



**Qliro AB**

Prospectus relating to the listing of SEK 100,000,000 Floating Rate  
Subordinated Tier 2 Capital Notes due 2029

ISIN: SE0013041266

October 25, 2019

Bookrunner



## IMPORTANT NOTICE

This prospectus (the "**Prospectus**") has been prepared by Qliro AB, reg. no. 556962-2441, ("**Qliro**" or the "**Issuer**") a public limited liability credit market company incorporated in Sweden, having its headquarters located at the address Sveavägen 151, Stockholm, Sweden, in relation to the application for listing of the SEK 100,000,000 floating rate subordinated tier 2 capital notes due 2029 with ISIN SE0013041266 (the "**Notes**") on the corporate bond list of Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394, ("**Nasdaq Stockholm**"). Carnegie Investment Bank AB, reg. no. 516406-0138, ("**Carnegie**") has acted as sole bookrunner in connection with the issue of the Notes. This Prospectus has been prepared in accordance with the standards and requirements of the Regulation (EU) 2017/1129 of the European Parliament and of the Council, supplemented by the Commission Delegated Regulation (EU) 2019/980 and the Commission Delegated Regulation (EU) 2019/979 (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**SFSA**") as competent authority under the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Issuer. 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, [www.fi.se](http://www.fi.se), and the Issuer's website, [www.qliro.com](http://www.qliro.com).

Unless otherwise is stated or required by context, capitalized terms defined in the terms and conditions for the Notes, and included in this Prospectus, (the "**Terms and Conditions**") shall have the meaning given to them in the Terms and Conditions when used elsewhere in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Group'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 "SEK" refer to Swedish krona.

An investment in the Notes may not be a suitable investment for all potential investors. Each potential investor should evaluate the suitability of an investment in the Notes in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Notes, (ii) the merits and risks of investing in the Notes, and (iii) the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, the investment in the Notes and the impact that such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to assume all of the risks resulting from an investment in the Notes, 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 behavior 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 economic, interest rate and other factors that may affect its investment and its ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Notes in any jurisdiction. It has been prepared solely to list the Notes on the corporate bond list of Nasdaq Stockholm. This Prospectus may not be distributed in or into any jurisdiction where such distribution would require any additional prospectus, registration or additional measures other than those required under Swedish law, or which would otherwise conflict with the applicable rules and regulations in such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Notes are therefore required to inform themselves about, and to comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the laws of any state or other jurisdiction outside Sweden. Subject to certain exemptions, the Notes 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 Notes are being offered and sold only outside the United States to purchasers who are not, or are not purchasing for the account or benefit of, U.S. persons, in reliance on 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 Notes 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.

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 Qliro's executive 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 Qliro 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 materialization of risks and other factors affecting the Group's operations. Such factors of a significant nature are mentioned in the section "Risk factors" below.

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## RISK FACTORS

*This section describes risks which are specific to Qliro and the Notes and which Qliro considers to be material when making an investment decision in relation to the Notes. Prospective investors should make an independent evaluation, with or without help from advisors, of the risks associated with an investment in the Notes. The most material risk factor in a category, based on Qliro's assessment of the probability of the risk's occurrence and the expected magnitude of its adverse impact, is presented first in that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorized in more than one category, such risk factor appears only once and in the most relevant category. Each risk factor is disclosed by rating the relevant risk, based on the probability of the risk's occurrence and the expected magnitude of its adverse impact, as low, medium or high.*

### RISK FACTORS RELATED TO QLIRO

#### RISKS RELATED TO QLIRO'S FINANCIAL SITUATION

##### Risks related to credit exposure

Credit risk is the risk that Qliro's counterparties would be unable, or unwilling, to fulfill their financial obligations towards Qliro as they fall due and that, as a result thereof, Qliro would suffer financial losses. Qliro is exposed to credit risk primarily from defaulting or fraudulent consumers using Qliro's services, but also from defaulting merchants and financial institutions with which Qliro cooperates. As part of its payment solution, Qliro pays the merchants up-front pending delivery to the consumer. Hence, the main credit risk Qliro is exposed to in relation to merchants offering Qliro's payment solution to their customers, is that the merchants may fail to handle consumer returns due to, inter alia, bankruptcy. Qliro is also exposed to credit risks in its liquidity management where liquid assets are invested in financial instruments, such as interest-bearing securities and government securities.

During 2018, Qliro had net credit losses of MSEK 57.3, which can be compared to Qliro's net lending to the public of MSEK 1,530 as of December 31, 2018. Also, during 2018, Qliro's credit loss reserves increased from MSEK 31.2 to MSEK 94.7. MSEK 23.5 of the increase was an effect of the transition to the International Financial Reporting Standards ("IFRS") 9 that came into force on January 1, 2018. Qliro uses a data-driven model for credit assessments of consumers and collects specific data in relation thereto. Since there are differences between the countries in which Qliro operates (Sweden, Finland, Denmark and Norway) in relation to applicable rules and regulations, accessibility to credit information and differences in consumer behavior, the credit assessment model varies between such countries. Predicting the credit risk is generally more difficult in countries where the amount and quality of available information is lower. Failure by Qliro to accurately assess the credit risk of its counterparties could lead to increased credit losses, which could have a material adverse effect on Qliro's operating results and financial position and, in the longer term, a negative effect on its business as a whole.

**Risk rating:** high

### **Risks related to interest rate**

Qliro is subject to interest rate fluctuations. Interest rate fluctuations could affect Qliro's lending and deposit spread, and could result in a change in fair value, cash flow and fluctuations in Qliro's profit. Qliro is exposed to changes in the spread between the interest rates payable by it on deposits or its other sources of funding and the interest rates that it charges to consumers to whom it has granted loans. Interest rates are sensitive to a number of factors outside of Qliro's control, such as monetary policies, national and international political affairs and shifts in the market.

As of June 30, 2019, Qliro's net lending to the public amounted to MSEK 1,710. The lending was financed by MSEK 436 via a secured contracted credit facility and MSEK 1,165 through deposits from the public (savings accounts) in Sweden. As of June 30, 2019, the interest rate duration on Qliro's credit facility was one month and Qliro's deposits from the public comprised 48 percent floating interest rate and 52 percent fixed interest rate with an average duration of 177 days (the fixed interest rate has a maturity of one year, but depositors are able to withdraw their deposits before the maturity date against a fee corresponding to the accrued interest). Qliro's total interest costs for the financial year 2018 amounted to MSEK 17.4.

There is a risk that Qliro will not be able to pass on interest rate increases to consumers or that such measures would not be efficient to handle interest rate fluctuations, leading to a negative effect on Qliro's profit, cash flow and financial position. Should Qliro pass on interest rate increases to consumers, there is a risk that Qliro's services would lose competitiveness and that demand for Qliro's services would decrease, impairing Qliro's future growth.

***Risk rating:*** medium

### **Risks related to liquidity, capital and funding**

Qliro is exposed to the risk that it would be unable to fund an increase in consumer lending assets and meet its financial obligations when they fall due, without a significant increase in the cost of obtaining the required funds. The risk arises where Qliro has a negative difference between the duration of liabilities and assets, or if there should be insufficient funding to finance Qliro's operations. As of June 30, 2019, Qliro's liquid investments amounted to MSEK 202 in the form of Swedish municipal bonds, commercial papers and covered bonds with an average rating of AAA and an average maturity of 96 days. In addition to these investments, as of June 30, 2019, Qliro had MSEK 59 placed in Nordic banks and MSEK 338 in additional liquidity through unutilized financing in a secured contracted credit facility. As of June 30, 2019, Qliro had a liquidity coverage ratio of 536 percent (measured as the liquidity buffer amounting to MSEK 167 compared to net outflows of MSEK 31 over a thirty-day period under strained market conditions). Historically, as Qliro's business has not generated sufficient profits, Qliro's parent company, Qliro Group AB, reg. no. 556035-6940, has been an important source of capital for Qliro. For instance, Qliro received MSEK 100 in unconditional shareholder's contribution from Qliro Group AB during 2018 and MSEK 35 during the first quarter in 2019. There is a risk that Qliro Group AB would not be in a position or unwilling to make further shareholder's contributions to Qliro, as necessary. Insufficient capital adequacy could have a material adverse effect on the continuity of Qliro's business as well as the ability to meet internal and external capital regulatory requirements.

Qliro could also fail to attract sufficient volume of deposits from the public, which is another important financing source for Qliro's lending. The risk of not attracting sufficient volume of deposits becomes particularly relevant in a situation where net withdrawals are larger than desired or when increased deposit volumes are desired in order to finance further lending and other payments. Increased net withdrawals may result from price competition or negative rumors about Qliro, other credit institutions, banks or the financial system in general. As stated above, Qliro also finances its lending operations through a credit facility. Should Qliro be in breach of the covenants set out in the credit facility, the bank is entitled to cancel the underlying loan for immediate payment. The bank has a right to terminate the credit facility if Qliro Group AB ceases to own at least 51 percent of the shares in Qliro. Qliro Group AB announced on October 21, 2019, that it has decided to initiate a process to list Qliro on Nasdaq Stockholm's main market during the first half of 2020. It will therefore be necessary for Qliro to re-negotiate the credit facility in the near future, in order for the credit facility not to be terminated if Qliro Group AB ceases to own at least 51 percent of the shares in Qliro in connection with or following a listing of Qliro on Nasdaq Stockholm. Qliro is also exposed to the risk that it would be unable to refinance the credit facility at maturity, should e.g. the bank not be willing to extend the credit facility at maturity or only be prepared to extend the credit facility at substantially higher costs. If Qliro's sources of funding are not deemed sufficient or the costs for obtaining funds significantly increases this could have a material adverse effect on Qliro's ability to fund lending assets and meet its financial obligations as they fall due.

