



## **Avida Finans AB (publ)**

relating to the listing of

**SEK 250,000,000 Floating Rate Subordinated Callable Tier 2 Bonds due 2034**

ISIN: SE0020539765

**Issuing Agent and Sole Bookrunner**



**Prospectus approved on 12 December 2023. Prospectus shall be valid for 12 months after its approval. The Issuer's obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid.**

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Avida Finans AB (publ) (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden, with Reg. No. 556230-9004, in relation to the application for the listing of the floating rate subordinated callable tier 2 bonds denominated in SEK (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, Reg. No. 556420-8394 ("**Nasdaq Stockholm**"). DNB Bank ASA has acted as sole bookrunner in connection with the issue of the Bonds (the "**Sole Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements of Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council (the "**Regulation**") and the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 and repealing Commission Regulation (EC) No 809/2004.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as the competent authority under the Regulation. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation. Such approval should not be considered as an endorsement of the Issuer nor as an endorsement of the quality of the bonds that are subject of this prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 36 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

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

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

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

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

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

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

Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, only the administrator of STIBOR, the Swedish Financial Benchmark Facility AB (SFBF), appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (the "**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**").

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

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## Risk Factors

*Risk factors deemed to be of importance for (a) Avida Finans AB (publ) (reg. no. 556230-9004) (the "Issuer"), and its direct and indirect subsidiaries (together the "Group" and each a "Group Company"), and (b) the Issuer's floating rate subordinated callable tier 2 bonds (the "Bonds") are described below. Unless defined otherwise in these risk factors, defined terms in these risk factors shall have the same meaning as in the terms and conditions of the Bonds dated 25 October 2023 (the "Terms and Conditions"). The risk factors presented below are categorised as "RISKS RELATING TO THE GROUP" or "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Group or to the Bonds. Each risk factor is disclosed by rating the relevant risk as low, medium or high in terms of the probability of the risk's occurrence as well as the expected magnitude of its adverse impact. The risk factors are organised in several categories and the most material risk factors in a category are presented first in each category. Subsequent risk factors in the same category are not purported to be ranked in order of materiality. The assessment of the materiality of the risk factors have been based on the probability of their occurrence and the expected magnitude of their negative impact.*

### RISKS RELATING TO THE GROUP

#### Risks relating to the Group's market, business activities and industry

##### ***The Group is exposed to various types of credit risks***

The Group's main credit and counterparty risk is that the customers cannot service their debt. The Group is exposed to risks associated with the uncontrolled deterioration in the credit quality of its customers which may be driven by, for example, socio-economic or customer-specific factors linked to economic performance. Declining credit quality and increased impairment levels impact profitability and would ultimately have an adverse effect on the Group's business, financial position and results of operations.

Furthermore, the Group is exposed to credit risks relating to unsecured lending. The Group's business is carried out within two segments; Consumer Finance and Business Finance and it involves providing loans to the public. As per 31 March 2023, the Group's net loans to the public amounted to approximately SEK 12,083 million, whereof approximately SEK 8,602 million related to the Group's segment Consumer Finance, consisting of unsecured consumer loans. Consequently, credit risk is a significant risk of the Group, being that debtors fail to repay its debt in full or in a timely manner.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

##### ***The Group is affected by macroeconomic factors, general market conditions and the level of economic activity in Europe***

The Group's headquarter is located in Sweden and it currently has branches in Norway and Finland. There is a risk that an adverse change in economic conditions in Europe in general and in the Nordics in particular, and/or a decline in the GDP of one of the countries or on one of the markets in which the Group operates, or on the market in any other country which, in turn, affects the countries or markets in which the Group operates, would have an effect on the Group's business. There is a risk that several factors would have an adverse effect on the general conditions on the markets and

reduce economic activity in Europe, including a decline in the rate of employment, confidence of consumers and businesses in the future, unemployment, household disposable income, household debt, house prices, currency markets, inflation, counter-party risk, the availability of loans and cost of borrowing, liquidity on the financial markets, and market interest rates, the Russian invasion of Ukraine and the international reactions to that invasion, as well as other geopolitical factors. Any resulting volatility or uncertainty in the global economy may in turn lead to *inter alia* increased funding costs for the Group, as well as the risk of not being able to obtain funding to the extent needed. Unavailability of funding on acceptable terms could also lead to the Group not being able to continue its business operations according to its business plan as well as hamper its future growth. There is a risk that poorer market conditions and a decline in economic activity would reduce the demand for the Group's products and services and adversely affect the earnings that the Group will achieve on its products and lead to reduced volumes of credit issued. Further, there is a risk that reduced revenue and increased levels of impairment charges would have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***The Group is exposed to operational risks***

All operational activities are associated with the risk that losses will be incurred due to deficient procedures and/or irregularities or internal or external events causing disruptions or harm to the business. IT systems are an important component of the Group's business. The Group's business depends on its ability to process transactions efficiently and accurately, and on collecting intelligence on customer profiles for its sourcing models. The Group is affected by certain factors to maintain and develop business intelligence systems (including lending models), to run its internet bank, to maintain financial and operating controls, to monitor and manage its risk exposures, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future. Such factors are the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology, and the successful development and implementation of new systems. However, there is a risk that losses will occur from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt business operations. There is a risk that this will result in a loss of data and a failure to provide quality services to customers.

If any of the above risks materialises, the interruption or failure of the Group's information technology and other systems would impair the Group's ability to provide its services effectively and this would adversely affect the Group's business, financial condition and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***Risk relating to agreements with debt collectors and partners***

The Group is currently collaborating with certain selected debt collectors and/or partners to sell off debt in connection with the Group's consumer lending. Certain receivables that are distressed are sold to debt purchasing companies. Hence, the extent to which the Group is affected by credit losses depends on its ability to sell its receivables on appropriate terms. If the Group is unable to sell off debt on appropriate terms it would have an adverse effect on the Group's business, earnings and financial position.

If the debt collectors and/or partners which the Group collaborate with, for any reason, cease to cooperate with the Group and the Group fail to replace such debt collector/partner, it would lead to higher costs and decreased revenues, and, thus, an adverse effect on the Group's business, earnings and financial position.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***The Group can be affected by a simultaneous withdrawal of savings deposits***

The Group relies on customer deposits as its main source of liquidity and as the primary resource by which it is able to offer its loans to retail customers and as per 31 March 2023, the Group's deposits from the public amounted to SEK 12,880 million. Although the savings accounts offered to customers by the Group are protected under the deposit protection program in Sweden, and thus guaranteed by the Swedish government, there is a risk that negative publicity regarding the Group or its industry, a deterioration of general economic conditions or governmental budget discipline in Sweden or other outside events beyond the Group's control would cause a mass withdrawal event in the future. No limits are applied on customers' withdrawals of deposited money, and it may pose a risk towards the Group if net withdrawals are larger than what was desired by the Group. Further, it could also be a risk should large withdrawals be made at short notice, resulting in a mismatch between the Group's need for funding and the obligations of the Group to meet its customers' expectations. Additionally, the Group may fail to attract enough customers for its savings accounts in the future for a variety of reasons which would limit its growth of loans to the public. If a withdrawal event were to occur or if the Group fails to increase its deposit volume in line with the growth in loans to the public, there is a risk that it would have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

***Money laundering and fraudulent behaviour***

The Issuer is licensed as a credit market company (Sw. *kreditmarknadsbolag*) and is therefore subject to regulations and regulatory supervision, of which one such area of regulations is anti money laundering. The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) is its primary regulator (please see further details under the risk factor "The Group is dependent on licenses to conduct its business"). The Group handles a large number of payments within the ordinary course of business, and is therefore exposed to risks relating to money laundering and fraud. Should the Group fail to detect money laundering or fraudulent activities due to e.g. the Group's internal guidelines and controls, its procedures or errors by employees, there is a risk that the Group will be obliged to refund the transaction. There is a risk that such refunds, or similar payments, will lead to increased costs that will not be covered by the Group's insurance, which would have an adverse effect on the Group's earnings and financial position. Further, if the Group fails to detect money laundering activities there is a risk that it will lead to fines and sanctions imposed by authorities, or even licenses being revoked, which would have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

***The Group is exposed to liquidity risk***

An inherent part of the Group's customer base entails a capital intensive business operation for the Group on a daily basis, and loans provided to consumers and companies are paid out in cash. This requires sufficient liquidity management and that the Group has cash available prior to a loan being granted. As mentioned above, as per 31 March 2023, the Group's net loans to the public amounted to approximately SEK 12,083 million. Should a mismatch occur between its assets and liabilities in terms of when the liabilities matures, which in the long turn could lead to a lack of liquidity in the long term.

