

This securities note forms a prospectus with the registration document prepared by Nyfosa AB, dated 14 December 2021. The validity of the prospectus will expire 12 months after the approval of this securities note. The obligation to supplement the prospectus in the event of new factors, material mistakes or material inaccuracies will not apply when the prospectus is no longer valid.



NYFOSA AB

SECURITIES NOTE REGARDING LISTING OF

SEK 800,000,000

SUBORDINATED PERPETUAL FLOATING RATE CALLABLE CAPITAL SECURITIES

ISIN: SE0017084486

14 December 2021

IMPORTANT INFORMATION

This securities note (the "**Securities Note**") has been prepared by Nyfosa AB with registration number 559131-0833 (the "**Issuer**" or together with its direct and indirect subsidiaries (unless otherwise indicated by the context) "**Nyfosa**" or the "**Group**")), in relation to the application for admission to trading of the Issuer's SEK 800,000,000 subordinated perpetual floating rate callable capital securities with ISIN SE0017084486 (the "**Capital Securities**") issued on 18 November 2021 (the "**First Issue Date**") under a framework of SEK 2,000,000,000, in accordance with the terms and conditions for the Capital Securities (the "**Terms and Conditions**") on the corporate bond list at Nasdaq Stockholm AB ("**Nasdaq Stockholm**"). ABG Sundal Collier AB, registration number 556538-8674, ("**ABGSC**") and Nordea Bank Abp, filial i Sverige, registration number 516411-1683, ("**Nordea**") have acted as joint bookrunners, with Nordea as issuing agent, in connection with the issue of the Capital Securities. Concepts and terms defined in the Terms and Conditions are used with the same meaning in this Securities Note unless otherwise is explicitly understood from the context. The Issuer may at one or more occasions after the First Issue Date issue Subsequent Capital Securities under the Terms and Conditions, until the total amount under the Subsequent Capital Securities and the Capital Securities equals SEK 2,000,000,000. However, this Securities Note is only valid in relation to the SEK 800,000,000 Capital Securities issued on the First Issue Date.

This Securities Note has been prepared by the Issuer and approved and registered by the Swedish Financial Supervisory Authority (the "**SFSA**", Sw. *Finansinspektionen*) pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"). Furthermore, Annex 15 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, forms the basis for the content of this Securities Note. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA that the information in this Securities Note is accurate or complete.

This Securities Note forms a prospectus together with the registration document prepared by Nyfosa, dated as well as approved by the SFSA on 14 December 2021, with reference number 21-31617 (the "**Registration Document**"). The validity of the prospectus will expire 12 months after the approval of this Securities Note.

This Securities Note is not an offer for sale or a solicitation of an offer to purchase the Capital Securities in any jurisdiction. It has been prepared solely for the purpose of admitting the Capital Securities to trading on Nasdaq Stockholm. This Securities Note may not be distributed in the US, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand or in any other jurisdiction where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Securities Note comes or persons who acquire the Capital Securities are therefore required to inform themselves about, and to observe, such restrictions. The Capital Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and are subject to U.S. tax law requirements. The Capital Securities may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act).

Unless otherwise explicitly stated, no information contained in this Securities Note has been audited or reviewed by the Issuer's auditors. Certain financial information in this Securities Note may have been rounded off and, as a result, the numerical figures shown as totals in this Securities Note may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Securities Note shall be read together with the Registration Document and all documents that are incorporated by reference and possible supplements to the Registration Document and/or this Securities Note. In this Securities Note, any references to "**SEK**" refer to Swedish Kronor.

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

The Capital Securities may not be a suitable investment for all investors and each potential investor in the Capital Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Capital Securities, the merits and risks of investing in the Capital Securities and the information contained or incorporated by reference in this Securities Note or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Capital Securities and the impact other Capital Securities will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Capital Securities; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Securities Note is governed by Swedish law. Disputes concerning, or related to, the contents of this Securities Note shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

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RISK FACTORS RELATED TO THE CAPITAL SECURITIES

The purpose of this section is to enable a potential investor to assess the relevant risks related to their potential investment in the Capital Securities in order to make an informed investment decision. The below risk factors are therefore limited to risks that, in the meaning of Regulation (EU) 2017/1129, are material and specific to the Capital Securities. Material risks related to the Issuer are set out in the Registration Document.

The manner in which the Capital Securities are affected by each risk factor is illustrated by way of an evaluation of the materiality of the relevant risk factor based on the relative probability of it occurring and the expected magnitude of its negative impact, for the purpose of which the probability is estimated as "low", "medium" or "high" and the magnitude of negative impact if it would occur as "low", "medium" or "high". Irrespective of the probability or magnitude of negative impact stated in relation to each risk factor, all risk factors included below have been assessed by the Issuer to be material and specific to the Capital Securities in the meaning of Regulation (EU) 2017/1129.

The risk factors are organised in several categories and the most material risk factor in a category is presented first under that category, whereas subsequent risk factors in the same category are not purported to be ranked in order of materiality.

RISKS RELATED TO THE CAPITAL SECURITIES

I. Risks relating to the nature of the Capital Securities

The Capital Securities are contractually and structurally subordinated to most of the Issuer's liabilities

The Capital Securities represent deeply subordinated debt obligations of the Issuer. This means that if the Issuer would become subject to any liquidation (Sw. *likvidation*), bankruptcy (Sw. *konkurs*), restructuring (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings, the investors would generally receive payment after all other creditors have been paid in full. Hence, in relation to such liquidation or bankruptcy, restructuring, administrative or other bankruptcy or insolvency proceedings of the Issuer, investors' claims for the principal amount of their Capital Securities and any accrued and unpaid interest thereon will rank *pari passu* with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities (as defined in the Terms and Conditions). Furthermore, claims will rank junior in right of payment to any present or future claims of all unsubordinated obligations of the Issuer and all Subordinated Indebtedness (as defined in the Terms and Conditions). In relation to a liquidation or bankruptcy, claims will however rank in priority to all present and future claims in respect of the shares of the Issuer and any other obligation of the Issuer expressed to rank junior to the Capital Securities or any Parity Securities. As the investors only will have an unsecured claim against the Issuer, the investors may not recover any or all of their investment.

There is no restriction in the Terms and Conditions in relation to incurring, issuing or guaranteeing debt ranking senior to or *pari passu* with the Capital Securities. The Issuer and its subsidiaries may incur additional indebtedness or issue guarantees in respect of indebtedness or guarantees of third parties. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries or joint ventures, all creditors of such company would be entitled to payment in full out of

the assets of such subsidiary or joint venture before the Issuer, as a shareholder, would be entitled to any payments. Thus, the Capital Securities are structurally subordinated to the liabilities of such subsidiaries and joint ventures. Incurring such additional indebtedness may reduce the amount (if any) recoverable by investors if the Issuer is subject to any dissolution, winding-up, liquidation, restructuring, administrative or other bankruptcy or insolvency proceedings and may increase the likelihood that interest payments under the Terms and Conditions are deferred, to the potential detriment of an investor.

Any potential investor should therefore be aware that an investment in the Capital Securities entails a risk that the investor loses all or part of its investment if the Issuer becomes liquidated, bankrupt, insolvent, carries out a restructuring or is wound-up.

The Issuer considers the probability of the risk occurring to be low. If the risk were to occur, the Issuer considers the potential negative impact to be high.

Interest rate risks and benchmarks

The Capital Securities' value depends on several factors, one of the more significant over time being the level of market interest. The Capital Securities bear a floating rate interest of STIBOR plus a certain margin and the interest rate is therefore adjusted according to changes in the level of the general interest rate. Hence, there is a risk that increased general interest rate levels significantly affect the market value of the Capital Securities.

The determining interest rate benchmarks, such as STIBOR has been subject to regulatory changes, such as the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial and contracts or to measure the performance of investment funds) (the "**BMR**"). The implementation of the BMR will lead to that certain previously used benchmarks will be discontinued, leading to that, among others, existing financing arrangements may need to be renegotiated or terminated. There is a risk that also STIBOR will be discontinued, or that alternative benchmark rates will dominate market practice, leading to uncertainties in relation to the interest rate payable in relation to the Capital Securities. Increased or altered regulatory requirements and risks associated with the BMR (as amended) involve inherent risks as the effects cannot be fully assessed at this point in time. There is a risk that developments in relation to STIBOR cause volatility in STIBOR, which would affect the interest rate for the Capital Securities.

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

Risks related to the investors' rights and representation

Investors in the Capital Securities have very limited rights in relation to the enforcement of payments on the Capital Securities.

If the Issuer was to become in default for a period of 30 days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable, the rights of the investors in respect of the Capital Securities are limited to instituting proceedings for an Issuer Winding-up (as defined in the Terms and Conditions), and the investors may prove and/or claim in respect of the Capital Securities in an Issuer Winding-up.

Whilst the claims of the investors in an Issuer Winding-up are for the principal amount of their Capital Securities together with any Deferred Interest and any other accrued and unpaid interest, such claims will be subordinated as stated above under heading "*The Capital Securities are contractually and structurally subordinated to most of the Issuer's liabilities*", accordingly, claims in respect of the Capital Securities would rank junior to claims in respect of unsubordinated obligations of the Issuer in the event of an Issuer Winding-up. The investors shall not be entitled to accelerate payments of interest or principal under the Capital Securities in any circumstances outside an Issuer Winding-up.

Furthermore, whilst the investors may institute other proceedings against the Issuer to enforce the terms of the Capital Securities, the Issuer shall not, by virtue of such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it. Accordingly, the investors' rights of enforcement in respect of payments under the Capital Securities are very limited.

