

# collector bank

## **Collector Bank AB**

relating to the listing of

SEK 500,000,000 Floating Rate Perpetual Additional Tier 1 Capital  
Bonds

ISIN: SE001237377687

**Joint Bookrunners**



# Nordea

Prospectus dated 29 May 2019

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Collector Bank AB (the "**Issuer**", "**Collector Bank AB**" or the "**Company**" or together with Collector Bank AB's parent company Collector AB and Collector AB's direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**" or "**Collector**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Lilla Bommens Torg 11, SE-411 04 Göteborg, Sweden, with reg. no. 556597-0513, in relation to the application for the listing of the floating rate perpetual additional tier 1 capital bonds denominated in Swedish Krona (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Skandinaviska Enskilda Banken AB (publ) and Nordea Bank Abp has acted as joint bookrunners and Nordea Bank Abp, filial i Sverige has acted as issuing agent in connection with the issue of the Bonds (the "**Issuing Agent**"). This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. lag (1991:980) om handel med finansiella instrument) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Issuer's website collector.se.

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 46 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" and "**Euro**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, and references to "**SEK**" refer to Swedish krona.

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

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

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on Nasdaq Stockholm. This Prospectus may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

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

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

Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.

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

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## **RISK FACTORS**

*Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Group. These risk factors include, but are not limited to, financial risks, credit risk, technical risks, risks related to the business operations of the Issuer, and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Issuer could be materially and adversely affected, which could have a material adverse effect on the Issuer's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the additional tier 1 capital bonds (the "**Bonds**"). The risks presented in this Prospectus are not exhaustive, and other risks not presently known to the Issuer, or that the Issuer currently deems immaterial, and therefore not discussed herein, may also adversely affect the Issuer and adversely affect the price of the Bonds and the Issuer's ability to service its debt obligations. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

*The risk factors below are not ranked in any specific order.*

### **Risks related to the Group, its business and the industry**

#### **Risks associated with the general economic situation**

Collector's performance is affected by the general economic situation and the factors affecting business operations generally in the jurisdictions where Collector operates. This includes variable economic cycles that affect demand for financial products and services. Such cycles are in turn affected by global political events as well as terrorist acts and war, along with market specific events such as changes in customer behaviour or customer confidence and preferences, changed investor behaviour or preferences, interest rates, inflation rates, changing property prices, unemployment rates, unrest in the labour market and in society at large.

Negative economic growth could affect Collector's operations in a number of ways, including the impact on Collector's customers' income, capital, liquidity, business conditions, financial position, which in turn would affect the customer's repayment ability, have a negative impact on Collector's credit worthiness and reduce demand for some of Collector's financial products and services. Overall, negative economic developments could have a material adverse effect on Collector's business, financial position and results of operations.

#### **Risks related to decreasing commercial property values**

Collector provides credits secured by real estate mortgages as part of its operating activities. A majority of the credits are junior credits layered above the universal banks' funding levels, usually up to about 80 per cent. of the property value. A junior credit means that Collector provides a credit above the senior creditor in order to increase the loan to value ratio. Any increase in the willingness of universal banks to provide senior loans could result in reduced demand for the credits that Collector offers.

The value of properties that serve as security for credits issued is influenced by several factors, both property-specific, such as occupancy rates, rents and operating costs, and market-specific, such as yield requirements and cost of capital derived from comparable transactions in the property market. Both property-specific and market-specific deterioration could cause the value of the properties that serve as security for credits issued to decrease, which could have a material adverse effect on Collector's business, financial position and results of operations.

**Systemic risk**

Due to the high level of interdependence between financial institutions, Collector is subject to the risk of deterioration of the actual or perceived commercial and financial soundness of other financial institutions. A default or financial difficulties of one financial institution may have negative consequences for other financial institutions and may lead to liquidity problems, losses, defaults or worsening of general economic climate in the markets in which the Collector operates which may result in a material adverse effect on Collector's business prospects, financial condition or results of operations.

**Business risk and strategic risk**

Business risk refers primarily to volatility in earnings that can be attributed to changes in volumes, interest margins or other price changes. Business risk may arise due to factors in the external business environment, such as changes in the competitive environment, customer behavior or preferences or technological developments and relate to each of Collector's products and services. Moreover, the market or the area(s) in which Collector operates may decline or cease completely; for example if some transaction flow decline, or if universal banks expand their lending. Such situation could cause a decrease in customer demand for some of Collector's products and services.

If business risk as described above should materialise, it could have a material adverse effect on Collector's business, financial position and results of operations. Strategic risk refers to losses incurred as a result of unfavourable business decisions and/or incorrect or improper implementation of such decisions. Strategic risk also comprises the risk that Collector fails to develop or implement its strategic plans for the business; for example, Collector may not have sufficient financial resources to fund all desired or necessary investments in connection with the implementation of strategic plans. Since strategic risk relates to Collector's ability to respond adequately to changes in the business environment, it is closely related to business risk. Strategic risk is affected by the ability of the board of directors and the senior management to plan, develop, organize, direct and control operations, and to continuously monitor market conditions. Lack of such ability could have a material adverse effect on Collector's business, financial position and results of operations.

**Risks related to competitors**

Collector is subject to significant competition relating to all types of financial products and services that Collector offers on the markets in which Collector operates. Competition may increase in some or all of Collector's markets due to changes in laws, regulatory decisions, competitors' development of products and services, technological solutions, or other factors, including the behaviour of an increased number of competitors. There is a risk that Collector will be unable to adapt to new technologies, maintain its position in relation to competitors, offer competitive products and services, as well as competitive prices for its products and services, or otherwise fail in adapting to new market conditions. This could result in Collector failing to attract new customers and/or retain existing customers. Increased competition could have a material adverse effect on Collector's business, financial position and results of operations.

**Market risks**

Market risks includes currency risk, interest rate risk and other price risks and refers to the risk that the market value of Collector's assets and/or liabilities could fluctuate as a result of fluctuations in the general interest rate situation, exchange rates and/or other price related fluctuations.

#### *Currency risk*

Collector primarily operates in Sweden, Norway and Finland and has income, assets, liabilities and expenses denominated in SEK, NOK and EUR, as well as exposure to other currencies such as DKK, USD, GBP and CHF. The risk that the market value of Collector's revenue, assets, expenses and/or liabilities, including derivatives, could fluctuate as a result of fluctuations in exchange rates to which Collector is exposed from time to time could have a material adverse effect on Collector's business, financial position and results of operations.

#### *Interest rate risk*

Interest rate risk refers to the risk of the market value of Collector's assets and liabilities changing and that Collector's revenue and expenses would be affected as a result of fluctuations in the general interest rate situation. Collector usually offer floating interest rates on its lending and deposits, which are also applied in Collector's external financing arrangements.

Furthermore, an increase in market interest rates could have a negative effect on Collector's profit in the event that such increase would affect interest rates on funding and deposits from the public, while Collector's revenues in its lending operations remain unchanged. Higher interest rates would force Collector to raise savings account rates, which would increase Collector's financing costs. If Collector is unable to compensate such higher costs by charging higher interest rates on loan products, the net interest, and therefore also the result of operations, will be adversely affected. In the event that interest risk materialises, it could have a material adverse effect on Collector's business, financial position and results of operations.

#### **Regulatory changes and non-compliance**

Collector's business is subject to extensive regulation and supervision in each jurisdiction in which Collector operates. Regulation and regulatory requirements are constantly changing and new requirements are implemented for Collector, including, but not limited to, regulations on conducting business, preventing money laundering, processing of personal data, payments, consumer credit, capital requirements, reporting, compliance requirements, corporate governance and taxation. As a result, Collector is exposed to the risk that fundamental conditions for its business may be affected by government intervention, political statements or decisions, new legislation or other changes to the rules and regulations. Collector is also exposed to the risk that financial supervisory authorities, tax authorities or other authorities in the jurisdictions where Collector operates disagree with Collector's interpretations of laws, regulations, tax agreements, and precedent court cases. Changes in the legal framework (nationally, in the European Union and internationally), its interpretation, application or enforcement may also affect the ability and willingness of customers to use Collector's services and products. Moreover, the costs of compliance and verification of compliance are increasing as new regulation of the financial sector is continuously implemented. If fundamental conditions for the operations are changed, this could have a material adverse effect on Collector's business, financial position and results of operations.

There are political discussions about how to tax the financial sector in general and banks in particular. The implications of a potential increase of the taxation of the financial sector cannot be envisaged.

New taxation rules could have a material adverse effect on Collector's business, financial position and results of operations.

There is a risk that relevant authorities will determine that Collector does not fully comply with, or that Collector is in violation of, applicable laws and regulations. In the event of non-compliance with applicable laws, regulations or administrative provisions, Collector could be subjected to sanctions in the form of fines or penalties amounting to significant sums, limitation or revocation of licences that are essential for Collector's operations (including its banking licence), reputational damage and loss of customers, which could have a material adverse effect on Collector's business, financial position and results of operations.

#### *Risks related to processing of personal data*

As part of Collector's daily operations, the Group collects and processes personal data of customers and employees, such as information on private individuals and contact persons of corporate customers. Collector is exposed to the risk that personal data may be lost, disclosed, stolen or processed in violation of applicable data protection laws. Collector relies to some extent on suppliers and partners when handling personal data. Violation of applicable data protection laws could lead to fines, reputational damage and loss of customers, which could have a material adverse effect on Company's business, financial position and results of operations.

#### *Risks related to money laundering and prevention of terrorism financing*

Collector is at risk of being damaged by incidents of money laundering and terrorism financing. The risk of exposure against money laundering and terrorism financing has increased worldwide in general and for fast-growing companies in particular. Staff turnover may be a factor that increases the risk of money laundering and Collector could suffer legal consequences as a result. Violation of applicable anti-money laundering and terrorism financing prevention regulations could lead to sanctions in the form of a reprimand or warning, or revocation of Collector's licences, including its banking licence. Sanctions could also include penalties and fines. Business relationships and Collector's reputation could also be damaged, which could have a material adverse effect on Collector's business, financial position and results of operations.

#### *Risks related to consumer protection*

Collector mediates consumer credits and is under the supervision of authorities in the markets in which Collector operates. In the event that Collector is considered to be in violation of applicable consumer protection legislation in the markets in which Collector conducts business, for example in relation to inadequate credit assessments, misleading advertising and other marketing practices, unfair contract terms, or improper price and interest rate information, there is a risk that the supervisory authority will bring legal action against Collector and/or order Collector to cease certain advertising or application of certain contractual terms or order Collector to cease certain types of credit lending. Furthermore, regulatory authorities may request that Collector changes its consumer credit lending and consumer credit assessment process, which could lead to additional costs for Collector. Such events could have a material adverse effect on Collector's business, financial position and results of operations.

#### *Risks related to BRRD and the Swedish Resolution Act*

The European Parliament and the Council of Ministers adopted Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and

resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (as amended) ("**BRRD**"), which provides various measures for the resolution of failing credit institutions. On 1 February 2016, the Swedish Resolution Act (as amended) (*Sw. lag (2015:1016) om resolution*) (the "**Swedish Resolution Act**") was adopted for the purpose of, inter alia, implementing the BRRD.

The purpose of the BRRD and the Swedish Resolution Act is to stop government-funded bail-outs and instead introduce "bail-ins". A bail-in means that creditors of a distressed financial institution may need to accept certain write-downs of their debt in order for the financial institution to recover. The BRRD provides for the possibility that certain unsecured debt instruments, following a decision by relevant authorities, may be written-down, rescheduled or further subordinated (for instance, by the swapping of debt to equity), which will have an impact on the funding costs of Collector. If companies within the Group enter into resolution, the relevant authority would be authorised to divest assets, write-down debt instruments (such as the Bonds) in part or in full, and convert debt into equity instruments. As a result of the BRRD and related legislation, holders of the Bonds may lose whole or part of their investment. Application of the new legislative framework on bail-in and resolutions may have a material adverse effect on investments by Collector's shareholders and holders of the Bonds and on Collector's business, financial position and results of operations, and the Bonds may be written-down, rescheduled or otherwise modified in case of Collector's insolvency.

