

Hoist Kredit AB (publ)

**Prospectus regarding listing of EUR 100,000,000
senior unsecured floating rate notes issued by
Hoist Kredit AB (publ)**



Important Information

In this prospectus, the “**Issuer**” means Hoist Kredit AB (publ), reg. no. 556329-5699. “**Parent**” means the Issuer’s parent company, Hoist International AB (publ), reg. no. 556012-8489 and “**Group**” means the Parent with all its subsidiaries (including the Issuer) from time to time (each a “**Group Company**”).

“**Euroclear Sweden**” refers to Euroclear Sweden AB. “**NASDAQ OMX**” refers to NASDAQ OMX Stockholm AB. “**SEK**” refers to Swedish kronor, “**EUR**” refers to Euro, “**GBP**” refers to United Kingdom pound sterling and “**PLN**” refers to Polish zloty.

Words and expressions defined in the terms and conditions for Hoist Kredit AB’s (publ) EUR 100,000,000 senior unsecured floating rate notes dated 22 September 2014 (the “**Terms and Conditions**”) as set out in this prospectus (the “**Prospectus**”) beginning on page 29 have the same meanings when used in this Prospectus, unless expressly stated or the context requires otherwise.

Notice to investors

On 10 September the Issuer resolved to issue EUR 100,000,000 senior unsecured floating rate notes 2014/2017, (the “**Notes**”). This Prospectus has been prepared for the listing of the Notes on NASDAQ OMX. The Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Notes.

The Prospectus has been prepared pursuant to the provisions of the Swedish Financial Instruments Trading Act (*Sw. lagen (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”) and the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council (as amended). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the “**SFSA**”) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the information provided in the Prospectus is correct and complete.

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

No person has been authorised to provide any information or make any statements other than those contained in the Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorized or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of the Prospectus nor the offering, sale or delivery of any Note implies that the information in the Prospectus is correct and current as at any date other than the date of the Prospectus or that there have not been any changes to the business of the Issuer or the Group since the date of the Prospectus. If the information in the Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in the Trading Act.

Each potential investor of the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus, any other documentation, any applicable supplement or other documentation received in relation to the Notes;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor’s currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the Notes and its ability to bear the applicable risks.

Forward-looking statements and market data

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

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

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

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Risk factors

Below are some of the risks that may be of significance for the business and future development of the Issuer and the Group. The risk factors are not presented in order of probability, importance or potential impact on the Group's business, profits or financial position. This presentation of risk factors is not complete; it merely includes examples of risk factors that an investor should consider together with other information received in relation to the Group and/or the Notes. Other risk factors that are not currently known or considered significant at this time could also impact the Group's business, profits or financial position. The value of the Notes may be significantly affected if any of the risk factors described below would be realized. Investors are therefore recommended to make their own evaluation of the significance of the Group's business and future development of the risk factors below as well as other potential risks. The risk factors are described at Group level. All risks are directly relevant for the Issuer, being the main operating company of the Group and the owner of all the members of the Group but the Parent, whereas the risks are either directly or indirectly relevant for the Parent, being the holding company of the Issuer.

Risks relating to the Group's business

Credit risks and risks of unsatisfactory collection

The Group may not be able to collect the expected amounts on its portfolios, which may lead to write-downs.

A large part of the Group's assets consists of portfolios made up of purchased consumer receivables which were non-performing at the time when being acquired by the Group, i.e. a previous creditor has already attempted and failed to collect amounts due following an initial or numerous non-payments. The Group generally purchases portfolios at prices that vary from less than 10 per cent to 35 per cent of the face value (principal amount) outstanding at the time of acquisition and achieving an overall rate of collection above the prices paid is crucial for the Group's business. When recorded in the books of the Group, the book value that the Group attributes to its credit portfolios reflects the significant discount to face value at which the Group has acquired the credit portfolios.

The price attributed to a portfolio depends on its specific characteristics and composition with respect to, for instance, the size, age and type of the receivables, as well as the age, location and type of debtors, and a number of other factors, such as the financial strengths and weaknesses of the economies of which the debtors are part. The Group's models are used to assess the collection forecasts, and therefore the price to be paid for these portfolios. While the Group believes that the recoveries on the Group's credit portfolios will be in excess of the amount paid for them, amounts recovered may be less than expected and may even be less than the total amount paid for such portfolios.

