

This base prospectus was approved by the Swedish Financial Supervision Authority on 17 May 2019.

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**Nordax Bank**

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**NORDAX BANK AB (PUBL)**

**Base Prospectus for SEK 3,000,000,000 Swedish Medium Term Note  
Programme**

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**Arranger**

Danske Bank A/S, Danmark, Sverige Filial

**Dealers**

Carnegie Investment Bank AB (publ)  
Danske Bank A/S, Danmark, Sverige Filial  
Nordea Bank Abp

## Important information

In this base prospectus (the “**Base Prospectus**”), the “**Issuer**” means Nordax Bank AB (publ), Swedish Reg. No. 556647-7286 and the “**Group**” means the Issuer and its subsidiaries. “**Nordax**” means the Issuer and/or the Group, as applicable. “**EUR**” refers to Euro and “**SEK**” refers to Swedish kronor. “**M**” refers to million(s) and “**bn**” refers to billion(s).

Words and expressions defined in the general terms and conditions for medium term notes (the “**General Terms and Conditions**”) beginning on page 26, and, as the case may be, in the final terms, the form of which begin on page 44 (the “**Final Terms**”) have the same meanings when used in this Base Prospectus, unless expressly stated or otherwise follows from the context.

### Notice to investors

This Base Prospectus has been prepared by the Issuer and contains information about its Swedish medium term note programme (the “**Programme**”). The Programme has been established by the Issuer to constitute a framework under which the Issuer from time to time may issue medium term notes (“**Notes**”) in SEK and EUR, in a minimum Nominal Amount of EUR 100,000 (or the SEK equivalent) and with a minimum term of one year. Notes can be either Senior Notes or Subordinated Notes (as defined in the General Terms and Conditions and as specified in the relevant Final Terms). The Issuer has undertaken towards Danske Bank A/S, Danmark, Sverige Filial, Carnegie Investment Bank AB (publ) and Nordea Bank Abp (the “**Dealers**”) that the total outstanding Nominal Amount of Notes under the Programme shall not exceed SEK 3,000,000,000 at any time. The Issuer and the Dealers may agree to increase or decrease such amount.

This Base Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**SFSA**”) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (*lagen (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”) and is valid for a period of twelve months from the day of approval. Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Base Prospectus is correct and complete. This Base Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Notes.

This Base Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Base Prospectus.

This Base Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Base Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. Subject to certain exemptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction outside Sweden.

No person has been authorised to provide any information or make any statements other than those contained in this Base Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Base Prospectus nor the offering, sale or delivery of any Note implies that the information in this Base Prospectus is correct and current as at any date other than the date of this Base Prospectus or that there have not been any changes in the Issuer’s or the Group’s business since the date of this Base Prospectus.

### MiFID II Product Governance

In respect of each issue of Notes, each Issuing House (as defined in the General Terms and Conditions) will undertake a target market assessment in respect of such Notes and determine the appropriate channels for distribution for such Notes. Any person subsequently offering, selling or recommending such Notes (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (“**MiFID II**”) is responsible for undertaking its own target market assessment in respect of such Notes (either by adopting or refining the target market assessment) and determining the appropriate distribution channels. For the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue as to whether any Issuing House participating in the issue of Notes is a manufacturer in respect of such Notes. Neither the Arranger nor the Dealers nor any of their respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules.

### Forward-looking statements and market data

The Base Prospectus contains certain forward-looking statements that reflect the Issuer’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause the Issuer’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in the section “*Risk factors*”. The forward-looking statements included in this Base Prospectus apply only to the date of the Base Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer and the Group or persons acting on the Issuer’s behalf is subject to the reservations in or referred to in this section.

The Base Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the Group participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Base Prospectus is also derived from estimates made by the Issuer.

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## **RISK FACTORS**

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*All investments in debt instruments involve a degree of risk. The financial performance of Nordax and the risks associated with Nordax's business are important when making a decision to invest in Notes. A number of factors influence and could influence Nordax's operations and financial performance and ultimately the Issuer's ability to make payments under Notes. In this section, a number of risk factors are illustrated and discussed, both risks relating to Nordax's operations and risks relating to Notes. The risk factors below are not ranked in any specific order of importance and no claim is being made that the list is exhaustive.*

*Potential investors should carefully consider the risk factors below, the Conditions, all other information in the Base Prospectus and other available information before deciding on making an investment in Notes. Investors must, in addition, alone or together with financial and/or other advisers, consider the general business prospects, and general information about the relevant market and companies active on that market, based on their personal circumstances. An investor should possess sufficient knowledge to assess the risks and sufficient financial strength to bear those risks.*

*Additional risk factors that are not currently known or not currently considered to be material may affect the Issuer's business, financial condition and results of operations and consequently the Issuer's ability to meet its obligations under any Notes.*

## **RISKS RELATING TO THE ISSUER**

### **Market risk**

#### **Nordax product offering**

Nordax derives its revenue almost entirely from unsecured personal loans, mortgage loans and equity release mortgages. Therefore, there is a risk that changes affecting Nordax's ability to offer these loans in any of its geographical markets will require Nordax to reduce or restrict its primary operations and amend its current business model. Examples of such changes include, but are not limited to:

- changes in laws and regulations, for example, reducing the statute of limitations for debt collection, limiting the interest rates on loans or otherwise affecting the terms of loans or the activities of loan providers;
- decreases in demand for Nordax's loans due to, among other factors, macroeconomic conditions;
- increases in default rates for Nordax's loans due to, among other factors, macroeconomic conditions; and
- decreases in demand for Nordax's loans due to competition, damage to Nordax's reputation or other factors.

Furthermore, compared to competitors that have a more diversified product portfolio, Nordax will be more exposed to adverse changes in macroeconomic conditions or other factors affecting the personal and mortgage loan market.

Nordax's business model is focused on efficient data management, statistical analysis, a test-and-learn approach and quantitative decision making. As a result, Nordax's business model for personal loans is best suited for countries where highly relevant data is available for customer targeting and conducting credit assessments and with effective legal debt collection systems and a culture that promotes repayment. Therefore, Nordax's ability to expand its business beyond its current markets would be limited, should the environment in any of its current markets change to no longer support its business model.

If Nordax were no longer able to offer loans as it currently does, or at all, Nordax may be required to change its business model or restrict or cease its operations. Any of the above can, accordingly, have an adverse effect on Nordax's business, financial condition or results of operations.

#### **Risk relating to the current macroeconomic environment**

Deterioration in economic conditions in any of the markets in which Nordax operates, including, but not limited to business and consumer confidence, unemployment, household disposable income, household indebtedness, the state of the housing market, housing prices, foreign exchange markets, counterparty risk, inflation, the

availability and cost of credit, the liquidity of financial markets or market interest rates could reduce the level of demand for Nordax's loan products and, therefore, have an adverse effect on Nordax's business, financial condition and results of operations.

### **Personal loans**

As personal loans are generally used for debt consolidation and general consumption, there is a risk that the demand for Nordax's personal loan products will be adversely affected by changes in consumer trends, levels of consumption, demographic patterns, customer preferences and financial conditions, all of which are affected by general macroeconomic conditions in the markets in which Nordax operates. For example, growth in gross domestic product ("GDP") has generally resulted in increased demand for personal loans. There is a risk that a decrease in GDP or in GDP growth will adversely affect demand for Nordax's personal loan products.

High levels of unemployment in the markets in which Nordax operates would reduce the number of customers who would qualify for Nordax's personal loan products, and adversely affect Nordax's ability to maintain or grow its personal loan portfolio.

Furthermore, there is a risk that changes in macroeconomic conditions could force Nordax to scale down or suspend personal lending operations. In 2008 and 2009, Nordax suspended its personal lending operations in all of its markets (at the time, Sweden, Norway, Finland and Denmark) and focused on collections in response to the global economic downturn and tightening of available funding from financial institutions and the capital markets. Nordax resumed new personal lending operations in Norway and Sweden in 2010 and in Finland in 2011 as macroeconomic conditions improved, Nordax has however not resumed its lending operations in Denmark. If Nordax were to suspend personal lending operations for an extended period of time in the future in response to macroeconomic conditions or other factors, it would adversely affect Nordax's ability to maintain and grow its personal loan portfolio.

### **Mortgage loans**

House prices may be negatively affected by, for example, changes in regulations affecting the mortgage market directly or indirectly or by a quick rise in interest rates or unemployment levels. Amortisation requirements on residential mortgages were implemented by the SFS on 1 June 2016, and new more stringent amortisation requirements were implemented on 1 March 2018. Such requirements may have an adverse effect on house prices, in particular in urban areas where market values are higher, and has contributed to a reduction in lending growth.

Should there be a general downturn in the value of properties in Sweden, this may result in a deterioration in credit quality and the recoverability of mortgage loans of Nordax. In addition, there are certain other circumstances that may affect the level of credit losses, acceleration and payments of interest and principal amounts, such as changes regarding taxation and/or changes in the political environment. Adverse changes in the credit quality of Nordax's borrowers and counterparties could affect the recoverability and value of its assets and require an increase in Nordax's provisions for bad and doubtful debts and other provisions which in turn may have an adverse effect on Nordax's business, financial condition and/or results of operations.

### **Equity release mortgages**

Nordax's equity release mortgages (*kapitalfrigöringskrediter*) include a "No negative equity guarantee" which means that Nordax's claim is limited to the proceeds from the sale of the property and the borrower is not liable to cover a potential shortfall if the proceeds from the sale of the property are not sufficient to cover the loan. Although Nordax has highly conservative loan-to-value ("LTV") levels with average LTVs of 26 per cent for equity release mortgages as of 31 March 2019, a significant fall in house prices could materially impact borrowers' ability to make full repayment and may result in deteriorating credit quality.

The equity release mortgages are granted to individuals of at least sixty years of age. Accordingly, Nordax operates within a market where borrowers more commonly may suffer from certain age-related conditions. There is a risk that, upon death of a borrower, relatives of the deceased may claim that the deceased did not have presence of mind or was misled at the entry into the contract and, on such ground, legally challenge the contract (under the Act on Contracts Concluded Under the Influence of a Mental Disorder (*lag (1924:323) om verkan av avtal, som slutits under påverkan av en psykisk störning*) and the Swedish Contracts Act (*avtalslagen (1915:218)*). Thus, there is a risk that Nordax will, from time to time, become involved in judicial and administrative proceedings in relation to the above, or similar practices, and such proceedings could, if not merely relating to isolated incidents, prove to be time-consuming, disrupt normal operations, involve large amounts and result in significant costs. Equity release mortgages are a complex product and there is also a risk that Nordax is non-compliant with the increased regulatory requirements that apply to this type of mortgages.

If any of the above risks materialises, it could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Competition in the financial services industry**

The markets in which Nordax operates are characterized by a high degree of competition and fragmentation, and the strong growth in demand for both personal loans and mortgage loans in these markets has led to increased competition among lenders. Nordax's competitors can be broadly categorized into two groups: full-service banks and niche loan providers.

As a niche loan provider which derives most of its revenue from personal loans, mortgage loans and equity release mortgages, Nordax is dependent on such loan products unlike its competitors that have a more diversified product offering.

Competition in Nordax's markets is primarily based on the amount of the monthly payment and the other terms of the loan including interest rate, size, term and other features, as well as the quality of service in terms of speed, simplicity and availability.

Nordax faces the risk that full-service banks operating in its markets, which offer a broad range of products and services through widespread retail office networks and online, may increase their focus on personal loans. The full-service banks operating in Nordax's markets typically enjoy well-established market positions, extensive branch networks and high customer awareness. Almost all of Nordax's customers have a relationship with at least one of the full-service banks through payment accounts or other banking products. Therefore, there is a risk that the full-service banks operating in Nordax's markets could have significant competitive advantages over niche personal loan providers, such as Nordax. Furthermore, certain large financial institutions have significantly more available funds to lend or a lower cost of funding than Nordax, which could enable them, among other things, to offer loans with lower interest rates or longer terms than Nordax offers.

Niche personal loan providers are typically focused, with a narrow offering in comparison to full-service banks. Nordax considers niche personal loan providers to be its main competitors as they target similar groups and provide similar sized loans and interest rates as Nordax. New niche personal loan providers may enter the market due to the recent trend of strong demand for personal loans in Nordax's markets.

If Nordax were unable to successfully compete with other lenders, demand for Nordax's loan products would likely decrease, or Nordax could be required to reduce the interest rates that it charges on its loan products in order to maintain demand. There is a risk that this would have an adverse effect on Nordax's business, financial condition and results of operations.

### **Credit risks and risk relating to counterparties**

Investors investing in Notes take a credit risk on the Issuer. Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss not being secured by any collateral). Nordax's main credit and counterparty risk is that the customers cannot service their debt and with regards to equity release mortgages that sales proceeds are not sufficient to repay the loans. A certain degree of delinquencies and impairments is anticipated. Credit risk also includes concentration risk, i.e. the risk relating to large exposures to a group of inter-linked customers. In addition, Nordax is exposed to risks associated with the uncontrolled deterioration in the credit quality of its customers which can be driven by, for example, socio-economic or customer-specific factors linked to economic performance. Since Nordax derives a large part of its business from the Nordic countries and since the economies of these countries are partly correlated, Nordax is also exposed to some Nordic concentration risk. Declining credit quality and increased impairment levels impact profitability and could ultimately have an adverse effect on Nordax's business, results of operations and financial condition.

Nordax has undertaken extensive research to predict future potential impairments and credit losses on which Nordax's lending model is based and there is a risk that these estimates prove to be inaccurate. An increase in the level of credit losses will have an adverse impact on Nordax's business, financial condition and results of operations.

Nordax is also exposed to counterparty risk in that Nordax would suffer a loss in the event of default by a bank counterparty or an issuer of securities held by Nordax. The risk arises as a result of occasional cash deposits placed with clearing banks or invested in securities and the use of derivative financial instruments with banks. A default occurs when a bank or other financial institutions or issuer of securities fails to honour payments as they fall due and such default could have an adverse impact on Nordax's business, financial condition and results of operations. Nordax is further exposed to the risk that an insurance company with which it cooperates defaults.

## **Operational risk**

### **IT failure and cyber risk**

Nordax's business depends on its ability to process a large number of transactions efficiently and accurately. Nordax's ability to develop business intelligence systems, to monitor and manage collections, to maintain financial and operating controls, to monitor and manage its risk exposures across the Group, to keep accurate records, to provide high-quality customer service and to develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology, Nordax's monitoring and protective measures and the successful development and implementation of new systems. However, as is the case for information technology systems generally, losses could result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This could result in a loss of data and a failure to provide quality service to customers. Nordax has in place business continuity plans for critical processes and services to guard against service disruptions, which plans could prove to be not adequate at all times.

If any of the above risks materialise, the interruption or failure of Nordax's information technology and other systems could impair Nordax's ability to provide its services effectively causing direct financial loss and may compromise Nordax's strategic initiatives. Technology failure or underperformance could also increase Nordax's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate and would have an adverse effect on Nordax's operations and financial situation.

Furthermore, any intrusion into Nordax's IT systems, for example, from increasingly sophisticated attacks by cybercrime groups, could disrupt its business, result in the disclosure of confidential information and/or create significant financial and/or legal exposure and the risk for damage to Nordax's reputation and/or brand. Such an event could be impacted by the new EU General Data Protection Regulation 2016/679/EU ("GDPR") and therefore have an adverse effect on Nordax's operations and financial situation.

### **Ongoing change of core banking system**

Nordax is currently replacing its existing core banking system with a core banking system supplied by Banqsoft AS. The change of the core banking system is expected to yield significant benefits over time, partly due to a reduced level of manual input in the operational processes. The project is, however, still in an early stage and there is a risk that the planned benefits cannot be realised, or that the implementation, transition or migration is not successful or has negative customer, operational or other negative impact, which could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Swedish Central Bank system RIX and the Swedish clearing house**

Nordax has an ongoing process to become a direct participant in the Swedish Central Bank payment system RIX and the Swedish clearing house Bankgirot's Clearing and Settlement Service (*Bankgirots Clearing- och Avvecklingstjänst*), where Nordax currently is an indirect clearing participant. The intention is to become a direct participant during 2019. A direct participation in RIX and Bankgirot will set new requirements for Nordax and will require Nordax to adapt internal processes, including cash management processes, and ways of working. Nordax becoming a direct participant is expected to yield benefits over time, but there is operational risk coupled to the transition which could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Reliance on third parties**

Nordax's business relies on certain service and business process outsourcing and other partners. For example, another bank acts as Nordax's clearing bank and payment services provider. Nordax has outsourced activities, such as mailing, printing, scanning and forwarding applications, as well as certain IT-related services. In Germany, Nordax has outsourced the loan application process to another bank, which carries out the process in accordance with Nordax's guidelines and instructions. Nordax has also outsourced its internal audit function to an accountancy firm. While alternative business outsourcing and other partners are available, it could be difficult for Nordax to replace these relationships on commercially reasonable terms, or at all, and seeking alternate relationships could be time consuming and result in interruptions to Nordax's business. Nordax's use of business outsourcing partners also exposes Nordax to reputational risks.

Nordax also relies on third-party debt collectors in each of the countries in which it operates. Any failure by Nordax's third-party debt collectors to adequately perform collection services on Nordax's behalf could

materially reduce Nordax's cash flow, income and profitability and affect Nordax's reputation in the countries in which it operates. The failure of Nordax's third-party debt collectors to perform their services to Nordax's standards and any deterioration in or loss of any key relationships could have an adverse effect on Nordax's business, financial condition and results of operations.

Furthermore, Nordax's business outsourcing partners and other third parties could commit fraud with respect to the services that Nordax outsources to them, fail to comply with applicable laws and regulations, such as data protection requirements, or otherwise fail to provide their agreed services to Nordax. To the extent these third parties violate laws, other regulatory requirements or their contractual obligations to Nordax, or otherwise act inappropriately in the conduct of their business, Nordax's business and reputation could be negatively affected or penalties could be directly imposed on Nordax. In addition, there is a risk that Nordax's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses could be inadequate, and Nordax would not become aware of the occurrence of any violations for a substantial period of time, which could exacerbate the effect of such violations.

Any of the above could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Relationships with credit intermediaries**

Credit intermediaries are a significant marketing channel for Nordax. Dealing with credit intermediaries and cooperation partners entails various risks to Nordax. There is a risk that Nordax's methods and procedures for overseeing how its credit intermediaries and other cooperation partners interact with prospective customers are inadequate. Consequently, Nordax faces certain risks related to the conduct of the credit intermediaries and cooperation partners with which it does business. If Nordax's credit intermediaries or cooperation partners are found to have violated applicable conduct regulations or standards in the intermediation of Nordax's loan products, Nordax's reputation could be harmed.

Nordax's credit intermediary partners are typically price comparison websites that enable potential borrowers to benchmark all loan providers affiliated with the credit intermediary against each other and then refer the loan applicant to the chosen loan provider. The incentives of credit intermediaries may not always align with those of Nordax, which could adversely affect the volume and quality of loan applicants that credit intermediaries refer to Nordax. For example, credit intermediaries may promote the loan products of Nordax's competitors to the detriment of Nordax's loan products. Furthermore, a key value proposition of Nordax's personal loan products is a low monthly payment. If credit intermediaries were to focus on other features, such as interest rates, when benchmarking loans for potential borrowers, it could adversely affect the volume and quality of applicants that credit intermediaries refer to Nordax.

Any of the factors above could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Risks related to insurance distribution**

The Swedish insurance distribution act (2018:1219) (the "IDA"), which implements the Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, regulates the way insurance products may be designed and sold both by insurance intermediaries and directly by insurance undertakings. The IDA is applicable to Nordax's insurance distribution and Nordax is therefore subject to the supervision of the SFSA also in this regard. Failure to comply with the IDA exposes Nordax and its members of management to sanctions by the SFSA in the form of monetary fines, orders to cease the conduct and a withdrawal of registration. Furthermore, any insurers to which Nordax are tied are directly liable for any loss caused by Nordax should it breach certain fundamental duties under the IDA. Nordax is then contractually obliged to indemnify the relevant insurer for such liability. In addition, since IDA is a new law, the interpretation and scope of it is somewhat uncertain and Nordax could misunderstand or misapply the IDA. Consequently, the distribution of insurance poses not only reputational and conduct risks, but also regulatory risks and the risk of civil liability for losses incurred by third parties as a consequence of Nordax's breaches of applicable legislation. If any of these risks materialises, it could result in an adverse effect on Nordax's business, financial condition and result of operation.