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

The Capital Securities constitute perpetual obligations

The Capital Securities are perpetual meaning that the Capital Securities have no specified maturity date. The Issuer is not obliged to redeem the Capital Securities at any time and investors have no option to redeem the Capital Securities at any time. The Issuer may only redeem the Capital Securities under certain circumstances.

Any potential investor should be aware that it may be required to bear financial risks of the investment in the Capital Securities for a long period of time and may not recover their investment before a redemption of the Capital Securities (if any) at the discretion of the Issuer (in particular if there is no active trading on the secondary market). Each potential investor should therefore be aware that there is a risk that it may lose the whole, or parts of, its investment in the event the Issuer chooses to not redeem the Capital Securities.

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

Deferral of interest payment

The Issuer may, at its sole discretion by giving notice to the holders of the Capital Securities, the Agent and the Issuing Agent before the relevant Interest Payment Date (as defined in the Terms and Conditions), elect to defer any interest payment, in whole or in part, which would otherwise be due on any Interest Payment Date. If interest is deferred in accordance with the Terms and Conditions, the Issuer has no obligation to make such payment on the relevant Interest Payment Date and any such non-payment of interest does not constitute a default or any other breach of obligations under the Capital Securities.

As the Capital Securities carry no voting rights with respect to general meetings of the Issuer, the investors cannot influence any decisions by the Issuer to defer payments or to optionally settle outstanding payments. As the Capital Securities are perpetual, the lack of availability to influence deferral of interest payments could impact investors' position and Capital Securities during a prolonged period of time and in a manner that would be undesirable for them.

Deferral of interest payments may have an adverse effect on the market price for the Capital Securities. In addition, the possibility to defer interest may result in that the market price for the Capital Securities is more volatile than otherwise would be the case for market prices of other securities in respect of which interest accrues over pre-determined interest periods. Furthermore, the possibility to defer interest payments may expose the investors to fluctuations in the Issuer's financial position and may result in that the yields from the Capital Securities are less foreseeable.

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

Unsecured obligations

The Capital Securities represent unsecured debt obligations of the Issuer. This means that if the Issuer is subject to any dissolution, winding-up, liquidation, restructuring (Sw. *företagsrekonstruktion*), administrative or other bankruptcy or insolvency proceedings, the holders of the Capital Securities receive payment after any priority creditors have been paid in full. As a result, there is a risk that the holders of the Capital Securities will not recover any or all of their investment. Each investor should therefore be aware of that an investment in the Capital Securities entails a risk that the investor loses all or part of its investment if the Issuer becomes liquidated, bankrupt, insolvent, carries out a restructuring or is wound-up.

The Issuer considers the probability of the risk occurring to be low. If the risk were to occur, the Issuer considers the potential negative impact to be medium.

Credit risks

An investment in the Capital Securities includes a credit risk in relation to the Group. Credit risk entails the possibility of loss due to a borrower's defaulting on a loan or not meeting contractual obligations. The holders' of the Capital Securities ability to receive payment under the Terms and Conditions is dependent upon the Issuer's and the Group's ability to meet its payment obligations, which, in turn, is dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, a number of which have been discussed herein. An increased credit risk may cause the market to charge the Capital Securities a higher risk premium, which would have an adverse effect on the value of the Capital Securities. Another aspect of the credit risk is that any deterioration in the financial position of the Group may entail a lower credit-worthiness and the possibility for the Group to receive financing may be impaired when the Capital Securities mature.

The Issuer considers the probability of the risk occurring to be low. If the risk were to occur, the Issuer considers the potential negative impact to be medium.

II. Risks relating to the admission of the Capital Securities to trading on a regulated market

Liquidity risks and secondary market

The Issuer has the intention and shall use its best efforts (without assuming any legal or contractual obligation) to ensure that the Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm, or, if such admission to trading is not possible to obtain or maintain, admitted to trading on any other regulated market (as defined in Directive 2014/65/EU) within certain stipulated time periods, as defined in the Terms and Conditions. Failure to do so does not provide the holders of

the Capital Securities with a right of prepayment of its Capital Securities or a right to request for compensation from any party due to the failure to admit the Capital Securities to regulated markets. Further, such failure does not result in the termination and acceleration of the Capital Securities due to a Default (as defined in the Terms and Conditions).

There is a risk that the Capital Securities will not be admitted to trading within the stipulated timeframe, or at all, and that the Issuer will not be able to maintain the admission to trading of its Capital Securities. Even if the Capital Securities are admitted to trading, active trading in the securities may not always occur and thus, there is a risk that there will not be a liquid market for trading in the Capital Securities or that this market will be maintained. Considering particularly that the Capital Securities are traded over-the-counter (OTC), there is a risk for smaller volume of trades. If a liquid market for trading in the Capital Securities will not exist or not be maintained, this may result in that the holder of the Capital Securities cannot sell their Capital Securities when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market.

Furthermore, if the Issuer fails to procure listing in time, investors holding Capital Securities on an investment savings account (Sw. *ISK* or *IS-konto*) will no longer be able to hold the Capital Securities on such account, thus affecting such investor's tax situation significantly.

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

The Issuer considers that the probability of the secondary trading in the Capital Securities being impacted as described above is low. If the effects would materialise, the Issuer considers the potential negative impact as medium.

RESPONSIBILITY FOR THE INFORMATION IN THIS SECURITIES NOTE

The Issuer issued the Capital Securities on 18 November 2021. This Securities Note has been prepared in relation to the Issuer applying for admission to trading on the corporate bond list of Nasdaq Stockholm of the Capital Securities of SEK 800,000,000, with ISIN SE0017084486.

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Capital Securities and the performance of its obligations relating thereto. The issuance of the Capital Securities has been authorised by resolutions of the board of directors of the Issuer on 27 October 2021.

The Securities Note has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA's approval should not be considered as an endorsement of the quality of the Capital Securities that are subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Capital Securities.

The Issuer accepts responsibility for the information contained in this Securities Note and declares that, to the best of its knowledge, the information contained in this Securities Note is in accordance with the facts and this Securities Note makes 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 Securities Note.

Nacka on 14 December 2021

Nyfosa AB

The board of directors

THE CAPITAL SECURITIES IN BRIEF

This section contains a general and broad description of the Capital Securities. It does not claim to be comprehensive or cover all details of the Capital Securities. Potential investors should therefore carefully consider this Securities Note and the Prospectus as a whole, including the Registration Document, any supplements or documents incorporated by reference (see the section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Capital Securities, which can be found below in section “Terms and Conditions for the Capital Securities”, before a decision is made to invest in the Capital Securities.

Concepts and terms defined in section “Terms and Conditions for the Capital Securities” are used with the same meaning in this section unless otherwise is explicitly understood from the context or otherwise defined in this Securities Note.

GENERAL

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| Issuer | Nyfosa AB, reg. no. 559131-0833. |
| Resolutions, authorisations and approvals | The Issuer's board of directors resolved to issue the Capital Securities on 27 October 2021. |
| The Capital Securities offered | SEK 800,000,000 in an aggregate principal amount of subordinated perpetual floating rate callable capital securities. |
| Subsequent Capital Securities | The Issuer may at one or more occasions after the First Issue Date issue Subsequent Capital Securities under the Terms and Conditions, until the total amount under such Subsequent Capital Securities issue(s) and the Initial Capital Securities issue equals SEK 2,000,000,000 (any admission to trading of Subsequent Capital Securities requires a new securities note approved by the SFSA). |
| Nature of the Capital Securities | The Capital Securities constitute debt instruments (Sw. <i>skuldförbindelser</i>), each of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act. |
| Number of Capital Securities | As of the date of this Securities Note, 640 Capital Securities have been issued. |
| ISIN | SE0017084486. |
| First Issue Date | 18 November 2021. |

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| Price | All Capital Securities issued on the First Issue Date have been issued at an issue price of 100.00 per cent. of the Nominal Amount. |
| Nominal Amount | The Capital Securities have a nominal amount of SEK 1,250,000 and the minimum permissible investment upon issuance of the Capital Securities is SEK 1,250,000. |
| No Maturity | The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in Clause 13 (<i>Redemption and repurchase of the Capital Securities</i>) of the Terms and Conditions. The Capital Securities are not redeemable at the option of the Holders at any time. |
| Denomination | The Capital Securities are denominated in SEK. |
| Status of the Capital Securities | <p>The Capital Securities constitute direct, general, unconditional, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital securities against the Issuer are subordinated as described below.</p> <p>In the event of a voluntary or involuntary liquidation (Sw. <i>likvidation</i>) or bankruptcy (Sw. <i>konkurs</i>) of the Issuer (each an "Issuer Winding-up"), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank (i) <i>pari passu</i> without any preference among themselves and with any present or future claims in respect of obligation of the Issuer in respect of Parity Securities; (ii) in priority to all present and future claims in respect of: (1) the share capital of the Issuer; and (2) any other obligation of the Issuer expressed by its terms as at its original issue date to rank junior to the Capital Securities or any Parity Securities; and (iii) junior in right of payment to any present or future claims of: (1) all unsubordinated obligations of the Issuer; and (2) all Subordinated Indebtedness.</p> <p>In the event of a company reorganisation (Sw. <i>företagsrekonstruktion</i>) of the Issuer under the Swedish Company Reorganisation Act (Sw. <i>lag (1996:764) om företagsrekonstruktion</i>), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank: (i) <i>pari passu</i> without any preference among themselves</p> |

and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities; and (ii) junior in right of payment to any present or future claims of: (1) all unsubordinated obligations of the Issuer; and (2) all Subordinated Indebtedness.

Use of Proceeds

The Issuer shall apply the proceeds from the Initial Capital Securities Issue towards the general corporate purposes of the Issuer.

