

## OFFERING CIRCULAR

# Hoist Finance

**HOIST FINANCE AB (publ)**

*(incorporated with limited liability in Sweden)*

**€1,000,000,000**

## **Euro Medium Term Note Programme**

Under this €1,000,000,000 Euro Medium Term Note Programme (the **Programme**), Hoist Finance AB (publ) (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). Under the Programme, Notes may be (i) senior preferred notes with the ranking described in Condition 3.1 of the “*Terms and Conditions of the Notes*” (**Senior Preferred Notes**), (ii) senior non-preferred notes with the ranking described in Condition 3.2 of the “*Terms and Conditions of the Notes*” (**Senior Non-Preferred Notes**) or (iii) subordinated notes with the ranking described in Condition 3.3 of the “*Terms and Conditions of the Notes*” and, on issue, constituting Tier 2 Capital (as defined in the “*Terms and Conditions of the Notes*”) (**Subordinated Notes**), in any case as specified in the applicable Final Terms (as defined below) (or Pricing Supplement (as defined below), in the case of Exempt Notes (as defined below)). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*”.**

This Offering Circular has been approved by the Central Bank of Ireland as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Offering Circular as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market of Euronext Dublin (as defined below) (the **Main Securities Market**) or on another regulated market for the purposes of Directive 2014/65/EU (**MiFID II**) and/or that are to be offered to the public in any member state of the European Economic Area in circumstances that require the publication of a prospectus.

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (**Euronext Dublin**) for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to its official list (the **Official List**) and trading on the Main Securities Market. References in this Offering Circular to the Notes being **listed** (and all related references) shall mean that, unless otherwise specified in the applicable Final Terms, the Notes have been admitted to the Official List and trading on the Main Securities Market.

The requirement to publish a prospectus under the Prospectus Directive only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive. References in this Offering Circular to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Directive. The Central Bank of Ireland has neither approved nor reviewed information contained in this Offering Circular in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will (other than in the case of Exempt Notes, as defined above) be set out in a final terms document (the **Final Terms**) which will be delivered to the Central Bank of Ireland and, where listed, Euronext Dublin.

Copies of Final Terms in relation to Notes to be listed on Euronext Dublin will also be published on the website of Euronext Dublin. In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes 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 not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Issuer has been rated Baa3 in respect of long-term debt, and P-3 in respect of short-term debt by Moody's Investors Services, Inc. (**Moody's**). The Programme has been rated Baa3 in respect of long-term senior unsecured preferred debt and (P)B1 in respect of long-term subordinated debt by Moody's. Moody's is not established in the European Union but its ratings are endorsed by Moody's Investors Services Limited which is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). Notes issued under the Programme may be rated or unrated by Moody's. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the rating assigned to the Programme by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Arranger**

**DEUTSCHE BANK**

**Dealers**

**CITIGROUP  
DANSKE BANK**

**NORDEA**

**CREDIT SUISSE  
DEUTSCHE BANK**

The date of this Offering Circular is 3 August 2018.

## IMPORTANT INFORMATION

This document (the "*Offering Circular*") comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 5.4 of the Prospectus Directive. When used in this Offering Circular, "*Prospectus Directive*" means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in a relevant Member State of the EEA.

The Issuer accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that those documents are incorporated and form part of this Offering Circular.

None of the Dealers, any of their respective affiliates or the Trustee (as defined below) have authorised the whole or any part of this Offering Circular or independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, any of their affiliates or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection with the Programme or for any acts or omissions of the Issuer or any other person (other than the relevant Dealer) in connection with any issue and offering of the Notes under the Programme. No Dealer or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer, any of the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

## IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## MIFID II PRODUCT GOVERNANCE AND TARGET MARKET

The Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom, Sweden and Belgium) and Japan; see "*Subscription and Sale*".

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### Presentation of Financial Information

Unless otherwise indicated, the financial information in this Offering Circular relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017 (together, the **Financial Statements**).

The Issuer's financial year ends on 31 December, and references in this Offering Circular to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

### Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined below:

- **SEK** refers to Swedish kronor; and
- **EUR** refers to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

## SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **BENCHMARKS REGULATION**

Amounts payable on Floating Rate Notes issued under the Programme may be calculated by reference to either LIBOR, EURIBOR, STIBOR and/or NIBOR as specified in the applicable Final Terms or applicable Pricing Supplement (in the case of Exempt Notes). As at the date of this Offering Circular, ICE Benchmark Administration Limited (as administrator of LIBOR) is included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As at the date of this Offering Circular, the administrators of EURIBOR, STIBOR and NIBOR are not included in ESMA's register of administrators under Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Markets Institute (as administrator of EURIBOR), the Swedish Bankers' Association (as administrator of STIBOR) and Norske Finansielle Referanser (as administrator of NIBOR) are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

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## STABILISATION

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of Notes other than Exempt Notes, and if appropriate, a new Offering Circular or a supplement to the Offering Circular, will be published.*

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing Directive 2003/71/EC (the **Prospectus Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	Hoist Finance AB (publ)
Issuer Legal Entity Identifier (LEI):	549300NPK3FB2BEL4D08
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
Description:	Euro Medium Term Note Programme
Arranger:	Deutsche Bank AG, London Branch
Dealers:	Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Danske Bank A/S Deutsche Bank AG, London Branch Nordea Bank AB (publ) and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restriction applicable at the date of this Offering Circular:

### **Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds



of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent; see "*Subscription and Sale*".

Status of the Notes:

*Senior Preferred Notes*

The Senior Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves. The rights of the holder of any Senior Preferred Note in respect of or arising from the Senior Preferred Notes shall, in the event of the voluntary or involuntary liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer, rank (subject to such mandatory exceptions as are from time to time applicable under Swedish law) at least *pari passu* with all other unsecured indebtedness of the Issuer from time to time outstanding.

*Senior Non-Preferred Notes*

Senior Non-Preferred Notes are intended to constitute MREL Eligible Liabilities and Senior Non-Preferred Liabilities.

The Senior Non-Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference among themselves, and the claims of Noteholders thereof shall, in the event of the voluntary or involuntary liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer, rank as described in Condition 3.2(b) in relation to the claims of other creditors.

*Subordinated Notes*

The Subordinated Notes will constitute subordinated and unsecured obligations of the Issuer. Payments in respect of the Subordinated Notes will be subordinated as described in Condition 3.3.

Trustee:

Citibank, N.A., London Branch

Issuing and Principal Paying Agent:

Citibank, N.A., London Branch

Registrar:

Citigroup Global Markets Europe AG

Programme Size:

Up to €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.

Maturities: The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Issue Price: Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes will be issued in either bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Fixed Reset Notes: The interest rate on Fixed Reset Notes will reset on each Reset Date by reference to the relevant Reset Margin and Mid-Swap Rate.

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, Pricing Supplement).

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a

minimum interest rate or both.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Exempt Notes:

The Issuer may agree with any Dealer and the Trustee that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Redemption:

The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will state the final redemption price and final maturity date of the relevant Notes.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution; see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

Early Redemption:

Early redemption of any Notes will be permitted:

- (a) at the option of the Issuer, for taxation reasons as described in Condition 7.2;
- (b) following an Event of Default as described in Condition 10;
- (c) in the case of Subordinated Notes, where "Redemption upon occurrence of Capital Event" is specified to be applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), at the option of the Issuer upon the occurrence of a Capital Event as described in Condition 7.11;
- (d) in the case of Senior Non-Preferred Notes, where "Redemption upon occurrence of a MREL Disqualification Event" is specified to be applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), at the option of the Issuer upon the occurrence of a MREL Disqualification Event as described in Condition 7.12;
- (e) in the case of Senior Preferred Notes where "Change of Control Put" is specified to be applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), at the option of Noteholders upon the occurrence of a Put Event as described in Condition 7.6,

but will otherwise be permitted only to the extent specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

Senior Non-Preferred Notes and Subordinated Notes may be

redeemed prior to their original maturity date only with the prior consent of the Relevant Regulator (as defined in Condition 3.5) (if such consent is required (in the case of Subordinated Notes) by the Applicable Banking Regulations or (in the case of Senior Non-Preferred Notes) the Applicable MREL Regulations).

Substitution or Variation – Senior Non-Preferred Notes and Subordinated Notes:

In the case of Senior Non-Preferred Notes and Subordinated Notes, where “Substitution or variation” is specified to be applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), if at any time, in the case of Senior Non-Preferred Notes, a MREL Disqualification Event or, in the case of Subordinated Notes, a Capital Event occurs and is continuing, or in order to ensure the effectiveness and enforceability of Condition 19.5, the Issuer may, with the prior consent of the Relevant Regulator (if such consent is required (in the case of Subordinated Notes) by the Applicable Banking Regulations or (in the case of Senior Non-Preferred Notes) the Applicable MREL Regulations), substitute such Senior Non-Preferred Notes or such Subordinated Notes, as the case may be, for, or vary their terms so that they remain or, as appropriate, become, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities or, in the case of Subordinated Notes, Subordinated Qualifying Securities, as the case may be, as further provided in Condition 7.14.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency; see "*Certain Restrictions - Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note (other than an Exempt Note) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Calculation Amount:

The Calculation Amount for any Series of Notes will be specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) and will be the single highest whole number which, when each Specified Denomination of the relevant Series is divided by such number, results in a whole number. For example, where the Specified Denominations of a Series of Notes are specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) as being €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, the Calculation Amount specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will be €1,000.

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, subject as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain

limited circumstances provided in Condition 8, be required to pay Additional Amounts to cover the amounts so deducted.

In the case of Senior Non-Preferred Notes, Subordinated Notes and (if “Senior Preferred Notes Restricted Gross Up” is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement)) Senior Preferred Notes, and notwithstanding the foregoing, the obligation to pay Additional Amounts by the Issuer will be limited to payments of interest only.

Covenants:

The terms of the Senior Preferred Notes will contain certain covenants, including a negative pledge provision, as further described in Condition 4. The covenants are subject to suspension in certain events related to the rating of the Issuer and the relevant Series of Senior Preferred Notes.

Cross Default:

The terms of the Senior Preferred Notes will (unless “Senior Preferred Notes Restricted Events of Default” is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement)) contain a cross default provision as further described in Condition 10.

The terms of the Senior Non-Preferred Notes, the Subordinated Notes and (if “Senior Preferred Notes Restricted Events of Default” is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement)), the Senior Preferred Notes will not contain a cross default provision.

Rating:

The Programme has been rated Baa3 in respect of long-term senior unsecured preferred debt and (P)B1 in respect of long-term subordinated debt by Moody’s. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) and will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing:

Application has been made for Notes issued under the Programme to be listed on Euronext Dublin.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes) will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except that the provisions contained in Conditions 3.1, 3.2, 3.3 and 3.4 will be governed by, and construed in accordance with, Swedish law.
Loss Absorption:	Notes may be written down or converted to CET1 instruments. See " <i>Risk Factors - Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes</i> " and " <i>Risk Factors - Loss absorption at the point of non-viability of the Issuer</i> ". By acquiring any Note, each Noteholder shall be deemed to acknowledge, accept and consent to the application or exercise of such Swedish statutory loss absorption powers in respect of their Notes or any liability thereunder, as provided in Condition 19.5, and shall be bound by the effect of any such application or exercise.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom, Sweden and Belgium) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes; see " <i>Subscription and Sale</i> ".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms (or applicable Pricing Supplement, in the case of Exempt Notes).

## **RISK FACTORS**

*In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Offering Circular a number of factors which could materially adversely affect its business and ability to make payments due.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*Prospective investors should also read the detailed information set out elsewhere in this Offering Circular (including in the documents incorporated by reference in this Offering Circular) and reach their own views prior to making any investment decision.*

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME**

#### **Risks relating to the Issuer as a separate entity**

The Issuer is the parent company of the Group. A large part of the Issuer's business is conducted through its subsidiaries, on which the Issuer, as a consequence thereof, is dependent. The risk factors mentioned in this Offering Circular and described as being relevant for the Group are thus relevant also for the Issuer as a separate entity.

#### **Risks relating to the Group's Industry and Business**

*General business, economic and market conditions affect the Group's business.*

The Group is affected by general business, economic and market conditions, especially in the markets in which the Group operates. Uncertainties remain concerning the outlook and the future economic environment related to recent events in Europe, such as a continuing weak economic outlook in certain European countries and the uncertainty surrounding the economic effect of the United Kingdom submitting formal notification under Article 50 of the Lisbon Treaty to the European Council of the intention of the United Kingdom to withdraw its membership in the European Union (commonly referred to as **Brexit**). Furthermore, political uncertainty related to the impact of the United States' presidential administration, including on free trade agreements between the United States and other countries, could have a negative impact on the Group's business and earnings.

If the economies of the Group's principal markets suffer a material downturn for a prolonged period of time that, in turn, increases the unemployment rate, the Group companies may be unable to perform debt collections at a level consistent with their past practice due to the inability of customers to make payments at the same levels or at all. In addition, should the level of inflation increase, the real-term carrying value of the Group's debt portfolios may decrease.

An improvement in the economic conditions in the markets in which the Group operates could impact its business and performance in various ways, including decreasing the volume of debt portfolios that are available for purchase, reducing the number of attractive portfolio opportunities, increasing the competitiveness of the pricing for portfolios that the Group purchases and increasing interest rate levels affecting the Group's cost of funding. There can be no assurances that the Group's business and results of operations will develop positively in a changing economic environment or that the economic environment

will be favourable to the Group's business model or industry. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group companies may not be able to collect the expected amounts on portfolios purchased.***

The Group's assets mainly consist of portfolios of purchased debt. When purchasing portfolios, the Group makes assumptions on the gross collections and collection costs. The net present value of expected gross collections is reflected in the balance sheet carrying value of the portfolios. A decrease or delay of the expected gross collections would result in write-downs of the portfolios, directly impacting the Group's equity, capital adequacy and results of operations. Further, higher collection costs than projected at the times of purchasing portfolios will have a negative impact on the financial results of operations.

There can be no assurances that any of the current or future claims contained in the Group's portfolios will eventually be collected. Amounts recovered may be less than expected and may even be less than the total amount paid for such portfolios. If the Group is unable to achieve the levels of forecasted collections, revenue and returns on its purchased portfolios will be reduced, which may result in write-downs and have a negative effect on the Group's capital adequacy. As a consequence, the Group may have to pay a higher interest rate to finance its operations and the regulatory requirements to maintain a certain capital adequacy could hinder further business expansion, which could have a negative effect on the Group's ability to purchase additional portfolios. Any significant decrease in expected collections may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

The Group recovers on claims that may become subject to insolvency procedures under applicable laws and the Group also purchases portfolios containing claims that are currently subject to insolvency proceedings. Various economic trends, in particular downward macroeconomic factors such as those experienced during the financial crisis of 2008, and potential changes to existing legislation may contribute to an increase in the number of customers subject to personal insolvency procedures. The majority of the portfolios that the Group purchases are unsecured and the Group is generally unable to collect on such portfolios in an insolvency procedure.

In certain of the Group's markets, a debtor may have a right to set-off a claim that it has against the counterparty seeking to enforce a debt against the debtor. As a result of such set-off, a purchased claim may, partially or fully, be extinguished. After assignment of a purchased claim to a Group company and notification thereof to one of the Group's customers, such customer may also have set-off rights vis-à-vis the relevant Group company.

The transfer of ownership of purchased claims may require certain assignment procedures. Should the transfer of a claim not meet applicable requirements, legal title to the relevant claim will not pass to the Group company, which may result in the loss of such claim. The Group's ability to successfully collect on portfolios may decline or the timing of when the Group collects on portfolios may be delayed with an increase in personal insolvency procedures, if customers have set-off rights related to the collected claims or if the Group fails to comply with applicable transfer requirements, which could have a material adverse effect on the Group's business, results of operations or financial condition.

***The Group is exposed to credit risks of counterparties in a number of different ways.***

Collected deposits, which form a large part of the Group's liquidity, are deposited with a limited number of European commercial banks. These amounts are well in excess of any government guaranteed deposit guarantee, which exposes the Group to the risk that one or more of such institutions would not be able to meet its obligations under these deposits, for example in the event of a bank run or banking crisis. The Group also invests surplus liquidity in interest bearing securities, resulting in counterparty risk on the issuers of such securities. For example, the Group is subject to the risk that changes in credit spreads (i.e., the premium



required by the market for a given credit quality), e.g., due to the credit outlook of a specific bond issuer, will affect the value of these bonds.

Further, the Group is exposed to credit risk from hedging activities conducted with credit institutions. Daily marked-to-market valuation of the Group's derivatives can result in counterparty exposure toward the specific credit institutions. Both the Group and the specific credit institution provide collateral daily to account for this risk. In cases of significant fluctuations, the Group may have to provide substantial amounts of collateral, which cannot be used for purchasing portfolios and may cause a negative impact on the Group's operations. If one or more of the abovementioned risks materialises, it could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group may not be able to purchase portfolios at appropriate prices or of sufficient quality or volumes.***

The Group's long-term business model requires that the Group continues to purchase debt portfolios. The availability of portfolios to purchase at prices that generate an appropriate return depends on a number of factors, such as the continuation of current growth trends in the levels of overdue debt, volumes of portfolio sales by debt originators, in particular the financial institutions that originate most of the Group's portfolios, and competitive factors affecting potential purchasers and debt originators.

The Group relies on key relationships with debt originators to conduct the Group's business. The Group cannot be certain that any of its current debt originator clients will continue to sell debt to the Group on desirable terms or in acceptable quantities. A debt originator's decision to sell debt to the Group is based on various factors, including the price and terms offered, the quality of the Group's reputation and the Group's compliance history. Any changes to the key relationships that the Group relies on could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

If the Group is unable to identify sufficient levels of attractive portfolios and generate an appropriate return on purchased portfolios, the Group may be unable to maintain the cash flow generated from its portfolios, which would adversely affect the Group's ability to purchase additional portfolios as they become available. In addition, the Group may experience difficulties covering its fixed costs and may, as a consequence, have to reduce the number of its collection personnel or take other measures to reduce costs. These developments could lead to disruptions in the Group's operations, loss of efficiency, low employee morale, fewer experienced employees and excess costs associated with unused space in the Group's facilities. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to risks relating to acquisitions.***

Acquiring companies and businesses is a part of the Group's growth strategy. Such acquisitions are always exposed to a number of risks and considerable uncertainty with respect to ownership, other rights, assets, liabilities, licences and permits, claims, legal proceedings, restrictions imposed by competition law, financial resources, environmental aspects and other aspects. These risks may be greater, more difficult or more extensive to analyse in certain countries or regions where the Group is or is contemplating to be active than would normally be the case. Furthermore, purchases involve risks due to difficulties in integrating different operations, personnel, technology and information technology. In connection with potential future acquisitions, the Group may incur considerable transaction, restructuring and administrative costs, as well as other integration-related costs and losses (including loss of business opportunities) and acquisitions may also be subject to purchase price adjustments, such as contingency payment arrangements. Any difficulties integrating future acquisitions, including unexpected or additional costs, may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to a risk of failure to pursue strategic goals.***

In addition, the Group may not be successful in developing and implementing its strategic plans for the Group's businesses, including operational efficiency, digitalisation and continuing to drive operational scale and excellence across countries. The ability of the Board of Directors and executive management to plan, organise, follow up on and control the operations and to continuously monitor market conditions is important. If the development or implementation of such plans is not successful the Group may not produce the revenue, margins, earnings or synergies that is needed to be successful and to offset the impact of adverse economic conditions that may exist currently or develop in the future. The Group may also face delays or difficulties in implementing process and system improvements, which could adversely affect the Group's ability to successfully compete in the markets it serves. In addition, the costs associated with implementing such plans may exceed anticipated amounts and the Group may not have sufficient financial resources to fund all of the desired or necessary investments required in connection with its plans, including one-time costs associated with the Group's business consolidation and operating improvement plans.

Any of these events may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to reputational risk.***

The Group's ability to accurately collect debt and treat customers fairly is critical to its business and its reputation. The Group's reputation is also fundamental in maintaining its relationships with current and potential debt originator clients, being financial institutions. The Issuer's reputation is also essential in the Group's contact with, and for the perception by, regulators. The Group is exposed to the risk that negative publicity may arise from the activities of legislators, pressure groups and the media, on the basis of, for example, real or perceived abusive collection practices, attributable either to the Group, third-party collection providers the Group engages or the wider debt purchasing industry or regarding other conditions within the Group or the Group's business. Negative publicity could cause customers to be more reluctant to pay their debts or to pursue legal action against Group companies, or cause regulators and authorities to form a more negative view, regardless of whether those actions are warranted, all of which could impact the Group's ability to collect on the purchased debt portfolios. In addition, adverse publicity could potentially have a detrimental impact on the Group's business, e.g., by making it more difficult to attract depositors from the public or buying new portfolios. There can be no assurance that the Group's business would not be adversely affected should unforeseen events relating to reputational risks arise in the future.

The collection of debt, particularly historic debt, involves complex interpretations and calculations of contractual terms that may vary by debt originator and/or country, which may impact the calculation of customers' resulting payment obligations and the collection strategies the Group employs. The Group's processes and procedures are designed to ensure accuracy in the collection processes and the Group reviews its collection strategies and payment calculations with a goal of ensuring that it applies best practices across the Group's operations. If in these reviews the Group identifies inconsistencies in the collection processes adopted and/or inaccuracies in the payment calculations it has taken, the Group will aim to take reasonable steps to rectify any such issues. Additionally, from time to time, the Group has been subject to claims and inquiries from customers and regulators regarding the Group's collection processes and, in some of these cases, the Group has had to take various operational and organisational actions to address these claims or inquiries. However, any of the foregoing events, or any future instances, in particular if the Group experiences an increase in the number or significance of complaints or inquiries, could result in financial liability for the Group and could jeopardise the Group's relationships with its debt originator clients, its ability to establish new relationships, have a negative impact on a customer's willingness to pay a debt owed to the Group, diminish the Group's attractiveness as a counterparty or lead to increased regulations of the debt purchasing industry, which could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***Risks relating to the Group's growth.***

During recent years the Group has experienced rapid growth, including geographical expansion and a substantial increase in the number of purchased portfolios, and the Group expects to continue to experience

growth, in its operations and number of employees. As a result of the Group's growth, the importance of managing operational risk relating to, for example, work processes, personnel, IT-systems, tax structuring and transfer pricing policies, financial reporting, operational infrastructure and the manner in which the Group addresses customer complaints or regulatory inquiries, has increased and will continue to increase. In addition, the Group has, from time to time, relied on external expertise in certain areas where the Group has not historically had the required competence internally, such as in relation to the Group's tax and transfer pricing framework, and because of the Group's growth the Group may need to increase its internal resources devoted to such areas. Effective internal control over financial reporting is necessary for the Group to provide reliable and accurate financial reports. If the Group is unable to provide reliable financial reports or prevent fraud or other financial misconduct, the Group's business and operating results could be harmed. Effective governance and internal control is also necessary for the Group to maintain an adequate risk management framework. Failure to manage the Group's growth effectively and to maintain effective internal control and financial reporting systems in line with the Group's growth could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***A significant amount of the debt purchased by the Group is originated by financial institutions.***

The Group has derived, and has stated that it will continue to derive, a significant portion of its revenue from debt purchased from banks and financial institutions active in the Group's markets. Adverse economic conditions and uncertainties, and any potential resulting failures or consolidations of financial institutions, may adversely affect the Group by significantly reducing the activity of debt originators. For example, the departure, or potential risk of departure, from the euro by one or more eurozone countries, or from the European Union by one or more of its members, could lead to a reduction in market confidence, which could result in constraints on lending in the markets generally, reduced growth and a weakening of financial institutions, all of which could have an adverse effect on collection levels. Additionally, adverse economic conditions could lead to a reduction in the propensity of financial institutions to lend to customers in the markets in which the Group operates, leading to a reduced supply of debt available for sale, as well as negatively affecting customers by reducing disposable income levels or otherwise impairing their ability to fulfil their payment obligations. Any changes in the volume of portfolios originated by financial institutions could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is dependent on its senior management team and key employees.***

The Group's future success partially depends on the skills, experience and efforts of its senior management and other key employees and its ability to retain such members of the management team and other key employees. The Group's operations involve highly qualified personnel and the Group's continued ability to compete effectively and implement the Group's strategy depends on its ability to attract new employees and retain and motivate existing employees. The Group has a number of employees that possess critical knowledge about the Group's operations, including within the Group's pricing and analytics organisation, and an inability to retain these employees could negatively impact the Group's business. The demand in the Group's industry for personnel with the relevant capabilities and experience is high and the Group's success in attracting and retaining employees is not guaranteed. There can be no assurances that the Group will be able to retain its executive officers and key employees or attract additional qualified management or employees in the future. The loss of the services of the Group's senior management or key employees could impair the Group's ability to continue to purchase portfolios or collect on claims and to manage and expand the Group's business, which could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The statistical models and analytical tools the Group uses to value and price portfolios may prove to be inaccurate.***

The Group uses internally-developed models to value and price portfolios that are considered for purchase and to project the remaining cash flow generation from the Group's debt portfolios. There can be no

assurance that the Group will be able to achieve the recoveries forecasted by the models used to value the portfolios or that those models will not be flawed. Further, there can be no assurances that the models will appropriately identify or assess all material factors and yield correct or accurate forecasts as the Group's historical collection experience may not reflect current or future realities. In addition, there can be no assurances that the Group's investment and analytics teams will not make misjudgements or mistakes when utilising the Group's statistical models and analytical tools.

In addition, the Group's statistical models and analytical tools assess information which to some extent is provided to the Group by third parties, such as credit agencies and other mainstream or public sources, or generated by software products. The Group has only limited control over the accuracy of such information received from third parties. If such information is not accurate, credits may be incorrectly priced at the time of purchase, the recovery value for the Group's portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower collection rates or higher operating expenses may be experienced. Moreover, the Group's historical information about portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same debt originator or within the same industry due to changes in business practices or economic development. Any of these events may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group may not be able to successfully maintain and develop the Group's information technology infrastructure platform or Data Warehouse or anticipate, manage or adopt technological advances within the Group's industry.***

The Group relies on its information technology infrastructure platform and, in particular, the Data Warehouse (described under "*Description of the Issuer – Business areas/segments – Debt purchasing – Data Warehouse and analytical steering*"). This subjects the Group to inherent costs and risks associated with maintaining, upgrading, replacing and changing these systems, including defects in the Group's information technology, substantial capital expenditures and demands on management time.

Information and telecommunications technologies are evolving rapidly and are characterised by short product life cycles. The Group may not be successful in anticipating, managing or adopting technological changes on a timely basis, which could result in additional costs. The cost of improvements could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of the Group's business. The Group depends on having the capital resources necessary to invest in new technologies to purchase and service claims and there can be no assurances that adequate capital resources will be available to the Group at the appropriate time. If the Group becomes unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently acquired, aggregated and used, due to lack of resources, regulatory restrictions, including data protection laws, or any other reason, the Group may lose a significant competitive advantage. Any of these events could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group may not be able to prevent a breach or disruption of the security of its information technology infrastructure platform or Data Warehouse.***

Any security breach or cyber-attack in the Group's information technology infrastructure platform, collection systems or Data Warehouse, or any temporary or permanent failure in these systems, could disrupt the Group's operations. Any of these developments could hinder or prevent the Group from using its information technology infrastructure platform, collection systems or Data Warehouse as part of the Group's business and could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***Failure to protect the Group's customer data from unauthorised use could negatively affect the Group's business.***

Failure to protect, monitor and control the use of the Group's customer data could cause the Group to lose a competitive advantage. The Group relies on a combination of contractual provisions and confidentiality procedures to protect its customer data and the Group's customer data is stored and protected in its information technology infrastructure platform with access limitations. These measures afford only limited protection and competitors or others may gain access to the Group's customer data. The Group's customer data could be subject to unauthorised use, misappropriation, or disclosure, despite having required the Group's employees, consultants and partners to enter into confidentiality agreements. There can be no assurances that such confidentiality agreements will not be breached or will be of sufficient duration and that adequate remedies will be available in the event of unauthorised use or disclosure.

Policing unauthorised use of such rights can be difficult and expensive and adequate remedies may not be available or available in an acceptable time frame. A failure to protect the Group's customer data from unauthorised use, or to comply with current applicable or future laws or regulations, could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***Forward flow agreements may contractually require the Group to purchase debt portfolios at a higher price than desired.***

The Group has previously entered, and may in the future enter, into forward flow agreements. Pursuant to forward flow agreements, the Group may agree to buy claims of a certain character at a pre-defined price or price range for a given volume from a debt originator on an on-going basis. If the Group enters into a forward flow agreement and the value of purchased portfolios decreases subsequent to entering into the agreement, the Group may end up paying a higher amount for such portfolios than it would agree at the time of purchase in a spot transaction, which could result in the Group missing out on higher alternative returns. In addition, under some forward flow agreements the Group may only be contractually permitted to terminate such agreements in certain limited circumstances.