**Risk rating:** medium

#### **Risks related to currency exposure**

Qliro's functional currency is SEK. Since Qliro also offers sales financing services in Finland, Denmark and Norway, Qliro is exposed to currency risks that arise primarily in connection with recalculation from other currencies to SEK from business conducted abroad (translation exposure), and in connection with transactions in foreign currencies (transaction exposure). As of June 30, 2019, Qliro's net currency exposure amounted to an equivalent of 2.9 percent of own funds. Qliro is, as a consequence, exposed to risks when recalculating assets, liabilities, revenues and expenses denominated in other currencies than SEK. A minor part of Qliro's revenues is generated in EUR, DKK and NOK. Currency risks related to transactions pertain to the exchange rate risk that arise out of the time delay between entering into and settling an agreement. The actions that Qliro takes to hedge against currency risks may prove insufficient, ineffective or inadequate. Unfavorable currency exchange rate fluctuations could, as a result of Qliro's currency exposure, have a material adverse effect on the book value of Qliro's assets and also negatively impact Qliro's capital adequacy, or lead to transactions being less profitable than desired or anticipated.

**Risk rating:** low

## **RISKS RELATED TO QLIRO'S BUSINESS ACTIVITIES AND THE FINANCIAL SERVICES INDUSTRY**

### **Risks related to operational risk**

By offering financial services to merchants and consumers, Qliro is, as a natural part of the business, exposed to operational risks primarily in relation to Information Technology ("IT") and system risks, external risks, personnel risks and process risks.

With regards to IT and system risks Qliro depends on a well-functioning IT systems and communication solutions. The business is to a considerable degree dependent on Qliro's ability to process a large number of transactions efficiently and accurately, as well as tracking and analyzing the performance history of its credits. For merchants using Qliro's payment solutions, the checkout is a part of the consumer experience and is generally critical to the merchant's conversion rate. Any failure in the IT processes, which might be due to system disruption/failure or deficiencies in the information security processes, will likely impair Qliro's ability to provide its services, causing direct financial loss and may compromise Qliro's market standing.

Further is Qliro exposed to external risks, i.e. risks arising from external factors and not due to Qliro's established processes. The main external risks that Qliro is exposed to and could have a direct financial impact is external fraud (also mentioned under credit risk above) and cyber-attacks.

Qliro is also exposed to risks with regards to personnel. As a credit market company operating under the supervision of the SFSA, Qliro is required to have a well-developed organization with certain functions such as risk, compliance and credit-granting departments. These functions make up a significant part of Qliro's organization. The size of such functions is rather independent of the number of transactions that Qliro processes or Qliro's operating results and financial position. As a result, even though it would be desirable or required from a business perspective, Qliro will not be able to significantly down-size its organization without the risk of intervention by the SFSA. Furthermore, Qliro is exposed to personnel risks with regards to ensuring adequate competence of personnel in its fast-growing business and the ability to retain the staff despite the demand from other competitors.

Qliro is, as all organizations also exposed to risks with regards to processes, meaning the risk of failure in manual or semi-manual processes that could be a source of mistakes and errors.

Inadequate or failed processes with regards to operational risk (and to some extent other risk categories as well) could as a consequence expose Qliro to reputational risk, meaning a potential loss of income due to that consumers or other counterparties lose confidence in Qliro.

***Risk rating:*** medium

### **Qliro relies on a limited number of merchants, some of them are subsidiaries of Qliro Group AB, to generate a significant portion of its revenues**

Qliro was founded in 2014 as a payment solution provider to merchants that were subsidiaries of Qliro Group AB (such as CDON.com, Nelly, NLYman, Lekmer and Tretti) and did in March 2015 introduce its payment solutions for merchants outside of Qliro Group AB and its subsidiaries. Still, merchants associated with Qliro Group AB account for a significant share of Qliro's e-retail volumes and revenues.

Further, there is additional merchant concentration risk as the top five merchants account for a significant share of the total e-retail volumes and revenues respectively. As the subsidiaries of Qliro Group AB have become increasingly independent from each other and are likely to, at some point in time, come under separate ownership, there is a risk that the relationship between the merchants that are or have been subsidiaries of Qliro Group AB on the one hand and Qliro on the other hand will be less beneficial in the future and that any new owners do not appreciate the services that Qliro offers to the same degree as the current owner and its subsidiaries. Whilst Qliro's assessment is that the agreements, which run for several years, with subsidiaries of Qliro Group AB have been entered into on market terms, there is a risk that merchants that are or have been subsidiaries of Qliro Group AB wish to renegotiate the agreements in a way that is unfavorable to Qliro. Customer concentration also involves an exposure, should one or more of the key merchants terminate or decrease their business activities with Qliro. If these risks were to materialize, Qliro's profits could be negatively affected which could, in the longer term, have a material adverse effect on Qliro's business and financial position.

**Risk rating:** medium

#### **Risks related to Qliro's separation from Qliro Group AB**

Following Qliro Group AB's decision in June 2018 to operate its subsidiaries Qliro, CDON and Nelly as three fully independent companies, Qliro Group AB announced on October 21, 2019, that it has decided to initiate a process to list Qliro on Nasdaq Stockholm's main market during the first half of 2020. Such stock exchange listing process is expected to involve transaction costs for Qliro and may also require significant manpower resources and distract management's attention from the business.

Like many other companies, Qliro is to a considerable degree dependent on its ability to recruit and retain senior executives and other key personnel. Specifically for Qliro, several of its senior executives and other key personnel have held their positions for a relatively short period of time. Also, a stock exchange listing will put additional demands on the organization and particularly on Qliro's management. These demands may lead to higher staff turnover and it may be necessary for Qliro to make additional recruitments and organizational changes, which could lead to Qliro incurring higher costs and/or that Qliro will not be able to organize its business in a desirable manner.

As a subsidiary of Qliro Group AB, Qliro has in the past received substantial unconditional shareholder's contributions from Qliro Group AB. Following a potential separation from Qliro Group AB, Qliro will not be able to use this source of capital. This may call for a higher buffer in relation to the legal capital and liquidity requirements, as described further under section "Legal and regulatory risks", subsection "Capital adequacy and liquidity regulations".

**Risk rating:** medium

#### **Qliro operates in a highly competitive industry and may fail to compete successfully**

Qliro operates in an industry which is characterized by a high degree of competition and innovation driving potential disruption in the industry. In parallel with an increase in the demand for attractive payment solutions for merchants, the level of competition in the industry has increased significantly. Qliro's competitors in this field, including but not limited to Klarna Bank, may offer a broader range of

products and services, have a stronger brand, operate with a wider geographical coverage and have significantly stronger financial resources. Also, traditional full-service banks, which offer a wide range of products and services through extensive office networks and online, may increase their focus on sales financing and private loans which may increase competition in these areas. Further, in relation to Qliro's offering to consumers, the number of banks focusing specifically on private loans have increased. Qliro is dependent on creating a brand which is associated with positive values and a positive reputation, in order for merchants to choose Qliro as a preferred business partner and for consumers to use Qliro's payment solution. Damages to Qliro's brand and reputation may lead to damages to Qliro's market standing and thus cause a decrease in the demand for Qliro's services. If Qliro cannot compete successfully, demand for Qliro's services may decrease. Qliro may also be forced to lower the price and/or interest on its services in order to compete or maintain demand.

***Risk rating:*** medium

**The demand for Qliro's financial services is partly driven by consumer spending on e-commerce, which is affected by macroeconomic factors**

Qliro's revenues are primarily driven by the number of transactions carried out by consumers using Qliro's payment solutions, but also increasingly by revenues generated from personal loans. This means that a downturn in the demand for e-commerce among consumers in general, affecting the merchants offering Qliro's payment solutions, will adversely affect Qliro. The demand in the retail sector is affected by macroeconomic factors such as the economic climate, general market and consumer trends, international, national and regional economic and political development, inflation, interest rate development, employment rate development, demographic patterns, levels of consumption and consumer preference, all of which are affected by general macroeconomic conditions in markets in which Qliro operates. Whilst the e-commerce sector may be more resistant, the retail industry has traditionally been cyclical and consumer purchases of discretionary retail items generally decline during recessionary periods and other times when disposable income is lower. In particular, a general economic downturn in the Nordic market and changes in the purchasing power of Nordic consumers could therefore adversely affect demand for products that Qliro provides. A decrease in the demand among consumers for Qliro's services could impair Qliro's future growth and have a material adverse effect on Qliro's business, operating results and/or financial position.

***Risk rating:*** medium

## **LEGAL AND REGULATORY RISKS**

### **Capital adequacy and liquidity regulations**

Qliro is as a credit market company supervised by the SFSA subject to comprehensive regulations regarding capital and liquidity requirements, which are mainly based on the directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**") and the regulation 575/2013/EU on prudential requirements for credit and investment firms ("**CRR**") (along with additional delegated acts and technical standards) that

implement and amend the minimum requirements for regulatory capital to ensure loss absorbency at the point of non-viability by the Basel Committee on Banking Supervision, the Basel III Framework, in the EU. The CRR and CRD IV include certain capital requirements that are intended to vary over time and depend on, among other things, the existence of cyclical and structural systemic risks. Qliro must at any given time meet the specified capital and liquidity ratios and hold a sufficient amount of own funds and liquidity resources. Qliro may be required to hold even more capital if deemed necessary by the SFSA. Qliro is exposed to the risk of possible changes in applicable capital adequacy and liquidity requirements, changes in the SFSA's or other relevant authorities practices or the implementation of new rules and regulations. There is also a risk that relevant authorities assess that Qliro does not fully comply with, or that the company violates, applicable regulations. There is a risk that such situations lead to further unexpected requirements in relation to Qliro's capital, leverage, liquidity and funding ratios.

Qliro is further subject to liquidity requirements in its capacity as a credit market company, including a statutory requirement to maintain sufficient liquidity to be able to discharge obligations as they fall due. The SFSA has issued regulations on liquidity (including FFFS 2010:7), serious or systematic deviations from such regulations may lead to the SFSA determining that Qliro's business does not satisfy the statutory soundness requirements for credit institutions and could result in the SFSA imposing sanctions against Qliro.