Decisions by Holders

The Capital Securities entitle Holders representing at least ten (10.00) per cent. to request a decision of the Holders. Such decisions are rendered by way of Holders' Meeting or a Written Procedure. Valid decision require the consent of Holders representing more than fifty (50.00) per cent. of the Adjusted Nominal Amount for which Holders are voting, and in respect of certain matters a qualified majority of at least two thirds (2/3) of the Adjusted Nominal Amount for which the Holders are voting is required. Quorum exists if the Holders represent at least fifty (50.00) per cent. of the Adjusted Nominal Amount in respect of the qualified majority requirement and otherwise at least twenty (20.00) per cent. of the Adjusted Nominal Amount.

Benchmark Regulation

As of the date of this Securities Note, the Swedish Financial Benchmark Facility does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) ("BMR"). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Financial Benchmark Facility is not currently required to obtain authorisation or registration.

Listing

Application has been made to list the Capital Securities on the corporate bond list of Nasdaq Stockholm.

Listing costs

The aggregate cost for the admission to trading of the Capital Securities is estimated not to exceed SEK 250,000.

INTEREST RATE

Interest Rate

Interest on the Capital Securities is paid at a rate equal to the sum of three (3) months STIBOR plus the Applicable Margin.

Applicable Margin

The applicable margin on the Capital Securities is:

(a) from (but excluding) the First Issue Date to (and including) the date falling four (4) years after the First Issue Date, 4.75 per cent. per annum;

(b) from (but excluding) the date falling four (4) years after the First Issue Date to (and including) the date falling six (6) years after the First Issue Date, 6.75 per cent. per annum;

(c) from (but excluding) the date falling six (6) years after the First Issue Date to (and including) the date falling eight (8) years after the First Issue Date, 7.75 per cent. per annum;

(d) from (but excluding) the date falling eight (8) years after the First Issue Date to (and including) the date falling ten (10) years after the First Issue Date, 8.75 per cent. per annum; and

(e) from (but excluding) the date falling ten (10) years after the First Issue Date to (and including) the relevant Redemption Date, 9.75 per cent. per annum.

Step-up after a Change of Control

Notwithstanding any other provision of Clause 10 (*Interest*) of the Terms and Conditions, if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 13.5 (*Voluntary redemption due to a Change of Control Event*) of the Terms and Conditions, the then prevailing Interest Rate otherwise determined in accordance with Clause 10 (*Interest*) of the Terms and Conditions, on the Capital Securities shall be increased by five (5) per cent. *per annum* with effect from (but excluding) the Change of Control Step-up Date.

Default Interest

If the Issuer fails to pay any amount payable by it pursuant to certain provisions in the Terms and Conditions, on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate of two (2) per cent. *per annum*. See further Clause 10.6 (*Default Interest*) of the Terms and Conditions.

Interest Payment Dates

Subject to any optional interest deferral, Interest is payable quarterly in arrear on 15 January, 15 April, 15 July and 15 October each year (with the first Interest Payment Date being on 15 January 2022 and the last Interest Payment Date being the relevant Redemption Date).

Deferral of Interest Payments

The Issuer may, at any time and at its sole discretion, elect to defer any Interest Payment (except on any Interest Payment Date on which the Capital Securities are to be redeemed), in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date by giving notice of such election to the Holders, the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date. Such deferral shall not constitute a default according to the

Optional settlement of Deferred Interest

Terms and Conditions. See further Clause 11.1 (*Deferral of Interest Payments*) of the Terms and Conditions.

Deferred Interest may be paid, in whole or in part, at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Clause 25 (*Notices and press releases*) of the Terms and Conditions, the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest. See further Clause 11.2 (*Optional settlement of Deferred Interest*) of the Terms and Conditions.

Mandatory Settlement of Deferred Interest

The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates (a) the tenth (10th) Business Day following the date on which a Deferred Interest Payment Event occurs; (b) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and (c) the date on which the Capital Securities are redeemed or repaid in accordance with Clause 13 (*Redemption and repurchase of the Capital Securities*) or Clause 16 (*Default and Enforcement*) of the Terms and Conditions. See further Clause 11.3 (*Mandatory Settlement of Deferred Interest*) of the Terms and Conditions.

REDEMPTION AND REPURCHASE OF THE CAPITAL SECURITIES

No maturity

The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in Clause 13 (*Redemption and repurchase of the Capital Securities*) of the Terms and Conditions. The Capital Securities are not redeemable at the option of the Holders at any time.

The Group Companies' purchase of Capital Securities

Any Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities. See further Clause 13.2 (*The Group Companies' purchase of Capital Securities*) of the Terms and Conditions.

Early voluntary redemption by the Issuer (call option)

The Issuer may redeem all, but not only some, of the Capital Securities in full on any Business Day falling on the First Call Date or on any Interest Payment Date falling thereafter, at an amount equal to one hundred (100.00) per cent. of the Nominal

Amount together with any Deferred Interest and any accrued but unpaid Interest. See further Clause 13.3 (*Early voluntary redemption by the Issuer (call option)*) of the Terms and Conditions.

Voluntary redemption due to a Special Event

Upon the occurrence of a Special Event (as defined in the Terms and Conditions), the Issuer may redeem all, but not some only, of its Capital Securities at any time at a price per Capital Security equal to: (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101) per cent. of the Nominal Amount; or (b) if the Redemption Date falls on or after the First Call Date, one hundred (100) per cent. of the Nominal Amount, in each case together with any Deferred Interest and any accrued but unpaid interest. See further Clause 13.4 (*Voluntary redemption due to a Special Event*) of the Terms and Conditions.

Voluntary redemption due to a Change of Control Event

Upon the occurrence of a Change of Control Event, the Issuer may, no later than the Change of Control Step-up Date, redeem all, but not some only, of its Capital Securities at any time at a price per Capital Security equal to: (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101) per cent. of the Nominal Amount; or (b) if the Redemption Date falls on or after the First Call Date, one hundred (100) per cent. of the Nominal Amount, in each case together with any Deferred Interest and any accrued but unpaid interest. See further Clause 13.5 (*Voluntary redemption due to a Change of Control Event*) of the Terms and Conditions.

Cancellation of Capital Securities

All Capital Securities which are redeemed pursuant to Clause 13 (*Redemption and Repurchase of the Capital Securities*) and all Capital Securities purchased and elected to be cancelled pursuant to Clause 13.2 (*The Group Companies' purchase of Capital Securities*) will be cancelled and may not be reissued or resold.

MISCELLANEOUS

Transfer restrictions

The Capital Securities are freely transferable. The Holders may be subject to purchase or transfer restrictions with regard to the Capital Securities under local laws to which a Holder may be subject. The Capital Securities have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.

Admission to trading

The Issuer has the intention and shall use its best efforts (without assuming any legal or contractual obligation) to ensure that: (a) the Initial Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within thirty (30) days after the First Issue Date; (b) any Subsequent Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within thirty (30) days following the relevant Issue Date (or any shorter period of time required pursuant to applicable regulations or stock exchange rules); (c) the Capital Securities, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Capital Securities in close connection to the redemption of the Capital Securities).

Agent

Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden, is acting as Agent for the Holders in relation to the Capital Securities, and if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. An Agent Agreement was entered into between the Agent and the Issuer prior to the First Issue Date regarding, among others, the remuneration payable to the Agent. The Agent Agreement is available at the Agent's office address (Norrandsgatan 23, SE-111 43 Stockholm). The rights and obligations of the Agent are set forth in the Terms and Conditions. The Terms and Conditions are available at the Agent's office address, Norrandsgatan 23, SE-111 43 Stockholm, Sweden, during normal business hours as well as at the Agent's website, www.nordictrustee.com.

Clearing and settlement

The Capital Securities are connected to the account-based system of Euroclear Sweden AB, Swedish reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Capital Securities are registered on behalf of the Holders of the Capital Securities on a securities account (Sw. *VP-konto*). No physical Capital Securities have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

Governing law of the Capital Securities

Swedish law.

Time-bar

The right to receive repayment of the principal of the Capital Securities shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment.

Risk factors

Investing in the Capital Securities involves substantial risks and prospective investors should refer to section "*Risk factors related to Nyfosa*" in the Registration Document and "*Risk factors related to the Capital Securities*" in this Securities Note for a description of certain factors that they should carefully consider before deciding to invest in the Capital Securities.

OTHER INFORMATION

BOARD OF DIRECTORS

As of the date of this Securities Note, Nyfosa's board of directors comprises of seven members: Johan Ericsson (chairman), Lisa Dominguez Flodin, Marie Bucht Toresäter, Jens Engwall, Per Lindblad, Mats Andersson and Jenny Wärmé.

INTEREST OF NATURAL AND LEGAL PERSONS INVOLVED IN THE CAPITAL SECURITIES ISSUE

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

CREDIT RATING

No credit rating has been assigned to the Capital Securities.

TERMS AND CONDITIONS FOR THE CAPITAL SECURITIES

NYFOSA AB

MAXIMUM SEK 2,000,000,000

SUBORDINATED PERPETUAL FLOATING RATE CALLABLE

CAPITAL SECURITIES

ISIN: SE0017084486

First Issue Date: 18 November 2021

SELLING RESTRICTIONS

No action is being taken that would or is intended to permit a public offering of the Capital Securities or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Capital Securities in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

PRIVACY NOTICE

The Issuer, the Issuing Agent and the Agent may collect and process personal data relating to the Holders, the Holders' representatives or agents, and other Persons nominated to act on behalf of the Holders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Capital Securities). The personal data relating to the Holders is primarily collected from the registry kept by the CSD. The personal data relating to other Persons is primarily collected directly from such Persons.