### **Expansion within non-standard mortgages**

In 2018 Nordax started offering non-standard mortgages in Sweden and in 2019 Nordax started offering non-standard mortgages in Norway. These operations are still in a nascent stage and, while Nordax has recruited highly experienced staff for non-standard mortgages both in Sweden and Norway, there is a risk that Nordax is not successful in establishing an attractive product or that operations otherwise do not develop in accordance



with plan, which could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Risks associated with acquisitions**

On 15 January 2019, Nordax completed the acquisition of Svensk Hypotekspension AB ("SHP") which grants equity release mortgages in Sweden. Nordax may in the future make other acquisitions. Acquisitions are subject to risks and uncertainties concerning assets, liabilities, claims, and other aspects. It may also pose risks because of the difficulty in integrating operations, personnel, technology and information technology. Acquisitions may also be subject to price adjustment in the form of additional purchase price. If any of these risks materialize, this could result in an adverse effect on Nordax's results of operations and financial condition.

### **Risks related to integration of Svensk Hypotekspension**

The acquisition of SHP is the first acquisition Nordax has undertaken. Nordax has established an integration plan relating to SHP, but there is a risk that the planned integration will not proceed as planned, that the acquisition benefits cannot be realised or that operational, or other errors, are made which could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Reputational risk**

Reputational risk is the risk of a tarnished reputation among customers, owners, employees, authorities and other parties resulting in reduced income. Reputational risk is difficult to assess, but could be substantially damaging to Nordax's operations based on a well-established brand, and if such risk materializes it could adversely affect the business, results of operations and financial condition of Nordax.

### **Key employees**

Nordax is dependent on its ability to attract, motivate and retain a highly qualified and skilled management. Nordax is dependent on existing key executives and senior management in order to sustain, develop and grow its business and there is always a risk that these employees will not remain with Nordax. The loss of key employees or a substantial number of talented employees or an inability to attract, retain and motivate the calibre of employees required for the continuation of, and the expansion of, Nordax's activities, could cause disruption and adversely affect its business, results of operations and financial condition.

### **Insufficient assessment and management of risks**

The internal governing documents, procedures, processes and evaluation methods used by Nordax to assess and manage risks may not be fully effective in managing, or at all identifying, all types of risks. Examples of such risks include misconduct caused by a lack of adequate internal governance or control with regards to Nordax's products and funding. Furthermore, Nordax faces the risk that its operations may not be in compliance with internal governing documents or that it may not correctly quantify identified risks. If Nordax is unable to successfully implement and adhere to effective internal governing documents, procedures, processes and evaluation methods to assess and manage risk, there is a risk that it will have an adverse effect on Nordax's business, financial condition and results of operations.

## **Finance risks**

### **Exposure to currencies**

Nordax operates in Sweden, Norway, Finland, Germany and Denmark and as a result generates revenues in SEK, NOK, EUR and DKK. However, Nordax's reporting currency is SEK and, as a consequence, Nordax is exposed to currency translation risk to the extent that its assets, liabilities, revenues and expenses are denominated in currencies other than SEK. Consequently, there is a risk that increases and decreases in the value of the SEK versus NOK, EUR and DKK will affect the amount of these items in the Issuer's consolidated financial statements, even if their value has not changed in the original currency.

### **Liquidity and financing risks**

Nordax is subject to liquidity risk. Liquidity risk is the risk that Nordax will not be able to meet its payment obligations at maturity at all or without significant cost increases. Nordax's funding policy is to maintain a diverse funding base for its lending operations. If access to funding were constrained for a prolonged period of time, competition for retail deposits and the cost of accessing the capital markets could similarly increase. This would increase Nordax's cost of funding and, therefore, have an adverse effect on Nordax's access to funding and net interest margin. Funding risks could be exacerbated by enterprise-specific factors, such as over-reliance on a particular source of funding or changes in credit ratings, or by market-wide phenomena, such as market

dislocation or a major disaster. There is also a risk that the funding structure employed by Nordax could prove to be inefficient if its funding levels significantly exceed its funding needs, giving rise to increased funding costs that may not be sustainable in the long term. Nordax's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, including a number of factors that are outside of its control.

Retail deposits are a significant source of funding for Nordax. The availability of retail deposits is dependent on a variety of factors that are outside of Nordax's control, such as general macroeconomic conditions, particularly interest rate levels; market volatility; the confidence of depositors in the economy, the financial services industry in general and Nordax in particular; the availability and extent of national deposit insurance schemes and competition for retail deposits, which, in turn, depends on the interest rates offered. Any deterioration in these or other factors could lead to a reduction in Nordax's ability to access retail deposit funding on acceptable terms, or at all, in the future. A serious loss of confidence by deposit customers could result in significant withdrawals of deposits over a sustained period. Should Nordax experience an unusually high and/or unforeseen level of withdrawals, this could require increased funding from other sources in the future. There is a risk that such increased funding will not be available on acceptable terms or at all.

Nordax sources part of its funding in the wholesale markets through issuing bonds on the asset-backed securities (ABS) markets as well as through warehouse funding facilities with international banks secured primarily by personal loan portfolios. The availability of ABS and warehouse funding depends on a variety of factors, including the credit quality of Nordax's assets securing the ABSs or warehouse funding facilities, market conditions, the general availability of credit, Nordax's ability to raise funding through other sources, the volume of trading activities, the overall availability of credit to the financial services industry, and rating agencies' assessment of Nordax's ABSs. These and other factors could limit Nordax's ability to obtain funding through ABSs and warehouse funding facilities, which could adversely affect Nordax's ability to maintain or grow its loan portfolio as well as its net interest margin.

Even though most tranches of Nordax's ABSs are rated, Nordax does not currently hold a credit rating, which, particularly in a period where liquidity may be scarce, could exacerbate its difficulty in obtaining funding from the wholesale or capital markets. During such a period, whether caused by macroeconomic conditions or otherwise, lending activity in the wholesale markets could contract, especially to borrowers perceived as comparatively higher risk. Under such circumstances, Nordax's lack of a credit rating could be seen by some counterparties as evidencing an uncertainty regarding Nordax's creditworthiness, thereby potentially limiting the number of parties willing to lend to it, or otherwise be exposed to its credit, particularly on an unsecured basis.

Failure to manage these or any other risks relating to the cost and availability of funding could adversely affect Nordax's ability to maintain or grow its loan portfolio and have an adverse effect on Nordax's business, financial condition and results of operations.

### **Risks relating to disruptions in the global credit markets and economy**

Financial markets are subject to periods of volatility and the economic climate in the region is exposed to political risk, which may impact Nordax's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions may result in greater volatility and reduced liquidity, widening of credit spreads and a lack of price transparency in credit markets, which may affect Nordax. Changes in the investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of Nordax. In addition, the financial performance of Nordax could be adversely affected by a worsening of general economic conditions or political climate in the markets and regions in which it operates. There are uncertainties as to the current political climate globally, including (but not limited to) the administration in the United States and the United Kingdom's proposed exit from the European Union. The possibility of an extended period of political uncertainty and financial market volatility as a result of such politically sensitive events may also adversely affect the financial performance of Nordax and its ability to raise debt in the capital markets. With the details of the United Kingdom's exit from the European Union still unclear, and uncertainty over trade arrangements, market access and legislative and regulatory frameworks, it is not possible to evaluate the impact the United Kingdom's exit may have on European economies and financial markets.

### **Interest rate risk**

Nordax is subject to interest rate fluctuations. Changes in interest rate levels, yield curves and spreads could affect Nordax's lending and deposit spreads. Nordax is exposed to changes in the spread between the interest rates payable by it on deposits or its funding costs, and the interest rates that it charges on loans to its customers as well as interest rates that are applicable to its other assets. While the interest rates payable by Nordax on deposits and other funding and the interest rates that it charges on loans to customers are primarily variable, there

is a risk that Nordax will not be able to re-price its variable rate assets and liabilities at the same time, giving rise to re-pricing gaps in the short or medium term. Such delays in re-pricing loans given to its customer can, *inter alia*, occur due to Nordax having an obligation to notify customers in advance of increases in interest rates. Changes in the competitive environment could also affect spreads on Nordax's lending and deposits. If Nordax's funding costs were to increase due to material increases in market interest rates or other reasons and Nordax were unable to sufficiently increase the interest rates on its loan products in a timely manner, or at all, Nordax's net interest margin could be adversely effected, which could have an adverse effect on Nordax's net earnings.

Significant changes or volatility in the interest rates could have an adverse impact on Nordax's business, financial condition or results of operations.

Nordax's equity release mortgages are all variable-rate loans based on 3-month STIBOR and interest is capitalised through the life-time of the loan. Higher than expected rates of 3-month STIBOR would therefore result in greater interest capitalisation, increasing the risk of the loan amount being greater than the sales proceeds of the property and in turn resulting in credit losses.

Any of the above risks could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Systemic risk**

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

## **Regulatory risks**

### **Risks relating to regulatory requirements and regulatory changes**

Nordax's operations are subject to legislation, regulations, codes of conduct and government policies and general recommendations in the jurisdictions in which it operates and in relation to the products it markets and sells. As a Swedish bank, the Issuer is subject to supervision by the SFSA with regard to, among other things, solvency and capital adequacy, including solvency ratios and liquidity rules as well as rules on internal governance and control. In addition, as for any provider of financial services to consumers, Nordax's offering is occasionally reviewed by consumer authorities.

The Swedish Consumer Agency (*Konsumentverket*) safeguards the interests of consumers in Sweden and monitors consumer interests within the EU and the Swedish Data Protection Authority (*Datainspektionen*) works to protect the privacy of private individuals. As a result of conducting operations on a cross-border basis in the other Nordic countries and in Germany, consumer agencies and councils in these countries have jurisdiction over certain aspects of Nordax's business, including marketing and selling practices, advertising, general terms of business and legal debt collection operations. Nordax is also subject to EU regulations with direct applicability and EU directives that are implemented through Swedish legislation. Failure to comply with applicable laws and regulations could subject Nordax to monetary fines and other penalties, which could have an adverse effect on Nordax's reputation, business, financial condition and results of operations. Ultimately, the Issuer's banking licence could be revoked and Nordax could be required to discontinue its business operations.

Historically, many changes have been made in laws and regulations that affect Nordax's operations, and the effects of such changes are often difficult to predict. Also, in the future, laws and regulations relating to or affecting, for example, financial services; capital, liquidity and solvency; marketing; consumer protection; data protection; personal bankruptcy; deposits (including the Swedish deposit insurance scheme); enforcement; loan amortisation; interest charging; internal governance and control; remuneration; codes of conduct; government policies and general recommendations; and their respective interpretations currently affecting Nordax, can change, and Nordax is unable to predict what regulatory changes can be imposed in the future as a result of regulatory initiatives in the EU, Sweden or in the other jurisdictions where Nordax conducts business. There is a risk that such changes could have an adverse effect on, among other things, Nordax's product range and activities; the sales and pricing of Nordax's products; and Nordax's profitability, solvency and capital requirements, and can give rise to increased costs of compliance. If Nordax is required to make additional provisions or increase its reserves as a result of potential regulatory changes, this could have an adverse effect on Nordax's results of operations.

There is a risk that the measures that Nordax takes to ensure compliance with new laws and regulations are not adequate. In addition, Nordax could misunderstand or misapply new or amended laws, especially due to the increasing quantity and complexity of legislation, which could lead to adverse consequences for Nordax. Furthermore, since Nordax is a niche loan provider, adverse changes in the regulatory environment could have a greater negative impact on Nordax's business, financial condition and results of operations as compared to, for example, full-service banks, which have a more diversified product offering. Nordax incurs, and expects to continue to incur, significant costs and expenditures, to comply with the increasingly complex regulatory environment.

In addition, as a foreign financial institution (as defined in the U.S. Foreign Account Tax Compliance Act ("FATCA")) resident in Sweden, Nordax must provide certain information on U.S. account holders to the Swedish tax authorities. Information on U.S. account holders will be automatically shared with the U.S. Internal Revenue Service (the "IRS"). Non-compliant foreign financial institutions will be subject to withholding tax on certain U.S.-source payments made to them. Noteholders should be aware that if any withholding tax is actualised, neither the Issuer, Euroclear nor any other person, is obligated under the General Terms and Conditions to compensate a Noteholder for the tax that is being withheld.

The failure of Nordax to effectively manage these legal and regulatory risks could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Risks relating to the Issuer's banking licence**

The Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*) (the "BFBA") requires all banking companies to operate under a licence granted by the SFSA. On 5 December 2014, the Issuer was granted a banking licence by the SFSA. The Issuer's banking licence has an indefinite duration, but is subject to revocation by the SFSA. Pursuant to the BFBA, the SFSA must intervene if the Issuer violates its obligations under the BFBA, other applicable regulations, its articles of association or internal governing documents that are based on laws and regulations governing the Issuer's operations as a bank. The SFSA may then issue an order to limit or reduce the risks of the operations in some respect, restrict or prohibit payment of dividends or interest or take other measures to rectify the situation, issue injunctions or remarks. In case of material violations, the SFSA can, as an ultimate measure, revoke the Issuer's banking licence, following which the SFSA may determine the manner in which the business will be wound up. A decision regarding revocation of licence can be combined with an injunction against continuing the operations. If deemed sufficient, taking into consideration, among other things, the nature, gravity, duration and potential effects on the financial system of the violation, the SFSA can, instead of revoking the Issuer's banking licence, issue a warning. Remarks and warnings may be combined with monetary fines (up to ten per cent of the annual turnover or two times the cost avoided or profit realized from the violation, where such amount can be ascertained). If the Issuer were subject to material sanctions, remarks or warnings and/or fines imposed by the SFSA, this would cause significant, and potentially irreparable, damage to the reputation of Nordax and, as a result, the Issuer's business, financial position and results of operations could be adversely affected. The Issuer's operations are contingent upon the banking licence issued by the SFSA. The loss or suspension of the licence will require the Issuer to cease its banking operations which would have an adverse effect on the Issuer's business, financial condition and results of operations.

### **Risks relating to SHP's mortgage credit company licence**

On 18 January 2018, SHP was granted a mortgage credit company (*bostadskreditinstitut*) licence by the SFSA and SHP is obliged to follow rules and regulations applicable to mortgage credit companies. Failure to do so could lead to the SFSA imposing sanctions on SHP. In case of material violations, the SFSA can, as an ultimate measure, revoke SHP's licence. The SFSA may also issue remarks and warnings, which may be combined with monetary fines. Any such sanction could have an adverse effect on Nordax's business, financial condition and results of operations.

### **EU General Data Protection Regulation**

The GDPR has applied since 25 May 2018. The main objectives of the GDPR are to harmonise EU laws on personal data and facilitate the flows of data across EU as well as to ensure that personal data enjoys a high standard of protection everywhere in the EU.

The GDPR includes extensive requirements for processing of personal data. These relatively new requirements may create challenges for Nordax, as it needs to ensure that its policies and procedures are compliant with the GDPR. Failure to comply with the GDPR could expose Nordax to substantial monetary fines (in certain cases up to EUR 20 million or four per cent of an enterprise's worldwide turnover, whichever is greater). Failure to

comply with the GDPR could also adversely impact Nordax's reputation among customers, owners, employees, authorities and other parties, which could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Regulatory capital, funding and liquidity requirements**

Nordax is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risksensitive legal framework and to ensure enhanced risk management among financial institutions. Recent regulations which have impacted Nordax and are expected to continue to impact Nordax include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU ("**CRD IV**") and the EU Capital Requirements Regulation (EU) No. 575/2013 ("**CRR**").

Nordax must at all times meet the capital requirements, and CRD IV and CRR have imposed significant changes for financial institutions in terms of minimum capital requirements, capital buffers, liquidity and funding requirements. CRR and CRD IV are supported by a set of binding technical standards developed by the EBA. The regulatory framework will continue to evolve and any changes could have a material impact on Nordax's business.

As part of its efforts to strengthen and deepen the Banking Union, the EU Commission presented a package of legislative proposals in November 2016 to implement, *inter alia*, the reforms agreed at international level following the 2007-08 financial crisis, generally referred to as the "Banking Package". The Banking Package's main objective is to reduce risk in the EU banking industry, which is considered by Member States a prerequisite for further integration with respect to risk sharing under the Banking Union's third pillar. The Banking Package comprises proposals for amendments to, *inter alia*, CRD IV, CRR and BRRD (as defined below). The proposed amendments are now subject to adoption by the European Parliament and Council. It is anticipated they will entail substantial changes to the capital and liquidity requirements for banks.

In December 2017, the Basel Committee published complements to the Basel III Framework in order to complete it. The complements, often called Basel IV, entail substantial changes and are proposed to enter into force 1 January 2022 with a phasing-in period of five years. The proposed changes will need to be implemented at EU level in order for them to become applicable for Sweden.

The SFSA has decided to amend its regulation in relation to countercyclical capital buffers (FFFS 2014:33) so that the countercyclical capital buffer will be increased from 2 per cent to 2.5 per cent on 19 September 2019. Such an increase and any other changes may cause reductions in the capital adequacy ratios and solvency levels of Nordax and/or cause the applicable minimum capital requirements to increase.

In December 2018, the Council presidency of the European Union and the European Parliament agreed a new framework for dealing with banks' bad loans. The proposed regulatory changes, initially put forward by the Commission in March 2018, aims at creating a prudential framework for banks to deal with new non-performing loans ("**NPLs**") and thus to reduce the risk of NPL accumulation in the future. Among other things, the proposal requires credit institutions to set aside sufficient own resources when new loans become NPLs and provides incentives to address NPLs at an early stage. The so called "NPL backstop" entails that all new NPLs post the implementation of the regulation will be subject to 100 per cent capital deduction after 3 years. The detailed regulation has not been finally adopted but is expected to be adopted shortly and to take effect immediately.

The capital and other requirements mentioned above could force Nordax to issue additional capital and such additional capital may be unavailable to Nordax in the future or unavailable at an attractive rate or within the timeframe necessary to ensure compliance with such requirements. Furthermore, the conditions of Nordax's business as well as external conditions are constantly changing. Nordax and/or its consolidated situation could be required to raise regulatory capital in addition to the already existing and such changes could result in Nordax's existing regulatory capital ceasing to count either at the same level as present or at all. Any failure by Nordax to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which could have an adverse effect on Nordax's profitability and results and could also have other effects on Nordax's financial performance and on the pricing of Notes, both with or without the intervention by regulators or the imposition of sanctions. There is also a risk that the measures Nordax takes to ensure compliance with present and future requirements are not adequate or that Nordax misunderstands or misapplies such requirements, especially due to their increasing quantity and complexity. Any market perception or concern regarding compliance with present or future capital adequacy and liquidity requirements, could increase Nordax's borrowing costs and/or limit its access to capital markets, which could have an adverse effect on Nordax's business, financial condition and results of operations.

## The Recovery and Resolution Directive

To complement the CRR/CRD IV legislative package, the EU Directive 2014/59/EU, known as the Bank Recovery and Resolution Directive (“**BRRD**”) was adopted. The BRRD establishes a framework for the recovery and resolution of credit institutions and, inter alia, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that may be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial position. National resolution authorities (the Swedish National Debt Office (*Riksgälden*)), in consultation with competent authorities (the SFSA for Sweden), are required to prepare resolution plans setting out how a firm, if it were to fail, might be resolved in an orderly fashion and its essential functions preserved. This includes the potential application of the resolution tools and powers referred to below as well as options for ensuring the continuity of critical functions.

The BRRD has been implemented into Swedish law by the Resolutions Act (*lagen (2015:1016) om resolution*) and the Precautionary Support Act (*lagen (2015:1017) om förebyggande statligt stöd till kreditinstitut*) both of which entered into force on 1 February 2016. The Swedish National Debt Office has been appointed as resolution authority and has been given certain powers which can be categorised into preventive powers, early intervention powers and resolution powers. Ultimately, the authority may take control of a failing firm and, for example, transfer the firm to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval.

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

The BRRD contains a number of resolution tools and powers intended to ensure that resolution authorities across the EU have a harmonised toolkit to manage firms’ failure provided that the resolution conditions are satisfied. The Swedish National Debt Office will only be permitted to use resolution powers and tools in relation to a firm if it determines that all the conditions for resolution are satisfied. These conditions are (a) the determination (which in Sweden will be determined by the SFSA) that the institution is failing or likely to fail (the “**failure condition**”); (b) there is no reasonable prospect that any solution, other than a resolution action taken in respect of the firm, would prevent the failure of the firm within a reasonable timeframe (the “**no alternative condition**”); and (c) intervention through resolution action is necessary in the public interest (the “**public interest condition**”).

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

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

On 23 February 2017, the Swedish National Debt Office presented the finalised model for the calculation of MREL, stating that systemically important institutions need to replace a portion of their existing bonds with subordinated bonds. However, the Swedish National Debt Office announced on 19 December 2018 that Nordax

is not a systemically important institution. For institutions which are not so deemed, the MREL requirements will remain at the level of the institution's applicable capital requirements.

As noted above, the Banking Package (as referred to in the risk factor "Regulatory capital, funding and liquidity requirements" above) comprises proposals for amendments to, inter alia, BRRD and are now subject to adoption by the European Parliament and Council.