#### *Risk related to MiFID II/MiFIR*

On 3 January 2018, new regulation on the securities market was introduced through the legislative package of MiFID II/MiFIR. The framework has resulted in an increase of reporting and transparency requirements within the interest market. This could lead to financial institutions acting as intermediaries in trading with financial instruments becoming less prone to be the holders of certain securities. Should this risk materialise, it could result in negative effects on the liquidity of the Bonds and the possibility for holders to sell their Bonds.

#### *Risk related to legally permissible interest rates*

Collector is currently subject to regulatory caps on lending rates in some of the jurisdictions in which the Group operates. Legislation in this jurisdictions limits the amount of interest that may be charged for certain financial products. Should such regulatory requirements increase or should new requirements be introduced in other jurisdictions in which Collector operates, Collector may have to alter the terms upon which it offers some or all of its financial products. Such changes could lead to decreased profitability and could ultimately have a negative effect on Collector's business, financial condition and results of operations.

#### **Ability to manage growth**

Collector has had good growth historically and aims to continue to grow, which entails a number of risks that are to some extent difficult to predict. Growth can entail an increase in both the complexity of the business and the responsibility for the management, which increases the burden on Collector's senior management and operational resources. This in turn could lead to organisational problems, such as difficulties in recruiting skilled personnel and engaging partners with sufficient experience in the industry. Furthermore, existing facilities and existing control, governance, finance, accounting and information systems, as well as other technical solutions, may prove to be insufficient for continued growth and further investment in these areas may therefore be necessary. Increased growth could



also entail capital risk for Collector depending on the needs and requirements that e.g. owners, financiers and authorities impose on Collector, as well as a risk that new product categories that are introduced do not produce the desired outcome. If Collector proves to be unable to effectively control or accommodate continued growth, this could have a material adverse effect on Collector's business, financial position and results of operations.

### **Risks associated with acquisitions**

Collector's management has in the past analysed a variety of acquisition targets and may engage in acquisitions of other companies or business assets in the future. Carrying out acquisitions involves further risks. For instance, any acquisition carries the risk that the price paid is considered too high by the market, that the acquisition proves to be less successful than anticipated, that the acquired company or business does not develop as expected by the market, and that sales and earnings goals pursued by way of the acquisition are not met. A review of the potential target (*due diligence*) carried out by Collector may be insufficient and may not identify all potential risks and issues that eventually could materialise. Other risks pertaining to acquisitions may include that the acquisition requires extensive time and resources by Collector's management, which could lead to the management not being able to allocate sufficient time for Collector's existing operations, or ultimately loss of employees or customers. In addition, any acquisition is subject to the risk that Collector will not be able to integrate the acquired company into Collector as planned or only at a higher cost than originally planned or that any intended synergy effects cannot be realized to the extent anticipated or at all. Collector may also be unable to maintain uniform standards, control functions, procedures or policies throughout Collector, which may lead to operational ineffectiveness or issues with quality and compliance. Furthermore, acquisitions may involve the risk that liabilities related to the acquired business or company are assumed which may not be recoverable from the respective seller. Any of these risks may reduce the available cash of Collector and result in a material adverse effect on Collector's business prospects, financial condition or results of operations.

### **Credit risk**

Credit risk relates to the risk that Collector does not receive payment as agreed and/or will suffer credit loss due to the inability of the counterparty to fulfil its obligations. The underlying transaction may, for example, be a loan or other commitments such as various guarantees and obligations or derivatives (for instance, interest rate and currency swaps). Credit risk can be divided into risks related to (i) consumer loans and credit cards, (ii) commerce receivables attributable to payment solutions, (iii) company credits, (iv) real estate credits, (v) factoring credits, and (vi) acquired overdue credit portfolios. In the event that borrowers fail to perform their obligations, or if the security that Collector holds to secure its claims is inadequate or impossible to realise, Collector may suffer a credit loss. Such credit losses could result in a material adverse effect on Collector's business, financial position and results of operations.

#### *Consumer loans and credit cards*

Collector offers unsecured credits and credit cards to private individuals. Specific risks associated with granting unsecured consumer loans and credit card loans are risks that could affect the customers' repayment ability, including the risk of economic downturns and higher unemployment rates. Moreover, Collector is exposed to the risk of customers applying for and being granted loans with no intention of repaying the borrowed amount. Collector is also exposed to various types of fraud or identity theft, which entails a risk of credit losses. The aforementioned risks could have a material adverse effect on Collector's business, financial position and results of operations should they materialise.

### *Commerce receivables attributable to payment solutions*

Collector offers its partners' customers instalment payment solutions, revolving credit or payment by invoice regarding financing purchases of goods. The credits are unsecured and are mainly granted to private individuals. Specific risks to which Collector is exposed in commerce are risks that could affect the customers' ability to repay credits, including the risk of economic downturns and higher unemployment. Moreover, in commerce Collector is exposed to the risk of various types of fraud or identity theft, which is associated with the risk that repayment will not occur. The aforementioned risks could have a material adverse effect on Collector's business, financial position and results of operations should they materialise.

### *Corporate credits*

Corporate credits consist of various types of short-term operating and bridge financing arrangements where the credit is usually linked to one of Collector's core operations, such as in factoring, sale financing or credit management. Corporate credits are usually secured through share pledges, guarantees or business mortgages. The specific risks related to corporate credits are economic downturns, which could have a negative effect on companies' repayment ability, and the risk that Collector will become the victim of fraud. Collector's credit portfolio of corporate credits includes a number of commitments that are significant in nature and/or involve exposure to specific industries and/or geographical areas, which entail a particular risk exposure and cyclical sensitivity to these customers, industries and areas; for further information, see the section on "Concentration risk" below. The aforementioned risks could have a material adverse effect on Collector's business, financial position and results of operations should they materialise.

### *Real estate credits*

Collector provides junior and senior property financing to certain professional customers with extensive experience. The loans are usually secured by mortgages issued in commercial property or apartment buildings in urban areas, such as Stockholm, Gothenburg, the Øresund metropolitan area, Oslo, Helsinki and other growth areas. As with other corporate credits granted by Collector, the real estate credits are usually secured by mortgages of satisfactory value and are granted on relatively short term. The ranking of junior and senior credits is determined by applicable bankruptcy regulation, where senior credit rank ahead of junior credit.

A specific risk related to real estate credits is an economic downturn, which could result in a negative impact on the market value of the properties in which Collector holds mortgage. Such negative effect on the market value could affect companies' repayment ability. Incorrect valuation of properties and Collector's security in them could also affect Collector's ability to obtain full compensation following a realisation of such mortgage. Collector has granted a number of major real estate credits and these credits are concentrated to properties in certain geographical areas, which entails a special risk exposure to such customers, industries and areas; for further information, see the section on "Concentration risk" below. Moreover, there is a risk related to the real estate development projects for which Collector grants credits. Errors in planning or execution of property development could result in increased costs for customers or higher vacancy rates, which could affect the ability of customers to repay their loans. The aforementioned risks could have a material adverse effect on Collector's business, financial position and results of operations should they materialise.

### *Factoring credits*

The factoring business involves Collector either buying the customer's issued invoices or granting loans secured by issued invoices. In invoice purchasing Collector assumes the credit risk, while invoice factoring and purchase on a recourse basis mean that Collector primarily has a credit risk on the invoice issuer and not on the final customer, who is the invoice recipient. The specific risks related to factoring are the risk of economic downturns, which could have a negative effect on companies' repayment ability, and the risk that Collector will become the victim of fraud. The factoring product area includes a number of commitments associated with exposure to specific industries and/or geographical areas, which entails a particular risk exposure to these customers, industries and areas; for further information, see the section on "Concentration risk" below. The aforementioned risks could have a material adverse effect on Collector's business, financial position and results of operations should they materialise.

#### *Acquired portfolios of overdue receivables*

From time to time, Collector acquires portfolios of overdue consumer receivables. These portfolios may contain receivables that have been overdue for a time period between a few months and several years. The main risks associated with such acquisitions are risk of erroneous valuation of the credit portfolio and the price paid for each individual item relative to future outcomes at the time of repayment and settlement of the credits. Moreover, Collector is exposed to risks that could affect the customers' repayment ability, including the risk of economic downturns and higher unemployment, and thus the forecasted cash flow for credit portfolios. The aforementioned risks could have a material adverse effect on Collector's business, financial position and results of operations should they materialise.

#### *Concentration risk*

Concentration risk refers to risk resulting from large individual exposures or as a result of significant exposure to certain groups of counterparties for which the probability of default is driven by reliance on a common underlying factor, such as an industry or geographic area. Collector has large individual exposures to commercial banks and other companies, which entails name concentration to those parties. The lack of diversity of the credit portfolio increases the risk of credit losses in case of issues or distress of any of these counterparties. In addition, Collector has a large concentration of customers in the household segment, which entails risks in the event of, for example, an economic downturn or other general economic events that adversely affect household finances.

Collector's primary area of business is the Nordic market and a large majority of credit exposure is thus related to the Nordic countries, with an emphasis on Sweden. In addition, Collector's property financing focuses mainly on large cities and university towns in Sweden. This entails some geographic concentration, which increases the risk of credit losses in case of issues or declining popularity within any of these regions. An increased concentration in the credit portfolio may involve increased risk of credit losses, which could have a material adverse effect on Collector's business, financial position and results of operations.

#### *Risks related to major customers*

A limited number of customers in certain product areas account for a large part of Collector's net sales in such product areas. Any loss of contracts with major customers or customers' cessation of use of Collector's services in these product areas could result in Collector losing opportunities for revenues or a decrease in revenues in such product areas, which would have a negative effect on the net sales and could have a material adverse effect on Collector's business, financial position and results of operations.

*Counterparty risk*

Collector is exposed to counterparty risks, mainly related to derivatives entered into with individual counterparties. Counterparty risk consists of the risk that Collector's counterparties become unable to fulfil their contractual obligations when due, prior to close-out of the derivative transaction. If counterparty risk materialises, it could have a material adverse effect on Collector's business, financial position and results of operations.

**Operational risk**

Operational risk relates to the risk of losses resulting from errors or inadequacies in internal procedures and processes. In addition to errors in administrative procedures, operational risk also includes human error, erroneous systems, IT technical errors at Collector or its suppliers and legal risks, as well as internal and external irregularities. The risk of losses also includes the risk of non-compliance, i.e. the risk associated with inadequate compliance (laws, regulations, and policies), including, but not limited to, customer protection, preventing money laundering, data protection and competition rules.

Operational risks can lead to business losses, damage to Collector's reputation, increased costs, direct and indirect financial losses, liability or indemnities, impairment losses and/or sanctions in the form of fines or penalties amounting to substantial sums, or limitation or revocation of Collector's licences which is essential for its operations (including its banking licence) which could have a material adverse effect on Collector's business, financial position and results of operations.

*Personnel risk*

Personnel risk refers to the risk of losses incurred due to inadequacies in skills and staffing, accountability, any weaknesses in Collector's culture and fundamental values, dubious reward models, errors committed by employees, temporary personnel or other service providers, human error, as well as criminal and disloyal actions performed by employees, temporary personnel or other service providers. If losses due to errors or inadequacies related to personnel risk should occur, it could have a material adverse effect on Collector's business, financial position and results of operations. For further information, see the section on "Risks related to key personnel, temporary personnel and other service providers" below.

*Process risk*

Process risk refers to the risk of losses incurred when manual or automated activities in transaction and information flows are insufficient in quality or capacity which may result in failure to meet operating objectives. Deficiencies in the division of responsibilities, organisation and documentation, as well as systematic deficiencies in Collector's established procedures and processes, such as lending and compliance with laws, regulations, and internal rules, also entail process risk. Process risk could entail a material adverse effect on Collector's business, financial position and results of operations.

*External risk*

External risk refers to the risk of losses incurred as a result of Collector's relationship with the outside world and arises, for example, through the criminal and disloyal actions of outsiders, such as through fraud, or through disruptions in society's infrastructure, such as electricity, telecommunications, water, broadband or disasters. Risks related to external suppliers and unstable political and legal conditions also fall under this category. External risks could have serious implications for Collector's

operations and could result in a material adverse effect on Collector's business, financial position and results of operations.