The personal data collected will be processed by the Issuer, the Issuing Agent and the Agent for the following purposes:

- (a) to exercise their respective rights and fulfil their respective obligations under the Finance Documents;
- (b) to manage the administration of the Capital Securities and payments under the Capital Securities;
- (c) to enable the Holders to exercise their rights under the Finance Documents; and
- (d) to comply with their obligations under applicable laws and regulations.

The processing of personal data by the Issuer, the Issuing Agent and the Agent in relation to paragraphs (a) - (c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to paragraph (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer, the Issuing Agent or the Agent. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer, the Issuing Agent and the Agent, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's and the Agent's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites www.nyfosa.se, www.nordea.com and www.nordictrustee.com.

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1 DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

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

"Accounting Event" means the receipt by the Issuer of an opinion of an authorised accountant (Sw. *auktoriserad revisor*) in Sweden (experienced in such matters) to the effect that, as a result of a change in the Accounting Principles or interpretation thereof, the equity treatment of the Capital Securities as "equity" in full in the Issuer's consolidated financial statements has or will cease.

"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).

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

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

"Agent" means the Holders' agent under these Terms and Conditions from time to time; initially Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.

"Agent Agreement" means the fee agreement entered into on or about the First Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the First Issue Date between the Issuer and an Agent.

"Base Rate" means STIBOR or, any reference rate replacing STIBOR in accordance with Clause 12 (*Base Rate replacement*).

"Base Rate Administrator" means Swedish Financial Benchmark Facility AB (SFBF) or any Person replacing it as administrator of the Base Rate.

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

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

"Capital Security" means a debt instrument (Sw. *skuldförbindelse*), for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act, issued by the Issuer under these Terms and Conditions.

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

"Change of Control Event" means the occurrence of an event or series of events whereby one or more Persons acting together, acquire control over the Issuer and where "control" means (i) acquiring or controlling, directly or indirectly, more than fifty (50) per cent. of the votes of the Issuer, or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

"Change of Control Step-up Date" means the date falling six (6) months after the date on which a Change of Control Event has occurred.

"CSD" means the Issuer's central securities depository and registrar in respect of the Capital Securities from time to time; initially Euroclear Sweden AB reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden.

"Default" has the meaning given to that term in Clause 16.1.1.

"Deferred Interest" has the meaning ascribed to it in Clause 11.1 (*Deferral of Interest Payments*).

"Deferred Interest Payment Event" means any or more of the following events:

- (a) declaration or payment of any distribution or dividend or any other payment by the Issuer on its share capital or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities;
- (b) declaration or payment of any distribution or dividend or any other payment made by the Issuer or any Subsidiary of the Issuer, as the case may be, on any Parity Securities;
- (c) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any shares of the Issuer or any other obligation of the Issuer which ranks or is expressed by its terms to rank junior to the Capital Securities or any Parity Securities; and/or
- (d) redemption, repurchase, repayment, cancellation, reduction or other acquisition by the Issuer or any Subsidiary of the Issuer of any Parity Securities,

save for:

- (i) (i) in each case, any compulsory distribution, dividend, other payment, redemption, repurchase, repayment, cancellation, reduction or other acquisition required by the terms of such securities or by mandatory operation of applicable law;
- (ii) (ii) in each case, any declaration or payment of any distribution or dividend or any other payment made by the Issuer on its share capital, which is made by reason of a claim (in accordance with the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) by shareholder(s) owning not less than ten (10) per cent. of the shares in the Issuer; and
- (iii) (iii) in each case of paragraph (c) above only, any redemption, repurchase, repayment, cancellation, reduction or other acquisition that is executed in connection with, or for the purpose of:
 - (1) any reduction of the quota value of the share capital of the Issuer without a corresponding return of cash, capital or assets to the shareholders of the Issuer; or
 - (2) any share buyback programme then in force and duly approved by the shareholders' general meeting of the Issuer or the relevant Subsidiary of the Issuer (as applicable) or any existing or future stock option plan or free share allocation plan or other incentive plan, in all cases, reserved for directors, officers, and/or employees of the Issuer or the relevant Subsidiary of the Issuer or any associated hedging transaction.

"Enforcement" has the meaning ascribed to it in Clause 16.2 (*Enforcement*).

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

"First Call Date" means the date falling four (4) years after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

"First Issue Date" means 18 November 2021.

"First Step-up Date" means the date falling four (4) years after the First Issue Date.

"Force Majeure Event" has the meaning set forth in Clause 26.1.

"Fourth Step-up Date" means the date falling ten (10) years after the First Issue Date.

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

"Holder" means the Person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Capital Security.

"Holders' Meeting" means a meeting among the Holders held in accordance with Clause 18.2 (*Holders' Meeting*).

"Initial Capital Security" means any Capital Security issued on the First Issue Date.

"Initial Capital Security Issue" has the meaning set forth in Clause 3.1.

"Interest" means the interest on the Capital Securities calculated in accordance with Clauses 10.1 to 10.2.

"Interest Payment Date" means, subject to Clause 11 (*Optional interest deferral*), 15 January, 15 April, 15 July and 15 October each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date shall be 15 January 2022 and the last Interest Payment Date being on the final Redemption Date.

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

"Interest Rate" means the Base Rate plus the applicable Margin as adjusted by any application of Clause 12 (*Base Rate replacement*), and shall for the avoidance of doubt never be less than zero (0).

"Issue Date" means the First Issue Date and each other date on which Capital Securities are to be issued pursuant to these Terms and Conditions, as agreed between the Issuing Agent and the Issuer.

"Issuer" means Nyfosa AB, reg. no. 559131-0833, P.O. Box 4044, SE-131 04, Nacka, Sweden.

"Issuer Winding-up" has the meaning ascribed to it in paragraph (a) of Clause 2.2.

"Issuing Agent" means Nordea Bank Abp, filial i Sverige or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"Margin" means:

- (a) from (but excluding) the First Issue Date to (and including) the First Step-up Date, 4.75 per cent. per annum;
- (b) from (but excluding) the First Step-up Date to (and including) the Second Step-up Date, 6.75 per cent. per annum;
- (c) from (but excluding) the Second Step-up Date to (and including) the Third Step-up Date, 7.75 per cent. per annum;
- (d) from (but excluding) the Third Step-up Date to (and including) the Fourth Step-up Date, 8.75 per cent. per annum; and
- (e) from (but excluding) the Fourth Step-up Date to (and including) the relevant Redemption Date, 9.75 per cent. per annum.

"Nasdaq Stockholm" means the Regulated Market of Nasdaq Stockholm AB, reg. no. 556420-8394, SE-105 78 Stockholm, Sweden.

"Net Proceeds" means the proceeds from the Initial Capital Security Issue or any Subsequent Capital Security Issue which, after deduction has been made for any transaction costs, shall be transferred to the Issuer and used in accordance with Clause 4 (*Use of proceeds*).

"Nominal Amount" has the meaning set forth in Clause 3.1.

"Parity Securities" means any obligation of:

- (a) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Capital Securities; and
- (b) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Capital Securities.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

"Proceedings" has the meaning ascribed to it in Clause 16.1 (*Proceedings*).

"Quotation Day" means, in relation to (i) an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the First Issue Date), or (ii) any other period for which an Interest Rate is to be determined, two (2) Business Days before the first day of that period (i.e., the day that period commences, even if no Interest accrues on such day).

"Record Date" means the fifth (5th) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, or (iii) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"Redemption Date" means the date on which the relevant Capital Securities are to be redeemed in accordance with Clause 13 (*Redemption and repurchase of the Capital Securities*).

"Regulated Market" means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments (MiFID II), as amended).

"Second Step-up Date" means the date falling six (6) years after the First Issue Date.

"Securities Account" means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and 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.

"SEK" means the lawful currency of Sweden.

"Special Event" means any of the Accounting Event, a Substantial Repurchase Event, a Tax Deductibility Event, a Withholding Tax Event or any combination of the foregoing.

"STIBOR" means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Base Rate Administrator for the offering of deposits in SEK and for a period equal to the relevant Interest Period, as displayed on page STIBOR of the Thomson Reuters screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day;
- (b) if no rate as described in paragraph (a) above is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR of the Thomson Reuters screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK;
- (c) if no rate as described in paragraph (a) or (b) above is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period.

"Subordinated Indebtedness" means any obligation of the Issuer, whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of an Issuer Winding-up to the claims of all unsubordinated creditors of the Issuer but senior to the Capital Securities or to the obligation of the Issuer in respect of any Parity Securities.

"Subsequent Capital Security" means any Capital Security issued after the First Issue Date on one or more occasions.

"Subsequent Capital Security Issue" has the meaning set forth in Clause 3.4.

"Subsidiary" means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50.00) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50.00) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (iv) exercises control as determined in accordance with the Accounting Principles.

"Substantial Repurchase Event" shall be deemed to occur if the Issuer and/or any of its Subsidiaries repurchase and cancel or have at any time repurchased and cancelled, a principal amount of the Capital Securities equal to or greater than eighty (80) per cent. of the

aggregate principal amount of the Capital Securities issued (which shall include, for these purposes, any Subsequent Capital Securities).

"Tax Deductibility Event" means the receipt by the Issuer of an opinion of a well-reputed counsel in Sweden (experienced in such matters) to the effect that, as a result of a Tax Law Change, any interest payments under the Capital Securities were, but are no longer, tax-deductible by the Issuer for Swedish tax purposes to the same extent as any unsubordinated obligations of the Issuer.

"Tax Law Change" means

- (a) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of Sweden, or any political subdivision or any authority thereof or therein having the power to tax, affecting taxation;
- (b) any governmental action; or
- (c) any amendment to, clarification of, or change in the application, official position or the interpretation of such law, treaty (or regulations thereunder) or governmental action or any interpretation, decision or pronouncement that provides for a position with respect to such law, treaty (or regulations thereunder) or governmental action that differs from the theretofore generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body in Sweden, irrespective of the manner in which such amendment, clarification change, action, pronouncement, interpretation or decision is made known, which amendment, clarification or change is effective or such governmental action, pronouncement, interpretation or decision is announced on or after the First Issue Date.