The Issuer is almost entirely funded through deposits from the public in Sweden, Norway and Germany. The risks in the supply of liquidity consist primarily of the risk of the Issuer not attracting sufficient volume of deposits. The risk may arise 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 the Group, banks or the financial system in general. The Group is also dependent on the main owners' ability to inject needed capital. There is a risk that the Group fails to attract a sufficient volume of deposits or to improve the liquidity situation through asset sales or through injection of capital by the main owners which could have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***Risk management framework***

Given that the Issuer is licensed as a credit market company, it is subject to certain regulations to ensure enhanced risk management among financial institutions (please see further details under the risk factor "Capital adequacy and liquidity requirements"). In offering its financial products and services, the Group must take calculated risks. The risks related to these products and services are taken deliberately and shall be reflected in, and covered by, the prices and interest rates offered to the customers. Significant risks that the Group is exposed to are credit and counterparty risk, market risk, strategic risk, risks relating to disruptions in the global credit markets and economy, liquidity risk, operational risk, regulatory risk and competition and business risks. There is a risk that the Group has not implemented appropriate systems and controls to mitigate such risks and investors should be aware that there is a risk of failure to control such risks which would have an adverse impact on the performance and reputation of the business and ultimately, the Group's business, financial position and results of operations.

Furthermore, due to the many risk calculations that the Group must take, there is also a risk that the Group would be unable to hire replacement employees should anyone in the senior management or a key employee leave the Group. The Group is highly dependent on being able to keep and, if relevant, hire employees with sufficient knowledge of the area in which the Group operates.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***Competition on current market***

The Group currently has a large number of competitors in the market. There is a risk that existing and new competitors on the market will grow stronger and that an increase in competition will lead

to increased costs with regards to seeking out new customers, as well as retaining current customers. The Group's competitors consist of both large, well-established, financially strong companies and smaller niche companies that are particularly competitive within certain groups of products/services. There is a risk that some of the competitors will have or develop competitive advantages over the Group, such as the ability to offer a wider range of services to customers, a higher degree of specialisation, the ability to adjust prices and interest rates based on demand, or a larger local focus, and more substantial financial, marketing and other resources than the Group currently has. Furthermore, any increase in the volume of financial regulations could lead to increased costs for regulatory compliance which in turn could result in greater consolidation of the industry. The Group's possibility to compete also depends upon the Group's ability to anticipate future market changes and trends and to rapidly react on existing and future market needs. If the Group fails to meet the competition from new and existing companies or fails to react to market changes or trends, there is a risk that this will have an adverse effect on the Group's business, earnings or financial position.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

#### ***Risks related to IT infrastructure***

The Group depends on information technology and uses its information technology systems to manage critical business processes but also to manage its business in general. The Group uses its IT-systems for administrative purposes and in relation to services offered to customers. There is a risk that extensive downtime of network servers, attacks by IT-viruses or other disruptions or failure of information technology systems would have a negative impact on the Group's operations. There is a risk that failure of the Group's information technology systems would cause transaction errors and loss of customers, and would have negative consequences for the Group, its employees, and those with whom the Group does business. Additionally, there is a risk that these types of problems will result in leaks of confidential customer information which would result in damages to the Group's reputation and/or litigation. Should any of the aforementioned risks materialise, it could lead to decreased revenues and/or increased costs which in turn would have an adverse effect on the Group's business, financial position and result of operation.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

#### ***Risks related to the Group's business model and credit rating process***

The Group has internal credit approval policies in place and apply several credit scoring models to ensure that the desired risk profile of the loan portfolio is maintained. For instance, the Group's credit approval policies within the Consumer Finance segment mainly focus on stable annual income, minimum age, Swedish personal identity number etc. There is a risk that the projections obtained using such models will prove inaccurate or that the Group will deviate from the models and credit approval policies when granting consumer credits, which would lead to an increased risk profile and declining credit quality of the portfolio.

There is a risk that declining credit quality and increased impairment levels will impact profitability and ultimately have an adverse effect on the Group's business, results of operations and financial condition and the Issuer's ability to fulfil its payment obligations under the Bonds.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

***The use of and the dependency on loan brokers***

A considerable part of the Group's customers within Consumer Finance are currently directed to it from external third-party sources, primarily loan brokers or providers of interest rate comparison services. Should such external parties, for any reason, cease to cooperate with the Group or the Group is unable to develop further relationships with its loan brokers and the Group will fail to replace such loan broker, or loan brokers significantly increases their fees for their services, there is a risk that this would adversely affect the inflow of new customers to the Group or the use of external third party sources, which would cause a decline in revenues and subsequently have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

***Harm to the Group's reputation***

The Group is under supervision by the Swedish Financial Supervisory Authority. As such, the Group is exposed to a higher degree of supervision in respect of mismanagement or misconduct by employees compared to companies not being under such supervision. There is a risk that mismanagement or misconduct by the Group's employees or consultants would result in supervisory authorities claiming or establishing (based on such mismanagement or misconduct) that the Group has failed to implement satisfactory supervisory systems and procedures to inform employees or consultants about applicable rules, or to detect and manage infringements of such rules. As a result, the Group's reputation may be damaged. If the Group's reputation is damaged due to any of the aforesaid, there is a risk that this would adversely affect the Group's ability to attract new customers, retain existing customers, maintain relationships with external parties, and obtain financing, which would cause increased costs and/or decreased revenues and thus have an adverse effect on the Group's business, financial position and results of operations.

There is also a risk that established or alleged misconduct by other operators in the financial services market would have an adverse effect on the reputation of the market in which the Group operates.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

***Dependency on key employees***

The Group's performance and future growth are dependent on the work that is performed, and the knowledge, expertise and commitment possessed, by the Group's employees and key individuals at management level. The ability for the Group to continue to compete effectively and develop new areas is dependent on its ability to attract new employees and retain and motivate existing employees. There is a risk that such key personnel will leave the Group in the future, or that they will take up employment with a competing business. Further, there is a risk that the Group will not be able to recruit new, sufficiently capable personnel to the extent that the Group wishes. If the Group fails to keep, replace or recruit new key personnel, there is a risk that the Group loses key individuals which would have an adverse effect on the Group's business, earnings and financial position.

Furthermore, the Business Finance segment of the Group is primarily relationship built and the Group is therefore highly dependent on the employees within this segment. Should the Group not be able to retain key employees within this segment and/or recruit further skilled employees to this segment as part of its growth strategy, it could cause a decline in revenues and impair the Group's growth possibilities.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

***Insurance cover***

The Group is exposed to various types of risks, such as business interruption as a consequence of e.g. cyber attacks that will cause downtime in the Group's IT infrastructure (please see further details under the risk factor "Risks related to IT infrastructure"), credit losses (please see further details under the risk factor "The Group is exposed to various types of credit risks") and other events beyond the Group's control. There is a risk that the scope of the Group's insurance coverage will not cover all risks that materialise within the Group's business, for example in connection with the loan protection offered to customers or credit risks taken by the Group, resulting in the total amount of the Group's losses not being compensated by the Group's insurances in case of damages and instead compensated by own funds. Further, certain types of losses are not possible to insure and will, thus, not be covered by the Group's insurances. If the Group's insurance coverage proves to be insufficient it could lead to increased costs which would have an adverse effect on the Group's business, earnings and financial position.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

***Risks related to accounting policies***

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

***Risks relating to strategic partnerships and other third-party cooperations***

The Group may from time to time enter into various partnership arrangements with third parties. Most recently, the Group has entered into a partnership with Norwegian and Strawberry, combining the new Nordic loyalty program with embedded finance solutions from the Group. There are several different risks associated with various third-party partnership arrangements. For instance, there is a risk that the new partnership with Norwegian and Strawberry, or other future partnerships with third parties, does not generate the expected growth in business and revenues as expected and budgeted for. In such case, the Group may have deployed resources (both financial and/or human) without achieving the expected return on such investment. Should any such risk

materialise, it could have an adverse effect on the operating results and financial position of the Group.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

## **Risks relating to legal and regulatory matters**

### ***The Group is dependent on licenses to conduct its business***

As mentioned above, the Issuer has been granted a license by the SFSA to act as a credit market company, which authorises the Issuer to provide customers with credit and to borrow funds from the public.

The SFSA enforces compliance and can impose sanctions for failure to comply with or properly implement legal requirements. The SFSA has a wide range of administrative sanctions available to it, including an official remark or warning in connection with a punitive fine and the ability to remove a board member or managing director of a company. The SFSA can also withdraw a company's license for a variety of reasons including, but not limited to, non-compliance with existing or failure to implement new regulatory requirements.

The Group is dependent on its license with the SFSA. If the Group fails to maintain or renew the license with SFSA, there is a risk that the business and operation in the Group would cease. There is also a risk that other administrative sanctions imposed by the SFSA would cause significant reputational risk and that potential punitive fines would lead to high unanticipated costs, which would have an adverse effect on the Group's business, financial condition and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be high.