Qliro is exposed to the risk of changes in the conditions of its business as well as external conditions, which may have a material adverse effect on Qliro's profitability and results, which can affect the capital adequacy ratio. For the foregoing reasons, Qliro may be required to raise additional regulatory capital and such changes could result in Qliro's existing regulatory capital ceasing to count either at the same level as present or at all. Any market perception or concern regarding compliance with future capital adequacy requirements, can increase Qliro's borrowing costs and limit its access to capital markets, which may have a material adverse effect on Qliro's profitability and results.

**Risk rating:** high

#### **Risks related to Qliro's credit market company license**

The Swedish Banking and Financing Business Act (*Sw. lag (2004:297) om bank- och finansieringsrörelse*) (the "BFBA") requires all undertakings that conducts financing business to operate under a license granted by the SFSA. Qliro was granted a credit market company license by the SFSA on March 15, 2017. Qliro's credit market company license has an indefinite duration. The SFSA exercises supervision over Qliro and has the right to request any information regarding Qliro's operations or related circumstances as well as to carry out investigations at Qliro's premises. Pursuant to the BFBA, the SFSA has the right to intervene if Qliro violates any of its obligations under the BFBA, other applicable regulations that govern Qliro's operations, Qliro's articles of association or internal regulations. The SFSA may intervene by various means, including to issue an order to limit or reduce the risks of the operations in some aspect, restrict or prohibit payment of dividends or interest or take other measures to rectify the situation, issue injunctions or remarks. In case of material violations, the SFSA can, as an ultimate measure, revoke Qliro's credit market company license, following which the SFSA may determine the manner in which the business will be wound up. If deemed sufficient, taking

into consideration, among other things, the nature, gravity, duration and potential effects on the financial system of the violation, the SFSA can, instead of revoking the license, issue a warning. Remarks and warnings may be combined with monetary fines up to ten percent of the annual turnover or two times the cost avoided or profit realized from the violation, where such amount can be ascertained. If Qliro were subject to material sanctions, remarks or warnings and/or fines imposed by the SFSA, this would cause significant and potentially irreparable, damage to the reputation of Qliro and, as a result, may have a material adverse effect on Qliro's business, operating results and/or financial position. Qliro's operations are contingent upon the credit market company license issued by the SFSA. The loss or suspension of the license would require Qliro to cease its credit market operations.

**Risk rating:** medium

### **Risks related to legal and regulatory restrictions and requirements as well as regulatory changes**

As a Swedish credit market company, Qliro is under the SFSA's supervision with regard to, inter alia, solvency and capital adequacy, including solvency ratios and liquidity rules, as well as rules on internal governance and control. Furthermore, as a result of conducting operations on a cross-border basis in various countries, Qliro is subject to supervision by different competent authorities regarding certain aspects of the business, including e.g. marketing and selling practices, advertising, general terms of business and legal debt collection operations. Differences in the laws and regulations or differences in the interpretations of a law or regulation between the different competent authorities may require local adjustments of Qliro's operations. In addition, as for any provider of financial services to consumers, Qliro's compliance with consumer protection laws and regulations is subject to supervision by consumer authorities in Sweden, Finland, Denmark and Norway. Therefore, the supervision and application of the legal and regulatory framework by authorities could as a result have a material adverse effect on Qliro's business, operating results and/or financial position. This is also the case if relevant authorities were to reach opinions that differ from those of Qliro or third parties associated with Qliro's business, concerning licensing requirements, the necessity to obtain permits or other business law requirements. Failure to comply with applicable laws and regulations could lead to monetary fines and other penalties and ultimately lead to Qliro's credit market company license being revoked and Qliro being required to discontinue its business operations.

New, amended or repealed laws and regulations could, in addition to leading to increased complexity and higher demands on Qliro's compliance function, impose restrictions for how Qliro operates its business, which could have a negative effect on Qliro's earnings. There is a risk that measures taken by Qliro to ensure compliance with new laws and regulations are inadequate. Any failures to implement new or amended laws, especially due to the increasing quantity and complexity of legislation, may lead to adverse consequences for Qliro. As Qliro primarily offers sales financing and consumer loan products, there is a risk that adverse changes in the regulatory environment, e.g. restrictions on consumer lending, will have a greater impact on Qliro's business and financial condition as compared to, for example, high street banks with a more diversified product mix. Qliro incurs, and expects to continue to incur, significant costs and expenditures to comply with the increasingly complex regulatory environment.

**Risk rating:** medium

### **The Recovery and Resolution Directive**

Qliro is subject to directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms ("**BRRD**"). BRRD establishes a framework for the recovery and resolution of credit institutions and, inter alia, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that may be taken to restore long-term viability of the institution in the event of a material deterioration of its financial position. National resolution authorities, in consultation with competent authorities, are required to prepare resolution plans setting out how a firm might be resolved in an orderly fashion and its essential functions preserved if it were to fail. The National Debt Office (Sw. *Riksgälden*) is the national resolution authority in Sweden. The BRRD establishes a number of resolution tools and powers that may be used alone or in combination by the National Debt Office to manage an institutions failure. These tools and powers include the following: (i) a sale of business tool – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) a bridge institution tool - which enables resolution authorities to transfer all or part of the business of the institution to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) an asset separation tool - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximizing their value through eventual sale or orderly wind-down; and (iv) a general bail-in tool - which gives resolution authorities the power to write-down all or a portion of the principal amount of, or interest on, certain other eligible liabilities of a financial institution undergoing one of the resolution procedures noted above and/or convert certain unsecured debt claims into another security. All of the actions noted above can be taken without any prior shareholder approval. Bail-ins require creditors of a distressed institution to accept some losses in order to save the institution from insolvency. Should Qliro become subject to such bail-in or resolution powers, existing shareholders could experience a dilution or cancellation of their holdings without any compensation therefor. There is also a risk that claims from creditors will be written down, which in turn affects the financing costs of Qliro. This could have a material adverse effect on Qliro's operating results and/or financial position.

As noted above, the powers provided to resolution and competent authorities in the BRRD include write-down and conversion powers to ensure that relevant capital instruments (including subordinated notes) fully absorb losses at the point of non-viability of the issuing firm. Therefore, the Notes could be subject to a permanent write-down or conversion to equity at the point of non-viability. The exercise of any such power may be inherently unpredictable and may depend on a number of factors, which may be outside of Qliro's control. There is a risk that the application of any non-viability loss absorption measure may result in a conversion to equity or write-down, in whole or in part, of the principal amount of, or interest on, the Notes. Any such conversion to equity or write-down shall not constitute an event of default and the holders of the Notes will have no further claims in respect of any amount so converted or written-down. Any such exercise or any suggestion that the Notes could become subject to such exercise, could therefore have a material adverse effect on the value of the Notes.

**Risk rating:** medium

## **The General Data Protection Regulation**

As part of its business operations, Qliro processes large amounts of personal data on a daily basis, primarily in relation to the consumers using Qliro's services. The EU has adopted regulation 2016/679/EU on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**") which govern Qliro's ability to obtain, retain, share and otherwise process consumer data. Qliro's compliance with GDPR is subject to supervision by national data protection authorities. These authorities may, from time to time, review or audit Qliro's data protection practices. Failure to comply with GDPR can subject Qliro to substantial monetary fines (including administrative fines up to the greater of EUR 20 million or 4.0 percent of Qliro's total global annual turnover), which could lead to Qliro having to make provisions to cover such costs and may damage Qliro's market standing.

**Risk rating:** medium

## **Anti-money laundering**

As a credit market company, Qliro is required to comply with the Swedish Anti-Money Laundering and Terrorist Financing Act (*Sw. lag (2017:630) om åtgärder mot penningtvätt och finansiering av terrorism*) implementing directive 2015/849/EU on the prevention of the use of the financial system for the purposes of money launder or terrorist financing, which requires Qliro to take actions in order to counteract money laundering and terrorist financing. The legal framework requires Qliro to maintain substantial procedures, internal control functions and guidelines to counteract money laundering and terrorist financing. Failure to comply with the applicable laws and regulations can result in material sanctions, remarks or warnings and/or fines and ultimately lead to Qliro's credit market company license being revoked by competent authorities. There is also a risk that business relationships and Qliro's reputation would be damaged.

**Risk rating:** medium

## **Accounting rules and standards**

From time to time, the International Accounting Standards Board ("**IASB**"), the EU and other regulatory bodies change the financial accounting and reporting standards, which govern the preparation of Qliro's financial statements. These changes can be difficult to predict and materially affect how Qliro records and reports its financial condition and results of operations. In some cases, Qliro may be required to apply a new or revised accounting standard retrospectively, resulting in restating prior periods' financial statements. For example, in 2014, the IASB issued a new accounting standard for financial instruments, IFRS 9, which became effective from January 1, 2018. IFRS 9 provides principles for classification of financial instruments, and provisioning for expected credit losses that are mandatory, and therefore fully implemented by Qliro. The IASB may make other changes to the financial accounting and reporting standards that govern the preparation of Qliro's financial statements, which Qliro may adopt prior to the when they become mandatory if deemed appropriate, or which Qliro may be required to adopt. There is a risk that any such changes could have a material adverse effect on Qliro's operating results and/or financial position.

**Risk rating:** medium

### **Risks related to taxes and charges**

Qliro conducts its business in accordance with its interpretation of applicable tax laws and regulations and applicable requirements and decisions. There is a risk that Qliro's or its advisors' interpretation and application of laws, provisions and judicial practice has been, or will at some point be, incorrect or that such laws, provisions and practice will be changed, potentially with retroactive effect. Difficulties or shortcomings to adequately collect and pay VAT when conducting cross-border operations may lead to an increased tax exposure. If such an event should occur, Qliro's tax liabilities can increase, which could have a negative effect on its earnings and financial position.

**Risk rating:** medium

### **The Swedish Deposit Guarantee Scheme**

The Swedish Deposit Guarantee Scheme ("**SDGS**") guarantees depositors' deposits in the event Qliro is declared bankrupt or if the SFSA determines that the SDGS should be activated in a given situation. Qliro is exposed to the risk of changes in the SDGS framework such as an increase of the fees or decrease of the maximum compensation amount. A decrease of the maximum compensation amount could have a negative effect on the amount of consumer savings deposits currently held by Qliro. Changes of the SDGS could have a material adverse effect on Qliro's liquidity and funding.