"Third Step-up Date" means the date falling eight (8) years after the First Issue Date.

"Total Nominal Amount" means the total aggregate Nominal Amount of the Capital Securities outstanding at the relevant time.

"Withholding Tax Event" shall be deemed to occur if, as a result of any Tax Law Change, in the making any payments on the Capital Securities, the Issuer has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Capital Securities and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

"Written Procedure" means the written or electronic procedure for decision making among the Holders in accordance with Clause 18.3 (*Written Procedure*).

1.2 Construction

1.2.1 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) "assets" includes present and future properties, revenues and rights of every description;

- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (c) a "regulation" includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
 - (d) a provision of law is a reference to that provision as amended or re-enacted; and
 - (e) a time of day is a reference to Stockholm time.
- 1.2.2 When ascertaining whether a limit or threshold specified in SEK 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 SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.3 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- 1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.
- 1.2.5 The selling and the distribution restrictions and the privacy statement contained in this document before the table of contents do not form part of the Terms and Conditions and may be updated without the consent of the Holders and the Agent (save for the privacy statement insofar it relates to the Agent).

2 STATUS OF THE CAPITAL SECURITIES

- 2.1 The Capital Securities, including the obligation to pay interest thereon, constitute direct, general, unconditional, unsecured and subordinated obligations of the Issuer. The rights and claims of the Holders in respect of the Capital Securities against the Issuer are subordinated as described under Clause 2.2.
- 2.2 In the event of:
- (a) a voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer (each an "Issuer Winding-up"), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:
 - (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligation of the Issuer in respect of Parity Securities;
 - (ii) In priority to all present and future claims in respect of:

- (1) the share capital of the Issuer; and
 - (2) any other obligation of the Issuer expressed by its terms as at its original issue date to rank junior to the Capital Securities or any Parity Securities; and
- (iii) junior in right of payment to any present or future claims of:
 - (1) all unsubordinated obligations of the Issuer; and
 - (2) all Subordinated Indebtedness; or
- (b) a company reorganisation (Sw. *företagsrekonstruktion*) of the Issuer under the Swedish Company Reorganisation Act (Sw. *lag (1996:764) om företagsrekonstruktion*), the Holders shall, in respect of their Capital Securities, have a claim for the principal amount of their Capital Securities and any accrued and unpaid interest (including any Deferred Interest) thereon and such claims will rank:
 - (i) *pari passu* without any preference among themselves and with any present or future claims in respect of obligations of the Issuer in respect of Parity Securities; and
 - (ii) junior in right of payment to any present or future claims of:
 - (1) all unsubordinated obligations of the Issuer; and
 - (2) all Subordinated Indebtedness.

Claims in respect of the share capital of the Issuer are not subject to loss absorbing measures under a company re-construction of the Issuer.

- 2.3 Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Capital Securities and each Holder shall, by virtue of its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

3 THE AMOUNT OF THE CAPITAL SECURITIES AND UNDERTAKING TO MAKE PAYMENTS

- 3.1 The aggregate amount of the Capital Security loan will be an amount of up to SEK 2,000,000,000 which will be represented by Capital Securities, each of a nominal amount of SEK 1,250,000 or full multiples thereof (the "**Nominal Amount**"). The total Nominal Amount of the Initial Capital Securities is SEK 800,000,000 (the "Initial Capital Security Issue"). All Initial Capital Securities are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount.
- 3.2 The ISIN for the Capital Securities is SE0017084486.

- 3.3 The minimum permissible investment in the Initial Capital Security Issue and any Subsequent Capital Security Issue is SEK 1,250,000, and integral multiples thereof.
- 3.4 Provided that a Default has not occurred, the Issuer may at one or more occasions after the First Issue Date issue Subsequent Capital Securities under these Terms and Conditions (each such issue, a "Subsequent Capital Security Issue"), until the total amount under such Subsequent Capital Security Issue(s) and the Initial Capital Security Issue equals SEK 2,000,000,000. Any Subsequent Capital Securities shall be issued subject to these Terms and Conditions and for the avoidance of doubt, the ISIN, the Interest Rate and the Nominal Amount applicable to the Initial Capital Securities shall also apply to the Subsequent Capital Securities. The price of Subsequent Capital Securities may be set at the Nominal Amount or at a discount or at a higher price than the Nominal Amount.
- 3.5 The Issuer undertakes to make payments in relation to the Capital Securities, subject to and in accordance with these Terms and Conditions, and to comply with these Terms and Conditions.
- 3.6 The Capital Securities are denominated in SEK and each Capital Security is constituted by these Terms and Conditions.
- 3.7 By subscribing for Capital Securities, each initial Holder agrees that the Capital Securities shall benefit from and be subject to these Terms and Conditions and by acquiring Capital Securities each subsequent Holder confirms these Terms and Conditions.

4 USE OF PROCEEDS

The Net Proceeds shall be applied towards the general corporate purposes of the Issuer.

5 CONDITIONS PRECEDENT

- 1.1 The Issuer shall provide to the Agent, no later than 9.00 a.m. three (3) Business Days prior to the First Issue Date (or such later time as agreed by the Agent), the following:
- (a) copies of the articles of association and certificate of registration of the Issuer;
 - (b) a copy of a duly executed corporate resolution by the board of directors of the Issuer approving the Initial Capital Security Issue, the terms of these Terms and Conditions and the Agent Agreement and resolving to execute and perform such documents and any documents necessary in connection therewith;
 - (c) a copy of these Terms and Conditions and the Agent Agreement duly executed by the Issuer; and
 - (d) such other documents and evidence as is agreed between the Agent and the Issuer.
- 5.1 The Issuer shall provide to the Agent no later than 9.00 a.m. three (3) Business Days prior to the Issue Date (or such later time as agreed by the Agent), in respect of Subsequent Capital Securities, the following:

- (a) a copy of a duly executed corporate resolution by the board of directors of the Issuer approving the Subsequent Capital Security Issue and resolving to execute and perform any documents necessary in connection therewith; and
 - (b) such other documents and evidence as is agreed between the Agent and the Issuer.
- 5.2 The Agent shall promptly confirm to the Issuing Agent when it is satisfied that the conditions in Clause 5.1 or 5.2, as the case may be have been fulfilled (or amended or waived in accordance with Clause 19 (*Amendments and waivers*)). The relevant Issue Date shall not occur (i) unless the Agent makes such confirmation to the Issuing Agent no later than 16.00 p.m. two (2) Business Days prior to the relevant Issue Date (or such later time as agreed by the Agent), or (ii) if the Issuing Agent and the Issuer agree to postpone the relevant Issue Date.
- 5.3 The Agent may assume that the documentation and evidence delivered to it pursuant to this Clause 5 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation or evidence. The Agent does not have any obligation to review the documentation and evidence set out in this Clause 5 from a legal or commercial perspective of the Holders.
- 5.4 Following receipt by the Issuing Agent of the confirmation in accordance with Clause 5.3, the Issuing Agent shall settle the issuance of the Initial Capital Securities and pay the Net Proceeds to the Issuer on the First Issue Date. Following receipt by the Issuing Agent of the confirmation in accordance with Clause 5.3, the Issuing Agent shall settle the issuance of any Subsequent Capital Securities and pay the Net Proceeds to the Issuer on the relevant Issue Date.

6 THE CAPITAL SECURITIES AND TRANSFERABILITY

- 6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 6.2 The Capital Securities are freely transferable. All Capital Security transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Capital Security transferees upon completed transfer.
- 6.3 Upon a transfer of Capital Securities, any rights and obligations under these Terms and Conditions relating to such Capital Securities are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Capital Securities or the possession, circulation or distribution of any document or other material relating to the Issuer or the Capital Securities in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Capital Securities, (due to, e.g., its nationality, its residency, its registered address or its

place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.

- 6.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Capital Securities in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

7 CAPITAL SECURITIES IN BOOK-ENTRY FORM

- 7.1 The Capital Securities will be registered for the Holders on their respective Securities Accounts and no physical Capital Securities will be issued. Accordingly, the Capital Securities will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Capital Securities shall be directed to an Account Operator.
- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken* (1949:381)), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Capital Security shall register their entitlements to receive payment in accordance with the Central Securities Depositories and Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Capital Securities. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 7.4 The Issuer shall issue any necessary power of attorney to such Persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Capital Securities. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 7.5 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and the Agent Agreement and shall not disclose such information to any Holder or third party unless necessary for such purposes.

8 RIGHT TO ACT ON BEHALF OF A HOLDER

- 8.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.

- 8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Capital Securities held by it. Any such representative may act independently under these Terms and Conditions in relation to the Capital Securities for which such representative is entitled to represent the Holder.
- 8.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clauses 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

9 PAYMENTS IN RESPECT OF THE CAPITAL SECURITIES

- 9.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Capital Securities, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effectuated by the CSD on the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.3 during such postponement.
- 9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.
- 9.5 The Issuer is not liable to gross-up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or similar.

10 INTEREST

- 10.1 Interest accrues during an Interest Period. The Initial Capital Securities carries Interest at the applicable Interest Rate from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Capital Security will carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to and including the relevant Redemption Date.