It is not possible to predict exactly how the powers and tools of the Swedish National Debt Office described in the BRRD and the Resolutions Act (and any changes thereto) will affect Nordax. Accordingly, it is not possible to assess the full impact of the BRRD and the Resolutions Act on Nordax. The powers and tools given to the Swedish National Debt Office are numerous and may have a substantial effect on Nordax.

### **Loss absorption at the point of non-viability of Nordax**

There is a risk that Subordinated Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the Swedish National Debt Office and the SFSA). As noted in the risk factor "The Recovery and Resolution Directive" above, the powers provided to resolution and competent authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (including Subordinated Notes) fully absorb losses at the point of non-viability of the issuing firm in order to allow it to continue as a going concern subject to appropriate restructuring. As a result, the BRRD contemplates that resolution authorities may require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into common equity tier 1 instruments at the point of non-viability (which CET1 instruments may also be subject to any application of the general bail-in tool described above) and before any other bail-in or resolution tool can be used. Measures ultimately adopted in this area may apply to any debt currently in issue, including Subordinated Notes.

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

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

### **Changes to the Swedish Deposit Insurance Scheme**

The Swedish Deposit Insurance Scheme ("SDIS") guarantees the depositors' deposits in the event Nordax is declared bankrupt or if the SFSA determines that the SDIS should be activated in a given situation. The SDIS is administered by the Swedish National Debt Office. If activated, the insurance guarantees each customer compensation amounting to the value of the total funds in his or her account(s) with Nordax, plus accrued interest, until the time of bankruptcy or the SFSA's activation decision. The maximum compensation is currently an amount of SEK 950,000 (with some exceptions). There is a risk that regulatory changes which decrease the maximum compensation amount or change the SDIS are implemented. This could have a negative effect on the amount of customer deposits, which could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Debt collection**

Nordax's recoveries on written-down loans depend primarily on the effectiveness of the legal debt collection systems, including laws regarding debt collection, debt restructuring and personal bankruptcy, in the countries in which it operates. Recoveries are also to some extent dependent on the commitment by and the efficiency of Nordax's third-party debt collection partners. One of the main tools available to Nordax to collect on loans that are more than 100 days past due is wage garnishment, and changes to the wage garnishment system in Nordax's geographical markets could adversely affect Nordax's ability to collect on its past due loans. Nordax's ability to

collect on its past due loans could also be adversely affected by changes in debt restructuring or personal bankruptcy laws if, for example, other creditors are granted priority over personal loan providers in restructurings or bankruptcies.

Nordax's business could also be adversely affected by changes in laws regarding statutes of limitations on debt collection. In Sweden, Norway and Denmark the statute of limitations for debt collection is ten years and it can be renewed through acknowledgement of the debt by the customer (usually through payment), the creditor making a claim in writing or otherwise notifying the debtor in writing, or through legal action. In Finland, the absolute statute of limitations for debt collection is 15 years from the first collection effort. In Germany, the ordinary statute of limitations for debt collection is three years calculated from the end of the year in which the claim arises. The statute of limitations for the enforcement of a judgment or an order issued by a court is 30 years in Germany, and can be prolonged by legal action by the creditor. There is a risk that the statute of limitations on debt collection can be shortened, or the ability to extend the statute of limitations can be restricted or abolished, in the countries in which Nordax operates, which could adversely affect Nordax's ability to collect from defaulting customers.

Any changes in laws and regulations affecting Nordax's ability to collect from defaulting customers could have an adverse effect on its business, financial condition and results of operations.

### **Changes in accounting principles**

From time to time, the International Accounting Standards Board ("IASB"), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of Nordax's financial statements. For example, in July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (Financial Instruments) ("IFRS 9"), which became effective from 1 January 2018 and replaced IAS 39. IFRS 9 provides principles for classification of financial instruments, and provisioning for expected credit losses which are mandatory, and therefore fully implemented by Nordax, as of 1 January 2018. These changes can be difficult to predict and could impact how Nordax records and reports its business, financial condition and result of operations.

### **Changes to consumer protection rules**

Relatively often, there are changes to laws and regulations in the area of consumer protection. For example, in March 2019, the Finnish Parliament approved a Government Bill regarding an amendment of the interest rate-cap and the cap on credit-related costs, which applies to credit agreements concluded after the amendment has entered into force. The sanction for non-compliance is that a creditor or intermediary cannot charge any interest or credit-related costs to the consumer. The amendments will take effect on 1 September 2019.

Further, the Norwegian Ministry of Finance adopted an administrative regulation on sound consumer lending practices in February 2019. The administrative regulation entered into force immediately and financial institutions shall comply by 15 May 2019. The new administrative regulation will, in comparison to the current Norwegian guidelines on sound consumer lending practices, apply to all financial institutions operating in Norway, including on a cross-border basis, and include i) a maximum loan duration of 5 years, ii) a 5 per cent interest rate stress test, iii) maximum debt to income level of 5x and iv) a more extensive credit assessment of the loan applicant. Under the new regulation, financial institutions may provide consumer loans that do not meet one or more of the conditions in i)-iii) for up to 5 per cent of the granted loan amount each quarter.

The above changes and similar future changes could have an adverse effect on Nordax's business, financial condition and results of operations.

### **Disputes and legal proceedings**

From time to time, Nordax may be subject to legal proceedings, claims and disputes in jurisdictions where it is active. There is a risk that the Issuer will become involved in disputes which could materially adversely affect Nordax's business, financial condition and results of operations. There is further a risk that the results of any future investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments can be difficult for Nordax to predict. In addition, if an unfavourable decision were to be given against Nordax, significant fines, damages and/or negative publicity can adversely affect Nordax's earnings and financial position.

### **Taxes**

Nordax business and transactions are conducted in accordance with Nordax interpretation of applicable laws, tax treaties, regulations, case law and requirements of the tax authorities. There can be no assurances that its



interpretation of applicable laws, tax treaties, regulations, case law or other rules or administrative practice is correct, or that such rules or practice will not change, possibly with retroactive effect. For example, on 7 November 2016, a government committee presented its report “*Tax on financial services*” to the government. The committee was appointed under the assumption that the financial services sector, in comparison to other sectors, has a tax advantage due to financial services being exempt from VAT. The committee proposed that a financial activity tax of 15 per cent be introduced, designed as a form of additional salary tax. However, the proposal has been heavily criticised during the consultation for comments, mainly for being too broad in its scope. On 24 February 2017, the government therefore announced that it will withdraw the proposal but begin drafting a new tax proposal that will be more narrowly directed at banks. It is currently not possible to predict if or when a new proposal will be presented or what it will look like. Nordax’s tax situation both for previous, current and future years may change as a result of legislative changes such as the one mentioned, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. Such decisions or changes, potentially with retroactive effect, could have an adverse effect on Nordax’s business, financial condition and results of operations.

### **Anti-money laundering and counter-terrorism financing**

Nordax’s business is subject to a regulatory framework which requires Nordax to take actions in order to counteract money laundering and terrorist financing. In order to comply with the framework all concerned companies need to establish substantial procedures, internal control functions and guidelines to counteract money laundering and terrorist financing, which can entail additional costs for Nordax.

Failure to comply with the requirements could result in legal implications. If Nordax would become subject to material sanctions, remarks or warnings and/or fines imposed by the SFSA, this would cause significant, and potentially irreparable, damage to the reputation of Nordax and, as a result, Nordax’s business, financial position and results of operations can be adversely affected. The Issuer’s operations are contingent upon the banking licence issued by the SFSA. The loss or suspension of the licence would require Nordax to cease its banking operations which would have an adverse effect on its business, financial condition and results of operations.

## **RISKS RELATING TO NOTES**

### **Risks relating to all Notes**

#### **Credit risks**

If the Issuer’s financial position deteriorates it is likely that the credit risk associated with Notes will increase as there would be an increased risk that the Issuer cannot fulfil its obligations under such Notes. The Issuer’s financial position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk can result in the market pricing Notes with a higher risk premium, which can adversely affect the value of such Notes. Another aspect of the credit risk is that a deteriorated financial position can result in a lower credit worthiness, which can affect the Issuer’s ability to refinance Notes and other existing debt, which in turn can adversely affect the Issuer’s operations, result and financial position.

#### **Credit rating**

One or several credit rating agencies may rate the Notes issued under the Programme. There is a risk that such rating does not reflect all risks associated with an investment in the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time. If a Loan is assigned a credit rating that is lower than expected, there is a risk that the market value and liquidity of the Notes are adversely affected.

#### **Structural subordination and dependence on upstreaming of funds**

Nordax’s business is to provide personal loans, mortgage loans and equity release mortgage loans. These loans are to a large extent held by, and funded in, the Issuer’s subsidiaries (the “**Subsidiaries**”). Such Subsidiaries have generally created security over such loans in favour of their respective funding partners as security for such funding. The Issuer is reliant on the financial performance of the Subsidiaries and their ability to make dividend distributions and other payments, to enable it to meet its payment obligations (including making payments under Notes). All Subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer’s obligations and commitments or to make funds available for such payments. No present or future Subsidiary, or other member of the Group, will guarantee or provide any security for the Issuer’s obligations under Notes.

### **The Issuer is not prohibited from issuing further debt, which may rank *pari passu* or with priority to Notes**

There is no restriction in the amount or type of debt that the Issuer (or any other Group Company) may issue or incur that ranks *pari passu* or with priority to Notes. There are no limitations on security in the General Terms and Conditions which limit the ability of the Issuer to provide security for other debt obligations, other than in respect of debt instruments issued by the Issuer which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a regulated market (excluding covered bonds). The incurrence of any debt ranking with priority to Notes and/or being secured may reduce the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation, resolution or bankruptcy of the Issuer.

### **Events of Default in respect of Senior Loans**

Certain Events of Default in respect of Senior Loans apply to the Issuer, as well as to Material Group Companies (but not to other Group Companies). Group Companies which are asset-backed finance special purpose companies are excluded from the definition of 'Material Group Company' (and, as of the date of this Base Prospectus, the definition of 'Material Group Company' comprises NDX Intressenter AB, Nordax Group AB (publ), the Issuer and Svensk Hypotekspension AB). Thus, the Events of Defaults (including the cross-default/cross-acceleration and insolvency Events of Default) do not apply in respect of such special purpose companies, meaning that Noteholders would not be entitled to accelerate Senior Notes by reference to circumstances attributable to such special purpose companies. Further, the cross-default/cross-acceleration Event of Default does not apply in respect of financial indebtedness owed by a Material Group Company to another Group Company.

### **Change of Control Event in respect of Senior Loans**

A new owner could, directly or indirectly, acquire fifty per cent or more of the shares in the Issuer or otherwise, directly or indirectly, establish control over fifty per cent or more of the shares and/or votes in the Issuer. In respect of Senior Notes, such event would not constitute a Change of Control Event (which entitles each Noteholder to request that its Senior Notes be repurchased by the Issuer), if the new owner is approved as owner of the Issuer in an ownership assessment conducted by the SFSA or if the Noteholders approve such change in accordance with the General Terms and Conditions. In respect of Subordinated Notes, such event would not give rise to any additional rights of the Noteholders (irrespective of whether it constitutes a Change of Control Event or not). A change in the direct or indirect ownership of the Issuer could adversely affect the Issuer's operations, result and financial position and/or the market value or liquidity of the Notes.

### **Interest rate risk**

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Notes. Changes in the general level of interest rates, in particular EURIBOR and STIBOR (as applicable), may adversely affect the value of floating rate Notes. Changes in the expected interest rate level for different categories of risk in investments may also affect the value of both fixed and floating rate Notes.

### **Duration risk**

The market risk with an investment in Notes increases the longer the term is, since it is more difficult to overview how the market interest rates will develop with a longer term than a shorter term. The market risk also increases with a longer term since the fluctuation in the price of a note is greater for a note with a longer term than for a note with a shorter term.

### **Prepayment risk**

The Final Terms may give the Issuer a right to redeem Notes in advance, which means that all or some Notes may be redeemed prior to the agreed Maturity Date. There is a risk that such right entails that the market value of such Notes will be lower. As long as the Issuer has such right, the market value of such Notes will generally not increase substantially above the rate at which they can be redeemed.

### **Majority decisions by the Noteholders**

Under the General Terms and Conditions certain majorities of Noteholders have the right to make decisions and take measures that bind all Noteholders, including those who vote in a manner contrary to the majority. Therefore, the actions of the majority in such matters can impact the Noteholders' rights under Notes in a manner that can be undesirable for some of the Noteholders.

### **The price of Notes may be volatile**

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

### **MiFID II and MiFIR**

The main parts of the European Council Directive 2014/65/EU on markets in financial instruments (MiFID II) and the Regulation (EU) No 600/2014 on markets in financial instruments (MiFIR) entered into force on 3 January 2018. These entail both a review of existing rules on the securities market and the introduction of completely new rules. Among other things, the reporting requirements and transparency obligations on the interest rate market have increased. This may cause the financial institutions acting as intermediaries in trading financial instruments to become less likely to buy securities into their own stocks. If that is to happen to the Issuer's issued Notes it can lead to a deteriorating liquidity of these, which could have an adverse effect on the Noteholders.

### **European Benchmarks Regulation**

Following a number of major scandals, the process of the calculation of EURIBOR, LIBOR, STIBOR and other interest rate benchmarks have been subject of the legislator's attention. This has resulted in a number of legislative measures, whereof some have been implemented and others are going to be implemented. The most important initiative on the subject matter is the so called Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) that entered into force 1 January 2018 and which regulates the provision of a benchmark, contribution of input data for the purpose of determining a benchmark and the operation of benchmarks within the EU. Since the regulation has only been applicable for a limited period of time, the effects of the regulation cannot be fully assessed. There is, however, a risk that the Benchmarks Regulation may affect how interest rate benchmarks are calculated and developed. This in turn may give rise to increased volatility for some interest rate benchmarks. In addition, the increased administrative requirements and the associated regulatory risks may decrease the will of some parties to participate in the determination of interest rate benchmarks or to the fact that certain interest rate benchmarks will cease to be published. If this is the case for an interest rate benchmark applied to Notes, it could have an adverse effect on the Noteholders.

### **Trading market for Notes**

Notes issued under the Programme will in most cases be new securities which may not be widely distributed and for which there is currently no active trading market. If Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application may be made for Notes to be admitted to listing and trading on a trading venue, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for Notes.

### **Clearing and settlement in Euroclear's account-based system**

Notes issued will be affiliated with a central securities depository of notes, currently Euroclear's account-based system, and no physical notes have been or will be issued. Clearing and settlement relating to Notes, as well as payment of interest and redemption of principal amounts, will be performed within Euroclear's account-based system. Noteholders are therefore dependent on the functionality of Euroclear's account-based system.

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

The Issuer will pay principal and interest on Notes in either Euro or Swedish kronor. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit other than the relevant currency (the "Noteholder's Currency"). Accordingly, a Noteholder is exposed to exchange rate risk if relevant exchange rates fluctuate significantly (including, but not limited to, fluctuations due to a devaluation of the relevant currency or a revaluation of the Noteholder's Currency) or

authorities with jurisdiction over the Noteholder's Currency impose or modify relevant exchange controls (if any).

### **Certain material interests**

The Dealers (and closely related companies) have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for Nordax in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

## **Specific risks relating to Subordinated Notes**

### **Subordination in right of payments in the event of the Issuer's bankruptcy or liquidation**

The rights of Noteholders in respect of Subordinated Notes will, in the event of the liquidation (*likvidation*) or bankruptcy (*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 subordinated indebtedness of the Issuer (excluding creditors whose rights are expressed to rank in priority to the holders of Subordinated Notes).

Although Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a significant risk that an investor in Subordinated Notes will lose all or some of their investment should the Issuer become insolvent or enter into liquidation or resolution.

Please also refer to the risk factor 'Loss absorption at the point of non-viability of Nordax' above.

### **The General Terms and Conditions do not contain any right for the Noteholders to accelerate the Subordinated Notes prior to the Issuer's bankruptcy or liquidation**

Subordinated Notes are intended to constitute Tier 2 Capital of the Issuer. Consequently, the General Terms and Conditions do not include any obligations or undertakings binding on the Issuer which if breached would give rise to a right of the Noteholders to accelerate the Subordinated Notes, and the Subordinated Notes may only be accelerated upon the Issuer's bankruptcy or liquidation.

### **The Issuer may redeem Subordinated Notes on the occurrence of a Capital Event or Tax Event**

The Issuer may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the SFSA, redeem Subordinated Notes upon the occurrence of a Capital Event or Tax Event at par together with accrued interest.

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

### **Call options in respect of Subordinated Notes are subject to the prior consent of the SFSA**

The market risk with an investment in notes increases the longer the term is, since it is more difficult to overview how market interest rates will develop with a longer term. The market risk also increases with a longer term since the fluctuation in the price of a note is greater for a note with a longer term than for a note with a shorter term.

Under the Final Terms for Subordinated Notes, the Issuer may have the option to redeem Subordinated Notes prior to their stated Maturity Date. If the Issuer considers it favourable to exercise such a call option, the Issuer must obtain the prior consent of the SFSA.

Noteholders have no rights to call for the redemption of Subordinated Notes and should not invest in such Notes with the expectation that such a call will be exercised by the Issuer. The SFSA will base 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. Noteholders should be aware that they may be required to bear the financial risks of an investment in Subordinated Notes for a period of time in excess of the minimum period.

## DESCRIPTION OF THE PROGRAMME

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The following is a description of the Programme and is qualified in its entirety by the full Conditions included in the section “General Terms and Conditions and form of Final Terms”.

### General

The Programme has been established by Nordax Bank AB (publ) for the issuance of medium term notes in SEK and EUR. A Note may be issued in a minimum Nominal Amount of EUR 100,000 (or the equivalent in any other available currency) and with a minimum term of one year. The Issuer has undertaken towards the Dealers that the total outstanding Nominal Amount of Notes under the Programme shall not exceed SEK 3,000,000,000 at any time. Nordax and the Dealers may agree to increase or decrease such amount.

The Issuer has appointed Danske Bank A/S, Danmark, Sverige Filial as Arranger, and Danske Bank A/S, Danmark, Sverige Filial, Carnegie Investment Bank AB (publ) and Nordea Bank Abp as Dealers, in respect of the Programme. Further Dealers may be appointed.

### General Terms and Conditions and Final Terms

Notes issued under the Programme will be governed by the General Terms and Conditions as well as the applicable Final Terms. The General Terms and Conditions are standardised and apply to all Notes issued under the Programme. For each Loan, Final Terms are prepared that include supplementary terms and conditions for the relevant Loan. Applicable Final Terms must therefore be read in conjunction with the General Terms and Conditions. The Final Terms will be submitted to the SFSA and published on the webpage of the Issuer.

### Form of Notes

Notes will be issued in dematerialised book-entry form and registered on a CSD Account (maintained with Euroclear) on behalf of the relevant Noteholder. Hence, no physical notes will be issued. Notes will be registered in accordance with the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). Registration requests relating to Notes shall be directed to an Account Operator. Each Loan will be identified by an individual number (International Securities Identification Number).

The registered address of Euroclear is included in the section “Addresses”.

### Status of Senior Notes

Upon issuance, Senior Notes will constitute direct, unconditional, unsubordinated and unsecured debt obligations of the Issuer and rank *pari passu* and without any preference among themselves and shall rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations (except those obligations preferred by law) of the Issuer.

### Status of Subordinated Notes

Upon issuance, Subordinated Notes are intended to constitute Tier 2 Capital of the Issuer and will constitute direct unsecured and subordinated debt obligations of the Issuer and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and (b) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with Subordinated Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to (a) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) holders of all classes of the Issuer’s shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to the Subordinated Notes, in each case as regards the right to receive periodic payments (to the extent such periodic payment has not been cancelled) on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to any present and future claims of (a) depositors of Nordax, (b) any other unsubordinated creditors of Nordax and (c) any subordinated creditors of Nordax whose rights are expressed to rank in priority to the holders of Subordinated Notes.

## Pricing and interest

Notes may be issued at a discount or at a premium compared to their Nominal Amount. The issue price and interest rate for Notes cannot be determined in advance but is set in connection with the actual issuance of Notes. Interest may be set at a floating interest rate based on EURIBOR or STIBOR, plus a margin, or at a fixed interest rate.

## Listing on a regulated market

Notes issued may be listed on a Regulated Market. If relevant, any intended listing of Notes will be specified in the applicable Final Terms. The estimated costs associated with such listing will also be set out in the applicable Final Terms. Although the Issuer may undertake to apply for a listing of Notes, there is no assurance that such application will be accepted, that Notes will be so admitted or that an active trading market will develop.

## Credit rating

When investing in Notes, the investor takes a credit risk on the Issuer. The applicable Final Terms for a Loan will stipulate whether the Loan shall be assigned a credit rating. Such credit rating reflects the assessment by an independent credit rating agency regarding of the creditworthiness of the Issuer with respect to the relevant Loan, i.e. its ability to fulfil payment obligations in a timely manner.

