issuer or reclassification of the Bonds as a lower quality form of regulatory capital, provided that:

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

(b) the Issuer demonstrates to the satisfaction of the Swedish FSA that the regulatory reclassification of the Bonds was not reasonably foreseeable at the Issue Date.

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

“**Capital Requirements Regulation**” means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

“**Common Equity Tier 1 Instruments**” means Common Equity Tier 1 instruments (Sw. *kärnprimärkapitalinstrument*) as defined in Part Two, Title 1, Chapter 2 of the Capital Requirements Regulation.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Bonds from time to time; initially Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden.

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

“**Final Redemption Date**” means the date falling ten (10) years after the Issue Date, 1 February 2027.

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

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

“**Force Majeure Event**” has the meaning set forth in Clause 24.1.

“**Group**” means the Issuer (including its Branches) and Subsidiaries from time to time (each a “**Group Company**”).

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

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 15 (*Holders’ Meeting*).

“**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 (Sw. *konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Holders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (Sw. *lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

“**Interest**” means the interest on the Bonds calculated in accordance with Clause 8.1-8.3.

“**Interest Payment Date**” means 1 February, 1 May, 1 August and 1 November each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 1 May 2017 and the last Interest Payment Date being the final Redemption Date).

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

“**Interest Rate**” means a floating rate of STIBOR (3 months) plus 5.65 per cent, per annum.

“**Issue Date**” means 1 February 2017.

“**Issuer**” means Forex Bank Aktiebolag, reg. no. 516406-0104, Kornhamnstorg 4, SE-111 27, Stockholm, Sweden.

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

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

“**Nominal Amount**” has the meaning set forth in Clause 2.4.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or

any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“**Quotation Day**” means, in relation to (i) an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the Issue Date), or (ii) any other period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Holders is to be made under Clause 13 (*Distribution of proceeds*), (iv) the date of a Holders’ Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed in accordance with Clause 9 (*Redemption and repurchase of the Bonds*).

“**Regulated Market**” means Nasdaq Stockholm or any other regulated market (Sw. *reglerad marknad*) (as defined in the Securities Market Act).

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

“**Securities Market Act**” means the Swedish Securities Market Act (*lag (2007:528) om värdepappersmarknaden*).

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

“**Sole Bookrunner**” means Carnegie Investment Bank AB, reg. no. 516406-0138, SE-103 38, Stockholm, Sweden.

“**STIBOR**” means:

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

rate for deposits in SEK offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero (0), STIBOR will be deemed to be zero (0).

“**Subsidiary**” means, a subsidiary of the Issuer according to Chapter 1 Section 11 of the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) (or under such provision as may replace this provision).

“**Swedish FSA**” means the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

“**Tax Event**” means that, at any time after the Issue Date, there is a change in the applicable tax treatment of the Bonds which the Issuer demonstrates to the satisfaction of the Swedish FSA is material and was not reasonably foreseeable at the Issue Date.

“**Tier 2 Instruments**” means Tier 2 instruments (Sw. *supplementärkapitalinstrument*) as defined in Part Two, Title 1, Chapter 4 of the Capital Requirements Regulation.

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

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 16 (*Written Procedure*).

1.2 Construction

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

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

1.2.2 When ascertaining whether a limit or threshold specified in SEK 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 SEK for the previous Business Day, as published by the Swedish Riksbank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.

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

- 1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

2. STATUS OF THE BONDS

- 2.1 The Bonds will constitute Tier 2 Instruments of the Issuer. The Bonds constitute wholly subordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. In the event of liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, the claims of the Holders shall in respect of the Bonds be subordinated to the claims of any depositors and other unsubordinated creditors of the Issuer in respect of such obligations, but rank *pari passu* with the claims of any holders of other subordinated indebtedness of the Issuer in respect of such obligations, and rank in priority to the claims of any holders of Common Equity Tier 1 Instruments, any other class of share capital or Additional Tier 1 Instruments of the Issuer in respect of such obligations.
- 2.2 The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which shall rank *pari passu* with the Bonds, as well as any capital instruments issued as Common Equity Tier 1 Instruments or Additional Tier 1 Instruments of the Issuer, which shall rank junior to the Bonds.
- 2.3 No Holder who in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Holder.
- 2.4 The Nominal Amount of each Bond is SEK one million (1,000,000). The Total Nominal Amount of the Bonds is SEK two hundred and fifty million (250,000,000). All Bonds are issued on a fully paid basis at an issue price of one hundred (100) per cent. of the Nominal Amount.
- 2.5 The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- 2.6 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.
- 2.7 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to the Terms and Conditions and by acquiring Bonds, each subsequent Holder confirms such agreement.