- 10.2 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 10.3 Subject to Clause 11 (*Optional interest deferral*) and the Business Day Convention, payment of interest in respect of the Capital Securities shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.
- 10.4 The Interest payment in respect of each Interest Period may be deferred in accordance with Clause 11 (*Optional interest deferral*).
- 10.5 Notwithstanding any other provision of this Clause 10, if the Issuer does not elect to redeem the Capital Securities in accordance with Clause 13.5 (*Voluntary redemption due to a Change of Control Event*) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Clause 10, on the Capital Securities shall be increased by 500 basis points per annum with effect from (but excluding) the Change of Control Step-up Date up to (and including) the relevant Redemption Date.
- 10.6 If the Issuer fails to pay any amount payable by it pursuant to Clause 11.3 (*Mandatory settlement of Deferred Interest*) or Clause 13 (*Redemption and repurchase of the Capital Securities*) (except for Clause 13.1 (*No maturity*) and Clause 13.2 (*The Group Companies' purchase of Capital Securities*)) on its due date, default interest at a rate of 200 basis points per annum, in addition to the applicable Interest Rate, shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD.

11 OPTIONAL INTEREST DEFERRAL

11.1 Deferral of Interest payments

- 11.1.1 The Issuer may, at any time and at its sole discretion, elect to defer any payment of Interest, in whole or in part, which is otherwise scheduled to be paid on an Interest Payment Date (except on any Interest Payment Date on which the Capital Securities are to be redeemed) by giving notice of such election to the Holders in accordance with Clause 25 (*Notices and press releases*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the relevant Interest Payment Date. Notwithstanding the foregoing, failure to give such notice shall not prejudice the right of the Issuer to defer any Interest payment as described above.
- 11.1.2 If the Issuer makes only a partial payment of interest on an Interest Payment Date, such amount shall be applied equally to each Capital Security.
- 11.1.3 Any Interest payment so deferred pursuant to this Clause 11 shall, from (but excluding) the Interest Payment Date on which such Interest payment would (but for its deferral) have been payable to (and including) the date on which it is paid in full, itself bear interest at the Interest Rate prevailing from time to time (which interest shall compound on each Interest Payment

Date) and, for so long as the same remains unpaid, such deferred interest (together with the interest accrued thereon) shall constitute "**Deferred Interest**".

- 11.1.4 The deferral of an Interest payment in accordance with this Clause 11 shall not constitute a default pursuant to Clause 16 (*Default and Enforcement*) by the Issuer under the Capital Securities or for any other purpose.

11.2 Optional settlement of Deferred Interest

Deferred Interest may be paid, in whole or in part, at any time at the option of the Issuer following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Clause 25 (*Notices and press releases*), the Issuing Agent and the Agent not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest. Any such notice shall state the date fixed for the payment and the relevant Record Date and is irrevocable.

11.3 Mandatory Settlement of Deferred Interest

- 11.3.1 The Issuer shall pay any Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (a) the tenth (10th) Business Day following the date on which a Deferred Interest Payment Event occurs;
- (b) any Interest Payment Date in respect of which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (c) the date on which the Capital Securities are redeemed or repaid in accordance with Clause 13 (*Redemption and repurchase of the Capital Securities*) or Clause 16 (*Default and Enforcement*).

- 11.3.2 Notice of any Deferred Interest Payment Event shall be given by the Issuer to the Holders in accordance with Clause 25 (*Notices and press releases*), the Issuing Agent and the Agent within three (3) Business Days of such event.

12 BASE RATE REPLACEMENT

12.1 General

- 12.1.1 Any determination or election to be made by an Independent Adviser, the Issuer or the Holders in accordance with the provisions of this Clause 11 shall at all times be made by such Independent Adviser, the Issuer or the Holders (as applicable) acting in good faith, in a commercially reasonable manner and by reference to relevant market data.

- 12.1.2 If a Base Rate Event has occurred, this Clause 11 shall take precedent over the fallbacks set out in paragraph (b) to (d) of the definition of STIBOR.

12.2 Definitions

In this Clause 11:

"Adjustment Spread" means a spread (which may be positive, negative or zero) or a formula or methodology for calculating a spread, or a combination thereof determined in accordance with Clause 12.3.4 to be applied to a Successor Base Rate or an Alternative Base Rate, the objective of which, in each case, shall be to reduce or eliminate, to the fullest extent reasonably practicable, any transfer of economic value from one party to another as a result of a replacement of the Base Rate.

"Alternative Base Rate" means the reference rate that has replaced the Base Rate in customary market usage in the relevant debt capital markets for the purposes of determining rates of interest in respect of Capital Securities denominated in SEK or, if there is no such rate, such other rate as the Independent Adviser determines is most comparable to the Base Rate.

"Base Rate Amendments" has the meaning set forth in Clause 12.3.5.

"Base Rate Event" means that:

- (a) the Base Rate has (i) been permanently or indefinitely discontinued, (ii) ceased to exist or (iii) ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate ceasing to be calculated or administered;
- (b) the Base Rate Administrator ceases to publish the applicable Base Rate permanently or indefinitely and, at that time, no successor administrator has been appointed to continue to publish the Base Rate;
- (c) the supervisor of the Base Rate Administrator (i) has made a public statement stating that the Base Rate is no longer representative of the underlying market or (ii) is recommending the usage of a Successor Base Rate for the applicable Base Rate;
- (d) the Base Rate Administrator or its supervisor announces that (i) the Base Rate methodology has changed materially after the First Issue Date or (ii) the Base Rate may no longer be used, either generally or in respect of the Capital Securities; or
- (e) it has become unlawful for the Issuer or the Issuing Agent to calculate any payments due to be made to any Holder using the applicable Base Rate.

"Base Rate Event Announcement" means a public statement by the Base Rate Administrator or the supervisor of the Base Rate Administrator that any event or circumstance specified in paragraphs (a) to (e) of the definition of Base Rate Event will occur.

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

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee of any of them or the Financial Stability Council (Sw. *Finansiella stabilitetsrådet*) or any part thereof.

"Successor Base Rate" means a screen or benchmark rate which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body.

12.3 Determination of Base Rate, Adjustment Spread and Base Rate Amendments

- 12.3.1 Without prejudice to Clause 12.3.2, upon a Base Rate Event Announcement, the Issuer may, if it is possible to determine a Successor Base Rate or an Alternative Base Rate at such point of time, at any time before the occurrence of the relevant Base Rate Event at the Issuer's expense appoint an Independent Adviser to determine a Successor Base Rate or, if there is no Successor Base Rate, an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate. For the avoidance of doubt, the Issuer will not be obliged to take any such actions until obliged to do so pursuant to Clause 12.3.2.
- 12.3.2 If (i) a Base Rate Event has occurred or (ii) a Base Rate Event Announcement has been made and the announced Base Rate Event will occur within six (6) months, the Issuer shall use all commercially reasonable endeavours to, as soon as reasonably practicable and at the Issuer's expense, appoint an Independent Adviser to determine, as soon as commercially reasonable, a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the Adjustment Spread and any Base Rate Amendments for purposes of determining and calculating the applicable Base Rate.
- 12.3.3 If the Issuer fails to appoint an Independent Adviser in accordance with Clause 12.3.2, the Holders shall, if so decided at a Holders' Meeting or by way of Written Procedure, be entitled to appoint an Independent Adviser (at the Issuer's expense) for the purposes set forth in Clause 12.3.2.
- 12.3.4 The Adjustment Spread determined by the Independent Adviser in accordance with Clause 12.3.1 or 12.3.2, shall be the Adjustment Spread which:
- (a) is formally recommended in relation to the replacement of the Base Rate by any Relevant Nominating Body; or
 - (b) if paragraph (a) above does not apply, the Independent Adviser determines is customarily applied to the relevant Successor Base Rate or Alternative Base Rate (as applicable), in comparable debt capital markets transactions.
- 12.3.5 The Independent Adviser shall also determine any technical, administrative or operational changes required to ensure the proper operation of a Successor Base Rate or an Alternative Base Rate or to reflect the adoption of such Successor Base Rate or Alternative Base Rate in a manner substantially consistent with market practice ("Base Rate Amendments").
- 12.3.6 Provided that a Successor Base Rate or (if there is no Successor Base Rate) an Alternative Base Rate and, in each case, the applicable Adjustment Spread and any Base Rate Amendments have been determined no later than ten (10) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period.

12.4 Interim measures

12.4.1 If Base Rate Event has occurred but no Successor Base Rate or Alternative Base Rate and Adjustment Spread have been determined at least ten (10) Business Days prior to the relevant Quotation Day in relation to the next succeeding Interest Period, the Interest Rate applicable to the next succeeding Interest Period shall be:

- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
- (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the Interest Rate determined for the immediately preceding Interest Period.

12.4.2 For the avoidance of doubt, Clause 12.4.1 shall apply only to the relevant next succeeding Interest Period and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, this Clause 11.

12.5 Notices

The Issuer shall promptly following the determination by the Independent Adviser of any Successor Base Rate, Alternative Base Rate, Adjustment Spread and any Base Rate Amendments give notice thereof to the Agent, the Issuing Agent and the Holders in accordance with Clause 25 (*Notices and press releases*) and the CSD.

12.6 Variation upon replacement of Base Rate

12.6.1 No later than giving the Agent notice pursuant to Clause 12.5, the Issuer shall deliver to the Agent a certificate signed by the Independent Adviser and a duly authorised signatory of the Issuer confirming the relevant Successor Base Rate or Alternative Base Rate, the Adjustment Spread and any Base Rate Amendments, in each case as determined in accordance with the provisions of this Clause 11. The Successor Base Rate or Alternative Base Rate, the Adjustment Spread and any Base Rate Amendments (as applicable) specified in such certificate will, in the absence of manifest error or bad faith in any determination, be binding on the Issuer, the Agent, the Issuing Agent and the Holders.

12.6.2 Subject to receipt by the Agent of the certificate referred to in Clause 12.6.1, the Issuer and the Agent shall, at the request and expense of the Issuer, without the requirement for any consent or approval of the Holders, without undue delay effect such amendments to the Terms and Conditions as may be required by the Issuer in order to give effect to this Clause 11.