In a more competitive environment, the Group could be faced with a decision to either decrease its purchasing volume or agree to forward flow agreements at increased prices or with less contractual protection. For a forward flow agreement to be economically advantageous, the Group must ensure that the nature of claims contained in the portfolios purchased under such agreements remain consistent with those reviewed as part of the due diligence process. When pricing forward flow agreements, the Group generally takes into account potential future fluctuations in the value of the debt that is purchased through such agreements, but the fluctuations in value may exceed the Group's expectations. If the Group is unable to contractually terminate an agreement it may have to accept claims that are of a lower quality than it intended to purchase, which could result in lower returns.

Should the quality of debt supplied under forward flow agreements vary from the Group's pricing assumptions, the Group may price the agreements incorrectly, which may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group may experience volatility in its reported financial results due to the revaluation of its purchased portfolios.***

The value of purchased portfolios as recorded on the Group's balance sheet may fluctuate each time management reassesses forecasted cash flows. The Group's forecasted cash flows are based on a number of assumptions, as the projected performance is generated analysing historic forecasts relative to actual gross collections achieved and accounting operational improvements, among other things. These historically observed forecasts are linked to the underlying collection fundamentals applicable at the time, including, among others, general economic conditions, the collections strategy, collections legislation and customer behaviour. Any changes to these assumptions could potentially result in revaluations (meaning a change in the projected cash flow), which would have the effect of changing the value of the portfolios on the Group's balance sheet and lead to the inclusion of a corresponding movement in the Group's consolidated profit and

loss account. Book value movements are non-cash movements, but are derived from the aforementioned change to the projected cash flow affecting the Group profit and loss statement. The changed book value and the specific amortisation rate are also non-cash items, but are directly linked to the profit and loss statement in the calculation of interest income. Negative revaluations would also negatively impact the Group's equity and capital adequacy.

***The Group's purchasing patterns, the seasonality of the Group's business and the varying amount of time it takes to begin generating cash flow from, and returns on, purchased portfolios may lead to volatility in the Group's cash flow.***

The Group's business depends on its ability to collect on debt portfolios. Debt collection is to some extent affected by seasonal factors, including the number of work days in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. Furthermore, the Group's debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market.

Accordingly, collections of portfolios tend to vary quarter on quarter, while the Group's costs are more evenly spread out over the year, resulting in seasonal variation of the Group's margins and profitability between quarters. This may result in low cash flow at a time when attractive debt portfolios become available. A lack of cash flow or strains on the Group's own funds could prevent the Group from purchasing otherwise desirable debt portfolios or prevent the Group from meeting its obligations under any forward flow agreements the Group may enter into, either of which could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

There is generally a gap between the point in time when the Group purchases a portfolio and the point in time when the Group begin earning returns on the purchased portfolio as the Group do not always have control over when a deal to purchase a portfolio will close and there is a need to locate customers, build a consolidated profile of each such customer's circumstances and formulate an appropriate repayment solution before the Group can start to collect on a purchased portfolio. In addition, the time it takes to begin earning returns on a purchased portfolio could vary from the Group's initial estimates. As a result, the Group may experience difficulties in projecting cash flows and delays in generating income from purchased portfolios. Any of the foregoing factors could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***Historical operating results and quarterly cash collections may not be indicative of future performance.***

The Group's future operating results may not reflect past performance. The Group's results of operations and financial condition are dependent on its ability to generate collections from purchased portfolios, which in turn is impacted by the Group's ability to continue to purchase debt portfolios and the ability of customers to pay. The ability of customers to refinance their existing debt could result in the reduction in the volume of portfolios available for purchase. Further, increasing interest rates may impact the ability of customers to pay claims that the Group owns as customers may have other debts that would be impacted by rising interest rates, resulting in an adverse effect in the Group's ability to collect on its purchased debt portfolios. Any of the foregoing factors could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***It can take several years to realise cash returns on the Group's investments in purchased debt portfolios, during which time the Group is exposed to a number of risks in its business.***

The Group generally measures its investments based on a projected return, typically for periods of up to 180 months, based on historical and current portfolio collection performance data and trends and assumptions about future debt collection rates. It generally takes the Group several years to realise cash returns equal to this initial investment. During this period, significant changes may occur in the economy, the regulatory environment, the Group's business or markets, which could lead to a reduction in the Group's expected

returns or forecasted collection plan, a reduction of which could cause the Group to record an impairment of its purchased debt portfolio, or reduce the value of the debt portfolios that the Group has purchased. Moreover, the calculation of estimated remaining collections, the distribution over time for such collections and the associated collection cost is a key uncertainty within the Group's policies on revenue recognition of purchased portfolios (see "*Description of the Issuer and the Group – Certain Financial Information – ERC*"). The Group can provide no assurances that it will achieve such collections within the specified time periods, or at all. Given the multi-year payback period on substantially all of the Group's purchases, each portfolio purchase exposes the Group to the risk of such changes for a significant period of time, which could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group may be unable to obtain account documents for some of the accounts that it purchases.***

When the Group commences enforcement actions through legal proceedings, courts may require a copy of the account statements or credit agreement to be attached to the pleadings in order to obtain a judgement against a particular customer. Where the Group is unable to produce account documents in response to a court's request, that claim would be legally unenforceable. Furthermore, if any of the account documents the Group do have were found to be legally unenforceable, courts may deny the Group's claims. Any changes to laws, regulations or rules that affect the manner in which the Group initiates enforcement proceedings, including rules affecting documentation, could result in increased administration costs or limit the availability of litigation as a collection tool, which could have a material adverse effect on the Group's business and results of operations and the performance by the Issuer of its obligations under the Notes.

Additionally, the Group's ability to collect by means other than legal proceedings may be impacted by laws that require that certain types of account documentation be in the Group's possession prior to the institution of any collection activities, which could also have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to risks associated with performing loans.***

A limited part of the Group's portfolios of purchased debt is composed of performing loans which may be secured on residential and commercial real estate. The Group is exposed to the risk that these borrowers may not repay their loans according to their contractual terms and that any collateral securing the payment of these loans may be insufficient. An adverse economic environment or industry- or counterparty-specific dynamics affecting Hoist's borrowers, such as regulatory changes or rapid market evolution, could result in a deterioration of the Group's performing loans portfolios.

As performing mortgage loans currently account for less than 5 per cent. of the Group's total assets, any material increase in the size of the Group's provisioning for loan losses in the future could be expected to have only limited adverse effect on the Group's overall financial position and results of operations. The Group's provisioning for losses on loans is based on, among other things, its analysis of current and historical delinquency rates and loan management, its customers' likely repayment capacity and the valuation of the underlying assets as well as numerous other management assumptions.

***The Group is exposed to the risk of currency fluctuations.***

Foreign currency fluctuations may have an adverse impact on the Group's income statement, balance sheet and/or cash flows as a result of the reporting currency used in preparing the Issuer's balance sheet being different from the reporting currency of the Issuer's subsidiaries, the Issuer's assets and liabilities being stated in different currencies and certain revenue and costs arising in different currencies. The Issuer may be exposed to both these risks.

The results of, and the financial position of, the Issuer's subsidiaries may be reported in relevant local currencies, and then, if different than the reporting currency of the Issuer, translated into the reporting currency of the Issuer at the applicable exchange rates for inclusion in the Issuer's balance sheet. The debt

portfolios of the Issuer and its subsidiaries (i.e., the Issuer's and its subsidiaries' primary assets) are mainly denominated in currencies other than SEK, while the Issuer's deposits raised from the public (i.e., the Issuer's dominant liability) are denominated in SEK and EUR. Furthermore, in each of the jurisdictions in which the Group is present, all revenue and the major part of the expenses are recorded in local currency.

Exchange rates between reporting currencies of the Issuer's subsidiaries and the reporting currency of the Issuer have in recent years fluctuated significantly and may in the future fluctuate significantly. Accordingly, to the extent that foreign exchange rate exposures are not hedged, any significant movements in the relevant exchange rates may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

Since the Group operates and owns portfolios in various countries, the Issuer is exposed to the risk that the book value of the Group's portfolios translated into the reporting currency of the Issuer will change due to currency movements. Even if the book value of portfolios in local currencies remains unchanged, a potential increased book value in the Issuer's reporting currency would impact the Issuer's capital adequacy in a positive or negative way depending on the direction of the currency movements. From a short term capital adequacy perspective, a weak reporting currency of the Issuer will negatively impact the Issuer's capital position.

With regard to currency instability issues, concerns exist in the eurozone with respect to macro-fundamentals on a country-by-country basis, as well as with respect to the overall stability of the European monetary union. Should these concerns materialise, one or more countries where the Group is currently, or may in the future be, active could exit from the European monetary union and re-introduce individual currencies, which could result in the redenomination of a portion of the Group's euro-denominated assets, liabilities and cash flows to the new currency of the country in which they originated. This could result in a mismatch in the currencies of the Group's assets, liabilities and cash flows. Any such mismatch, together with the capital market disruption that would likely accompany any such redenomination event, could adversely affect the Group's liquidity position and have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group operates in markets that are competitive.***

The Group faces strong competition in all areas and markets, including from other pan-European competitors and competitors that are active on the local markets. Main competitors are debt purchasing companies, integrated firms operating a wider range of financial service businesses, as well as specialist investors. Some competitors that are active only in a local market and not on a pan-European basis are larger, have greater financial resources and are more active than the Group in such local market. The Group competes on the basis of bid prices, the terms it offers, reputation, industry experience and performance. The Group's current competitors and any new competitors may develop substantially greater financial, technical, personnel or other resources. In the future, the Group may not have the resources or ability to compete successfully with its local or international competitors. There can be no assurance that the Group will be able to offer competitive bids for debt portfolios or that the Group will be able to maintain the advantages in having its current strong position and status. If the Group is unable to develop and expand its business or adapt to changing market needs as well as its current or future competitors are able to do, or at all, or if the Group's competitors are able to operate at a lower cost of capital or make advances in their pricing or collections methods that the Group deems itself not being able to make, the Group may be unable to purchase portfolios at prices appropriate in order to operate profitably. Any inability to compete effectively may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group relies on third-party collection providers in some of the Group's markets.***

The Group employs a business model that is designed to deliver operational efficiency based on local market conditions and international best practices. The Group complements its in-house collections with carefully selected third-party collection providers. Third-party debt collectors are subject to more limited supervision



by the Group than its own local operations. Any failure by these third parties to adequately perform such services for the Group could materially reduce the Group's cash flow, income and profitability and affect the Group's reputation in the countries where they operate. In addition, any violation of laws or other regulatory requirements by these third parties in their collection efforts could negatively impact the Group's business and reputation or result in penalties being directly imposed on the Group, as industry regulators generally expect businesses to carefully select such third parties and to take responsibility for any compliance violations. The failure of the Group's third-party debt collectors to perform their services to the Group's standards and any deterioration in or loss of any key relationships may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

Third-party collection providers could commit fraud with respect to the claims that the Group engages them to service, enter into financial difficulties, fail to comply with applicable laws and regulations, such as data protection requirements, or fail to provide the Group with accurate data on the claims they are servicing. To the extent these third parties violate laws, other regulatory requirements or their contractual obligations to the Group, or act inappropriately in the conduct of their business, the Group's business and reputation could be negatively affected or penalties could be directly imposed on the Group.

The Group may also suffer losses pursuant to its agreements with debt originators who have required, and may require, the Group to ensure compliance by sub-contractors with applicable laws or other regulatory requirements. Furthermore, the Group may not become aware of the occurrence of any such violations for a substantial period of time, which could magnify the effect of such violations.

***The Group's hedges may be ineffective or may not be implemented correctly.***

The Group continuously hedges its unwanted market and liquidity risks, as well as other exposures. There is however no guarantee that the Group's hedging management will be successful. The Group is subject to the risk that there may be a mismatch between the performance of its hedging instruments and the effects of the items being hedged, implying a net loss. The Group is also exposed to the risk that its hedges could be implemented incorrectly. Any of these events could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***Increases in labour costs, potential labour disputes and work stoppages could negatively affect the Group's business.***

The Group's financial performance is affected by the availability of qualified personnel and the cost of labour. If the Group is unable to maintain satisfactory labour agreements with its unionised employees and works councils, the Group could experience a disruption of its operations, which could impede the Group's ability to provide services to its clients. In addition, an increased number of unionised employees could cause the Group to incur additional labour costs. Potential labour disputes could disrupt the Group's operations. Further, an increased demand for the Group's employees from competitors could increase costs associated with employee compensation. Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to market and liquidity risks.***

The Group is also subject to market and liquidity risks in relation to its assets held as liquidity reserve (mostly interest bearing securities). The Group's ability to sell these assets at a commercially desirable price or at all may be impaired if other market participants are seeking to sell such assets at the same time or when the market value of such assets is difficult to ascertain due to market volatility or otherwise uncertain market conditions. If one or more of the abovementioned risks materialises, it could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

### ***Risks relating to insurance.***

The Group's insurance policies include insurance to cover certain risks associated with the Group's business, including general liability, crime insurance, professional liability, directors' and officers' liability insurance and cyber insurance. No assurances can be given that the Group will continue to maintain adequate levels of insurance coverage. Furthermore, there can be no assurance that the insurance coverage obtained will always prove to be sufficient. If the level of insurance coverage is not sufficient in relation to a significant claim or loss then this could have a negative impact on the Group's business, operational results and financial condition and the performance by the Issuer of its obligations under the Notes.

### **Risks Relating to Laws and Regulations**

***The Issuer relies on its licence as a “Credit Market Company” and the loss or suspension of such licence could impair or terminate the Group’s access to deposit funding and the Group’s ability to conduct business.***

Pursuant to the Issuer's licence as a “Credit Market Company”, it is subject to regulation and regulatory supervision applicable to the banking sector. The Swedish Financial Supervisory Authority (*Finansinspektionen*) (the **SFSA**) is its primary regulator. The Issuer has established branches in Germany, Belgium and the Netherlands and is therefore also subject to scrutiny from local regulators in these jurisdictions. The Issuer has passported its licence to conduct financial business into the United Kingdom, France, Greece, Germany and Austria. The Issuer and other members of the Group are subject to numerous local laws and regulatory supervision, including in relation to capital adequacy, risk control, financial services and business conduct, data protection, anti-corruption, anti-money laundering, antitrust and administrative actions. Any significant changes and/or developments in regulations, regulatory supervision and/or granted licences, or changes in oversight by the primary regulator could materially affect the Group's business, the products and services the Group offers or the value of the Group's assets. Any failure by the Group to comply with applicable laws and regulations and other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions. Such sanctions could include the revocation by the SFSA of the Issuer's licence as a “Credit Market Company”. The loss of the Issuer's licence would mean that it would have to discontinue the offering of deposit savings accounts to the general public. As deposits are the Group's principal source of funding, this would adversely affect the Group's liquidity position and impair the Group's ability to fund its business and potentially also impair or materially adversely affect the Group's ability to continue its business as currently conducted. In addition, there can be no assurances that the Group would be able to obtain other sources of funding within a short time period or at all, or that such alternative funding would be available at similar costs. Other sanctions could include material fines. Any of these events could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is subject to a risk of changes to, or failure to comply with, legislation and regulation relating to capital adequacy and liquidity requirements.***

Due to the Issuer's status as a “Credit Market Company”, the Group is subject to substantial legislation and regulation relating to capital adequacy and liquidity requirements, including the Basel III Framework. Pursuant to this legislation and regulation, the Issuer is required, among other things, to maintain adequate capital resources and to satisfy specified capital and liquidity ratios at all times. This subjects the Group to regulatory risks, including the effects of new and changing laws, regulations, policies, voluntary codes of practice and interpretations of such in Sweden and in the EEA. In addition, any changes to the assumptions the Group makes when purchasing portfolios may potentially have an impact on the value of the Group's portfolios. When the Group purchases portfolios, it makes assumptions regarding gross collections and collection costs and the net present value of expected gross collections is reflected in the balance sheet carrying value of the Group's portfolios. Should the Group experience higher collection costs than expected, for example due to lower collection efficiency or efficacy, changing laws or changes in collection practices to more costly collection methods, such as increased use of legal systems, or the profit and loss statement of the Group would be adversely affected. Should the Group experience increased credit risk on its portfolios,

such that the Group recovers less than expected from its customers, causing gross cash collections on the Group's portfolios to decline, potentially significantly, these factors could consequently decrease the Group's revenue as well as lower the carrying value of the Group's portfolios as such changes could trigger revaluations. As such, the asset side of the Group's balance sheet would decrease accordingly and impact the Group's capital adequacy. A market perception or actual shortage of capital could result in regulatory actions, including requirements to raise additional regulatory capital, to retain earnings or suspend dividends or the issuance of a public censure or imposition of sanctions. This may affect the Group's ability to generate a return on capital, purchase portfolios and pursue acquisitions or other strategic opportunities and may impact the Group's future growth potential. In addition, possible sanctions could include the revocation by the SFSA of the Issuer's licence as a "Credit Market Company", and the loss or suspension of such licence could impair or terminate the Group's access to deposit funding and the Group's ability to conduct business.

The Group faces risks associated with an uncertain and rapidly evolving regulatory environment. Since the global financial and economic crisis in 2008-2010, a number of regulatory initiatives have been taken to amend or implement rules and regulations, which have, and which are likely to continue to have, an impact on the Group's business. Such initiatives include, but are not limited to, the Basel III Framework and other regulatory developments impacting liquidity, capital and leverage positions and handling of counterparty risks, as well as regulatory tools provided to authorities to allow them to intervene in scenarios of distress. As a result of regulatory changes, including further regulation based on 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 (**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 (**CRD IV** or the **CRD IV Directive**), the Issuer may in the future be required to meet stricter liquidity and capital requirements. Regulatory changes could also result in the Issuer's existing regulatory capital ceasing to count either at the same level as present or at all, in changes to the current risk weights of the Group's assets or in the Group being restricted from holding assets such as non-performing debt portfolios.

The Basel Committee continues to work on several policy and supervisory measures that aim to enhance the reliability and comparability of risk-weighted capital ratios. The measures include revised standardised approaches for credit risk, market risk and operational risk, a set of constraints on the use of internal model approaches for credit risk, including exposure-level, model-parameter floors, a leverage ratio minimum requirement, net stable funding ratio and aggregate capital floors for banks that use internal models based on the proposed revised standardised approaches.

In addition, on 23 November 2016, the European Commission announced a further package of reforms to CRR, CRD IV and the BRRD (as defined below) (the **EU Banking Reforms**). These reforms contain a broad range of measures designed to increase the resilience of EU institutions and enhance financial stability, including: binding leverage ratio requirements; binding liquidity requirements; developments of the large exposures framework; changes to the calculation of market and counterparty credit risks; refinement of 'pillar 2' individual capital requirements, including a distinction between pillar 2 'requirements' and 'guidance' and their interaction with the combined buffer requirements (discussed further below); and further development of the recovery and resolution framework for failing banks and investment firms (including with regards to requirements for maintaining certain levels of instruments designed to absorb losses and the interaction between these resources and the combined buffer requirements – see further "*The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes*" below).

There is continued uncertainty with regards to the final calibration and implementation of the further reforms proposed by the Basel Committee and the European Commission, and consequently the impact which these reforms may have on the Issuer's business. Any reforms which impose additional capital requirements on the Issuer generally or require the Issuer to hold increased capital against certain exposures or make certain provisions may have an impact on the growth and operations of the Issuer's business. On 14 March 2018, the European Commission presented a package of measures to address the risks related to high levels of non-

performing loans (**NPLs**) in Europe. The package includes (1) a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral; (2) a proposal for a regulation amending the CRR; and (3) a blueprint on the set-up of national asset management companies (**AMCs**).

The Group's business, as well as external conditions, is constantly evolving. As a result, and to ensure compliance with the changing regulatory landscape, the Group may need to increase its own funds in the future, by reducing its lending or investment in other operations or raising additional capital. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms, or at all. In addition, it is difficult to predict what regulatory requirements relating to capital may be imposed in the future or accurately estimate the impact that any currently proposed regulatory changes may have on the business, the products and services offered by the Group and the values of its assets. For example, if any entity of the Group is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain businesses as a result of the initiatives to strengthen the regulation of credit institutions, this could materially adversely affect the Issuer's and/or the Group's results of operations or financial condition.

Any of these events could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes.***

To complement the CRD IV legislative package, on 2 July 2014, the directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (known as the Bank Recovery and Resolution Directive (**BRRD**)) entered into force. Each Member State had until 1 January 2015 to transpose the BRRD into national law, other than the bail-in provisions (as contained in Section 5 of Chapter IV of Title IV) for which the implementation deadline was 1 January 2016. The purpose of the BRRD is to harmonise national rules on bank recovery and resolution, providing authorities with common tools and powers to address banking crises proactively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

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

The BRRD contains a number of resolution tools and powers intended to ensure that resolution authorities across the EU have a harmonised toolkit to manage firms' failure provided that the resolution conditions are satisfied. These tools and powers may be used alone (except for the asset separation tool) or in combination and include the following: (i) a sale of business tool - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) a bridge institution tool - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) an asset separation tool - which enables resolution authorities to transfer impaired or problem assets to one or more publically owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down; and (iv) a general bail-in tool - which gives resolution authorities the power to write-down all or a portion of the principal amount of, or interest on, certain other eligible liabilities (which could include the Notes), whether subordinated or unsubordinated, of a firm in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes (such as the Notes) into another security, including common equity tier 1 (**CET1**) instruments of the surviving entity, which equity

could also be subject to any further application of the general bail-in tool. This means that most of such failing firm's debt could be subject to bail-in, except for certain classes of debt, such as deposits and secured liabilities.

In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the further power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments (such as the Subordinated Notes) at the point of non-viability (see the risk factor "*Loss absorption at the point of non-viability of the Issuer*" below for further information).

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

The BRRD also provides that a Member State may as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

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

According to the BRRD, a firm will be considered as failing or likely to fail when:

- (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation;
- (ii) its assets are, or are likely in the near future to be, less than its liabilities;
- (iii) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or
- (iv) it requires extraordinary public financial support (except in limited circumstances).

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

Going forward, the BRRD also impacts on how large a capital buffer a firm will need, in addition to those set out in CRD IV and CRR. To ensure that firms always have sufficient loss-absorbing capacity, the BRRD requires firms to maintain at all times a sufficient aggregate amount of own funds (as defined in Article 4(1)(118) of CRR) and other 'eligible liabilities' (namely, liabilities and other instruments that do not qualify as Tier 1 or Tier 2 capital and that are designed to be bailed-in using the bail-in tool). This is known as the minimum requirement for eligible liabilities (**MREL**). The minimum requirement is calculated as the amount of own funds and eligible liabilities expressed as a percentage of the total liabilities and own funds of the firm. Resolution authorities (the Swedish National Debt Office), after consultation with the relevant competent authorities (the SFSA for Sweden) are responsible for determining the minimum requirement for each firm on the basis of, amongst other criteria, its size, risk and business model. See "*Criteria for determining the minimum requirement for own funds and eligible liabilities under the BRRD*" below for further information regarding the determination of an institution's MREL under the BRRD. Eligible liabilities may presently be senior or subordinated, provided that, amongst other things, they have a remaining maturity of at least one year and, if governed by a non-EU law, they must be able to be written down or converted under that law or through contractual provisions. The Swedish National Debt Office may also require that a firm's MREL shall be met with debt meeting criteria in addition to those required for debt to constitute eligible liabilities.

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

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

As noted above under "*The Group is subject to a risk of changes to, or failure to comply with, legislation and regulation relating to capital adequacy and liquidity requirements*" on 23 November 2016 the European Commission announced a further package of EU Banking Reforms, including changes to BRRD and MREL calibration and eligibility requirements. There remains uncertainty as to the final timing, calibration and implementation of these proposed reforms, and accordingly also on any impact these further changes may have on the Issuer's business.

It is not possible to predict exactly how the powers and tools of the Swedish National Debt Office described in the BRRD and the Resolution Act will affect the Issuer and the Group. Accordingly, it is not possible to assess the full impact of the BRRD and the Resolution Act on the Issuer and the Group. The powers and tools given to the Swedish National Debt Office are numerous and may have a significant impact on the Issuer, the Group and the Notes.

#### ***Loss absorption at the point of non-viability of the Issuer.***

Investors in Subordinated Notes are subject to the risk that the Subordinated Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the Swedish National Debt Office and the SFSA) also before the conditions for resolution are met. As noted above, the powers provided to resolution and competent authorities (the Swedish National Debt Office and the SFSA) in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as the Subordinated Notes) fully absorb losses at the point of non-viability of the issuing firm in order

to allow it to continue as a going concern subject to appropriate restructuring. As a result, the BRRD contemplates that resolution authorities (the Swedish National Debt Office) may require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability (which CET1 instruments may also be subject to any subsequent application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used. Measures ultimately adopted in this area may apply to any debt currently in issue, including Subordinated Notes issued under the Programme.

For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which one or more of the following circumstances apply: (a) the determination has been made by the relevant authority that the conditions for resolution (i.e. the 'failure condition', the 'no alternative condition' and the 'public interest condition' described under "*Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes*") above have been met, before any resolution action is taken; (b) the relevant authority determines that unless the write-down/conversion power is exercised in relation to the relevant capital instruments, the firm "will no longer be viable" (as described in Article 59(4) of the BRRD) and/or (c) extraordinary public financial support is required by the firm.

The application of any non-viability loss absorption measure will likely result in investors in Subordinated Notes losing some or all of their investment. Any such conversion to equity or write-off of all or part of an investor's principal (including accrued but unpaid interest) shall not constitute an event of default and investors in Subordinated Notes will have no further claims in respect of any amount so converted or written off. The exercise of any such power may be inherently unpredictable and may depend on a number of factors which may be outside the Issuer's control. Any such exercise, or any suggestion that the Subordinated Notes could become subject to such exercise, could, therefore, materially adversely affect the value of the Subordinated Notes.

#### ***Criteria for determining the minimum requirement for own funds and eligible liabilities under the BRRD.***

In order to ensure the effectiveness of bail-in and other resolution tools introduced by the BRRD, the BRRD requires that all in-scope firms have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each firm must meet an individual MREL requirement, calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (the Swedish National Debt Office) on a case by case basis. The MREL requirement applies to all EU credit institutions (and certain investment firms), not just to those identified as being of a particular size or of systemic importance.

In determining a firm's MREL, the resolution authority (the Swedish National Debt Office) must have regard to certain criteria specified in the BRRD and the MREL requirement for that firm will be comprised of a number of key elements, including the required loss absorbing capacity of the firm (which will, as a minimum, equate to the firm's capital requirements under CRD IV and CRR, including applicable buffers), and the level of recapitalisation needed to implement the preferred resolution strategy identified during the resolution planning process. Other factors to be taken into consideration by resolution authorities (the Swedish National Debt Office) when setting the MREL requirement include: the extent to which a firm has liabilities in issue which are excluded from contributing to loss absorption or recapitalisation; the risk profile of the firm; the systemic importance of the firm; and the contribution to any resolution that may be made by deposit guarantee schemes and resolution financing arrangements.

Items eligible for inclusion in MREL will include a firm's own funds (within the meaning of CRD IV and CRR), along with "eligible liabilities", meaning liabilities which, *inter alia*, are issued and fully paid up, have a maturity of at least one year (or do not give the investor a right to repayment within one year), and do not arise from derivatives. The MREL requirement may also have to be met partially through the issuance of contractual bail-in instruments, being instruments that are effectively subordinated to other eligible liabilities in a bail-in or insolvency of the relevant firm.

The BRRD's provisions relating to MREL are set out in Article 45 of the BRRD. These provisions have been supplemented by regulatory technical standards (RTS) adopted by the European Commission under the Regulation entitled “*Commission Delegated Regulation (EU) 2016/1450 of 23 May 2016 supplementing Directive 2014/59/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria relating to the methodology for setting the minimum requirement for own funds and eligible liabilities*” (the **MREL RTS**). The key MREL RTS relate to the assessment criteria for determining a firm's MREL under the BRRD.

Although Member States were required to implement the MREL requirement from 1 January 2016, the MREL RTS permit resolution authorities to allow firms a transitional period “as short as possible” to reach the applicable MREL requirements.

However, the calibration of MREL requirements, and the eligibility criteria of instruments that, in addition to own funds, may qualify towards meeting those requirements, remain unsettled in the EEA, with a broad range of changes proposed in the EU Banking Reforms published on 23 November 2016.

It should be noted that the Resolution Act, in line with BRRD, requires that all in-scope firms have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied (see Chapter 4 Section 3 in the Resolution Act).