### **IT and system risk**

Collector's IT infrastructure is critical for the business and for Collector being able to provide services to its customers and stakeholders. Collector's operations are dependent on secure handling and storage of confidential information, as well as other information in Collector's computer systems and networks.

IT and system risk refers to the risk of losses arising from IT and systemic inadequacies, such as inadequate accessibility, reliability, traceability, capacity and confidentiality.

IT risks relevant for a niche bank could, for example, include occurrences of intrusion, or if interruptions or shutdown in IT services, electricity supply, communication or other systems used by Collector, or if Collector's servers are damaged by physical or electronic breakdowns, computer viruses or similar disruptions. There is a risk that Collector's IT infrastructure cannot support a significant, unexpected or extraordinary increase in data traffic or volumes based on the business, which depends on IT from a short term perspective. On such occasions, Collector may be forced to upgrade its IT systems and resources to meet the demands, which may result in delays and increased costs for Collector. Furthermore, there is a risk that Collector will not successfully anticipate, manage and implement the necessary changes in the IT infrastructure at the times in the future where it may be required.

Collector has to some extent outsourced operation of its IT platform to external providers and may outsource other functions in the future. If external providers to which Collector outsources business-critical functions do not perform their work in a satisfactory manner, Collector may incur expenses to resolve errors caused by such providers. Depending on the function involved, such errors could result in disrupted operations, inefficient processes or loss of sensitive data, which could have a material adverse effect on Collector's business, financial position and results of operations.

### *Model and analysis risk*

Collector uses statistic automatic models in credit assessments, such as scoring models. If such models contain errors or deficiencies, or if updates or calibrations that are continuously made to such models result in errors that prevent the models from accurately identifying significant factors and correctly evaluating information, the results may be inaccurate and misleading. Moreover, there is a risk that Collector's employees may use statistical models incorrectly, the information used in the models may be incorrect, or the employees might then make erroneous qualitative risk assessments. In the event that the statistical models used by Collector are inaccurate, or if the results of the analyses carried out using the models are incorrect for some other reason, it could have a material adverse effect on Collector's business, financial position and results of operations.

### *Information risk*

Collector's credit approval process and decisions on whether to engage in transactions with customers and counterparties are based on continual assessments of both publicly available information, such as financial statements and other financial information, and credit assessments and commitments from customers or counterparties. In the event that assessments are made based on inaccurate or incomplete information, or otherwise misleading facts, this may have a material adverse effect on Collector's business, financial position and results of operations.

**Risk associated with licences**

In the case of serious violations of applicable rules, provisions and other regulations applicable to the business, Collector may be subject to regulatory sanctions and penalties, including the possibility that the Swedish Financial Supervisory Authority (the "SFSA") or some other regulatory authority may withdraw or restrict Collector's licences which are essential for the business, including the banking licence.

Measures taken by the regulatory authority which entail restriction of Collector's business could have a material adverse effect on Collector's financial results, business and performance in general. Revocation of licences that are essential for the business, including the banking licence, would result in Collector being unable to continue its business.

**Liquidity and funding risk**

Liquidity and funding risk refers to the risk that Collector may be unable to borrow funds required for its business at a reasonable cost, or sell assets at a reasonable price, in order to meet its payment obligations on the respective due dates. Liquidity and funding risk can also be expressed as a lack of funding on reasonable terms and conditions, or difficulties related to capitalisation. Collector's primary source of financing is deposits from the public. Other sources of funding are issuances of certificates and medium term notes. Funding through deposits from the public or via the certificates market is mainly granted on short-term, but in addition Collector has issued certain long term debt capital instruments. Since in some cases Collector's lending is granted on longer term than its borrowing, this entails a risk for Collector's long term funding and liquidity. Any decline in deposits from the public or demands for rapid repayment of deposits due to, for example, loss of reputation, increased competition, further interest rate decrease after which savings accounts would not be attractive options, political intervention or other unforeseen events could have a material adverse effect on Collector's ability to finance its operations. Collector may also lack sufficient cash and cash equivalents to repay deposits at the rate that creditors request repayment and to otherwise meet its obligations as they fall due.

If Collector's existing financing agreements with credit institutions are not extended, and/or if Collector violates the provisions of any existing credit agreements, this could have a material adverse effect on Collector's ability to finance its operations. Moreover, as a result, Collector may lack sufficient cash to pay its debts as they fall due.

In the future, Collector may, in whole or in part, need to raise new financing or refinance its business through bank loans or through the capital market issuances. Such new financing or refinancing is dependent on several factors, such as circumstances on the financial market in general and Collector's credit rating.

Collector's access to external financing may thus be limited, in whole or in part, or occur on less favourable terms and conditions. Disruptions and uncertainty in the capital and credit markets could also limit access to capital, which could be crucial for Collector's operations. There is a risk that Collector may need additional financing in the future and that such financing will not be available on acceptable terms. There is also a risk that in the future Collector may violate the terms and conditions of existing credit agreements, due to circumstances within or outside of Collector's control, which may lead to creditors having the right to terminate credits and demand repayment, or to renegotiate the terms. This in turn may have a material adverse effect on Collector's business, financial position and results of operations in general, and as a result Collector may lack sufficient cash to pay its debts as they fall due.

### **Risks related to the state deposit guarantee scheme**

Collector is a bank, which means that deposits by the general public on accounts held by Collector are covered by the state deposit guarantee scheme. Consequently Collector must fulfil specific requirements related to deposit operations. Failure by Collector to meet these requirements could result in sanctions by regulatory authorities, who could decide that Collector's deposits will no longer be covered by the deposit guarantee scheme. If Collector is not covered by the deposit guarantee scheme, borrowing costs would most likely increase substantially.

Since Collector's primary source of financing is deposits from the public, such termination would adversely affect Collector's financial position which could force Collector to change its business or cease operations. If Collector is forced to discontinue deposit operations or if Collector's deposit operations are not covered by the state deposit guarantee scheme, it could have a material adverse effect on Collector's business, financial position and results of operations.

Furthermore, Collector is exposed to the risk that the terms and conditions for the government deposit guarantee scheme may change. Such changes may result in an increase in the fee for participation in the deposit guarantee scheme or in other costs related to the deposit guarantee, increased administration, or entail a decreased guarantee amount. In the event that changes related to the state deposit guarantee scheme are implemented, it could have a material adverse effect on Collector's business, financial position and results of operations.

### **Capital risk**

Collector is a bank, and is therefore subject to extensive regulation regarding capital adequacy and liquidity requirements. Collector must at any given time meet the specified capital and liquidity ratios and have adequate capital resources. Collector is exposed to the risk of changes in the regulatory provisions governing capital adequacy and liquidity, or the implementation of new rules and regulations.

Moreover, Collector is exposed to the risk of business developing in a way that could cause the Group's earnings to decline, which would affect capital adequacy. A lack of capital, could require Collector to raise additional capital. In such a situation Collector may need to reallocate capital in its business which could affect its development and growth. If any of the capital risks mentioned above should materialise, they could have a material adverse effect on Collector's business, financial position and results of operations.

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

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

IFRS 9, which is a new accounting standard in respect of financial instruments, has replaced IAS 39 and was implemented on 1 January 2018. IFRS 9 comprises classification and valuation, depreciation and hedge accounting related to financial instruments. The new calculation model for deposition of

reserves for anticipated credit losses have had and may also in the future have material impact on Collector's accounting, and requires system support as well as additional assessment for determination of recovery value.

### **Reputational risk**

Collector is exposed to the risk of rumours and speculation which, whether they are true or not, could damage Collector's trust, standing and reputation with employees, shareholders, partners, suppliers and customers. Moreover, rumours, the use of Collector's name in the wrong context or if Collector is associated with people and/or circumstances incompatible with Collector's business culture, will have an adverse effect on Collector's brand. For example, negative publicity may ensue if Collector is accused of non-compliance with regulatory requirements, if a regulatory or other investigation is initiated in respect of Collector's business, or because of the behaviour of partners or suppliers in the market. Collector's standing and reputation may also be negatively affected by the non-compliance of its partners. Negative publicity or a bad reputation may affect Collector's contacts with regulators, causing regulatory authorities to have a negative attitude towards Collector. There is also a risk that a poor reputation could affect customers' willingness to pay for their credits or customers might take legal action against Collector to a greater extent.

Collector may also be affected by rumours and speculation directed towards the financial sector at large. Scandals affecting the financial sector in general or because of a competitor's improper behaviour on the market can affect the public's confidence in the financial sector and thus have a negative impact on Collector's reputation and market position. Loss of confidence in the financial sector may lead to a large outflow of deposits and thus a liquidity crisis for Collector. Since deposits from the public comprise Collector's primary source of funding for operations, declining deposits or a large outflow of deposits could result in liquidity risks for Collector. Loss of confidence in the financial sector could also affect Collector's own funding opportunities and lead to reduced access to capital from other players in the financial sector.

### **Risks related to partners and suppliers**

Collector relies to some extent on partners and suppliers to perform information gathering and disclosure in connection with lending. This means that Collector bears the risk in relation to customers and regulatory authorities for the suppliers' inadequate contractual and/or regulatory compliance. Collector also relies on payment flows via banks and credit institutions.

If Collector or Collector's service provider in relation to outsourced services should violate applicable rules for Collector's business or otherwise fail to meet obligations to the customer or Collector, Collector may be exposed to financial or other liability, and be subject to regulatory sanctions and penalties including revocation or restriction of Collector's licence, which is essential for the business, including the banking licence. Furthermore, Collector's reputation may be adversely affected by the inadequate compliance of suppliers and partners. If Collector is subjected to regulatory sanctions or penalties, or to withdrawal or restriction of its licence, this could have a material adverse effect on Collector's business, financial position and results of operations.

Collector's outsourcing agreement concerning part of its deposit operations allows interruptions to occur to a substantial extent without the possibility for Collector to take measures to secure customer access to their deposits and accounts. This could cause Collector's customers to lose confidence in Collector, which could ultimately lead to reduced deposits from the public, which in turn could have a material adverse effect on Collector's business, financial position and results of operations.



### *Reliance on individual suppliers and partners*

Collector's short-term ability to provide its customers with products and services to the extent that meet customers' demand would be affected if one or more of Collector's existing suppliers or partners stopped cooperating with Collector without the possibility of Collector replacing such a supplier or partner at short notice. In order for Collector to be able to provide products and services to its customers, Collector relies on the deliveries of its suppliers and partners and that these deliveries comply with agreed requirements and timing. Incorrect, delayed or missing deliveries from suppliers or partners could have a material adverse effect on Collector's business, financial position and results of operations. Moreover, Collector's financial position, reputation in the market and other factors affecting Collector and its business may have an effect on the willingness of partners and suppliers to enter into cooperation with Collector. In the event that partners or suppliers choose to terminate collaborations, or not to initiate collaborations with Collector, this could have a material adverse effect on Collector's business, financial position and results of operations.

### **Risks related to key personnel, temporary personnel and other service providers**

Collector's performance and future growth is dependent on the work carried out and the knowledge and expertise held by employees, temporary personnel and other service providers. Collector's continued ability to effectively compete in the market and develop new areas is dependent on its ability to attract new employees and retain and motivate existing employees, temporary personnel and service providers. Each loss of key personnel, temporary personnel or other service providers who significantly contribute to Collector's operations or sales, and the difficulties recruiting and retaining skilled employees in the future, could have a negative impact on Collector's business in both the short and long-term and have a material adverse effect on Collector's business, financial position and results of operations.

### **Risks related to disputes**

Collector may from time to time become involved in disputes within the framework of normal business operations and is exposed to risks associated with the potential for customers, suppliers, partners or other parties to take legal action against the Company. Major and complicated disputes can be costly, time and resource consuming and may disrupt normal business operations. The results of disputes could have a material adverse effect on Collector's business, financial position and results of operations.

### **Risks related to change of control clauses**

Some of Collector's agreements with customers and other parties include ownership change clauses under which Collector must notify the customer of changes in the ownership of Collector or its senior management. Such clauses may in some cases result in the counterparty being entitled to terminate the contract prematurely. If Collector does not comply with the contractual provisions on disclosure or other requirements, Collector may be considered to have breached the contract in question, which could cause Collector to be liable under the contract. Such damages or terminations could have a material adverse effect on Collector's business, financial position and results of operations.