### ***Risk relating to changes in legislation***

The Group operates in an industry that is heavily regulated. Applicable rules and regulations are undergoing significant changes and have generally been tightened since the 2008 financial crisis. For example, MiFID II, the so-called Fifth Anti-Money Laundering Directive and PSD 2 have been or are currently in the process of being implemented into national legislation. Further, new legislation on consumer lending is being proposed or is in the process of being implemented in the Nordics. In recent years Sweden has introduced new legislation on protection for consumers borrowing monies on short terms with high interests. Norway has implemented measures aiming to restrict consumer lending. Finland has adopted new legislation on maximum interest rates. There is a risk that the Group will be exposed to risks that would arise as a result of uncertainty concerning regulatory changes. This includes the risk that the conditions for the Group's business would change due to changes in the interpretation of existing rules, the implementation of new rules and regulations, or other regulatory changes. The Group is also affected by the extent to which rules and regulations vary between the jurisdictions in which the Group conducts business. In addition, there is a risk that demand from customers for the Group's services and products will be affected by developments and changes in the regulatory environment, including the interpretation, application and enforcement of applicable rules and regulations by supervisory authorities, which would also result in adverse publicity for the Group or the industry as a whole.

Furthermore, internal governance and control costs could increase, including the control of regulatory compliance, due to increasingly more extensive rules and regulations. If fundamental conditions for the Group's business were to change or if the regulatory environment were to change or develop, this would have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Capital adequacy and liquidity requirements***

The Group is subject to extensive rules and regulations relating to capital adequacy and liquidity requirements, which are primarily governed by the package of rules and regulations comprising CRD IV and CRR (and delegated and implementing acts issued thereunder), which collectively implement and modify the Basel III Accord within the European Union (jointly the "**Basel III Rules**"). The Basel III Rules contain certain capital adequacy requirements that are intended to be changeable over time and, among other things, dependent on the existence of cyclical and structural system risks. The Group is required at all times to comply with the specified capital adequacy and liquidity ratios, and have access to sufficient capital and liquidity. If the authorities consider it necessary, they can also impose higher capital adequacy requirements on the Group. Consequently, the Group is exposed to the risk of changes to applicable capital adequacy and liquidity rules, changes in authorities' assessment of the Group's operations in relation to the statutory requirements, and the introduction of new rules and regulations. There is also a risk that relevant public authorities could take the view that (i) the Group is not in full compliance with the requirements imposed in applicable rules and regulations or that the Group is in breach of these rules and regulations and/or that (ii) the SFSA may impose higher capital requirements as a result of its review of the specifics of the risks generated by the Group's business ("**Pillar 2 Guidance**"). Pillar 2 Guidance is provided by the SFSA after an annual review. There is currently no Pillar 2 Guidance in force in respect of the Group.

The Group is also exposed to the risk that the business will develop in a manner that could lead to a decline in its revenues, which could affect the Group's capital coverage. A shortage of capital, or the market's view that there is a shortage of capital, could result in requirements being imposed by public authorities to acquire additional capital, to carry profits forward, or to freeze outgoing payments. The Group may need to require additional capital by, for example, issuing new shares or other securities or having recourse to shareholders' equity intended for the business, which would affect its development and growth. If any of the risks referred to above were to be realized, this would have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

#### ***Processing of personal data***

The Group registers, processes, stores and uses personal data in the course of its business operations, especially with regards to personal data relating to its consumer customers, which constitutes personal data under the General Data Protection Regulation 2016/679 ("**GDPR**"). There is a risk that the procedures and systems for protecting personal data that the Group has implemented are insufficient and that there are deficiencies in the Group's compliance with the GDPR. A breach of the GDPR may result in administrative sanctions amounting to the higher of EUR 20,000,000 and 4 per cent. of the previous year's combined annual turnover of the ultimate parent

company that controls the business and all other companies such ultimate parent company controls. Should the abovementioned risks materialise, this could result in adverse effects on the Group's operations, results and financial position.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

## **Risks relating to the Group's financial situation**

### ***Refinancing risk***

The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. 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 favourable terms or at all. If this risk materialises, it would have an adverse effect on the Group's business, operations, earnings and results and on the prospects of recovery by the bondholders under the Bonds.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

### ***Borrowing by the Group and interest risk***

The Group has incurred, and may incur further financial indebtedness to finance its business operations. Such financing may generate interest costs which may be higher than the gains produced by the Group primarily through its business operations of providing credits. Borrowing money through deposits from the public to grant credits will increase the Group's exposure to the loss of capital and higher interest expenses. Further, the Group is exposed to changes in interest rates in its funding that carry floating rates of interest in case of e.g. a mismatch with interest rates applied for credits granted. The interest rates are affected by a number of factors that are beyond the control of the Group, including but not limited to the interest rate policies of governments and central banks. A decrease in interest rates would entail a decrease in the Group's interest income, which could have a negative effect on the Group's operations and results. It is possible that any hedging arrangement, if used, will not afford the Issuer sufficient protection against adverse effects of interest rate movements. Moreover, the success of any hedging activities is highly dependent on the accuracy of the Group's assumptions and forecasts. Any erroneous estimations that affect such assumptions and forecasts could have a negative effect on the Issuer's operations and financial position. An increase in interest rates will lead to an increase in the Group's interest obligations and, thus, increased costs, which would have an adverse effect on the Group's operations, financial position, earnings and results.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

### ***Currency risk***

The Group conducts business in a number of countries and is therefore exposed to currency risks arising from exposures to different currencies. The Group is exposed to currency risks when fluctuations occur between the Issuer's accounting currency (which is SEK) and foreign currencies used in conjunction with business transactions, reported assets and liabilities, and net investments

in respect of foreign operations (known as transaction risk). The primary exposures are SEK, EUR and NOK.

At Group level, foreign currency translation differences could arise when the income statements and balance sheets of foreign subsidiaries are consolidated (known as translation risk). The Group's employed capital is financed by way of loans in local currency and shareholders' equity. This means that, from a Group perspective, the Group has equity in foreign currencies which is exposed to exchange rate fluctuations, even if the value has not changed in the original currency.

If measures taken by the Group to hedge and otherwise manage the effects of exchange rate fluctuations prove to be insufficient, there is a risk that this would have an adverse effect on the Group's business, financial position and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

## **RISKS RELATING TO THE BONDS**

### **Risks relating to the nature of the Bonds**

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

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

The Bonds rank at least *pari passu* with all other obligations or capital instrument which constitute tier 2 capital (Sw. *supplementärkapital*) of the Issuer and rank in priority to any common equity tier 1 instruments or additional tier 1 capital (Sw. *övrigt primärkapital*) of the Issuer. For the avoidance of doubt, the bondholders will, in the event of the liquidation or bankruptcy, rank in priority of any holders of any class of share capital or additional tier 1 capital of the Issuer.

In the event of a liquidation or bankruptcy of the Issuer, the Issuer will be required to pay its depositors and its unsubordinated creditors in full before it can make any payments on the Bonds. Hence, the Issuer may not have enough assets remaining after these payments are made to pay amounts due under the Bonds. In addition, the Bank Recovery and Resolution Directive (2014/59/EU) (the "BRRD") and the Swedish Resolution Act could mean that an investment in the Issuer's regulatory capital instruments as tier 2 capital runs the risk that the Issuer's debt under those instruments will be written off (bail-in), rescheduled or further subordinated (for instance, by the swapping of debt to equity).

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

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

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***Liquidity risk of the Bonds***

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to medium.

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

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

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

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

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

The Issuer has the option to redeem the Bonds as from the first call date, being the date falling five (5) years and four (4) months after the first issue date of the Bonds. If the Issuer considers it favorable to exercise such a call option, the Issuer must obtain the prior consent of the SFSA.

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be low.

### ***Interest rate risks under the Bonds***

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

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

The Issuer will pay principal and interest on the Bonds in SEK. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than SEK. These include the risk that exchange rates may significantly change (including changes due to devaluation of SEK or revaluation of Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to SEK would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

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

The dynamic nature of the regulatory capital and liquidity requirements of the CRD IV/CRR package may force the Issuer to allocate more risk-absorbing capital of sufficient quality and to set aside additional amounts of liquid assets. The BRRD could mean that an investment in the Issuer's regulatory capital instruments as tier 2 capital is exposed to the risk that the Issuer's debt under those instruments will be written off (bail-in), rescheduled or further subordinated (for instance, by the swapping of debt to equity).

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

***No limitation on issuing debt***

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

**Risks relating to the bondholders' rights and representation**

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

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialize, the Issuer considers the potential negative impact to be high.

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

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be medium.

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

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

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

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

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

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

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialize, the Issuer considers the potential negative impact to be low.