On 23 February 2017, the Swedish National Debt Office published its policy for the calibration of MREL in a paper entitled “*Decision Memorandum – Application of the minimum requirements for own funds and eligible liabilities*” (the **Swedish MREL Framework**). Under the Swedish MREL Framework, each relevant firm will have its own individual MREL requirement which is applicable from 1 January 2018. Whilst an MREL requirement comprises both a loss absorption amount and a recapitalisation amount, for firms which are subject to simplified resolution planning obligations (i.e. non-systemic firms which the Swedish National Debt Office would expect to be wound up through bankruptcy or liquidation, rather than rescued through resolution), the recapitalisation amount is generally set at zero. Such firms do, therefore, generally not have an additional MREL requirement over and above their applicable capital requirements.

The Group is currently subject to simplified planning obligations, and therefore does not have an additional MREL requirement over and above its applicable capital requirements. However, if at any time the Group were to be re-designated as a firm subject to full resolution planning obligations (and thus subject to a recapitalisation MREL requirement) or if it were otherwise subject to increased MREL requirements, this may require the Issuer to issue a significant amount of additional eligible liabilities in order to meet such requirements. There can be no assurance that the Issuer would be able to raise such additional MREL in the required timeframe or at sustainable prices, which could impact the price of any securities (including any Notes) issued by the Group and may reduce the Group's ability to acquire new NPLs or otherwise invest in its business and operations.

Further, whilst the Swedish National Debt Office has stated that, in setting the Swedish MREL Framework, it has sought to reflect (where Swedish law permits) the proposals set out in the November 2016 EU Banking Reforms, it also acknowledged that further amendments may be required to the framework to reflect the final EU rules resulting from such proposals. If any such changes were to result in additional MREL requirements being imposed upon the Group, this could also have a material adverse impact on the Group's business and results of operations and/or on the price of securities (including any Notes) issued by the Group.

***A decision that the Group's deposits shall no longer be covered by the Swedish state-provided deposit guarantee scheme, or changes to the deposit guarantee scheme in its current form, could have an adverse effect on the Group's operations.***

Due to the Issuer's licence as a “Credit Market Company”, it is able to offer corporate- and retail deposits to the general public that are covered by the Swedish state-provided deposit guarantee scheme, which guarantees an amount of SEK 950,000 for each depositor. As such, the Group is required to establish internal processes to handle operational risk related to the deposits, including managing and securing the data



systems utilised to host the deposits. Any failure by the Group to comply with these requirements could result in intervention by regulators or the imposition of sanctions, including a decision that the Issuer's deposits shall no longer be covered by the deposit guarantee scheme. The loss of coverage by the deposit guarantee scheme would likely mean that the Group would have to discontinue the offering of deposit savings accounts to the general public, which would adversely affect the Group's liquidity position and impair the Group's ability to fund its business and potentially also impair or terminate the Group's ability to continue its business as currently conducted.

In recent years, the relevant regulatory authorities in Sweden and Europe have proposed (and in some cases have commenced implementation of) changes to many aspects of the banking sector, including, among others, deposit guarantee schemes. While the impact of these regulatory developments remains uncertain, the Group expects that the evolution of these and future initiatives could have an impact on its business, including by imposing greater administrative and financial burdens on the Group. Increased costs may result from, for example, changes to the guarantee scheme leading to increased contributions to the schemes by covered financial institutions. Changes could also lead to the guaranteed amounts being lowered.

Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to local risks in a number of European markets.***

The Group's business is subject to local risks due to its operations in multiple European markets, including multiple national and local regulatory and compliance requirements relating to collection practices, labour, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, antitrust regulations, inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. Any negative impact caused by the foregoing risks could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

Adverse regulatory developments under the laws and regulations to which the Group is subject could expose the Group to a number of risks. The debt purchasing industry has come under increased scrutiny due to local political factors, which has led, and could lead to further, changes in laws and regulations. Any new laws or regulations that may be adopted, or changes to existing laws or regulations, or changes to their interpretation by supervisory authorities and courts, may reduce the Group's operational flexibility and limit the Group's ability to use its customer data to price portfolios and create efficient debt collection strategies.

From time to time, the Group may receive inquiries from regulatory authorities and it is the Group's practice to cooperate with such inquiries. The Group is also subject to regular audits by the regulatory authorities in various countries where it operates. In addition, the Group may be involved in inquiries and audits arising from the actions of its third-party collection providers. An adverse outcome of any such investigation or other inquiries from regulatory authorities may result in: the institution of administrative, civil or criminal proceedings; sanctions and the payment of fines and penalties, including potential suspension or revocation of regulatory licences depending on the severity and scale of any regulatory issues; changes in personnel; the Group's inability to conduct business due to the loss of the Issuer's regulatory licence or restrictions or conditions being placed on the Group's activities; increased review and scrutiny of the Group's services by debt originators, regulatory authorities and others; and negative media publicity and reputational damage.

Individual employees and the Group's third-party collection providers may act against the Group's instructions and, either inadvertently or deliberately, violate applicable competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or debt originators. Such actions may harm the Group's reputation and subject the Group to regulatory inquiries and customer complaints and, if the Group is held responsible, the resulting fines and other sanctions could be substantial.

Any of these developments could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to risks relating to sensitive data.***

The Group's ability to conduct its business, including accurately pricing portfolios, tracing customers and developing tailored repayment plans, depends on the Group's ability to use customer data in the Data Warehouse. The Group's ability to obtain, retain, share and otherwise process customer data is governed by data protection laws, privacy requirements and other regulatory restrictions, including, for example, that 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 collected personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed, and it must not be kept in a form that permits identification of customers for a longer period of time than necessary for the purposes of the collection.

While the Group continuously works to improve its design and coordination of security and compliance controls across the Group's business, it is possible that the Group's security controls over personal customer data, its training of employees and partners on data protection, and other data protection practices the Group follows may not prevent the improper disclosure or processing of such sensitive information in breach of applicable laws and contracts. Any material failure to process customer data in compliance with applicable laws could result in the revocation of the Group's licences to collect debt, monetary fines, criminal charges and breach of contractual arrangements. Failure to comply with applicable data protection laws could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

On 14 April 2016, the European Parliament formally adopted a new general data protection regulation (Regulation (EU) 2016/679) (**GDPR**), establishing a harmonised data protection regulation across the EU. The GDPR entered into force on 25 May 2018 and includes both stricter compliance requirements and sanctions for non-compliance with fines up to 4 per cent. of the Issuer's global turnover or EUR 20,000,000 whichever is higher. The GDPR imposes a substantially higher compliance burden on the debt purchase industry and potentially impair the Group's ability to use customer data, for example by restricting the Group's ability to create customer profiles. In addition, if any of the information or customer data that the Group uses were to become public, including as a result of a change in governmental regulation, or if the countries where the Group operates were to introduce measures that have the effect of facilitating the tracing of customers, or if the current data processing restrictions were to change such that credit market participants could access credit information before the purchase of portfolios, or if the current data processing restrictions were to change such that the Group would be prohibited to use customer data in the manner or to the extent in which it is currently used, the Group could lose a significant competitive advantage and the Group's business could be negatively affected.

***The Group is subject to on-going risks of legal and regulatory claims.***

In the ordinary course of the Group's business, it is subject to regulatory oversight and the risk of claims being brought against the Group by customers from which the Group collects debt. In recent years, in a few jurisdictions where the Group is active, there has been a substantial increase in consumer claims being brought through the courts in attempts to claim refunds of sums paid under consumer credit agreements or to avoid making payments going forward. This litigation has been fuelled by a substantial rise in the number and activity of claims management companies that aggressively advertise for potential claimants and then bring claims in the hope and expectation that they will be paid a portion of any debt written off. Claims could also be brought in relation to other areas of alleged non-compliance, which could affect a large portfolio of agreements.

It cannot be ruled out that material litigations, disputes or regulatory investigations may occur in the future and Group companies may in the future be named as defendants in litigations, including under consumer credit, tax, collections, employment, competition and other laws. In addition, claims management companies

and consumer rights groups could increase their focus on the debt collection industry and, in particular, the collection of debts owed under credit agreements. Such negative publicity or attention could result in increased regulatory scrutiny and increased litigation against the Group, including class action suits.

These types of claims and proceedings may expose the Group to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on the Group's businesses, all of which could have a material adverse effect on the Group's business, earnings and financial position. Claims against the Group, regardless of merit, could subject the Group to costly litigation or proceedings and divert the Group's management personnel from their regular responsibilities. Adverse regulatory actions against the Group or adverse judgements in litigation to Group companies are parties may lead to the Group being forced to suspend certain collection efforts or pay damages, being subject to enforcement orders or one or more Group companies having registration with a particular regulator revoked. If any of the foregoing occurs, it may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group conducts cross-border operations and manages its group tax affairs across companies in several jurisdictions.***

The Group has implemented cross-border arrangements within the Group in relation to various aspects of its business, including allocating among certain Group companies, as outsourced functions, support activities regarding the preparation and analysis of investment decisions, purchase of debt portfolios and collection activities relating to debt portfolios. The Group has also adopted, and regularly updates, Group transfer pricing policies setting out the framework for how the Group prices activities carried out within the Group. The Group is exposed to potential tax risk resulting from the varying applications and interpretations of tax laws, treaties, regulations and guidance, including in relation to corporate income tax and VAT. Although the Group believes that it has applied and interpreted relevant tax laws and regulations in a correct manner, and that the Group's transfer pricing policies and other cross-border arrangements have been implemented in accordance with internationally accepted transfer pricing procedures and tax laws in the jurisdictions in which the Group operates, relevant tax authorities in the jurisdictions in which the Group operates may disagree with, and subsequently challenge, the Group's positions. As a result, the Group's tax exposure, both on a Group and individual country basis, could change materially if such challenges, if any, were to be successful.

Tax structuring within international groups increasingly has become a Corporate Social Responsibility issue and currently there is strong political pressure to change the international tax environment. In light of the Base Erosion and Profit Shifting (**BEPS**) Action Plan, launched by the OECD and supported by the EU (e.g. through the implementation of the Anti-Tax Avoidance Directive which aims to ensure consistent implementation of certain parts of the BEPS project), and its rapid development, there are indications that there is support for global tax coordination among jurisdictions. These changes could have a significant impact on the international taxation landscape in which the Group operates. Recently, tax authorities across the OECD generally and the EU have increased their scrutiny of corporate taxation structures and related permanent establishment and transfer pricing matters. Such focus by tax authorities could affect the Group's structure and organisation or could lead to increased tax exposure.

The Group has identified potential tax exposures in various jurisdictions in which the Group operates relating primarily to VAT, transfer pricing, permanent establishment and corporate income tax. Certain identified exposures concern significant amounts individually and the aggregate amount of the risks combined is material. While the Group believes that there are a number of structural and other steps that have been and will be taken to mitigate the effects of such exposures, such as availing relevant companies of potential relief under double-taxation treaties, there can be no assurances that such steps are or will be available or that they would effectively mitigate the exposures. Accordingly, should the Group be subject to adverse tax decisions relating to the identified potential tax exposures, this could result in significantly increased tax liabilities, including accrued interest and penalties, which could have a material adverse effect

on the Group's business, results of operations or financial position and the performance by the Issuer of its obligations under the Notes.

***The Group's effective tax rate may increase, the Group may be subject to audits and the Group may be subject to a potential new tax on banks and credit institutions currently under discussion.***

The Group is subject to taxation in numerous foreign jurisdictions. The Group's effective tax rate is subject to fluctuation from one period to the next because the income tax rates for each year are a function of many factors, including: (i) taxable income levels and the effects of a mix of profits (losses) earned by the Group in numerous tax jurisdictions with a broad range of income tax rates; (ii) the Group's ability to utilise deferred tax assets; (iii) taxes, refunds, eventual interest or penalties resulting from tax audits; (iv) the magnitude of various credits and deductions as a percentage of total taxable income; and (v) changes in tax laws or the interpretation of such tax laws. Changes in the mix of these items may cause the Group's effective tax rate to fluctuate between periods, which could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

### **Risks Relating to the Group's Funding**

***The Group relies on its deposit funding base to fund its debt purchases and a significant decrease in deposits could have an adverse effect on the Group's business.***

The Group relies on its deposit funding base to fund the vast majority of its debt purchases. Deposits are subject to the risk of large withdrawals and/or redemptions occurring at short notice and thus that there may be a mismatch between the Group's need for funding of the Group's liabilities and the Group's access to liquidity. The outflow of deposits is subject to fluctuation due to a number of factors, many of which are outside of the Group's control, such as general economic conditions, including a substantial increase in insolvencies, unemployment and inflation rates.

A perceived increase in the risk of the Group's operations by its depositors may also lead to outflows of deposits. Consequently, there can be no assurances that there will not be significant outflow of deposits within a short period of time. As such, the Group is subject to the risk that there is mismatch between the Group's short-term funding and its long-term assets. Should there be a substantial outflow of deposits, the Group may be unable to generate sufficient liquidity from its existing portfolios, which will adversely affect the Group's ability to purchase additional portfolios as they become available and there can be no assurances that the Group would be able to obtain other sources of funding within a short time period or at all, or that such alternative funding would be available at similar costs. These events could have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***An interest rate increase may have a negative impact on the Group's profit.***

The Group is subject to the risk that its net interest income is negatively impacted as a result of increases in prevailing interest rate levels due to a mismatch between the interest rates paid to borrow funds and the income generated from purchased portfolios. The net effect of changes to the Group's net interest income depends on the relative levels of assets and liabilities that are affected by the changes in interest rates. On the liabilities side, the Group's interest expenses are affected by interest rate variations on outstanding loans and deposits from the general public. An interest rate increase would likely have a negative impact on the Group's profit to the extent that the increase in market rates would affect interest rates and interest expenses on loans and deposits from the general public, at the same time as income from the Group's purchased portfolios could increase to a lesser extent. The Group is particularly exposed to interest rate changes due to the long-term cash flow profile of its assets, which is primarily linked to the income generated from purchased portfolios, relative to the short-term cash flow profile of the Group's liabilities. Because of such duration mismatch between assets and liabilities, the effects of interest rate changes will not be naturally fully offset against each other.

As a result, the Group may enter into derivative transactions to attempt to hedge the unwanted portion of such exposure. Despite measures to hedge the Group's interest rate exposures through, for example, interest rate swaps, such mismatch caused by interest rate variations may have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***Negative publicity may have a negative effect on the Group's access to funding.***

Negative publicity and other events relating to the Group's reputation could adversely affect the relationships with the Group's current or potential deposit customers, which could lead to withdrawals from the Group's deposit accounts and decreased levels of new or additional deposits from the public. Negative publicity could also adversely affect investors in the equity and/or debt capital markets, which could lead to decreased interest in future capital markets originated equity and/or debt. Any of these events may have a negative effect on the Group's access to funding or capital, which may impair the Group's ability to purchase debt portfolios and have a material adverse effect on the Group's business, results of operations or financial condition and the performance by the Issuer of its obligations under the Notes.

***The hosting of the Group's deposit platforms is outsourced to external third-party providers.***

The hosting of the Group's deposit platforms is outsourced to external third-party providers to ensure 24/7 connectivity and first-class security. If the third-party providers do not meet the agreed service levels, or if there were to be any breach in the data protection of the third-party providers who may have access to confidential information of the Group's depositors, this could adversely affect the Group's reputation and the Group's relationships with its depositors and may lead to sanctions and increased supervision by the SFSA. Any such circumstances could have a material adverse effect on the Group's business, results of operations or financial conditions and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to refinancing risk and a risk of not being able to obtain additional financing.***

There are no guarantees that the Group in the future will have access to alternative sources of liquidity, such as the equity and/or debt capital markets or bank financing. At the maturity of the Group's existing financing, the Group may be unable, should it wish, to successfully refinance the indebtedness or only succeed in borrowing at substantially increased cost, due to changed market conditions, a perceived increase in the risk of the Group's operations by investors in the Issuer's bonds or other potential lenders, or any other relevant factors. The nominal amount of the Group's funding sources, in particular long-term financing, may be limited during liquidity pressure in the financial markets. Turbulence in the global financial markets and economy may also adversely affect the Group's ability to refinance, which may result in a higher risk profile.

An inability to access alternative sources of liquidity and to refinance the Group's existing debt as it falls due and payable or an increase in interest rate levels may have a negative effect on the Group's financial condition and the performance by the Issuer of its obligations under the Notes.

***The Group is exposed to a risk of a downgrade of the Issuer's credit rating.***

A downgrade of the Issuer's credit rating could, amongst other things, increase the Group's borrowing costs, adversely affect its liquidity position, limit its access to the capital markets, undermine confidence in (and the competitive position of) the Group and/or limit the range of counterparties willing to enter into transactions with the Group. Any of these events could have a material adverse effect on the Group's business and results of operations and the performance by the Issuer of its obligations under the Notes.

## **FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME**

### **Risks related to the structure of a particular issue of Notes**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.*

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

*The interest rate on Fixed Reset Notes will reset on each Reset Date, which can be expected to affect interest payments on an investment in Fixed Reset Notes and could affect the market value of Fixed Reset Notes*

Fixed Reset Notes will initially bear interest at the Initial Interest Rate until (but excluding) the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the Reset Margin as determined by the Principal Paying Agent on the relevant Reset Determination Date (each such interest rate, a **Subsequent Reset Rate**). The Subsequent Reset Rate for any Reset Period could be less than the Initial Interest Rate or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Reset Notes.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities,

the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

*The qualification of the Senior Non-Preferred Notes as “eligible liabilities” is subject to uncertainty*

The Senior Non-Preferred Notes are intended to be MREL Eligible Liabilities (as defined in Condition 3.5) which are available to meet any MREL Requirement (however called or defined by the Applicable MREL Regulations (as defined in Condition 3.5) then applicable) of the Issuer and the Group. However, there is uncertainty regarding the final substance of the Applicable MREL Regulations and how those regulations, once enacted, are to be interpreted and applied and the Issuer cannot provide any assurance that such Senior Non-Preferred Notes will be (or thereafter remain) MREL Eligible Liabilities.

Upon the occurrence of a MREL Disqualification Event, the Issuer may, at its option but subject to Condition 7.13, (i) where “Redemption upon occurrence of a MREL Disqualification Event” is specified to be applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), redeem all (but not some only) of such Series of Senior Non-Preferred Notes and (ii) where “Substitution or variation” is specified to be applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement), either substitute all (but not some only) of such Series of Senior Non-Preferred Notes for, or vary the terms of such Series of Senior Non-Preferred Notes and/or the terms of the Trust Deed so that they remain or, as appropriate, become Senior Non-Preferred Qualifying Securities. See “*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*” and “*Substitution or Variation of Senior Non-Preferred Notes or Subordinated Notes*” for a description of certain risks related to an early redemption of Notes or the substitution or variation, as the case may be, of Notes.

*Senior Non-Preferred Notes will rank junior to the Issuer’s unsubordinated creditors*

The Senior Non-Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. As provided under Condition 3.2(b) of the Terms and Conditions of the Notes, the rights of the holders of any Senior Non-Preferred Notes shall rank (i) junior in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer that are not creditors in respect of Senior Non-Preferred Liabilities; (ii) at least *pari passu* with all other Senior Non-Preferred Liabilities; and (iii) senior to holders of all classes of ordinary shares of the Issuer and any subordinated obligations or other securities of the Issuer (including the Subordinated Notes) which by law rank, or by their terms are expressed to rank, junior to the Senior Non-Preferred Liabilities. If, on a liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*), the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the holders of Senior Non-Preferred Notes will lose their entire investment in the Senior Non-Preferred Notes. If there are sufficient assets to enable the Issuer to pay the claims of more senior-ranking creditors in full but insufficient assets to enable the Issuer to pay claims arising under its obligations in respect of the Senior Non-Preferred Notes and all other claims that rank *pari passu* with the Senior Non-Preferred Notes, the holders of the Senior Non-Preferred Notes will lose some (which may be substantially all) of their investment in the Senior Non-Preferred Notes.

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Notes which benefit from a preferential ranking, there is a significant risk that an investor in Senior Non-Preferred Notes will lose all or some of its investment in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer.

*The Issuer’s obligations under Subordinated Notes are subordinated*

As described under Condition 3.3 of the Terms and Conditions of the Notes, the rights of a holder of Notes in respect of any Subordinated Notes shall, in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, be subordinated in right of payment to the claims of depositors and other

unsubordinated creditors of the Issuer. If, on a liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*), the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the holders of Subordinated Notes will lose their entire investment in the Subordinated Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable the Issuer to pay claims arising under its obligations in respect of the Subordinated Notes and all other claims that rank *pari passu* with the Subordinated Notes, the holders of the Subordinated Notes will lose some (which may be substantially all) of their investment in the Subordinated Notes.

Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a significant risk that an investor in Subordinated Notes will lose all or some of its investment in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer.

#### *Events of Default in relation to Senior Non- Preferred Notes, Subordinated Notes and certain Senior Preferred Notes*

The only Events of Default in relation to Senior Non-Preferred Notes, Subordinated Notes and (where “Senior Preferred Notes Restricted Events of Default” is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, Pricing Supplement) Senior Preferred Notes are set out in Condition 10.2 of the Terms and Conditions of the Notes. If an Event of Default in relation to a Senior Non-Preferred Note, a Subordinated Note or (where “Senior Preferred Notes Restricted Events of Default” is specified as applicable in the applicable Final Terms or, in the case of Exempt Notes, Pricing Supplement) a Senior Preferred Note has occurred under Condition 10.2, the Trustee may institute such steps, including the obtaining of a judgement against the Issuer for any amount due in respect of the relevant Notes, as it thinks desirable with a view to having the Issuer declared bankrupt (*konkurs*) or put into liquidation (*likvidation*) but not otherwise and, consequently, if any Notes become due and payable pursuant to Condition 10.2, the Issuer shall, except (in the case of Senior Non-Preferred Notes or Subordinated Notes only) with the prior consent of the Relevant Regulator, only be required to make such payment after it has been declared bankrupt (*konkurs*) or put into liquidation (*likvidation*).

#### *No limitation on issuing debt*

Save as set out in Condition 4 of the terms and conditions of the Notes (for so long as such undertakings and covenants are applicable), there is no restriction under the terms and conditions of the Notes on the amount of debt which the Issuer may issue which ranks senior to the Senior Non-Preferred Notes or the Subordinated Notes or on the amount of securities which the Issuer may issue which ranks senior to or *pari passu* with the Senior Non-Preferred Notes or the Subordinated Notes. As a result this may reduce the amount recoverable by holders of Senior Non-Preferred Notes or Subordinated Notes on the bankruptcy or any liquidation of the Issuer.

#### *Early Redemption of Senior Non-Preferred Notes and Subordinated Notes*

Senior Non-Preferred Notes and Subordinated Notes may contain provisions allowing the Issuer to call them after a minimum period as specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) (this would be expected to be at least five years in the case of Subordinated Notes), or even earlier than such specified date (and at any time) upon the occurrence of a Tax Event (as defined in Condition 7.2(ii) or, in the case of Senior Non-Preferred Notes only, a MREL Disqualification Event (as defined in Condition 7.12) or, in the case of Subordinated Notes only, a Capital Event. If the Issuer considers it favourable to exercise any such call option, the Issuer must first obtain the prior consent of the Relevant Regulator (if such consent is required).

Holders of such Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. In order for such Notes to be redeemed, the Relevant Regulator must first, in its discretion, agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. In



addition, if the Issuer seeks approval to exercise a call option before five years from the date of issuance of the Subordinated Notes, the Relevant Regulator may only give its approval if certain conditions have been met in relation to changes in tax law or regulatory capital treatment of such Notes. There can be no assurance that the Relevant Regulator will permit such a call or that the Issuer will exercise such a call.

Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period until the Maturity Date which could affect the market value of an investment in the Senior Non-Preferred Notes or the Subordinated Notes.

#### *Substitution or Variation of Senior Non-Preferred Notes or Subordinated Notes*

Where the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) specify that “Substitution or variation” applies, if at any time in the case of Senior Non-Preferred Notes, a MREL Disqualification Event or, in the case of Subordinated Notes, a Capital Event occurs and is continuing or in order to ensure the effectiveness and enforceability of Condition 19.5, the Issuer may, subject to obtaining the prior consent of the Relevant Regulator (without any requirement for the consent or approval of the relevant Noteholders or, subject as provided in Condition 7.14, the Trustee) either substitute all (but not some only) of the relevant Senior Non-Preferred Notes or the relevant Subordinated Notes for, or vary the terms of the relevant Senior Non-Preferred Notes or the relevant Subordinated Notes and/or the terms of the Trust Deed so that they remain or, as appropriate, become, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities or, in the case of Subordinated Notes, Subordinated Qualifying Securities, as the case may be, as further provided in Condition 7.14. The Terms and Conditions of such substituted or varied Senior Non-Preferred Notes or Subordinated Notes, as the case may be, may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Senior Non-Preferred Notes or Subordinated Notes, as the case may be, provided that the relevant Senior Non-Preferred Notes or the relevant Subordinated Notes remain or, as appropriate, become, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities or, in the case of Subordinated Notes, Subordinated Qualifying Securities, as the case may be, in accordance with the Terms and Conditions of the Notes. While the Issuer cannot make changes to the terms of Senior Non-Preferred Notes or Subordinated Notes that, in its reasonable opinion, are materially less favourable to the holders of the relevant Senior Non-Preferred Notes or Subordinated Notes as a class, no assurance can be given as to whether any of these changes will negatively affect any particular Noteholder. In addition, the tax and stamp duty consequences of holding such substituted or varied Senior Non-Preferred Notes or Subordinated Notes could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Senior Non-Preferred Notes or the Subordinated Notes prior to such substitution or variation.

#### *Call options may not be exercised*

Senior Non-Preferred Notes and Subordinated Notes may contain provisions allowing the Issuer to call them after a minimum period of, for example, five years. To exercise such a call option the Issuer must obtain the prior consent of the Relevant Regulator. Holders of such Notes have no rights to call for the redemption of such Notes and should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. Even if the Issuer is given prior consent by the Relevant Regulator, any decision by the Issuer as to whether it will exercise calls in respect of such Notes will be taken at the absolute discretion of the Issuer with regard to factors such as the economic impact of exercising such calls, regulatory capital requirements and prevailing market conditions. Holders of such Notes should be aware that they may be required to bear the financial risks of an investment in such Notes for a period of time in excess of the minimum period.

#### *No right of set-off or counterclaim*

Subject as provided in the Terms and Conditions of the Notes, in respect of (i) Senior Non-Preferred Notes and Subordinated Notes and (ii) any Senior Preferred Notes where “Waiver of Set-Off” is specified as applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing

Supplement), no Noteholder who in the event of the liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer shall be 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 Notes (including any damages awarded for breach of any obligations under the Terms and Conditions of the Notes, if any are payable) held by such Noteholder.

*Limitation on gross-up obligation under the Senior Non-Preferred Notes, the Subordinated Notes and certain Senior Preferred Notes*

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Senior Non-Preferred Notes, the Subordinated Notes and (if "Senior Preferred Notes Restricted Gross Up" is specified as being applicable in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement)) the Senior Preferred Notes applies only to payments of interest due and paid under the Senior Non-Preferred Notes, the Subordinated Notes or any such Senior Preferred Notes and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Senior Non-Preferred Notes, the Subordinated Notes or any such Senior Preferred Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Senior Non-Preferred Notes, the Subordinated Notes or any such Senior Preferred Notes, as the case may be, holders of such Notes may receive less than the full amount due under such Notes, and the market value of such Notes may be adversely affected. Holders of Senior Non-Preferred Notes, Subordinated Notes or any such Senior Preferred Notes should note that "principal" for these purposes may include any payments of premium.

*Benchmarks Regulation*

Interest rates and indices which are deemed to be "benchmarks", are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

#### *Discontinuation of benchmark rates*

On 27 July 2017, the Chief Executive of the FCA, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if a benchmark rate (such as LIBOR, EURIBOR, STIBOR or NIBOR) were discontinued or otherwise unavailable, the rate of interest on Fixed Reset Notes and Floating Rate Notes which reference are linked to or which reference such benchmark rate will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the relevant benchmark rate is to be determined under the conditions of the Notes, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for such benchmark rate which, depending on market circumstances, may not be available at the relevant time or (ii) result in the effective application of a fixed rate based on the rate which applied in the previous period when such benchmark rate was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Fixed Reset Notes or Floating Rate Notes which reference a benchmark rate.