### **Risk associated with insurance**

Collector has insurance covering interruption damage, property damage, product liability, general liability, Chief Executive Officer and Board liability, breach casualty insurance, pension liability insurance and travel insurance. Nevertheless, there is a risk that Collector may sustain damages or

incur liability claims that are not covered by insurance in whole or in part. If Collector incurs damages or liability that are not fully covered by insurance, this could have a material adverse effect on Collector's business, financial position and results of operations.

## **Risks relating to the Bonds**

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

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

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

### **Liquidity risk**

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

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

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

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

### **Change of law**

The Terms and Conditions are based on Swedish law in effect as at the date of issue of the Bonds. Should any possible judicial decision or change to Swedish law or administrative practice occur, there is a risk that the bondholders are negatively affected.

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

The rights of the bondholders will, in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated and subordinated creditors of the Issuer.

The Bonds rank junior to, inter alia, the Issuer's medium term notes and commercial papers issued from time to time. The Issuer may also issue other debt obligations or capital instruments that rank or are expressed to rank senior to the Bonds, in each case as regards the right to receive periodic payments on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer.

In the event of a liquidation of the Issuer, the Issuer will be required to pay its depositors and its unsubordinated creditors in full before it can make any payments on the Bonds. If this occurs, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Bonds. In addition, the BRRD and the Swedish Resolution Act, could mean that an investment in the Issuer's regulatory capital instruments as Additional Tier 1 Capital runs the risk that the Issuer's debt under those instruments will be written off (bail-in), rescheduled or further subordinated (for instance, by the swapping of debt to equity).

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

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

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

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

The holders of the Bonds may only accelerate the Bonds upon the liquidation or bankruptcy of the Issuer. No payments will be made to the holders of the Bonds before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the holders of the Bonds have been paid by the Issuer, as ascertained by the judicial liquidator (Sw. *likvidator*) or bankruptcy administrator (Sw. *konkursförvaraltare*).

### **Interest rate risks**

The Bonds bear interest at a floating rate. Bondholders should be aware that the floating rate interest income is subject to changes to the STIBOR rate (with no zero floor) and therefore cannot be anticipated. Hence, bondholders are not able to determine a definite yield of the Bonds at the time of purchase, so that their return on investment cannot be compared with that of investments in simple fixed rate (i.e. fixed rate coupons only) instruments.

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

### **Call options are subject to the prior consent of the SFSA**

The Issuer has the option to redeem the Bonds as from the first call date, being the interest payment date falling on or nearest to five (5) years after the issue date of the Bonds. If the Issuer considers it favorable to exercise such a call option, the Issuer must obtain the prior consent of the SFSA.

The bondholders have no rights to call for the redemption of the Bonds and should not invest in the Bonds in the expectation that such a call will be exercised by the Issuer. The SFSA must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is a risk that the SFSA will not permit such a call or that the Issuer will not exercise such a call. The bondholders should be aware that they may be required to bear the financial risks of an investment in the Bonds for a period of time in excess of the minimum period.

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

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

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

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

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

**Loss absorption following a Trigger Event**

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

The Bonds were issued for regulatory capital adequacy purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Terms and Conditions of the Bonds and which, in particular, require the Bonds and the proceeds of their issue to be available to absorb any losses of the Issuer.

Accordingly, if at any time the CET1 ratio (as defined in the Terms and Conditions of the Bonds) of the Issuer has fallen below 5.125 per cent. in the case of the Issuer, or 7.00 per cent., in the case of the Issuer Consolidated Situation (as defined in the Terms and Conditions of the Bonds), (a "**Trigger**

**Event**"), the nominal amount or payment obligation of the Bonds shall be written down as described in the Terms and Conditions of the Bonds.

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

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

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

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

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

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

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

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

Following any write-down of the Bonds, the Issuer may, but is not in any circumstances obliged to, reinstate the nominal amount. Any reinstatement can only be made out of distributable reserves of the Issuer and will thus need a shareholders' decision, which may or may not be given.

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

The CET1 ratio and Distributable Items and any relevant maximum distributable amount stipulated in the applicable capital adequacy regulation, will depend in part on decisions made by the Issuer relating

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

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

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

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

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

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

### **No limitation on issuing debt**

There is no restriction on the amount of debt which the Issuer may issue which ranks senior to the Bonds or on the amount of securities which the Issuer may issue which ranks pari passu with the Bonds. The issuance of additional debt by the Issuer may reduce the amount recoverable by the bondholders upon the bankruptcy or any liquidation of the Issuer.

### **Exchange rate risks and exchange controls**

The Issuer will pay principal and interest on the Bonds in SEK. 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 SEK. These include the risk that exchange rates may significantly change (including changes due to devaluation of SEK or revaluation of 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 SEK would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## **The impact of changes to the capital adequacy framework**

In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken, including an overview of the capital adequacy framework.

To complement the CRR/CRD IV legislative package, the European Parliament and the Council of Ministers adopted the BRRD, which provides various measures for the resolution of failing credit institutions.

In particular, the dynamic nature of the regulatory capital and liquidity requirements of the CRD IV/CRR package may force the Issuer to allocate more risk-absorbing capital of sufficient quality and to set aside additional amounts of liquid assets. The BRRD could mean that an investment in the Issuer's regulatory capital instruments as Additional Tier 1 Capital is exposed to the risk that the Issuer's debt under those instruments will be written off (bail-in), rescheduled or further subordinated (for instance, by the swapping of debt to equity).

The determination that all or part of the nominal amount of the Bonds will be subject to the BRRD may be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. Accordingly, trading behaviour in respect of Bonds which are subject to the BRRD is not necessarily expected to follow trading behaviour associated with other types of securities. Any indication that Bonds will become subject to the BRRD could have an adverse effect on the market price of the relevant Bonds. Potential investors should consider the risk that a bondholder may lose all of its investment in such Bonds, including the principal amount plus any accrued but unpaid interest, in the event that measures having that effect are taken under the BRRD or otherwise.

## **No action against the Issuer and bondholders' representation**

In accordance with the Terms and Conditions, an agent represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action.

However, the possibility that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

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

## **Bondholders' meetings, modification and waivers**

The Terms and Conditions includes certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions allow for stated majorities to bind all bondholders, including bondholders who have

not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

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

The Bonds are affiliated to Euroclear Sweden's account-based system, and no physical notes have been issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system.



## THE BONDS IN BRIEF

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

Bonds issued under this Prospectus have STIBOR plus 8.00 per cent. per annum as interest rate. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "Benchmark Regulation"). None of the administrators of STIBOR are, as of the date of this Prospectus, part of the register held by the European Securities and Markets Authority ("ESMA") in accordance with article 36 of the Benchmark Regulation.

<b>Issuer</b> .....	Collector Bank AB.
<b>Bonds Offered</b> .....	SEK 500,000,000 in aggregate principal amount of floating rate perpetual additional tier 1 capital bonds.
<b>Number of Bonds</b> .....	250.
<b>ISIN</b> .....	SE0012377687.
<b>Issue Date</b> .....	28 March 2019.
<b>Issue Price</b> .....	100 per cent.
<b>Interest Rates</b> .....	Interest on the Bonds will be paid at a floating rate of STIBOR plus 8.00 per cent. per annum.
<b>Use of Benchmark</b> .....	Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, the administrator of STIBOR is not included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.
<b>Interest Payment Dates</b> .....	28 March, 28 June, 28 September, and 28 December of each year commencing on 28 June 2019. Interest will accrue from (but excluding) the Issue Date.
<b>Nominal Amount</b> .....	The Bonds will have a nominal amount of SEK 2,000,000 and the minimum permissible investment in the Bonds is SEK 2,000,000.
<b>Status of the Bonds</b> .....	The Bonds are denominated in SEK and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.

The Bonds will constitute additional Tier 1 Capital of the Issuer. The Bonds constitute direct, subordinated and

unsecured obligations of the Issuer and will at all times rank:

- (a) with equal right of payment ("*pari passu*") without any preference among themselves;
- (b) *pari passu* with (i) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (ii) any other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) in the liquidation or bankruptcy of the Issuer and the right to receive repayment of capital in the liquidation or bankruptcy of the Issuer;
- (c) senior to holders of all classes of the Issuer's shares in their capacity as such holders and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (d) junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, and (iii) except as expressly stated in (b) and (c) above, any subordinated creditors of the Issuer, including, for the avoidance of doubt, holders of notes which constitute Tier 2 Capital and holders of senior non-preferred instruments.

The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which may rank *pari passu* or senior with the Bonds, as well as additional share capital.

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

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

- may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulation; or
- will be mandatorily cancelled to the extent so required by the Applicable Banking Regulation, including the applicable criteria for Additional Tier 1 Capital instruments.

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

A cancellation of any payment of Interest at any time shall in no event constitute a right for any Bondholder to accelerate the Bonds.

**Loss absorption upon a Trigger Event.....**

If at any time a Trigger Event occurs the Total Nominal Amount or the Issuer's payment obligation under the Bonds shall be written down.

A Write-Down shall take place on a date selected by the Issuer in consultation with the Swedish FSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Applicable Banking Regulation, the Swedish FSA has agreed with the Issuer in writing that a Write-Down may occur after a longer period, in which case, on such date as agreed with the Swedish FSA.

A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's payment obligation under each Bond shall be reduced to a certain percentage of the Nominal Amount and in each case such Write-Down shall be considered to be an unconditional capital contribution (Sw. *ovillkorat kapitaltillskott*) and shall be made in consultation with the Swedish FSA and in accordance with the rules of the CSD.

The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall equal the amount of a Write-Down that would restore the CET1 ratio of the Issuer to at least 5.125 per cent., and the CET1 ratio of the Issuer

Consolidated Situation to at least 7.00 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Bond corresponding to SEK 1.00.

A Write-Down shall be made taking into account any preceding or imminent write-down of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).

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

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

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

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

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

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

**Call Option**..... Following the consent from the Swedish FSA and giving notice of early redemption in accordance with the Terms and Conditions, the Issuer has the right to redeem all (but not some only) outstanding Bonds in on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

**Redemption Clauses .....** The Bonds constitute perpetual obligations of the Issuer and have no fixed date for redemption. The Issuer may only redeem the Bonds at its discretion in the circumstances described herein. The Bonds are not redeemable at the option of the Bondholders at any time.

**Early redemption upon the occurrence of a Capital Event** If a Capital Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to consent from the SFSA and giving notice of early redemption, redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

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

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

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

**Early redemption upon the occurrence of a Tax Event .....** If a Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to consent from the Swedish FSA and giving notice of early redemption, redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

**"Tax Event"** means the occurrence of any amendment to, clarification of or change in the laws, treaties or regulations of any Tax Jurisdiction affecting taxation (including any change in the interpretation by any court or authority entitled to do so) or any governmental action, on or after the Issue Date and which was not foreseeable at the Issue Date, resulting in that:

- (a) the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Bonds; or

(b) to the extent (prior to the relevant change, amendment or clarification) the Issuer was entitled to claim a deduction in respect of the Bonds in computing its taxation liabilities, it would not be entitled to claim a deduction in respect of its taxation liabilities in the Kingdom of Sweden in respect of any payment of interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer would be materially reduced,

provided that the Issuer satisfies the Swedish FSA that such change in tax treatment of the Bonds is material and was not reasonably foreseeable as at the Issue Date.

<b>Call Option Amount .....</b>	The Bonds shall be redeemed at a price per Bond equal to the Nominal Amount together with accrued but unpaid Interest.
<b>First Call Date.....</b>	Means the Interest Payment Date falling on or nearest to five (5) years after the Issue Date.
<b>Acceleration of the Bonds ...</b>	Neither a Bondholder or the Agent have a right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds, except in the event of liquidation (Sw. <i>likvidation</i> ) or bankruptcy (Sw. <i>konkurs</i> ) of the Issuer.
<b>Use of Proceeds .....</b>	The proceeds from the issue of the Bonds shall be used for general corporate purposes of the Issuer.
<b>Transfer Restrictions .....</b>	The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
<b>Listing.....</b>	Application has been made to list the Bonds on Nasdaq Stockholm.
<b>Agent.....</b>	Nordic Trustee & Agency AB (publ).
<b>Issuing Agent .....</b>	Nordea Bank Abp, filial i Sverige.
<b>Governing Law of the Bonds</b>	Swedish law.
<b>Risk Factors.....</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they

should carefully consider before deciding to invest in the Bonds.

## STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 28 February 2019, and was subsequently issued by the Issuer on 28 March 2019. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The board of directors of the Issuer is responsible for the information given in this Prospectus. The Issuer is the source of all company specific data contained in this Prospectus and the Issuing Agent has conducted no efforts to confirm or verify the information supplied by the Issuer. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

27 May 2019

Collector Bank AB

*The Board of Directors*



## DESCRIPTION OF MATERIAL AGREEMENTS

The following is a summary of the material terms of material agreements to which the Issuer is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

### **Bond Loans**

The Issuer established a Medium Term Note programme with a framework amount of SEK 5,000,000,000 on 8 February 2017. The first issue, a senior unsecured bond loan, of SEK 800,000,000 was carried out on 17 March the same year. The bond loan has a tenor of three years and a floating interest rate of three-months STIBOR + 175 basis points, which corresponded to an initial coupon of about 1.3%, with final maturity on 17 March 2020. The bond loan is listed on Nasdaq Stockholm. On 21 June 2017, the Issuer issued SEK 500,000,000 of subordinated Tier 2 bonds under the Issuer's existing Medium Term Note programme with a framework amount of SEK 5,000,000,000, a 10 year tenor with first call after 5 years and a floating interest rate of three-months STIBOR + 4.50 per cent. The bond loan is listed on Nasdaq Stockholm.

### **Commercial Paper**

The Issuer established a Commercial Paper programme with a framework amount of SEK 5,000,000,000 on 5 January 2016 with option to issue in SEK and EUR. The Outstanding amount is SEK 1,480,000,000 and EUR 14,000,000

## DESCRIPTION OF THE GROUP

### History and development

Collector Bank AB was incorporated on 21 August 2000, registered with the Swedish Companies Registration Office 8 September 2000, has been licensed to conduct banking business since 22 May 2015 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 556597-0513. The registered office of the Company is P.O. Box 11914, 404 39 Göteborg and the Company's headquarters is located at Lilla Bommens Torg 11, Göteborg, with telephone number +46 10 - 161 00 00.

In accordance with the articles of association of the Company, adopted on 23 November 2015, the Company may conduct such banking business as set forth in Chapter 1, Section 3 and Chapter 7, Section 1 in the Swedish Banking and Financing Business Act (2004:297) and other business that is naturally connected herewith. The objects of the Company are the following: (i) conduct payment services via general payment systems, (ii) receipt of funds which, following notice of termination, are available to the creditor within not more than 30 days, (iii) accept funds from clients subject to accounting obligation, (iv) borrow funds, for example by accepting deposits from the general public or issuing bonds or other comparable debt instruments, (v) grant and broker loans, for example in the form of consumer credit and loans secured by charges over real property or claims, (vi) participate in financing, for example by acquiring claims and leasing personal property, (vii) provide payment services pursuant to the Payment Services Act (SFS 2010:751), (viii) provide means of payment and (ix) issue guarantees and assume similar obligations.

### Business and operations

Collector was founded in the late 1990s by Lena Apler and Johan Möller, who have a common background working with insolvency risks i.e. loans with an increased credit risk. During the early years, Collector was only active in the management of insolvency risks but in the beginning of 2003, Collector moved in a new direction and became a regulated credit company offering its own products to customers. The first step involved factoring services to companies, followed by invoicing and instalments payments for consumer purchases, a type of factoring but with private individuals as the end customer and using mail order distribution at the time. Subsequently, the main target group comprised of e-commerce merchants, though retail clients were also represented. Personal loans and savings accounts were added for private individuals.

Product development has gradually been adapted based on customer needs and market demand. In 2010 Collector introduced the Collector Easycard credit card, followed by Collector Easyliving. Corporate lending was added to services for factoring customers. Property finance, junior loans for professional real estate companies, were introduced in 2013. In recent years the Company has focused on digitization and development of mobile services and apps. The Company launched the first app, "Collector betalkoll", in 2014. In May 2015, Collector Credit Bank obtained a licence to conduct banking operations and in June 2015 the parent company Collector AB made its initial public offering at Nasdaq Stockholm. In November 2018, Collector acquired Lindorff Payments.

### Brands and concepts

The Company operates under the brand "Collector Bank"

**collector bank**



## Business model and market overview

The Company is a digital niche bank that provides financing solutions for retail and corporate customers. As regards services for retail customers, the Company offers personal loans to private individuals which is mainly distributed through intermediaries, deposit accounts with deposits on several maturities and floating as well as fixed rates, credit cards and residential mortgages. The Company also offers payment services with credit and debit payment options.

As regards corporate customers, the Company offers factoring services and company credits. The factoring services consists of invoice factoring and export factoring, while the company credits consist of corporate loans. The factoring services and the offering of company credits are mainly targeted towards the SMS segment. As regards real estate credits, the Company primarily targets its services towards larger metropolitan areas and university cities. Both junior and senior real estate lending are offered by the Company and the Company targets both commercial and residential properties. The Company also offers debt collection services and purchases debt.

As regards the services offered for retail customers, the Company is present at both the Swedish, the Finnish and the Norwegian Market. It is present on the same geographical markets when it comes to the services targeted towards corporate customers.

Although varying between the types of services offered, the Company is mainly present on the Swedish, the Norwegian and the Finnish market.

## Share Capital and Ownership Structure

The shares of the Company are denominated in SEK. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of SEK 149,422,000 divided into 1,494,220 of shares.

The following table sets forth the major shareholders in the Company as per the date of this Prospectus.

<i>Shareholder</i>	<i>Share capital</i>	<i>Voting Rights</i>
Collector AB	100 %	100 %
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>

### Major shareholder – Collector AB (100 per cent.)

Collector AB is a Swedish limited liability company operating under the laws of Sweden with reg. no. 556560-0797, incorporated on 9 September 1998. Collector AB is the parent company of the Issuer.

The following table sets forth the major shareholders in Collector AB (the parent company of the Issuer) as per the date of this Prospectus.

<i>Shareholder</i>	<i>Share capital</i>	<i>Voting Rights</i>
Fastighets AB Balder	43.58 %	43.58 %
StrategiQ Capital AB	12.72 %	12.72 %
Other shareholders	43.7 %	43.7 %
<b>Total</b>	<b>100.00 %</b>	<b>100.00 %</b>

Major shareholder – Fastighets AB Balder (43.58 per cent.)

Fastighets AB Balder is a Swedish limited liability company operating under the laws of Sweden with reg. no. 556525-6905, incorporated on 15 June 1995.

Major shareholder – StrategiQ Capital AB (12.72 per cent.)

StrategiQ Capital AB is a Swedish limited liability company operating under the laws of Sweden with reg. no. 556207-2271, incorporated on 19 September 1980.

Management shareholders

The following table sets forth the persons who are members of the management of the Issuer and hold shares and/or options in Collector AB (the parent company of the Issuer) as per the date of this Prospectus.

<i>Shareholder</i>	<i>Holdings</i>	<i>% of holdings</i>
Erik Selin (own holdings and through Fastighets AB Balder and other companies)	47 850 590	46.6%
Christoffer Lundström (own holdings and through StrategiQ Capital AB)	13 261 793	12.9%
Lena Apler (own holdings and through Helichrysum Gruppen AB)	4 461 552	4.3%
Martin Nossman	42 000	0.04%
Susanne Bruce	8 300	0.008%
Martin Nilsson	599	0.00058%

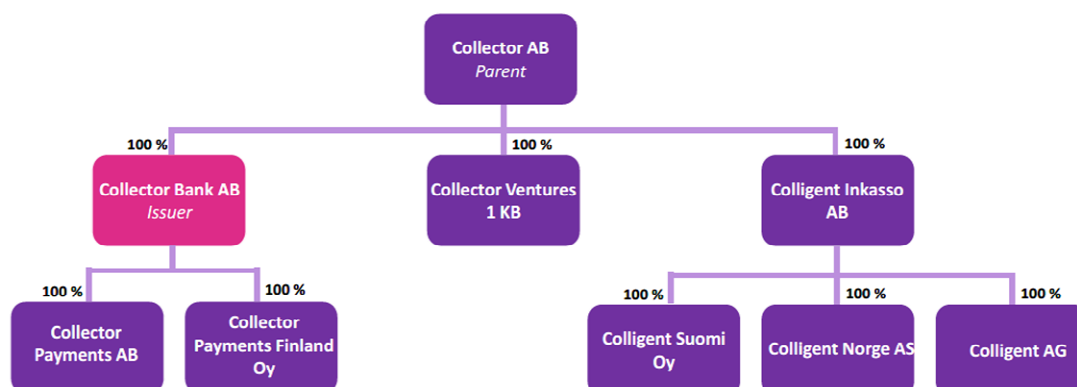
### Shareholders' Agreement

The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

### Overview of Group Structure

On the date of this prospectus, the Issuer has, directly and indirectly, two wholly-owned subsidiaries.

The structure of the Group, including its subsidiaries, is set out below.



### Recent events

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

### Significant change and trend information

There has been no material adverse change in the prospects of the Group since the date of publication of its last audited annual accounts and no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

### Legal and arbitration proceedings

The Issuer has a pending legal dispute with a customer regarding enforcement of a share pledge, where the plaintiff claims that the Issuer has not fulfilled its accounting obligation in connection with the enforcement of the pledge. Gothenburg District Court ruled in the Issuer's (the defendant's) favour. The case has been appealed by the plaintiff. The Court of Appeal for Western Sweden has granted review permit.

### Credit rating

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

## MANAGEMENT

The board of directors of the Issuer currently consists of 5 members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Issuer at its headquarters at Lilla Bommens Torg 11, SE-404 39 Göteborg, Sweden. Further information on the members of the board of directors and the senior management is set forth below.

### Board of directors

#### ***Lena Apler, chairman of the board since 2014 (member of the board since 1999).***

Education: Courses in Economics and Marketing, University of Gothenburg; SEB IHU (internal higher bank training).

Current commitments: Chairman of the Issuer, chairman of Collector AB, board member of Västsvenska Handelskammaren Service AB, board member of Helichrysum Gruppen AB and board member of SkiStar Aktiebolag.

#### ***Christoffer Lundström, member of the board since 2007.***

Education: Bachelor of Arts, Webster University; Hotel Management Diploma, HOSTA.

Current commitments: Board member of the Issuer, board member of Collector AB, board member of Scandic Hotels Group AB, board member of Feelgood Svenska Aktiebolag (publ.), board member of RCL Holding Aktiebolag, board member of Provobis Invest AB, board member of Katjing, board member of Katjing Lysekil Södra Hamnen 1:123 AB, board member of Katjing Göteborg Näset 132:3 AB, board member of StrategiQ Capital AB, board member of StrategiQ Företagspartner AB, board member of Tableflip Entertainment AB, board member of KL Capital Aktiebolag and chairman of AM Brands AB.

#### ***Erik Selin, member of the board since 2011.***

Education: Upper secondary school economist.

Current commitments: Board member of the Issuer, board member of Collector AB, board member of Erik Selin Fastigheter Aktiebolag, CEO and board member of Fastighets AB Balder (publ), board member of Fastighets AB Centur, board member of Sisjö Park Aktiebolag, board member of Västsvenska Handelskammaren Service AB, board member of Hexatronic Group AB, board member of Aktiebolaget Misel, board member of Fastighetsutveckling Lorensberg 49:8 Aktiebolag, board member of Förvaltnings Aktiebolaget Kilaberg, board member of Aktiebolaget Ystaga, board member of RL - Nordic AB, board member of Bergsspiran AB, board member of Mötesplatsen Alingsås Intressenter AB, board member of Gyllene Aktier 2012 AB, chairman of Sydvind Energi AB, chairman of Guldfiber AB.