3. USE OF PROCEEDS

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

4. THE BONDS AND TRANSFERABILITY

- 4.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 4.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 4.3 Upon a transfer of Bonds, any rights and obligations under these Terms and Conditions relating to such Bonds are automatically transferred to the transferee.
- 4.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 4.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

5. BONDS IN BOOK-ENTRY FORM

- 5.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 5.2 Those who according to assignment, security, the provisions of the Swedish Code on Parents and Children (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 5.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 5.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 5.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain

information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.

- 5.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.
- 5.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 5.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and shall not disclose such information to any Holder or third party unless necessary for such purposes.

6. RIGHT TO ACT ON BEHALF OF A HOLDER

- 6.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 6.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Holder.
- 6.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6.1 and 6.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

7. PAYMENTS IN RESPECT OF THE BONDS

- 7.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant 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.
- 7.2 If a Holder has registered, through an Account Operator, that principal and Interest shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.

- 7.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 8.4 during such postponement.
- 7.4 If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.
- 7.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the issue of the Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax.

8. INTEREST

- 8.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date.
- 8.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrear to the Holders on each Interest Payment Date for the preceding Interest Period.
- 8.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 8.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is two hundred (200) basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. REDEMPTION AND REPURCHASE OF THE BONDS

9.1 Redemption at maturity

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day and if permitted under the CSD's applicable regulations, on the Business Day following from an application of the Business Day Convention, and otherwise on the first following Business Day) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

9.2 Consent from the Swedish FSA

The Issuer may not, other than as explicitly set forth in this Clause 9, redeem or purchase any outstanding Bonds prior to the Final Redemption Date. Any such redemption or

repurchase prior to the Final Redemption Date shall always be subject to the prior consent of the Swedish FSA and in accordance with the Capital Regulations.

9.3 Issuer's purchase of Bonds

The Issuer may as of the First Call Date, and subject to Clause 9.2 (*Consent from the Swedish FSA*) and applicable law, at any time purchase Bonds. The Bonds so purchased by the Issuer must be cancelled immediately by the Issuer and may not be retained or sold.

9.4 Early voluntary redemption by the Issuer (call option)

The Issuer may, at its sole discretion, redeem all (but not only some) outstanding Bonds on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date, subject to Clause 9.2 (*Consent from the Swedish FSA*) and to giving notice in accordance with Clause 9.8 (*Notice of early redemption*).

9.5 Early redemption upon occurrence of a Capital Disqualification Event

The Issuer may, at its sole discretion, redeem all (but not only some) outstanding Bonds on any Interest Payment Date if a Capital Disqualification Event occurs prior to the First Call Date, subject to Clause 9.2 (*Consent from the Swedish FSA*) and to giving notice in accordance with Clause 9.8 (*Notice of early redemption*).

9.6 Early redemption upon the occurrence of a Tax Event

The Issuer may, at its sole discretion, redeem all (but not only some) outstanding Bonds on any Interest Payment Date if a Tax Event occurs prior to the First Call Date, subject to Clause 9.2 (*Consent from the Swedish FSA*) and to giving notice in accordance with Clause 9.8 (*Notice of early redemption*).

9.7 Early redemption amount

The Bonds shall be redeemed by the Issuer at a price per Bond equal to one hundred (100) per cent. of the Nominal Amount, together with accrued but unpaid Interest.

9.8 Notice of early redemption

Redemption in accordance with Clauses 9.4 (*Early voluntary redemption by the Issuer (call option)*), 9.5 (*Early redemption upon the occurrence of a Capital Disqualification Event*) and 9.6 (*Early redemption upon the occurrence of a Tax Event*) shall be made by giving not less than twenty (20) nor more than sixty (60) Business Days' notice to the Holders and the Agent in accordance with Clause 22.1 (*Notices*), following the prior approval of the Swedish FSA. Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Bonds at the applicable amounts specified above in Clause 9.7 (*Early redemption amount*).