#### **Risks related to Notes generally**

Set out below is a description of material risks relating to the Notes generally:

#### ***The Notes may be subject to loss absorption pursuant to the BRRD as implemented in Sweden.***

Pursuant to the BRRD as implemented in Sweden, Notes may be written down or converted to CET1 instruments through the application of (in the case of Senior Preferred Notes, Senior Non-Preferred or Subordinated Notes) the general bail-in tool or (in the case of Subordinated Notes) the non-viability loss absorption powers, or the rights of Noteholders may otherwise be modified or affected if the relevant resolution authorities exercise any other powers under such regime to the Issuer and/or any Notes. See "*Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes*" and "*Loss absorption at the point of non-viability of the Issuer*". Noteholders will likely lose all or some (which may be substantially all) of their investment in Notes in the event that such powers are applied in respect of the Issuer and/or any Notes, and any indication or expectation that such powers may be used in respect of the Issuer or any Notes will likely have a material adverse effect on the market price of Notes and may reduce liquidity and/or increase volatility in any market for the Notes.

By acquiring any Note, each Noteholder shall be deemed to acknowledge, accept and consent to the application or exercise of such Swedish statutory loss absorption powers in respect of their Notes or any liability thereunder, as provided in Condition 19.5, and shall be bound by the effect of any such application or exercise.

***The conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15.

***Certain covenants may be suspended based on the credit rating of the Issuer and/or any Senior Preferred Notes.***

The Terms and Conditions of the Senior Preferred Notes contain certain undertakings and covenants by the Issuer, as described in Condition 4.

However, the Terms and Conditions also provide that, if at any time the Issuer and any Senior Preferred Notes are assigned an investment grade rating by any Rating Agency (as defined in Condition 7.6) (being, in relation to Moody's, a rating of Baa3 or better, in relation to Standard & Poor's Credit Market Services Europe Limited, a rating of BBB- or better, or a comparable rating from any other Rating Agency (as defined in Condition 7.6)) and no Event of Default (as defined in Condition 10.1) has occurred and is continuing, then with effect on and from the next day and continuing until such time as the Issuer and/or any Senior Preferred Notes cease to have an investment grade rating from a Rating Agency, the Issuer will not be subject to the undertakings and covenants contained in Condition 4 and such provisions shall cease to be binding on the Issuer.

As at the date of this Offering Circular, the Issuer has been rated Baa3 in respect of long-term debt by Moody's and the Programme has been rated Baa3 in respect of long-term senior unsecured preferred debt. Accordingly, the undertakings and covenants described above may be subject to suspension with effect on and from the issue date of any Senior Preferred Notes.

For so long as the undertakings and covenants contained in Condition 4 are suspended, the Issuer and other members of the Group would, *inter alia*, be able to incur additional financial indebtedness, make distributions and provide security for financial indebtedness, which may conflict with the interests of holders of the Notes.

***The value of the Notes could be adversely affected by a change in law or administrative practice.***

The conditions of the Notes are based on English law (save that the provisions of the Notes under Conditions 3.1, 3.2, 3.3 and 3.4 of the Terms and Conditions of the Notes are governed by the laws of Sweden) in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or Swedish law, as the case may be, or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such

amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### **Risks related to the market generally**

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

***An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.***

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. **In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.** Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

***If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.***

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

***The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.***

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.*

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Offering Circular.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Offering Circular:

- (a) the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2016 of the Issuer (which can be viewed at <http://ir.hoistfinance.com/afw/files/press/hoist/201703223057-1.pdf>);
- (b) the auditors' report and audited consolidated annual financial statements for the financial year ended 31 December 2017 of the Issuer (which can be viewed at <http://ir.hoistfinance.com/afw/files/press/hoist/201804107190-1.pdf>);
- (c) the unaudited interim consolidated financial statements of the Issuer for the six months ended 30 June 2018 (which can be viewed at <http://ir.hoistfinance.com/afw/files/press/hoist/201807268354-1.pdf>); and
- (d) the Terms and Conditions of the Notes contained in the Offering Circulars dated 20 May 2016, pages 69 to 112 (inclusive) (which can be viewed at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_3f00f9b8-09e0-4eb4-b8ff-0bb3d11268a5.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_3f00f9b8-09e0-4eb4-b8ff-0bb3d11268a5.PDF)) and 16 March 2017, pages 72 to 116 (inclusive) (which can be viewed at [http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_9244b031-a8c7-4335-b63d-b7a311214c64.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_9244b031-a8c7-4335-b63d-b7a311214c64.PDF)) each prepared in connection with the Programme.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London and will be available for viewing on the website of Euronext Dublin at <http://www.ise.ie/Market-Data-Announcements/Debt>.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

## FORM OF THE NOTES

*Any reference in this section to "applicable Final Terms" shall be deemed to include a reference to "applicable Pricing Supplement" where relevant.*

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes and Registered Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

### **Bearer Notes**

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Bearer Global Note**) and, together with a Temporary Bearer Global Note, each a **Bearer Global Note** which, in either case, will:

- (a) if the Bearer Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Bearer Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether or not such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Bearer Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other



amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note (if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

### **Registered Notes**

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with a common depository or, if the Registered Global Notes are to be held under the new safe-keeping structure (the **NSS**), a common safekeeper, as the case may be for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the common depository of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Where the Registered Global Notes issued in respect of any Tranche is intended to be held under the **NSS**, the applicable Final Terms will indicate whether or not such Registered Global Notes are intended to be held

in a manner which would allow Eurosystem eligibility. Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any time during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

## **General**

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails so to do within a reasonable period, or (ii) is unable for any reason to do so and the failure or inability shall be continuing.

The Issuer may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, other than where such Notes are Exempt Notes, a supplement to this Offering Circular or a new Offering Circular will be made available which will describe the effect of the agreement reached in relation to such Notes.

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme which are not Exempt Notes*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[MiFID II product governance/Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[Date]

### HOIST FINANCE AB (publ)

**Legal entity identifier (LEI): 549300NPK3FB2BEL4D08**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €1,000,000,000  
Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 3 August 2018 which [as supplemented by the supplement[s] to it dated [date] [and [date]], constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of Euronext Dublin at <http://www.ise.ie/Market-Data-Announcements/Debt>.

<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular dated 20 May 2016 which are incorporated by reference in the Offering Circular dated 3 August 2018. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 3 August 2018 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the **Offering Circular**), including the Conditions incorporated by reference in the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular has been published on the website of Euronext Dublin at <http://www.ise.ie/Market-Data-Announcements/Debt>.

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination must be £100,000 or its equivalent in any other currency.]*

1. Issuer: Hoist Finance AB (publ)
  
2. (a) Series Number: [ ]  
(b) Tranche Number: [ ]  
(c) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 26 below, which is expected to occur on or about [date]][Not Applicable]
  
3. Specified Currency or Currencies: [ ]
  
4. Aggregate Nominal Amount:  
(a) Series: [ ]  
(b) Tranche: [ ]
  
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (if applicable)]
  
6. (a) Specified Denominations: [ ]

*(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*

(Note – where Bearer Note multiple denominations above [€]100,000 or equivalent are being used the following sample wording should be followed:

"[€]100,000 and integral multiples of [€]1,000 in excess thereof up to and including [€]199,000. No Notes in definitive form will be issued with a denomination above [€]199,000.")

- (b) Calculation Amount (in relation to calculation of interest on Notes in global form see Conditions): [ ]

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)

7. (a) Issue Date: [ ]

- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)

8. Maturity Date: Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]

9. Interest Basis: [[ ] per cent. Fixed Rate]  
[Fixed Reset Notes]  
[[[ ] month  
[LIBOR/EURIBOR/STIBOR/NIBOR]] +/- [ ]  
per cent. Floating Rate]  
[Zero coupon]  
(see paragraph [14]/[15]/[16]/[17]below)

10. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount

11. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross refer to paragraphs 14 and 16 below and identify there][Not Applicable]

12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Make-Whole Redemption by the Issuer]  
[Change of Control Put]  
[(see paragraph [19]/[20]/[21]/[22] below)]  
[Not Applicable]

13. (a) Status of the Notes: [Senior Preferred Notes/ Senior Non-Preferred Notes/ Subordinated Notes]  
*(N.B. Senior Non-Preferred Notes may only be issued following implementation in Sweden of the Amending Directive (as defined in Condition 3.5))*
- (b) Date Board approval for issuance of Notes obtained: [ ]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
- (b) Interest Payment Date(s): [[ ] in each year/[ ]] up to and including the Maturity Date  
*(Amend appropriately in the case of irregular coupons)*
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [ ] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]  
*(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
15. Fixed Reset Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Initial Interest Rate: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date]
- (b) First Margin: [ ] per cent. per annum

- (c) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]
- (d) Fixed Coupon Amount to (but excluding) the First Reset Date: [[ ] per Calculation Amount/Not Applicable]
- (e) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (f) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (g) Determination Date(s): [[ ] in each year][Not Applicable]
- (h) First Reset Date: [ ]
- (i) Second Reset Date: [ ]/[Not Applicable]
- (j) Subsequent Reset Date(s): [ ] [and [ ]]
- (k) Reset Margin: [+/-][ ] per cent. per annum
- (l) Relevant Screen Page: [ ]
- (m) Floating Leg Reference Rate: [ ]
- (n) Floating Leg Screen Page: [ ]
- (o) Initial Mid-Swap Rate: [ ] per cent. per annum (quoted on [an annual/a semi-annual] basis)
16. Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]



- (f) Screen Rate Determination:
- Reference Rate: [     ] month  
[LIBOR/EURIBOR/STIBOR/NIBOR]
  - Interest Determination [     ]  
Date(s):  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, the second Stockholm business day prior to the start of each Interest Period if STIBOR and the second Oslo business day prior to the start of each Interest Period if NIBOR)*
  - Relevant Screen Page: [     ]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (g) ISDA Determination:
- Floating Rate Option: [     ]
  - Designated Maturity: [     ]
  - Reset Date: [     ]  
*(In the case of a LIBOR, EURIBOR, STIBOR or NIBOR based option, the first day of the Interest Period)*
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (i) Margin(s): [+/-] [     ] per cent. per annum
- (j) Minimum Rate of Interest: [     ] per cent. per annum
- (k) Maximum Rate of Interest: [     ] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
[30/360][360/360][Bond Basis]  
[30E/360][Eurobond Basis]  
30E/360 (ISDA)]

17. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
 [Actual/360]  
 [Actual/365]

**PROVISIONS RELATING TO REDEMPTION**

18. Notice periods for Condition 7.2, Condition 7.11 and Condition 7.12: Minimum period: [30] days  
 Maximum period: [60] days
19. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [[ ] per Calculation Amount]
- (c) If redeemable in part: [Applicable/Not Applicable, as the Notes are not redeemable in part only]
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (d) Notice periods: Minimum period: [15] days  
 Maximum period: [30] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)*
20. Make-Whole Redemption by the Issuer: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Make-Whole Redemption Date(s): [ ]
- (b) Make-Whole Redemption Margin: [[ ] basis points/Not Applicable]
- (c) Reference Bond: [CA Selected Bond/[ ]]

- (d) Quotation Time: [[5.00 p.m. [Brussels/London/[ ]]] time/Not Applicable]
- (e) Reference Rate Determination Date: The [ ] Business Day preceding the relevant Make-Whole Redemption Date
- (f) If redeemable in part: [Not Applicable, as the Notes are not redeemable in part only]
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (g) Notice periods: Minimum period: [30] days  
Maximum period: [60] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)*
21. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount: [ ] per Calculation Amount  
*(NB: If the Optional Redemption Amount is other than a specified amount per Calculation Amount, the Notes will need to be Exempt Notes)*
- (c) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)*
22. Change of Control Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraph of this paragraph)*
- Change of Control Redemption Amount: [ ] per Calculation Amount

23. Redemption upon occurrence of a MREL Disqualification Event: [Applicable/Not Applicable]  
(N.B. Only relevant for Senior Non-Preferred Notes)
24. Final Redemption Amount: [ ] per Calculation Amount
25. Early Redemption Amount payable on redemption for taxation reasons (including due to the occurrence of a Tax Event), a Capital Event, a MREL Disqualification Event or on event of default: [ ] per Calculation Amount

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

26. Form of Notes:
- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]  
  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
  
[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]  
  
*[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005<sup>1</sup>]*  
  
*(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000].")]*  
  
[Registered Notes:  
  
Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]
- (b) New Global Note: [Yes][No]

<sup>1</sup> Include for Notes that are to be offered in Belgium.

27. Additional provisions applicable to Senior Preferred Notes: [Applicable/Not Applicable]  
*(N.B. Only relevant for Senior Preferred Notes)*
- (a) Waiver of Set-Off: [Applicable/Not Applicable]
- (b) Senior Preferred Notes Restricted Events of Default: [Applicable/Not Applicable]
- (c) Senior Preferred Notes Restricted Gross Up: [Applicable/Not Applicable]
28. Substitution or variation: [Applicable/Not Applicable]  
*(N.B. Only relevant for Senior Non-Preferred Notes or Subordinated Notes)*
29. Additional Financial Centre(s): [Not Applicable/give details]  
*(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 16(c) relates)*
30. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

**[THIRD PARTY INFORMATION]**

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Hoist Finance AB (publ):

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading      Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Regulated Market of Euronext Dublin and admitted to listing on the official list of Euronext Dublin with effect from [      ].

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)*

- (ii) Estimate of total expenses related to admission to trading: [      ]

### 2. RATINGS

Ratings:      [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].*

Each of [defined terms] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of [insert relevant fee disclosure]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business - Amend as appropriate if there are other interests]

*(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*

4. **YIELD** (*Fixed Rate Notes only*)

Indication of yield: [     ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **OPERATIONAL INFORMATION**

(i) ISIN: [     ]

(ii) Common Code: [     ]

(iii) CFI: [[     ]/Not Applicable]

(iv) FISN: [[     ]/Not Applicable]

(v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

(vi) Delivery: Delivery [against/free of] payment

(vii) Names and addresses of additional Paying Agent(s) (if any): [     ]

(viii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper][*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral

for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

## 6. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/*give names*]
- (iii) Date of Subscription Agreement: [ ]
- (iv) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (v) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vii) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]  
*(If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*
- (viii) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]  
*(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)*



## APPLICABLE PRICING SUPPLEMENT

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes issued under the Programme.*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[MiFID II product governance/Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

**NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.**

[Date]

**HOIST FINANCE AB (publ)**

**Legal entity identifier (LEI): 549300NPK3FB2BEL4D08**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €1,000,000,000  
Euro Medium Term Note Programme**

### **PART A – CONTRACTUAL TERMS**

[Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.]<sup>2</sup>

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<sup>1</sup> Legend to be included on front of the Pricing Supplement if the Notes potentially constitute “packaged” products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>2</sup> Do not include if the "Prohibition of Sales to EEA Retail Investors" legend is included (because the Notes potentially constitute "packaged" products and no key information document will be prepared) and the related selling restriction is specified to be "Applicable".

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated 3 August 2018 [as supplemented by the supplement[s] dated [date[s]]] (the **Offering Circular**). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained during normal business hours, free of charge, from the registered office of the Issuer at P.O. Box 7848, 103 99 Stockholm, Sweden.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular [dated [original date] [and the supplement dated [date]]] which are incorporated by reference in the Offering Circular.<sup>1</sup>

*[Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination must be £100,000 or its equivalent in any other currency.]*

- |    |   |  |
|----|---|--|
| 1. | Issuer:   | Hoist Finance AB (publ)  |
| 2. | (a) Series Number:  | [     ]  |
|    | (b) Tranche Number:   | [     ]  |
|    | (c) Date on which the Notes will be consolidated and form a single Series:                              | The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 26 below, which is expected to occur on or about [date]][Not Applicable] |
| 3. | Specified Currency or Currencies:   | [     ]  |
| 4. | Aggregate Nominal Amount:   |  |
|    | (a) Series:   | [     ]  |
|    | (b) Tranche:  | [     ]  |
| 5. | Issue Price:  | [     ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]   |
| 6. | (a) Specified Denominations:  | [     ]  |
|    | (b) Calculation Amount (in relation to calculation of interest on Notes in global form see Conditions): | [     ]  |

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor.*

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<sup>1</sup> Only include this language where it is a fungible issue and the original Tranche was issued under an Offering Circular with a different date.

*Note: There must be a common factor in the case of two or more Specified Denominations.)*

7. (a) Issue Date: [     ]
- (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Specify date or for  
*Floating Rate Notes - Interest Payment Date falling in or nearest to [specify month and year]]*
9. Interest Basis: [[     ] per cent. Fixed Rate]  
[Fixed Reset Notes]  
[[specify Reference Rate] +/- [     ] per cent. Floating Rate]  
[Zero Coupon]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis][Not Applicable]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Make-Whole Redemption by the Issuer]  
[Change of Control Put]  
[(further particulars specified below)]  
[Not Applicable]
13. (a) Status of the Notes: [Senior Preferred Notes/ Senior Non-Preferred Notes/ Subordinated Notes]  
*(N.B. Senior Non-Preferred Notes may only be issued following implementation in Sweden of the Amending Directive (as defined in Condition 3.5)*
- (b) Date Board approval for issuance of Notes obtained: [     ]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

14. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [     ] per cent. per annum payable in arrear on each Interest Payment Date

- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [ ] per Calculation Amount
- (d) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (e) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other]
- (f) Determination Date(s): [[ ] in each year][Not Applicable]  
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/Give details]
15. Fixed Reset Note Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Initial Interest Rate: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date]
- (b) First Margin: [ ] per cent. per annum
- (c) Interest Payment Date(s): [[ ] in each year up to and including the Maturity Date]
- (d) Fixed Coupon Amount to (but excluding) the First Reset Date: [[ ] per Calculation Amount/Not Applicable]
- (e) Broken Amount(s): [[ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (f) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (g) Determination Date(s): [[ ] in each year][Not Applicable]
- (h) First Reset Date: [ ]

- (i) Second Reset Date: [ ]/[Not Applicable]
- (j) Subsequent Reset Date(s): [ ] [and [ ]]
- (k) Reset Margin: [+/-][ ] per cent. per annum
- (l) Relevant Screen Page: [ ]
- (m) Floating Leg Reference Rate: [ ]
- (n) Floating Leg Screen Page: [ ]
- (o) Initial Mid-Swap Rate: [ ] per cent. per annum (quoted on [an annual/a semi-annual] basis)
16. Floating Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]] [Not Applicable]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [ ]
- (f) Screen Rate Determination:
- Reference Rate: [ ] month [LIBOR/EURIBOR/STIBOR/NIBOR/specify other Reference Rate] *(Either LIBOR, EURIBOR, STIBOR, NIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement.)*
  - Interest Determination Date(s): [ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if*

*Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, the second Stockholm business day prior to the start of each Interest Period if STIBOR and the second Oslo business day prior to the start of each Interest Period if NIBOR)*

- Relevant Screen Page: [     ]   
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

(g) ISDA Determination:

- Floating Rate Option: [     ]
- Designated Maturity: [     ]
- Reset Date: [     ]   
*(In the case of a LIBOR, EURIBOR, STIBOR or NIBOR based option, the first day of the Interest Period)*

(h) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]

(i) Margin(s): [ +/- ] [     ] per cent. per annum

(j) Minimum Rate of Interest: [     ] per cent. per annum

(k) Maximum Rate of Interest: [     ] per cent. per annum

(l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]   
 Actual/365 (Fixed)   
 Actual/365 (Sterling)   
 Actual/360   
 [30/360][360/360][Bond Basis]   
 [30E/360][Eurobond Basis]   
 30E/360 (ISDA)   
 [Other]

(m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions: [     ]

17. Zero Coupon Note Provisions

[Applicable/Not Applicable]   
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: [ ]
- (d) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
[Actual/360]  
[Actual/365]

**PROVISIONS RELATING TO REDEMPTION**

- 18. Notice periods for Condition 7.2, Condition 7.11 and Condition 7.12: Minimum period: [30] days  
Maximum period: [60] days
- 19. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (a) Optional Redemption Date(s): [ ]
  - (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
  - (c) If redeemable in part: [Not Applicable, as the Notes are not redeemable in part only]
    - (i) Minimum Redemption Amount: [ ]
    - (ii) Maximum Redemption Amount: [ ]
  - (d) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)*
- 20. Make-Whole Redemption by the Issuer: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
  - (a) Make-Whole Redemption Date(s): [ ]

- (b) Make-Whole Redemption Margin: [[ ] basis points/Not Applicable]
- (c) Reference Bond: [CA Selected Bond/[ ]]
- (d) Quotation Time: [[5.00 p.m. [Brussels/London/[ ]]] time/Not Applicable]
- (e) Reference Rate Determination Date: The [ ] Business Day preceding the relevant Make-Whole Redemption Date
- (f) If redeemable in part: [Applicable/Not Applicable, as the Notes are not redeemable in part only]
- (i) Minimum Redemption Amount: [ ]
- (ii) Maximum Redemption Amount: [ ]
- (g) Notice periods: Minimum period: [30] days  
Maximum period: [60] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)*
21. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [ ]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (c) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Trustee.)*
22. Change of Control Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining*



*subparagraph of this paragraph)*

- Change of Control Redemption Amount: [ ] per Calculation Amount
23. Redemption upon occurrence of a MREL Disqualification Event: [Applicable/Not Applicable]  
*(N.B. Only relevant for Senior Non-Preferred Notes)*
24. Final Redemption Amount: [[ ] per Calculation Amount/specify other/see Appendix]
25. Early Redemption Amount payable on redemption for taxation reasons (including due to the occurrence of a Tax Event), a Capital Event, a MREL Disqualification Event or on event of default and/or the method of calculating the same (if required): [[ ] per Calculation Amount/specify other/see Appendix]  
*(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

#### **GENERAL PROVISIONS APPLICABLE TO THE NOTES**

26. Form of Notes:
- (a) Form: [Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]  
  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
  
[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]  
  
*[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005<sup>1</sup>]]*  
  
[Registered Notes:  
  
Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]
- (b) New Global Note: [Yes][No]
27. Additional provisions applicable to Senior Preferred Notes: [Applicable/Not Applicable]

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<sup>1</sup> Include for Notes that are to be offered in Belgium.

(N.B. Only relevant for Senior Preferred Notes)

(a) Waiver of Set-Off: [Applicable/Not Applicable]

(b) Senior Preferred Notes Restricted Events of Default: [Applicable/Not Applicable]

(c) Senior Preferred Notes Restricted Gross Up: [Applicable/Not Applicable]

28. Substitution or variation: [Applicable/Not Applicable]

(N.B. Only relevant for Senior Non-Preferred Notes or Subordinated Notes)

29. Additional Financial Centre(s): [Not Applicable/give details]  
(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 16(c) relates)

30. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

31. Other terms or special conditions: [Not Applicable/give details]

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of Hoist Finance AB (publ):

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

1. **LISTING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market – note this must not be a regulated market*] with effect from [ ].] [Not Applicable]
2. **RATINGS**  
Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].  
(*The above disclosure is only required if the ratings of the Notes are different to those stated in the Offering Circular*)
3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**  
[Save for the fees [of [*insert relevant fee disclosure*]] payable to the [Managers named below/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]
4. **OPERATIONAL INFORMATION**
- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) CFI: [[ ]/Not Applicable]
- (iv) FISN: [[ ]/Not Applicable]
- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (viii) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes*]

*which are to be held under the NSS] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/*

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper] [*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 5. DISTRIBUTION

- |       |   |   |
|-------|---|---|
| (i)   | Method of distribution:                       | [Syndicated/Non-syndicated]   |
| (ii)  | If syndicated, names of Managers:             | [Not Applicable/ <i>give names</i> ]  |
| (iii) | Stabilisation Manager(s) (if any):            | [Not Applicable/ <i>give name</i> ]   |
| (iv)  | If non-syndicated, name of relevant Dealer:   | [Not Applicable/ <i>give name</i> ]   |
| (v)   | U.S. Selling Restrictions:                    | Reg. S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]  |
| (vi)  | Additional selling restrictions:              | [Not Applicable/ <i>give details</i> ]  |
| (vii) | Prohibition of Sales to EEA Retail Investors: | [Applicable/Not Applicable]<br><br><i>(If the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)</i> |
| (i)   | Prohibition of Sales to Belgian Consumers:    | [Applicable/Not Applicable]<br><br><i>(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)</i>  |

*(Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes)*

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Hoist Finance AB (publ) (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 3 August 2018 made between the Issuer and Citibank, N.A., London Branch (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and
- (d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 3 August 2018 and made between the Issuer, the Trustee, Citibank N.A., London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citigroup Global Markets Europe AG as registrar (the **Registrar**, which expression shall include any successor registrar) and the transfer agents named therein (the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents and the Transfer Agents are together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Note**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Note and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to **applicable Final Terms** shall be deemed to

include a reference to applicable Pricing Supplement where relevant. The expression **Prospectus Directive** means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the principal office for the time being of the Trustee being at 3 August 2018 at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the specified office of each of the Agents. If the Notes are to be admitted to trading on the regulated market of the Irish Stock Exchange, trading as Euronext Dublin, the applicable Final Terms will be published on the website of Euronext Dublin (at <http://www.ise.ie/Market-Data-Announcements/Debt>). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## 1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

Unless this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Fixed Reset Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Fixed Reset Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may also be a Senior Preferred Note, a Senior Non-Preferred Note or a Subordinated Note, as indicated in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.



## **2. TRANSFERS OF REGISTERED NOTES**

### **2.1 Transfers of interests in Registered Global Notes**

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

### **2.2 Transfers of Registered Notes in definitive form**

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 2 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

### **2.4 Costs of registration**

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### 3. STATUS OF THE NOTES AND SUBORDINATION

The applicable Final Terms will indicate whether the Notes are Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes.

#### 3.1 Status of the Senior Preferred Notes

- (a) This Condition 3.1 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Preferred Notes.
- (b) The Senior Preferred Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The rights of the holder of any Senior Preferred Note in respect of or arising from the Senior Preferred Notes (including any damages awarded for breach of any obligations under these Conditions, if any are payable) shall, in the event of the voluntary or involuntary liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer, rank:
  - (i) (subject to such mandatory exceptions as are from time to time applicable under Swedish law) at least *pari passu* with all other unsecured indebtedness of the Issuer from time to time outstanding; and
  - (ii) senior to any Senior Non-Preferred Liabilities.

#### 3.2 Status of the Senior Non-Preferred Notes

- (a) This Condition 3.2 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Non-Preferred Notes on and following the implementation in Sweden of the Amending Directive.

Senior Non-Preferred Notes are intended to constitute MREL Eligible Liabilities and Senior Non-Preferred Liabilities.
- (b) The Senior Non-Preferred Notes and any relative Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The rights of the holder of any Senior Non-Preferred Note in respect of or arising from the Senior Non-Preferred Notes (including any damages awarded for breach of any obligations under these Conditions, if any are payable) shall, in the event of the voluntary or involuntary liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer, have Senior Non-Preferred Ranking, meaning that they will rank:
  - (i) at least *pari passu* with all other Senior Non-Preferred Liabilities;
  - (ii) senior to holders of all classes of ordinary shares of the Issuer and any subordinated obligations or other securities of the Issuer (including the Subordinated Notes) which by law rank, or by their terms are expressed to rank, junior to the Senior Non-Preferred Liabilities; and
  - (iii) junior in right of payment to any present or future claims of (A) depositors of the Issuer and (B) other unsubordinated creditors of the Issuer that are not creditors in respect of Senior Non-Preferred Liabilities.

### 3.3 Status of the Subordinated Notes

- (a) This Condition 3.3 is applicable in relation to Notes specified in the applicable Final Terms as being Subordinated Notes.
- (b) The Subordinated Notes and any relative Coupons constitute subordinated and unsecured obligations of the Issuer. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Noteholders to payments on or in respect of such Subordinated Notes shall rank:
  - (i) *pari passu* without any preference among themselves;
  - (ii) at least *pari passu* with the rights of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer;
  - (iii) senior to the rights of holders of any subordinated obligation of the Issuer which constitutes an Additional Tier 1 Instrument;
  - (iv) in priority to payments to holders of all classes of share capital (including preference shares (if any)) of the Issuer in their capacity as such holders; and
  - (v) junior in right of payment to any present or future claims of (A) depositors of the Issuer, (B) other unsubordinated creditors of the Issuer, and (C) subordinated creditors of the Issuer whose rights rank or are expressed to rank in priority to the holders of the Subordinated Notes.

The Issuer reserves the right to issue further subordinated notes and other subordinated obligations in the future, which may rank *pari passu* with or in priority to the Subordinated Notes.

For the purposes of this Condition 3.3, **Tier 2 Capital** means any instrument or security of the Issuer which is recognised as Tier 2 capital (*supplementärkapital*) (as defined in Part 2 Chapter 4 of the CRR or in any other Applicable Banking Regulations, in each case as amended or replaced) of the Issuer, at the time of its issue, by the SFSA.

### 3.4 Waiver of set-off

- (a) This Condition 3.4 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Non-Preferred Notes or Subordinated Notes or, in the case of Senior Preferred Notes, where "Waiver of Set-Off" is specified as being applicable, and references to **Notes** in this Condition 3.4 shall be construed accordingly.
- (b) No holder of Notes who in the event of the liquidation (Sw: *likvidation*) or bankruptcy (Sw: *konkurs*) of the Issuer shall be 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 Notes (including any damages awarded for breach of any obligations under these Conditions, if any are payable) held by such Noteholder.