## Prescription

Claims for the repayment of the principal of Notes will be prescribed and become void ten (10) years after the Maturity Date. Claims for the payment of interest will be prescribed and become void three (3) years from the relevant Interest Payment Date. Upon prescription, the Issuer will be entitled to keep any funds that may have been reserved for such payments.

If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten years will commence for claims in respect of principal and three years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

## Governing law

The Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by the laws of Sweden. Disputes shall be settled by Swedish courts. The Stockholm District Court (*Stockholms tingsrätt*) shall be the court of first instance.

## Processing of personal data

In order to comply with the Conditions for a Loan, Nordax and the Administrative Agent, may, acting as a data controllers, collect and process personal data. The processing is based on Nordax's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Conditions, personal data may be shared with third parties, such as Euroclear, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data Nordax and the Administrative Agent processes about them and may request the same in writing at the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about Nordax's and the Administrative Agent's respective personal data processing can be obtained by requesting the same in writing at Nordax's or the Administrative Agent's registered address.

## Product description

### Interest structures

Notes issued under the Programme may have a fixed or floating interest rate. The interest structure applicable to a specific Loan will be stated in the Final Terms. Below is a short description of the available interest structures.

#### **Fixed interest rate**

If the relevant Final Terms of a Loan specify 'fixed interest rate' as applicable to it, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.

Interest accrued during an Interest Period is calculated using the Day Count Convention 30/360 (or such other Day Count Convention as is specified in the relevant Final Terms) and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day. Day Count Convention 30/360 means that the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed. Interest will, however, only accrue until the relevant Interest Payment Date.

#### ***Floating interest rate (FRN)***

If the relevant Final Terms of a Loan specify ‘floating interest rate’ as applicable to it, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.

Interest accrued during an Interest Period is calculated using the Day Count Convention Actual/360 (or such other Day Count Convention as is specified in the relevant Final Terms) and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, 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. Day Count Convention Actual/360 means that the amount shall be calculated using the actual number of days in the relevant period divided by 360.

The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the Interest Base plus the Margin for such period. The Margin will be set out in the relevant Final Terms and the Interest Base will be either of EURIBOR and STIBOR (as defined in the General Terms and Conditions).

If the Interest Base plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).

#### ***European Benchmarks Regulation***

Interest payable for Notes issued under the Programme may be calculated by reference to certain benchmarks, being EURIBOR and STIBOR, as defined in the General Terms. The benchmarks are provided by the European Money Market Institute (EURIBOR) and the Swedish Bankers’ Association and/or its wholly owned subsidiary Financial Benchmarks Sweden AB (STIBOR). On the date of this Base Prospectus, neither the European Money Market Institute, the Swedish Bankers’ Association or its wholly-owned subsidiary Financial Benchmarks Sweden AB appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmarks Regulation**”). As far as Nordax is aware the provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Market Institute, the Swedish Bankers’ Association or its wholly-owned subsidiary Financial Benchmarks Sweden AB are not yet required to obtain authorisation or registration (or, if located outside of the European Union, equivalence, recognition or endorsement).

## **Redemption and repurchase of Loans**

### **Redemption at maturity**

A Loan falls due on the Maturity Date set out in the relevant Final Terms. Interest shall be paid on each Interest Payment Date set out in the relevant Final Terms. If the due date in respect of a repayment or payment (other than interest) falls on a day which is not a Business Day, the amount will be credited to an account or made available to the payee on the next following Business Day (and, in respect of interest, as set out above in section “Interest structures”).

### **Repurchase of Notes by the Issuer and other Group Companies**

Any Group Company may repurchase Senior Notes at any time and at any price in the open market or otherwise provided that this is compatible with applicable law. Senior Notes held by a Group Company may be retained, resold or (if held by the Issuer) cancelled at the such Group Company’s discretion.

In respect of Subordinated Notes, repurchase of Notes as described in the previous paragraph may be made, subject to consent from the SFSa and in accordance with the Conditions.

### **Voluntary redemption of Notes by the Issuer (call option)**

In respect of Senior Notes, the relevant Final Terms may specify a right for the Issuer to redeem Notes, in whole or in part, prior to the Maturity Date at times and prices specified in such Final Terms.

In respect of Subordinated Notes, the relevant Final Terms may specify a right for the Issuer to, subject to consent from the SFSA in accordance with the Conditions, redeem all (but not some only) outstanding Subordinated Notes early at the option of the Issuer.

### **Redemption of Subordinated Notes on the occurrence of a Capital Event or Tax Event**

Subject to consent from the SFSA in accordance with the Conditions, all (but not some only) outstanding Subordinated Notes can be redeemed early at the option of the Issuer if a Capital Event or Tax Event occurs.

### **Mandatory repurchase of Senior Notes due to a Change of Control Event (put option)**

In respect of Senior Notes, following the occurrence of a Change of Control Event, each Noteholder shall, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer pursuant to the General Terms and Conditions (after which time period such right shall lapse), have the right to request that all, or some only, of its Senior Notes be repurchased at a price per Note equal to 100 per cent of the Nominal Amount together with accrued but unpaid interest.

A “**Change of Control Event**” means an event or a series of events resulting in one person (or several persons who (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) act or have agreed to act in concert), other than person(s) approved as owner(s) of the Issuer in an ownership assessment conducted by the SFSA, directly or indirectly acquiring fifty (50) per cent or more of the shares in the Issuer, or otherwise, directly or indirectly, establishing control over fifty (50) per cent or more of the shares and/or votes in the Issuer, except where the Noteholders have approved such event or series of events in accordance with the General Terms and Conditions.

### **Acceleration of Senior Notes**

The Administrative Agent shall, (i) following a request in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent of the Adjusted Loan Amount under a Senior Loan (such a request can only be made by Noteholders registered on the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution by the Noteholders of a Senior Loan at a Noteholders’ Meeting, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Senior Loan due and payable together with accrued but unpaid interest and any other amounts payable under the Senior Loan, immediately or at such later date as the Administrative Agent or the Noteholders’ Meeting (if applicable) determines, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the relevant Senior Loan, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with any terms, or acts in violation, of the Conditions of the relevant Senior Loan (other than those terms referred to in paragraph (a) above), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within twenty (20) Business Days of the earlier of (A) the Administrative Agent giving notice thereof to the Issuer and (B) the Issuer becoming aware of the non-compliance;
- (c) the Conditions for the relevant Senior Loan become invalid or ineffective, in whole or in part (other than in accordance with the provisions of such Conditions), and such invalidity or ineffectiveness is materially prejudicial to the interests of the Noteholders;
- (d) any corporate action, legal proceedings or other procedure or step (unless vexatious or frivolous, disputed in good faith and discharged within forty (40) Business Days) is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution or administration of any Material Group Company;
  - (ii) a composition, or arrangement with any creditor of any Material Group Company (other than the Noteholders); or



- (iii) the appointment of a liquidator, administrator or other similar officer in respect of a Material Group Company or any of its assets, unless, in relation to a Material Group Company other than the Issuer, the liquidation is voluntary and not caused by such company's Insolvency;
- (e) a Material Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent;
- (f) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of a Material Group Company which is material to its business and not discharged within thirty (30) Business Days, or any Security over any asset of a Material Group Company which is material to its business is enforced; or
- (g) any financial indebtedness (including for the avoidance of doubt, any financial indebtedness owed under guarantees) of a Material Group Company is not paid when due nor within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (g) if the aggregate amount of financial indebtedness referred to herein is less than the equivalent of SEK 50,000,000 or is owed to another Group Company.

## GENERAL TERMS AND CONDITIONS AND FORM OF FINAL TERMS

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### GENERAL TERMS AND CONDITIONS

The following general terms and conditions (the “**General Terms and Conditions**”) apply for Notes (as defined below) that Nordax Bank AB (publ) (Reg. No. 556647-7286; LEI No. 21380057HUGFEAF25W84) (the “**Issuer**”) issues in the capital market under an agreement with the Dealers (as defined below) in respect of a Swedish medium term note programme (the “**Programme**”). The maximum Total Nominal Amount (as defined below) of all Loans (as defined below) outstanding under the Programme from time to time may not exceed SEK 3,000,000,000 (or the equivalent thereof in EUR), unless otherwise agreed in accordance with these General Terms and Conditions.

For each Loan (as defined below), Final Terms (as defined below) are prepared that include supplementary terms and conditions, which together with these General Terms and Conditions constitute the complete terms and conditions for the relevant Loan. Final Terms for Notes that are offered to the public will be published on the Issuer’s website (www.nordaxgroup.com) and made available at the office of the Issuer. For as long as any Notes are outstanding, the Issuer will keep the General Terms and Conditions and the Final Terms for such Notes available on its website.

#### 1. DEFINITIONS

1.1 In the Conditions (as defined below), the following terms shall have the meaning ascribed to them below.

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator (*kontoförande institut*) pursuant to the Swedish Financial Instruments Accounts Act and through which a Noteholder has opened a CSD Account in respect of its Notes;

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

“**Additional Tier 1 Capital**” means additional tier 1 capital (*primärkapitaltillskott*) as defined in Part Two, Title 1, Chapter 3 of the CRR and/or any other Applicable Banking Regulations;

“**Adjusted Loan Amount**” means, with respect to a specific Loan, the Total Nominal Amount of outstanding Notes excluding Notes held by the Issuer, any Group Company and any Affiliate of the Issuer or any Group Company, irrespective of whether such person is directly registered as owner of such Notes;

“**Administrative Agent**” means (i) if a Loan is raised through two or more Issuing Houses, the Issuing House appointed by the Issuer to be responsible for certain administrative tasks in respect of the Loan as set out in the relevant Final Terms; and (ii) if a Loan is raised through only one Issuing House, the Issuing House;

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

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

“**Business Day**” means a day which is not a Sunday or other public holiday in Sweden or which is not treated as a public holiday for the purpose of payment of promissory notes (Saturdays, Midsummer’s Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall be deemed public holidays);

“**Capital Event**” means, at any time on or after the Issue Date for a Subordinated Loan, a change in the regulatory classification of the relevant Subordinated Notes that would be likely to result in the exclusion of such Notes, in whole or in part, from the Tier 2 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification of such Notes, in whole or in part, as a lower quality form of regulatory capital of the Issuer and/or the Issuer Consolidated Situation, provided that (a) the Swedish FSA considers such a change to be sufficiently certain and (b) the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date, and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Tier 2 Capital contained in the Applicable Banking Regulations;

“**Change of Control Event**” means an event or a series of events resulting in one person (or several persons who (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) act or have agreed to act in concert), other than person(s) approved as owner(s) of the Issuer in an ownership assessment conducted by the Swedish Financial Supervisory Authority (*Finansinspektionen*), directly or indirectly acquiring fifty (50) per cent or more of the shares in the Issuer, or otherwise, directly or indirectly, establishing control over fifty (50) per cent or more of the shares and/or votes in the Issuer, except where the Noteholders have approved such event or series of events in accordance with Clause 12.12;

“**Conditions**” for a particular Loan, means these General Terms and Conditions and the Final Terms for such Loan;

“**Covered Bonds**” means covered bonds (*säkerställda obligationer*) issued pursuant to the Swedish Covered Bond Issuance Act (*lag (2003:1223) om utgivning av säkerställda obligationer*);

“**CRD IV**” means the legislative package consisting of the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

“**CRD IV Directive**” means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013;

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

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

“**CSD Account**” means a securities account, maintained by Euroclear pursuant to the Swedish 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;

“**Day Count Convention**” means:

- (a) if the counting basis “30/360” is stated as being applicable, the amount shall be calculated using a year of 360 days comprising twelve months of 30 days each, and in the case of a fraction of a month using the actual number of days of the month that have passed; and
- (b) if the counting basis “Actual/360” is stated as being applicable, the amount shall be calculated using the actual number of days in the relevant period divided by 360;

“**Dealers**” means Carnegie Investment Bank AB (publ), Danske Bank A/S, Danmark, Sverige Filial, Nordea Bank Abp and such other dealer (*emissionsinstitut*) appointed for this Programme in accordance with Clause 14.4, but only for so long as such dealer has not resigned as a dealer;

“**Debt Instruments**” means bonds, notes, certificates or other debt securities (however defined, including, for the avoidance of doubt, medium term notes programmes and other market funding programmes), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a multilateral trading facility (*handelsplattform*) (as defined in the Swedish Security Market Act (*lag (2007:528) om värdepappersmarknaden*));

“**EURIBOR**” means the interest rate for a period comparable to the relevant Interest Period (1) listed at 11.00 a.m. (Brussels time) on the Interest Determination Date on Reuters screen EURIBOR01 (or through such other systems or on such other page that replaces the system or page mentioned) or – if such quotation does not exist – (2) at the mentioned time, according to information released by the Administrative Agent, equivalent to (a) the arithmetic mean of four leading commercial banks’ (that quote EURIBOR at the time in question and that are reasonably selected by the Administrative Agent) quoted interest rates to leading commercial banks in Europe for deposits of EUR 10,000,000 for the period in question or – if only one or no such quotation is given – (b) the Administrative Agent’s assessment of the interest rate offered by leading commercial banks in Europe for lending of EUR 10,000,000 for the period in question on the inter-bank market in Europe;

“**Euro**” and “**EUR**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to the European Economic and Monetary Union;

“**Euroclear**” means the central securities depository in which the Notes are registered, being Euroclear Sweden AB, Swedish Reg. No. 556112-8074;

“**Event of Default**” means an event or circumstance specified in Clause 10 (in respect of Senior Notes) or Clause 11 (in respect of Subordinated Notes);

“**Final Terms**” means the final terms prepared for a particular Loan;

“**Group**” means the Ultimate Parent and its Subsidiaries from time to time (each a “**Group Company**”);

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

“**Interest Base**” means, for a Loan with floating interest rate, the interest base (EURIBOR or STIBOR) stated in the relevant Final Terms;

“**Interest Determination Date**” means, for a Loan with floating interest rate, the date specified in the relevant Final Terms;

“**Interest Payment Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Interest Period**” means, for a Loan, the period specified in the relevant Final Terms;

“**Interest Rate**” means, (i) for a Loan with fixed interest rate, the interest rate specified in the relevant Final Terms and (ii) for a Loan with floating interest rate, the interest rate calculated in accordance with Clause 6.2;

“**Issue Date**” means, for a Loan, the date specified in the relevant Final Terms;

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

“**Issuing House**” means the Dealer(s) through which a specific Loan is raised;

“**Loan**” means a Senior Loan or Subordinated Loan, which the Issuer raises under this Programme;

“**Margin**” means, for a Loan with floating interest rate, the margin specified in the relevant Final Terms;

“**Material Group Company**” means each of the Issuer and any other Group Company representing ten (10) per cent or more of the total assets of the Group on a consolidated basis according to its latest financial report or interim financial report, excluding any asset-backed finance special purpose company;

“**Maturity Date**” means, for a Loan, the date specified in the relevant Final Terms;

“**Nominal Amount**” means the amount for each Note that is stated in the relevant Final Terms less any amount repaid;

“**Note**” means a Senior Note or Subordinated Note;

“**Noteholder**” means the person recorded on a CSD Account as direct registered owner (*ägare*) or nominee (*förvaltare*) of a Note;

“**Noteholders’ Meeting**” means a meeting of the Noteholders in respect of a Loan as described in Clause 11 (*Noteholders’ Meeting*);

“**Programme Amount**” means SEK 3,000,000,000 (or the equivalent thereof in EUR) or such other amount as may be agreed between the Issuer and the Dealers in accordance with Clause 14.3;

“**Record Date**” means the fifth (5) Business Day prior to:

- (a) an Interest Payment Date;
- (b) a Maturity Date or any other date when payment is to be made to Noteholders;
- (c) the date of a Noteholders’ Meeting; or
- (d) another relevant date,

or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish debt capital market;

“**Regulated Market**” means a regulated market (as defined in Directive 2014/65/EU on markets in financial instruments of the European Parliament and of the Council of 15 May 2014);

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

“**Senior Loan**” means each Loan specified in its Final Terms to be a senior loan, comprising of one or more Senior Notes with the same ISIN code, raised by the Issuer under this Programme;

“**Senior Note**” means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act, which represents a part of a Senior Loan and which is governed by the Conditions;

“**STIBOR**” means the interest rate for a period comparable to the relevant Interest Period (1) listed at 11.00 a.m. (Stockholm time) on the Interest Determination Date on Nasdaq Stockholm’s webpage for STIBOR fixing (or on such other webpage that replaces the webpage mentioned) or - if such quotation does not exist - (2) at the mentioned time equivalent to (a) the arithmetic mean of quoted interest rates (rounded upwards to four decimal places) for deposits of SEK 100,000,000 for the period in question on the Stockholm interbank market as supplied by leading banks in the Stockholm interbank market reasonably selected by the Administrative Agent - or - if only one or no such quotation is given - (b) the Administrative Agent’s assessment of the interest rate offered by Swedish commercial banks for lending of SEK 100,000,000 for the period in question on the Stockholm inter-bank market;

“**Subordinated Loan**” means each Loan specified in its Final Terms to be a subordinated loan, comprising of one or more Subordinated Notes with the same ISIN code, raised by the Issuer under this Programme;

“**Subordinated Note**” means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act, which represents a part of a Subordinated Loan and which is governed by the Conditions;

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktieföretagslag (2005:551)*);

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

“**Swedish FSA**” means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or such other Swedish or European regulatory authority as may replace it;

“**Swedish Kronor**” and “**SEK**” means the lawful currency of Sweden;

“**Tax Event**” means, for a Subordinated Loan, the occurrence of any change in, or amendment to, the laws or regulations of Sweden, or any change in the application or official interpretation of such laws or regulations, which becomes effective on or after the Issue Date, resulting in that the Issuer is, or becomes, subject to a significant amount of additional taxes, duties or other governmental charges or civil liabilities with respect to the relevant Subordinated Notes, provided that the Issuer demonstrates to the satisfaction of the Swedish FSA that such change in tax treatment of the Notes is material and was not reasonably foreseeable as at the Issue Date;

“**Tier 2 Exclusion Event**” has the meaning ascribed to it in Clause 12.10;

“**Tier 2 Capital**” means tier 2 capital (*supplementärkapital*) as defined in Chapter 4 of Title I of Part Two of the CRR and/or any other Applicable Banking Regulations;

“**Total Nominal Amount**” means, for a Loan, the total aggregate Nominal Amount of the Notes outstanding at the relevant time; and

“**Ultimate Parent**” means NDX Intressenter AB, a limited liability company incorporated under the laws of Sweden with Reg. No. 559097-5743.

1.2 Unless a contrary indication appears, any reference in the Conditions to:

- (a) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (b) a “regulation” or “law” includes any law, 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;
- (c) a provision of law or regulation is a reference to that provision as amended or re-enacted; and
- (d) a time of day is a reference to Stockholm time.

1.3 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 on Reuters’ screen “SEKFIX=” (or on such other system or screen which replacing it) or, if such rate not is published, the rate of exchange for such currency published by the Swedish Central Bank (*Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)).

1.4 Further definitions are contained (where relevant) in the relevant Final Terms.

1.5 The definitions contained in these General Terms and Conditions shall also apply to the relevant Final Terms.

## 2. STATUS OF NOTES

### 2.1 Senior Loans and Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and shall at all times rank at least *pari passu* with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations, which are, or may be, mandatorily preferred by law (including, but not limited to, the legislation implementing Directive 2014/59/EU on establishing a framework for the recovery and resolution of credit institutions and investment firms).

### 2.2 Subordinated Loans and Subordinated Notes

2.2.1 Subordinated Notes are intended to constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation. Subordinated Notes constitute subordinated and unsecured obligations of the Issuer and shall at all times rank:

- (a) *pari passu* without any preference among themselves;
- (b) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and (b) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with Subordinated Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (c) senior to (i) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (ii) holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to Subordinated Notes, in each case as regards the right to receive periodic payments (to the extent such periodic payment has not been cancelled) on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (d) junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer (including holders of Senior Notes) and (iii) any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of Subordinated Notes.

2.2.2 No Noteholder who in the event of the liquidation (*likvidation*), bankruptcy (*konkurs*) or resolution (*resolution*) 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 Subordinated Notes held by such Noteholder.

## 3. ISSUANCE OF NOTES AND COVENANT TO PAY

3.1 Under this Programme, the Issuer may issue Notes in Euro and Swedish Kronor with a minimum term of one year. Under a Loan, Notes may be issued in more than one tranche.

3.2 The Issuer undertakes to repay the principal and to pay interest in respect of each Loan in accordance with the Conditions and to otherwise discharge its obligations under the Conditions for each Loan.

3.3 In subscribing for Notes each initial Noteholder accepts that its Notes shall have the rights and be subject to the conditions stated in the Conditions. In acquiring Notes each new Noteholder confirms such acceptance.