10. LISTING

- 10.1 The Issuer shall use its best efforts to ensure that the Bonds are listed on Nasdaq Stockholm within thirty (30) calendar days after the Issue Date and in any case no later than sixty (60) calendar days after the Issue Date, and that they remain admitted or, if such listing is not possible to obtain or maintain, listing on another Regulated Market.
- 10.2 The Issuer shall, following the listing, take all actions on its part to maintain the admission as long as any Bonds are outstanding, however not longer than up to and including the last day on which the listing reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

11. Financial reporting etcetera

- 11.1 The Issuer shall:
- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than four (4) months after the expiry of each financial year;
 - (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;
 - (c) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
 - (d) prepare the financial reports (set forth in Clause 11.1 (a) and (b)) in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Securities Market Act.
- 11.2 **Agent Agreement**
- 11.2.1 The Issuer shall, in accordance with the Agent Agreement:
- (a) pay fees to the Agent;
 - (b) indemnify the Agent for costs, losses and liabilities;
 - (c) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and
 - (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agent Agreement.

11.2.2 The Issuer and the Agent shall not agree to amend any provisions of the Agent Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.

11.3 **CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD regulations applicable to the Issuer from time to time.

12. **TERMINATION OF THE BONDS ETCETERA**

12.1 The Holders have no right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds or accelerate future scheduled payments of Interest, except through instructing the Agent in accordance with Clause 12.2 and only following the occurrence of any of the following events (each an “**Event of Default**”):

- (a) the Issuer fails to pay an amount on the date it is due in accordance with the Terms and Conditions, unless the non-payment is remedied within five (5) Business Days of the due date;
- (b) the Issuer is placed into bankruptcy (Sw. *försatt i konkurs*); or
- (c) the Issuer is subject of liquidation proceedings (Sw. *trätt i likvidation*)

12.2 If an Event of Default has occurred, the Agent is, following the instructions of the Holders, authorized to (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Terms and Conditions, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Terms and Conditions, provided however that in the case of a non-payment pursuant to Clause 12.1 (a), without the prior consent of the Swedish FSA, the Issuer is only required to make a payment after being placed into bankruptcy (Sw. *försatt i konkurs*) or being subject of liquidation (Sw. *trätt i likvidation*).

12.3 The Issuer shall as soon as possible notify the Agent of the occurrence of an Event of Default and the Agent shall notify the Holders of an Event of Default as soon as possible when the Agent received actual knowledge of the Event of Default.

12.4 In the event of an acceleration of the Bonds upon an Event of Default, the Bonds shall be redeemed by the Issuer at a price per Bond equal to one hundred (100) per cent. of the Nominal Amount, together with accrued but unpaid Interest.

13. **DISTRIBUTION OF PROCEEDS**

13.1 All payments by the Issuer relating to the Bonds and the Terms and Conditions following an acceleration of the Bonds in accordance with Clause 12 (*Termination of the Bonds etcetera*), shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and

indemnities relating to the termination of the Bonds or the protection of the Holders' rights, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Holders' Meeting or a Written Procedure;

- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Terms and Conditions.

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

- 13.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 13.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.1.
- 13.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds according to the Escrow Funds Act (*Sw. lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.
- 13.4 If the Issuer or the Agent shall make any payment under this Clause 13, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply.

14. DECISIONS BY HOLDERS

- 14.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the discretion of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 14.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as

determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.

14.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

14.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 6 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:

(a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or

(b) on the Business Day specified in the communication pursuant to Clause 16.3, in respect of a Written Procedure,

may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

14.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3:

(a) a change to Clause 2 (*Status of the Bonds*);

(b) a change to the Nominal Amount, Interest Rate or Interest which shall be paid by the Issuer;

(c) a change to the terms for the distribution of proceeds set out in Clause 13 (*Distribution of proceeds*);

(d) an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;

(e) a mandatory exchange of the Bonds for other securities;

(f) an amendment to the provision in this Clause 14.5;

(g) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 12 (*Termination of the Bonds etcetera*) or as otherwise permitted or required by these Terms and Conditions.