### 3.5 Definitions

For the purposes of these Conditions:

**Additional Tier 1 Capital** means Additional Tier 1 capital as defined in Part 2 Chapter 3 of the CRR or in any other Applicable Banking Regulations, in each case as amended or replaced;

**Additional Tier 1 Instrument** means (i) any instrument or security of the Issuer which is recognised as Additional Tier 1 Capital of the Issuer, at the time of its issue, by the SFSA, and (ii) any instrument, security or other obligation of the Issuer which ranks, or is expressed to rank, on a voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, *pari passu* with Additional Tier 1 Instruments;

**Amending Directive** means Directive 2017/2399 of the European Parliament and of the Council;

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

**Applicable MREL Regulations** means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Sweden giving effect to any MREL Requirement or any successor regulations then applicable to the Issuer or the Group, as the case may be, including, without limitation to the generality of the foregoing, CRD IV and the BRRD (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group, as the case may be);

**BRRD** means Directive 2014/59/EU of the European Parliament and of the Council on resolution and recovery of credit institutions and investment firms dated 15 May 2014 and published in the Official Journal of the European Union on 12 June 2014 (or, as the case may be, any provision of Swedish law transposing or implementing such Directive), as amended or replaced from time to time;

**CRD IV** means, as the context requires, any or any combination of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

**CRD IV Directive** means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time;

**CRD IV Implementing Measures** means any regulatory capital rules or regulations or other requirements, which are applicable to the Issuer or the Group, as the case may be, and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer (on a non-consolidated or consolidated basis) to the extent required by the CRD IV Directive or the CRR, including, for the avoidance of doubt, any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

**CRR** means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms dated 26 June 2013 and published in the Official Journal of the European Union on 27 June 2013, as amended or replaced from time to time; and

**Group** has the same meaning as provided in Condition 4.8;

**MREL Eligible Liabilities** means “eligible liabilities” (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by the Applicable MREL Regulations) of the Issuer or the Group, as the case may be, under Applicable MREL Regulations;

**MREL Requirement** means the minimum requirement for own funds and eligible liabilities which is or, as the case may be, will be applicable to the Issuer or the Group, as the case may be;

**Senior Non-Preferred Liabilities** means all outstanding unsecured and unsubordinated liabilities of the Issuer, present and future, that rank or are expressed to rank junior to Senior Preferred Liabilities;

**Senior Non-Preferred Ranking** means the ranking provided to Senior Non-Preferred Liabilities in the second sentence of the first sub-paragraph of section 18 of the Swedish Rights of Priority Act (*Sw. 18 § 1 st andra meningen förmånsrättslagen (1970:988)*), as the same may be amended or replaced from time to time, or (if not so described in such section) the ranking which is described in such other provision of the Swedish Rights of Priority Act (*Sw. förmånsrättslagen (1970:988)*) or such other Swedish legislation that implements the Amending Directive and (in either case) sets out a ranking as described in Condition 3.2(b);

**Senior Preferred Liabilities** means all outstanding unsecured and unsubordinated liabilities of the Issuer, present and future, other than Senior Non-Preferred Liabilities;

**Relevant Regulator** means (i) (in respect of the Subordinated Notes) the SFSA and (ii) (in respect of the Senior Non-Preferred Notes) the Swedish National Debt Office or such other authority tasked with matters relating to the qualification of securities of the Issuer or the Group, as the case may be, under the Applicable MREL Regulations; and

**SFSA** means the Swedish Financial Supervisory Authority (*Finansinspektionen*) and shall include any successor or replacement thereto, or another authority which has the primary responsibility for the prudential oversight and supervision of the Issuer or the Group, as the case may be.

#### **4. GENERAL UNDERTAKINGS**

Conditions 4.1 to 4.5 below only apply in relation to Notes specified in the applicable Final Terms as being Senior Preferred Notes, and references to **Notes** in Conditions 4.1 to 4.5, and in the corresponding definitions in Condition 4.8, below shall be construed accordingly.

##### **4.1 Compliance**

For so long as any of the Notes remains outstanding (as defined in the Trust Deed), and subject to Condition 4.7, the Issuer shall, and shall procure that all other Group Companies, where applicable, obtain, maintain and comply with the terms of any authorisation, approval or licence required for the conduct of their respective businesses at any time, and comply with all applicable laws and regulations, except to the extent that any failure to do so would not have a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole or (b) the Issuer’s ability to perform and comply with its payment obligations under the Notes, the Coupons or the Trust Deed, or (c) the validity or enforceability of the Trust Deed.

##### **4.2 Continuation of business**

For so long as any of the Notes remains outstanding, and subject to Condition 4.7, the Issuer will not engage, and will procure that no other Group Company engages, in any business other than a Permitted Business, except to the extent as would not be material to the Group taken as a whole.

#### 4.3 Distributions and other transactions

- (a) For so long as any of the Notes remains outstanding, and subject to Condition 4.7, no Distributions may be made by the Issuer at any time if, immediately following the making of such Distribution and giving effect to the making of such Distribution on a *pro forma* basis, the Group would be in breach of the Incurrence Test or applicable restrictions under the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*) as amended from time to time.
- (b) For so long as any of the Notes remains outstanding, and subject to Condition 4.7, no Distributions may be made by a Subsidiary of the Issuer other than to (i) the Issuer or any Group Company which is directly or indirectly wholly owned by the Issuer, or (ii) such Subsidiary's shareholders on a *pro rata* basis.
- (c) Notwithstanding the foregoing provisions of this Condition 4.3, additional dividend distributions may be made by the Issuer if and to the extent necessary to comply with mandatory provisions of the Swedish Companies Act relating to dividend distributions to minority shareholders, provided that in any such case the Issuer shall ensure that any such dividends shall be paid at the lowest level allowed by applicable law.

#### 4.4 Financial Indebtedness

For so long as any of the Notes remains outstanding, and subject to Condition 4.7, the Issuer shall not, and shall procure that none of the other Group Companies shall, incur any Financial Indebtedness other than Financial Indebtedness which constitutes Permitted Debt.

#### 4.5 Negative pledge

For so long as any of the Notes remains outstanding, and subject to Condition 4.7, the Issuer shall not, and shall procure that none of the other Group Companies shall, create any security over any of its (or their) assets, revenues, business or undertaking (present or future) to secure any Financial Indebtedness, provided however that the Issuer and each of the other Group Companies may create any Permitted Security.

#### 4.6 The Trustee

The Trustee is not responsible for monitoring compliance by the Issuer and the other Group Companies with the restrictions and their respective obligations in this Condition 4 and shall not be responsible for any losses suffered by the Noteholders or any other party by reason of any failure to do so or any breach of any such restrictions or obligations by the Issuer or any other Group Company.

#### 4.7 Suspension of covenants

- (a) Subject to Condition 4.7(b) below, with effect on and from the first day (the **Suspension Date**) following the earliest date on which:
  - (i) the Issuer and any Series of Senior Preferred Notes issued under the Programme (for the purposes of this Condition 4.7, **Senior Preferred Notes**) have been assigned an Investment Grade Rating by any Rating Agency (each as defined in Condition 7.6); and
  - (ii) no Event of Default under Condition 10.1 has occurred and is continuing,

the Issuer will not be subject to the undertakings and covenants contained in the following Conditions and such provisions shall cease to be binding on the Issuer and the other Group Companies:

“—Compliance (Condition 4.1)”;

“—Continuation of Business (Condition 4.2)”;

“—Distributions and other transactions (Condition 4.3)”;

“—Financial Indebtedness (Condition 4.4)”;

“—Negative pledge (Condition 4.5)

(collectively, the “**Suspended Covenants**”);

- (b) In the event that the Issuer is not subject to the Suspended Covenants for any period of time as a result of the application of Condition 4.7(a) and on any subsequent date (the first such date being the **Reversion Date**) no Rating Agency maintains an Investment Grade Rating with respect to both the Issuer and any Senior Preferred Notes as a result of a withdrawal of rating or downgrade of rating then, with effect on and from the Reversion Date, 4.7(a) shall no longer operate to suspend the application of the Suspended Covenants and the Issuer and the Group Companies will again be subject to the Suspended Covenants.

The period of time between the Suspension Date and the Reversion Date is referred to in this Condition 4.7(b) as the **Suspension Period**. Notwithstanding that the Suspended Covenants may be reinstated pursuant to this Condition 4.7(b), no Event of Default under Condition 10.1 will be deemed to have occurred as a result of a failure to comply with the Suspended Covenants during the Suspension Period.

In addition, at any time following the Reversion Date and notwithstanding anything else in this Condition 4.7(b), the Issuer and the other Group Companies may honour any contractual commitments incurred during the Suspension Period (provided two authorised signatories of the Issuer have certified to the Trustee in writing that such contractual commitments were not incurred in anticipation of the Issuer and/or any Senior Preferred Notes no longer carrying an Investment Grade Rating from the relevant Rating Agency) without being deemed to have breached the Suspended Covenants, and accordingly no Event of Default will be deemed to have occurred as a result of the performance of such contractual commitments.

- (c) The Issuer shall promptly provide written notice to the Trustee and, in accordance with Condition 14, the Noteholders of the occurrence of any Suspension Date or Reversion Date and the consequential suspension or, as the case may be, re-instatement of the Suspended Covenants.
- (d) The Suspended Covenants may be subject to suspension and re-instatement pursuant to Conditions 4.7(a) and 4.7(b), respectively, on more than one occasion, if the conditions set out in those Conditions are satisfied from time to time.

## 4.8 Definitions

For the purposes of these Conditions:

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

**Capital Cover Ratio** means the ratio of (A) the Group's total capital ratio, defined as its own funds (consisting of tier 1 capital and tier 2 capital) as defined in article 72 of CRR, as amended or replaced from time to time, expressed as a percentage of the total risk exposure amount as defined in article 92.3 of CRR, as amended or replaced from time to time, as reported by the Issuer to the Swedish Financial Supervisory Authority in accordance with applicable legal requirements in its most recent quarterly regulatory capital adequacy report on a Group consolidated basis, to (B) the legal minimum requirement set out in article 92.1(c) of CRR, as amended or replaced from time to time;

**Customer Deposits** means funds deposited with the Issuer or any of its Subsidiaries by its customers in the ordinary course of the Issuer's or any of its Subsidiaries' banking business;

**Distributions** means, in respect of a company (i) dividend payment in respect of shares, (ii) repurchase by such company of any of its own shares, (iii) redemption of such company's share capital or other restricted equity with repayment to shareholders and (iv) other distributions or transfers of value (*Sw. värdeöverföringar*);

**Finance Lease** means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease (excluding leases that would constitute operational leases in accordance with the Accounting Principles or that are currently treated as operational leases in the financial statements of the Group in accordance with the Accounting Principles), in each case, as the Accounting Principles are applied on the Issue Date of the first Tranche of the Notes and notwithstanding any subsequent changes to the Accounting Principles;

**Financial Indebtedness** means any indebtedness in respect of:

- (a) monies borrowed or raised (including, without limitation, Customer Deposits);
- (b) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (c) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, excluding any payment obligation (such as payment of deferred purchase price) in relation to a direct or indirect acquisition of Portfolios;
- (d) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (e) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (f) (without double counting) any guarantee or other assurance against financial loss in respect of any of the items referred to in sub-paragraphs (a)–(e) of this definition;



**Group** means the Issuer and its Subsidiaries from time to time (each such entity a **Group Company**);

**Incurrence Test** means that the Capital Cover Ratio is not less than 1.30:1.00;

**Permitted Business** means (a) any businesses or services engaged in by the Issuer or any of the other Group Companies on the Issue Date of the first Tranche of the Notes, as described in the Offering Circular relating to the Programme, and (b) any businesses or services that are related, complementary, incidental or ancillary thereto;

**Permitted Debt** means any Financial Indebtedness:

- (a) owed to a Group Company;
- (b) constituting subordinated debt obligations;
- (c) incurred by the Issuer, including under the Programme, if (i) at the time of incurrence of such Financial Indebtedness, the Group meets the Incurrence Test, and (ii) such Financial Indebtedness is unsecured and ranks *pari passu* with, or is subordinated to, the obligations of the Issuer under the Notes and without any preference over the Notes;
- (d) constituting Customer Deposits;
- (e) incurred in respect of any Finance Lease up to an amount which, when taken together with the aggregate amount of any other Permitted Debt incurred in respect of any Finance Lease, does not at any time exceeding EUR 2,500,000 or the equivalent thereof in any other currency;
- (f) of any company, business or undertaking acquired by a Group Company which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of six (6) months following the date of acquisition;
- (g) arising under a derivative transaction (including, for the avoidance of doubt, repo transactions) entered into by a Group Company in the ordinary course of business and for hedging purposes in connection with protection against or benefit from fluctuation in any rate or price; or
- (h) incurred by the Issuer or any of its Subsidiaries in an amount which, when taken together with the aggregate amount of any other Permitted Debt incurred in reliance on this paragraph (i), does not exceed an aggregate amount of 15.00 per cent of total assets (as shown in the Group's most recent audited consolidated financial statements prepared in accordance with the Accounting Principles) of the Group.

**Permitted Security** means:

- (a) any security for, or payment or close-out netting or set-off arrangement in respect of, derivative transactions or clearing activities;
- (b) any security or quasi-security in respect of repo transactions entered into by the Issuer in the ordinary course of its business, provided that the security or quasi-security for each such repo transaction is discharged within six (6) months of the granting thereof;

- (c) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (d) any lien arising by operation of law, retention of title arrangements relating to prepayments or similar arrangements in the ordinary course of business and not arising as a result of any default or omission by the Issuer;
- (e) any security or quasi-security securing Financial Indebtedness permitted in accordance with paragraph (f) or (i) of the definition of Permitted Debt; and
- (f) any security or quasi-security pertaining to any Permitted Debt set out in paragraph (g) of the definition of Permitted Debt, if (i) the security or quasi-security was not created in contemplation of the acquisition of that asset or company, (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset or company and (iii) the security or quasi-security is removed or discharged within six (6) months of the date of acquisition of such asset or of the date that company becoming a Group Company;

**Portfolios** means all of the Group's performing and non-performing credit claims and receivables (excluding any claim on a member of the Group), whether held directly by a Group Company or if held through a joint venture or a fund or similar arrangement the Group Company's pro rata share of such joint venture, fund or similar arrangement;

**Programme** means the Medium Term Note Programme established by Hoist Kredit AB (publ) (who merged with the Issuer as of 2 January 2018) on 20 May 2016; and

**Subsidiary** means, in relation to any person, any entity (whether incorporated or not), in respect of which such person, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body, or (iv) consolidates accounts with in accordance with the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

## 5. INTEREST

### 5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or

the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 5.2 Interest on Fixed Reset Notes

### (a) Rate of Interest

Each Fixed Reset Note bears interest:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date at the rate per annum equal to the Initial Interest Rate;
- (ii) from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if none, the Maturity Date (the **First Reset Period**) at the rate per annum equal to the First Reset Rate; and
- (iii) if applicable, from (and including) the Second Reset Date to (but excluding) the first Subsequent Reset Date (if any), and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each a **Subsequent Reset Period**) at the rate per annum equal to the relevant Subsequent Reset Rate,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) (each a **Rate of Interest**) payable, in each case, in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date.

The provisions of this Condition 5 shall apply, as applicable, in respect of any determination by the Principal Paying Agent of the Rate of Interest for a Reset Period in accordance with this Condition 5.2 as if the Fixed Reset Notes were Floating Rate Notes. The Rate of Interest for each Reset Period shall otherwise be determined by the Principal Paying Agent on the relevant Reset Determination Date in accordance with the provisions of this Condition 5.2. Once the Rate of Interest is determined for a Reset Period, the provisions of Condition 5.1 shall apply to Fixed Reset Notes, as applicable, as if the Fixed Reset Notes were Fixed Rate Notes.

For the purposes of these Conditions:

**First Reset Rate** means the sum of the Reset Margin and the Mid-Swap Rate for the First Reset Period;

**Mid-Swap Rate** means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the rate for the Reset Date of, in the case of semi-annual or annual Interest Payment Dates, the semi-annual or annual swap rate, respectively (with such semi-annual swap rate to be converted to a quarterly rate in accordance with market convention, in the case of quarterly Interest Payment Dates) for swap transactions in the Specified Currency maturing on the last day of such Reset Period, expressed as a percentage, which appears on the Relevant Screen Page as of approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date. If such rate does not appear on the Relevant Screen Page, the Mid-Swap Rate for the Reset Date will be the Reset Reference Bank Rate for the relevant Reset Period;

**Reference Banks** means five leading swap dealers in the interbank market for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period as selected by the Principal Paying Agent in consultation with the Issuer;

**Relevant Screen Page** means the display page on the relevant service as specified in the applicable Final Terms or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Principal Paying Agent, for the purpose of displaying the relevant swap rates for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period;

**Representative Amount** means an amount that is representative for a single transaction in the relevant market at the relevant time;

**Reset Date** means the First Reset Date, the Second Reset Date and each Subsequent Reset Date, as applicable;

**Reset Determination Date** means the second Business Day immediately preceding the relevant Reset Date;

**Reset Period** means the First Reset Period or any Subsequent Reset Period, as the case may be;

**Reset Period Mid-Swap Rate Quotations** means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on the day count basis customary for fixed rate payments in the Specified Currency), of a fixed-for-floating interest rate swap transaction in the Specified Currency with a term equal to the Reset Period commencing on the Reset Date and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg (in each case calculated on the day count basis customary for floating rate payments in the Specified Currency), is equivalent to the Rate of Interest that would apply in respect of the Notes if (a) Screen Rate Determination was specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, (b) the Reference Rate was the Floating Leg Reference Rate as specified in the applicable Final Terms and (c) the Relevant Screen Page was the Floating Leg Screen Page as specified in the applicable Final Terms;

**Reset Reference Bank Rate** means, in relation to a Reset Date and the Reset Period commencing on that Reset Date, the percentage determined on the basis of the Reset Period Mid-Swap Rate Quotations provided by the Reference Banks at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date. The Principal Paying Agent will request the principal office of each of the Reference Banks to provide a quotation of its rate. If at least three quotations are provided, the relevant Reset Reference Bank Rate will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the relevant Reset Reference Bank Rate will be the arithmetic mean of the quotations provided. If only one quotation is provided, the relevant Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the relevant Reset Reference Bank Rate will be the Mid-Swap Rate for the immediately preceding Reset Period or, if none, the Initial Mid-Swap Rate as specified in the applicable Final Terms; and

**Subsequent Reset Rate** means, in respect of any Subsequent Reset Period, the sum of the Reset Margin and the Mid-Swap Rate for the relevant Subsequent Reset Period.

(b) **Notification of Rate of Interest and Reset Interest Amounts**

The Principal Paying Agent will cause each Rate of Interest and the amount of interest (the **Reset Interest Amount**) payable for each Interest Period falling in a Reset Period to be notified to the

Issuer, the Trustee and any stock exchange (or listing agent as the case may be) on which the relevant Fixed Reset Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(c) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Principal Paying Agent shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the other Agents, the Trustee and all Noteholders and Couponholders and (in the absence of wilful default and gross negligence) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent, the other Agents or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### 5.3 Interest on Floating Rate Notes

(a) **Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 5.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR, EURIBOR, STIBOR or NIBOR as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of a determination of LIBOR, Brussels time, in the case of a determination of EURIBOR or Stockholm time, in the case of a determination of STIBOR) or 12.00 noon (Oslo time, in the case of a determination of NIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**



The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.3:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$D_1$  is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case  $D_1$  will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange (or listing agent as the case may be) on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.3 by the Principal Paying Agent shall (in the absence of manifest error) be binding on the Issuer, the Principal Paying Agent, the other Agents, the Trustee and all Noteholders and Couponholders and (in the absence of wilful default and gross negligence) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent, the other Agents or the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

## **5.4 Exempt Notes**

In the case of Exempt Notes which are also Floating Rate Notes where the applicable Pricing Supplement identifies that Screen Rate Determination applies to the calculation of interest, if the Reference Rate from time to time is specified in the applicable Pricing Supplement as being other than LIBOR, EURIBOR, STIBOR or NIBOR, the Rate of Interest in respect of such Exempt Notes will be determined as provided in the applicable Pricing Supplement.

The rate or amount of interest payable in respect of Exempt Notes which are not also Fixed Rate Notes, Fixed Reset Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement.

## **5.5 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

## **6. PAYMENTS**

### **6.1 Method of payment**

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

### **6.2 Presentation of definitive Bearer Notes and Coupons**

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the

United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Fixed Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

### **6.3 Payments in respect of Bearer Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

### **6.4 Payments in respect of Registered Notes**

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at

the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **6.5 General provisions applicable to payments**

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 6.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation; and
  - (ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## 6.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) the Change of Control Redemption Amount (if any) of the Notes;
- (f) the Make-Whole Redemption Amount(s) (if any) of the Notes;
- (g) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.7); and
- (h) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8

or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **7.2 Redemption for tax reasons**

- (i) The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:
  - (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 8) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
  - (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (i) a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such Additional Amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

- (ii) This Condition 7.2(ii) is applicable only in relation to Notes specified in the applicable Final Terms as being Subordinated Notes and references to **Notes** in this Condition 7.2(ii) shall be construed accordingly.

If a Tax Event occurs, the Issuer may redeem the Notes in whole but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice



shall be irrevocable), at the Early Redemption Amount referred to in Condition 7.7 below, together (if appropriate) with interest accrued to (but excluding) the relevant date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be subject to the consequences described in sub-paragraph (x) or (y) of the definition of “Tax Event” were a payment in respect of the Notes then due.

**Tax Event** means the delivery to the Trustee to make available at its specified office to the Noteholders of (A) a certificate signed by two duly authorised officers of the Issuer and (B) an opinion of independent legal advisers of recognised standing and acceptable to the Trustee, each to the effect that, as a result of (i) any amendment to, clarification of, or change (excluding any proposed amendment, clarification or change) in, the laws or treaties (or any regulations thereunder) of a Tax Jurisdiction, (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification, or change is effective or such pronouncement or decision is announced on or after the relevant Issue Date of the first Tranche of the Notes, there is more than an insubstantial risk that (x) the Issuer is, or will be, subject to more than a *de minimis* amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Notes or (y) the treatment of any of the Issuer’s items of income or expense with respect to the Notes as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be respected by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg

as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

#### **7.4 Make-Whole Redemption by the Issuer**

If Make-Whole Redemption by the Issuer is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable and shall specify the date fixed for redemption (the **Make-Whole Redemption Date**)), redeem all or (if redemption in part is specified as being applicable in the applicable Final Terms) some only of the Notes then outstanding on any Make-Whole Redemption Date and at the Make-Whole Redemption Amount(s) together, if appropriate, with interest accrued to (but excluding) the relevant Make-Whole Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Redeemed Notes will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the relevant Make-Whole Redemption Date and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the relevant Make-Whole Redemption Date.

In this Condition 7.4, **Make-Whole Redemption Amount** means: (A) the outstanding nominal amount of the relevant Note or (B) if higher, the sum, as determined by the Calculation Agent, of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the relevant Make-Whole Redemption Date on an annual basis at the Reference Rate plus the Make-Whole Redemption Margin (if any) specified in the applicable Final Terms, where:

**CA Selected Bond** means a government security or securities (which, if the Specified Currency is euro, will be a German *Bundesobligationen*) selected by the Calculation Agent as having a maturity comparable to the remaining term of the Notes to be redeemed and that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Notes;

**Calculation Agent** means a leading investment, merchant or commercial bank appointed by the Issuer and approved in writing by the Trustee for the purposes of calculating the relevant Make-Whole Redemption Amount, and notified to the Noteholders in accordance with Condition 14;

**Reference Bond** means (A) if CA Selected Bond is specified in the applicable Final Terms, the relevant CA Selected Bond or (B) if CA Selected Bond is not specified in the applicable Final Terms, the security specified in the applicable Final Terms, provided that if the Calculation Agent advises the Issuer that, at the time at which the relevant Make-Whole Redemption Amount is to be determined, for reasons of illiquidity or otherwise, the relevant security specified is not appropriate for such purpose, the Reference Bond shall be such

other central bank or government security as the Calculation Agent may, after consultation with the Issuer and with the advice of Reference Market Makers, determine to be appropriate;

**Reference Bond Price** means (i) the average of five Reference Market Maker Quotations for the relevant Make-Whole Redemption Date, after excluding the highest and lowest of such five Reference Market Maker Quotations (or, if there are two highest and/or two lowest quotations, excluding just one of such highest quotations and/or one of such lowest quotations, as the case may be), (ii) if the Calculation Agent obtains fewer than five, but more than one, such Reference Market Maker Quotations, the average of all such quotations, or (iii) if only one such Reference Market Maker Quotation is obtained, the amount of the Reference Market Maker Quotation so obtained;

**Reference Market Maker Quotations** means, with respect to each Reference Market Maker and any Make-Whole Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) quoted in writing to the Calculation Agent at the Quotation Time specified in the applicable Final Terms on the Reference Rate Determination Date specified in the applicable Final Terms;

**Reference Market Makers** means five brokers or market makers of securities such as the Reference Bond selected by the Calculation Agent or such other five persons operating in the market for securities such as the Reference Bond as are selected by the Calculation Agent in consultation with the Issuer; and

**Reference Rate** means, with respect to any Make-Whole Redemption Date, the rate per annum equal to the equivalent yield to maturity of the Reference Bond, calculated using a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Make-Whole Redemption Date. The Reference Rate will be calculated on the Reference Rate Determination Date specified in the applicable Final Terms.

The Make-Whole Redemption Amount shall be notified by the Issuer or the Calculation Agent to the Principal Paying Agent, the Trustee and the Noteholders no less than two business days prior to the relevant Make-Whole Redemption Date.

## **7.5 Redemption at the option of the Noteholders (Investor Put) (other than upon a Change of Control)**

This Condition 7.5 may be applicable only in relation to Notes specified in the applicable Final Terms as being Senior Preferred Notes and references to **Notes** in this Condition 7.5 shall be construed accordingly.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the

Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.5 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.5.

## **7.6 Redemption as a result of a Change of Control of the Issuer (Change of Control Put)**

This Condition 7.6 may be applicable only in relation to Notes specified in the applicable Final Terms as being Senior Preferred Notes and references to **Notes** in this Condition 7.6 shall be construed accordingly.

If (a) Change of Control Put is specified as being applicable in the applicable Final Terms and (b) at any time while this Note remains outstanding, either of the following events shall occur (each, as applicable, a **Put Event**):

- (i) a Change of Control occurs and, if at the start of the Change of Control Period the Notes or the Issuer are rated by any Rating Agency, (A) a Rating Downgrade in respect of that Change of Control occurs and (B) following such Rating Downgrade neither the Notes nor the Issuer carry a public Investment Grade Rating from any other Rating Agency; or
- (ii) a Change of Control occurs and (A) on the occurrence of the Change of Control, neither the Notes nor the Issuer are rated by any Rating Agency and (B) neither the Notes nor the Issuer are within the Change of Control Period assigned a public Investment Grade Rating by a Rating Agency,

the holder of each Note will have the option (the **Change of Control Put Option**) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 7.2) to require the Issuer to redeem or, at the Issuer's option, to purchase or procure the purchase of this Note on the Change of Control Redemption Date (as defined below), at the Change of Control Redemption Amount together with (or, where purchased, together with an amount equal to) accrued interest (if applicable) to (but excluding) the Change of Control Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event Event has occurred, the Issuer shall, and upon the Trustee becoming so aware (the Issuer having failed to do so) the Trustee may, give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event, the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option:

- (x) if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the period (the **Change of Control Put Period**) of 30 days after that on which the Put Event Notice is given, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Change of Control Put Exercise Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Change of Control Put Exercise Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Change of Control Put Exercise Notice, be held to its order or under its control, and all unmatured Coupons and Talons (if any) relating thereto shall be dealt with as per the provisions of Condition 6.2; and
- (y) if this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, the holder of this Note must, within the Change of Control Put Period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg (which may include notice being given on such holder's instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg, as applicable, from time to time.

The Issuer shall redeem or, at its option, purchase (or procure the purchase of) the Notes in respect of which the Change of Control Put Option has been validly exercised on the Change of Control Redemption Date.

Any Change of Control Put Exercise Notice or other notice given in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg, as applicable, given by a holder of any Note pursuant to this Condition 7.6 shall be irrevocable except (i) with the prior consent of the Issuer or (ii) where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has accelerated the Notes, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Exercise Notice or such other notice and instead to treat its Notes as being forthwith due and payable pursuant to Condition 10.

The Trustee is under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.