- 3.4 If the Issuer wishes to issue Notes under this Programme, the Issuer shall enter into a separate agreement for this purpose with one or more Dealers which shall be the Issuing House(s) for such Loan.
- 3.5 Final Terms shall be drawn up for each Loan which, together with these General Terms and Conditions, constitute the full Conditions for the Loan.

#### **4. REGISTRATION OF NOTES**

- 4.1 Notes shall be registered in a CSD Account on behalf of the Noteholder, and accordingly no physical notes representing the Notes will be issued.
- 4.2 A request concerning the registration of a Note shall be made to an Account Operator.
- 4.3 Any person who acquires the right to receive payment under a Note through a mandate, a pledge, regulations in the Code on Parents and Children (*Föräldrabalken*), conditions in a will or deed of gift or in some other way shall register her or his right in order to receive payment.
- 4.4 The Administrative Agent shall, for the purpose of carrying out its tasks in connection with the Conditions and, with Euroclear's permission, at all other times be entitled to obtain information from the debt register (*skuldbok*) kept by Euroclear in respect of the Notes.
- 4.5 The Administrative Agent may use the information referred to in Clause 4.4 only for the purposes of carrying out their duties and exercising their rights in accordance with the Conditions and shall not disclose such information to the Issuer, a Noteholder or any third party unless necessary for such purposes. The Administrative Agent shall not be responsible for the content of such register that is referred to in Clause 4.4 or in any other way be responsible for determining who is a Noteholder.
- 4.6 In order to comply with the Conditions for a Loan, the Issuer and the Administrative Agent, may, acting as a data controller, collect and process personal data. The processing is based on the Issuer's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the Conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Conditions, personal data may be shared with third parties, such as Euroclear, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data the Issuer and the Administrative Agent processes about them and may request the same in writing at the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about the Issuer's and the Administrative Agent's respective personal data processing can be found on their respective websites.

#### **5. PAYMENTS**

- 5.1 Payments in respect of Notes denominated in SEK shall be made in SEK and payments in respect of Notes denominated in EUR shall be made in EUR.
- 5.2 Repayment of principal and payment of interest shall be made to the person who is registered as a Noteholder on the Record Date prior to such payment date, or to such other person who is registered with Euroclear on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 5.3 Where a Noteholder has arranged for an Account Operator to record that principal and interest are to be credited to a specific bank account, the payments will be made through Euroclear on the relevant due dates. If no such instructions have been given, Euroclear will send the amount on such dates to the Noteholder at the address registered on the Record Date with Euroclear. If the due date in respect of a repayment or payment (other than interest) falls on a day which is not a Business Day,



the amount will be credited to an account or made available to the payee on the next following Business Day (and in respect of interest, in accordance with Clause 6.1.2 or 6.2.2, as applicable).

- 5.4 If Euroclear is unable to pay the amount in the manner stated above as a result of some delay on the part of the Issuer or because of some other obstacle, then, as soon as the obstacle has been removed, the Issuer shall ensure that the amount is paid by Euroclear, as applicable, to the person registered as Noteholder on the Record Date.
- 5.5 If the Issuer is unable to carry out its obligations to pay through Euroclear in the manner stated above due to obstacles for Euroclear, the Issuer shall have a right to postpone the obligation to pay until the obstacle has been removed. In such case, interest will be paid in accordance with Clause 7.2.
- 5.6 If payment or repayment is made in accordance with this Clause 5, the Issuer and Euroclear shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or Euroclear was aware that payment was being made to a person not entitled to receive such amount.
- 5.7 The Issuer is not liable to gross-up any payments under Notes by virtue of any withholding tax (including but not limited to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

## **6. INTEREST**

### **6.1 Fixed interest rate**

- 6.1.1 If the relevant Final Terms of a Loan specify ‘fixed interest rate’ as applicable to it, the Loan shall bear interest on its Nominal Amount at the Interest Rate from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.
- 6.1.2 Unless otherwise specified in the relevant Final Terms, interest accrued during an Interest Period is calculated using the Day Count Convention 30/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day. Interest will however only accrue until the relevant Interest Payment Date.

### **6.2 Floating interest rate (FRN)**

- 6.2.1 If the relevant Final Terms of a Loan specify ‘floating interest rate’ as applicable to it, the Loan shall bear interest on its Nominal Amount from (but excluding) the Interest Commencement Date up to (and including) the Maturity Date.
- 6.2.2 Unless otherwise specified in the relevant Final Terms, interest accrued during an Interest Period is calculated using the Day Count Convention Actual/360 and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, 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.
- 6.2.3 The Interest Rate applicable to each respective Interest Period is determined by the Administrative Agent on the respective Interest Determination Date as the Interest Base plus the Margin for such period.
- 6.2.4 If the Interest Rate is not determined on the Interest Determination Date because of an obstacle such as is described in Clause 17.1, the Loan shall continue to bear interest at the rate that applied to the immediately preceding Interest Period. As soon as the obstacle has been removed the

Administrative Agent shall calculate a new Interest Rate to apply from the second Business Day after the date of calculation until the end of the current Interest Period.

- 6.2.5 If the Interest Base plus the Margin for the relevant period is below zero (0), the floating interest rate shall be deemed to be zero (0).
- 6.2.6 If the relevant Final Terms of a Loan specify 'Interpolation' as applicable to it, the Interest Base applicable to the interest paid on the first or last Interest Payment Date shall be subject to linear interpolation as set out in the Final Terms.

## **7. DEFAULT INTEREST**

- 7.1 In the event of delay in payment relating to principal and/or interest, default interest shall be paid on the amount due from the maturity date up to and including the day on which payment is made, at an interest rate which corresponds to the average of one week's EURIBOR (for Loans denominated in EUR) or STIBOR (for Loans denominated in SEK), applicable on the first Business Day in each calendar week during the period of delay plus two (2) percentage points. The default interest rate, in accordance with this Clause 7.1, shall never be less than the interest rate applicable to the relevant Loan on the relevant due date plus two (2) percentage points. Default interest is not compounded with the principal amount.
- 7.2 If the delay is due to an obstacle of the kind set out in Clause 17.1 on the part of the Issuing House(s) or Euroclear, no default interest shall apply, in which case the interest rate which applied to the relevant Loan on the relevant due date shall apply instead.

## **8. REDEMPTION AND REPURCHASE OF NOTES**

### **8.1 Redemption upon maturity**

A Loan falls due on the Maturity Date. Unless redeemed earlier in accordance with this Clause 8, each Note shall be redeemed on the Maturity Date in an amount equal to its Nominal Amount together with accrued but unpaid interest (if any). If the Maturity Date is not a Business Day, redemption shall occur on the first following Business Day.

### **8.2 Repurchase of Notes by Group Companies**

Subject to applicable law and Clause 8.6 (in respect of Subordinated Notes), any Group Company, or other company forming part of the Issuer Consolidated Situation, may repurchase Notes at any time and at any price in the open market or otherwise, provided that this is compatible with applicable law. Notes held by a Group Company may be retained, resold or (if held by the Issuer) cancelled at such Group Company's discretion.

### **8.3 Voluntary early redemption of Senior Notes**

- 8.3.1 The Final Terms for a Senior Loan may contain provisions which give the Issuer a right to redeem all or part of such Senior Loan, together with accrued but unpaid interest (if any), prior to the Maturity Date at times and prices specified in such Final Terms.
- 8.3.2 Redemption in accordance with Clause 8.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice and not more than thirty (30) Business Days' notice to the Noteholders, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the date of redemption and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such date of redemption. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent(s) (if any), the Issuer is bound to redeem the Notes at the applicable amount on the specified date of redemption.

#### **8.4 Mandatory repurchase of Senior Notes on a Change of Control Event**

- 8.4.1 Upon the occurrence of a Change of Control Event, each Noteholder shall in respect of a Senior Loan, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 9.7.2 (after which time period such right shall lapse), have the right to request that all, or some only, of its Senior Notes be repurchased at a price per Note equal to 100 per cent of the Nominal Amount together with accrued but unpaid interest. However, such period may not start earlier than upon the occurrence of the Change of Control Event.
- 8.4.2 The notice from the Issuer of the Change of Control Event pursuant to Clause 9.7.2 shall specify the Record Date on which a person shall be registered as a Noteholder to receive interest and principal, the date of redemption and shall include instructions about the actions that a Noteholder needs to take if it wishes that its Senior Notes be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Senior Notes and the repurchase amount shall fall due on the date of redemption specified in the notice given by the Issuer pursuant to Clause 9.7.2. The date of redemption must fall no later than forty (40) Business Days after the end of the period referred to in Clause 8.4.1.
- 8.4.3 Any Senior Notes repurchased by the Issuer pursuant to this Clause 8.4 may at the Issuer's discretion be retained, cancelled or sold.
- 8.4.4 The Issuer shall not be required to repurchase any Senior Notes pursuant to this Clause 8.4, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Senior Notes in the manner and on the terms set out in this Clause 8.4 (or on terms more favourable to the Noteholders) and purchases all Senior Notes validly tendered in accordance with such offer. If Senior Notes tendered are not purchased within the time period stipulated in this Clause 8.4, the Issuer shall repurchase any such Senior Notes within five (5) Business Days after the expiry of the time period.

#### **8.5 Early redemption of Subordinated Notes**

- 8.5.1 In respect of a Subordinated Loan and subject to Clause 8.6, the Issuer may, at its option, redeem all (but not some only) outstanding Subordinated Notes on the date(s) (if any) specified in the relevant Final Terms.
- 8.5.2 In respect of a Subordinated Loan and subject to Clause 8.6, if a Capital Event or Tax Event occurs prior to the Maturity Date, the Issuer may, at its option, redeem all (but not some only) outstanding Subordinated Notes on any Interest Payment Date.
- 8.5.3 Any redemption in accordance with this Clause 8.5 shall be made by the Issuer giving not less than ten (10) Business Days' notice to the Noteholders in accordance with Clause 16 (*Notices*). Any such notice is irrevocable (subject to Clause 8.6) and, upon expiry of the notice period, the Issuer is bound to redeem the Subordinated Notes at a price per Note equal to 100 per cent of the Nominal Amount together with accrued but unpaid interest. The notice shall specify the Record Date on which a person shall be registered as a Noteholder to receive such payment.

#### **8.6 Consent from the Swedish FSA**

The Issuer, or any other company forming part of the Issuer Consolidated Situation, may not redeem or purchase, as contemplated by this Clause 8 (*Redemption and repurchase of Notes*), any Subordinated Notes prior to the Maturity Date without the prior written consent of the Swedish FSA and in accordance with Applicable Banking Regulations.

## 9. GENERAL UNDERTAKINGS

### 9.1 Negative Pledge

The Issuer shall (i) not itself, (ii) procure that none of its Subsidiaries, and (iii) not demand that any other Group Company:

- (a) create or allow to subsist any Security over any of its assets or revenues or enter into any other preferential arrangement having a similar effect; or
- (b) provide any guarantee;

for any obligation under present or future Debt Instruments (other than Covered Bonds) issued by the Issuer.

### 9.2 Programme Amount

The Issuer may not issue further Notes under the Programme if, at the time, the Total Nominal Amount of all Loans outstanding under the Programme exceeds (or, as a result of such issue, will exceed) the Programme Amount. The Issuer and the Dealers may agree to increase or decrease the Programme Amount in accordance with Clause 14.3.

### 9.3 Mergers

The Issuer shall not carry out a merger (*fusion*), other than a merger where the Issuer is the surviving entity.

### 9.4 Banking licence

The Issuer shall maintain a licence to conduct banking and/or financing business (*tillstånd att bedriva bankrörelse och/eller finansieringsrörelse*) as required pursuant to the Swedish Banking and Financing Business Act (*lag (2004:297) om bank och finansieringsrörelse*) or any corresponding licence required pursuant to any legislation replacing the Swedish Banking and Financing Business Act.

### 9.5 Change of business

If the Issuer is no longer required to maintain any licence pursuant to Clause 9.4 (*Banking licence*) above, the Issuer shall not substantially change the general nature of its business from that conducted on the Issue Date.

### 9.6 Listing

9.6.1 If listing is applicable under the relevant Final Terms of a Loan, the Issuer shall use its best efforts to ensure that the Loan is listed on the relevant Regulated Market or, if such listing is not possible to obtain or maintain, listed on another Regulated Market.

9.6.2 Following the listing, the Issuer shall take all actions on its part to maintain the listing as long the relevant Loan is outstanding, but not longer than up to and including the last day on which the listing can reasonably, pursuant to the then applicable regulations of the relevant Regulated Market and Euroclear, subsist.

### 9.7 Information from the Issuer

9.7.1 The Issuer will make the following information available to the Noteholders by way of press release and by publication on the website of the Issuer:

- (a) as soon as the same become available, but in any event within five (5) months after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles;
- (b) as soon as the same become available, but in any event within two (2) months after the end of the second and fourth quarter of its financial year, its consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) for such period prepared in accordance with the Accounting Principles; and
- (c) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which any Notes are listed.

9.7.2 The Issuer shall, without undue delay, notify the Noteholders and each Dealer upon becoming aware of the occurrence of a Change of Control Event or an Event of Default. Such notice shall be made by way of a press release and may be given in advance of the occurrence of a Change of Control Event and be conditional upon the occurrence thereof, if a definitive agreement is in place providing for such Change of Control Event. Should any Dealer not receive such information, it is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that such Dealer does not have actual knowledge of such event or circumstance.

## 9.8 Publication of Conditions

The Conditions applicable for each Note outstanding shall be available on the website of the Issuer.

## 10. EVENTS OF DEFAULT IN RELATION TO SENIOR LOANS

10.1 The Administrative Agent shall, (i) following a request in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent of the Adjusted Loan Amount under a Senior Loan (such a request can only be made by Noteholders registered on the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution by the Noteholders of a Senior Loan at a Noteholders' Meeting, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Senior Loan due and payable together with accrued but unpaid interest and any other amounts payable under the Senior Loan, immediately or at such later date as the Administrative Agent or the Noteholders' Meeting (if applicable) determines, if:

- (a) the Issuer does not pay on the due date any amount payable by it under the relevant Senior Loan, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with any terms, or acts in violation, of the Conditions of the relevant Senior Loan (other than those terms referred to in paragraph (a) above), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within twenty (20) Business Days of the earlier of (A) the Administrative Agent giving notice thereof to the Issuer and (B) the Issuer becoming aware of the non-compliance;
- (c) the Conditions for the relevant Senior Loan becomes invalid or ineffective, in whole or in part (other than in accordance with the provisions of such Conditions), and such invalidity or ineffectiveness is materially prejudicial to the interests of the Noteholders;
- (d) any corporate action, legal proceedings or other procedure or step (unless vexatious or frivolous, disputed in good faith and discharged within forty (40) Business Days) is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution or administration of any Material Group Company;
  - (ii) a composition, or arrangement with any creditor of any Material Group Company (other than the Noteholders); or
  - (iii) the appointment of a liquidator, administrator or other similar officer in respect of a Material Group Company or any of its assets, unless, in relation to a Material Group Company other than the Issuer, the liquidation is voluntary and not caused by such company's Insolvency;
- (e) a Material Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent;
- (f) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of a Material Group Company which is material to its business and not discharged within thirty (30) Business Days, or any Security over any asset of a Material Group Company which is material to its business is enforced; or
- (g) any financial indebtedness (including for the avoidance of doubt, any financial indebtedness owed under guarantees) of a Material Group Company is not paid when due nor within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (g) if the aggregate amount of financial indebtedness referred to herein is less than the equivalent of SEK 50,000,000 or is owed to another Group Company.
- 10.2 The Administrative Agent may not accelerate Senior Notes in accordance with Clause 10.1 by reference to a specific Event of Default if it has been decided at a Noteholders' Meeting to waive such Event of Default (temporarily or permanently).
- 10.3 If the Noteholders instruct the Administrative Agent to accelerate Senior Notes, the Administrative Agent shall promptly declare the Senior Notes due and payable and take such actions as may, in the opinion of the Administrative Agent, be necessary or desirable to enforce the rights of the Noteholders under the Conditions.
- 10.4 In the event of an acceleration of Senior Notes in accordance with this Clause 10 (*Events of Default in relation to Senior Loans*), the Issuer shall redeem all Senior Notes at an amount per Note equal to 100 per cent of the Nominal Amount, together with accrued but unpaid interest.

## 11. EVENTS OF DEFAULT IN RELATION TO SUBORDINATED LOANS

- 11.1 The Administrative Agent shall (i) following a request in writing from a Noteholder (or Noteholders) representing at least ten (10) per cent of the Adjusted Loan Amount under a Subordinated Loan (such a request can only be made by Noteholders registered on the relevant CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Noteholders, be made jointly), or (ii) following a resolution by the Noteholders of a Subordinated Loan at a Noteholders' Meeting, on behalf of the Noteholders by notice to the Issuer, declare all, but not some only, of the outstanding Notes under such Subordinated Loan due and payable together with accrued but unpaid interest and any other amounts payable under the Subordinated Loan, immediately or at such later date as the Administrative Agent or the Noteholders' Meeting (if applicable) determines, if:
- (a) the Issuer enters into bankruptcy (konkurs); or
  - (b) the Issuer enters into liquidation (likvidation).
- 11.2 The Administrative Agent may not declare the relevant Subordinated Loan due for payment in accordance with Clause 11.1 by a reference to circumstances constituting an Event of Default if it is no longer continuing or if a Noteholders' Meeting has resolved to waive such circumstances.
- 11.3 Except as set out in this Clause 11 (*Events of Default in relation to Subordinated Loans*), a Subordinated Loan may not be declared due for payment by the Administrative Agent (or the

Noteholders) prior to the Maturity Date (and irrespective of any breach by the Issuer of the Conditions for such Loan).

## 12. NOTEHOLDERS' MEETING

- 12.1 The Administrative Agent may and shall, at the request of (i) another Issuing House with respect to a Loan, (ii) the Issuer or (iii) Noteholders that at the time of such request represent at least ten (10) per cent of the Adjusted Loan Amount under that Loan (such a request can only be made by Noteholders registered on the CSD Account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by a number of Noteholders, be made jointly) convene a Noteholders' Meeting for the Noteholders under the relevant Loan.
- 12.2 The Administrative Agent shall convene a Noteholders' Meeting by sending notice of this to each Noteholder and the Issuer within five (5) Business Days of having received a request from an Issuing House, the Issuer or Noteholders as described in Clause 12.1 (or a later date if this is required for technical or administrative reasons). The Administrative Agent shall also, without delay, inform each Issuing House in writing about such notice.
- 12.3 The Administrative Agent may refrain from convening a Noteholders' Meeting if (i) the proposed decision has to be approved by any party in addition to the Noteholders and this party has notified the Administrative Agent that such approval will not be given, or (ii) the proposed decision is not compatible with applicable law.
- 12.4 The notice of the meeting described in Clause 12.2 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The background and contents of each proposal as well as any applicable conditions and conditions precedent shall be set out in the notice in sufficient detail. If a proposal concerns an amendment to the Conditions, such proposed amendment must always be set out in precise detail. Only matters that have been included in the notice may be decided on at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 12.5 The Noteholders' Meeting shall be held on a date that is between fifteen (15) and thirty (30) Business Days after the date of the notice of the meeting. Noteholders' Meetings for several Loans under the Programme may be held on the same occasion.
- 12.6 Without deviating from the provisions of these General Terms and Conditions, the Administrative Agent may prescribe such further provisions relating to the convention of and holding of the Noteholders' Meeting as it considers appropriate. Such provisions may include, among other things, the possibility of Noteholders voting without attending the meeting in person or that electronic voting or a written procedure shall be used.
- 12.7 Only a person who is, or who has been provided with a power of attorney in accordance with Clause 13 (*Right to act on behalf of Noteholders*) by someone who is, a Noteholder on the Record Date for the Noteholders' Meeting may exercise voting rights at such Noteholders' Meeting, provided that the relevant Notes are included in the Adjusted Loan Amount. The Administrative Agent has the right to attend, and shall in each case ensure that an extract from the debt register (*skuldbok*) kept by Euroclear as at the Record Date for the Noteholders' Meeting, is available at the Noteholders' Meeting.
- 12.8 The meeting shall be initiated by the appointment of a chairman. The Administrative Agent shall appoint the chairman and the secretary, unless the Noteholders' Meeting decides differently. Representatives and advisors of the Noteholders, the Administrative Agent, the Issuing House(s) and the Issuer have the right to participate at the Noteholders' Meeting, together with any other persons that the Noteholders' Meeting decides. The Noteholders' Meeting may decide that the Issuer and the representatives and advisors of the Issuer may only participate in a part or parts of the meeting. A transcript of the debt register (*skuldbok*) that is kept by Euroclear and relevant for