A portfolio may lose value after purchase as actual collections can deviate significantly from the collection estimates produced by the Group's pricing model as accounts age. If the Group is not able to achieve the levels of forecasted collections, amortisation, revenue and returns on credit portfolio purchases may be reduced resulting in that valuation impairments may be recognised which would inter alia have a negative effect on the Group's capital base. This could have a negative effect on the Group's ability to purchase more credit portfolios.

Credit risk involves that the Group overpays for a portfolio and recovers less from the portfolio than expected, ultimately leading to higher than expected impairments of portfolio carrying values. The total credit risk is equal to the fair value of the assets. Any significant decrease in expected collections may therefore have a material adverse effect on the Group's financial condition, results of operations and the Issuer's ability to make payments due under the Notes.

Forward flow agreements may contractually require the Group to purchase credit portfolios at a higher price than desired.

The Group has previously entered, and may in the future enter, into forward flow agreements. A forward flow agreement provides that the Group enters into a fixed-term relationship with a vendor and purchases multiple credit portfolios from such vendor at a fixed price. If the Group enters into a forward flow agreement, the Group may end up paying a higher amount for such credit portfolios than it would otherwise agree at the time of purchase, which could result in reduced returns. In addition, it could be that the Group may only be able to terminate such forward flow agreements in certain limited circumstances. In a more competitive environment, the Group could be faced with a decision to either decrease its purchasing volume or agree to forward flow agreements at increased prices or with fewer contractual protections. For a forward flow agreement to be economically advantageous, the Group must ensure that the nature of accounts contained in any credit portfolios to be purchased under such agreements would remain consistent to those reviewed as part of the due diligence process. The Group generally contemplates future fluctuations in the value of the debt that it purchases through forward flow agreements, but such fluctuations in value may exceed the Group's expectations. While the proportion of the Group's business that comes from future flow agreements is currently insignificant, if this situation should change by the Group's own choice or otherwise and if the quality of debt purchased adversely varies from the Group's pricing assumptions, the Group may price the contract incorrectly, which may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

Financial risks

Liquidity and financing risks are inherent in the Group's business.

The Group's revenues and costs are relatively stable, therefore liquidity risk in the Group is linked primarily to the Group's funding through deposits from the general public and the risk of large redemptions occurring at short notice. Financing risk is the risk that the Group, at the maturity of an existing financing, is not able to successfully refinance the indebtedness or only succeeds in borrowing at substantially increased costs. The volume of the Group's sourcing funds, in particular long term financing, may be limited during liquidity pressure. Turbulence in the global financial markets and economy may also adversely affect the Group's ability to refinance itself which may result in the value of the Notes decreasing or the Issuer being unable to meet its payment obligations. The occurrence of any such events could accordingly have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

The Group is exposed to the risk of currency fluctuations.

Generally, foreign exchange risk represents the risk to profitability and capital arising from adverse movements in exchange rates for assets, such as bonds, receivables, securities, commodities or similar. Foreign exchange risk that has an adverse impact on the Group's income statement, balance sheet and/or cash flows arises mainly as a result of:

- The currency used in the consolidated financial statements is different from the reporting currency of the subsidiaries (translation risk).
- Assets and liabilities of the Group are stated in different currencies and certain revenue and costs arise in different currencies (transaction risk).

The Group's accounts are denominated in SEK, while a large part of the Group's business is carried out in EUR, GBP and PLN. The Group's receivables portfolios (assets) are mainly denominated in foreign currencies, while the Group's deposits raised from the public (liabilities) are denominated in SEK. Thus the Group is exposed to both translation and transaction risk. Furthermore, in each of the jurisdictions the Group is present, all revenue and the major part of the expenses are in local currency. Accordingly, to the extent that foreign exchange rate exposures are not hedged, any significant movements in the relevant exchange rates may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

A sudden and permanent interest rate shock may under certain circumstances have a negative impact upon the Group's profit.