***Anna Kinberg Batra, member of the board since 2019.***

Education: Business Degree (Sw. *civilekonom*), Stockholm School of Economics.

Current commitments: Board member of the Issuer, board member of Collector AB, board member of the Swedish Space Cooperation.

***Charlotte Hybinette, member of the board since 2019.***

Education: Master of Laws, Stockholm University.

Current commitments: Board member of the Issuer, board member of Collector AB, board member of Platzter Fastigheter Holding AB, board member of Hybinette & Partners AB, Senior Investment Manager at Ernström & C:o AB.

**Management*****Martin Nossman, CEO***

Education: Master of Economics, Lund University.

Current commitments: CEO of the Issuer, CEO of Collector AB, chairman of Collector Payments AB, chairman of Collector Payments Finland Oy, board member of Colligent Inkasso AB, board member of Colligent Suomi Oy, chairman of Colligent AG, board member of NOSSVEST AB.

***Peter Olsson, Incoming CFO***

Education: M.Sc. in Business Administration and Economics, Stockholm School of Economics.

Current commitments: Managing Director, Investment Banking, Corporate Finance, SEB

***Susanne Bruce, Vice CEO and COO***

Education: Courses in law and economics at the University of Gothenburg and marketing at RMI-Berghs.

Current commitments: Board member of Collector Payments AB, board member of Collector Payments Finland Oy, chairman of Colligent Inkasso AB, chairman of Colligent Suomi Oy, board member of Colligent AG, deputy board member of BruceX2 AB, deputy board member of Travel by Bruce AB.

***Erik Berfenhag, Chief Credit Officer***

Education: Economics at University West, Economics at University of Gothenburg

Current commitments: Chief Credit Officer of the Issuer.

***Martin Nilsson, Chief Risk Officer***

Education: MSc in Business and Economics, Stockholm School of Economics

Current commitments: Chief Risk Officer of the Issuer, board member of GoS 4u AB, deputy board member of Tickoff AB, deputy board member of Famntag AB.

**Håkan Svensson, Head of Compliance**

Education: Bachelor degree, Law MID Sweden University, Certified Anti Money Laundering Specialist ACAMS, Certified Financial Crime Specialists, ACFCs

Current commitments: Head of Compliance of the Issuer.

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

There are no family connections between any board members and the executive management. No board member or member of the executive management has during the last five years represented a company that has been declared bankrupt, been subject to compulsory liquidation or been assigned a trustee. No board member or member of the executive management has been convicted of any fraud related charges during the last five years. No board member or member of the executive management has been subject to sanctions or accused by authorities or organizations that represent a specific occupational group that is governed by public law during the last five years. No board member or member of the executive management has been subject to a ban on business activity.

No board member or member of the executive management has been appointed their current position due to special arrangements with large shareholders, clients, suppliers or other parties.

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

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

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



## HISTORICAL FINANCIAL INFORMATION

### Historical financial information

The Issuer's financial statements for the financial year ended 31 December 2018 and the figures for the financial year ended 31 December 2017 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Issuer's financial statements for the financial year ended 31 December 2018 and 31 December 2017 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

Other than the auditing of the Issuer's financial statements for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017, the Issuer's auditor has not audited or reviewed any part of this Prospectus.

The Issuer's financial statements for the financial year ended 31 December 2018 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- income statement, page 10;
- balance sheet, page 11;
- summary of changes in equity, page 12;
- cash flow statement, page 13;
- the audit report, pages 53-55; and
- notes, pages 14-52.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Issuer's financial statements for the financial year ended 31 December 2017 is incorporated into this Prospectus by reference. The other information set out in the financial statements for the financial year ended 31 December 2017 is deemed to not be relevant for the purpose of the Prospectus Regulation as corresponding up to date information is included in the financial statements for the financial year ended 31 December 2018.

- income statement, page 4;
- balance sheet, page 5;
- summary of changes in equity, page 6;
- cash flow statement, page 7;
- the audit report, pages 28-30; and
- notes, page 8-27.

### Auditing of the annual historical financial information

The Company's financial statements as at present have been audited, as applicable, by Ernst and Young AB, Jakobsbergsgatan 24, 111 44 Stockholm. Ernst and Young was elected on the latest annual general meeting in 2018 and has been the Company's auditor since then. Daniel Eriksson is the auditor who is responsible for the Company. Daniel Eriksson is an authorized auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden. The Company's financial statements for the year 2017 have been audited as applicable, by PricewaterhouseCoopers, Torsgatan 21, 113 97 Stockholm. Peter Nilsson was the auditor who was

responsible for the Company. Peter Nilsson is an authorized auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden. The Company elected Ernst and Young as auditor instead of PricewaterhouseCoopers due to legal requirements regarding auditor's term of office.

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

**Age of the most recent financial information**

The most recent financial information has been taken from the Company's audited financial statements for the financial year ended 31 December 2018, which was published on 21 May 2019 on the Issuer's website [collector.se/en/about-collector/investors/](http://collector.se/en/about-collector/investors/).

## OTHER INFORMATION

### Assurance regarding the Prospectus

Collector Bank AB is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 500,000,000. Each Bond has a nominal amount of SEK 2,000,000. The ISIN for the Bonds is SE001237377687.

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

### Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders.

### Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, Collector Bank AB has not entered into any material contracts not in the ordinary course of its business and which may affect the Collector Bank AB's ability to fulfil its obligations under the Bonds.

### Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at [www.collector.se/en/about-collector/investors/](http://www.collector.se/en/about-collector/investors/):

- the Issuer's financial statements for the financial year ended 31 December 2018, including the audit report for the financial year ended 31 December 2018;
- pages 4-30 of the Issuer's financial statements for the financial year ended 31 December 2017, including the audit report for the financial year ended 31 December 2017.

### Documents available for inspection

The following documents are available at the Company's headquarters at Lilla Bommens Torg 11, SE-404 39 Göteborg, Sweden on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- The Issuer's articles of association;
- The Issuer's certificate of registration;

- The Issuer's financial statements and audit report for the financial year ended 31 December 2018;
- The Issuer's financial statements and audit report for the financial year ended 31 December 2017;
- The Group's consolidated financial statements and audit report for the financial year ended 31 December 2018;
- The Group's consolidated financial statements and audit report for the financial year ended 31 December 2017;
- Collector Ventures 1 KB's financial statements and audit report for the financial year ended 31 December 2018;
- Collector Ventures 1 KB's financial statements and audit report for the financial year ended 31 December 2017;
- Colligent Inkasso AB's financial statements and audit report for the financial year ended 31 December 2018;
- Colligent Inkasso AB's financial statements and audit report for the financial year ended 31 December 2017;
- Collector Payments AB's financial statements and audit report for the financial year ended 31 December 2018;
- Collector Payments AB's financial statements and audit report for the financial year ended 31 December 2017;
- Colligent Norge AS's financial statements and audit report for the financial year ended 31 December 2018;
- Colligent Norge AS's financial statements and audit report for the financial year ended 31 December 2017;
- this Prospectus.

The following documents are also available in electronic form on the Company's website [collector.se/en/about-collector/investors/](http://collector.se/en/about-collector/investors/):

- the Issuer's financial statements and audit report for the financial year ended 31 December 2018;
- the Issuer's financial statements and audit report for the financial year ended 31 December 2017;
- this Prospectus.

**Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 150,000.

## TERMS AND CONDITIONS OF THE BONDS

### 1. Definitions and Construction

#### 1.1 Definitions

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

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

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

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

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

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

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

"**Agency Agreement**" means the agency agreement entered into between the Agent and the Issuer on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Agent and/or any agency agreement in respect of the Bonds, entered into after the Issue Date by the Issuer and any replacing agent.

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

"**Applicable Banking Regulations**" means at any time the laws, regulations, delegated or implementing acts, regulatory or implementing technical standards, rules, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity then in effect in Sweden including, without limitation to the generality of the foregoing, CRD IV, BRRD and those regulations, requirements, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liability and/or loss absorbing capacity adopted by primary or secondary legislation or by the Swedish FSA or the Swedish National Debt Office, 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 Consolidated Situation or the Group).

"**Bondholder**" means a person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 17 (*Bondholders' Meeting*).

"**Bonds**" means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions.

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as amended or replaced from time to time.

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

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

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

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

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

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

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

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

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

in each case as calculated by the Issuer in accordance with the CRD IV requirements, any applicable transitional arrangements under the Applicable Banking Regulations and any information (whether or not published) available to the management of the Issuer, including information internally reported within the Issuer pursuant to its procedures for ensuring effective ongoing monitoring of the capital ratios of the Issuer and the Issuer Consolidated Situation.

"**CRD IV**" means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures.

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

"**CRR**" means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

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

"**Distributable Items**" means (subject to as otherwise defined in the Applicable Banking Regulations), as at any Interest Payment Date, the amount of the profits of the Issuer for the financial year ended immediately prior to such Interest Payment Date, *plus* any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments (*Sw. kapitalbasinstrument*) excluding, for the avoidance of doubt, distributions to holders of any Tier 2 Capital instruments, less any losses brought forward, profits which are non-distributable pursuant to any applicable legislation or the Issuer's Articles of Association and sums placed to non-distributable reserves in accordance with applicable legislation or the Issuer's Articles of Association, those losses and reserves being determined on the basis of the audited annual financial statements of the Issuer in respect of such financial year.

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

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

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

"**Force Majeure Event**" has the meaning set forth in Clause 24(a).



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

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

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

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

"**Interest Payment Date**" means 28 March, 28 June, 28 September and 28 December of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 28 June 2019 and the last Interest Payment Date shall be the relevant Redemption Date.

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

"**Interest Rate**" means STIBOR plus 8.00 per cent. per annum.

"**Issue Date**" means 28 March 2019.

"**Issuer**" means Collector Bank AB, a public limited liability company (Sw. aktiebolag) incorporated under the laws of Sweden with reg. no. 556597-0513 and legal entity identifier 529900AGWAKUTYNETM62.

"**Issuer Consolidated Situation**" means the Parent, the Issuer, such Subsidiaries of the Parent and the Issuer, as well as any other entities, which are part of the Swedish prudential consolidated situation (as such term is used in the Applicable Banking Regulations) of which the Issuer is a part, from time to time.

"**Issuing Agent**" means Nordea Bank Abp, filial i Sverige, Reg. No. 516411-1683, Smålandsgatan 17, 105 71 Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"**Maximum Write-Up Amount**" means:

the Relevant Profits

*multiplied by*

the sum of the aggregate Initial Nominal Amount of the Bonds and the aggregate initial nominal amount of all Written-Down Additional Tier 1 Instruments of the Relevant Entity

*divided by* the total Tier 1 Capital of such Relevant Entity as at the date of the relevant Write-Up,

or any higher amount permissible pursuant to the Applicable Banking Regulation in force on the date of the relevant Write-Up, as determined by the Issuer.

**"Net Profit"** means, at any time,

- (a) with respect to the Issuer, the non-consolidated net profit (excluding minority interests) of the Issuer as calculated and set out in the most recent published audited annual non-consolidated accounts of the Issuer; and
- (b) with respect to the Issuer Consolidated Situation, the consolidated net profit (excluding minority interests) of the Issuer Consolidated Situation, as calculated and set out in the most recent published audited annual consolidated accounts of the Issuer Consolidated Situation.

**"Nominal Amount"** means the Initial Nominal Amount, as reduced (on one or more occasions) by any Write-Down and increased (on one or more occasions) by any Write-Up.

**"Parent"** means Collector AB (publ), a public limited liability company (Sw. aktiebolag) incorporated under the laws of Sweden with reg. no. 556560-0797.