**Risk rating:** low

### **Risks related to legal proceedings, claims and disputes**

Qliro may from time to time be involved in disputes associated with its operations. Disputes could concern claims from consumers, corporates, regulatory authorities or governments. Disputes and claims may be time consuming, disrupt operations, involve significant amounts and negatively affect Qliro's reputation and general standing. The outcome of such disputes may expose Qliro to unexpected costs and losses, reputational or other non-financial consequences. The actual outcome of such proceedings may, for example, not correspond to the perception on the market and Qliro's reputation may, as a result, be impacted in a way that does not accurately reflect the outcome of such proceedings. This could have a material adverse effect on Qliro's business, operating results and/or financial position.

**Risk rating:** low

## **RISKS RELATED TO THE NOTES**

### **RISKS RELATED TO THE NATURE OF THE NOTES**

#### **Risks related to the status of the Notes**

The Notes constitute direct, unsecured and subordinated liabilities of the Issuer and at all times rank *pari passu* without any preference among themselves. The Notes will rank *pari passu* with any liabilities or capital instruments of the Issuer which constitute tier 2 capital and any other liabilities or capital

instruments of the Issuer that rank or are expressed to rank equally with the Notes. The Notes will rank senior to any liabilities or capital instruments of the Issuer which constitute tier 1 capital and holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer. The Notes are subordinated to any present and future claims of depositors of the Issuer, any other unsubordinated creditors of the Issuer and any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of the Notes. If the Issuer is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalization, administrative or other bankruptcy or insolvency proceedings, all of the Issuer's secured and unsubordinated obligations must first be satisfied, potentially leaving little or no remaining assets in the Issuer for the noteholders. As a result, the noteholders may not recover any or full value. Each investor should be aware that by investing in the Notes, they risk losing the entire, or part of, its investment in the event of the Issuer's liquidation, bankruptcy or debt restructuring.

**Risk rating:** medium

#### **Risks related to noteholders and the agent being unable to accelerate the Notes**

The Terms and Conditions do not include any obligations or undertakings binding on the Issuer which if breached would give rise to a right to the noteholders or the agent (being on the issue date Nordic Trustee & Agency AB (publ), reg. no. 556882-1879) to accelerate the Notes. The Notes may only be accelerated in the event of the liquidation or bankruptcy of the Issuer. There is a risk that the value of the Issuer's assets is diminished prior to, and in, a liquidation or bankruptcy.

**Risk rating:** medium

#### **Risks related to early redemption and call option**

The Issuer may redeem all, but not some only, outstanding Notes on the first call date of the Notes or any interest payment date falling after the first call date. A subsidiary of the Issuer may also at any time on or following the first call date purchase Notes on the market or in any other way. Notes held by such company may at its discretion be retained or sold. Any redemption or purchase of the Notes by the Issuer or its subsidiaries are subject to the consent of the SFSA. The SFSA will base its evaluation on 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 Issuer may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the SFSA, redeem the Notes upon the occurrence of a Capital Event or Tax Event (each as defined in the Terms and Conditions) at par together with accrued interest. The noteholders should be aware that they may be required to bear the financial risk of an investment in the Notes for a period of time in excess of the minimum period. The noteholders should not invest in the Notes with the expectations that such a call will be exercised by the Issuer. There is a risk that the noteholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Notes.

**Risk rating:** medium

**Risks related to the Issuer not being prohibited from issuing further debt, which may rank *pari passu* or with priority to the Notes**

The Issuer may incur additional financial indebtedness and provide additional security for such indebtedness that rank *pari passu* or with priority to the Notes. The incurrence of any such debt may reduce the amount recoverable by the noteholders in the event of the liquidation or bankruptcy of the Issuer. In addition, if any such third party financier holding security provided by the Issuer would enforce such security due to a default by any group company under the relevant finance documents, such enforcement could have a material adverse effect on the Issuer's business, operational results and/or financial position, and thus the position of the noteholders.

***Risk rating:*** medium

**Risks related to restrictions on the transferability of the Notes**

The Notes have not been, and will not be, registered under the Securities Act, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Notes may not offer or sell the Notes in the United States. The Issuer has not undertaken to register the Notes under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. It is each potential investor's obligation to ensure that any offer to sell and any sale of Notes comply with all applicable securities laws. Due to these restrictions, there is a risk that the noteholders cannot sell their Notes as desired.

***Risk rating:*** low

**Risks related to potential conflict of interest in relation to the sole bookrunner**

Carnegie has been appointed by Qliro as the sole bookrunner in relation to the issue of the Notes. The bookrunner may in the future engage in investment banking and/or commercial banking or other services for the Issuer in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the bookrunner having previously engaged, or engaging in the future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

***Risk rating:*** low

**RISKS RELATED TO THE ADMISSION TO TRADING OF THE NOTES ON THE CORPORATE BOND LIST OF NASDAQ STOCKHOLM****Risks related to admission to trading, liquidity and market price of the Notes and the secondary market**

The Issuer intends to apply to have the Notes admitted to trading on Nasdaq Stockholm within 30 calendar days from the issue date. However, there is a risk that the Notes are not admitted to trading in the aforementioned time frame or at all. Even if the Notes are admitted to trading on the

aforementioned market, active trading in the Notes does not always occur and a liquid market for trading in the Notes might not occur even if the Notes are listed. This may result in the noteholders not being able to sell their Notes 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 Notes. The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's business, operating result and/or financial position 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 Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Issuer's business, operating result and/or financial position and thus the Issuer's ability to fulfil its obligations related to the Notes. Further, the nominal value of the Notes may not be indicative compared to the market price of the Notes if the Notes are admitted to trading on Nasdaq Stockholm. It should also be noted that during a given time period it may be difficult or impossible to sell the Notes on reasonable terms, or at all, due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

***Risk rating:*** medium

## **RISKS RELATED TO DEBT INSTRUMENTS SUCH AS NOTES**

### **Credit risks**

If the Issuer's financial position deteriorates it is likely that the credit risk associated with the Notes will increase as there would be an increased risk that the Issuer cannot fulfil its payment obligations under the Terms and Conditions toward noteholders. The Issuer's financial position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk can result in the market pricing the Notes with a higher risk premium, which can adversely affect the value of the Notes. Another aspect of the credit risk is that a deteriorated financial position may reduce the Issuer's possibility to receive debt financing at the time of the maturity of the Notes.

***Risk rating:*** medium

### **Refinancing risk**

The Group may eventually be required to refinance certain or all of its outstanding debt, including the Notes. The Group's ability to successfully refinance its debt depends, among other things, on the conditions of the bank market, the capital markets and the Group's own financial condition at such time. There is a risk that the Group's access to financing sources will not be available on favorable terms or at all. If this risk materializes, it would have an adverse effect on the Group's business, operations, earnings and results and on the prospects or recovery by the noteholders under the Notes.

***Risk rating:*** medium

### **Risks related to change of control of the Issuer**

Following any potential change of control in the Issuer, the Issuer may be controlled by a majority shareholder whose interest may conflict with those of the noteholders, particularly if the Issuer encounters difficulties or is unable to pay its debts as they fall due. Qliro Group AB is currently in the process of evaluating a stock exchange listing, divestment and potential structural transactions for its subsidiaries to generate shareholder value. Qliro Group AB announced on October 21, 2019, that it has decided to initiate a process to list Qliro on Nasdaq Stockholm's main market during the first half of 2020. Hence, the ownership and control of Qliro is likely to change at a later date. A majority shareholder has legal power to control many of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors of the Issuer. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments but might involve risks to the noteholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Issuer. If such an event were to arise, it could have a material adverse effect on the Issuer's business.

***Risk rating:*** medium

### **Risks related to interest rate and benchmarks**

The value of the Notes is dependent on a number of factors, one of the most material being interest rate levels since the Notes will carry a floating rate interest. The Notes will bear interest at a floating rate, by reference to STIBOR plus a certain margin. An increase in interest rate levels would likely cause the value of the Notes to deteriorate, and a decrease in interest rate levels would likely cause the value of the Notes to increase. Investment in the Notes involve a risk that the market value of the Notes may be adversely affected by changes in the interest rate level.

The manner in which benchmark rates such as STIBOR are set is undergoing significant change. Benchmark rates have been the subject of recent international and other regulatory guidance and proposals for reform. Some of these reforms are already effective, including most of the EU regulation EU/2016/1011 (the "**Benchmark Regulation**"), which became fully effective on January 1, 2018. The Benchmark Regulation applies to the provision of benchmarks (including STIBOR), the contribution of input data to a benchmark and the use of a benchmark within the EU. The Terms and Conditions provide for certain fallback arrangements if STIBOR becomes unavailable, which could result in the effective application of a fixed rate for the Notes, and there is a risk that the relevant fallback provisions may not operate as intended at the relevant time. Any significant change to the setting or existence of STIBOR might have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes.

Since the Notes bear interest at a floating rate, the floating rate interest income is subject to changes to the STIBOR rate (with no zero floor) and therefore cannot be anticipated. Hence, noteholders are not able to determine a definite yield of the Notes 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, noteholders are exposed to reinvestment risk with respect to proceeds

from coupon payments. There is also a risk that the noteholders will not be able to reinvest the amounts received as coupon payments at a rate that will provide the same rate of return as their investments in the Notes.

***Risk rating:*** medium

#### **Risks related to currency exposure**

The Notes will be denominated and payable in SEK. If noteholders measure their investment return by reference to a currency other than SEK, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments. This could decrease the effective yield of the Notes to below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, there is a risk that investors receive less interest or principal than expected, or no interest or principal at all.

***Risk rating:*** low

## THE NOTES IN BRIEF

The following summary contains basic information about the Notes. 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 Notes. For a more complete understanding of the Notes, including certain definitions of terms used in this summary, please refer to the Terms and Conditions.