## The Bonds in Brief

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

Bonds issued under this Prospectus have STIBOR as interest rate. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). As at the date of this Prospectus, only the administrator of STIBOR, the Swedish Financial Benchmark Facility AB (SFBF), appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.

<b>Issuer</b>	Avida Finans AB (publ), a limited liability company incorporated in Sweden and registered with the Swedish Companies Registration Office with Swedish Reg. No. 556230-9004 and having its registered address at Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden.
<b>Bonds Offered</b>	SEK 250,000,000 in aggregate principal amount of floating rate subordinated tier 2 bonds due 2034.
<b>Number of Bonds</b>	Maximum of 200 Bonds. At the date of this Prospectus 200 Bonds had been issued on the Issue Date.
<b>ISIN</b>	SE0020539765.
<b>Issue Date</b>	27 October 2023.
<b>Issue Price</b>	100 per cent.
<b>Interest Rates</b>	Interest on the Bonds will be paid at a floating rate of three-month STIBOR plus 9.25 per cent. per annum.
<b>Use of benchmark</b>	Interest payable on the Bonds will be calculated by reference to STIBOR. As at the date of this Prospectus, only the administrator of STIBOR, the Swedish Financial Benchmark Facility AB (SFBF), appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Benchmark Regulation.
<b>Interest Payment Dates</b>	27 January, 27 April, 27 July and 27 October of each year commencing on 27 January 2024. Interest will accrue from (but excluding) the Issue Date.
<b>Nominal Amount</b>	The Bonds will have a nominal amount of SEK 1,250,000 and the minimum permissible investment in the Bonds is SEK 1,250,000.
<b>Status of the Bonds</b>	The Bonds are denominated in SEK and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments

in relation to the Bonds and to comply with the Terms and Conditions.

The Bonds constitute Tier 2 Capital of the Issuer and (if applicable) the Issuer Consolidated Situation, and:

- subordinated and unsecured obligations of the Issuer; and
- rank *pari passu* without any preference among themselves;

The rights of the Bondholders shall, in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer:

- be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer but shall rank at least *pari passu* with all other obligations or capital instrument which constitute Tier 2 Capital of the Issuer; and
- shall rank in priority to any Common Equity Tier 1 Instruments or Additional Tier 1 Capital of the Issuer.

For the avoidance of doubt, the Bondholders will, in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*), rank in priority of any holders of any class of share capital or Common Equity Tier 1 Instruments or Additional Tier 1 Capital of the Issuer.

## **Call Option**

If a Capital Disqualification Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 9.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.8 (*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

If a Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 9.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.8 (*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

## **Redemption Clauses**

### **Redemption at maturity**

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond 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 Business Day following from an application of the Business Day Convention.

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

Subject to Clause 9.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.8 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Bonds on:

- (a) the First Call Date;
- (b) any time within the Initial Call Period; or
- (c) any Interest Payment Date falling after the Initial Call Period.

<b>First Call Date</b>	Means the date falling five (5) years after the Issue Date.
<b>Initial Call Period</b>	Means the period commencing on (and including) the First Call Date and ending on (and including) the date falling three (3) months after the First Call Date.
<b>Final Maturity Date</b>	Means the date falling ten (10) years and three (3) months after the Issue Date.
<b>Use of Proceeds</b>	The Bonds shall constitute Tier 2 Capital of the Issuer and the proceeds from the issuance of the Bonds shall be used (after deduction has been made for the transaction costs payable by the Issuer to the Sole Bookrunner and the Issuing Agent and their professional advisors for the services provided in relation to the placement and issuance of the Bonds) for general corporate purposes of the Issuer.
<b>Transfer Restrictions</b>	The Bonds are freely transferable.
<b>Listing</b>	Application has been made to list the Bonds, issued on the Issue Date, on Nasdaq Stockholm. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 12 December 2023.
<b>Agent</b>	Nordic Trustee & Agency AB (publ).
<b>Security Agent</b>	Nordic Trustee & Agency AB (publ).
<b>Issuing Agent</b>	DNB Bank ASA, Sweden Branch.
<b>Governing Law of the Bonds</b>	Swedish law.
<b>Risk Factors</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

## **Statement of Responsibility**

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 2 October 2023, and was subsequently issued by the Issuer on 27 October 2023. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council.

This Prospectus was approved on 12 December 2023. After the expiration date of this Prospectus, being 12 months after its approval, the obligation to supplement the prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the prospectus is no longer valid.

The board of directors of the Company is, to the extent provided by law, responsible for the information set out in this Prospectus and declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

12 December 2023

**Avida Finans AB (publ)**

*The board of directors*

## Description of Material Agreements

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

### **Additional Tier 1 Capital**

On 26 June 2019, the Issuer issued additional tier 1 capital in the aggregate amount of SEK 200,000,000 with ISIN SE0012729085. The bond loan is perpetual and has an interest rate of STIBOR (three (3) months) plus 9.50 per cent. *per annum*. The bond loan is listed on Nasdaq Stockholm. Subject to the approval of the Swedish Financial Supervisory Authority, the bonds are callable on the first call date, being the interest payment date falling on or nearest to five (5) years after 26 June 2019 being the issue date, or on any interest payment date falling after the first call date.

## Description of the Group

### History and development

Year	Avida Finans AB (publ)
1985	Avida starts to conduct business under the name "Flexil".
2000	Avida receives its license from the Swedish Financial Supervisory Authority (Sw. <i>Finansinspektionen</i> ) to conduct business as a credit market company (Sw. <i>Kreditmarknadsbolag</i> ).
2007	A Norwegian branch is established.
2010	Flexiel changes its name to Avida and upgrades its platform to enable growth.
2011	Avida opens an office in Norway.
2013	Avida establishes a branch and opens an office in Finland.
2015	Change of owners, Trøim, Midelfart, Ubon Partners and Icon Capital purchases a majority of the shares in the previous parent company, Avida Holding AB (the " <b>Parent Company</b> "). Issuance of new shares corresponding to the amount of SEK 60,000,000.
2016	The Parent Company issues new shares and raises new capital in the equivalent of approximately SEK 123,000,000. Consumer Finance is launched in Norway.
2017	The Parent Company is listed at NOTC. The Parent Company issues new shares and raises new capital in the amount of SEK 231,000,000.
2018	Issuance of new shares in the Parent Company of approximately SEK 160,000,000.
2018	The Company issues subordinated tier 2 bonds in the aggregate amount of SEK 250,000,000.
2019	The Company issues additional tier 1 bonds in the aggregate amount of SEK 200,000,000.
2020	A directed share issue takes place where KKR became the largest shareholder in Avida. A merger takes place between the former Parent Company and the Company, with the Company as the surviving entity. As a result, the Company is now the parent company of the Group. In connection with the downstream merger, Avida is delisted from NOTC.
2023	The Company carries out a rights issue of approximately SEK 200,000,000. Avida enters into a long-term alliance with Norwegian and Strawberry-owned loyalty company.

Avida Finans AB (publ) was established in 1985 and is a Swedish public limited liability company operating under the laws of Sweden and registered with the Swedish Companies Registration Office with Reg. No. 556230-9004. The Issuer's legal entity identifier (LEI) is 549300TMBWKN02J3ZT25.

The Issuer was incorporated on 17 December 1982 and has its registered office and headquarter at Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden, with telephone number + 46 8 564 20 100. The website of the Issuer is <https://www.avidafinance.com/sv/start/>. The information on the website does not form part of the Prospectus unless that information is incorporated by reference into the Prospectus.

In accordance with the articles of association of the Company, adopted on 4 August 2020, the objects of the Company are the following financial activities:

- acquisition and mortgaging of receivables with or without granting of security;
- leasing activities;
- providing credit which is secured in real estates or movable property within the market value or in the form of guarantee;
- acquiring, managing and collecting debts with or without security;
- acquiring movable property for the conduct of its business and capital investment shares to the extent referred to in Act on banking and financing operations (*Sw. lag (2004:297) om bank och finansieringsrörelse*);
- the company's operations shall primarily be financed through internally generated funds and furthermore by taking out loans from banks and financial institutions and borrowing from the public;
- owning and managing shares and participations in companies that conduct financial activities, purchasing and managing securities, purchasing and managing receivables, providing debt collection services and consulting activities in the aforementioned areas; and
- activities compatible with the above.

## **Business and operations**

The Company's business concept is to offer companies and consumers financial services through simple and modern solutions in two main business areas: Consumer Finance and Business Finance. Other than Consumer Finance and Business Finance, the Company's operations also constitute of deposits from the public. It aims to please their customers through innovation, high competence in technical solutions and most important: dedicated, competent and experienced employees.

### Consumer Finance

In the consumer segment, the market continues to be characterised by customers who want to consolidate their loans and lower their borrowing costs. The Consumer Finance area comprises lending to and deposits from private customers. The company offers overdrafts and unsecured

loans. A personal loan is usually used to finance larger purchases or to refinance more expensive loans with other lenders.