- determining Noteholders eligible to exercise voting rights shall be available at the Noteholders' Meeting. The chairman shall compile a list of present Noteholders with voting rights that includes information on the share of the Adjusted Loan Amount that each Noteholder represents ("**voting list**"). The voting list shall be approved by the Noteholders' Meeting. Noteholders voting without attending the meeting in person, or Noteholders voting in case of a written procedure or by way of electronic voting shall for the purpose of the voting list be deemed to be present at the Noteholders' meeting. Only such Noteholders and authorised persons (as applicable) as described in Clause 12.7 above, shall be included in the voting list. The voting list shall be approved by the Noteholders' Meeting.
- 12.9 The chairman shall ensure that minutes are kept at the Noteholders' Meeting. The minutes shall include notes as to the participants, the issues dealt with, the voting results and the decisions that were made. The minutes shall be signed by the chairman, the secretary and at least one person appointed at the Noteholders' Meeting to approve the minutes and shall thereafter be delivered to the Administrative Agent. The minutes shall be available at the Issuer's website as soon as possible and no later than five (5) Business Days after the Noteholders' Meeting. New or revised General Terms and Conditions or Final Terms shall be appended to the minutes and sent to Euroclear by the Administrative Agent or by any party appointed by the Administrative Agent.
- 12.10 In respect of a Subordinated Loan, the Noteholders may not resolve to make amendments to the Conditions if the Issuer, after consultation with the Swedish FSA, considers that a change in the Conditions would be likely to result in the exclusion of the Subordinated Notes from the Tier 2 Capital of the Issuer (a "**Tier 2 Exclusion Event**"). A resolution by the Noteholders to amend the Conditions is not valid if the Issuer, after consultation with the Swedish FSA, considers that such amendment would be likely to result in a Tier 2 Exclusion Event.
- 12.11 Decisions on the following matters require the approval of Noteholders representing at least sixty-seven (67) per cent of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting:
- (a) a postponement of the Maturity Date, reduction of the Nominal Amount, changes of terms relating to interest or amount to be repaid (other than in accordance with what is stated in the Conditions) and change in the specified currency of the Loan;
  - (b) a transfer or assignment by the Issuer of its rights and obligations under the Loan;
  - (c) a change to the terms of this Clause 12 (*Noteholders' Meeting*); and
  - (d) a mandatory exchange of Notes for other securities.
- 12.12 Matters that are not covered by Clause 12.11 require the approval of Noteholders representing more than fifty (50) per cent of that part of the Adjusted Loan Amount for which Noteholders are voting under the relevant Loan at the Noteholders' Meeting. This includes, but is not limited to, early redemption of a Loan and changes to and waivers of rights related to the Conditions that do not require a greater majority (other than changes as described in Clause 14 (*Changes to terms, etc.*)).
- 12.13 A Noteholders' Meeting is quorate if Noteholders representing at least fifty (50) per cent of the Adjusted Loan Amount under the relevant Loan in respect of a matter in Clause 12.11 and otherwise twenty (20) per cent of the Adjusted Loan Amount under the relevant Loan are present at the meeting either in person or via an authorised representative, or in each case, as has been decided by the Administrative Agent pursuant to Clause 12.6.
- 12.14 If a Noteholders' Meeting is not quorate the Administrative Agent shall convene a new Noteholders' Meeting (in accordance with Clause 12.2) unless the relevant proposal has been withdrawn by the party or parties that initiated the Noteholders' Meeting. The requirement of a quorum in Clause 12.13 shall not apply at such new Noteholders' Meeting. If the Noteholders' Meeting has met the quorum requirement for certain but not all matters which are to be decided on in the meeting, decisions shall be made in those matters for which a quorum is present whereas any other matters shall be referred to a new Noteholders' Meeting.
- 12.15 A decision at a Noteholders' Meeting that extends obligations or limits rights of the Issuer or an Issuing House under the Conditions shall also require the approval of the party concerned.



- 12.16 A Noteholder that holds more than one Note is not required to vote for all the Notes it holds and is not required to vote in the same way for all the Notes it holds.
- 12.17 The Issuer may not, directly or indirectly, pay or contribute to payment being made to any Noteholder in order that this Noteholder will give its approval under the Conditions unless such payment is offered to all Noteholders that give their approval at a relevant Noteholders' Meeting.
- 12.18 A decision made at a Noteholders' Meeting is binding on all Noteholders under the relevant Loan irrespective of whether they are represented at the Noteholders' Meeting. Noteholders that do not vote for a decision shall not be liable for losses that the decision causes to other Noteholders.
- 12.19 The Administrative Agent's reasonable costs and expenses occasioned by a Noteholders' Meeting, including reasonable payment to the Administrative Agent, shall be borne by the Issuer.
- 12.20 At the Administrative Agent's request, the Issuer shall without delay provide the Administrative Agent with a certificate stating the Nominal Amount for Notes held by Group Companies and Affiliates on the relevant Record Date prior to a Noteholders' Meeting, irrespective of whether such entities are registered by name as Noteholders of Notes. The Administrative Agent shall not be responsible for the content of such a certificate or otherwise be responsible for establishing whether a Note is held by a Group Company.
- 12.21 Information on decisions taken at a Noteholders' Meeting shall be notified without delay to the Noteholders under the relevant Loan in accordance with Clause 16 (*Notices*). At the request of a Noteholder the Administrative Agent shall provide the Noteholder with minutes of the relevant Noteholders' Meeting. However, failure to notify the Noteholders as described above shall not affect the validity of the decision.

### **13. RIGHT TO ACT ON BEHALF OF NOTEHOLDERS**

- 13.1 If a party other than a Noteholder wishes to exercise a Noteholder's rights under the Conditions or to vote at a Noteholders' Meeting, such person shall be able to produce a proxy form or other authorisation document issued by the Noteholder or a chain of such proxy forms and/or authorisation documents from the Noteholder.
- 13.2 A Noteholder may authorise one or more parties to represent the Noteholder in respect of certain or all Notes held by the Noteholder. Such authorised party may act independently.

### **14. CHANGES TO TERMS, ETC.**

- 14.1 The Issuer and the Dealers are entitled to agree on:
- (a) adjustments to correct any clear and manifest error in these General Terms and Conditions; and
  - (b) changes and amendments to these General Terms and Conditions as required by law, court order or official decision.
- 14.2 The Issuer and the Administrative Agent are entitled to agree on:
- (a) adjustments to correct any clear and manifest error in the Final Terms of a specific Loan; and
  - (b) changes and amendments to the Final Terms of a specific Loan as required by law, court order or official decision.
- 14.3 The Issuer and the Dealers may agree to increase or decrease the Programme Amount.
- 14.4 A new dealer may be engaged by agreement between the Issuer and the dealer in question and the Dealers. A Dealer may step down as a Dealer, but an Administrative Agent in respect of a specific Loan may not step down unless a new Administrative Agent is appointed in its place.

- 14.5 Amendments to or concession of Conditions in cases other than as set out in Clauses 14.1–14.4 shall take place through a decision at a Noteholders' Meeting as described in Clause 10 (*Noteholders' Meeting*).
- 14.6 Approval at a Noteholders' Meeting of an amendment to the terms may include the objective content of the amendment and need not contain the specific wording of the amendment.
- 14.7 A decision on an amendment to the terms shall also include a decision on when the amendment is to take effect. However, an amendment shall not take effect until it has been registered with Euroclear (where relevant) and published on the Issuer's website.
- 14.8 The amendment or concession of terms as described in this Clause 14 (*Changes to terms, etc.*) shall be promptly notified by the Issuer to the Noteholders in accordance with Clause 16 (*Notices*).

## 15. PRESCRIPTION

- 15.1 Claims for the repayment of principal shall be prescribed and become void ten (10) years after the Maturity Date. Claims for the payment of interest shall be prescribed and become void three (3) years after the relevant Interest Payment Date. Upon prescription, the Issuer shall be entitled to keep any funds that may have been reserved for such payments.
- 15.2 If the prescription period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten (10) years will commence for claims in respect of principal and three (3) years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

## 16. NOTICES

- 16.1 Notices shall be provided to Noteholders for the relevant Loan at the address registered with Euroclear on the Record Date before dispatch. A notice to the Noteholders shall also be published by means of a press release and published on the Issuer's website.
- 16.2 Notices to the Issuer or the Dealers shall be provided at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day before dispatch.
- 16.3 A notice to the Issuer or Noteholders in accordance with the Conditions that is sent by standard post shall be deemed to have been received by the recipient on the third Business Day after dispatch and notices sent by courier shall be deemed to have been received by the recipient when delivered to the specified address.
- 16.4 In the event that a notice is not sent correctly to a certain Noteholder the effectiveness of notices to other Noteholders shall be unaffected.

## 17. LIMITATION OF LIABILITY ETC.

- 17.1 With regards to the obligations imposed on the Dealers or Euroclear, respectively, the Dealers and Euroclear shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.
- 17.2 Losses arising in other cases shall not be compensated by a Dealer or Euroclear if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses.

- 17.3 Should a Dealer or Euroclear not be able to fulfil its obligations under these Conditions due to any circumstance set out in Clause 15.1, such action may be postponed until the obstacle has been removed.
- 17.4 The aforesaid shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act.

**18. APPLICABLE LAW AND JURISDICTION**

- 18.1 The 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.
- 18.2 Disputes shall be settled by Swedish courts. Stockholm District Court (*Stockholms tingsrätt*) shall be the court of first instance.

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We hereby confirm that the above General Terms and Conditions are binding upon us.

Stockholm 17 May 2019

**NORDAX BANK AB (publ)**

## FORM OF FINAL TERMS

### FINAL TERMS

#### for [Senior Loan]/[Subordinated Loan] No. [•] under Nordax Bank AB (publ)'s Swedish medium term note programme

The following are the final terms and conditions (“**Final Terms**”) of [Senior Loan]/[Subordinated Loan] No. [•], (the “**Loan**”) that Nordax Bank AB (publ) (the “**Issuer**”) issues in the capital market.

The Loan shall be subject to the general terms and conditions dated 17 May 2019 (the “**General Terms and Conditions**”) set out in the Issuer’s base prospectus for the issuance of medium term notes, dated 17 May 2019 (the “**Base Prospectus**”) [as supplemented on [•]], and the Final Terms set out below. Words and expressions not defined in the Final Terms shall have the meaning set out in the General Terms and Conditions.

This document constitutes the Final Terms for the purposes of Article 5.4 of Directive 2003/71/EC as amended (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus [as supplemented]. Full information on the Issuer and the offer of the Loan is only available on the basis of the combination of these Final Terms, the Base Prospectus and any supplement to the Base Prospectus, and an investor in the Notes should therefore carefully read these Final Terms, the Base Prospectus and any supplements. These documents are available via [www.nordaxgroup.com](http://www.nordaxgroup.com).

*[These Final Terms replace the Final Terms dated [•] whereby the total Nominal Amount is increased by [•] from [•] to [•]].*

#### Terms and conditions for the Loan

|     |   |   |
|-----|---|---|
| 1.  | <b>Loan no:</b><br>(i) Tranche:   | [•]<br>[•]  |
| 2.  | <b>Total Nominal Amount</b><br>(i) for the Loan in total:<br>(ii) for the tranche:<br>[for earlier tranches:] | [•]<br>[•]<br>[[•]]   |
| 3.  | <b>Nominal Amount per Note:</b>   | [•] [ <i>Not less than EUR 100,000 or the equivalent.</i> ]   |
| 4.  | <b>Price per Note:</b>  | [•]% of the Nominal Amount per Note [plus accrued interest from and including [•]]  |
| 5.  | <b>Currency:</b>  | [EUR]/[SEK]   |
| 6.  | <b>Trade Date:</b>  | [•]   |
| 7.  | <b>Issue Date:</b>  | [•]   |
| 8.  | <b>Interest Commencement Date:</b>  | [Issue Date]/[Specify other Interest Commencement Date]   |
| 9.  | <b>Maturity Date:</b>   | [•]   |
| 10. | <b>Status:</b>  | [Senior Loan] [Subordinated Loan]<br><br>[The risk factors under the heading “Specific risks relating to Subordinated Notes” in the Base Prospectus apply.] |

|     |  |  |
|-----|--|--|
| 11. | <b>Voluntary redemption of Notes by the Issuer (Senior Notes):</b>   | <p>[Applicable]/[Not applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i></p> <p>The Issuer may redeem all, or some only, of the outstanding Notes:</p> <p>[[ (i) ] at any time from and including [the first Business Day falling [•] ([•])[months/days] after the Issue Date] / [•] to, but excluding, [the Maturity Date] / [•] at an amount per Note equal to [•] per cent of the Nominal Amount, together with accrued but unpaid interest;][and/or]</p> <p>[[ (i) ]/[ (ii) ] at any time from and including the first Business Day falling [•] ([•]) [months/days] prior to the Maturity Date to, but excluding, the Maturity Date, at an amount equal to 100 per cent of the Nominal Amount together with accrued but unpaid interest]]</p> |
| 12. | <b>Voluntary redemption of Notes by the Issuer (Subordinated Notes):</b>   | <p>[Applicable]/[Not Applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i></p> <p>[The Issuer has the right to redeem all of the outstanding Notes on [•] [and thereafter on each Interest Payment Date], provided that the conditions set out in Clause 8.5.1 are met].</p> <p>The Issuer [further] has the right to redeem all of the outstanding Notes provided that the conditions set out in Clause 8.5.2 are met.</p>   |
| 13. | <b>Type of interest rate:</b>  | [Fixed interest rate]/[Floating interest rate (FRN)]   |
| 14. | <b>Additional terms and conditions for Loans with fixed interest rate:</b><br>(i) Interest Rate:<br>(ii) Interest Payment Date(s):<br>(iii) Interest Period:<br><br>(iv) Day Count Convention: | <p>[Applicable]/[Not applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i></p> <p>[[•] % per annum]</p> <p>[•]</p> <p>The first Interest Period runs from but excluding [•] to and including [•], and thereafter from but excluding one Interest Payment Date to and including the next Interest Payment Date</p> <p>[30/360]/ [•]</p>  |
| 15. | <b>Additional terms and conditions for Loans with floating interest rate (FRN):</b><br>(i) Interest Base:<br>(ii) Margin:<br>(iii) Interest Determination Date:                                | <p>[Applicable]/[Not applicable] <i>[If not applicable, delete the remaining sub-paragraphs of this paragraph.]</i></p> <p>[•] month(s) [EURIBOR]/[STIBOR]</p> <p>[+/-][•] percentage points</p> <p>[Two] Business Days prior to the first day of each Interest Period, beginning on [•]</p>   |

|                                |   |
|--------------------------------|---|
| (iv) Interest Period:          | The first Interest Period runs from but excluding [•] to and including [•], and thereafter from but excluding one Interest Payment Date to and including the next Interest Payment Date   |
| (v) Interpolation:             | [Not applicable]/[The Interest Base applicable to the interest paid on the [first]/[last] Interest Payment Date shall be subject to linear interpolation between [•] month(s) [EURIBOR] [STIBOR] and [•] month(s) [EURIBOR] [STIBOR]] |
| (vi) Interest Payment Date(s): | [•]   |
| (vii) Day Count Convention:    | [Actual/360]/ [•]   |

#### Other information

|     |  |   |
|-----|--|---|
| 16. | <b>Expected credit rating for Loan (on the Issue Date):</b>  | [Not applicable]/[•]  |
| 17. | <b>Issuing House(s):</b><br><br>(i) for the tranche:<br><br>[for earlier tranches:]  | [Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/ [ ] [ <i>If only one tranche, delete the remaining sub-paragraphs of this paragraph.</i> ]<br><br>[Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/ [ ]<br><br>[Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/ [ ] |
| 18. | <b>Administrative Agent:</b>   | [Carnegie Investment Bank AB (publ)]/[Danske Bank A/S, Danmark, Sverige Filial]/[Nordea Bank Abp]/ [ ]  |
| 19. | <b>ISIN code:</b>  | [•]   |
| 20. | <b>Listing:</b><br><br>(i) Regulated Market:<br><br>(ii) The estimated earliest date on which the Notes will be admitted to trading:<br><br>(iii) Estimate of the total costs and expenses related to the admission to trading:<br><br>(iv) Total number of Notes admitted to trading: | [Not applicable]/[Applicable] [ <i>If not applicable, delete the remaining sub-paragraphs of this paragraph.</i> ]<br><br>[Nasdaq Stockholm]/[ <i>Other Regulated Market</i> ]<br><br>[ <i>Specify details</i> ]/[Not applicable]<br><br>[ <i>Specify details</i> ]/[Not applicable]<br><br>[•]   |
| 21. | <b>Resolutions as basis for the issuance:</b>  | [ <i>Specify details</i> ]/[Not applicable]<br><br>[ <i>If a resolution covering issuances under the MTN programme is described in the Base Prospectus, and the relevant issue is covered by such resolution, the option "Not applicable" shall be selected.</i> ]  |

|     |  |  |
|-----|--|--|
| 22. | <b>Interests:</b>                      | [Specify details]/[Not applicable]<br><br><i>[If applicable, describe interests of individuals and legal entities involved in the issuance as well as a record of all interests and possible conflicts of interests of importance to the issuance together with records of those involved and the nature of the interest.]</i>   |
| 23. | <b>Information from third parties:</b> | [Information in these Final Terms originating from third parties has been reproduced accurately and, as far as the Issuer knows and can ascertain based on comparisons with other information published by relevant third parties, no information has been omitted in a way that may lead to the reproduced information being incorrect or misleading. The sources for such information are [•].]/[Not applicable] |

We hereby confirm that the above Final Terms are applicable to Loan No. [•] together with the General Terms and Conditions and undertake to repay the Loan and to pay interest in accordance herewith. We confirm that any material event after the date of the Base Prospectus that could affect the market's assessment of the Loan and the Company have been made public.

Stockholm, [•]

**NORDAX BANK AB (publ)**

## DESCRIPTION OF THE ISSUER

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### General information on the Issuer and the Group

#### Corporate history of the Issuer

The Issuer, Nordax Bank AB (publ) with Swedish corporate registration number 556647-7286 and Legal Entity Identifier 21380057HUGFEAF25W84, was incorporated in Sweden on 15 July 2003 and registered with the Swedish Companies Registration Office (*Bolagsverket*) on 26 August 2003. The Issuer's registered office is located at Gävlegatan 22 in Stockholm. The Issuer is a public limited liability banking company (*publikt bankaktiebolag*).

On 27 January 2004, the Issuer was granted a licence as a credit market company (*kreditmarknadsbolag*) to conduct financing business under the Swedish Financing Business Act (*lag (1992:1610) om finansieringsverksamhet*), subsequently replaced by the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*). On 5 December 2014, the Issuer was granted a licence to conduct banking business under the Swedish Banking and Financing Business Act.

#### Main activities

The Issuer is a specialist bank targeting the markets in Sweden, Norway, Finland and Germany, and offering personal loans and savings products on a cross-border basis from Sweden. Important parts of the business model is a centralised platform, expertise in targeted marketing, data-driven credit underwriting and a diversified funding platform.

As of 31 March 2019, Nordax's total lending was SEK 20.9bn, total deposits were SEK 15.3bn and Nordax had 127 thousand loan customers and 50 thousand savings customers. Lending growth has been organic and steady since 2011 growing from SEK 6.6bn at the end of 2011 with an average compound annual growth rate of 12 per cent until the end of 2018. Since May 2018 and March 2019, the Issuer also offers mortgage loans in Sweden and Norway. On 15 January 2019, Nordax completed the acquisition of Svensk Hypotekspension AB ("**SHP**") which is the market leader for equity release mortgages in Sweden.

The Issuer offers large personal loans to individuals who, based on the absence of historical losses, are deemed to pose a low risk and have high creditworthiness. The loan customers are typically middle-aged with incomes above or in-line with the national average for household incomes. They are also close to or above the national averages for home ownership and do not have a record of non-payment. The Issuer also offers savings products in Sweden, Norway, Finland and Germany covered by the Swedish state deposit insurance scheme.

The Issuer's mortgage offer is targeted towards a niche of the mortgage market which is primarily customers with an employment form other than a traditional full-time position e.g. part-time workers, self-employed persons, freelancers etc. Other target groups are individuals with limited credit history or people who have a payment remark. All groups are individuals who might have problems being granted a mortgage loan from a full-service bank and the offer comes with a higher interest rate than a regular mortgage in such bank.

Nordax offers equity release mortgages through its recently acquired subsidiary SHP. Equity release mortgages allow retirees to release equity from properties with a significant over-value. The equity release mortgage is life-long and non-amortising. All interest is capitalised during the life of the loan and repaid together with the principal and at time of the repayment, usually when the borrowers either sell their property or decease. All customers benefit from a 'No negative equity guarantee', which guarantees that the borrower can never owe a loan amount higher than the market value of their home, or interest payments during the life of the loan. SHP is licensed as a mortgage credit company by the SFSA.

As of 31 December 2018, the number of full-time employees of the Group was 200 of which SHP had 13 employees.