If 80 per cent. or more in aggregate nominal amount of the Notes then outstanding is redeemed pursuant this Condition 7.6, the Issuer may, at its option and on not less than 30 or more than 60 days' notice to the Trustee and, in accordance with Condition 14. the Noteholders given within 30 days after the Change of Control Redemption Date (which notice shall be irrevocable), redeem, all (but not part only) of the remaining Notes at the Change of Control Redemption Amount together with interest (if applicable) accrued and unpaid to (but excluding) the date of such redemption. Such notice to the Noteholders shall specify the date fixed for redemption, the redemption price and the manner in which redemption will be effected.

For the purposes of this Condition 7.6:

- (a) A **Change of Control** shall be deemed to have occurred if at any time (whether or not approved by the Board of Directors of the Issuer) any person or persons acting in concert or any person or persons acting on behalf of any such person(s) (the Relevant Person(s)) directly or indirectly come(s) to own or acquire(s) (A) more than 50 per cent. of the issued ordinary share capital of the Issuer; or (B) such number of the shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer, provided that a Change of Control shall be deemed not to have occurred if all or substantially all of the shareholders of the Relevant Person(s) are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of the Issuer with the same (or substantially the same) *pro rata* interest in the share capital of the Relevant Person(s) as such shareholders have, or as the case may be, had in the share capital of the Issuer;
- (b) **Change of Control Period** means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below) provided that such Potential Change of Control Announcement is followed within 180 days by a Change of Control, and (ii) ending on the date which is 90 days after the date on which the relevant Change of Control occurs (such 90th day, the **Initial Longstop Date**); provided that, unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Notes or the Issuer, if a Rating Agency publicly announces, at any time prior to the Initial Longstop Date, that it has placed its rating of the Notes or the Issuer under consideration for rating review as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 60 days after the Initial Longstop Date;
- (c) **Change of Control Redemption Date** means the tenth day after the date of expiry of the Change of Control Put Period;
- (d) an **Investment Grade Rating** means, in relation to S&P, a rating of BBB- or better, or in relation to Moody's, a rating of Baa3 or better (provided that, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, with the agreement of the Trustee, the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and this Condition 7.6 shall be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;
- (e) a **Non-Investment Grade Rating** means, in relation to S&P, a rating of BB+ or below, or in relation to Moody's, a rating of Ba1 or below (provided that, if the rating designations employed by a Rating Agency are changed from those referred to above, the Issuer shall determine, with the agreement of the Trustee, the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and this Condition 7.6 shall be read accordingly) and, in the case of any other Rating Agency, a comparable rating from that Rating Agency;

- (f) **Potential Change of Control Announcement** means any public announcement or statement by the Issuer, any actual or potential bidder or any designated advisor thereto relating to any specific potential Change of Control;
- (g) **Rating Agency** means any of the following: (i) Standard & Poor's Credit Market Services Europe Limited (**S&P**); (ii) Moody's Investors Service Limited (**Moody's**); or (iii) any other rating agency of equivalent international standing specified from time to time by the Issuer, and, in each case, their respective successors or affiliates; and
- (h) A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Notes or the Issuer by any Rating Agency is (i) withdrawn and not reinstated during the Change of Control Period to an Investment Grade Rating by such Rating Agency or (ii) changed from an Investment Grade Rating to a Non-Investment Grade Rating by any Rating Agency and is not raised again to an Investment Grade Rating within the Change of Control Period or (iii) if such rating previously assigned to the Notes or the Issuer by any Rating Agency was below an Investment Grade Rating at the start of the Change of Control Period, lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents) and is not raised again to its earlier credit rating or better by such Rating Agency within the Change of Control Period; provided that a Rating Downgrade otherwise arising by virtue of a particular change in or withdrawal of a rating shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency making the change in or withdrawal of a rating does not confirm in writing to the Issuer or publicly announce or publicly confirm that the reduction or withdrawal was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control or Potential Change of Control Announcement.

## 7.7 Early Redemption Amounts

For the purpose of Condition 7.2 above, Conditions 7.11 and 7.12 below and Condition 10 below:

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount which will be its principal amount unless otherwise specified in the applicable Final Terms; and
- (b) each Zero Coupon Note will be redeemed at an Early Redemption Amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**y** is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365

(in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **7.8 Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

## **7.9 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.8 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

## **7.10 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3, 7.4, 7.5 or 7.6 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.7(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## **7.11 Redemption at the option of the Issuer upon occurrence of a Capital Event**

This Condition 7.11 applies only in the case of Notes specified in the applicable Final Terms as being Subordinated Notes and references to **Notes** in this Condition 7.11 shall be construed accordingly.

If a Capital Event occurs, the Issuer may, within 90 calendar days of the occurrence of the relevant Capital Event, at its option, give notice to the Principal Paying Agent, the Trustee and the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) that all (but not some only) of the outstanding Notes shall be redeemed:

- (i) in the case of all Notes other than Floating Rate Notes, at any time within the period of not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms; or
- (ii) in the case of Floating Rate Notes, (1) on any Interest Payment Date falling within the period of not less than the minimum period nor more than the maximum period of notice



specified in the applicable Final Terms from the date of such notice or (2) if there is no Interest Payment Date falling within (1) above, on the first Interest Payment Date to occur after the expiry of 60 days from the date of such notice,

in each case, at the Early Redemption Amount referred to in Condition 7.7 above, together with accrued interest (if any) thereon. Upon the expiry of such notice, the Issuer shall redeem the Notes.

In these Conditions:

A **Capital Event** means the determination by the Issuer, after consultation with the Relevant Regulator (if required by the Relevant Regulator) that as a result of a change in Swedish law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date of the first Tranche of the Notes, the aggregate outstanding nominal amount of the Notes is fully excluded from Tier 2 capital of the Issuer (other than as a result of any applicable limitation on the amount of such capital) such determination to be confirmed by the Issuer to the Trustee in a certificate signed by two authorised signatories of the Issuer; and

**Tier 2 capital** means Tier 2 capital (*supplementärkapital*) as defined in Part 2 Chapter 4 of the CRR or in any other Applicable Banking Regulations, in each case as amended or replaced.

#### **7.12 Redemption at the option of the Issuer upon occurrence of a MREL Disqualification Event**

This Condition 7.12 applies only in the case of Notes specified in the applicable Final Terms as being Senior Non-Preferred Notes and where "Redemption upon occurrence of a MREL Disqualification Event" is specified as being applicable in the applicable Final Terms, and references to **Notes** in this Condition 7.12 shall be construed accordingly.

If a MREL Disqualification Event occurs, the Issuer may, at its option, give notice to the Principal Paying Agent, the Trustee and the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) that all (but not some only) of the outstanding Notes shall be redeemed:

- (i) in the case of all Notes other than Floating Rate Notes, at any time within the period of not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms; or
- (ii) in the case of Floating Rate Notes, (1) on any Interest Payment Date falling within the period of not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms from the date of such notice or (2) if there is no Interest Payment Date falling within (1) above, on the first Interest Payment Date to occur after the expiry of 60 days from the date of such notice,

in each case, at the Early Redemption Amount referred to in Condition 7.7 above, together with accrued interest (if any) thereon. Upon the expiry of such notice, the Issuer shall redeem the Notes.

For the purposes of these Conditions, **MREL Disqualification Event** means, in respect of a Series of Senior Non-Preferred Notes, the determination by the Issuer (such determination to be confirmed by the Issuer to the Trustee in a certificate signed by two authorised signatories of the Issuer) that, as a result of a change in any Applicable MREL Regulations becoming effective on or after the Issue Date of the first Tranche of the Notes, it is likely that the Notes will be fully excluded or partially excluded from the "eligible liabilities" (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) if the Issuer or the Group is then or, as the case may be, will be subject to such MREL Requirement, provided that a MREL Disqualification Event shall not occur where such exclusion is or will be caused by (1)

the remaining maturity of such Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, or (2) any applicable limits on the amount of “eligible liabilities” (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded.

### **7.13 Conditions to Redemption, Purchase, Substitution and Variation of Subordinated Notes and Senior Non-Preferred Notes**

In the case of Notes specified in the applicable Final Terms as being Subordinated Notes or Senior Non-Preferred Notes, no early redemption, purchase, substitution or variation as contemplated by this Condition 7 of such Notes may be made without the prior consent of the Relevant Regulator (if such consent is required (in the case of Subordinated Notes) by the Applicable Banking Regulations or (in the case of Senior Non-Preferred Notes) the Applicable MREL Regulations).

### **7.14 Variation or Substitution of Subordinated Notes and Senior Non-Preferred Notes**

This Condition 7.14 is applicable in relation to Notes specified in the applicable Final Terms as being Subordinated Notes or Senior Non-Preferred Notes and where "Substitution or variation" is specified as being applicable in the applicable Final Terms, and references to Notes in this Condition 7.14 shall be construed accordingly.

If at any time, in the case of Senior Non-Preferred Notes, a MREL Disqualification Event occurs or, in the case of Subordinated Notes, a Capital Event occurs and, in either case, is continuing or in order to ensure the effectiveness and enforceability of Condition 19.5, the Issuer may, subject to Condition 7.13 (without any requirement for the consent or approval of the Noteholders or, subject as provided below, the Trustee) on giving not less than 30 nor more than 60 days' notice to (i) the Trustee and the Principal Paying Agent and (ii) the Noteholders in accordance with Condition 14 (which notice shall be irrevocable) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes and/or the terms of the Trust Deed so that they remain or, as appropriate, become, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities (as defined below) or, in the case of Subordinated Notes, Subordinated Qualifying Securities (as defined below), as the case may be.

The Trustee shall (at the request and expense of the Issuer) agree to the substitution of the Notes for, or the variation of the terms of the Notes so that they remain or, as appropriate, become, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities or, in the case of Subordinated Notes, Subordinated Qualifying Securities, as the case may be, as aforesaid, provided that (i) the Trustee receives the certificate in the form described in the definition of Subordinated Qualifying Securities or Senior Non-Preferred Qualifying Securities, as the case may be, in accordance with the provisions thereof, and (ii) the terms of the proposed Senior Non-Preferred Qualifying Securities or Subordinated Qualifying Securities or the agreement to such substitution or variation, as the case may be, would not impose, in the Trustee's opinion, more onerous obligations upon it or reduce its protections.

For the purposes of these Conditions:

**Senior Non-Preferred Qualifying Securities** means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to the Noteholders as a class than the terms of the Senior Non-Preferred Notes (as reasonably determined by the Issuer, after having consulted an independent third party financial adviser of international standing, and provided that a certification to such effect of two authorised signatories of the Issuer shall have been delivered to the Trustee not less than five business days prior to (i) in the case of a

substitution of the Senior Non-Preferred Notes, the issue of the relevant securities or (ii) in the case of a variation of the Senior Non-Preferred Notes, such variation, as the case may be), provided that they shall (1) include a ranking at least equal to that of the Senior Non-Preferred Notes prior to such substitution or variation, as the case may be, (2) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Senior Non-Preferred Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights and obligations as the Senior Non-Preferred Notes prior to such substitution or variation, as the case may be, including, but not limited to, as to timing and amount, (4) comply with the then current requirements in relation to “eligible liabilities” (or any equivalent or successor term) provided for in the Applicable MREL Regulations, (5) preserve any existing rights under the Senior Non-Preferred Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, (6) where the Senior Non-Preferred Notes which have been substituted or varied had a solicited credit rating immediately prior to their substitution or variation, be assigned a solicited credit rating equal to or higher than (A) the solicited credit rating of the Senior Non-Preferred Notes immediately prior to their substitution or variation or (B) where the solicited credit rating of the Senior Non-Preferred Notes was, as a result of Condition 19.5 becoming ineffective and/or unenforceable, amended prior to such substitution or variation, the solicited credit rating of the Senior Non-Preferred Notes immediately prior to such amendment, and (7) not include any loss absorbing provisions such as principal write-offs, write-downs or conversion to equity, unless the triggers are objective and measurable; and

- (ii) are listed on a recognised stock exchange, if the Senior Non-Preferred Notes were listed immediately prior to such substitution or variation, as selected by the Issuer and approved by the Trustee.

**Subordinated Qualifying Securities** means securities, whether debt, equity, interests in limited partnerships or otherwise, issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to the Noteholders as a class than the terms of the Subordinated Notes (as reasonably determined by the Issuer, after having consulted an independent third party financial adviser of international standing, and provided that a certification to such effect of two authorised signatories of the Issuer shall have been delivered to the Trustee not less than five business days prior to (i) in the case of a substitution of the Subordinated Notes, the issue of the relevant securities or (ii) in the case of a variation of the Subordinated Notes, such variation, as the case may be), provided that they shall (1) include a ranking at least equal to that of the Subordinated Notes prior to such substitution or variation, as the case may be, (2) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Subordinated Notes prior to such substitution or variation, as the case may be, (3) have the same redemption rights and obligations as the Subordinated Notes prior to such substitution or variation, as the case may be, including, but not limited to, as to timing and amount, (4) comply with the then current requirements of the Relevant Regulator in relation to Tier 2 capital, (5) preserve any existing rights under the Subordinated Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, (6) where the Subordinated Notes which have been substituted or varied had a solicited credit rating immediately prior to their substitution or variation, be assigned a solicited credit rating equal to or higher than (A) the solicited credit rating of the Subordinated Notes immediately prior to their substitution or variation or (B) where the solicited credit rating of the Subordinated Notes was, as a result of Condition 19.5 becoming

ineffective and/or unenforceable, amended prior to such substitution or variation, the credit rating of the Subordinated Notes immediately prior to such amendment, and (7) not include any loss absorbing provisions such as principal write-offs, write-downs or conversion to equity, unless the triggers are objective and measurable; and

- (ii) are listed on a recognised stock exchange if the Notes were listed immediately prior to such variation or substitution, as selected by the Issuer and approved by the Trustee.

## 8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law.

In such event, the Issuer will, in respect of payments of interest only (in the case of Senior Non-Preferred Notes, Subordinated Notes and (if "Senior Preferred Notes Restricted Gross Up" is specified as being applicable in the applicable Final Terms) Senior Preferred Notes) and payments of principal and interest (in the case of all other Notes), pay such additional amounts (**Additional Amounts**) as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment in the Kingdom of Sweden; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.6).

As used herein:

- (i) **Tax Jurisdiction** means the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. PRESCRIPTION

The Notes (whether in bearer or registered form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## **10. EVENTS OF DEFAULT AND ENFORCEMENT**

### **10.1 Events of Default relating to certain Senior Preferred Notes**

This Condition 10.1 only applies to Senior Preferred Notes (except where "Senior Preferred Notes Restricted Events of Default" is specified as being applicable in the applicable Final Terms, in which case Condition 10.2 shall apply to such Senior Preferred Notes) and references to **Notes** in this Condition 10.1 shall be construed accordingly. The following shall be events of default (each an **Event of Default**) in relation to the Notes:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 10 days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or in the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any Financial Indebtedness of the Issuer or any of its Principal Subsidiaries is declared or otherwise becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Financial Indebtedness on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer or any of its Principal Subsidiaries for any Financial Indebtedness becomes enforceable; or (iv) default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Financial Indebtedness of any other person; provided that no event described in this Condition 10.1(c) shall constitute an Event of Default unless the relevant amount of Financial Indebtedness or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Financial Indebtedness and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least €5,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of (i) reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or (ii) in the case of a Principal Subsidiary, a winding up or dissolution whilst solvent and pursuant to which all the assets of such Principal Subsidiary are transferred to the Issuer or a Subsidiary of the Issuer; or
- (e) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, save for the purposes of (i) reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution, or (ii) in the case of a Principal Subsidiary, whereby the business is transferred to or otherwise vested with the Issuer or any of its Subsidiaries (in which event such Subsidiary shall immediately after such transfer be deemed a Principal Subsidiary), or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to

pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (f) if (i) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) is not discharged within 14 days; or
- (g) if the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium), save, in the case of a Principal Subsidiary, for a liquidation whilst solvent and pursuant to which all the assets of such Principal Subsidiary are transferred to the Issuer or a Subsidiary of the Issuer (in which event such Subsidiary shall immediately after such transfer be deemed a Principal Subsidiary), or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) the Issuer's licence to conduct financing business in accordance with the Swedish Banking and Financing Act (*Sw.lag (2004:297) om bank och finansieringsrörelse*) as amended from time to time, is withdrawn by the SFSA; or
- (i) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in paragraphs (d) to (g) above.

If any Event of Default shall have occurred, the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs 10.1(b) to 10.1(d) (other than the winding up or dissolution of the Issuer) and 10.1(e) to 10.1(i) inclusive above, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed.

## **10.2 Events of Default relating to Subordinated Notes, Senior Non-Preferred Notes and certain Senior Preferred Notes**

- (a) This Condition 10.2 only applies to Subordinated Notes, Senior Non-Preferred Notes or, where "Senior Preferred Notes Restricted Events of Default" is specified as being applicable in the applicable Final Terms, Senior Preferred Notes and references to **Notes** in this Condition 10.2 shall be construed accordingly. The following shall be events of default (each an **Event of Default**) in relation to the Notes:

- (i) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 10 days; or
- (ii) if an order is made or an effective resolution is passed for the winding up or liquidation of the Issuer (except for the purpose of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligations of the Issuer under the Notes) or the Issuer is otherwise declared bankrupt (*konkurs*) or put into liquidation (*likvidation*), in each case by a court or agency or supervisory authority in the Kingdom of Sweden having jurisdiction in respect of the same.

If any Event of Default shall have occurred under this Condition 10.2(a), the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction),

- (1) (in the case of (i) above), institute such steps, including the obtaining of a judgment against the Issuer for any amount due in respect of the relevant Notes, as it thinks desirable with a view to having the Issuer declared bankrupt (*konkurs*) or put into liquidation (*likvidation*), in each case in the Kingdom of Sweden and not elsewhere, and prove or claim in the bankruptcy or liquidation of the Issuer; and/or
- (2) (in the case of (ii) above), prove or claim in the bankruptcy or liquidation of the Issuer, whether in the Kingdom of Sweden or elsewhere and instituted by the Issuer itself or by a third party,

but (in either case) the Trustee may claim payment in respect of the Note only in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer.

- (b) In any of the events or circumstances described in (a)(ii) above, the Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that each Note is, and each Note shall (subject to the provisions set out in Condition 10.2(a)) thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed, but (except with the prior consent of the Relevant Regulator) subject to the Issuer only being required to make such payment after it has been declared bankrupt (*konkurs*) or put into liquidation (*likvidation*).
- (c) The Trustee may at its discretion institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Issuer under the Notes (other than, without prejudice to Conditions 10.2(a) or 10.2(b) above, any obligation for the payment of any principal or interest in respect of the Notes) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (d) No remedy against the Issuer, other than as provided in Condition 10.2(a) and 10.2(c) above or proving or claiming in the bankruptcy (*konkurs*) or liquidation (*likvidation*) of the Issuer in the Kingdom of Sweden or elsewhere, shall be available to the Trustee or the holders of Notes, whether for the recovery of amounts owing in respect of the Notes or in respect of

any breach by the Issuer of any of its obligations or undertakings under the Notes or the Trust Deed.

### 10.3 Enforcement

The Trustee may at any time (but subject, in the case of Subordinated Notes, Senior Non-Preferred Notes and, where "Senior Preferred Notes Restricted Events of Default" is specified as being applicable in the applicable Final Terms, Senior Preferred Notes, to Condition 10.2), at its discretion and without notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, (i) fails to do so within a reasonable period, or (ii) is unable for any reason to do so, and the failure or inability shall be continuing (in which event, in the case of a Subordinated Note, Senior Non-Preferred Note or, where "Senior Preferred Notes Restricted Events of Default" is specified as being applicable in the applicable Final Terms, Senior Preferred Note the relevant Noteholder or Couponholder shall have only such right against the Issuer as those which the Trustee is entitled to exercise as set out in these Conditions).

### 10.4 Definitions

For the purposes of the Conditions:

- (a) a **Principal Subsidiary** means a Subsidiary of the Issuer whose gross assets or gross revenue represent more than (i) 10 per cent. of the total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra-group transactions) or (ii) 10 per cent. of the total gross revenue of the Group, in each case according to the most recent financial statements of the Issuer and its Subsidiaries; and
- (b) a **Subsidiary** of a company or corporation shall be construed as a reference to any company or corporation:
  - (i) which is controlled, directly or indirectly, by the first-mentioned company or corporation;
  - (ii) more than half the equity or issued share capital of which is beneficially owned, directly or indirectly, by the first-mentioned company or corporation; or
  - (iii) which is a Subsidiary of another Subsidiary of the first-mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

## 11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such



costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

## **12. AGENTS**

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and (in the case of Registered Notes) a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

## **14. NOTICES**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock

exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **15. MEETINGS OF NOTEHOLDERS , MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount

of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a Subsidiary of the Issuer, subject to (i) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (ii) certain other conditions set out in the Trust Deed being complied with. Any such substitution in relation to any Senior Non-Preferred Notes or Subordinated Notes is subject to the prior consent of the Relevant Regulator.

## **16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its

Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed contains provisions allowing the Trustee to retire at any time on giving not less than 80 days' prior written notice to the Issuer without giving any reason and without being responsible for any Liabilities (as defined in the Trust Deed) incurred by such retirement. The Noteholders may by Extraordinary Resolution remove any trustee or trustees for the time being of the Notes. The Trust Deed provides that the retirement or removal of any such Trustee shall not become effective until a successor trustee (being a trust corporation) is appointed. The Trust Deed provides that, in the event of the Trustee giving notice of retirement or being removed by Extraordinary Resolution under the Trust Deed, the Issuer shall use its best endeavours to procure that a new trustee is appointed as soon as reasonably practicable. If no appointment has become effective within 80 days of such notice or Extraordinary Resolution, the Trust Deed provides that the Trustee shall be entitled to appoint a trust corporation. No appointment of a trustee shall take effect unless previously approved by an Extraordinary Resolution. Notice of any such change shall be given to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **17. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

## **18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **19. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **19.1 Governing law**

The Trust Deed (except for Clause 4), the Agency Agreement, the Notes (except for Conditions 3.1, 3.2, 3.3 and 3.4) and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons are governed by, and construed in accordance with, English law. Conditions 3.1, 3.2, 3.3 and 3.4 and Clause 4 of the Trust Deed are governed by, and shall be construed in accordance with, Swedish law.

### **19.2 Submission to jurisdiction**

(a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and the Trustee and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this Condition 19.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

### **19.3 Appointment of Process Agent**

The Issuer irrevocably appoints Hoist Kredit Ltd. at Nuffield House, 1st Floor, 41-46 Piccadilly, London W1J 0DS, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Hoist Kredit Ltd. being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

### **19.4 Other documents**

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

### **19.5 Swedish Statutory Loss Absorption Powers**

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Noteholder (which, for the purposes of this Condition 19.5, includes each holder of a beneficial interest in the Notes), by its acquisition of any Note, each Noteholder acknowledges, accepts and consents that the Notes and any liability arising under the Notes may be subject to the exercise of Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
  - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes (which may be a reduction to nil);
  - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
  - (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
  - (D) the amendment or alteration of the term of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

- (b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority.

For the purposes of this Condition 19.5:

**Relevant Amounts** means the outstanding principal amount of the Notes, together with any accrued but unpaid interest thereon and any additional or other amounts whatsoever accrued or due or which would otherwise be payable on or in respect of the Notes. References to such amounts will include (but not be limited to) amounts that have become due and payable, but which have not been paid, prior to the exercise of any Swedish Statutory Loss Absorption Powers by the Relevant Resolution Authority;

**Relevant Resolution Authority** means the Swedish National Debt Office and/or any other resolution authority with the ability to exercise any Swedish Statutory Loss Absorption Powers in relation to the Issuer or any Notes; and

**Swedish Statutory Loss Absorption Powers** means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the Kingdom of Sweden relating to the BRRD (including, without limitation, the Resolution Act (*Sw. Lag (2015:1016) om resolution*) and the Precautionary Support Act (*Sw. Lag (2015:1017) om förebyggande statligt stöd till kreditinstitut*)), (i) the transposition into Swedish law of Directive 2014/59/EU as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.

## DESCRIPTION OF THE ISSUER AND THE GROUP

### Introduction

The Issuer's legal and commercial name is Hoist Finance AB (publ), and its Swedish Corporate ID No. is 556012-8489. The registered office of the Issuer is located at P.O. Box 7848, SE-103 99 Stockholm, Sweden. The Issuer's telephone number in Sweden is + 46 (0) 85551 7790. The Issuer was registered in Sweden on 1 November 2015. The Issuer is a public limited liability company (*publikt aktiebolag*) regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*). The Issuer is a "Credit Market Company" (*kreditmarknadsföretag*) supervised by the SFSA.

Under its current Articles of Association, the Issuer's share capital shall be not less than SEK 15,000,000 and not more than SEK 60,000,000, divided into not fewer than 60,000,000 shares and not more than 240,000,000 shares. The Issuer has only one class of shares. The Issuer's registered share capital is SEK 27,061,515.33, represented by 81,184,546 shares. Each share has a quota value of SEK 1/3.

There are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

### Ownership

The Issuer is the parent company of the Hoist Finance Group (the **Group** or **Hoist Finance**). The shares of the Issuer are listed on Nasdaq Stockholm.

The Issuer has, at the date of this Offering Circular, no knowledge of any arrangements the operation of which may at a subsequent date result in a change of control of the Issuer.

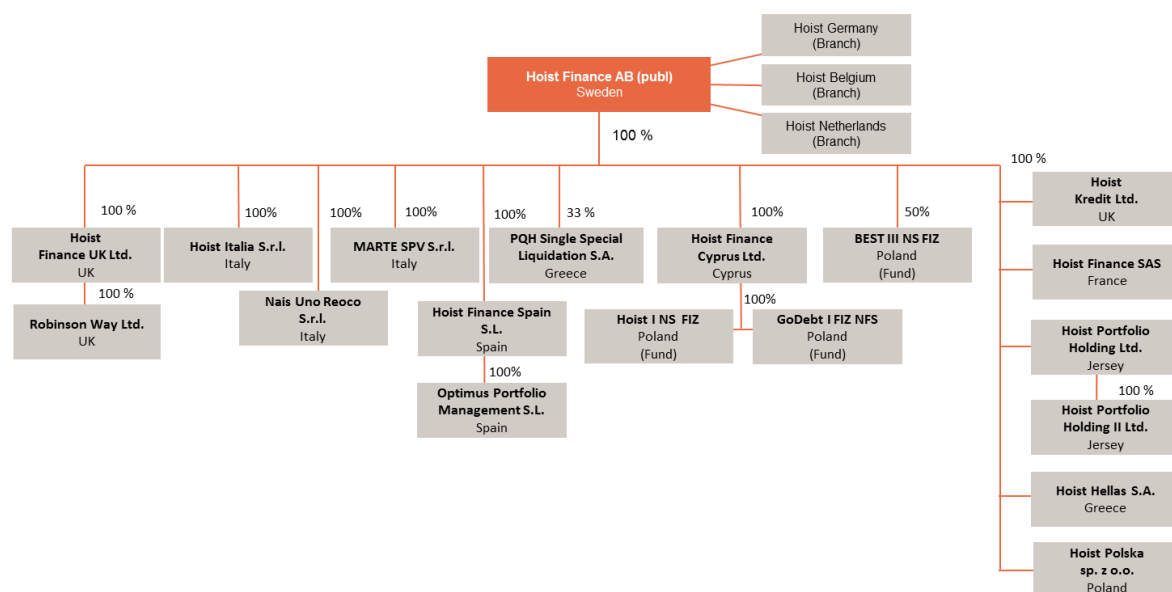
The table below sets out the ten largest shareholders of the Issuer as of 30 June 2018 (source: Modular Finance AB with ownership statistics from Monitor, Euroclear Sweden AB and changes noted by and/or confirmed to Hoist Finance).

Name	Share of capital and votes (%)
Swedbank Robur Funds	9.7
Carve Capital AB	9.7
Zeres Capital	8.6
Handelsbanken Funds	8.5
Didner & Gerge Funds	6.2
Jörgen Olsson (privately and through Deciso Holding AB)	4.1
Danske Invest Funds	3.4
Svenskt Näringsliv	2.8
Holberg Funds	2.7
Carnegie Funds	2.7

### Group structure

A large part of the Issuer's business is conducted through its subsidiaries, on which the Issuer, as a consequence thereof, is dependent. The Group structure as at the date of this Offering Circular is illustrated in the organisational chart below.





Note: The above chart outlines the most important operational entities

Below is a list of the direct and indirect subsidiaries of the Issuer as of the date of this Offering Circular.