<b>Issuer</b> .....	Qliro AB, reg. no. 556962-2441.
<b>Type of securities</b> .....	Floating rate subordinated tier 2 capital notes.
<b>ISIN</b> .....	SE0013041266.
<b>The aggregate amount of the Notes</b> .....	SEK 100,000,000.
<b>Nominal Amount</b> .....	SEK 1,250,000, with a minimum permissible investment of SEK 1,250,000.
<b>Number of Notes</b> .....	80.
<b>Denomination</b> .....	The Notes are denominated in SEK.
<b>Issue Date</b> .....	September 4, 2019.
<b>Issue Price</b> .....	100 percent of the Nominal Amount.
<b>Interest Rate</b> .....	Interest on the Notes will be paid at a floating rate of three months STIBOR plus 6.75 percent per annum, however if the Interest Rate is below zero, the Interest Rate will be deemed to be zero. <sup>1</sup> Interest shall be calculated on an actual/360-days basis.
<b>Interest Payment Dates</b> ...	March 4, June 4, September 4 and December 4 of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be December 4, 2019 and the last Interest Payment Date shall be the relevant Redemption Date.
<b>Redemption</b> .....	The Issuer shall redeem all, but not only some, of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.

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<sup>1</sup> For an account of the historic development of STIBOR, please refer to [www.riksbank.se/en/Interest-and-exchange-rates/search-interest-rates-exchange-rates/](http://www.riksbank.se/en/Interest-and-exchange-rates/search-interest-rates-exchange-rates/).

Subject to the prior consent of the SFSA and giving notice in accordance with the Terms and Conditions, the Issuer may redeem all, but not some only, outstanding Notes on the First Call Date (being September 4, 2024), any Interest Payment Date falling after the First Call Date or if a Capital Event or Tax Event occurs prior to the First Call Date. The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

**Final Maturity Date.....** September 4, 2029.

**Status of the Notes.....** The Notes are denominated in SEK and each Note is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with the Terms and Conditions. By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.

The Notes constitutes direct, unsecured and subordinated liabilities of the Issuer and shall at all times rank: *pari passu* without any preference among themselves, *pari passu* with any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and with any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer. The Notes will rank senior to any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and to holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes, 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. The Notes will rank junior to any present and future claims of depositors of the Issuer, any other unsubordinated creditors of the Issuer and any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of the Notes.

The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject.

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

**Benchmark Regulation.....** As at the date of this Prospectus, the Swedish Bankers' Association (Sw. *Svenska Bankföreningen*), which administers STIBOR, does not appear in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to article 36 of the Benchmark Regulation. As far as the Issuer is aware, the transitional provisions in article 51 of the Benchmark Regulation apply, such that the Swedish Bankers' Association is not currently required to obtain authorization or registration.

<b>Transfer restrictions.....</b>	The Notes have not been and will not be registered under the Securities Act. No Noteholder may offer, sale or deliver any Notes within the United States of America or to, or for the account or benefit of, U.S. persons.
<b>Prescription.....</b>	The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalized interest) shall be prescribed and become void three (3) years from the relevant due date for payment.
<b>Listing.....</b>	Application has been made to list the Notes on the corporate bond list of Nasdaq Stockholm.
<b>Clearing and settlement....</b>	The Notes are connected to the account-based system of Euroclear Sweden. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden's book-entry system.
<b>Agent.....</b>	Nordic Trustee & Agency AB (publ), reg. no. 556882-1879.
<b>Sole bookrunner.....</b>	Carnegie Investment Bank AB, reg. no. 516406-0138.
<b>Governing law and jurisdiction.....</b>	The Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden. The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. <i>Stockholms tingsrätt</i> ).
<b>Risk factors.....</b>	Investing in the Notes involves substantial risks and prospective investors should refer to the section "Risk factors" for a description of certain factors that they should carefully consider before deciding to invest in the Notes.

## STATEMENT OF RESPONSIBILITY

The issuance of the Notes was authorized by a resolution adopted by the board of directors of the Issuer on August 18, 2019, and the Notes were subsequently issued on September 4, 2019. This Prospectus has been prepared in connection with the Issuer's application to list the Notes on the corporate bond list of Nasdaq Stockholm.

The Issuer is responsible for the information given in this Prospectus and has taken all reasonable precautions to ensure that, as far as the Issuer is aware, the information in this Prospectus is accurate and does not omit anything likely to affect its import. To the extent prescribed by law, the board of directors of the Issuer is responsible for the information contained in this Prospectus. The board of directors of 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 its knowledge, accurate and does not omit anything likely to affect its import.

This Prospectus has been approved and registered by the SFSA as competent authority under the Prospectus Regulation. The SFSA only approves the Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Issuer or the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

October, 2019

**QLIRO AB**

*The board of directors*

## DESCRIPTION OF QLIRO

### History and development

Qliro is a wholly-owned subsidiary of Qliro Group AB, previously CDON Group. Qliro Group AB launched CDON in 1999 and has since then owned companies like Tretti, Lekmer and Health and Sports Nutrition Group. Today, Qliro Group AB is the sole shareholder in CDON, Nelly and Qliro. Qliro Group AB was listed on Nasdaq Stockholm in 2010. Qliro was founded to simplify payments online in 2014. Today, Qliro operates in Sweden, Norway, Denmark and Finland and has expanded its business to also include private loans and savings accounts in Sweden. Qliro's payment services are used throughout the Nordic region by merchants. Since its inception, Qliro has handled 19 million transactions and has an aggregated lending volume of MSEK 18,000.

### Operations

Qliro is a Swedish credit market company and subject to the supervision by the SFSA. Qliro offers financial services to merchants and consumers across the Nordic region. Qliro's business model consists mainly of two business areas, sales financing and personal loans (described below). Both business areas are related to consumer credits, where Qliro has developed a process to, as far as possible, assess that the consumer has sufficient repayment ability. In addition to these two business areas, Qliro also offers private individuals in Sweden savings accounts with state-provided deposit insurance, which forms part of the funding of the two business areas:

- **Sales financing**

By offering merchants in the Nordic region a comprehensive sales check-out solution, Qliro provides the end consumer with various payment solutions such as invoice, instalment payment, part payment, credit card and direct bank payment. Consumer transactions via instalment payment and part payment are generating credits, developing the loan book and are the main drivers for revenue and earnings (interest and fees). As of June 30, 2019, Qliro had established partnerships with 36 merchants. More than 50 percent of the business volume is generated from merchants with contracts longer than four years. Qliro typically enters into agreements with merchants for a period between two and three years. Approximately half of Qliro's business volume derives from merchants that are subsidiaries of Qliro Group AB. Qliro launched the sales financing business in 2014, and currently offers these services in Sweden, Norway, Denmark and Finland. As of June 30, 2019, receivables from sales financing amounted to MSEK 1,182, or 69 percent of the loan book.

- **Personal loans**

In addition to the sales financing business area, Qliro offers unsecured loans to individuals in Sweden. Personal loans supplement the sales financing area by having larger lending tickets with longer duration. Qliro primarily markets personal loans through its own channels where more than 95 percent of the borrowers have an existing relationship with Qliro and most applications for personal loans are submitted through the Qliro app. As of June 30, 2019, receivables from personal loans amounted to MSEK 528, or 31 percent of the loan book. Qliro

offers interest rates between 3.95 percent and 13.95 percent, where the average interest rate, as of June 30, 2019 amounted to 8 percent.

As of June 30, 2019, Qliro's total (sales finance and personal loans) net lending to the public amounted to MSEK 1,710. The lending was financed by MSEK 436 via a secured contracted credit facility and MSEK 1,165 through deposits from the public (savings accounts) in Sweden.

As a credit market company operating under the supervision of the SFSA, Qliro maintains an internal organization aiming at sound internal governance which includes independent functions such as for risk, compliance and internal audit, as well as a specific credit-granting department. Qliro's executive management consists of the following eleven members: Chief Executive Officer, Chief Financial Officer, Chief Credit Officer, General Counsel, Head of Investor Relations, Chief Operating Officer, Chief Technology Officer, Chief Commercial Officer, Chief Business Development Officer/Chief Product & Marketing Director, Chief People Officer and Chief Risk Officer/Data Protection Officer. Out of the eleven members in Qliro's executive management, five are women and six are men. Qliro's executive management has overall responsibility for, inter alia, strategy issues, business development, investments and sales, earnings follow-up and HR issues. For more information about Qliro's executive management, please refer to the subsection "Executive management" under the section "Board of directors and executive management". In 2018 the average number of employees in Qliro was 195, of whom 74 were women and 121 were men.

### **Share capital and ownership structure**

The shares of Qliro are denominated in SEK. As of the date of this Prospectus, Qliro had an issued share capital of SEK 50,050,000 divided into 50,050,000 shares. Qliro is a wholly-owned subsidiary of Qliro Group AB. Qliro Group AB's shares are listed on Nasdaq Stockholm under the ticker QLRO. As of September 30, 2019, Kinnevik AB is the largest shareholder in Qliro Group AB, holding 27.5 percent of the share capital and 28.5 percent of the voting rights.

### **The separation process from Qliro Group AB**

Following Qliro Group AB's decision in June 2018 to operate its subsidiaries Qliro, CDON and Nelly as three fully independent companies, Qliro Group AB announced on October 21, 2019, that it has decided to initiate a process to list Qliro on Nasdaq Stockholm's main market during the first half of 2020. Hence, the ownership and control of Qliro is likely to change at a later date.

### **Material agreements**

Except as described below, Qliro has not entered into any material contracts outside the ordinary course of its business which could have a material impact on its ability to meet its obligations under the Notes.

An asset-backed credit facility agreement with a credit limit of up to MSEK 800 (or 90 percent of the corresponding amount in EUR, NOK or DKK) dated August 29, 2018 has been concluded between Qliro and a Nordic bank. The facility is secured by a guarantee issued by Qliro Group AB and trade receivables. The outstanding amount under the facility may not exceed 90 percent of the pledged trade receivables qualifying for being loanable according to the credit facility agreement. Qliro pays to the

bank a commitment fee computed on the undrawn commitment under the facility and interest (based on a base rate plus a margin) on the utilized part of the facility. The borrowed amount under the facility was MSEK 436 as per June 30, 2019. Qliro has the right to cancel the agreement with five days' notice and the bank has the right to cancel the agreement and the total commitments with 366 days' notice. The bank has further a right to terminate the facility if Qliro Group AB ceases to own at least 51 percent of the shares in Qliro. The loan agreement contains customary terms and conditions for these types of credits and the terms and conditions are linked to certain agreed financial covenants regarding the trade receivables.