Consumer loans are offered in Sweden, Finland and Norway, with tenors of up to 15 years and loan sizes of SEK 10,000-250,000. Avida applies several minimum criteria for applications, such as a minimum age of 20 years, a stable yearly income of above SEK 150,000, having a Swedish personal identity number etc.

#### Business Finance

The Business Finance area offers corporate credits such as invoice purchasing, invoice discounting and loans. Business Finance has a clear focus on building long-term relationships with corporate customers that will contribute stable and profitable earnings over time. Avida's corporate clients comprises entities within all sorts of branches, and with sizes from SMEs to large listed or private equity owned corporate groups.

The majority of its corporate loans are offered in conjunction with factoring solutions. Avida aims to be the market leading player in the Nordics for non-recourse invoice purchasing and offers full administration of invoicing functions as assumes the risk of credit losses via non-recourse factoring.

Within corporate loans, Avida offers debt solutions to Nordic financial sponsors of up to SEK 150,000,000, with larger exposures possible if combined with factoring solutions.

#### Deposits from the public

Avida offers savings deposit solutions for consumers in the currencies SEK, NOK and EUR. Deposits from consumers comprises a large portion, and is thus an important source, of the Group's funding of its lending business.

#### Non-Performing-Loans (NPL)

In Sweden, Avida is carrying out debt collection both in-house and by the use of external third parties.

In Norway and Finland, the debt collection is solely carried out by external parties.

#### Strategic partnerships

From time to time, Avida is exploring possibilities to and enters into various partnership arrangements. Most recently, Avida entered into a partnership with the airline company Norwegian and the hotel group Strawberry, combining a new Nordic loyalty program pursuant to which Avida offers embedded financing solutions to the platform's over 5 million members.

#### Digital solutions

Avida's IT infrastructure and digital solutions are core for reaching and attracting existing and new customers, as well as conducting relevant individual credit assessments of each applicant.

During last year, Avida continued its digital transformation, which was primarily characterised by a migration of all loan portfolios into a new core banking system, Stacc Core. In connection with this, Avida also launched a completely new My Pages in all countries, which will be a key to meeting customer needs in a fast, flexible and cost-effective way going forward.

Avida's focus in the coming years is to become one of the leading niche credit market company in the Nordic market, by becoming a leader in data and digitalisation, to offer an outstanding customer experience and attract skilled, experienced and driven staff. Recently, a new customer service platform has been implemented in all markets, giving employees the tools they need to improve the customer experience both digitally and over the phone.

### Share capital and ownership structure

The shares of the Company are denominated in SEK. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of SEK 14,628,571.430. The Company has issued a total of 80,658,696.

The following table sets forth the ownership structure in the Company as per 30 June 2023.

Shareholder	Shares	Percentage of outstanding shares
<b>Eckern Finans Holding AB</b>	34,315,683	42,58
<b>FSK Eckern Finans Holding AB</b>	17,411,303	21,60
<b>Andenes Investments S.L.</b>	12,672,140	15,72
<b>MIDELFART CAPITAL AS</b>	7,265,568	9,01
<b>UBON PARTNERS HOLDING AS</b>	5,972,814	7,41
<b>LOE EQUITY AS</b>	1,060,606	1,32
<b>UBON PARTNERS AS</b>	740,042	0,92
<b>DENCKER INVEST AS</b>	600,000	0,74
<b>VIMAR AS</b>	150,000	0,19
<b>Skandinaviska Enskilda Banken AB</b>	86,000	0,11
<b>Total</b>		99,6

Major shareholder – 64,18 per cent.

Through a private placement, KKR, through Eckern Finans Holding AB and FSK Eckern Finans Holding AB which KKR controls, has been the Company's largest shareholder since 2020. Due to KKR's holdings, it has a decisive influence over the Company. KKR is one of the world's leading investment companies.

### Shareholders' agreements

To the Company's knowledge, there is a shareholder agreement in place between some of the majority shareholders, regulating the parties' various rights and obligations with regards to their

holding of shares in the Company. The agreement's main terms include, among other things, provisions limiting owners' rights to sell their shares in the Company in a way that is not in accordance with the provisions of the shareholder agreement.

**Minority shareholders' protection**

Swedish corporate law sets out general restrictions on abuse of control as shareholder in order to prevent that certain shareholders or others are given undue advantage over other shareholders of the Issuer. Control exercised by the shareholders of the Issuer is limited by virtue of the restrictions that follow from the Swedish Companies act (Sw. *Aktiebolagslagen*). As a default rule, amendments of a company's articles of association require two-thirds majority of both (a) the votes cast and (b) the shareholder votes present at the shareholders' meeting, but certain types of amendments require either (i) two-thirds majority of the votes cast and a 9/10 of the shareholders present at the shareholders' meeting or (ii) unanimity of all shareholders present, representing at least 9/10 of all the shares in the company.

**Overview of Group structure**

On the date of this Prospectus, the Issuer has, directly and indirectly, 1 wholly-owned subsidiary.



**Recent events**

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

**Significant change and trend information**

**Significant change, trend information and financial performance**

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

**Legal, governmental and arbitration proceedings**

Neither the Issuer nor the Group is, or has been over the past twelve months been, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on

the Group's financial position or profitability. Nor is the Issuer aware of any such proceedings which are pending or threatening and which could lead to the Issuer or any member of the Group becoming a party to such proceedings.

**Credit rating**

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

## Management

On the date of this Prospectus the board of directors of the Issuer consisted of six (6) members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Issuer at its headquarters at Magnus Ladulåsgatan 65, 118 28 Stockholm. Further information on the members of the board of directors and the senior management is set forth below.

### Board of directors

#### ***Varun Khanna, chairman of the board since August 2020.***

**Education:** B.A., M.A. in Economics from the University of Cambridge and a B.A. in Economics from St. Stephen's College, University of Delhi.

**Current commitments:** Managing Director in KKR Credit.

#### ***Geir Olsen, member of the board since August 2016.***

**Education:** M. Sc. in Economics and Business from Norwegian School of Economics.

**Current commitments:** Board member of PRA Group, CEO of Andenes Investments, a private investment company focusing on finance and technology, and sits on the board of various private portfolio companies such as First Fondene AS, Molo Finance and Huma AS. He is also a director of Pexip ASA.

#### ***Celina Midelfart, member of the board since October 2015.***

**Education:** B. Sc. in Finance from the London School of Economics as well as Stern School of Business at New York University

**Current commitments:** Owner, CEO, executive chairman and board member of several companies within the Midelfart conglomerate and board member of Siem Offshore Ltd, and Oslo International School.

#### ***Daniel Knottenbelt, member of the board since August 2020.***

**Education:** MSc in Electrical Engineering from Delft University of Technology (in the Netherlands) and an M.B.A. from INSEAD (in France).

**Current commitments:** Partner in KKR.

#### ***Vaibhav Piplapure, member of the board since August 2021.***

**Education:** MBA from the Smith School of Business at the University of Maryland, College Park and a B.S. in Mechanical Engineering from the University of Mumbai.

**Current commitments:** Managing director in KKR Credit.

#### ***Teresa Robson-Capps, member of the board since August 2021.***

**Education:** PhD Management Control and Accounting and BA (Hons) Business Studies.

**Current commitments:** Executive career in HSBC, Accenture and Reality. Non-executive director and chair & member of Audit, Risk, Nomination and Remuneration committees within financial services, retail, teleco- and technology sector.

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

To the extent that can be reasonably verified by the Company, no conflict of interest exists regarding the private affairs, family relations, or any other kind, between members of the administrative and senior management bodies that might conflict with the Company's interests or prevent the aforementioned to faithfully execute their duties to the Company.

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

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

The Sole Bookrunner and/or its affiliates have engaged in, and may in the 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 its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Historical Financial Information

### Historical financial information

The Group's consolidated financial statements for the financial year ended 31 December 2022 and the figures for the financial year ended 31 December 2021 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus. All such information is available on the Issuer's website, <https://www.avidafinance.com/sv/om-avida/investor-relations/annual-and-interim-reports/>. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2022 and 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU.

Other than the auditing of the Group's consolidated financial statements for the financial year ended 31 December 2022 and for the financial year ended 31 December 2021, the Group's auditor has not audited or reviewed any part of this Prospectus.

The pages referred to below in respect of the Group's consolidated financial statements for the financial year ended 31 December 2022 are incorporated into this Prospectus by reference:

- consolidated statement of profit/loss, page 24;
- consolidated statement of comprehensive income, page 24;
- consolidated balance sheet, page 25;
- consolidated cash flow statement, page 27;
- consolidated statement of changes in equity, page 26;
- notes, pages 32 – 68;
- alternative performance measures, page 69; and
- the audit report, pages 71 – 76.