Interest rate risk is the risk that net interest income is negatively impacted as a result of fluctuations in the prevailing level of interest rates. Interest rate risk originates from the Group's cost of funding and interest income. On the liabilities side, the Group's interest costs are affected by interest rate changes on outstanding loans and deposits from the general public. A sudden and permanent interest rate shock would have a negative impact upon the Group's profit to the extent interest rates and interest costs on loans and deposits (should the Issuer need to increase the interest rates to keep deposits) from the general public are affected by the increase in market rates at the same time as income from receivables portfolios remains unchanged. Despite measures by continuously hedging the Group's interest rate exposure through interest rate swaps in SEK, it cannot be ruled out that fluctuations in the interest rate may have an adverse effect on the Group's business, earnings and financial position.

The Group is exposed to risks to counterparties in a number of different ways.

Although a large part of the assets of the Group consist of individually insignificant receivables which carry insignificant counterparty risks in themselves, the Group is also subject to some considerable counterparty exposure. Significant amounts of liquidity are deposited with European commercial banks well in excess of any governmental minimum deposit insurance. The Group also invests surplus liquidity in bonds and thus there is a counterparty risk on the issuers of such bonds, however, most such investments have been currently made in secured bonds and bonds issued by the Swedish Government. Further, the Group conducts hedging activity with credit institutions and derivative transactions are performed for the purpose of mitigating foreign exchange risks and interest rate risks in the Group. The Group is exposed to the risk that counterparties are unable to fulfil their commitments and that any collateral provided does not cover the receivable. If a counterparty is unable to fulfil its obligations and the Group is forced to enter into similar arrangements with another counterparty, this may result in an increase in the costs of the Group. To a limited extent, the Group also provides commercial loans and other credits to counterparties. Currently these credits constitute only 1% of the balance sheet total and are all secured. However, such loans entail credit and/or counterparty risk, depending on, among other things, the nature of such counterparties, as is the case for any commercial loans provided by professional lenders. If one or more of the abovementioned counterparty risks materialises, it would be likely to have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

Operational risks

Certain general risks.

Although identification, assessment, management and control of operational risks are clear and integrated parts of the Group's business, deficiencies or errors in internal processes and control routines, human errors, IT systems failure or external events that affect operations may occur. This could result in a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

The Group's senior management team members and key employees are important to the Group's continued success and the loss of one or more members of the Group's senior management team or one or more of the Group's key employees could materially and adversely affect the Group's business.

The Group's performance is to a large extent dependent on highly qualified personnel and management, and the continued ability of the Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. Competition within the financial services industry, including from other financial institutions, as well as from businesses outside the financial services industry for key employees is intense. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have a material adverse effect on the Group's business, operation skills or financial condition and the Issuer's ability to make payments due under the Notes.

The Group may make acquisitions or pursue business combinations that prove unsuccessful or strain or divert its resources.

In recent years, the Group has acquired a number of companies and businesses as part of its growth strategy and may consider acquiring further assets, shares or entire companies also in the future. Such acquisitions are always exposed to a number of risks and considerable uncertainty with respect to ownership, other rights, assets, liabilities, licenses and permits, claims, legal proceedings, restrictions imposed by competition law, financial resources, environmental and other aspects. These risks may be greater, more difficult or more extensive to analyse in certain countries or regions where the Group is active other than would normally be the case. Further, acquisitions involve risks due to difficulties in integrating different operations, personnel, technology, products and IT. In connection with potential future acquisitions, the Group may incur considerable transaction, restructuring and administrative costs, as well as other integration-related costs and losses (including loss of business opportunities). Any difficulties integrating future acquisitions, including unexpected costs, may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

The statistical models and analytical tools the Group uses may prove to be inaccurate.

The Group uses internally-developed models to project the remaining cash flow generation from its credit portfolios. There can be no assurance that the Group will be able to achieve the recoveries forecasted by the models used to value the portfolios or that those models will appropriately identify or assess all material factors and yield correct or accurate forecasts as the Group's historical collection experience may not reflect current or future realities.