12.6.3 The Agent and the Issuing Agent shall always be entitled to consult with external experts prior to amendments are effected pursuant to this Clause 11. Neither the Agent nor the Issuing Agent shall be obliged to concur if in the reasonable opinion of the Agent or the Issuing Agent (as applicable), doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Agent or the Issuing Agent in the Terms and Conditions.

12.7 Limitation of liability for the Independent Adviser

Any Independent Adviser appointed pursuant to Clause 12.3 shall not be liable whatsoever for damage or loss caused by any determination, action taken or omitted by it under or in connection with the Terms and Conditions, unless directly caused by its gross negligence or wilful misconduct. The Independent Adviser shall never be responsible for indirect or consequential loss.

13 REDEMPTION AND REPURCHASE OF THE CAPITAL SECURITIES

13.1 No maturity

The Capital Securities are perpetual and have no specified maturity date. The Issuer may only redeem the Capital Securities in the circumstances described in this Clause 13 (*Redemption and repurchase of the Capital Securities*). The Capital Securities are not redeemable at the option of the Holders at any time.

13.2 The Group Companies' purchase of Capital Securities

Any Group Company may, subject to applicable law, at any time and at any price purchase Capital Securities. The Capital Securities held by a Group Company may at such Group Company's discretion be retained or sold, but not cancelled, except in connection with (i) a full redemption or repurchase of the Capital Securities or (ii) a Substantial Repurchase Event.

13.3 Early voluntary redemption by the Issuer (call option)

The Issuer may redeem all, but not only some, of the Capital Securities in full on any Business Day falling on the First Call Date or on any Interest Payment Date falling thereafter, at an amount equal to one hundred (100.00) per cent. of the Nominal Amount together with any Deferred Interest and any accrued but unpaid Interest.

13.4 Voluntary redemption due to a Special Event

Upon the occurrence of a Special Event, the Issuer may redeem all, but not some only, of its Capital Securities at any time at a price per Capital Security equal to:

- (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101) per cent. of the Nominal Amount; or
- (b) if the Redemption Date falls on or after the First Call Date, one hundred (100) per cent. of the Nominal Amount,

in each case together with any Deferred Interest and any accrued but unpaid interest.

13.5 Voluntary redemption due to a Change of Control Event

13.5.1 Upon the occurrence of a Change of Control Event, the Issuer may, no later than the Change of Control Step-up Date, redeem all, but not some only, of its Capital Securities at any time at a price per Capital Security equal to:

- (a) if the Redemption Date falls prior to the First Call Date, one hundred and one (101) per cent. of the Nominal Amount; or

- (b) if the Redemption Date falls on or after the First Call Date, one hundred (100) per cent. of the Nominal Amount,

in each case together with any Deferred Interest and any accrued but unpaid interest.

- 13.5.2 Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice to the Agent, the Issuing Agent and the Holders in accordance with Clause 25 (*Notices and press releases*) specifying the nature of the Change of Control Event.

13.6 Notice of redemption

Redemption in accordance with Clauses 13.3, 13.4 or 13.5 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders, the Issuing Agent and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Capital Securities in full at the applicable amounts on the specified Redemption Date.

13.7 Cancellation of Capital Securities

All Capital Securities which are redeemed pursuant to this Clause 13 and all Capital Securities purchased and elected to be cancelled pursuant to Clause 13.2 (*The Group Companies' purchase of Capital Securities*) will be cancelled and may not be reissued or resold. The Issuer shall promptly inform the Holders in accordance with Clause 25 (*Notices and press releases*), the Agent and the Issuing Agent of any such cancellation and for so long as the Capital Securities are admitted to trading on Nasdaq Stockholm and the rules of such exchange so require, the Issuer shall promptly inform Nasdaq Stockholm (or any other relevant Regulated Market on which the Capital Securities are admitted to trading) of the cancellation of any Capital Securities under this Clause 13.7.

14 PRECONDITIONS TO SPECIAL EVENT REDEMPTION

- 14.1 Prior to the publication of any notice of redemption pursuant to Clause 13 (*Redemption and repurchase of the Capital Securities*) (other than redemption pursuant to Clause 13.3 (*Early voluntary redemption by the Issuer (call option)*)), the Issuer shall deliver to the Agent a certificate signed by two authorised signatories of the Issuer stating:

- (a) that the relevant requirement or circumstance giving rise to the right to redeem the Capital Securities is satisfied; and
- (b) in the case of a Withholding Tax Event, that the Issuer is unable to avoid paying additional amounts by taking measures reasonably available to it.

- 14.2 In addition, in the case of an Accounting Event, a Tax Deductibility Event or a Withholding Tax Event, the Issuer shall deliver to the Agent and the Issuing Agent an opinion of independent legal, accounting or other tax advisers to the effect that the relevant requirement or circumstance giving rise to the right to redeem is satisfied (save, in the case of a Withholding Tax Event, as to whether reasonable measures to avoid paying additional

amounts are available to the Issuer). The Agent and the Issuing Agent shall be entitled to accept such opinion without any further inquiry as sufficient evidence of the satisfaction of the criteria set out in this paragraph, in which case it shall be conclusive and binding on the Holders.

- 14.3 Any redemption of the Capital Securities in accordance with Clause 13 (*Redemption and repurchase of the Capital Securities*) shall be conditional on all Deferred Interest being paid in full in accordance with the provisions of Clause 11.3 (*Mandatory settlement of Deferred Interest*) on or prior to the date of such redemption.

15 ADMISSION TO TRADING

The Issuer has the intention and shall use its best efforts (without assuming any legal or contractual obligation) to ensure that:

- (a) the Initial Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within thirty (30) days after the First Issue Date;
- (b) any Subsequent Capital Securities are admitted to trading on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within thirty (30) days following the relevant Issue Date (or any shorter period of time required pursuant to applicable regulations or stock exchange rules);
- (c) the Capital Securities, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Capital Securities in close connection to the redemption of the Capital Securities).

16 DEFAULT AND ENFORCEMENT

16.1 Proceedings

- 16.1.1 Without prejudice to the Issuer's right to defer the payment of interest under Clause 11 (*Optional interest deferral*), if a default is made by the Issuer for a period of thirty (30) days or more in relation to the payment of any interest, principal or premium in respect of the Capital Securities which is due and payable (a "Default"), then the Issuer shall be deemed to be in default under the Capital Securities and the Agent (acting on instructions of the Holders in accordance with these Terms and Conditions) or (subject to Clause 23 (No direct action by Holders)) any Holder may institute proceedings for an Issuer Winding-up provided that such Default is still continuing ("Proceedings").
- 16.1.2 In the event of an Issuer Winding-up, a Holder may, provided such Holder does not contravene a previously adopted resolution (if any), either independently or through the Agent prove and/or claim in such Issuer Winding-up in respect of the Capital Securities, such

claim being for such amount, and being subordinated in such manner, as is provided under Clause 2.2.

16.2 Enforcement

The Agent (acting on the instructions of the Holders in accordance with these Terms and Conditions) may institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Capital Securities ("Enforcement") but in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

16.3 Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Clause 16, shall be available to the Agent and the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Capital Securities.

17 DISTRIBUTION OF PROCEEDS

17.1 All payments by the Issuer relating to the Capital Securities shall in connection with a Proceeding or Enforcement be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the termination of the Capital Securities or the protection of the Holders' rights, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Holders' Meeting or a Written Procedure;
- (b) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Capital Securities (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) thirdly, in or towards payment pro rata of any unpaid principal under the Capital Securities; and
- (d) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under these Terms and Conditions.

Any excess funds after the application of proceeds in accordance with items (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with items (a) to (d) above shall, however, not restrict a Holders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

17.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 17.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 17.1.

- 17.3 Funds that the Agent receives (directly or indirectly) in connection with a Proceeding or Enforcement constitute escrow funds (*Sw. redovisningsmedel*) according to the Escrow Funds Act (*Sw. lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 17 as soon as reasonably practicable.
- 17.4 If the Issuer or the Agent shall make any payment under this Clause 17, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 9.1 shall apply.

18 DECISIONS BY HOLDERS

18.1 Request for decision

- 18.1.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 18.1.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Holders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 18.1.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Holders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable regulations.
- 18.1.4 The Agent shall not be responsible for the content of a notice for a Holders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 18.1.5 Should the Agent not convene a Holders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 18.1.3 being applicable, the Issuer or the Holder(s) requesting a decision by the Holders may convene such Holders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall upon request provide the Issuer or the convening Holder(s) with the information available in the Debt Register in order to convene and hold the Holders' Meeting or instigate and carry out the Written Procedure, as the case may be. The Issuer or Holder(s), as applicable, shall supply to the Agent a copy of the dispatched notice or communication.

- 18.1.6 Should the Issuer want to replace the Agent, it may (i) convene a Holders' Meeting in accordance with Clause 18.2 (*Holders' Meeting*) or (ii) instigate a Written Procedure by sending communication in accordance with Clause 18.3 (*Written Procedure*). After a request from the Holders pursuant to Clause 20.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 18.2. The Issuer shall inform the Agent before a notice for a Holders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and supply to the Agent a copy of the dispatched notice or communication. The Issuing Agent shall provide the Issuer with the information available in the Debt Register in order to convene and hold the Holders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- 18.1.7 Should the Issuer or any Holder(s) convene a Holders' Meeting or instigate a Written Procedure pursuant to Clause 18.1.5 or 18.1.6, then the Agent shall no later than five (5) Business Days' prior to dispatch of such notice or communication be provided with a draft thereof. The Agent may further append information from it together with the notice or communication, provided that the Agent supplies such information to the Issuer or the Holder(s), as the case may be, no later than one (1) Business Day prior to the dispatch of such notice or communication.