On September 4, 2019, Qliro issued SEK 100,000,000 floating rate subordinated tier 2 capital notes with ISIN SE0013041266. The notes carry a floating rate interest of three months STIBOR plus 6.75 percent per annum and mature on September 4, 2029. As of the date of this Prospectus, the principal amount outstanding is SEK 100,000,000.

## BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The board of directors and the executive management can be contacted at Qliro's office at Sveavägen 151, Stockholm, Sweden. Information about the members of the board of directors and the executive management is set forth below.

### Board of directors

#### **Lennart Jacobsen, *Chairman***

**Education**..... M.Sc. in Electric Engineering, KTH

**Other commitments** ..... Chairman of the board in Doro AB and Playground Group AB and board member in Qliro Group AB and Oryx Holding AB. Founder of, chairman of the board and Chief Executive Officer in Invesi Investment AB.

#### **Andreas Bernström, *board member***

**Education**..... M.A in Finance, Webster University

**Other commitments** ..... Chairman of the board and interim Chief Executive Officer in Mathem i Sverige AB, chairman of the board in Pleo Technologies A/S and Pleo Financial Services A/S and board member in Qliro Group AB and CDON AB. Investment Director in Kinnevik AB. Founder of Sinch AB (publ).

#### **Robert Burén, *board member***

**Education**..... Computer Science and Technology, KTH

**Other commitments** ..... Board member in Verkkokauppa.com Oyj and Bredband2 i Skandinavien AB. Director in Eaton Gate Gaming Ltd and Gaming Innovation Group Inc. Founder of, board member and consultant in Cygni AB.

#### **Monica Caneman, *board member***

**Education**..... M.B.A, SSE

**Other commitments** ..... Chairman of the board in Euroclear Sweden AB, the Nasdaq AB Listing Committee and Almi Företagspartner AB. Board member in SAS AB.

#### **Lennart Francke, *board member***

**Education**..... M.B.A, SSE

**Other commitments** ..... Board member in Centrum för Näringslivshistoria CfN AB, Youple AB, Youple Holding AB, non-profit association Centrum för Näringslivshistoria and Stiftelsen Affärsvärlden and deputy board member in JJV Media AB. Representative on various nomination committees for Swedbank Robur Funds.

**Marcus Lindqvist, board member**

**Education**..... Associate BA, FEI  
**Other commitments** ..... Chief Executive Officer in Qliro Group AB, Chairman of the board in CDON AB and Executive Chairman of the board in Nelly NLY AB.

**Helena Nelson, board member**

**Education**..... Master of Laws, Lund University  
**Other commitments** ..... General Counsel, secretary to the board and member of the executive management board at Carnegie Investment Bank AB (publ).

**Johan Wigh, board member**

**Education**..... Master of Laws, Uppsala University  
**Other commitments** ..... Chairman of the board in SEB Investment Management AB, partner and board member in Advokatfirman Törngren Magnell, Green Stove Law AB, and Aeda Asset Management AB. Board member in East Capital Asset Management S.A.

**Executive management<sup>2</sup>****Carolina Brandtman, Chief Executive Officer**

**Education**..... Business Administration and Economics, Örebro University and Central Queensland University  
**Other commitments** ..... -

**Jonas Adolfsson, Chief Credit Officer**

**Education**..... M.Sc. in Business Administration, B.Sc. in Economics, courses in Mathematics, Linköping University  
**Other commitments** ..... -

**Lina Agrell, General Counsel**

**Education**..... B.Sc. in law, Stockholm University  
**Other commitments** ..... -

**Mikael Antonsson, Chief Operating Officer**

**Education**..... M.Sc. in Finance and B.Sc. in Financial Economics, Gothenburg School of Economics, M.Sc. in Applied Physics and B.Sc. in Engineering Physics, Chalmers University of Technology  
**Other commitments** ..... -

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<sup>2</sup> Qliro's executive management also includes board member Robert Burén, acting Chief Technology Officer. More information about Robert Burén may be found under the heading "Board of directors".

**Johanna Blom, Chief People Officer**

**Education**..... M.Sc. in work psychology, Linköping University

**Other commitments** ..... -

**Ann Ekroth, Chief Risk Officer and Data Protection Officer**

**Education**..... Degree of Bachelor of Science in Business Administration and Economics, Specialization in Accounting

**Other commitments** ..... -

**Andreas Frid, Head of Investor Relations**

**Education**..... M.Sc. in Finance, Lund University

**Other commitments** ..... -

**David Lundqvist, Chief Commercial Officer**

**Education**..... Upper secondary school, Norra real

**Other commitments** ..... -

**Martina Skande, Chief Business Development Officer and Chief Product & Marketing Director**

**Education**..... M.Sc. in Finance, Lund University

**Other commitments** ..... -

**Robert Stambro, Chief Financial Officer**

**Education**..... M.Sc. in International Business, Luleå University

**Other commitments** ..... -

**Conflicts of interest**

There are no family ties between the individuals on the Issuer's board of directors or the executive management. Helena Nelson, who is a board member in Qliro AB, is part of the executive management board of Carnegie Investment Bank AB (publ) which was acting as sole bookrunner in connection with the issue of the Notes. There are no other potential conflicts of interest in relation to any of the members of the board of directors or executive management that entail that their private interests could be considered to conflict with the Issuer's interests. Members of the board of directors and executive management hold shares in Qliro Group AB as well as in companies holding shares in Qliro Group AB. Any conflict of interests among the board members will be identified and addressed in accordance with the Issuer's internal policies.

## FINANCIAL INFORMATION

### Historical financial information

Financial information in this Prospectus has been derived from Qliro's 2018 and 2017 annual reports as well as the interim report for the period January – June 2019. As set out below, Qliro's financial statements and the auditors' report for the preceding two financial years, 2017 and 2018 as well as the interim report for the period January – June 2019 are incorporated into this Prospectus by reference under the section "Other information" subheading "Documents incorporated by reference". The information incorporated by reference is to be read as part of this Prospectus. The other information set out in the financial statements is deemed to not be relevant for the purpose of the Prospectus Regulation.

The 2018 and 2017 annual reports have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (*Sw. lag (1995:1559) om årsredovisning i kreditinstitut och värdepappersbolag*), the SFSA's regulations and general advice on annual accounts for credit institutions and securities companies (*Sw. Föreskrifter och allmänna råd om årsredovisning i kreditinstitut och värdepappersbolag*) (FFFS 2008:25) and the Swedish Board on Financial Reporting's recommendation RFR 2 - Financial reporting for legal entities (*Sw. RFR 2 - Redovisning för juridiska personer*). As a result, Qliro applies statutory IFRS, referring to standards that have been adopted for application with applicable exceptions pursuant to FFFS 2008:25 and RFR 2. Since January 1, 2018, Qliro has applied the IFRS 9 standards for classification, valuation and impairment and the IFRS 15 standards for accounting revenue (financial instruments, insurance and lease agreements excluded). Qliro has chosen not to apply the IFRS 16 standards for lease agreements valid from January 1, 2019 in accordance with RFR 2. Following the listing of the Notes on the corporate bond list of Nasdaq Stockholm, Qliro intends to prepare its financial statements in accordance with IFRS.

<b>Financial year 2018</b>	<b>Page(s)</b>
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• balance sheet	7
• statement of changes in equity	8
• cash flow statement	9
• notes	10 – 36
• auditors' report	38 – 41
<b>Financial year 2017</b>	
• income statement	8
• balance sheet	9
• statement of changes in equity	10
• cash flow statement	11
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<b>January – June 2019</b>	
• income statement	5
• balance sheet	6

**Auditing of the historical financial information**

Qliro's financial statements and accounting records, and the administration of the board and executive management, for the financial year of 2017 and 2018, respectively have been reviewed and audited by Qliro's auditor. Qliro's auditor is KPMG AB, Vasagatan 16, 101 27 Stockholm. KPMG AB has been Qliro's auditor since 2014. Mårten Asplund is the auditor in charge since 2017. Mårten Asplund is an authorized auditor and member of the institute for the accountancy profession in Sweden (FAR).

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

## OTHER INFORMATION

### Legal information about Qliro

The Issuer's registered company name is Qliro AB. Qliro's registration number is 556962-2441 and the registered office of Qliro is in the municipality of Stockholm, Sweden. Qliro was incorporated in Sweden and registered by the Swedish Companies Registration Office on February 17, 2014. Qliro is the wholly-owned subsidiary of Qliro Group AB, reg. no. 556035-6940. Qliro is a public limited liability credit market company operating in, and under the laws of, Sweden. Qliro's legal entity identifier (LEI) is 2138006QFV60JMYQC847.

Qliro's headquarters is located at Sveavägen 151, 113 46 Stockholm, Sweden with postal address Box 195 25, 104 32 Stockholm, Sweden, and with telephone number +46 (0)8 - 409 003 00. Qliro's website is [www.qliro.com](http://www.qliro.com). The information provided on Qliro's website is not part of this Prospectus unless where such information is incorporated by reference.

In accordance with the articles of association of Qliro, adopted on October 17, 2019, the objectives of Qliro are to conduct such financial operations as permitted for credit market companies pursuant to the Banking and Financing Business Act (*Sw. lag (2004:297) om bank- och finansieringsrörelse*) (or any subsequent applicable law), including debt acquisition, issuance of factoring and installment credits, borrowing from the public and any thereto related business. In addition thereto, Qliro shall conduct administration of invoices and accounts ledger services and any thereto related business.

### Certain material interests

The sole bookrunner 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 sole bookrunner and/or their 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.