In addition, the Group's statistical models and analytical tools assess information which to some extent is provided to it by third parties, such as credit agencies and other mainstream or public sources, or generated by software products. The Group has no control over the accuracy of such information received from third parties. If such information is not accurate credits may be incorrectly priced at the time of purchase, the recovery value for the Group's portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower liquidation rates or higher operating expenses may be experienced. Any of these events may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

Reputational risks and other business related risk pertaining e.g. to expansions and intended future purchases

The Group may be subject to certain strategic risks.

Institutional changes and changes in basic market conditions may occur to the Group. The ability of the board of directors and CEO to plan, organise, follow up on and control the operations and to continuously monitor market conditions is important. Failure to do so may result in a material adverse effect on the Group's financial position.

Earnings risk may result in lower income.

Earnings risk is volatility in earnings that creates a risk of lower income due to an unexpected decrease in income as a result of such factors as financial hardship in the economies of the debtors generally weakening the ability of the debtors (taken as whole) to repay their debt but also competition or volume reductions and could for instance result from successful collection of existing receivables combined with a decreasing stream of newly acquired receivables. Earnings risk is associated with all of the Group's portfolios and activities.

The Group is exposed to significant reputational risk.

Reputational risk is the risk that an event or circumstance could adversely impact the Group's reputation. Adverse publicity from the activities of legislators, pressure groups and the media could potentially have a detrimental impact on the Group's business, e.g. by making it more difficult to attract depositors from the public or buying new portfolios. There can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events relating to reputational risks arise in the future.

The Group is exposed to the risk that negative publicity may arise from the activities of legislators, pressure groups and the media, on the basis of real or perceived abusive collection practices for example, which may tarnish the Group's reputation in the market.

Any such negative publicity could jeopardize the Group's existing vendor relationships, the Group's ability to establish new relationships with other vendors and its ability to attract new or additional deposits from the public. In addition, negative publicity could cause debtors to be more reluctant to pay their debts or to pursue legal action against the Group or cause regulators and authorities to form a more negative view, regardless of whether those actions are warranted. These actions could impact the ability to collect on the credit portfolios that the Group purchases and may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

The Group operates in markets that are competitive. The Group may be unable to compete with businesses that offer higher prices than the Group for the purchase of credit portfolios, and the Group's competitors may develop competitive strengths that the Group cannot match.

The Group faces strong competition in all areas and markets, both from Pan-European competitors and competitors that are active on the local markets. Main competitors are receivables purchase and management companies, integrated players operating a wider range of financial service businesses, as well as specialist investors. The Group competes on the basis of bid prices, the terms it offers, reputation, industry experience and performance. The Group's current competitors and any new competitors may have substantially greater financial, technical, personnel or other resources. For example, large and established foreign debt purchasers have recently become active in the UK debt purchase market and compete for the acquisition of credit portfolios in the United Kingdom, and Portfolio Recovery Associates Inc. recently closed the acquisition of Norway-based debt buyer Aktiv Kapital and thereby expanded its presence in Europe. In the future, the Group may not have the resources or ability to compete successfully with its local or international competitors. There can be no assurance that the Group will be able to offer competitive bids for credit portfolios or that it will be able to maintain the advantages in already having its strong position and status. If the Group is unable to develop and expand its business or adapt to changing market needs as well as the Group's current or future competitors are able to do, or at all, or if the Group's competitors are able to operate at a lower cost of capital or make advances in their pricing or collections methods that the Group is not able to make, the Group may be unable to purchase credit portfolios at prices it deems appropriate in order to operate profitably.

Any inability to compete effectively may have a material adverse effect on the Group's business, results of operations or financial condition and the price of the Notes.

The Group relies on key relationships to conduct its business and a large portion of the Group's credit portfolio purchases may at any time be concentrated with a small number of vendors and a loss of any of its current vendors could materially and adversely affect the Group's business.