The pages referred to below in respect of the Group's consolidated financial statements for the financial year ended 31 December 2021 are incorporated into this Prospectus by reference:

- consolidated statement of profit/loss, page 25;
- consolidated statement of comprehensive income, page 25;
- consolidated balance sheet, page 26;
- consolidated cash flow statement, page 28;

- consolidated statement of changes in equity, page 27;
- notes, pages 33 – 67;
- alternative performance measures, page 68; and
- the audit report, pages 70 – 75.

### **Auditing of the annual historical financial information**

The Company's consolidated financial statements as at present and for the years 2021 to 2022 have been audited, as applicable, by Deloitte AB, Rehnsgatan 11, 113 57 Stockholm, Sweden. Deloitte AB has been the Company's auditor since 2019 and was re-elected for an additional year on the latest annual general meeting. Patrick Honeth is the auditor who is responsible for the Company. Patrick Honeth is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

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

### **Age of the most recent financial information**

The most recent audited financial information has been taken from the consolidated financial statements for the financial year ended 31 December 2022, which was published on 26 April 2023 on the Issuer's website <https://www.avidafinance.com/sv/om-avida/investor-relations/annual-and-interim-reports/>.

## Other Information

### Approval of the Prospectus

This Prospectus has been approved by Finansinspektionen, as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. Finansinspektionen only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council and Regulation (EU) 2017/1129 of the European Parliament and of the Council. Such approval should not be considered as an endorsement of the quality of the securities that are the subject of this prospectus nor of the Issuer that is the subject of this prospectus and investors should make their own assessment as to the suitability of investing in the securities.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 250,000,000. Each Bond has a nominal amount of SEK 1,250,000. The ISIN for the Bonds is SE0020539765.

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

### Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders and can be accessed on the Issuer's website: <https://www.avidafinance.com/sv/om-avida/investor-relations/debt-investors/>.

### Material contracts

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

### Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at <https://www.avidafinance.com/sv/om-avida/investor-relations/annual-and-interim-reports/>:

- the following pages from the Group's consolidated financial statements for the financial year ended 31 December 2022:
  - consolidated statement of profit/loss, page 24;
  - consolidated statement of comprehensive income, page 24;

- consolidated balance sheet, page 25;
- consolidated cash flow statement, page 27;
- consolidated statement of changes in equity, page 26;
- notes, pages 32 – 68;
- alternative performance measures, page 69;
- the audit report, pages 71 – 76; and
- the following pages from the Group's consolidated financial statements for the financial year ended 31 December 2021:
  - consolidated statement of profit/loss, page 25;
  - consolidated statement of comprehensive income, page 25;
  - consolidated balance sheet, page 26;
  - consolidated cash flow statement, page 28;
  - consolidated statement of changes in equity, page 27;
  - notes, pages 33 – 67;
  - alternative performance measures, page 68; and
  - the audit report, pages 70 – 75.

### **Documents available for inspection**

The following documents are available at the Company's headquarters at Magnus Ladulåsgatan 65, 118 28 Stockholm, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus:

- the Company's articles of association; and
- the Company's certificate of registration.

The following documents are also available in electronic form on the Company's website <https://www.avidafinance.com/sv/start/>:

- the Company's articles of association; and
- the Company's certificate of registration.

### **Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 250,000.

## Terms and Conditions of the Bonds

### 1. Definitions and Construction

#### 1.1 Definitions

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

"**Acceleration Event**" has the meaning set forth in paragraph (a) of Clause 10 (*Acceleration of the Bonds*).

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

"**Additional Tier 1 Capital**" means additional tier 1 capital (*Sw. övrigt primärkapital*) as defined in Section 1 of Chapter 3 of Title 1 of Part Two of the Capital Requirement Regulation and/or any other Applicable Capital Regulations.

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

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

"**Agency Agreement**" means the agency agreement entered into between the Agent and the Issuer on or about the Issue Date regarding, *inter alia*, the remuneration payable by the Issuer to the 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 Capital Regulations**" means the laws, regulations, directives, requirements, guidelines and policies relating to capital adequacy which from time to time are applicable to the Issuer or the Issuer Consolidated Situation, including, without limiting the generality of the foregoing, the CRD and any delegated act adopted by the European Commission thereunder, as well as the legal acts, regulations, requirements, guidelines, regulatory technical standards and policies relating to capital adequacy as the applied in Sweden by the Swedish FSA and/or any successor whether or not such requirements, guidelines, regulatory technical standards or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Issuer Consolidated Situation).

"**Base Rate**" means STIBOR or any reference rate replacing STIBOR in accordance with Clause 16 (*Replacement of Base Rate*).

**"Base Rate Administrator"** means Swedish Financial Benchmark Facility AB (SFBF) in relation to STIBOR or any person replacing it as administrator of the Base Rate.

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

**"Bondholders' Meeting"** means a meeting among the Bondholders held in accordance with Clause 13 (*Bondholders' Meeting*).

**"Bond"** 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.

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

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

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

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

and provided that such exclusion is not a result of any applicable limitation on the amount of such Tier 2 Capital contained in the Applicable Capital Regulations.

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

**"Common Equity Tier 1 Capital"** means Common Equity Tier 1 instruments as defined in Section 1 of Chapter 2 of Title I of Part Two of the Capital Requirement Regulation.

**"CRD"** means the legislative package consisting of:

- (a) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, as amended by Directive 2019/878/EU 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;
- (b) the Capital Requirement Regulation; and
- (c) any regulatory capital rules, regulations or other requirements implementing (or promulgated in the context of) the foregoing 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 (EBA) or any other relevant authority, which apply to the Issuer or the Group, as applicable,

in each case as the same may be amended or replaced from time to time.

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

"**Final Maturity Date**" means the date falling ten (10) years and three (3) months after the Issue Date.

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

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

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

"**Floating Rate Margin**" means 9.25 per cent.

"**Force Majeure Event**" has the meaning set forth in paragraph (a) of Clause 23 (*Force Majeure and Limitation of Liability*).

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Group Company**" means a member of the Group.

"**Initial Call Period**" means the period commencing on (and including) the First Call Date and ending on (and including) the date falling three (3) months after the First Call Date.

"**Insolvent**" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*Sw. konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by

reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*Sw. lag (2022:964) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

"**Interest**" means the interest on the Bonds calculated in accordance with Clause 8 (*Interest*).

"**Interest Payment Date**" means 27 January, 27 April, 27 July and 27 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 27 January 2024 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 the Base Rate plus the Floating Rate Margin *per annum* as adjusted by any application of Clause 16 (*Replacement of Base Rate*).

"**Issue Date**" means 27 October 2023.

"**Issuer**" means Avida Finans AB (publ), a public limited liability company (*Sw. aktiebolag*) incorporated under the laws of Sweden with reg. no. 556230-9004.

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

"**Issuing Agent**" means DNB Bank ASA, Sweden Branch, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

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

"**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 Bondholders is to be made under Clause 11 (*Distribution of Proceeds*) (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"**Redemption Date**" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and Issuer's Purchase of Bonds*).

**"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.

**"Sole Bookrunner"** means DNB Bank ASA, Sweden Branch.

**"STIBOR"** means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Refinitiv screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) above is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Refinitiv screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for Swedish Kronor;
- (c) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period, the arithmetic mean of the Stockholm interbank offered rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the 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
- (a) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

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

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

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

**"Tax Event"** means the occurrence of any amendment to, clarification of or change in the laws, treaties or regulations of Sweden affecting taxation (including any change in the

interpretation by any court or authority entitled to do so) or any governmental action, on or after the Issue Date and which was not foreseeable at the Issue Date, resulting in a substantial risk that:

- (a) the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the Bonds; or
- (b) the treatment of any of the Issuer's items of income or expense with respect to the Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be accepted by any tax authority, which subjects the Issuer to a material amount of additional taxes, duties or governmental charges.

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

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

**"Written Procedure"** means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 14 (*Written Procedure*).

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) **"assets"** includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a **"regulation"** includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) a provision of law is a reference to that provision as amended or re-enacted; and
  - (v) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. Status of the Bonds

- (a) The Bonds will constitute Tier 2 Capital of the Issuer and (if applicable) the Issuer Consolidated Situation. The Bonds constitute subordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. The rights of the Bondholders shall, in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer but shall rank at least *pari passu* with all other obligations or capital instrument which constitute Tier 2 Capital of the Issuer and shall rank in priority to any Common Equity Tier 1 Instruments or Additional Tier 1 Capital of the Issuer. For the avoidance of doubt, the Bondholders will, in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*), rank in priority of any holders of any class of share capital or Common Equity Tier 1 Instruments or Additional Tier 1 Capital of the Issuer.
- (b) The Issuer reserves the right to issue further subordinated bonds and other subordinated obligations in the future, which may rank *pari passu* with the Bonds as well any capital instruments issued as Common Equity Tier 1 Instruments or Additional Tier 1 Capital of the Issuer, which may rank junior to the Bonds.
- (c) No Bondholder who in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Bonds held by such Bondholder.
- (d) The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (e) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (f) Each Bondholder acknowledges and accepts that any liability of the Issuer towards a Bondholder under the Bonds may be subject to bail in action, including conversion or write-down in accordance with the Swedish resolution act (*Iag 2015:1016 om resolution*) implementing Directive 2014/59/EU, establishing a framework for the recovery and resolution of credit institutions and investment firms as amended or replaced from time to time.