Hoist Finance Services AB *	556640-9941	Stockholm	100
Hoist Finance SAS	444611453	Lille	100
HECTOR Sicherheiten-Verwaltungs GmbH	HRB 74561	Duisburg	100
Hoist Portfolio Holding Ltd.	101438	St. Helier, Jersey	100
Hoist Portfolio Holding II Ltd.	111085	St. Helier, Jersey	100
Hoist Polska sp. z o.o.	0000536257	Wroclaw, Poland	100
Hoist Cyprus Ltd.	HE 338 570	Nicosia, Cyprus	100
MARTE SPV S.r.l.	4634710265	Conegliano, Italy	100
Hoist Italia S.r.l.	12898671008	Rome, Italy	100
Nais Uno Reoco S.r.l.	RM-1530404	Rome, Italy	100
Hoist I NS FIZ **	RFI702	Warszawa, Poland	100
GoDebt1 FIZ NFS **	0000292229	Warszawa, Poland	100
BEST III NS FIZ **	RFI623	Gdynia, Poland	50
Hoist Kredit Ltd.	7646691	London, United Kingdom	100
Hoist Finance UK Ltd.	8303007	London, United Kingdom	100
Robinson Way Ltd.	6976081	Manchester, United Kingdom	100
the lewis group Ltd.*	SC127043	Glasgow, United Kingdom	100
CL Finance Ltd.*	1108021	West Yorkshire, United Kingdom	100
Compello Holdings Ltd. *	08045571	Milton Keynes, United Kingdom	100
Compello Operations Ltd.*	08045559	Milton Keynes, United Kingdom	100
MKE (UK) Ltd.*	07042157	Milton Keynes, United Kingdom	100
MKDP LLP*	OC349372	Milton Keynes, United Kingdom	100
Hoist Hellas S.A.	137777901000	Athens, Greece	100
PQH Single Special Liquidation S.A. ***	138353201000	Athens, Greece	33
Hoist Finance Spain S.L.	B87547659	Madrid, Spain	100
Optimus Portfolio Management S.L.	B86959285	Madrid, Spain	100

\* Non-operating companies to be liquidated or disposed.

\*\* Non-standardised securitisation funds of which Hoist Finance holds investment certificates.

\*\*\* The company is a part of a consortium, consisting of Hoist Finance AB (publ), Qualco S.A. and PricewaterhouseCoopers Business Solutions S.A.

## Business overview

Hoist Finance specialises in purchasing unsecured NPLs (as defined above), originated by international banks and other financial institutions. Hoist Finance has operations in ten countries across Europe. Hoist Finance has in the past also selectively purchased overdue debt from utilities, telecommunications companies and other consumer companies and is, in certain markets, purchasing performing and secured loans. After purchasing a portfolio, Hoist Finance collects payments from the customers primarily by agreeing to sustainable payment plans. The collections in relation to the Group's purchased portfolios are largely managed through the Group's thirteen in-house collection centres across Europe, which are complemented, where appropriate, by carefully selected local external debt servicing partners.

In addition to debt purchasing, Hoist Finance also to a limited extent provides debt servicing to collect overdue debt on behalf of third parties in selected European markets. Hoist Finance engineers and implements tailored debt collection strategies and solutions to maximise cash flow streams from overdue debt for clients who have decided to outsource their debt collection function.

As a Swedish "Credit Market Company" (*kreditmarknadsföretag*), the Issuer is able to offer corporate and retail deposits to the general public that are fully covered by the Swedish state-provided deposit guarantee scheme, which currently guarantees an amount of SEK 950,000 for each depositor. The Issuer has operated a traditional internet-based retail deposit product in Sweden since 2009 under the HoistSpar brand. In 2017, Hoist Finance also launched savings accounts in Germany, in partnership with one of the largest deposit savings platforms in Europe. This provides the Group with a cost-efficient, flexible and reliable source of funding that is largely used to fund portfolio purchases.

## History

Hoist Finance's history dates back to 1908, when Swedish entrepreneur Hans Osterman founded a car import company in Stockholm, Sweden. In 1915 this company was transformed into a finance company. Since 1994, Hoist Finance's business has been concentrated on purchasing NPL portfolios. Below is a summary of the key events in the Group's history:

<b>1994</b>	Hoist Finance recognised that the stock of NPLs in Sweden was growing due to the financial crisis in Sweden in the early 1990s and anticipated the increased need for financial institutions to manage their balance sheets and focus on their core businesses. Hoist Finance was an early adopter in this changing landscape as Hoist Finance converted into a credit management company, refocused its business to concentrate on purchasing NPL portfolios in Sweden and divested all other activities.
<b>1994-1997</b>	Hoist Finance completed several large portfolio purchases in Sweden.
<b>1996</b>	The Issuer was authorised by the SFSA under the new rules for credit companies.
<b>1997</b>	Hoist Finance established its presence in Germany through a number of debt purchases managed out of its Swedish operations.
<b>1998</b>	The Issuer was listed on the O-list of the Stockholm Stock Exchange.
<b>1999</b>	Hoist Finance acquired Citibank's collection platform in Bremen, Germany, including 90 full time employees and a portfolio with more than 150,000 claims.
<b>2001</b>	Hoist Finance entered the French market. Similar to Hoist Finance's market entrance in Germany, this was done through a number of debt purchases.
<b>2003</b>	Hoist Finance divested its operations in Sweden to focus on markets believed to have the greatest growth opportunities.
<b>2004</b>	The Issuer was de-listed from the O-list of the Stockholm Stock Exchange.
<b>2006-2007</b>	Hoist Finance expanded its operations into Belgium and the Netherlands through the purchase of its first portfolios in these countries. Hoist Finance expanded further in Germany through the acquisition of Union Inkasso GmbH, the German debt collection subsidiary of SEB, including one collection platform, 80 full time employees and a mixed portfolio of secured and unsecured claims.
<b>2009</b>	Hoist Finance's Swedish retail deposit offering, HoistSpar, was launched and covered by the Swedish state-provided deposit guarantee scheme.
<b>2011</b>	Hoist Finance completed a major NPL purchase in Poland through a 50/50 joint venture with its primary debt collection servicing partner in the country, Best S.A. Hoist Finance also completed its first portfolio purchases in Italy and the United Kingdom.
<b>2012</b>	Hoist Finance acquired the Manchester-based debt collection company, Robinson Way, including 256 full time employees, two collection platforms, a large data warehouse and a significant portfolio of debt claims.

<b>2013</b>	<p>Hoist Finance continued its expansion in the United Kingdom by acquiring the Lewis Group. At the time of the acquisition, the Lewis Group operated from three collection platforms with 330 full time employees across the United Kingdom (including certain consultants), had developed a large data warehouse and purchased a substantial NPL portfolio. Following Hoist Finance's acquisitions in the United Kingdom, Hoist Finance implemented substantial strategic measures, including complex integration plans and operational focus, in order to reach the structure and size operated today.</p> <p>Hoist Finance completed a major portfolio purchase in the Netherlands and established a collection platform in Amsterdam. Hoist Finance made another significant portfolio purchase in Poland. Hoist Finance re-affirmed its position in the Austrian market with a number of portfolio purchases.</p> <p>The Issuer issued a senior unsecured bond and a subordinated unsecured bond, both in SEK, which were listed on Nasdaq Stockholm.</p>
<b>2014</b>	<p>Toscafund, an asset manager based in London and specialising in global financials, invested in Hoist Finance's operations through a private placement. Hoist Finance engaged in further strategic expansion in Italy through the acquisition of TRC's operations, one of Hoist Finance's long-term debt servicing partners, and in Poland, through the acquisition of Navi Lex (name changed to Hoist Polska), one of Hoist Finance's debt servicing partners.</p> <p>The Issuer issued a senior unsecured bond in Euro, which was listed on Nasdaq Stockholm.</p>
<b>2015</b>	<p>The shares of the Issuer were listed on Nasdaq Stockholm.</p> <p>Acquisition of Compello in the United Kingdom. The acquisition includes a diversified banking portfolio and an established and proven collection platform with 178 full time employees.</p> <p>Acquisition of a NPL portfolio of assets relating to small and medium-size enterprises from Banco Popolare in Italy. The portfolio consists of approximately 9,000 claims with a nominal value of EUR 950,000,000.</p>
<b>2016</b>	<p>Hoist Finance entered into a strategic partnership as part of a consortium, consisting of the Issuer, Qualco S.A. and PricewaterhouseCoopers Business Solutions S.A., selected via a tender process initiated by the Bank of Greece, to manage an aggregated NPL portfolio of 16 Greek banks and financial institutions under liquidation and to drive the reorganisation and optimisation of the underlying entities. Total assets of the NPL portfolio amount to approximately EUR 9 billion and cover all major asset classes.</p> <p>The Issuer's EMTN programme was established (the Programme size was increased from EUR 750 million to EUR 1 billion in 2017).</p> <p>The Issuer received a Ba1 rating from Moody's.</p> <p>Hoist Finance continued its geographic expansion by acquiring their first portfolio in the Spanish market in June and also strengthened their position in Spain by acquiring the Madrid based master servicing company Optimus.</p> <p>The Issuer issued EUR 30,000,000 AT1 capital.</p>
<b>2017</b>	<p>The Issuer's rating from Moody's was raised to Baa3.</p> <p>Introduction of a deposit offer in Germany.</p>
<b>2018</b>	<p>The Issuer's issued EUR 40,000,000 AT1 capital.</p>

## **Business areas/segments**

### ***Debt purchasing***

#### *Debt purchasing transaction types*

Hoist Finance primarily purchases portfolios under spot agreements (i.e., one-off transactions), pursuant to which portfolios of claims are purchased in one transaction upon payment. To a lesser extent, Hoist Finance purchases portfolios under forward flow agreements, pursuant to which claims are bought at a pre-defined price or price range for a given volume from a debt originator on an on-going basis. The majority of debt portfolios for sale are currently offered to the market through competitive auction processes. The major debt originators typically have a panel of trusted debt purchasers to whom they offer the opportunity of participating in an auction. During the debt purchase process, Hoist Finance involves a team which, depending on the size of the transaction, includes a combination of country level management, local collection operations, its group-level investment team and senior executive management.

Hoist Finance purchases several categories of loans: "garage" claims are loans that are five years or more in default and that are fully written off; tertiary claims are loans that are between two and five years in default; secondary claims are loans that are between nine months and two years in default; primary claims are loans that are between three and nine months in default; fresh claims are loans that are between 1 day and 3 months in default and; payers are loans of any age that have a recent history of continuous payments. Hoist Finance also selectively purchases performing and secured consumer loans in certain jurisdictions as well as claims from small and medium-sized enterprises (SMEs). Performing, secured and higher quality loans (e.g., fresher claims and payers) are generally sold at a lower discount than old NPLs as they entail increased predictability and lower cost to collect. Hoist Finance selectively purchases and collects on such loans in

certain jurisdictions where it is found profitable, such as Germany and the United Kingdom. The table below sets forth each claim type as a percentage of total carrying value as of 31 December 2017, 2016 and 2015.

	As of 31 December <sup>(2)</sup>		
	2017	2016	2015
Tertiary.....	56 <sup>(3)</sup>	56 <sup>(3)</sup>	45
Secondary.....	17	23	20
Primary <sup>(1)</sup> .....	16	12	8
Payers.....	11	8	27
<b>Total.....</b>	<b>100</b>	<b>100</b>	<b>100</b>

(1) Including fresh claims.

(2) The claims are allocated on a portfolio basis. When a portfolio is purchased, all claims in that portfolio are allocated to the category in which the majority of claims belong. The table excludes the Group's run-off consumer loan portfolio in Germany and the Group's 50/50 joint venture in Poland.

(3) Increase from previous year due to re-classification of the Compello portfolio from "Payers" to "Garage and tertiary".

Hoist Finance's purchased portfolios consist mainly of loans originated by leading international banks and other financial institutions, and, to a lesser extent, from utilities providers, telecommunications companies and other consumer companies. Hoist Finance continually works to increase the diversification of its debt originator client base by entering into new relationships while maintaining existing ones. Several of these banks are among Hoist Finance's key partners and Hoist Finance has relationships with individual debt originators that have lasted for multiple years and from which Hoist Finance has bought large numbers of portfolios. While Hoist Finance focuses on developing and maintaining strong relationships with large international banks, Hoist Finance has maintained a well-diversified network of debt originators.

Most of Hoist Finance's portfolios are purchased through traditional spot transactions. Historically, Hoist Finance has also purchased a number of NPL portfolios through "buy-and-leave" transactions, in which the selling debt originator continues to service the purchased claims on Hoist Finance's behalf. Hoist Finance has also purchased debt portfolios in connection with structural outsourcing transactions with financial institutions, meaning that Hoist Finance acquires entire collection platforms from these institutions, including employees and the portfolios serviced and managed from the collection platform.

#### *Funding of debt purchases*

Hoist Finance funds its portfolio purchases through a funding model consisting of deposits and bonds, but which may in the future also include other means of financing, such as credit facilities provided by banks. The deposit funding base provides a cost efficient, flexible and reliable source of funding.

#### *Data Warehouse and analytical steering*

The fundamental component in the valuation methodology applied when reviewing, analysing and pricing portfolios is Hoist Finance's internal Data Warehouse, which contains granular historical data on portfolios and customers across Hoist Finance's markets derived from Hoist Finance's debt purchasing activities since 1997. The Data Warehouse provides the foundation upon which Hoist Finance's operations are built. The analytical steering model employed to maximise the utilisation of data in the Data Warehouse is standardised across Hoist Finance's operations and integrated in all areas of the business: when forecasting and pricing portfolios considered for purchase, when implementing purchased claims into Hoist Finance's operations, when allocating resources within Hoist Finance's collection operations, and when reporting, monitoring and benchmarking the performance of Hoist Finance's purchased portfolios.

### *The debt purchasing process*

Hoist Finance has developed, and consistently employs, a set of processes and tools when engaging in, reviewing, analysing, pricing and purchasing debt portfolios. A typical portfolio purchase involves an initial review and indicative bid process, a pricing and investment process, a purchase execution process and an integration and monitoring phase. These processes include aspects such as due diligence and valuation and follow a structured, company-specific template, which ensures consistency across Hoist Finance's operations.

Hoist Finance has developed a number of proprietary tools and processes to price portfolios and to develop accurate collection and cost curves. Hoist Finance's fundamental pricing principle is to use the historical activity driven collection performance data contained in the Data Warehouse and overlay the costs associated therewith, (such as portfolio transfer and start-up costs and the costs for various collection strategies) to predict net recoveries on potential acquisitions. In addition, expected future changes to Hoist Finance's operational strategy are taken into account if it is believed that there will be any material changes from historic practice. Hoist Finance's extensive valuation process is carried out by Hoist Finance's investment and pricing teams, including representatives from collection operations.

To optimise pricing accuracy of purchased portfolios, the Group-wide pricing methodology is supplemented with bespoke regional-specific processes. For example, in the United Kingdom Hoist Finance has developed a web-based tool for portfolio valuation together with an external debt originator, which encompasses the principles set out above but is designed primarily with the United Kingdom market in mind. In addition, the pricing is adjusted to local circumstances, such as legal requirements, that may affect the typical collection cost profile of a portfolio. In certain newer markets, such as Poland and Italy, where, until recently, Hoist Finance did not have its own collection platforms and the servicing of Hoist Finance's portfolios was outsourced to external partners, the valuation of portfolios was performed in close cooperation between Hoist Finance's partners and Hoist Finance.

All portfolio acquisition decisions must be made by Hoist Finance's Management Investment Committee and in certain cases also the Board Investment Committee. Standard portfolio acquisition with value up to EUR 75 million or certain complex and/or non-standardised transactions with a value up to EUR 25 million require approval by the Management Investment Committee while standard offers exceeding EUR 75 million, or certain complex and/or non-standardised transactions exceeding EUR 25 million, require the approval from the Board Investment Committee or the Board of Directors. When a credit institution makes a purchase where the consideration exceeds 25 per cent. of its own funds, such transaction also requires the approval of the SFSA, while a purchase where the consideration exceeds 10 per cent. of the own funds has to be notified to the SFSA.

### *Collections on purchased portfolios*

The process of collecting on purchased portfolios is to a large extent managed through Hoist Finance's thirteen in-house collection centres across Europe and complemented, where appropriate, by local external debt servicing partners. Collection methods and practices vary significantly across markets.

Hoist Finance's collection strategies aim to identify and match a customer's ability to pay based on individual circumstances and attitudes. Hoist Finance collects primarily by agreeing to sustainable payment plans over the lifetime of the claim with the customer. Hoist Finance may also collect through one-off payments on the claim. Such immediate payments have a greater present value than the same amount paid later on in time through an instalment and Hoist Finance can therefore offer a discount on the claim in circumstances where it is believed that this is appropriate. The amicable settlements model is solution-oriented and takes into account each customer's individual circumstances with the aim being to establish a sustainable and affordable payment plan in close dialogue with the customer, rather than exploiting short-term collection potential. Hoist Finance's ambition is to find a solution suitable and beneficial for both sides and settlements are often based on small amounts over a long period.

Hoist Finance is dependent upon maintaining trusted relationships with debt originators, authorities and society at large. Hoist Finance's internal standards are applicable to all employees and all employees are expected to become acquainted with and comply with these standards, including the third-party collection providers that Hoist Finance engages. These standards mandate that all employees and partners are expected to always work within the law, have sound moral principles and behave in an upright and sincere manner. Hoist Finance has implemented a centrally coordinated compliance-monitoring program, which evaluates and assesses compliance with legal, regulatory and industry best practices, as well as Hoist Finance's own internal standards to protect Hoist Finance's information technology and data.

### ***Debt servicing***

In addition to debt purchasing, Hoist Finance also to a limited extent provides debt servicing to collect overdue debt on behalf of third parties in selected European markets. Hoist Finance engineers and implements tailored debt collection strategies and solutions to maximise cash flow streams from overdue debt for clients who have decided to outsource their debt collection function. When providing debt servicing, Hoist Finance employs a similar collection process and makes similar uses of the extensive Data Warehouse as to when Hoist Finance is collecting on its purchased portfolios.

### ***Savings product***

The Issuer is regulated and supervised by the SFSA as a "Credit Market Company" (*kreditmarknadsföretag*). As such, the Issuer has the ability to accept corporate and retail deposits from the general public that are covered by the Swedish state-provided deposit guarantee scheme. This scheme guarantees an amount of SEK 950,000 for each depositor should a guarantee-covered provider of deposits enter into bankruptcy or should the SFSA otherwise decide that the guarantee should become effective. The Issuer uses deposits to fund a significant portion of the Group's debt portfolios. The Issuer's deposit-taking scheme allows the Issuer to secure funding at comparatively low costs and gives the Issuer access to a substantial source of liquidity. This solid liquidity position has been essential in enabling Hoist Finance's high levels of portfolio purchases in recent years.

The Issuer's online deposit platform in Sweden, HoistSpar, is offered to private individuals and companies. HoistSpar was established in 2009 (term deposits launched in late 2012). The Issuer's depositor base in Sweden consisted as of 31 December 2017 of 63,271 active accounts with a total deposit balance of SEK 12.2 billion. Term deposits can be withdrawn immediately upon payment of a withdrawal fee.

During 2017, the Issuer also launched savings accounts in Germany, through one of the largest deposit savings platforms in Europe. A key reason for the launch was to strengthen and further diversify the Group's funding. The Issuer's depositor base in Germany consisted as of 31 December 2017 of 4,462 active accounts with a total deposit base of EUR 100 million, corresponding to a book value of SEK 985 million.

Historically, the availability of funding under the Issuer's deposits has been very stable with limited outflow and inflow, primarily driven by the interest rate the Issuer offers, which may be adjusted in accordance with the Issuer's liquidity needs. The main objective of the deposit schemes is to facilitate a low-volatility (with regards to nominal amounts) and cost-effective funding source, while being a well-perceived provider of savings products.

### **Certain financial information**

Alternative performance measures (**APMs**) are financial measures of past or future earnings trends, financial position or cash flow that are not defined in the applicable accounting regulatory framework, such as in IFRS, or in applicable prudential measures, such as in 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 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. APMs are used by the Group, along with other financial measures, when relevant for

monitoring and describing its financial situation such as in relation to the required asset valuation assessments, and for providing additional useful information to users of its financial reports. These measures may be similar to but are not directly comparable with similar performance measures that are presented by other companies. Estimated remaining collections (**ERC**) and return on book and adjusted EBITDA (as defined below) are three APMs that are used by the Group.

### ***ERC***

ERC is the sum of future projected gross cash collections on purchased portfolios for a set length of time (from 1 January 2018 the Group has measured ERC over a period of up to 180 months for each portfolio held and before 1 January 2018, the Group measured ERC over a period of 120 months). The assessment is based on estimates for each loan portfolio and ranges in duration from the following month to 120/180 months ahead. The estimates for each loan portfolio are in turn based on the Group's experience of actively working and collecting on the loan portfolios during their economic life. Such estimates are made at least monthly for each loan portfolio and on a consistent basis relative to the previous assessment made regarding that portfolio, thereby providing directly relevant input by way of a continuous review of the reported values of all assets held.

ERC excludes estimated collections beyond the referenced period for the relevant portfolio. These projections are based on historical and current portfolio collection performance data and trends and assumptions about future debt collection rates, all of which are assessed at least monthly and on a consistent basis relative to previous assessments made in respect of the same portfolio. As a result, the Group can continuously monitor and review its loan portfolios in relation to their reported values in its balance sheet and for the purposes of the Group's reported revenue recognition, by comparing such values and revenue recognition with each portfolio's ERC development over time.

The estimation of ERC, its distribution in time and the associated collection cost is a key uncertainty within the Group's policies on revenue recognition of purchased portfolios. These estimates are based on the Group's collection history with respect to not only the assessed portfolio but also portfolios comprising similar attributes and characteristics, such as date of purchase, debt originator, type of receivable, customer payment history, customer location, and the time since the original charge-off, as well as the Group's experience and existing schedules of repayment plans on the particular portfolio.

Although ERC must inevitably be based on, among other things, certain assessments and interpretations of trends of a forward-looking nature, these calculations when made on a consistent basis over different periods and different portfolios should provide for a more consistent and reliable basis for the Group to meet its accounting requirements to continuously review the carrying values of these portfolios (see line item "acquired loan portfolios" in the Group's consolidated balance sheet). The ERC calculations, which are made public on an aggregated basis through the Group's regular reporting, are thus made individually for each portfolio as from its acquisition on the basis of, among other things, the initial investment calculation made as well as the subsequent actual collections and deemed future collections, for the purpose of adequately adjusting such carrying values as appropriate (inclusive of the application of reasonable revenue recognition), and not only to assess the adequacy of the initial investment calculation that was made in relation to the respective portfolio purchase. The ERC calculations are performed consistently with the accounting policies and principles applied in the initial accounting for such acquisitions when made, among other things, by applying the same calculation interest rate for discounted cash-flow purposes that formed part of the investment calculation throughout the subsequent ERC calculations.

The Group can provide no assurances that it will achieve such collections within the specified time periods, or at all. ERC is a measure that is also often used by other companies in the debt purchasing industry. However, it may be calculated differently by other companies. The Group reports its ERC because it represents an estimate of the anticipated future cash collections on its purchased portfolios at any point in time, which is an important supplemental measure used by its management to assess its performance, and assess the cash generation capacity of the assets backing its business. The Group uses ERC as the business

case forecast horizon when purchasing portfolios and the Group also uses it for accounting purposes. In this Offering Circular, the Group present ERC on its purchased portfolios over a 120 month period.

#### Overview of ERC:

<i>SEK million</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
ERC <sup>(1)</sup>	23,991	21,375	19,367

Footnotes: (1) From 1 January 2018, Hoist Finance has decided to extend the future cash flow forecast horizon for acquired loan portfolio to 180 months, as compared to the previous horizon of 120 months. Comparative figures have not been restated

#### **Return on Book**

Return on Book is earnings before interest and tax (**EBIT**) for the period, exclusive of Central Function operating expenses, calculated on an annualised basis, in relation to the average carrying value of acquired loans. In the Group's financial reports, the average value is calculated based on the opening amount at the beginning of the period and the closing amount at the end of the period. The Group uses this measure for the purpose of comparing the aggregated yield from investments in loan portfolios period by period, as well as to compare this with competitors.

#### Overview of Return on Book:

<i>SEK million</i>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>EBIT<sup>(1)</sup></b>	<b>951</b>	<b>935</b>	<b>675</b>
+ Operating expenses in Central Functions	368	329	345
<b>EBIT excluding operating expenses in Central Functions</b>	<b>1,319</b>	<b>1,264</b>	<b>1,020</b>
Average carrying value of acquired loans <sup>(2)</sup>	13,343	11,968	10,100
Return on Book	9.9%	10.6%	10.1%

Footnotes: (1) Including interest income from run-off consumer loan portfolio, (2) Average of opening amount at the beginning of the period and the closing amount at the end of the period, including run-off consumer portfolio and portfolios held in the Polish joint venture.

The EBIT measure used by the Group for Return on Book purposes, although fully reconcilable and consistent with the EBITDA calculations set out below, is taken from the Group's management account reporting which, among other things, includes interest income from run-off portfolios.

#### **Adjusted EBITDA**

Adjusted EBITDA is the Group's earnings before interest, tax, depreciation and (non-costed) amortisation (**EBITDA**), adjusted by further adding back (costed) amortisation on run-off portfolios and (costed) amortisation on acquired loan portfolios. The Group uses this measure to show the Group's aggregated cash generation from its business in order to facilitate comparisons over time as well as with other companies in the same industry.



## Overview of Adjusted EBITDA calculations:

SEK million	2017	2016	2015
Net profit for the year	453	417	231
+ Income tax expense	128	116	55
+ Portfolio revaluations <sup>(1)</sup>	(11)	(6)	39
- Interest income <sup>(2) (3)</sup>	14	3	(28)
+ Interest expense	305	300	361
+/- Net income from financial transactions, including loan losses, net <sup>(3)</sup>	50	99	56
+ Depreciation and Amortisation of tangible and intangible assets	56	53	47
<b>EBITDA</b>	<b>996</b>	<b>983</b>	<b>760</b>
+ Amortisation on run-off consumer loan portfolios <sup>(4)</sup>	11	26	60
+ Amortisation on acquired loan portfolios <sup>(5)</sup>	2,244	1,912	1,588
<b>Adj. EBITDA</b>	<b>3,251</b>	<b>2,921</b>	<b>2,408</b>
Carrying amount run-off consumer loan portfolio	21	32	58

Footnotes: <sup>(1)</sup> Based on revised estimates (revaluation), <sup>(2)</sup> Interest income excl. interest income from run-off consumer loan portfolios, <sup>(3)</sup> Market value changes were reclassified from Interest income to Net financial income as from Q1 2016 (the comparative figures for 2015 have been reclassified further to this change), <sup>(4)</sup> Calculated as the difference between the opening and closing balance of the book value of the run-off consumer loan portfolio, <sup>(5)</sup> The share of gross collections that will be used for amortising the carrying value of acquired loan portfolios

## Geographic presence

Hoist Finance is present in eleven countries across Europe. When a licensed entity wishes to conduct licensed activities in other jurisdictions, this can be done either by establishing a branch or by conducting business itself in such new jurisdiction. The latter is referred to as “passporting the license”. The Issuer has established branches in Belgium, the Netherlands and Germany and is thereby subject to scrutiny from local regulators in these jurisdictions in addition to the supervision conducted by the SFSA. The Issuer has also passported its license to conduct financial business into France, Greece, Germany, Austria, and the United Kingdom and the SFSA has notified the local regulators in each of these jurisdictions that the Issuer will be or is evaluating the possibility of conducting business there. A large part of the Issuer’s business is conducted through its subsidiaries and branches.

Following the acquisition of Hoist Polska (formerly Navi Lex) in Poland, Hoist Finance is licensed by the Polish Financial Supervisory Authority (*Komisja Nadzoru Finansowego*) to service assets of securitisation funds, which is the typical structure used to purchase NPLs in Poland.

Hoist Finance undertakes collections on purchased debt in Germany, Austria, Belgium, the Netherlands, France, the United Kingdom, Poland, Italy, Spain and Greece (through its partly owned subsidiary). Hoist Finance’s headquarters are located in Stockholm, Sweden, where Hoist Finance also raises funding through its deposit platforms, and manages Group functions for finance, risk control and compliance, but where Hoist Finance does not collect debt. In addition, Hoist Finance has offices in London, United Kingdom and Duisburg, Germany, where, in addition to the headquarters in Stockholm, some Group functions, including Hoist Finance’s Group investments function, are located.

While Hoist Finance’s debt purchase process, including sales, origination and analytics, is largely centralised and carried out on a Group level, the debt collection activities are carried out locally in each market.

### United Kingdom

In the United Kingdom, Hoist Finance purchased its first portfolio in 2011 and has since grown its operations largely on the back of its acquisitions of Robinson Way in 2012, the Lewis Group in 2013 and Compello in 2015. Through the acquisitions of these companies, Hoist Finance significantly expanded its operations in the United Kingdom, benefiting from economies of scale, recognised brand names and leading collection platforms.