The Group relies on key relationships with vendors, among others, to conduct its business and a significant percentage of the Group's credit portfolio purchases may be concentrated with a few large vendors and a limited number of credit portfolio purchases constitute a relatively large part of the Group's balance sheet. A significant decrease in the volume of purchases available from any of the vendors which the Group are currently working with, on terms acceptable to the Group, would make it necessary to further enlarge the Group's network of vendors or the sources of debt to purchase. The Group cannot be certain that any of its current vendors will continue to sell debt to it on desirable terms or in acceptable quantities or that the Group could make similar purchases with purchases from other vendors. A vendor's decision to sell debt to the Group is based on various factors, including the price and terms offered, the quality of the Group's reputation and its compliance history.

Reliance on third party collection agencies etc.

The Group outsources certain collection and litigation activities on accounts in its credit portfolios to third-party collection agencies, law firms and other external agents. Any failure by these third parties to adequately perform such services for the Group could materially reduce the Group's cash flow, income and profitability or affect its reputation. Any violation of laws or other regulatory requirements by these third parties in their collection efforts could negatively impact the Group's business and reputation or result in penalties being directly imposed on the Group, as industry regulators generally expect businesses to carefully select such third parties and to take responsibility for any compliance violations. Any deterioration in or loss of any key relationships may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

An initial public offer of the Group's shares may have an adverse effect on the interests of the Noteholders.

The Group has recently announced its decision to aim for an initial public offering of its ordinary share capital. The failure to successfully carry out such an offering may have adverse effects on the anticipated capital base of the Issuer and therefore the price of the Notes.

In the event of a successful initial public offering, the shareholding in the Group will be far wider, and the duties of the board of the entity being listed will be primarily to the shareholders whose interests may not be aligned with those of the Noteholders. Any change in strategy or other decision of the shareholders of the Group following an initial public offering, including regarding dividend and capital structure, may not be in the interests of the Noteholders and may have a materially adverse effect on the price of the Notes.

Regulatory and legal risks

Any failure to comply with applicable legislation or regulation of the banking, debt purchase and collections sector and the broader consumer credit industry could result in the suspension, termination or impairment of the Group's ability to conduct business. Regulatory changes are likely to have the effect of subordinating claims of the Noteholders to those of a resolution authority ensuring deposits via a deposit guarantee scheme.

The Group's business is subject to regulation, regulatory supervision and licencing requirements. The Swedish Financial Services Authority is the primary regulator of the Group's operations. The Issuer has established branches in Belgium and Netherlands and is hence subject to scrutiny from local regulators in these jurisdictions. The Issuer has passported its licence to conduct financial business into France, Italy, the Netherlands, Germany and Austria. The Group is subject to numerous financial services laws, regulations, administrative actions and policies. Any significant changes, developments and/or oversight in regulations, regulatory supervision and/or granted licences could materially affect the Group's business, the products and services it offers or the value of its assets.

As a result of the recent global financial and economic crisis, a number of regulatory initiatives have been taken to amend or implement rules and regulations, which are likely to have an impact on the business of the Group. Such initiatives include, but are not limited to, requirements for liquidity, capital adequacy and handling of counterparty risks, and regulatory tools provided to authorities to allow them to intervene in scenarios of distress.

In the aftermath of the global economic crisis, many initiatives for regulatory changes have been taken, including an overview of the capital adequacy framework. On 16 December 2010, the Basel Committee on Banking Supervision published its final guidelines for new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions and on 13 January 2011 (the "**January 2011 release**"), it published the minimum requirements for regulatory capital to ensure loss absorbency at the point of non-viability (the "**Basel III Framework**").

The implementation of the Basel III Framework in the EU is made through Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, pursuant to which the member states shall adopt laws and provisions applicable from 31 December 2013, and Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, which is effective from 1 January 2014. On 16 September 2013, the government commission of capital adequacy submitted its report (SOU 2013:65) which included legislative proposals for implementation of the directive into Swedish law.

Further, on 6 June 2012 the European Commission proposed a new Directive on a comprehensive framework for dealing with ailing banks (Proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms, COM(2012) 280/3, the "**Crisis Management Directive**"). On 15 May 2014 Directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and amending was adopted (the "**Bank Recovery and Resolution Directive**" or the "**BRRD**"). The BRRD, partly codifying the objectives of the Crisis Management Directive, which aims to put an end to public bail-outs and introduces bail-ins as a crisis management tool, envisages implementation into national law by 1 January 2015. In Sweden the government financial crisis committee submitted its report (SOU 2014:52) which included legislative proposals for implementation of the BRRD into Swedish law.