**"Quotation Day"** means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

**"Qualifying Capital Bonds"** means, at any time, any securities (other than the Bonds) issued or guaranteed by the Issuer that:

- (a) contain terms which at such time comply with the Applicable Banking Regulation in relation to Additional Tier 1 Capital (which, for the avoidance of doubt, may result in such securities not including, or restricting for a period of time the application of, one or both of the Tax Event or Capital Event which are included in the Bonds) and (ii) provide the same amount of regulatory capital recognition as the Bonds prior to the relevant substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (b) carry the same rate of interest, including for the avoidance of doubt any interest reset provisions, from time to time applying to the Bonds prior to the relevant substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (c) have the same Nominal Amount and Total Nominal Amount as the Bonds prior to substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (d) rank pari passu with the Bonds prior to the substitution or adjustment pursuant to Clause 11.7 (*Substitution and adjustment*);
- (e) shall not at such time be subject to a Tax Event or Capital Event;
- (f) have terms not otherwise materially less favourable to the Bondholders than the terms of the Bonds, as reasonably determined by the Issuer, and provided that the Issuer shall have delivered a certificate to that effect, signed by an authorized signatory of the Issuer, to the Agent (and copies thereof will be available at the office

of the Agent during its normal business hours) not less than 5 Business Days prior to (x) in the case of a substitution of the Bonds, the issue date of the relevant securities or (y) in the case of a variation of the Bonds, the date such variation becomes effective; and

- (g) if (i) the Bonds were listed or admitted to trading on a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Regulated Market or (ii) the Bonds were listed or admitted to trading on a recognised stock exchange other than a Regulated Market immediately prior to the relevant substitution or variation, are listed or admitted to trading on any recognised stock exchange (including, without limitation, a Regulated Market), in either case as selected by the Issuer

**"Record Date"** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 14 (*Distribution of proceeds*) (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 11 (*Redemption, Re-purchase, Substitution and Adjustments of the Bonds*).

**"Reference Date"** means the accounting date as at which the applicable Relevant Profits were determined.

**"Regulated Market"** means Nasdaq Stockholm or any other regulated market (Sw. *reglerad marknad*) (as defined in the Swedish Securities Market Act (*lag (2007:528) om värdepappersmarknaden*)).

**"Relevant Entity"** means if a Write-Down has occurred following the breach of the relevant CET1 ratio:

- (a) by the Issuer, the Issuer;
- (b) by the Issuer Consolidated Situation, the Issuer Consolidated Situation; and
- (c) by both the Issuer and the Issuer Consolidated Situation, the Issuer and the Issuer Consolidated Situation.

**"Relevant Profits"** means the lowest of the Net Profit of the Issuer and the Issuer Consolidated Situation.

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

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

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

**"STIBOR"** means:

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

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

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

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

**"Tax Event"** means the occurrence of any amendment to, clarification of or change in the laws, treaties or regulations of any Tax Jurisdiction affecting taxation (including any change in the interpretation by any court or authority entitled to do so) or any governmental action, on or after the Issue Date and which was not foreseeable at the Issue Date, resulting in that:

- (a) the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Bonds; or
- (b) to the extent (prior to the relevant change, amendment or clarification) the Issuer was entitled to claim a deduction in respect of the Bonds in computing its taxation liabilities, it would not be entitled to claim a deduction in respect of its taxation liabilities in the Kingdom of Sweden in respect of any payment of interest to be made on the next Interest Payment Date or the value of such deduction to the Issuer would be materially reduced,

provided that the Issuer satisfies the Swedish FSA that such change in tax treatment of the Bonds is material and was not reasonably foreseeable as at the Issue Date.

**"Tax Jurisdiction"** means the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction.

**"Tier 1 Capital"** means, at any time, with respect to the Issuer or the Issuer Consolidated Situation, as the case may be, the tier 1 capital of the Issuer or the Issuer Consolidated Situation, respectively, as calculated by the Issuer in accordance with Chapters 1, 2 and 3 of Title II of Part Two of the CRR and/or any other Applicable Banking Regulations at such time, including any applicable transitional, phasing in or similar provisions.

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

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

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

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

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

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

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

**"Write-Up"** has the meaning as set forth in Clause 10.4(a).

**"Written-Down Additional Tier 1 Instruments"** means, at any time, any instrument (other than the Bonds) issued directly or indirectly by the Issuer or, as applicable, any member of the Issuer Consolidated Situation, which qualifies as Additional Tier 1 Capital of the Issuer or, as applicable, the Issuer Consolidated Situation and which, immediately prior to the relevant Write-Up, has a prevailing principal amount lower than the principal amount that it was issued with due to such principal amount having been written down on a temporary basis pursuant to its terms.

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

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) **"assets"** includes present and future properties, revenues and rights of every description;

- (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a "**regulation**" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) a provision of law is a reference to that provision as amended or re-enacted; and
  - (v) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. Riksbanken) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.
  - (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.
  - (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. Status of the Bonds

- (a) The Bonds constitute direct, subordinated and unsecured obligations of the Issuer and will at all times rank:
  - (i) *pari passu* without any preference among themselves;
  - (ii) *pari passu* with (A) any obligations or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (B) any other obligations or capital instruments of the Issuer that rank or are expressed to rank *pari passu* with the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) in the liquidation or bankruptcy of the Issuer and the right to receive repayment of capital in the liquidation or bankruptcy of the Issuer;
  - (iii) senior to holders of all classes of the Issuer's shares in their capacity as such holders and any other obligations or capital instruments of the Issuer that rank or are expressed to rank junior to the Bonds, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and

- (iv) junior to any present and future claims of (A) depositors of the Issuer, (B) any other unsubordinated creditors of the Issuer, and (C), except as expressly stated in (ii) and (iii) above, any subordinated creditors of the Issuer, including, for the avoidance of doubt, holders of notes which constitute Tier 2 Capital and holders of senior non-preferred instruments.
- (b) The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which may rank *pari passu* or senior with the Bonds, as well as additional share capital.
- (c) No Bondholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Bondholder.
- (d) The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions. Subject to and in accordance with the terms of these Terms and Conditions, the Issuer undertakes to make payments in relation to the Bonds and to otherwise comply with these Terms and Conditions.
- (e) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (f) The initial nominal amount of each Bond is SEK 2,000,000 (the "**Initial Nominal Amount**"). Investment in the Bonds shall be made in integral multiples of SEK 2,000,000. The maximum total nominal amount of the Bonds is SEK 500,000,000.
- (g) All Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (h) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (i) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.
- (j) No security or guarantee of any kind is, or shall at any time, be provided by the Issuer or any other person for the purpose of securing the Bondholders' rights under the Bonds.

### 3. Use of Proceeds

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

#### 4. Conditions Precedent

- (a) Prior to the issuance of the Bonds, the Issuer shall provide the following to the Agent:
  - (i) constitutional documents and corporate resolutions (approving the Finance Documents and authorising a signatory/-ies to execute the Finance Documents for the Issuer), together constituting evidence that the Finance Documents have been duly executed; and
  - (ii) copies of the Finance Documents, duly executed.
- (b) The Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (a) is accurate, legally valid, enforceable, correct and true, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documents referred to in paragraph (a) from a legal or commercial perspective of the Bondholders.
- (c) The Agent shall confirm to the Issuing Agent when the conditions in paragraph (a) have been received.

#### 5. Bonds in Book-Entry Form

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

#### 6. Right to Act on Behalf of a Bondholder

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from



the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.

- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **7. Listing**

- (a) The Issuer shall use its best efforts to ensure that the Bonds are listed on Nasdaq Stockholm within three (3) months after the Issue Date, and that it remains admitted or, if such listing is not possible to obtain or maintain, listing on another Regulated Market.
- (b) The Issuer shall, following the listing, use its best efforts to maintain the admission as long as any Bonds are outstanding, however not longer than up to and including the last day on which the listing reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.
- (c) For the avoidance of doubt, a failure to list the Bonds or maintain a listing of the Bonds in accordance with paragraph (a) and/or (b) above shall not constitute an Acceleration Event.

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

- (a) Any payment or repayment under the Finance Documents, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect the payment of amounts according to the aforesaid, the CSD will pay such amount to the relevant Bondholder being registered as such on the Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. For the avoidance of doubt, such postponement shall in no event constitute an Acceleration Event.

- (d) If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **9. Interest and Interest Cancellation**

### **9.1 Interest**

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

### **9.2 Interest cancellation**

- (a) Any payment of Interest in respect of the Bonds shall be payable only out of and up to the Issuer's Distributable Items and:
  - (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Banking Regulation; or
  - (ii) will be mandatorily cancelled to the extent so required by the Applicable Banking Regulation, including the applicable criteria for Additional Tier 1 Capital instruments.
- (b) The Issuer shall give notice to the Bondholders in accordance with Clause 23 (*Notices*) of any such cancellation of a payment of Interest, which notice might be given after the date on which the relevant payment of Interest is scheduled to be made. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer not to pay Interest as described above and shall not constitute an Acceleration Event.
- (c) Following any cancellation of Interest as described above, the right of the Bondholders to receive accrued Interest in respect of any such Interest Period will terminate and the Issuer will have no further obligation to pay such Interest or to pay interest thereon, whether or not payments of Interest in respect of subsequent Interest Periods are made, and such unpaid Interest will not be deemed to have "accrued" or been earned for any purpose.
- (d) A cancellation of any payment of Interest at any time shall in no event constitute an Acceleration Event.

### 9.3 Calculation of Interest in case of Write-Down or Write-Up

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

### 9.4 No penalty interest

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

## 10. Loss Absorption and Discretionary Reinstatement

### 10.1 Write-Down upon a Trigger Event

- (a) If at any time a Trigger Event occurs the Total Nominal Amount or the Issuer's payment obligation under the Bonds shall be written down in accordance with this Clause 10.1 (such reduction a "**Write-Down**").
- (b) Irrespective of any Trigger Event Notice given in accordance with Clause (10.2 *Trigger Event Notice*) below, a Write-Down shall take place on a date selected by the Issuer in consultation with the Swedish FSA (the "**Write-Down Date**") but no later than one month following the occurrence of the relevant Trigger Event unless, in accordance with the Applicable Banking Regulation, the Swedish FSA has agreed with the Issuer in writing that a Write-Down may occur after a longer period, in which case, on such date as agreed with the Swedish FSA.
- (c) A Write-Down shall be made either as a reduction of the Total Nominal Amount or by means of a pooling factor, where the Issuer's payment obligation under each Bond shall be reduced to a certain percentage of the Nominal Amount and in each case such Write-Down shall be considered to be an unconditional capital contribution (Sw. *ovillkorat kapitaltillskott*) and shall be made in consultation with the Swedish FSA and in accordance with the rules of the CSD.
- (d) The amount of the reduction of the Total Nominal Amount on the Write-Down Date shall equal the amount of a Write-Down that would restore the CET1 ratio of the Issuer to at least 5.125 per cent., and the CET1 ratio of the Issuer Consolidated Situation to at least 7.00 per cent., in each case at the point of such Write-Down, provided that the maximum reduction of the Total Nominal Amount shall be down to a Nominal Amount per Bond corresponding to SEK 1.00.

- (e) A Write-Down in accordance with this Clause 10.1 shall be made taking into account any preceding or imminent write-down of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).
- (f) For the avoidance of doubt, the Nominal Amount of each Bond shall, upon the Write-Down of the Total Nominal Amount described above, be written down on a *pro rata* basis.

## 10.2 Trigger Event Notice

- (a) Upon the occurrence of a Trigger Event, the Issuer shall immediately inform the Swedish FSA and shall as soon as practicable following the occurrence of a Trigger Event and in any event not later than five (5) Business Days following such occurrence give notice (a "**Trigger Event Notice**") to the Bondholders and the Agent in accordance with Clause 23 (*Notices*), which notice, in addition to specifying that a Trigger Event has occurred shall specify:
  - (i) the Write-Down Date; and
  - (ii) if then determined, the amount to be written down in accordance with Clause 10.1 (*Write-Down upon a Trigger Event*) ("**Write-Down Amount**"). If the Write-Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify Bondholders and the Agent of the Write-Down Amount.
- (b) Notwithstanding paragraph (a) above, failure to give a Trigger Event Notice shall not prejudice any Write-Down of the Bonds.