#### Legal structure of the Group

The Issuer is part of a corporate group in which NDX Intressenter AB<sup>1</sup> ("**NDX Intressenter**") is the ultimate parent. The Issuer is a wholly-owned subsidiary of the holding company Nordax Group AB (publ) ("**Nordax Group**"), which in turn is a wholly-owned subsidiary of the holding company NDX Intressenter AB. The object of the two holding companies' business is to own and manage securities and to conduct other business

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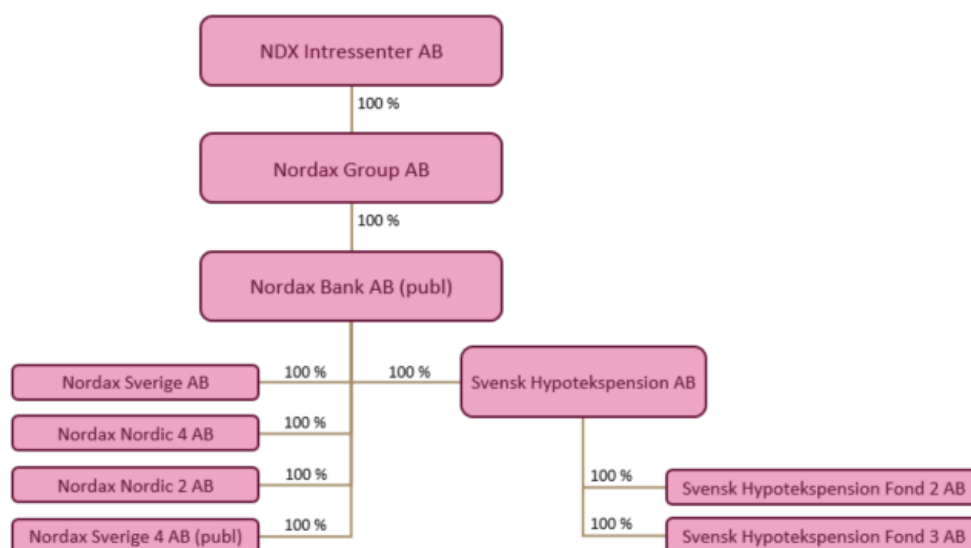
<sup>1</sup> A Swedish private limited liability company with reg.no. 559097-5743 and with registered address P.O. Box 23124, SE – 104 35 Stockholm, Sweden.



compatible therewith. The group operates through the Issuer, the Issuer's funding subsidiaries (as of the date of this Base Prospectus four), its subsidiary Svensk Hypotekspension AB and Svensk Hypotekspension AB's funding subsidiaries (as of the date of this Base Prospectus two).

As part of the Issuer's current funding strategy, consumer loans and equity release mortgages are continuously transferred from the Issuer and SHP to their respective funding subsidiaries and pledged as security for bilateral warehouse facilities or asset-backed securities.

#### *Legal structure of the Group and the holding companies*



#### **Owners**

In February 2018, Nordic Capital Fund VIII<sup>2</sup> (“**Nordic Capital**”) and Sampo plc<sup>3</sup> (“**Sampo**”), through NDX Intressenter, announced a recommended mandatory public cash offer to the shareholders in Nordax Group to acquire all outstanding shares in Nordax Group. After the expiry of the acceptance period and a compulsory redemption of certain remaining shares, NDX Intressenter holds 100 per cent of the shares and votes in Nordax Group. Nordax Group's shares have been delisted from Nasdaq Stockholm, the last day of trading being 24 April 2018.

#### **Relevant legislation**

The Issuer is a public limited liability company and as such regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and its articles of association. As a banking company, the Issuer is subject to the supervision of the SFSA and regulated by *inter alia* by the Swedish Banking and Financing Business Act, the Swedish Deposit Insurance Act (*lag (1995:1571) om insättningsgaranti*) and the Swedish Insurance Distribution Act (*lag (2018:1219) om försäkringsdistribution*).

The Issuer is further regulated by the CRR, the Swedish Supervision of Credit and Investment Firms Act (*lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (*lag 2014:966) om kapitalbuffertar*) which implements CRD IV.

The capital adequacy requirements are measured both on the level of the Issuer and on the consolidated situation which the Issuer reports to the SFSA, consisting, as of 26 March 2019 NDX Intressenter, Nordax Group AB (publ), Nordax Bank AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB (publ), Nordax Sverige 4 AB (publ),

<sup>2</sup> “Nordic Capital Fund VIII” refers to Nordic Capital VIII Limited, a limited liability company established in accordance with the laws of Jersey, having its registered office at 26 Esplanade, St Helier, Jersey, JE2 3QA, Channel Islands, acting in its capacity as General Partner of Nordic Capital VIII Alpha, L.P. and Nordic Capital VIII Beta, L.P. “Nordic Capital” refers to Nordic Capital Fund VIII and/or any or all of its predecessor or successor funds or continuation vehicles (depending on the context).

<sup>3</sup> “Sampo” refers to Sampo plc, a public limited liability company incorporated under the laws of Finland with reg. no. 0142213-3 and registered address at Fabianinkatu 27, 00100 Helsinki.

Nordax Nordic 2 AB, Svensk Hypotekspension AB, Svensk Hypotekspension Fond 2 AB and Svensk Hypotekspension Fond 3 AB (publ).

In addition to laws and official regulations, the Issuer has a number of internal governing documents that govern the day-to-day management of the company. These are adopted by the board of directors or the CEO and include *inter alia* the rules of procedures for the board of directors, instructions for the CEO, the governance and enterprise risk management policy, the credit policies, the remuneration policy, the outsourcing policy, the financial risk policy, the liquidity contingency plan and the complaints management policy.

## **Business operations**

Nordax has historically been specialised within the personal loan segment. In recent years, Nordax has however undergone a product expansion through organic initiatives and through the acquisition of SHP. Nordax's main product offering remains consumer loans which account for the majority of profits and lending with SEK 16.0bn of loans as of 31 March 2019 representing 77 per cent of Nordax's total lending. In May 2018 and March 2019, Nordax also started offering non-standard mortgages in Sweden and Norway, respectively. The operations are still nascent with total mortgage lending of SEK 0.3bn as of 31 March 2019 representing 2 per cent of Nordax's total lending.

In January 2019, Nordax completed the acquisition of SHP. As of 31 March 2019 total equity release mortgage lending accounted for 22 per cent of Nordax's total lending.

The customer groups serviced varies between the products. Nordax's personal loan customers are middle-aged prime customers with stable income above the national average. Within the non-standard mortgage segment, Nordax targets customers with unconventional employment forms (self-employed, part-time workers, project-assigned staff, free-lancers etc.) and/or with a limited credit history and also accepts customers with historic payment remarks.

Within equity release mortgages, the customer base consists of retirees, typically with low income but significant housing wealth. The life-long equity release mortgage provides elderly with an enhanced quality of life through improved financial ability to meet every-day needs and afford home improvements, travel, finance larger dental work, among other things. In many instances, an equity release mortgage offers the only possibility for customers to keep and continue living in their home. SHP has grown organically since it was founded in 2005 and as of 31 March 2019 had 13 employees with offices in Stockholm, Gothenburg and Malmö. As of 31 March 2019, SHP had 8 thousand customers (households) and a total loan book of SEK 4.6 billion with a gradual and consistent loan book growth since 2010 at which time the loan book was SEK 0.9 billion. Since inception, SHP has realized zero credit losses and average LTV (loan value in relation to market value of properties) of the entire loan book, including capitalized interest, was 26 per cent as at 31 March 2019.

## **The loan product and origination channels**

Within personal loans, the Issuer has developed a product offering with strong customer utility providing unsecured loans up to SEK 600 thousand and long maturity of up to 15 years providing low monthly costs. The average loan size is circa SEK 180 thousand, the average maturity at origination is 10 years and average customer interest is circa 11 per cent.

The Issuer has developed an effective marketing model for each country it targets, by marketing the personal loan products through various channels; targeted marketing through direct mails, repeat sales marketing to existing customers, credit intermediaries and online advertising. As of 31 March 2019, 51 per cent of the loans had been originated through direct mails and other direct channels, 21 per cent through repeat sales and 28 per cent through credit intermediaries.

Within the direct mail channel, the Issuer has developed models for selecting potential loan customers by identifying similarities among those who have responded to previous marketing campaigns. Addressed direct mail is used in all markets, and unaddressed direct mail is also used in Norway, Finland and Germany. The marketing material is adapted to different groups and varies in design.

The Issuer cooperates with credit intermediaries in all markets. The credit intermediaries carry out a first review of the loan applications. When the applications reach the Issuer, they undergo a usual credit assessment process.

Non-standard mortgages are mainly originated through direct distribution with the customer applying directly on Nordax's web page. Nordax invests in general branding and marketing as well as in digital marketing to attract customers. In addition, Nordax cooperates with credit intermediaries and other partners.

SHP has a strong market position and a well-known brand within the target group. Equity release mortgages are only originated through direct applications. SHP invests in general branding and marketing to attract customers, as well as digital marketing and direct mails.

## Segments

The Issuer offers personal loans in Norway, Sweden, Finland and Germany and non-standard mortgage loans in Sweden and Norway and equity release mortgages in Sweden. Pursuant to a decision by the board of directors of Nordax in May 2019, the Issuer will cease to offer new loans in Germany. Historically, the Issuer has also offered personal loans in Denmark.

The table below shows an overview of the Group's total portfolio by segment (*as of 31 March 2019*).

|                       |  Sweden |  Norway |  Denmark |  Finland |  Germany |  Equity release mortgages |
|-----------------------|--|--|---|---|---|--|
| <b>Loan Portfolio</b> | SEK 6186M  | SEK 5249M  | SEK 47M   | SEK 3886M   | SEK 982M  | SEK 4582M  |
| <b>Share of total</b> | 29,5%  | 25.1%  | 0.2%  | 18.6%   | 4.7%  | 21.9%  |

*Note: Country segments include personal loans and non-standard mortgages.*

## Underwriting process

The Issuer aims to achieve controlled growth of the loan portfolio, retaining a focus on the creditworthiness of loan customers. Within personal loans, the Issuer's risk assessment process begins with designing the features of the loan product and the marketing campaigns, as this has a strong bearing on the final credit risk in the loan portfolio. Targeted marketing is one of the Issuer's core areas of expertise, and covers the company's most important marketing channels such as addressed direct mail, unaddressed direct mail and marketing through credit intermediaries. By using sophisticated statistical methods, the Issuer is able to target attractive customer segments by excluding from its marketing those segments that are unlikely to apply or qualify for a loan. Nordax's stringent underwriting has been reflected in a long period of stable and low cost of risk levels. The cost of risk levels were higher in 2018 than in previous years and were impacted by the implementation of IFRS9, one-off effects relating to the termination of a forward flow agreement and a curve revision in Germany. Nordax has high loss absorption capacity with the ability to sustain significantly higher cost of risk levels before making actual losses or having negative capital impact.

Before a loan is approved, the Issuer conducts a thorough credit assessment of each loan application in accordance with its credit policies and applicable laws and regulations. The credit assessment process comprises a combination of policy rules, referral rules, internal credit rating models and a calculation of affordability. The maximum loan amount offered as a personal loan is calculated using a credit limit matrix based on the customer's creditworthiness. For mortgage loans the maximum loan amount offered is based on the loan-to-value (LTV) and the customer's creditworthiness. An on-sight valuation is performed on all properties to establish a correct value of the security. The affordability calculation for mortgage loans includes a "left-to-live-on" calculation with a household budget, stressed interest rates and regulatory required amortization.

SHP follows a strict underwriting process carefully developed and refined over the years. Since inception in 2005, SHP has realized SEK 0 in credit losses. There is an initial screening of applicants based on certain minimum property value requirements and SHP only lends to customers in certain pre-approved municipalities, typically property in metropolitan areas of a certain size and sufficient liquidity in the local property market. In addition, there is a strict limit on the loan amount in relation to market value of each home (LTV) and the age of the borrower. As at 31 March 2019, the average LTV of the entire SHP loan book, including capitalised interest, amounted to approximately 26 per cent. There are several additional requirements which need to be met, for example only first priority mortgages are accepted. If the applicant qualifies with all base requirements, a rigorous underwriting process follows with emphasis on property valuation, inspection of each home before a loan is approved, physical ID control and extensive verification of all relevant documentation required from external sources such as UC, tenant associations, property registers etc. Throughout the process, which normally lasts for 3-5 weeks, SHP puts great emphasis on transparency and ensuring that the product is properly understood and that customers feel secure.

## Customer service

Customer service is performed by the Issuer's customer services and mortgage departments in Stockholm, where all the operating languages are spoken. Representatives from these departments handle all communication with the customers via phone, e-mail and regular post. The services include, for example, preparation and

administration of the loan application process or deposit process, frequently asked questions, change of terms and processing of applications for loans.

Equity release mortgages are only offered through Nordax's subsidiary SHP, which has separate offices in Stockholm, Malmö and Göteborg where all customer communication is handled by SHP's staff.

### **Collection process**

The Issuer's collection process is governed by country-specific collection and provisioning policies and related instructions, and is handled by a separate collections department. The department is divided into collections country teams consisting of two specialised areas of competences in each team; the pre-collection competence with focus on outbound calls and the legal collection competence with focus on advanced cases and outsourced legal debt collection. The Issuer's policy is to reach out to customers at an early stage of delinquency and the teams have efficient but strictly limited curing tools available to handle customers who face difficulties repaying their loans.

The legal collection competence is dedicated to the management of non-performing loans and is thus responsible for the Issuer's co-operation with debt collection agencies. The Issuer only works with reputable and well-established debt collection agencies in each market and loans in arrears are administered by debt collection agencies from the point when they are approximately 90 days overdue.

### **Payment protection insurance**

Personal loan customers in Sweden, Norway and Finland who qualify for PPI are offered PPI to secure monthly payments in the event of illness or involuntary unemployment and to secure total repayment in the event of death, and as regards individuals who are self-employed, monthly payments in the event of hospitalization. The Issuer acts as a tied insurance intermediary (*anknuten försäkringsförmedlare*) on behalf of the relevant insurers. The Issuer collects insurance premia on behalf of the insurers.

### **Liquidity and funding strategy**

Nordax's long-term liquidity and funding strategy is to attain high degree of maturity and currency matching between its lending assets and its liabilities. The objective is hence to utilise funding sources with a low level of liquidity risk and high certainty of refinancing at maturity, as evidenced by price stability, regularity of issuance and breadth of investor participation.

### **Issuer funding**

The funding strategy caters for a diversified funding platform of equity and subordinated debt, asset-backed securities (ABS), warehouse funding facilities, retail deposits in several countries and senior unsecured bonds. These strategic funding sources combined give the desired diversification in terms of markets, investors, maturities, geographies and currencies.

A component of the funding strategy is to securitise consumer loans originated by the Issuer in the European ABS term market. The intention is to continue issuing ABSs under the established SCL (Scandinavian Consumer Loans) issuance programme targeted to a diversified investor base.

To enable ABS issuance, Nordax has established a funding structure with a number of on-balance sheet funding subsidiaries. These funding subsidiaries are Swedish special purpose companies (each, an "SPC") and acquire consumer loans from the Issuer on a continuous basis. Prior to each ABS term transaction, the growing loan portfolios are temporarily financed through bilateral warehouse facilities sponsored by international banks until they have reached a sufficient size to be eligible for refinancing in the ABS market. Nordax currently has one outstanding ABS term transaction (Scandinavian Consumer Loans VI) which is backed by Norwegian personal loans, and two active warehouses backed by Swedish and Finnish personal loans respectively.

For each ABS term transaction and each warehouse facility transaction, a separate special purpose company is established to which the Issuer sells consumer loans. Each consumer loan sold to an SPC must meet certain eligibility criteria at the point of sale. The purchase price payable by the SPC equals the nominal amount of the consumer loan at the point of sale, plus deferred consideration each month provided that there is a surplus in the SPC and subject to certain conditions (such as the absence of certain portfolio triggers). Besides being the seller of consumer loans and the shareholder of the SPC, the Issuer also provides subordinated loans to the SPCs and acts as the servicer of the consumer loans on behalf of the SPC and its financiers.

For each ABS term transaction, the SPC funds its acquisition of consumer loans by the issuance in the debt capital market of rated asset-backed notes listed on the Irish Stock Exchange. There are several classes of notes,

*i.e.* securities exposed to the same pool of consumer loans but with different payment priorities and characteristics (such as different credit ratings and interest rates). The more senior classes have priority of payment over more junior classes and so have lower risk of non-payment and accordingly carry a lower coupon than more junior classes. The Issuer has invested in certain of the junior classes of notes (and is required from a regulatory point of view to retain such notes up to a certain level).

For each warehouse facility transaction, the SPC funds its acquisition of consumer loans by a senior secured bilateral loan (besides a subordinated loan provided by the Issuer).

The asset-backed securities and the warehouse facilities are secured by a pledge over the relevant portfolio of consumer loans, the SPC's bank accounts, certain contractual rights of the SPC and the shares in the SPC. The asset-backed securities and the warehouse facilities contain customary events of default. Upon the occurrence of any such event of default, the funding may be accelerated and the security enforced.

For each ABS term transaction and each warehouse facility transaction, the Issuer has been appointed a servicer of the consumer loan portfolio. In such capacity, the Issuer administers the loans and provides regular reporting in respect of the portfolio. Such appointment may be terminated in certain situations, in which case a standby servicer will be appointed as a successor servicer.

As part of Nordax's diversified funding strategy, retail deposits are accepted in Sweden, Norway, Finland and Germany through the Issuer's own platform and also via a co-operation with the Swedish bank Avanza Bank AB and Raisin GmbH in Germany.

### **SHP funding**

Similar to Nordax ABS programme for consumer loans, SHP has its own securitisation programme for equity release mortgage loans.

Prior to each ABS term transaction, the growing loan portfolios are temporarily financed through a bilateral warehouse facility sponsored by a large Nordic bank until they have reached a sufficient size to be eligible for refinancing in the ABS market. SHP currently has one outstanding ABS term transaction (Svensk Hypotekspension Fond 3 AB (publ)) and one active warehouse (Svensk Hypotekspension Fond 2 AB) with Swedish equity release mortgage loans.

Since interest payments on equity release loans are capitalised for the duration of the loan and repaid in connection with the loan being terminated, there is no continued cash flow to the issuer from regular interest payments. However, as SHP's loan portfolio has grown and matured over the years, there is a portion of the loan book terminated each year where the capitalised interest is repaid in full to the SPC (together with the principal loan amount). The interest payments to holders of the issued ABS notes are subordinated to certain senior expenses payable to SHP, ensuring a continued cash flow to SHP. Following interest payments on the ABS notes and certain other junior expenses, any remaining cash from the terminated loans is reinvested in new equity release mortgages from the warehouse funding facility.

The current ABS notes of SEK 2.0 billion were issued to Swedish institutions in 2016. The notes have a Fitch A+ rating and pay a fixed annual interest of 2.0 per cent. The ABS notes mature in 2061 with a first call date in 2020.

For each warehouse facility transaction, the SPC funds its acquisition of loans by a senior secured bilateral loan. The asset-backed securities and the warehouse facilities are secured by a pledge over the relevant portfolio of equity release mortgages. The asset-backed securities and the warehouse facilities contain certain events of default. Upon the occurrence of any such event of default, the funding may be accelerated and the security enforced.

The ABS program and the warehouse funding facility and are the main funding sources for SHP. In addition, SHP has a SEK 370 million term bank loan with a large Nordic bank and intra-group loans from the parent company, Nordax Bank AB (publ), to the amount of SEK 150 million as of 31 March 2019.

## Board of directors

The board of directors of the Issuer consists of seven ordinary members. The table below sets out the name and current position of each board member.

| <b>Name</b>        | <b>Position</b> | <b>Appointed</b> |
|--------------------|-----------------|------------------|
| Hans-Ole Jochumsen | Chairman        | 2018             |
| Christopher Ekdahl | Member          | 2018             |
| Heikki Kapanen     | Member          | 2018             |
| Henrik Källén      | Member          | 2018             |
| Christian Frick    | Member          | 2018             |
| Ville Talasmäki    | Member          | 2018             |
| Anna Storåkers     | Member          | 2019             |

### Hans-Ole Jochumsen

*Born 1957 in Denmark. Chairman of the Board.*

**Principal education:** MSc in Economics, Copenhagen University, Denmark

**Other on-going principal assignments:** Board member of Nykredit A/S and Senior Advisor in the company Alkymni.io.

### Christopher Ekdahl

*Born 1980 in Sweden. Non-Executive Director.*

**Principal education:** MSc in Engineering Physics, Lund University, Sweden and École Centrale Paris, France.

**Other on-going principal assignments:** Director in NC Advisory AB, adviser to the Nordic Capital Funds and board member of Nordnet AB and Nordnet Bank AB.

### Heikki Kapanen

*Born 1958 in Finland. Non-Executive Director.*

**Principal education:** Master of Laws (LL.M), Helsinki University, Finland, Executive Management Program, Stanford Graduate School of Business, USA and Member of Director's Institute Finland.