### Legal and arbitrary proceedings

Qliro has not, over the past twelve months, been a party to any legal, governmental or arbitrary proceedings that have had, or would have, a significant effect on Qliro's financial position or profitability. Qliro is not aware of any such proceedings which are pending or threatening and which could lead to Qliro becoming party to such proceedings.

### Material changes and trend information

As of the date of this Prospectus, there has been no material adverse change in the prospects of the Issuer since the date of publication of the latest audited financial report of Qliro (April 5, 2019).

As of the date of this Prospectus, there has been no material change to Qliro's financial position since the end of the last period where revised or quarterly financial information is available (June 30, 2019).

**Credit rating**

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

**Clearing and settlement**

Notes have been issued in an amount of SEK 100,000,000. Each Note has a nominal amount of SEK 1,250,000. The ISIN for the Notes is SE0013041266.

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

**Representation of the Noteholders**

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

**Listing costs**

The cost for listing of the Notes is estimated to amount to approximately SEK 490,000.

**Documents incorporated by reference**

This Prospectus, in addition to this document, comprise information from the following documents which are incorporated by reference, to such extent set out in the section "Historical financial information" on page 27, and are available in electronic format on the Issuer's website [www.qliro.com](http://www.qliro.com), throughout the period of validity of this Prospectus:

- Qliro's interim report for the period January – June 2019 ([Q2 Report 2019](#));
- Qliro's financial statements and audit report for the financial year ended December 31, 2018 ([Annual Report 2018](#)); and
- Qliro's financial statements and audit report for the financial year ended December 31, 2017 ([Annual Report 2017](#)).

**Documents available for inspection**

The following documents are available at Qliro's headquarters at Sveavägen 151, 113 46 Stockholm, Sweden on weekdays during Qliro's regular office hours, or are available in electronic format on the Issuer's website [www.qliro.com](http://www.qliro.com), throughout the period of validity of this Prospectus:

- Qliro's articles of association;
- Qliro's certificate of registration;
- the documents listed above under "Documents incorporated by reference"; and
- this Prospectus.

**TERMS AND CONDITIONS OF THE NOTES****TERMS AND CONDITIONS FOR****SEK 100,000,000****Qliro AB****SUBORDINATED TIER 2 CAPITAL NOTES****ISIN: SE0013041266****29 August 2019**

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*Other than the registration of the Notes (as defined below) under Swedish law, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer (as defined below) or the Notes in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.*

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

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

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

"**Accounting Principles**" means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time/as 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 1 of Part Two of the CRR and/or any other Applicable Banking Regulations.

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

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

"**Agency Agreement**" means the agency agreement entered into on or before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an 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, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the Group, as the case may be, including, without limitation to the generality of the foregoing, CRD IV and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied in Sweden by the Swedish FSA (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group).

**"Business Day"** means 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, a change in the regulatory classification of the Notes that would be likely to result in the exclusion of the Notes from the Tier 2 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification of the Notes 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 Tier 2 Capital contained in the Applicable Banking Regulations.

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

**"CRD IV Directive"** means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time, including as amended by Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation 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 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, including as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 as regards the leverage ratio, the net stable funding ration, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

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

"**CSD Regulations**" means the CSD's rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

"**Final Maturity Date**" means the Interest Payment Date falling on or immediately after the tenth (10) anniversary of the Issue Date.

"**Finance Documents**" means these Terms and Conditions, the Agency Agreement and any other document designated by the Issuer and the Agent (on behalf of itself and the Noteholders) as a Finance Document.

"**Financial Instruments Accounts Act**" means the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*Sw. lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

"**First Call Date**" means the Interest Payment Date falling on or immediately after the fifth (5) anniversary of the Issue Date.

"**Force Majeure Event**" has the meaning set forth in paragraph (a) of Clause 24 (*Force Majeure and Limitation of Liability*).

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

"**Insolvent**" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 6-9 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 Noteholders) 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 Notes calculated in accordance with paragraphs (a) to (c) of Clause 9 (*Interest*).

"**Interest Payment Date**" means 4 March, 4 June, 4 September and 4 December of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 4 December 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 three (3) months STIBOR plus a margin of 6.75 per cent *per annum*, however if three (3) months STIBOR plus the Margin is below (0) zero, the Interest Rate will be deemed to be (0) zero.

**"Issue Date"** means 4 September 2019.

**"Issuer"** means Qliro AB, a public limited liability company incorporated under the laws of Sweden with Swedish Reg. No 556962-2441.

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

**"Issuing Agent"** means Carnegie Investment Bank AB, Swedish Reg. No. 516406-0138, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Nominal Amount"** has the meaning set forth in paragraph (d) of Clause 2 (*Status of the Notes*).

**"Note"** 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.

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

**"Noteholders' Meeting"** means a meeting among the Noteholders held in accordance with Clause 15 (*Noteholders' Meeting*).

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

**"Record Date"** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 13 (*Distribution of Proceeds*), (iv) the date of a Noteholders' 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 Notes are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and Repurchase of the Notes*).

**"Regulated Market"** means any regulated market (as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) as amended).

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

**"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 change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which becomes effective on or after the Issue Date, resulting in that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges with respect to the Notes, provided that the Issuer demonstrates to the satisfaction of the Swedish FSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date.

**"Tier 2 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.

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

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

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (ii) 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;
  - (iii) a provision of law is a reference to that provision as amended or re-enacted; and
  - (iv) 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) No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. STATUS OF THE NOTES

- (a) The Notes on issue are intended to constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation. The Notes will constitute direct, unsecured and subordinated liabilities of the Issuer and shall at all times rank:
  - (i) *pari passu* without any preference among themselves;
  - (ii) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and (b) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;

- (iii) senior to (a) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes, in each case as regards the right to receive periodic payments on a liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) 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) any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of the Notes.
- (b) The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.
- (c) By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- (d) The nominal amount of each Note is SEK 1,250,000 (the "**Nominal Amount**"). The Total Nominal Amount of the Notes is SEK 100,000,000.
- (e) Each Note is issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- (f) Prior to the Final Maturity Date, a Noteholder or the Agent may only declare the Notes (and any accrued interest) due and payable in the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer.
- (g) No Noteholder who in the event of the liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder.
- (h) The Issuer reserves the right to issue further notes, including, subordinated notes, and other liabilities in the future, which may rank senior to, pari passu with (or junior to) the Notes.
- (i) The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- (j) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or

other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

### **3. USE OF PROCEEDS**

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

### **4. CONDITIONS PRECEDENT**

- (a) Prior to the issuance of the Notes, the Issuer shall provide, or procure the provision of, to the Agent the following documents and evidence, in form and substance satisfactory to the Agent:
- (i) duly executed copies of the Finance Documents
  - (ii) copies of the articles of association and certificate of incorporation of the Issuer;
  - (iii) a copy of a resolution from the board of directors of the Issuer approving the issue of the Notes, the terms of the Finance Documents, and resolving to enter into such documents and any other documents necessary in connection therewith; and
  - (iv) such other documents and information as is agreed between the Agent and the Issuer.
- (b) The Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (a) of this Clause 4 (*Conditions Precedent*) is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not review the documents and evidence referred to above from a legal or commercial perspective of the Noteholders.
- (c) The Agent shall confirm to the Issuing Agent when the conditions set out in paragraph (a) of this Clause 4 (*Conditions Precedent*) have been satisfied.

### **5. NOTES IN BOOK-ENTRY FORM**

- (a) The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator.

- (b) Those who according to assignment, 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 Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer and the Agent shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Noteholders' 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 Notes.
- (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 Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.
- (f) The Issuer and the Agent may use the information referred to in paragraph (a) of this Clause 5 (*Notes in Book-entry Form*) only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes or if required by law or regulation.
- (g) In order to comply with these Terms and Conditions the Issuer and the Agent, as applicable, may, acting as a data controller, collect and process personal data. The processing is based on the Issuer's or the Agent's, as applicable, legitimate interest to fulfil its respective obligations under these Terms and Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under these Terms and Conditions, personal data may be shared with third parties such as the CSD which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data the Issuer and the Agent, as applicable, processes about them and may request the same in writing at the Issuer's or the Agent's, as applicable registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about the Issuer's and the Agent's respective personal data processing can be found on their websites.

## **6. ADMISSION TO TRADING**

- (a) The Issuer shall use its best efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date, but in no case later than

sixty (60) days after the Issue Date or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.

- (b) Following the admission to trading, the Issuer shall use its best efforts to maintain the admission as long as any Notes are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.
- (c) For the avoidance of doubt, neither a Noteholder nor the Agent has the right to accelerate the Notes or otherwise request a prepayment or redemption of the Notes if the Issuer fails to ensure that the Notes are admitted to trading or maintain the admission in accordance with paragraph (a) or (b) above.

## **7. RIGHT TO ACT ON BEHALF OF A NOTEHOLDER**

- (a) If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.
- (b) A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- (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 paragraph (b) of this Clause 7 (*Right to act on behalf of a Noteholder*) 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.

## **8. PAYMENTS IN RESPECT OF THE NOTES**

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Noteholder 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 Noteholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be

able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.

- (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. Interest shall accrue in accordance with paragraph (d) of Clause 9 (*Interest*) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 8 (*Payments in respect of the Notes*), 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 (including but not limited to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

## **9. INTEREST**

- (a) Each Note carries Interest at the Interest Rate calculated on the Nominal Amount 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 Notes shall be made to the Noteholders 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).
- (d) If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is one-hundred (100) basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **10. REDEMPTION AND REPURCHASE OF THE NOTES**

### **10.1 Redemption at maturity**

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

#### 10.2 Early redemption at the option of the Issuer

Subject to Clause 10.5 (*Consent of the Swedish FSA*) and giving notice in accordance with Clause 10.7 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Notes on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

#### 10.3 Purchase of Notes by the Issuer and related companies

Subject to Clause 10.5 (*Consent of the Swedish FSA*), each Group Company or other company forming part of the Issuer Consolidated Situation, may at any time on or following the First Call Date purchase Notes on the market or in any other way. Notes held by such company may at its discretion be retained or sold.