In the United Kingdom, Hoist Finance has both debt purchase and third-party debt servicing operations. The debt purchasing operations are complemented by a panel of reliable and carefully selected debt servicing partners. Hoist Finance operates two collection platforms in the United Kingdom (Manchester and Milton Keynes).

The acquisitions in the United Kingdom were highly complex transactions and milestones in Hoist Finance's expansion across Europe. The acquisition of Robinson Way included 256 full time employees, one collection platform in two locations, a large data warehouse and a significant portfolio of debt claims. At the time of the acquisition of the Lewis Group, the Lewis Group operated from three platforms, with 330 full time employees across the United Kingdom (including certain consultants), had developed a large data warehouse and included a substantial NPL portfolio. The purchase price paid for the Lewis Group was largely equal to the value of the NPL portfolio that was part of the acquisition, thus attributing only a modest value to the operations and reflecting the operational challenges involved in taking over the business. Following the two acquisitions, substantial strategic measures were implemented, including complex integration plans and operational focus, in order to reach the structure and size that is operated as of the date of this Offering Circular. Robinson Way has strong call-centre capabilities and is a market leader within debt servicing with a focus on debt owned by third-party clients in the banking sector, and, at the time of the acquisition, the Lewis Group was one of the leading debt purchasing companies in the United Kingdom, specialising in financial assets and collections through litigation. Following an extensive post-acquisition evaluation and integration process of the Lewis Group, Hoist Finance decided to integrate the Lewis Group into Robinson Way. In 2015, Hoist Finance acquired the debt purchase company Compello, including a collection platform in Milton Keynes as well as a diversified banking portfolio consisting of more than one million banking claims.

As of 1 April 2014, the Financial Conduct Authority (the **FCA**) became the new regulator of debt collection companies in the United Kingdom, who are now subject to FCA's supervisory and regulatory regime. In July 2016, Hoist Finance UK and Robinson Way, achieved authorisation from the FCA, serving as a permission to carry out certain regulated activities within the consumer credit space.

Hoist Finance believes that the United Kingdom market is a transparent market with high visibility and that, although there is some price pressure in this market, attractive returns can still be identified. The new regulations, resulting in more stringent requirements on risk and compliance procedures, have resulted in certain structural changes in the United Kingdom market where a number of minor market participants in the debt collection industry who did not have sufficient resources and procedures have been eliminated. Hoist Finance's strategic focus in the United Kingdom is to continue participating in larger portfolio purchases and target additional major banks. Hoist Finance foresees that a majority of the pipeline will be from the banking sector, with certain purchases from other selected asset classes.

During the financial year ending 31 December 2017, the Group had an average of 404 full-time employees in the United Kingdom.

### *France*

Hoist Finance entered the French market in 2001. Similar to the market entrance in Germany, this was achieved through a number of purchases of NPL portfolios and Hoist Finance has since then invested significantly in optimising the structure, processes and systems of its French platform, including a minor acquisition of a collection platform in 2006.

The French debt market is smaller in size than Germany and the United Kingdom. Most major banks have not yet systematically sold portfolios and have performed the bulk of their collection and recovery activities in-house. Despite the relative immaturity of the market, forward flow agreements are an established tool used by a variety of regional banks. In France, Hoist Finance operates through a hybrid model of in-house collections complemented by third-party collections, including a network of reliable and carefully selected debt collection providers, bailiffs and lawyers. Hoist Finance operates two collection platforms in France (Bayonne and Lille) and has recently established an office in Paris.

During the financial year ending 31 December 2017, the Group had an average of 107 full-time employees in France.

#### *Spain*

Hoist Finance entered the Spanish market in June 2016 by purchasing its first portfolio. In September 2016, Hoist Finance also acquired the Madrid based master servicing company Optimus.

During the financial year ending 31 December 2017, the Group had an average of 23 full-time employees in Spain.

#### *Germany / Austria*

Hoist Finance has operated in Germany since 1997 when Hoist Finance established operations through a number of NPL portfolio purchases managed out of its Swedish operations. Hoist Finance has grown its German operations primarily through two substantial structural sale transactions. In 1999, Hoist Finance acquired Citibank's collection platform in Bremen and Duisburg, including 90 full time employees and a portfolio with more than 150,000 claims, and in 2006, Hoist Finance expanded further through the acquisition of the German debt collection platform of SEB, including 80 full time employees and a mixed portfolio of secured and unsecured claims.

In Germany, Hoist Finance has partnerships with a large number of financial institutions. Hoist Finance operates in-house collections with one collection platform in Duisburg and has both debt purchase operations, focusing on unsecured consumer NPLs, and debt servicing operations, although the debt servicing operations are conducted very selectively. During the financial year ending 31 December 2017, the Group had an average of 281 full-time employees in Germany.

During 2014 and 2015, Hoist Finance increased its presence in Austria by purchasing additional portfolios, which are managed by Hoist Finance's German platform, with administrative file-handling managed through a local debt servicing agency, as Hoist Finance has no local presence in Austria at present.

#### *Poland*

Hoist Finance has had a significant presence in Poland since 2011. Along with strong economic growth, consumer lending in Poland has grown strongly over the past ten years. Consequently, levels of consumer NPLs have grown correspondingly over the same period and Polish banks have been quick to adopt portfolio sales as a standard measure at the end of their credit cycles. Until 2014, Hoist Finance fully outsourced its collections in Poland. On 31 December 2014, Hoist Finance acquired Navi Lex (whose name was subsequently changed to Hoist Polska), one of Hoist Finance's debt servicing partners in Poland. In the second quarter of 2018, the Group acquired a performing loan portfolio including a small platform in Warsaw.

During the financial year ending 31 December 2017, the Group had an average of 177 full-time employees in Poland.

#### *Belgium / the Netherlands*

Hoist Finance has been present in Belgium since 2006 and in the Netherlands since 2007. Hoist Finance entered both markets by purchasing its first portfolios from debt originator clients with whom Hoist Finance had existing relationships in other markets. Since then, Hoist Finance has grown its operations by building collection platforms in both jurisdictions and entering into strategic partnerships with a network of carefully selected debt servicing partners.

In both Belgium and the Netherlands, Hoist Finance's focus is on NPLs originated by financial institutions. The Dutch market is characterised by the efficient and effective bailiff system that is a fundamental

component of Dutch debt collection practices. Consequently, in the Netherlands Hoist Finance operates through a hybrid model of in-house and outsourced collections designed to optimise the use of the bailiff system. Hoist Finance's collections in Belgium are mainly conducted in-house via its platform in Amsterdam.

During the financial year ending 31 December 2017, the Group had an average of 45 full-time employees in Belgium and the Netherlands.

### *Italy*

Hoist Finance entered the Italian market by purchasing its first portfolio in 2011. Focusing initially on purchasing tertiary payer claims known as cambiali (Italian bills of exchange that are legally binding payment plans offering stable and predictable cash flows), Hoist Finance built a presence in the Italian market and gained increased market intelligence. Hoist Finance has since broadened its scope of assets in Italy, including claims from SMEs and mortgage debt. Although Hoist Finance has experienced increased competition in portfolio purchases in recent years, Hoist Finance has continued to extend its local relationships and footprint. As such, in August 2014 Hoist Finance acquired the operations of its Italian service partner TRC (whose name was subsequently changed to Hoist Italia) for the purposes of scaling up the Italian operations.

Several banks on the Italian market have recently begun to actively pursue NPL sales. Italy is a strategically important market as Hoist Finance expects banks to increasingly carry out systematic sales to clear out their backlog of NPLs and to sell claims at an earlier stage of the recovery cycle. Hoist Finance expects to continue to build on this collection platform ahead of this expected growth development.

Hoist Finance operates two collection platforms in Lecce and Rome, respectively. During the financial year ending 31 December 2017, the Group had an average of 183 full-time employees in Italy.

### *Greece*

In 2016 Hoist Finance entered into a strategic partnership as part of a consortium, consisting of Hoist Finance, Qualco S.A. and PricewaterhouseCoopers Business Solutions S.A., selected via a tender process initiated by the Bank of Greece, to manage an aggregated NPL portfolio of 16 Greek banks and financial institutions under liquidation and to drive the reorganisation and optimisation of the underlying entities. Total assets of the NPL portfolio amount to approximately EUR 9 billion and cover all major asset classes. Hoist Finance does not however hold any portfolios or other assets in Greece.

In addition, Hoist Finance has established a wholly owned local subsidiary, Hoist Hellas S.A., licensed as a credit servicing firm by the Bank of Greece. As at the date of this Offering Circular, the Group does not own any credit portfolios in Greece.

## **Strategy**

Hoist Finance has developed a core strategy underpinned by the below pillars.

***Strengthen and expand in current markets, grow in select new markets and capture market growth, both organically and through acquisitions.***

Hoist Finance's strategy is to leverage the Group's local knowledge and relationships in the Group's current markets. Further to this, existing relationships will be used when pursuing new market entry opportunities.

***Maintain investment discipline and focus on core assets.***

Hoist Finance intends to maintain its business and investment discipline also after an eventual expansion of its operations in existing and/or new markets. In order to ensure that each portfolio matches Hoist Finance's

strategic goals, acquisition criteria, and required rate of return, Hoist Finance utilises an internal evaluation process. Hoist Finance's intention is to maintain its focus on servicing financial institutions as well as being a debt restructuring partner to international banks. Hoist Finance does not plan to change its core targeted asset class, non-performing unsecured consumer loans, but will likely increase the proportion of secured and performing loans as well.

***Build upon the Issuer's status as a regulated credit institution.***

The Group's key clients, international banks and financial institutions, are highly focused on regulatory compliance and reducing reputational risk. A strategy of Hoist Finance is to take advantage of the Issuer's status as a "Credit Market Company" and its understanding to operate in a regulated environment in order for its clients to take comfort that the Group's operations are designed to comply with high standards.

***Develop collection strategies with emphasis on in-house collection.***

Hoist Finance is constantly engaging in the optimisation of its collection strategies and improving efficiency in the collection processes. The Group primarily manage collections on its portfolios through its in-house collection centres across Europe. This strategy gives the Group several benefits, including full control of the collection process, substantial scalability in the business model, and the opportunity to tailor optimal collection strategies based on its experience and access to portfolio and collection data. Infusing the Group's in-house and optimised collection model with new data will remain a core tenet of the Group's operational model.

***Leverage existing benefits of scale.***

As the business of the Group expands, Hoist Finance will be able to utilise its embedded operating leverage to further increase efficiency while at the same time take steps to leverage best practices across the organisation and to streamline operations as appropriate.

***Maintain and develop strong funding base and leverage on solid capital and liquidity positions.***

Hoist Finance has a diversified funding base consisting of a large deposit base in both SEK and EUR, listed bonds and commercial paper. This funding base has given the Group access to a flexible and cost-efficient funding platform. In the future the Group's funding base may also include other means of financing, such as credit facilities provided by banks. Solid capital and liquidity positions, in combination with flexible and low cost funding, gives the Group leverage to drive further business growth.

## **Competition**

Competition and pricing levels in the markets in which the Group operates affect the Group's ability to successfully and profitably purchase debt portfolios. In recent years, there has been a trend towards increased concentration in the industry, with a small core group of pan-European debt purchasers (debt purchasers with presence in more than four European markets where no single market represents more than 50 per cent. of revenue), such as Intrum, Lowell, EOS, Kruk and Portfolio Recovery Associates, expanding in scale as partners, in particular financial institutions, increasingly place value on a robust compliance framework, a multi-national presence and long-term relationships with debt purchasers. In addition, there are large single-market focused debt purchasers, such as Encore and Arrow Global, which are primarily focused on the United Kingdom. In line with this recent concentration, there has been an increase in sophistication in the industry, where reputation and ethical behaviour have become of fundamental importance in order to maintain relationships with current and potential sellers, especially financial institutions. This has forced the industry to generally increase the quality of debt purchasing operations in order to maintain competitiveness, and these major market participants have the operational resources to respond to these developments.

Further, this will also encourage further industry consolidation in Europe. As the general level of competition in the debt purchasing industry has increased, the prices for portfolios have increased

accordingly. Hoist Finance focuses on purchasing portfolios of unsecured consumer NPLs originated by large international banks and other financial institutions. Purchases of this portfolio asset class have become subject to increasingly competitive pricing as financial institutions have taken a strategic view to divest these types of portfolios. As these portfolios have grown in size and value, this has become an attractive sector and existing market participants, together with new market entrants, have intensified competition and pricing. Furthermore, the increased overall price levels are likely to be largely due, to an increasing proportion of claims sold being already paying or in an advanced legal stage of collection, as opposed to older, non-paying claims. Meanwhile, a lot of transactions are conducted off-market which makes it difficult to accurately report the overall price trend.

## **Insurance**

Hoist Finance’s Group-wide insurance policies include insurance to cover certain risks associated with the Group’s business, including general liability, crime insurance, professional liability, directors’ and officers’ liability insurance and cyber insurance. The Group uses an insurance broker to maintain consistency of coverage across jurisdictions.

## **Internal governance and control**

Hoist Finance’s internal control framework is designed to establish three “lines of defence”: management and implementation, control functions and audits.

In the first line of defence, the Board of Directors of the Issuer decides on the objectives, strategies and risk levels to be applied in Hoist Finance’s operations, including issuing policies on Hoist Finance’s operational governance. Hoist Finance’s executive management team manages and delegates these decisions to non-executive and mid-level management who, in turn, are responsible for implementing these decisions across Hoist Finance’s operations. There are reporting procedures in place all the way from local level up to management and board level. These reporting procedures serve to identify and elevate any risk management and compliance issues and thus ensure that Hoist Finance’s internal governance is effective and that the execution of Hoist Finance’s objectives and strategies is carried out in compliance with laws and regulations.

In the second line of defence, Hoist Finance has dedicated risk and compliance functions that serve as independent support and provide advice for internal control processes, assess important areas of risk and compliance and follow up specific risk control and compliance measures. Hoist Finance’s risk control and compliance functions are located at Hoist Finance’s headquarters in Stockholm, Sweden.

In the third line of defence, Hoist Finance regularly carries out internal, as well as external, audits to test and review the work carried out in the first two lines of defence and to continuously identify areas of improvement.

## **Board of directors**

The Board of the Issuer consists of seven members elected by the General Meeting of Shareholders. The table below sets forth the name and current position of each Board member.

<b>Name</b>	<b>Position</b>	<b>Board member since</b>
Ingrid Bonde	Chair	2014
Cecilia Daun Wennborg	Member	2017
Malin Eriksson	Member	2017
Liselotte Hjorth	Member	2015
Jörgen Olsson	Deputy Chair	2010
Marcial Portela	Member	2018
Joakim Rubin	Member	2017
Gunilla Öhman	Member	2014

### ***Ingrid Bonde***

Born 1959. Chair of the Board and Board member since 2014.

*Principal education:* Master of Business Administration, Stockholm School of Economics and studies at New York University.

*Other on-going principal assignments:* Chair of the board of the Swedish Climate Policy Council (*Sw. Svenska Klimpolitiska rådet*) and member of the board of directors of Loomis AB, Securitas AB, Danske Bank A/S and The Swedish Corporate Governance (*Sw. Svensk kod för bolagsstyrning*).

### ***Cecilia Daun Wennborg***

Born 1963. Board member since 2017.

*Principal education:* Bachelor of Business Administration, Stockholm University.

*Other on-going principal assignments:* Member of the board of directors of Getinge AB, ICA Gruppen AB, Loomis AB, Bravida Holding AB, Hotell Diplomat, Atvexa AB, Oncopeptides AB, Sophiahemmet, the Swedish Securities Council (*Sw. Aktiemarknadsnämnden*) and Oxfam Foundation in Sweden.

### ***Malin Eriksson***

Born 1971. Board member since 2017.

*Principal education:* Bachelor of Science in Business, Ithaca College, New York.

*Other on-going principal assignments:* Head of US Market, Klarna Inc.

### ***Liselotte Hjorth***

Born 1957. Board member since 2015.

*Principal education:* Bachelor of Science in Business Administration and Economics, Lund University.

*Other on-going principal assignments:* Chair of the board of directors of White arkitekter AB, White Intressenter AB and Eastnine AB and member of the board of directors of Rikshem AB, Kungsleden AB, Ativo Finans AB and BNP Paribas Real Estate Investment Management Germany GmbH.

### ***Jörgen Olsson***

Born 1961. Board member since 2010.

*Principal education:* Bachelor of Science in Business and Economics, Luleå University.

*Other on-going principal assignments:-*

### ***Marcial Portela***

Born 1945. Board member since 2018.

*Principal education:* M.A. in political Science, Universidad Complutense de Madrid, and M.A. in Sociology, University of Louvain.

*Other on-going principal assignments: -*

### ***Joakim Rubin***

Born 1960. Board member since 2017.

Principal education: Master of Science Industrial Engineering and Management, Linköping Institution of Technology.

Other on-going principal assignments: Member of the board of directors of Cramo Plc, Capio AB (publ), ÅF AB and founding partner at Zeres Capital.

### ***Gunilla Öhman***

Born 1959. Board member since 2014.

*Principal education:* Master of Business Administration, Stockholm School of Economics.

*Other on-going principal assignments:* Investor Relations Manager (on consultancy basis) at NCAB Group AB.

### **Committees**

The Board of Directors of the Issuer has three committees: the Remuneration Committee, the Risk and Audit Committee and the Investment Committee.

The Remuneration Committee's primary task is to prepare the Board of Directors to make decisions on remuneration policies, remuneration and other terms of employment for Executive Management Team members and control function employees. The committee monitors and evaluates ongoing variable remuneration programmes for the Executive Management Team and those completed during the year, as well as the application of the remuneration guidelines for senior executives resolved on by the general meeting and the Group's remuneration structure and remuneration levels. The Remuneration Committee informs the full Board of Directors at each ordinary Board meeting about matters discussed and prepared. The Remuneration Committee has three members: Ingrid Bonde (chair), Gunilla Öhman and Joakim Rubin.

The Risk and Audit Committee serves in an advisory capacity and prepares issues for consideration and decision by Hoist Finance's Board of Directors. The Risk and Audit Committee also had a mandate to make decisions in matters regarding the procurement of non-audit related services from external auditors. The committee is responsible for monitoring and ensuring the quality of financial reporting and the effectiveness of the Issuer's internal control and tasks performed by the Internal Audit, Risk Control and Compliance functions. The committee also discusses valuation issues and other assessments pertaining to the annual accounts. In matters relating to the external audit, the Risk and Audit Committee is, notwithstanding the Board of Directors' other responsibilities and duties, to regularly meet with and reviews reports from the company's external auditors in order to remain informed about the focus and scope of the audit and to discuss the coordination of the external and internal audit with the external auditor. The Risk and Audit Committee informs the Board of Directors about audit results, the manner in which the audit contributed to the reliability of financial reporting, and the role played by the committee in the process. The committee also remains informed about Swedish Inspectorate of Auditors' quality control of the Issuer's external auditors and is responsible for the auditors' independence and impartiality and the selection procedure for auditor recommendation. The Risk and Audit Committee informs the full Board of Directors at each ordinary Board meeting about matters discussed and decisions made by the committee. The Risk and Audit Committee has four members: Cecilia Daun Wennborg (chair), Ingrid Bonde, Liselotte Hjorth and Gunilla Öhman.

The main task of the Board Investment Committee is to monitor the quality of Hoist Finance's portfolio investments and investment processes. Further, the Board Investment Committee shall verify certain decisions made by the Management Investment Committee. Potential portfolio investments with a value above EUR 75 million or complex non-standard transactions above EUR 25 million always require the approval of the Board Investment Committee, while permanent establishment in new markets and



acquisitions and transfer of companies or parts of business will have to be approved by the Board of Directors. The Board Investment Committee informs the full Board of Directors at each ordinary Board meeting about matters discussed and investment decisions made by the committee. Currently, the Board Investment Committee consists of the following four members; Liselotte Hjorth (chair), Malin Eriksson Jörgen Olsson and Joakim Rubin.

The work of each committee is performed in accordance with written instructions and the rules of procedure for the Board of Directors stipulated by the Board of Directors. The work of the Remuneration Committee, the Risk and Audit Committee and partially the Investment Committee is preparatory in nature and does not constitute a delegation of the liability under Swedish law of the Board of Directors for these matters.

The Board of Directors of the Issuer has, in addition to the Board committees, implemented three other non-Board committees. The work of each committee is performed in accordance with written instructions stipulated by the Board of Directors. These committees are the Management Investment Committee, the Asset and Liability Committee and the Credit Committee and each of the committees have certain decision making powers. The Management Investment Committee is the body responsible for the Group's investment decisions, in accordance with the Group's investment instructions and pricing guidelines, and undertakes controls as to the performance of the Group's portfolios. The Asset and Liability Committee is the body that decides upon the strategic planning of the company's balance sheet and the management of it, including the responsibilities for decision-making in relation to HoistSpar and Hoist Finance's German savings accounts product, and in relation to limits, interest rate and other terms for intra-group loans to wholly-owned subsidiaries. The Credit Committee is responsible for monitoring the performing loan book and has certain decision making power in relation to credit decisions.

### **Executive Management**

The Executive Management of the Group consist of a team of seven persons.

#### ***Klaus-Anders Nysteen***

Chief Executive Officer

Born 1966. Hoist Finance employee since 2018.

Principal education: Master of Business administration from Norwegian school of economics and business administration (NHH).

Other on-going principal assignments: Chair of the board of directors in Webstep ASA and member of the board of directors in Asset Buyout Partner AS.

#### ***Christer Johansson***

Chief Financial Officer

Born 1979. Hoist Finance employee since 2014.

*Principal education:* MSc in Engineering, Royal Institute of Technology, Stockholm.

*Other on-going principal assignments:* –

#### ***Emanuele Reale***

Chief Sales Officer

Born 1966. Hoist Finance employee since 2014.

Principal education: Degree in Business Administration, American College in London.

*Other on-going principal assignments:* –

**Stephan Ohlmeyer**

Chief Investment Officer

Born 1968. Hoist Finance employee since 2018.

*Principal education:* PhD and Diploma in Physics, University of Hamburg, Germany.

*Other on-going principal assignments:* –

**Charles de Munter**

Acting Chief Operating Officer

Born 1973. Hoist Finance employee since 2013.

Principal education: International Management Program, Vlerick Business School and higher education in Business Management, Mercator Ghent, Belgium.

*Other on-going principal assignments:* –

**Ulf Eggefors**

Chief People Officer

Born 1961. Hoist Finance employee since 2017.

Principal education: Economic studies at University of Stockholm.

*Other on-going principal assignments:* –

**Anders Carlsson**

Head of Legal

Born 1983. Hoist Finance employee since 2014.

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

*Other on-going principal assignments:* –

**Conflicts of interest**

No member of the Board of Directors or Executive Management has any private interest that might conflict with Hoist Finance's interests or those of the Issuer. However, several members of the Board of Directors and Executive Management have certain financial interests in Hoist Finance as a consequence of their holdings, direct or indirect, of shares in the Issuer. There are no family ties between members of the Board of Directors or the Executive Management.

**Material Contracts**

The Issuer has not entered into any material contracts, which are not entered into in the ordinary course of its business, which could result in any member of the Group being under any obligation or entitlement that is material to the Issuer's ability to meet its obligations to the holders of the Notes.

**Business address**

The members of the Board of Directors, the members of the Executive Management and the members of the Group Management may be contacted at the Issuer's address Sturegatan 6, SE-114 35 Stockholm, Sweden.

**Auditors**

The most recent auditor election was at the 2018 annual general meeting, when KPMG AB with Anders Bäckström (authorised public accountant and member of FAR, the Swedish Institute for Authorised and Approved Public Accountants) as auditor-in-charge, was re-elected for the period until the end of the 2019 annual general meeting. KPMG AB has been the Issuer's auditor since the 2013 annual general meeting. KPMG AB's office address is Vasagatan 16, SE 101 27, Sweden.

## TAXATION

### SWEDEN

*The following summary outlines certain Swedish tax consequences of the acquisition, ownership and disposal of Notes. The summary is based on the laws of Sweden as in effect as of the date of this Offering Circular and is intended to provide general information only. The summary is not exhaustive and does thus not address all potential aspects of Swedish taxation that may be relevant for a potential investor in the Notes and is neither intended to be nor should be construed as legal or tax advice. In particular, the summary does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies, not described below. In addition, the summary does not address Notes that are held on an "investment savings account" (investeringssparkonto) that are subject to a specific tax regime. Investors should consult their professional tax advisors regarding the Swedish and foreign tax consequences (including the applicability and effect of double taxation treaties) of acquiring, owning and disposing of Notes in their particular circumstances.*

#### **Non-resident holders of Notes**

As used herein, a non-resident holder means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

Payments of any principal amount or any amount that is considered to be interest for Swedish tax purposes to a non-resident holder of any Notes should not be subject to Swedish income tax provided that such holder does not carry out business activities from a permanent establishment in Sweden to which the Notes are effectively connected. Under Swedish tax law, no withholding tax is imposed on payments of principal or interest to a non-resident holder of any Notes.

Under Swedish tax law, a capital gain on a sale of Notes by a non-resident holder will not be subject to Swedish income tax unless the non-resident holder of Notes carries on business activities in Sweden through a permanent establishment to which the Notes are attributable.

Private individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have lived permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. This liability may, however, be limited by tax treaties between Sweden and other countries.

#### **Resident holders of Notes**

As used herein, a resident holder means a holder of Notes who is (a) an individual who is a resident in Sweden for tax purposes or (b) an entity organised under the laws of Sweden.

Generally, for Swedish corporations and private individuals (and estates of deceased individuals) that are resident holders of any Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable.

Amortisation of principal is not otherwise subject to Swedish income tax. Swedish tax law does not impose withholding tax on payments of principal or interest to a resident holder of notes. However, if amounts that are considered to be interest for Swedish tax purposes are paid to a private individual (or an estate of a

deceased person) that is a resident holder of Notes, Swedish preliminary tax (*preliminärskatt*) is normally withheld on such payments at a rate of 30 per cent.

## FATCA DISCLOSURE

### *Foreign Account Tax Compliance Act*

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under Condition 17) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

## THE PROPOSED FINANCIAL TRANSACTIONS TAX

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transactions tax (the **FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 3 August 2018, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The Programme Agreement also provides that the obligations of any Dealer to purchase Notes under any agreement for the issue and purchase of such Notes is subject to certain conditions.

### *United States*

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### *Prohibition of sales to EEA Retail Investors*

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the

Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- the expression **Prospectus Directive** means Directive 2003/71/EC (as amended), and includes any relevant implementing measure in the Relevant Member State.

### ***United Kingdom***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Sweden***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell any Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

### ***Belgium***

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.



### ***General***

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Notes was originally duly authorised by a resolution of the Board of Directors of Hoist Kredit AB (publ) dated 12 May 2016. On 15 March 2017, the Board of Directors of Hoist Kredit AB (publ) resolved to increase the Programme amount from EUR 750,000,000 to EUR 1,000,000,000. As of 2 January 2018, Hoist Kredit AB (publ) merged with the Issuer whereby the Issuer substituted Hoist Kredit AB (publ) as principal debtor under the Notes by way of universal succession. The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 26 July 2018.

### Listing of Notes

It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the Main Securities Market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the Notes of such Tranche. Application has been made to Euronext Dublin for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the Official List and trading on its regulated market. The approval of the Programme in respect of the Notes was granted on or about 3 August 2018.

### Documents Available

For the period of 12 months following the date of this Offering Circular, physical copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:

- (a) the articles of association (with an English translation thereof) of the Issuer;
- (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2017 and 31 December 2016 (with an English translation thereof) together with the audit reports prepared in connection therewith. The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;
- (c) the most recently published consolidated audited financial statements of the Issuer and the most recently published unaudited interim financial statements (if any) of the Issuer (with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith;
- (d) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (e) a copy of this Offering Circular;
- (f) a copy of the Offering Circulars dated 20 May 2016 and 16 March 2017; and
- (g) any future offering circulars, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

## **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

## **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

## **Yield**

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

## **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer since 30 June 2018 and there has been no material adverse change in the prospects of the Issuer since 31 December 2017.

## **Litigation**

Neither the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Issuer and its subsidiaries taken as a whole.

## **Auditors**

The auditors of the Issuer are KPMG AB who have audited the Issuer's accounts, without qualification, for each of the two financial years ended on 31 December 2016 and 31 December 2017. The Issuer's accounts for each of the two financial years ended 31 December 2016 and 31 December 2017 have, in each case, been prepared in accordance with IFRS.

The reports of the auditors of the Issuer are included or incorporated in the form approved by the auditors of the Issuer.

## **Listing Agent**

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes issued under the Programme and is not itself seeking admission of any Notes issued under the Programme to the Official List of Euronext Dublin or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Trustee's action**

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

### **Language of this Offering Circular**

The language of this Offering Circular is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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