**Other on-going principal assignments:** Chairman of the board of Suomen Palkanlaskenta Oy, Chairman of the board of Jatkuvuuskonsultointi Oy and board member of Urlus Fund.

### Henrik Källén

*Born in 1968 in Sweden. Non-Executive Director.*

**Principal education:** Master of Laws (LL.M), Stockholm University, Sweden.

**Other on-going principal assignments:** Chairman of Fondab AB, board member of DPOrganizer AB, Hedvig AB and Zensum AB, and industrial advisor through own company CHK Konsult AB.

### Christian Frick

*Born in 1976 in Sweden. Non-Executive Director.*

**Principal education:** MSc in Economics and Business Administration, Stockholm School of Economics and the Stockholm University School of Business, Sweden.

**Other on-going principal assignments:** Partner in NC Advisory AB, adviser to Nordic Capitals funds and board member of Resurs Holding AB (publ), Resurs Bank AB, Nordnet AB and Nordnet Bank AB.

### Ville Talasmäki

*Born in 1975 in Finland. Non-Executive Director.*

**Principal education:** MSc in Economics and Business Administration, Turku School of Economics and Business Administration, Finland and Warwick Business School, England.

**Other on-going principal assignments:** Head of Allocation and Head of Credit Investments, Sampo plc.

### Anna Storåkers

*Born in 1974 in Stockholm. Non-Executive Director.*

**Principal education:** MSc in Business Administration; Major in Finance and International Business; CEMS Master's degree, Stockholm School of Economics, Sweden and Hautes Etudes Commerciales, Paris, France (Exchange semester within the CEMS program)

**Other on-going principal assignments:** Member of the Supervisory Board of ABN Amro Bank NV and ABN Amro Group NV. Board member of Nordea Life Holding AB and eWork Group AB, publ.

## Senior Management team

| Name                   | Position  |
|------------------------|---|
| Jacob Lundblad         | Chief Executive Officer   |
| Richard Blomberg       | Credit Risk and Analytics Manager                                   |
| Malin Frick            | HR Manager  |
| Andreas Frid           | Head of Marketing & Communication                                   |
| Malin Jönsson          | Chief Operating Officer   |
| Patrick MacArthur      | Chief Financial Officer and Head of Business Development & Strategy |
| Olof Mankert           | Chief Risk Officer  |
| Kristina Tham Nordlind | Chief Legal Counsel   |
| Adam Wiman             | Chief Information Officer   |

### Jacob Lundblad

*Born 1978 in Sweden. CEO since 2017.*

**Principal education:** Degree of Master in Business Administration, Degree of Bachelor of Business Law, School of Economics and Management, Lund University, Sweden.

**Other on-going principal assignments:** Board member, and CEO of, Nordax Sverige 4 AB (publ), Nordax Nordic 4 AB, Svensk Hypotekspension AB, Svensk Hypotekspension Fond 2 AB and Svensk Hypotekspension Fond 3 AB (publ); board member of Nordax Sverige AB, Nordax Nordic 2 AB and Stuck on Earth AB; external CEO of, Nordax Group AB and NDX Intressenter AB.

### Rickard Blomberg

*Born 1976 in Sweden. Credit Risk and Analytics Manager since 2018.*

**Principal education:** Bachelor Degree in Economics, Södertörn University, Stockholm, Sweden.

**Other on-going principal assignments:** -

### Malin Frick

*Born 1986 in Sweden, HR Manager since 2012.*

**Principal education:** Philosophy Bachelor's Degree in Human Resource Management and Development, Linköping University, Sweden.

**Other on-going principal assignments:** -

### Andreas Frid

*Born 1977 in Sweden. Head of Marketing & Communication since 2018 (Head of Investor Relations 2016-2018).*

**Principal education:** Degree of Master in Business Administration, Lund University, Sweden.

**Other on-going principal assignments:** -

### Malin Jönsson

*Born 1971 in Sweden. Chief Operating Officer since 2018 (Operations Director 2016-2018).*

**Principal education:** Master's Degree International Economics, Linköping University, Sweden.

**Other on-going principal assignments:** Board member of Svensk Hypotekspension AB, Svensk Hypotekspension Fond 2 AB and Svensk Hypotekspension Fond 3 AB (publ).

### Patrick MacArthur

*Born 1980 in Sweden. Chief Financial Officer since 2018 and Head of Business Development & Strategy since 2017.*

**Principal education:** MSc in Business Administration, School of Economics in Stockholm and Master of Laws (LL.M), Lund University, Sweden.

**Other on-going principal assignments:** Chairman of the board of Svensk Hypotekspension AB, Svensk

Hypotekspension Fond 2 AB, Svensk Hypotekspension Fond 3 AB (publ), Nordax Sverige AB, Nordax Nordic 4 AB, Nordax Sverige 4 AB (publ), and Nordax Nordic 2 AB.

### **Olof Mankert**

*Born 1979 in Sweden. Chief Risk Officer since 2016.*

**Principal education:** Master of Laws (LL.M), Stockholm University, Sweden.

**Other on-going principal assignments:** -

### **Kristina Tham Nordlind**

*Born 1972 in Sweden. Chief Legal Counsel since 2007.*

**Principal education:** Master of Laws (LL.M), Stockholm University, Sweden and Diplôme d'Etudes Universitaires Générales (droit), Université du Havre, France.

**Other on-going principal assignments:** -

### **Adam Wiman**

*Born 1986 in Sweden. Chief Information Officer since 2019.*

**Principal education:** Master of Science, Engineering Physic, Faculty of Engineering at Lund University (LTH), Sweden (including exchange semester at University of Illinois Urbana Champaign, USA)

**Other on-going principal assignments:** -

## **Additional information on the board and the management team**

### **Business address**

The office address of the board of directors and the management team is the registered office of the Issuer.

### **Conflicts of interest**

To the best knowledge of the Issuer, no conflicts of interest exist between the private interests and other duties of the board members or the management team and their duties towards the Issuer.

## **Auditors**

### **The Issuer**

At the 2018 Annual General Meeting, Deloitte AB (Rehngatan 11, 113 79 Stockholm, Sweden) was re-elected auditor of the Issuer for the period until the end of the Annual General Meeting 2019. Malin Lüning, born 1980, is the Auditor-in-Charge and is a Chartered Accountant and member of FAR, the professional institute for accountants in Sweden. Deloitte AB audited the Issuer's annual reports for 2017 and 2018.

Prior to the 2017 Annual General Meeting, Öhrlings PricewaterhouseCoopers AB (Torsgatan 21, 113 97 Stockholm, Sweden) was auditor of the Issuer. Helena Kaiser de Carolis was the Auditor-in-Charge and is a Chartered Accountant and member of FAR. Öhrlings PricewaterhouseCoopers audited the Issuer's annual report for 2016.

### **SHP**

At the 2019 Annual General Meeting, Deloitte AB (Rehngatan 11, 113 79 Stockholm, Sweden) was elected auditor of SHP for the period until the end of the Annual General Meeting 2020. Malin Lüning, born 1980, is the Auditor-in-Charge and is a Chartered Accountant and member of FAR.

Prior to the 2019 Annual General Meeting, Öhrlings PricewaterhouseCoopers AB (Torsgatan 21, 113 97 Stockholm, Sweden) was auditor of SHP. Peter Nilsson was the Auditor-In-Charge and is an authorised public accountant and member of FAR. Öhrlings PricewaterhouseCoopers AB audited SHP's annual reports for 2016, 2017 and 2018.



## MARKET AND INDUSTRY OVERVIEW

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An important driver of development in the loan market is macroeconomic development. Economic growth such as rising GDP, rising housing prices, higher disposable incomes and low unemployment usually drive household optimism, private consumer spending and therefore demand for both personal and mortgage loans. The loan market is characterized by a high level of competition and fragmentation. The Issuer's competitors can be principally divided into two groups: full-service banks and niche banks. The Issuer considers that the niche banks (of which the Issuer is one) are taking market shares and that other niche banks are the Issuer's closest direct competitors. The niche banks have product offerings similar to that of the Issuer and offer similar interest rates, which are generally higher than the interest rates offered by full-service banks.

The full-service banks offer mortgage loans and various secured or unsecured personal loan products, of which unsecured personal loans account for a fairly limited share. Full-service banks have historically had a relatively limited focus on the personal loan market, with the result that their offerings in the area are not particularly well known. Their limited focus has led to new players such as the niche banks being able to establish a presence in the market. The personal loan customers often have a tendency to differentiate their personal loans from traditional bank products, such as mortgage loans and debit cards.

On the mortgage loan market, increased competition, a stricter regulatory environment and an accelerated trend of standardisation have prompted the full-service banks to shift focus to automation and cost-efficient products and solutions. This has left an opening for the niche banks to offer mortgage loans to customers with unconventional employment forms (self-employed, part-time workers, project-assigned staff, free-lancers etc.) and/or with a limited credit history.

There are several barriers to entry that make it difficult for new players of limited size or limited experience of operating in a regulated environment to establish a presence on the loan market. One obstacle is economies of scale which is a feature of the loan market. The strict and complicated rules and regulations for banks and other credit institutions require the players to create strong functions and systems for legal, compliance and finance, necessitating significant investments and expertise. When such functions have been set up, they can normally handle large loan volumes, creating substantial economies of scale and operational leveraging effects. The ability to make credit assessments necessitates proven models, which in turn depend on access to extensive historical information on the development of loans. The development of these models requires time and experience of lending, which is also an entry barrier to new players. The risk of making incorrect credit decisions is higher when a player has established a presence on a new market without previous experience or historical results on which to base its assessment. New players often have limited access to funding due to their limited history with regard to credit assessment, financial stability and compliance with regulatory capital requirements. New establishment therefore requires a significant contribution of capital, leading to a low return on equity until loan funding has been obtained.

The equity release mortgage market in Sweden is highly consolidated with SHP having the dominating position. Historically the high-street banks as well as some insurance companies have offered time-limited mortgage products for seniors, but they have since a few years all exited the market. There are strong secular growth factors supporting the equity release mortgage market and large untapped demand with a large and growing population of "housing rich" but "cash poor" retirees with insufficient pensions. These customers are often not able to get a traditional mortgage due to bank's policy rules and low debt servicing capacity, or prefer an equity release mortgage to avoid ongoing interest and amortisation requirements.

## KEY FIGURES

| Group   | Jan–Mar 2019* | Jan–Mar 2018 | Jan–Dec 2018 | Jan–Dec 2017 |
|---|---------------|--------------|--------------|--------------|
| Common Equity Tier 1 Capital Ratio in % <sup>1)</sup> | 14.7          | 14.3         | 17.0         | 14.7         |
| Cost to Income Ratio in % <sup>4)</sup>               | 57            | 32           | 41           | 37           |
| Liquidity Coverage Ratio (LCR) in % <sup>2)</sup>     | 503           | 379          | 194          | 616          |
| Net Credit Loss Level in % <sup>4)</sup>              | 2.2           | 2.7          | 2.7          | 1.6          |
| Net Interest Margin in % <sup>4)</sup>                | 7.8           | 9.2          | 9.3          | 9.1          |
| Net Stable Funding Ratio (NSFR) in % <sup>3)</sup>    | 113           | 115          | 117          | 113          |
| Number of Employees <sup>5)</sup>                     | 238           | 195          | 217          | 191          |
| Return on Equity in % <sup>4)</sup>                   | 7.5           | 22.4         | 13.8         | 19.4         |

\*SHP was consolidated in the Group on 15 January 2019.

<sup>1)</sup> Reported with respect to the SFSA's regulations and general recommendations.

<sup>2)</sup> Reported with respect to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 and Regulation (EU) No 575/2013.

<sup>3)</sup> Reported in accordance to the Basel Committee's definitions and general recommendation (Basel III) on NSFR.

<sup>4)</sup> Alternative performance measure (derived from the Issuer's annual reports, not audited). Alternative performance measures, APMs, are financial measures other than those defined in the applicable financial reporting framework (International Financial Reporting Standards, IFRS) or in in Regulation (EU) No 575/2013 (CRR). APMs are used by the Group as a complement to assess the financial performance of the Group. The Group's APMs may not be comparable to other similarly titled measures presented by other companies.

<sup>5)</sup> Non-financial measure.

### Definitions

| Measure  | Definition   | Reason for use   |
|--|--|--|
| <b>Common Equity Tier 1 Capital Ratio in %</b> | Shareholders' equity excluding proposed dividend, deferred tax assets, intangible assets and certain other regulatory adjustments defined in Regulation (EU) No 575/2013 (CRR).  | Reported with respect to the SFSA's regulations and general recommendations. For additional information, please refer to Note 4 (Capital adequacy analysis on page 49) in the Issuer's annual report for 2018. |
| <b>Cost to Income Ratio</b>                    | Total operating expenses as a percentage of total operating income.  | This measure shows the Group's costs in relation to its income and is used to gauge Group's cost efficiency.   |
| <b>Liquidity Coverage Ratio (LCR) in %</b>     | High-quality liquid assets in relation to the estimated net cash outflows over the next 30 calendar days, as defined in Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013. | Reported with respect to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 and Regulation (EU) No 575/2013.  |
| <b>Net Credit Loss Level in %</b>              | Net credit losses as a percentage of the average loan portfolio (the average of lending to the general public at the beginning of the period and lending to the general public at the end of the period).                          | This measure shows credit losses compared to the lending to the general public and is used to measure the Group's cost of risk.  |
| <b>Net Interest Margin in %</b>                | Total net interest income as a percentage of average loan portfolio (see above).   | This measure shows the Group's net interest margin in relation to its average loan portfolio and is used to measure the Group's net interest margin  |

| <b>Measure</b>                              | <b>Definition</b>  | <b>Reason for use</b>   |
|---|--|---|
| <b>Net Stable Funding Ratio (NSFR) in %</b> | NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. This ratio should be equal to at least 100% on an ongoing basis and is calculated in accordance with the Basel Committee's definition (Basel III), which may be modified when introduced by the EU. | Reported in accordance and respect to the Basel Committee's definitions and general recommendation (Basel III) on NSFR.                             |
| <b>Return on Equity in %</b>                | Net profit attributable to shareholders in relation to average shareholders' equity (the average of the total equity at the beginning of the period and the total equity at the end of the period).  | This measure shows the Group's profitability in relation to the shareholders' equity and is used to assess the Group's ability to generate profits. |

## LEGAL AND SUPPLEMENTARY INFORMATION

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### Authorisations and responsibility

The decision to establish the Programme was authorised by a resolution of the Board of Directors of the Issuer on 23 April 2019.

The Issuer accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Arranger and the Dealers have not verified the content of this Base Prospectus and do not assume any responsibility therefor.

### Incorporation by reference

The following information has been incorporated into this Base Prospectus by reference and should be read as part of this Base Prospectus:

|  |   |
|--|---|
| <b>The Issuer's annual report for 2016</b>                       | as regards the audited consolidated financial information and the audit report on page 3 for key figures, page 5 for income statement, page 7 for balance sheet, pages 8-9 for cash flow statement and pages 12-42 for notes.       |
| <b>The audit report for the Issuer's 2016 annual report</b>      | in its complete form.   |
| <b>The Issuer's annual report for 2017</b>                       | as regards the audited consolidated financial information and the audit report on page 3 for key figures, page 6 for income statement, page 8 for balance sheet, pages 9-10 for cash flow statement and pages 13-50 for notes.      |
| <b>The audit report for the Issuer's 2017 annual report</b>      | in its complete form.   |
| <b>The Issuer's annual report for 2018</b>                       | as regards the audited consolidated financial information and the audit report on page 20 for key figures, page 27 for income statement, page 29 for balance sheet, page 30 for cash flow statement and pages 30-67 for notes.      |
| <b>The audit report for the Issuer's 2018 annual report</b>      | in its complete form.   |
| <b>The Issuer's interim report for the first quarter of 2019</b> | as regards the consolidated financial information on page 3 for key figures, page 4 for income statement, page 6 for balance sheet, page 7 for cash flow statement, page 8 for changes in equity capital and pages 10-26 for notes. |
| <b>SHP's annual report for 2016</b>                              | as regards the audited consolidated financial information and the audit report on page 15 for income statement, page 16 for balance sheet, pages 20 for cash flow statement and pages 21-30 for notes.                              |
| <b>The audit report for SHP's 2016 annual report</b>             | in its complete form.   |
| <b>SHP's annual report for 2017</b>                              | as regards the audited consolidated financial information and the audit report, page 18 for income statement, page 19 for balance sheet, page 23 for cash flow statement and pages 24-35 for notes.                                 |
| <b>The audit report for SHP's 2017 annual report</b>             | in its complete form.   |

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**SHP's annual report for 2018** as regards the audited consolidated financial information and the audit report on page 17 for income statement, page 19-20 for balance sheet, page 23 for cash flow statement and pages 24-34 for notes.

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**The audit report for SHP's 2018 annual report** in its complete form.

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The information referred to above is available for inspection at [www.nordaxgroup.com](http://www.nordaxgroup.com).

Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in Notes or is covered elsewhere in the Base Prospectus.

The Issuer's annual reports for 2016, 2017 and 2018 have been prepared in accordance with international financial reporting standards as adopted by the European Union and in accordance with the Swedish Annual Report Act (*årsredovisningslag (1995:1554)*). With the exception of the Issuer's annual reports, SHP's annual reports and the Issuer's interim report for the first quarter of 2019, no information in this Base Prospectus has been audited or reviewed by the Issuer's or SHP's auditors.

## Documents available for inspection

Copies of the following documents can be obtained in paper format during the validity period of the Base Prospectus from the Issuer at Gävlegatan 22, 104 35 Stockholm, Sweden.

- (a) The certificate of registration and the articles of association of the Issuer.
- (b) All documents which are incorporated by reference into the Base Prospectus.
- (c) The Subsidiaries' annual reports for 2017 and 2018.

## Certain material interests

Danske Bank A/S, Danmark, Sverige Filial, Carnegie Investment Bank AB (publ) and Nordea Bank Abp are Dealers under the Programme and Danske Bank A/S, Danmark, Sverige Filial is Arranger. The Dealers and the Arranger (and their affiliates) have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer in the ordinary course of business. Therefore, conflicts of interest may exist or may arise as a result of the Dealers and the Arranger having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Trend information

There has been no material adverse change in the prospects of the Issuer since the publication of the 2018 annual report. The Issuer is not aware of any trends, uncertainties, potential claims or other requirements, commitments or events that are expected to have a significant impact on the Issuer's business prospects regarding the current financial year.

## Significant change

Except for the acquisition of SHP on 15 January 2019, there has been no significant change of the Issuer's financial or trading position since 31 March 2019.

## Current disputes

No member of the Group is currently, and has not within the last twelve months been, subject to any material court or administrative proceedings (including any such proceedings which are pending or threatening so far as the Issuer is aware) which could have a significant adverse effect on the Issuer's or the Group's financial position or profitability. Members of the Group are however parties to lawsuits and other disputes from time to time in the course of their normal operations, e.g. collection matters.

## Material agreements

The Issuer has not concluded any material agreement outside of its ordinary course of business which may materially affect the Issuer's ability to fulfil its obligations under issued Notes.

## ADDRESSES

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### **The Issuer**

#### **Nordax Bank AB (publ)**

**Postal address**

P.O. Box 23124, 104 35 Stockholm  
Sweden

**Visiting address**

Gävlegatan 22, Stockholm  
www.nordaxgroup.com  
Tel. 08-508 808 00

### **Dealers**

#### **Danske Bank A/S, Danmark, Sverige Filial**

**Postal address**

P.O. Box 7523, 103 92 Stockholm  
Sweden

**Visiting address**

Norrmalmstorg 1, Stockholm  
www.danskebank.se

#### **Carnegie Investment Bank AB (publ)**

**Postal address**

SE-103 38 Stockholm  
Sweden

**Visiting address**

Regeringsgatan 56 Stockholm  
www.carnegie.se

#### **Nordea Bank Abp**

**Postal address**

Smålandsgatan 17, 105 71 Stockholm  
Sweden

**Visiting address**

Smålandsgatan 17 Stockholm  
www.nordea.com

### **Auditor to the Issuer**

#### **Deloitte AB**

**Postal address**

SE-113 79 Stockholm  
Sweden

**Visiting address**

Rehnsgratan 11, Stockholm  
www.deloitte.se

### **Legal Adviser to the Issuer**

#### **Mannheimer Swartling Advokatbyrå**

**Postal address**

P.O. Box 1711, 111 87 Stockholm  
Sweden

**Visiting address**

Norrandsgatan 21, Stockholm  
www.mannheimerswartling.se

### **CSD**

#### **Euroclear Sweden AB**

**Postal address**

P.O. Box 191, 101 23, Stockholm,  
Sweden

**Visiting address**

Klarabergsviadukten 63, 111 64 Stockholm,  
Sweden