18.2 Holders' meeting

- 18.2.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons).
- 18.2.2 The notice pursuant to Clause 18.2.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) a specification of the Record Date on which a person must be registered as a Holder in order to be entitled to exercise voting rights, (iv) a form of power of attorney, and (v) the agenda for the meeting. The reasons for, and contents of, each proposal as well as any applicable conditions and conditions precedent shall be specified in the notice. If a proposal concerns an amendment to any Finance Document, such proposed amendment must always be set out in detail. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 18.2.3 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 18.2.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

18.3 Written procedure

- 18.3.1 The Agent shall instigate a Written Procedure by way of sending a communication to the Holders as soon as practicable and in any event no later than five (5) Business Days after

receipt of a complete communication from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons).

- 18.3.2 A communication pursuant to Clause 18.3.1 shall include (i) a specification of the Record Date on which a person must be registered as a Holder in order to be entitled to exercise voting rights, (ii) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (iii) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 18.3.1). The reasons for, and contents of, each proposal as well as any applicable conditions and conditions precedent shall be specified in the notice. If a proposal concerns an amendment to any Finance Document, such proposed amendment must always be set out in detail. If the voting is to be made electronically, instructions for such voting shall be included in the communication.
- 18.3.3 If so elected by the person requesting the Written Procedure and provided that it is also disclosed in the communication pursuant to Clause 18.3.1, when consents from Holders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 18.4.2 and 18.4.3 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 18.4.2 or 18.4.3, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18.4 Majority, quorum and other provisions

- 18.4.1 Only a holder who is, or a person who has been provided with a power of attorney or other authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Holder:

- (a) on the Business Day specified in the notice pursuant to Clause 18.2.2, in respect of a Holders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 18.3.2, in respect of a Written Procedure,

may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Capital Securities are included in the definition of Adjusted Nominal Amount. Each whole Capital Security entitles to one vote and any fraction of a Capital Security voted for by a person shall be disregarded. Such Business Day specified pursuant to paragraph(a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the notice or communication, as the case may be.

- 18.4.2 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3.2:
- (a) the issue of any Subsequent Capital Securities, if the Total Nominal Amount of the Capital Securities exceeds, or if such would cause the Total Nominal Amount of the Capital Securities to at any time exceed, SEK 2,000,000,000 (for the avoidance

of doubt, for which consent shall be required at each occasion such Subsequent Capital Securities are issued);

- (b) a change to the currency, denomination, status or transferability of the Capital Securities;
- (c) a change to the Nominal Amount or the Interest Rate (including, for the avoidance of doubt, changes to the Margin or STIBOR other than as a result of an application of Clause 12 (*Base Rate Replacement*));
- (d) any delay of the due date for payment of any interest and/or principal on the Capital Securities other than as permitted pursuant to Clause 11(*Optional Interest Deferral*);
- (e) a change of Issuer;
- (f) an amendment of the perpetual nature of the Capital Securities;
- (g) a mandatory exchange of Capital Securities for other securities;
- (h) early redemption of the Capital Securities, other than as otherwise permitted or required by the Terms and Conditions;
- (i) amend the provisions in this Clause 18.4.2 or Clause 18.4.3; or
- (j) a reduction of the premium payable upon the redemption or repurchase of Capital Securities pursuant to Clause 13 (*Redemption and repurchase of the Capital Securities*).

18.4.3 Any matter not covered by Clause 18.4.2 shall require the consent of Holders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3.2. This includes, but is not limited to, any amendment to or waiver of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 19.1 (a), (b) or (c)) or an Enforcement of the Capital Securities pursuant to Clause 16.2 (*Enforcement*).

18.4.4 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in respect of matters set out in Clause 18.4.2 above and at least twenty (20) per cent. of the Adjusted Nominal Amount in respect of matters set out in Clause 18.4.3 above:

- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
- (b) if in respect of a Written Procedure, reply to the request.

18.4.5 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 18.2.1) or initiate a second Written Procedure (in accordance with Clause 18.3.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s)

who initiated the procedure for Holders' consent. The quorum requirement in Clause 18.4.4 shall not apply to such second Holders' Meeting or Written Procedure.

- 18.4.6 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions and the Agent Agreement shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 18.4.7 A Holder holding more than one Capital Security need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 18.4.8 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 18.4.9 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 18.4.10 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 18.4.11 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Capital Securities owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Capital Securities. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Capital Security is owned by a Group Company or an Affiliate of a Group Company.
- 18.4.12 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

19 AMENDMENTS AND WAIVERS

- 19.1 The Issuer and the Agent (acting on behalf of the Holders) may agree in writing to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that the Agent is satisfied that:

- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (b) such amendment or waiver is required by any applicable regulation, a court ruling or a decision by a relevant authority;
 - (c) such amendment or waiver is necessary for the purpose of having the Capital Securities admitted to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Holders;
 - (d) such amendment is made in accordance with Clause 12.3 as a result of a Base Rate Event; or
 - (e) such amendment or waiver has been duly approved by the Holders in accordance with Clause 18 (*Decisions by Holders*).
- 19.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.
- 19.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- 19.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

20 APPOINTMENT AND REPLACEMENT OF THE AGENT

20.1 Appointment of Agent

- 20.1.1 By subscribing for Capital Securities, each initial Holder appoints the Agent to act as its agent in all matters relating to the Capital Securities and these Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Capital Securities held by such Holder, including the winding-up, dissolution, liquidation, administration, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Capital Securities, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.
- 20.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying

out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.

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

20.2 Duties of the Agent

- 20.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 20.2.2 The Agent may assume that the documentation, information and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not review the documents and evidence referred to above from a legal or commercial perspective of the Holders.
- 20.2.3 Upon a reasonable request by a Holder, the Agent shall promptly distribute to the Holders any information from such Holder which relates to the Capital Securities (at the discretion of the Agent). The Agent may require that the requesting Holder or the Issuer reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 20.2.4 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 20.2.5 The Agent is always entitled to delegate its duties to other professional parties without having to first obtain any consent from the Issuer or the Holders, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.
- 20.2.6 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to

have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in these Terms and Conditions and the Agent Agreement.

- 20.2.7 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Capital Securities. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of a Default that has occurred and is continuing.
- 20.2.8 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all reasonable costs for external experts engaged for the purpose of investigating or considering a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions, when the Agent is to make a determination under these Terms and Conditions, in connection with any Holders' Meeting or Written Procedure, or in connection with any amendment or waiver. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under these Terms and Conditions shall be distributed in accordance with Clause 17 (*Distribution of proceeds*).
- 20.2.9 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 20.2.10 The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of these Terms and Conditions, or to take any steps to ascertain whether any of the circumstances set out in Clause 16 (*Default and Enforcement*) has occurred or is expected to occur.
- 20.2.11 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 20.2.12 The Agent's duties under these Terms and Conditions are solely mechanical and administrative in nature and the Agent only acts in accordance with these Terms and Conditions and upon instructions from the Holders, unless otherwise set out in these Terms and Conditions. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Holders or any other Person.
- 20.2.13 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- 20.2.14 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 20.2.12.

20.3 Limited liability for the Agent

- 20.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.
- 20.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 20.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 18 (*Decisions by Holders*) or a demand by Holders given pursuant to Clause 16.1.
- 20.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.
- 20.3.6 The Agent is not liable for information provided to the Holders by or on behalf of the Issuer.

20.4 Replacement of the Agent

- 20.4.1 Subject to Clause 20.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 20.4.2 Subject to Clause 20.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 20.4.3 A Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent.

The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.

- 20.4.4 If the Holders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 20.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions and the Agent Agreement.
- 20.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 20.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

21 APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

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

- 21.3 The Issuing Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

22 APPOINTMENT AND REPLACEMENT OF THE CSD

- 22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 22.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the listing of the Capital Securities listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market). The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*).

23 NO DIRECT ACTIONS BY HOLDERS

- 23.1 A Holder may not take any action or take any legal steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, administration, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer under these Terms and Conditions. Such steps may only be taken by the Agent.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement or by any reason described in Clause 20.2.12, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.14 before a Holder may take any action referred to in Clause 23.1.

24 TIME-BAR

- 24.1 The right to receive repayment of the principal of the Capital Securities shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any

funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.

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

25 NOTICES AND PRESS RELEASES

25.1 Notices

- 25.1.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Agent or the Issuing Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. Bolagsverket) on the Business Day prior to dispatch or to such address as notified by the Agent or the Issuing Agent (as applicable) to the Issuer from time to time, and if sent by email by the Issuer, to such email address as notified by the Agent or the Issuing Agent (as applicable) to the Issuer from time to time;
 - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, to such address as notified by the Issuer to the Agent from time to time, and if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
 - (c) if to the Holders, shall be given at their addresses as registered with the CSD (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address) on a date selected by the sending person which falls no more than five (5) Business Days prior to the date on which the notice or communication is sent, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.
- 25.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1.1.

- 25.1.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

25.2 Press releases

- 25.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 11.1.1, 11.2, 11.3.2, 12.5, 13.5.2, 13.7, 17.4, 18.4.12, 18.2.1, 18.3.1, 19.3, 20.2.14 and 20.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.
- 25.2.2 In addition to Clause 25.2.1, if any information relating to the Capital Securities, the Issuer or the Group contained in a notice that the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

26 FORCE MAJEURE AND LIMITATION OF LIABILITY

- 26.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "Force Majeure Event"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 26.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 26.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 26.4 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

27 GOVERNING LAW AND JURISDICTION

- 27.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 27.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 27.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

- 27.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

ADDRESSES

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