- (g) The Nominal Amount of each Bond is SEK 1,250,000. The Total Nominal Amount of the Bonds is SEK 250,000,000. All Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (h) The minimum permissible investment in a Bond Issue is SEK 1,250,000.
- (i) The Bonds are freely transferable.
- (j) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### **3. Use of Proceeds**

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

### **4. Bonds in Book-Entry Form**

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, a Security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting under Clause 13 (*Bondholders' Meeting*) or any direct communication to the Bondholders under Clause 14 (*Written Procedure*), the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD

in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## **5. Right to Act on Behalf of a Bondholder**

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 5(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

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

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) Provided that a Bondholder has registered an income account (Sw. *avkastningskonto*) for the relevant Securities Account on the applicable Record Date, the CSD shall procure that principal, interest and other payments under the Bonds are deposited to such income account on the relevant payment date. If an income account has not been registered on the Record Date for the payment, no payment will be effected by the CSD to such Bondholder. The outstanding amount will instead be held by the Issuer until the person that was registered as a Bondholder on the relevant Record Date has made a valid request for such amount. 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 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 without any default interest in accordance with Clause 8(d) during such postponement.

- (d) If payment or repayment is made in accordance with this Clause 6, the Issuer shall be deemed to have fulfilled its obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount (unless the Issuer has actual knowledge of the fact that the payment was made to the wrong person).
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **7. Listing**

- (a) The Issuer shall use its best efforts to ensure that the Bonds are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within 60 days after the Issue Date and with an intention to complete such listing within 30 days after Issue Date.
- (b) The Issuer shall, following the listing, take all actions on its part to maintain the admission as long as any Bonds are outstanding, however not longer than up to and including the last day on which the listing reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.
- (c) For the avoidance of doubt, a failure to list the Bonds or maintain a listing of the Bonds in accordance with paragraphs (a) and/or (b) above shall not constitute an Acceleration Event.

## **8. Interest**

- (a) Each Bond carries Interest at the Interest Rate from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the then applicable Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **9. Redemption and Issuer's Purchase of Bonds**

### **9.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond 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 Business Day following from an application of the Business Day Convention.

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

Subject to Clause 9.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.8 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Bonds on:

- (a) the First Call Date;
- (b) any time within the Initial Call Period; or
- (c) any Interest Payment Date falling after the Initial Call Period.

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

The Issuer may as of the First Call Date and subject to Clause 9.6 (*Consent from the Swedish FSA*) and applicable law, at any time purchase Bonds on the market or in any other way. The Bonds so purchased by the Issuer must be cancelled immediately by the Issuer and may not be retained or sold.

### **9.4 Early redemption upon the occurrence of a Capital Disqualification Event (call option)**

If a Capital Disqualification Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 9.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.8 (*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

### **9.5 Early redemption upon the occurrence of a Tax Event (call option)**

If a Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 9.6 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.8 (*Notice of early redemption*), redeem all (but not some only) outstanding Bonds on any Interest Payment Date.

### **9.6 Consent from the Swedish FSA**

The Issuer may not redeem or purchase, as contemplated by this Clause 9, any outstanding Bonds prior to the Final Maturity Date without the prior consent of the Swedish FSA (provided that such consent is required under the Applicable Capital Regulations) and any

such redemption or purchase shall always be made in accordance with the Applicable Capital Regulations.

### 9.7 Early redemption amount

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

### 9.8 Notice of early redemption

Redemption in accordance with Clauses 9.2 (*Early redemption at the option of the Issuer*), 9.4 (*Early redemption upon the occurrence of a Capital Disqualification Event*) and 9.5 (*Early redemption upon the occurrence of a Tax Event*) shall be made by giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent in accordance with Clause 22 (*Notices*). Any such notice is irrevocable but may, subject to the Applicable Capital Regulations and approval of the Swedish FSA, at the Issuer's discretion contain one or more conditions precedent that shall be fulfilled prior to the Record Date. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer shall redeem the Bonds in full at the applicable amount specified above in Clause 9.7 (*Early redemption amount*).

## 10. Acceleration of the Bonds

- (a) The Bondholders have no right to accelerate the Bonds or otherwise request prepayment or redemption of the principal amount of the Bonds, except following the occurrence of the following events (each an "**Acceleration Event**"):
  - (i) the Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents, unless the non-payment is remedied within five (5) Business Days of the due date;
  - (ii) the Issuer is placed into bankruptcy (Sw. *försatt i konkurs*); or
  - (iii) the Issuer is subject of liquidation proceedings (Sw. *trätt i likvidation*).
- (b) If an Acceleration Event has occurred, the Agent is, following the instructions of the Bondholders, authorized to (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, provided however that in case of a non-payment in pursuant to Clause (a)(i) above, except without the prior consent of the Swedish FSA, the Issuer is only required to make a repayment after being placed into bankruptcy (Sw. *försatt i konkurs*) or being subject of liquidation (Sw. *trätt i likvidation*).
- (c) The Issuer shall as soon as possible notify the Agent of the occurrence an Acceleration Event and the Agent shall notify the Bondholders of an Acceleration Event as soon as possible when the Agent received actual knowledge of the Acceleration Event.

- (d) In the event of an acceleration of the Bonds upon an Acceleration Event, the Issuer shall redeem all Bonds at an amount equal to 100 per cent. of the Nominal Amount.

## 11. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 10 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
  - (i) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement and the Finance Documents (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 17.2(e), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 17.1(d);
  - (ii) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
  - (iv) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.
- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 11(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 11(a)(i).
- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 11 as soon as reasonably practicable.
- (d) If the Issuer or the Agent shall make any payment under this Clause 11, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid.

## 12. Decisions by Bondholders

- (a) Any decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney or other authorisation pursuant to Clause 5 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Record Date specified in the communication pursuant to Clause 14(c), in respect of a Written Procedure,may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least  $66\frac{2}{3}$  per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 14(c):
  - (i) a change to the terms of any of Clauses 2(a), 2(d) and 2(j);
  - (ii) a change to the terms for the distribution of proceeds set out in Clause 11 (*Distribution of Proceeds*);
  - (iii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 12;

- (iv) a change to the definition "Interest Payment Date", "Initial Interest Date" or "Interest Rate" set out in Clause 1.1 (*Definitions*) (other than as a result of an application of Clause 16 (*Replacement of Base Rate*));
  - (v) an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
  - (vi) a mandatory exchange of the Bonds for other securities;
  - (vii) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 10 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 12(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 14(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 15(a)(i) - 15(a)(iii)).
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (ii) if in respect of a Written Procedure, reply to the request.
- If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 13(a)) or initiate a second Written Procedure (in accordance with Clause 14(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 12(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.

- (k) If any matter decided in accordance with this Clause 12 would require consent from the Swedish FSA, such consent shall be sought by the Issuer.
- (l) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (m) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (n) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (o) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.
- (p) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

### **13. Bondholders' Meeting**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 13(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 17.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 13(a).
- (c) The notice pursuant to Clause 13(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision

by the Bondholders), (iv) a form of power of attorney, (v) any applicable conditions precedent and conditions subsequent, (vi) the reasons for, and contents of, each proposal, (vii) if the proposal concerns an amendment to any Finance Document, the details of such proposed amendment, (viii) if a notification by the Bondholders is required in order to attend the Bondholders' Meeting, information regarding such requirement and (ix) information on where additional information (if any) will be published. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

- (d) The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

#### **14. Written Procedure**

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 14(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 14(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, (v) any applicable conditions precedent and conditions subsequent, (vi) if a proposal concerns an amendment to any Finance Document, the details of such proposed amendment, (vii) if the voting is to be made electronically, the instructions for such voting, (viii) information on where additional information (if any) will be published and (ix) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days from the communication pursuant to Clause 14(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 12(e) and 12(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 12(e) or 12(f),

as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

- (e) The Agent may, during the Written Procedure, provide information to the Issuer by way of updates whether or not quorum requirements have been met and about the eligible votes received by the Agent, including the portion consenting or not consenting to the proposal(s) or refraining from voting (as applicable).