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

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

## 10.4 Discretionary reinstatement of the Bonds

- (a) If, following a Write-Down, the Relevant Entity records a positive Net Profit, the Issuer may, in its sole and absolute discretion and subject to the maximum distribution limits set out in the Applicable Banking Regulations (when the amount of the Write-Up is aggregated together with other distributions of the Issuer or the Issuer Consolidated Situation, as applicable, of the kind referred to in Article 141(2) of the CRD IV Directive (or, if different, any provision of the Capital Regulations implementing Article 141(2) of the CRD IV Directive) not being exceeded thereby, increase the Nominal Amount of each Bond (a "**Write-Up**") up to a maximum of the Initial Nominal Amount on a *pro rata* basis with the other Bonds and with any other Written-Down Additional Tier 1 Instruments of the Issuer (in the case where the Relevant Entity is the Issuer) and any Written-Down Additional Tier 1 Instruments of any members of the Issuer Consolidated Situation (in the case where the Relevant Entity is the Issuer Consolidated Situation) that have terms permitting a principal write-up to occur on a

similar basis to that set out in these provisions in the circumstances existing on the date of the relevant Write-Up, provided that the sum of:

- (i) the aggregate amount of the relevant Write-Up on all the Bonds (out of the same Relevant Profits);
- (ii) the aggregate amount of any payments of interest in respect of the Bonds that were paid on the basis of a Nominal Amount lower than the Initial Nominal Amount at any time after the Reference Date;
- (iii) the aggregate amount of the increase in principal amount of each such Written-Down Additional Tier 1 Instrument at the time of the relevant Write-Up (out of the same Relevant Profits); and
- (iv) the aggregate amount of any interest payments or distributions in respect of each such Written-Down Additional Tier 1 Instrument that were calculated or paid on the basis of a prevailing principal amount that is lower than the principal amount it was issued with at any time after the Reference Date;

does not exceed the Maximum Write-Up Amount.

- (b) The Issuer will not reinstate the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer or any member of the Issuer Consolidated Situation that have terms permitting a write-up of such principal amount to occur on a similar basis to that set out in these provisions unless it does so on a *pro rata* basis with a Write-Up of the Issuer.
- (c) A Write-Up may be made on more than one occasion in accordance with these provisions until the Nominal Amount of the Bonds has been reinstated to the Initial Nominal Amount.
- (d) Any decision by the Issuer to effect or not to effect any Write-Up pursuant to these provisions on any occasion shall not preclude it from effecting or not effecting any Write-Up on any other occasion pursuant to these provisions.
- (e) A Write-Up shall be made either by means of a pooling factor (such pooling factor to be managed solely by the Issuer outside the CSD's system and shall not be required to be registered with the CSD), where the Issuer's payment obligation under each Bond is increased to a certain percentage of the Nominal Amount or by way of issuing new bonds that qualify as Additional Tier 1 Capital of the Issuer to the relevant Bondholders or by other means acceptable by the CSD. Any such new bond issuance shall specify the relevant details of the manner in which such new bond issuance shall take effect and where the Bondholders can obtain copies of the new terms and conditions of the new bonds. Such new bonds shall be issued without any cost or charge to the Bondholders.
- (f) A Write-Up by means of a pooling factor (to be managed solely by the Issuer in accordance with paragraph (e) above) or by way of new bond issue may be made on one or more occasions in accordance with this Clause 10.4 until the Total Nominal Amount of the Bonds has been reinstated to the original Total Nominal Amount (save in the event of occurrence of another Write-Down).

- (g) A Write-Up in accordance with this Clause 10.4 shall be made taking into account any preceding or imminent reinstatement of corresponding or similar loss absorbing instruments issued by the Issuer, including but not limited to Additional Tier 1 Capital instruments (other than the Bonds).
- (h) For the avoidance of doubt, at no time may the reinstated Total Nominal Amount, by way of an increase with a pooling factor or new issuance of bonds in accordance with this Clause 10.4, exceed the original Total Nominal Amount of the Bonds (if issued in full), being SEK 500,000,000.
- (i) If the Issuer decides to Write-Up the Bonds pursuant to this Clause 10.4, a notice (a "**Write-Up Notice**") of such Write-Up shall be given to the Bondholders and to the Agent specifying the amount of any Write-Up (as a percentage of the Initial Nominal Amount of a Bond that results in a *pro rata* increase in the Nominal Amount of each Bond) and the date on which such Write-Up shall take effect. Such Write-Up Notice shall be given at least five (5) Business Days prior to the date on which the relevant Write-Up is to become effective.
- (j) The Issuer may not effect a Write-Up in respect of the Bonds:
  - (i) if a Trigger Event has occurred and is continuing; or
  - (ii) in circumstances where such Write-Up, together with the *pro rata* reinstatement of the principal amount of any Written-Down Additional Tier 1 Instruments of the Issuer or any member of the Issuer Consolidated Situation, as the case may be, would cause a Trigger Event to occur.

## **11. Redemption, Re-purchase, Substitution and Adjustments of the Bonds**

### **11.1 Perpetual Bonds**

The Bonds constitute perpetual obligations of the Issuer and have no fixed date for redemption. The Issuer may only redeem the Bonds at its discretion in the circumstances described herein. The Bonds are not redeemable at the option of the Bondholders at any time.

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

Subject to Clause 11.8 (*Permission from the Swedish FSA*) and giving notice in accordance with Clause 11.9 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Bonds on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

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

Subject to Clause 11.8 (*Permission from the Swedish FSA*) and applicable law, a Group Company, or other company forming part of the Issuer Consolidated Situation, may at any time on or following the First Call Date and at any price purchase Bonds on the market or in any other way. Bonds held by such company may at its discretion be retained, sold or cancelled.

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

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

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

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

#### **11.6 Early redemption amount**

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

#### **11.7 Substitution and adjustment**

- (a) If a Tax Event or a Capital Event has occurred and is continuing, and subject to having given no less than thirty (30) nor more than sixty (60) days' notice to the Bondholders and the Agent in accordance with Clause 23 (*Notices*), the Issuer may, subject to Clause 11.8 (*Permission from the Swedish FSA*) and to the extent permitted by law and the applicable rules of the CSD, substitute all (but not some only) of the Bonds or adjust the terms of all (but not some only) of the Bonds, without any requirement for the consent or approval of the Bondholders, so that they become or remain Qualifying Capital Bonds.
- (b) Any such notice shall specify the relevant details of the manner in which such substitution or variation shall take effect and where the Bondholders can inspect or obtain copies of the new terms and conditions of the Qualifying Capital Bonds. Such substitution or adjustment will be effected without any cost or charge to the Bondholders.

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

The Issuer may not redeem, purchase, substitute or adjust, as contemplated by this Clause 11, any outstanding Bonds without in each case having obtained the prior written permission from the Swedish FSA and in accordance with the Applicable Banking Regulation.

#### **11.9 Notice of early redemption**

- (a) Any redemption in accordance with Clauses 11.2 (*Early redemption at the option of the Issuer*), 11.4 (*Early redemption upon the occurrence of a Capital Event*) and 11.5 (*Early redemption upon the occurrence of a Tax Event*) shall be made by giving not less than twenty (20) nor more than sixty (60) Business Days' notice to the Bondholders and the Agent in accordance with Clause 23 (*Notices*). Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Bonds at the applicable amounts specified above in Clause 11.6 (*Early redemption amount*).

- (b) Notwithstanding paragraph (a) above,
  - (i) if a Trigger Event is outstanding, no notice of redemption may be given until the Trigger Event has been cured; and
  - (ii) if a Trigger Event occurs following a notice being given in accordance with paragraph (a) above but prior to the relevant redemption of the Bonds, such notice shall be of no force and effect and Clause 10.1 (*Write-Down upon a Trigger Event*) shall apply, and, for the avoidance of doubt, no redemption shall occur.

## 12. Information to Bondholders

### 12.1 Information from the Issuer

- (a) The Issuer will make the following information available to the Bondholders by way of press release and by publication on the website of the Issuer:
  - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors
  - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, its unaudited consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) for such period prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
  - (iii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, a report on regulatory capital for the Issuer and the Issuer Consolidated Situation including the CET1 ratios of the Issuer and the Issuer Consolidated Situation; and
  - (iv) any other information required by the Swedish Securities Markets Act (lag (2007:582) om värdepappersmarknaden) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.

### 12.2 Information from the Agent

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



### 12.3 Publication of Finance Documents

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

### 13. Acceleration of the Bonds

- (a) Neither a Bondholder or the Agent have a right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds, except in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer (an "Acceleration Event").
- (b) If an Acceleration Event has occurred, the Agent is, following the instructions of the Bondholders, authorised to:
  - (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines; and
  - (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (c) The Issuer shall as soon as possible notify the Agent of the occurrence an Acceleration Event and the Agent shall notify the Bondholders of an Acceleration Event as soon as possible when the Agent received actual knowledge of the Acceleration Event.
- (d) In the event of an acceleration of the Bonds upon an Acceleration Event, the Issuer shall redeem all Bonds at an amount equal to 100 per cent. of the Nominal Amount together with accrued and unpaid interest.
- (e) No payments will be made to the Bondholders before all amounts due, but unpaid, to all other creditors of the Issuer ranking ahead of the Bondholders as described in Clause 2 (*Status of the Bonds*) have been paid by the Issuer, as ascertained by the judicial liquidator (*Sw. likvidator*) or bankruptcy administrator (*Sw. konkursförvaltare*).

### 14. Distribution of proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 13 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
  - (i) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights as may

have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2(e), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 19.1(d);

- (ii) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) thirdly, in or towards payment pro rata of any unpaid principal under the Bonds; and
  - (iv) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents.
- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14(a)(i).
- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 14 as soon as reasonably practicable.
- (d) If the Issuer or the Agent shall make any payment under this Clause 14, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid.

## 15. Amendments and Waivers

- (a) Where the Issuer and the Agent (acting on behalf of the Bondholders) have agreed to amend the Finance Documents or waive any provision in a Finance Document, such amendment or waiver of the Finance Documents may be made provided that:
- (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.

- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 15(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## 16. Decisions by Bondholders

- (a) Any decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least  $66\frac{2}{3}$  per cent. of the Bonds represented at a Bondholders' Meeting or for which

Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):

- (i) a change to the terms of any of Clauses 2(a), 2(d) and 2(i);
  - (ii) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of proceeds*);
  - (iii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
  - (iv) a change to the Interest Rate or the Nominal Amount; and
  - (v) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 13 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 15(a)(i) or 15(a)(ii)).
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) If any matter decided in accordance with this Clause 16 would require permission from the Swedish FSA, such permission shall be sought by the Issuer.

- (l) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (m) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (n) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (o) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.
- (p) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **17. Bondholders' Meeting**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

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

## **18. Written Procedure**

- (a) The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days from the communication pursuant to Clause 18(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16(e) and 16(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19. Appointment and Replacement of the Agent**

### **19.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.
- (b) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory

to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.

- (c) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (d) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **19.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents.
- (b) When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent is never acting as an advisor to the Bondholders or the Issuer. Any advice or opinion from the Agent does not bind the Bondholders or the Issuer.
- (c) Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) whether any Acceleration Event (ii) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents, or (iii) whether any other event specified in any Finance Document has occurred. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (d) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (e) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for

external experts engaged after the occurrence of an Acceleration Event, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Acceleration Event or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 14 (*Distribution of proceeds*).

- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (j) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 19.2(i).

### **19.3 Limited liability for the Agent**

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 16 (Decisions by Bondholders) or a demand by Bondholders given pursuant to Clause 13(a).



- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

#### **19.4 Replacement of the Agent**

- (a) Subject to Clause 19.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 19.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers

and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **20. Appointment and Replacement of the Issuing Agent**

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

## **21. No Direct Actions by Bondholders**

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 21(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 19.1(b)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2(g), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2(g) before a Bondholder may take any action referred to in Clause 21(a).
- (c) The provisions of Clause 21(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due by the Issuer to some but not all Bondholders.
- (d) The provisions of this Clause 21 are subject to the over-riding limitations set out in Clause 2(c).

## **22. Prescription**

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any

funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.

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

## 23. Notices

- (a) Subject to Clause 23(d), any notice or other communication to be made under or in connection with the Finance Documents:
  - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch;
  - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch.
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23(a).
- (d) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (e) If an Acceleration Event is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

## 24. Force Majeure and Limitation of Liability

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

## 25. Governing Law and Jurisdiction

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

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