14.6 Any matter not covered by Clause 14.5 shall require the consent of Holders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Holders are voting

- at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3. This includes, but is not limited to, any amendment to or waiver of the Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 17.1 (a), (b) or (c)) or a termination of the Bonds.
- 14.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Holders' Meeting shall be appointed by the Holders in accordance with Clause 14.6.
- 14.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (b) if in respect of a Written Procedure, reply to the request.
- 14.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 15.1) or instigate a second Written Procedure (in accordance with Clause 16.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 14.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 14.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 14.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 14.12 If any matter decided in accordance with this Clause 14 would require consent from the Swedish FSA, such consent shall be sought by the Issuer and such decision shall be subject to such consent.
- 14.13 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 14.14 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

- 14.15 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 14.16 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 14.17 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

15. HOLDERS' MEETING

- 15.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holders' Meeting has been requested by the Holder(s), the Agent shall send a copy of the notice to the Issuer.
- 15.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 15.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 18.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 15.1.
- 15.3 The notice pursuant to Clause 15.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 15.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 15.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the

register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.

- 15.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/attorneys) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/ attorney shall attend the Holders' Meeting instead of the Holder, the representative/ attorney shall present a duly executed power of attorney or other document establishing its authority to represent the Holder.
- 15.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

16. WRITTEN PROCEDURE

- 16.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.
- 16.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 16.1 to each Holder with a copy to the Agent.
- 16.3 A communication pursuant to Clause 16.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 16.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 16.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 16.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.
- 16.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 14.5 and 14.6 have been received in a Written Procedure, the relevant decision shall

be deemed to be adopted pursuant to Clause 14.5 or 14.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

17. AMENDMENTS AND WAIVERS

17.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:

- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
- (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
- (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 14 (*Decisions by Holders*).

17.2 If any action in accordance with Clause 17.1 would require consent from the Swedish FSA, such consent shall be sought by the Issuer.

17.3 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.

17.4 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 17.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

17.5 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

18. APPOINTMENT AND REPLACEMENT OF THE AGENT

18.1 Appointment of Agent

18.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and these Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder, including the winding-up, dissolution, liquidation or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By

acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.

- 18.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 18.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions.
- 18.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent Agreement, and the Agent's obligations as agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.
- 18.1.5 The Agent may act as agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

18.2 **Duties of the Agent**

- 18.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 18.2.2 Upon request by a Holder, the Agent shall promptly distribute to the Holders any information from such Holder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 18.2.3 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 18.2.4 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.
- 18.2.5 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any

other Person, other than as explicitly stated in these Terms and Conditions and the Agent Agreement.

- 18.2.6 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 18.2.7 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions or (iii) when the Agent is to make a determination under these Terms and Conditions. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under these Terms and Conditions shall be distributed in accordance with Clause 13 (*Distribution of proceeds*).
- 18.2.8 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 18.2.9 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 18.2.10 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 18.2.11 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 18.2.10.

18.3 **Limited liability for the Agent**

- 18.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 18.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the

Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.

- 18.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 18.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 14 (*Decisions by Holders*).
- 18.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.

18.4 **Replacement of the Agent**

- 18.4.1 Subject to Clause 18.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure instigated by the retiring Agent.
- 18.4.2 Subject to Clause 18.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.3 A Holder (or Holders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure instigated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.
- 18.4.4 If the Holders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.

- 18.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 18.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.
- 18.4.8 In the event that there is a change of the Agent in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

19. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

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

20. APPOINTMENT AND REPLACEMENT OF THE CSD

- 20.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 20.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Bonds listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Market Act.

21. NO DIRECT ACTIONS BY HOLDERS

- 21.1 A Holder may not take any steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate,

support or procure the winding-up, dissolution, liquidation or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer under these Terms and Conditions. Such steps may only be taken by the Agent.

- 21.2 Clause 21.1 shall not apply if the Agent has been instructed by the Holders to take certain actions but is legally unable to take such actions.

22. TIME-BAR

- 22.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.

- 22.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new time-bar period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to the right to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

23. NOTICES AND PRESS RELEASES

23.1 Notices

- 23.1.1 Any notice or other communication to be made under or in connection with the Terms and Conditions:

- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
- (c) if to the Holders, shall be given at their addresses as registered with the CSD, (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.

- 23.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter

(and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 23.1.1.

- 23.1.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

24. FORCE MAJEURE AND LIMITATION OF LIABILITY

- 24.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 24.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 24.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 24.4 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

25. GOVERNING LAW AND JURISDICTION

- 25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 25.2 Any dispute or claim arising in relation to these Terms and Conditions shall be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 25.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
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