## **15. Amendments and Waivers**

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by the Swedish FSA for the Bonds to satisfy the requirements for Tier 2 Capital applicable from time to time;
  - (iii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iv) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 12 (*Decisions by Bondholders*).
- (b) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 15(a), setting out the date from which the amendment or waiver will be effective. The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- (c) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **16. Replacement of Base Rate**

### **16.1 General**

- (a) Any determination or election to be made by an Independent Adviser, the Issuer or the Bondholders in accordance with the provisions of this Clause 19 shall at all times be made by such Independent Adviser, the Issuer or the Bondholders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.
- (b) If a Base Rate Event has occurred, this Clause 19 shall take precedent over the fallbacks set out in paragraph (b) to (d) of the definition of STIBOR.

## 16.2 Definitions

In this Clause 16:

**"Adjustment Spread"** means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof to be applied to a Successor Base Rate and that is:

- (a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or
- (b) if (a) is not applicable, the adjustment spread that the Independent Adviser determines is reasonable to use in order to eliminate, to the extent possible, any transfer of economic value from one party to another as a result of a replacement of the Base Rate and is customarily applied in comparable debt capital market transactions.

**"Base Rate Amendments"** has the meaning set forth in Clause 16.3(d).

**"Base Rate Event"** means one or several of the following circumstances:

- (a) the Base Rate (for the relevant Interest Period) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period) ceasing to be calculated or administered;
- (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
- (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;
- (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Bondholder using the applicable Base Rate (for the relevant Interest Period) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period);
- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*) containing the information referred to in paragraph (b) above; or

- (f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in paragraphs (b) to (e) above will occur within six (6) months.

**"Base Rate Event Announcement"** means a public statement or published information as set out in paragraphs (b) to (e) of the definition of Base Rate Event that any event or circumstance specified therein will occur.

**"Independent Adviser"** means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

**"Relevant Nominating Body"** means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or committee of any of them, or thirdly the Financial Stability Council (Sw. *Finansiella stabilitetsrådet*) or any part thereof.

**"Successor Base Rate"** means:

- (g) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of debt instruments with similar interest rate terms as the Bonds, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or
- (h) if there is no such rate as described in paragraph (g) above, such other rate as the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply *mutatis mutandis* to such new Successor Base Rate.

### **16.3 Determination of Base Rate, Adjustment Spread and Base Rate Amendments**

- (a) Without prejudice to paragraph (b) below, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to initiate the procedure to determine a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating and finally deciding the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to paragraph (b) below.
- (b) If a Base Rate Event has occurred, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to initiate the procedure to determine, as soon as commercially reasonable, a Successor Base Rate, the Adjustment Spread and any Base Rate Amendments for purposes of determining, calculating, and finally deciding the applicable Base Rate.
- (c) If the Issuer fails to appoint an Independent Adviser in accordance with paragraph (b) above, the Bondholders shall, if so decided at a Bondholders' Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in paragraph (b) above. If an Event of Default has occurred and is continuing, or if the Issuer fails to carry out any other actions

set forth in Clauses 16.3 (*Determination of Base Rate, Adjustment Spread and Base Rate Amendments*) to 16.6 (*Variation upon replacement of Base Rate*), the Agent (acting on the instructions of the Bondholders) may to the extent necessary effectuate any Base Rate Amendments without the Issuer's cooperation.

- (d) The Independent Adviser shall also initiate the procedure to determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or to reflect the adoption of such Successor Base Rate in a manner substantially consistent with market practice ("**Base Rate Amendments**").
- (e) Provided that a Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments have been finally decided no later than prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the CSD and any calculations methods applicable to such Successor Base Rate.

#### **16.4 Interim measures**

- (a) If a Base Rate Event set out in any of the paragraphs (a) to (e) of the Base Rate Event definition has occurred but no Successor Base Rate and Adjustment Spread have been finally decided prior to the relevant Quotation Day in relation to the next succeeding Interest Period or if such Successor Base Rate and Adjustment Spread have been finally decided but due to technical limitations of the CSD, cannot be applied in relation to the relevant Quotation Day, the Interest Rate applicable to the next succeeding Interest Period shall be:
  - (b) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
  - (c) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.
- (d) For the avoidance of doubt, paragraph (a) above shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 16. This will however not limit the application of paragraph (a) above for any subsequent Interest Periods, should all relevant actions provided in this Clause 16 have been taken, but without success.

#### **16.5 Notices etc.**

Prior to the Successor Base Rate, the applicable Adjustment Spread and any Base Rate Amendments become effective the Issuer shall promptly, following the final decision by the Independent Adviser of any Successor Base Rate, Adjustment Spread and any Base Rate Amendments, give notice thereof to the Agent, the Issuing Agent and the Bondholders in accordance with Clause 22 (**Notices and Press Releases**) and the CSD. The notice

shall also include information about the effective date of the amendments. If the Bonds are admitted to trading on a stock exchange, the Issuer shall also give notice of the amendments to the relevant stock exchange.

## **16.6 Variation upon replacement of Base Rate**

- (a) No later than giving the Agent notice pursuant to Clause 16.5 (*Notices etc.*), the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and the CEO, CFO or any other duly authorised signatory of the Issuer (subject to Clause 16.3(c)) confirming the relevant Successor Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined and decided in accordance with the provisions of this Clause 16. The Successor Base Rate the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any decision, be binding on the Issuer, the Agent, the Issuing Agent and the Bondholders.
- (b) Subject to receipt by the Agent of the certificate referred to in paragraph (a) above, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Bondholders, without undue delay effect such amendments to the Finance Documents as may be required by the Issuer in order to give effect to this Clause 16.
- (c) The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are affected pursuant to this Clause 16. Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent or the Issuing Agent in the Finance Documents.

## **16.7 Limitation of liability for the Independent Adviser**

Any Independent Adviser appointed pursuant to Clause 16.3 (*Determination of Base Rate, Adjustment Spread and Base Rate Amendments*) shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

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

### **17.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.

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

## **17.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent is entitled to delegate its duties to other professional parties, provided that such professional parties are selected with due care.
- (d) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Acceleration Event, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Acceleration Event, (ii) in connection with any Bondholders' Meeting or Written Procedure, (iii) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents, or (iv) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries

received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 11 (*Distribution of Proceeds*).

- (f) Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor (i) whether any breach of these Terms and Conditions has occurred, (ii) the financial condition of the Issuer and the Group, or (iii) whether any other event specified in any Finance Document has occurred or is expected to occur, and should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (g) 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.
- (h) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such indemnities (or adequate security has been provided therefore) as it may reasonably require.
- (i) 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.
- (j) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or (ii) if it refrains from acting for any reason described in paragraph (h) of this Clause 17.2 (*Duties of the Agent*).

### **17.3 Limited liability for the Agent**

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect 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 engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all

necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 12 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 10(b).
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

#### **17.4 Replacement of the Agent**

- (a) Subject to Clause 17.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 17.4(f), if the Agent becomes Insolvent, the Agent shall be deemed to resign as Agent with immediate effect and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment

and the execution of all necessary documentation to effectively substitute the retiring Agent.

- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 17.4, 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. 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.

## **18. Appointment and Replacement of the CSD**

- (a) The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD regulations and the other regulations applicable to the Bonds.
- (b) The CSD may be dismissed by the Issuer provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD is dismissed and provided also that the replacement does not have a negative effect on any Bondholder. The replacing CSD must be authorized to professionally conduct clearing operations pursuant to the Central Securities Depository Regulation (Regulation (EU) No 909/2014) and be authorised as a central securities depository in accordance with the Financial Instruments Accounts Act.

## **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 Bonds.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

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

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to

initiate, support or procure the winding-up, dissolution, liquidation, resolution (Sw. *resolution*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.

- (b) Clause 20(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 17.1(b)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or by any reason described in Clause 17.2(h), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 17.2(j) before a Bondholder may take any action referred to in Clause 20(a).

## **21. Prescription**

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **22. Notices and Press Releases**

### **22.1 Notices**

- (a) Subject to Clause 22.1(d), any notice or other communication to be made under or in connection with the Finance Documents:
  - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch;
  - (ii) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch, marked "for the attention of the Chief Executive Officer" and accompanied by a copy marked "for the attention of the General Counsel".

- (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 22.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 22.1(a).
- (d) If an Acceleration Event is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

## 22.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.2 (*Early redemption at the option of the Issuer*), 9.4 (*Early redemption upon the occurrence of a Capital Disqualification Event*), 9.5 (*Early redemption upon the occurrence of a Tax Event*), 10(b), 12(p), 13(a), 14(a) and 15(b) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 22.2(a), if any information relating to the Bonds or the Issuer contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## 23. Force Majeure and Limitation of Liability

- (a) None of the Agent or the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and

blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

## **24. 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 District Court of Stockholm (Sw. *Stockholms tingsrätt*).
- (c) Paragraphs (a) and (b) above shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

## **Addresses**

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