#### 10.4 Early redemption upon the occurrence of a Capital Event or Tax Event

If a Capital Event or Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 10.5 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 10.7 (*Notice of early redemption*), redeem all (but not some only) outstanding Notes on any Interest Payment Date.

#### 10.5 Consent from the Swedish FSA

The Issuer, or any other company forming part of the Issuer Consolidated Situation, may not redeem or purchase, as contemplated by this Clause 10 (*Redemption and repurchase of the Notes*), any Notes prior to the Final Maturity Date without the prior written consent of the Swedish FSA and in accordance with Applicable Banking Regulations.

#### 10.6 Early redemption amount

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

#### 10.7 Notice of early redemption

Any redemption in accordance with Clauses 10.2 (*Early redemption at the option of the Issuer*) and 10.4 (*Early redemption upon the occurrence of a Capital Event or Tax Event*) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent in accordance with Clause 23 (*Notices*). Any such notice is irrevocable and, upon expiry of the notice period, the Issuer is bound to redeem the Notes.

### 11. INFORMATION TO NOTEHOLDERS

#### 11.1 Information from the Issuer

- (a) The Issuer will make the following information available to the Noteholders by way of press release and by publication on the website of the Issuer:
- (i) as soon as the same become available, but in any event within five (5) months after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and a 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 (A) the second and fourth quarter of its financial year or, at the option of the Issuer, (B) each quarter of its financial year, its unaudited consolidated financial statements for such period or the year-end report (Sw. *bokslutskommuniké*) (as applicable) prepared in accordance with the Accounting Principles including a profit and loss account, a balance sheet, a cash flow statement and a report from the Issuer's board of directors or from anyone appointed by the board of directors to deliver such report; and
  - (iii) as soon as the same become available, but in any event within sixty (60) days after the end of each quarter of its financial year, a report on regulatory capital of the Issuer and the Issuer Consolidated Situation.
- (b) When the financial statements and other information are made available to the Noteholders pursuant to paragraph (a) of this Clause 11.1, the Issuer shall send copies of such financial statements and other information to the Agent.

## 11.2 Information from the Agent

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

## 11.3 Information among the Noteholders

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

## 11.4 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 website of the Issuer.

- (b) The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

## 12. UNDERTAKINGS

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

## 13. DISTRIBUTION OF PROCEEDS

- (a) In the event of a liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer, all payments relating to the Notes and the Finance Documents 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 Noteholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with paragraph (g) of Clause 18.2 (*Duties by the Agent*), and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with paragraph (c) of Clause 14 (*Decisions by the Noteholders*);
  - (ii) **secondly**, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) **thirdly**, in or towards payment *pro rata* of any unpaid principal under the Notes; and

- (iv) **fourthly**, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.
- (b) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.
- (c) If the Issuer or the Agent shall make any payment under this Clause 13, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid.

#### **14. DECISIONS BY NOTEHOLDERS**

- (a) A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.
- (c) The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without paragraph (c) of Clause 13 being applicable, the person requesting the decision by Noteholders may request the Issuer to convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. Should the Issuer in such situation not convene a Noteholders' Meeting, the person requesting the decision by Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall then upon request provide the

convening Noteholder with such information available in the debt register (*skuldbok*) kept by the CSD in respect of the Notes as may be necessary in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be.

- (e) Should the Issuer wish to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with paragraph (a) of Clause 14 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 16, in either case with a copy to the Agent. After a request from the Noteholders pursuant to Clause 14 (b), the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with paragraph (a) of Clause 14. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the a notice or the communication.
- (f) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 7 (*Right to Act on Behalf of a Noteholder*) from a person who is, registered as a Noteholder:
  - (i) on the Record Date prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to paragraph (c) of Clause 16 (*Written Procedure*), in respect of a Written Procedure, may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the definition of Adjusted Nominal Amount.
- (g) The following matters shall require the consent of Noteholders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to paragraph (c) of Clause 16 (*Written Procedure*):
  - (i) a change to the terms of any of Clause 2 (*Status of the Notes*);
  - (ii) a change to the Interest Rate or the Nominal Amount;
  - (iii) a change to the terms for the distribution of proceeds set out in Clause 13 (*Distribution of Proceeds*);
  - (iv) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 14;

- (v) a change of the Issuer, an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes; and
  - (vi) early redemption of the Notes, other than as otherwise permitted or required by these Terms and Conditions (which for the avoidance of doubt shall always be subject to Clause 10.5 (*Consent from the Swedish FSA*)).
- (h) Any matter not covered by paragraph (e) of this Clause 14 shall require the consent of Noteholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to paragraph (c) of Clause 16 (*Written Procedure*). 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 items (i) or (iii) of paragraph (a) of Clause 17 (*Amendments and Waivers*)).
- (i) Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to paragraph (e) of this Clause 14, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Noteholders' 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.
- (j) If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with paragraph (a) of Clause 15 (*Noteholders' Meeting*)) or initiate a second Written Procedure (in accordance with paragraph (a) of Clause 16 (*Written Procedure*)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Noteholders' consent. The quorum requirement in paragraph (i) of this Clause 14 shall not apply to such second Noteholders' Meeting or Written Procedure.
- (k) 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 appropriate.
- (l) A Noteholder holding more than one (1) Note need not use all its votes or cast all the votes to which it is entitled in the same way, and may in its discretion use or cast some of its votes only.
- (m) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that

consent at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.

- (n) A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- (o) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (p) If a decision shall be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Note is owned by a Group Company or an Affiliate.
- (q) Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

## **15. NOTEHOLDERS' MEETING**

- (a) The Agent shall convene a Noteholders' Meeting by sending a notice thereof to each Noteholder no later than ten (10) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on the Record Date prior to the date on which the notice is sent.
- (b) The notice pursuant to paragraph (a) of this Clause 15 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders), and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- (c) The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days from the notice.

- (d) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

## **16. WRITTEN PROCEDURE**

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Noteholder on the Business Day prior to the date on which the communication is sent.
- (b) A communication pursuant to paragraph (a) of this Clause 16 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days from the communication pursuant to paragraph (a) of this Clause 16). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (c) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to paragraphs (e) and (f) of Clause 14 (*Decision by the Noteholders*) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to paragraphs (e) and (f) of Clause 14 (*Decision by the Noteholders*), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **17. AMENDMENTS AND WAIVERS**

- (a) The Issuer and the Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) such amendment or waiver 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 Noteholders in accordance with Clause 14 (*Decisions by Noteholders*).

- (b) The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 17, 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 11.4 (*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 Noteholders' Meeting, in the Written Procedure or by the Agent, as the case may be.

## **18. APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **18.1 Appointment of Agent**

- (a) By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder.
- (b) By acquiring Notes, each subsequent Noteholder confirms the appointment and authorisation for the Agent to act on its behalf, as set forth in paragraph (a) of this Clause 18.1 (*Appointment of Agent*).
- (c) Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- (d) 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.
- (e) 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.

- (f) 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.

## 18.2 Duties of the Agent

- (a) The Agent shall represent the Noteholders in accordance with the Finance Documents. However, the Agent is not responsible for the content, valid execution, legal validity or enforceability of the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall act in the best interest of the Noteholders as a group and carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent only acts in accordance with the Finance Documents and upon instructions from the Noteholders, unless otherwise set out in these Terms and Conditions. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Noteholders or any other person.
- (d) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Terms and Conditions and the other Finance Documents.
- (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 Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (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 a breach of the Terms and Conditions, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to a breach of the Terms and Conditions, (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents, or (iii) as otherwise agreed between the Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 13 (*Distribution of Proceeds*).

- (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 Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (j) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement, or (ii) if it refrains from acting for any reason described in paragraph (i) of Clause 18.2 (*Duties of the Agent*).
- (l) The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents

### 18.3 Limited liability for the Agent

- (a) The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- (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 Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- (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 Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Noteholders or to the Issuer for damage caused by the Agent acting in accordance with instructions of the Noteholders to the Agent given in accordance with the Terms and Conditions.

- (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 Noteholders under the Finance Documents.

#### 18.4 Replacement of the Agent

- (a) Subject to paragraph (f) of this Clause 18.4, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to paragraph (f) of this Clause 18.4, 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 Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place, or (ii) the Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (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 Noteholders shall have the same rights and obligations

amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.

- (h) In the event that there is a change of the Agent in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under 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.

## **19. 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 Notes.
- (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.
- (c) The Issuing Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties under the Terms and Conditions

## **20. APPOINTMENT AND REPLACEMENT OF THE CSD**

- (a) The Issuer appoints Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden as the CSD to manage certain specific tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.
- (b) The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as new CSD at the same time as the old CSD retires or is dismissed. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*Sw. lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act.

## 21. NO DIRECT ACTIONS BY NOTEHOLDERS

- (a) A Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation (*Sw. likvidation*), company reorganisation (*Sw. företagsrekonstruktion*) 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. Such steps may only be taken by the Agent.
- (b) Paragraph (a) of this Clause 21 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with paragraph (c) of Clause 18.1 (*Appointment of Agent*)), 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 paragraph (i) of Clause 18.2 (*Duties of the Agent*), such failure must continue for at least forty (40) Business Days after notice pursuant to paragraph (k) of Clause 18.2 (*Duties of the Agent*) before a Noteholder may take any action referred to in paragraph (a) of this Clause 21.
- (c) The provisions of this Clause 21 are subject to the over-riding limitations set out in paragraphs (f) and (g) of Clause 2 (*Status of the Notes*).

## 22. PRESCRIPTION

- (a) The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been prescribed and has become void.
- (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 Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

### 23. NOTICES AND PRESS RELEASES

- (a) 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, or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
  - (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, or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
  - (iii) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order to receive the communication or if such date is not specified, on the Business Day prior to dispatch, and by either courier delivery or letter for all Noteholders. A Notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.
- (b) 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 paragraph (a) of this Clause 23 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in paragraph (a) of this Clause 23, or, in case of email, when received in readable form by the email recipient. Any such notice shall be made in English.
- (c) Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

### 24. 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, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

- (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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