As a result of future regulatory changes, the Group may be required to raise additional regulatory capital and such changes could result in the Group's existing regulatory capital ceasing to count either at the same level as present or at all. Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the Group's profitability and results and may also have other effects on the Issuer's financial performance and on the pricing of the Notes, both with or without the intervention by regulators or the imposition of sanctions.

Further, the implementation of the BRRD into Swedish law, providing for a resolution and bail-in tool which enables authorities to recapitalise a failing financial institution through the write-down of liabilities and/or their conversion to equity so that the financial institution can continue as a going concern, entails that unsecured creditors of the Issuer may be forced to write down their claims in an event of resolution where it is decided to apply the bail-in tool in respect of the Issuer. Further, according to the BRRD, in the event that the resolution authority would ensure that deposits via a deposit guarantee scheme, the resolution authority will assume the rights and obligations of the depositors and rank prior to unsecured creditors, i.e. the state's claim in any such a situation will have priority over the claims of any Noteholders and will be paid out in advance thereof. Given that the proportion of deposits covered by the deposit guarantee scheme amounts to over 70 per cent of the indebtedness of the Issuer, the likelihood of the Noteholders making any recovery in such a situation will be significantly reduced.

The Group is subject to ongoing risks of legal and regulatory claims.

In the ordinary course of its business, the Group is subject to regulatory oversight and liability risk. The Group carries out operations through a number of legal entities in a number of jurisdictions and is subject to regulation in each such jurisdiction. Regulation and regulatory requirements are continuously amended and new requirements are imposed on the Group, including, but not limited to, regulations on conduct of business, anti-money laundering, payments, consumer credits, capital requirements, reporting and corporate governance.

In recent years, in a few jurisdiction where the Group is active, there has been a substantial increase in consumer claims being brought through the courts in attempts to claim refunds of sums paid under consumer credit agreements or to avoid making payments going forward. This litigation has been fuelled by a substantial rise in the number and activity of claims management companies that aggressively advertise for potential claimants and then bring claims in the hope and expectation that they will be paid a portion of any debt written off. Claims could also be brought in relation to other areas of alleged non-compliance, which could affect a large portfolio of agreements.

The Group is currently not involved in any material litigation or disputes, nor, as far as the Group is aware, any unordinary regulatory investigations. However, it cannot be ruled out that material litigations, disputes or regulatory investigations may occur in the future and the Group may in the future be named as defendants in litigation, including under consumer credit, tax, collections, employment, competition and other laws. In addition, claims management companies and consumer rights groups could increase their focus on the debt collection industry and, in particular, the collection of debts owed under credit agreements. Such negative publicity or attention could result in increased regulatory scrutiny and increased litigation against the Group, including class action suits.

These types of claims and proceedings may expose the Group to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on the Group's business, earnings and financial position. Claims against the Group, regardless of merit, could subject it to costly litigation or proceedings and divert its management personnel from their regular responsibilities. Adverse regulatory actions against the Group or adverse judgments in litigation to which the Group is party may lead to the Group being forced to suspend certain collection efforts or pay damages, being subject to enforcement orders or having its registration with a particular regulator revoked.

If any of the foregoing occurs, it may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

The Group's interpretation of tax laws may be subject to question.

The Group conducts its operations through companies in a number of countries in Europe. The Group's business, including transactions between Group companies, is conducted in accordance with applicable tax laws, tax treaties and provisions in the countries concerned and with the requirements of the relevant tax authorities. However, it cannot be ruled out that the Group's interpretation of applicable tax laws, tax treaties and provisions or of the relevant tax authority's interpretation of these rules or of administrative practice is not fully correct, or that such rules are altered, possibly with retroactive effect. In addition, the Group's tax position may be altered through the decisions of the relevant authorities. Any such change in tax law or interpretation may have a material adverse effect on the Group's business, results of operations or financial condition and the Issuer's ability to make payments due under the Notes.

Risks relating to the notes

Market risk

The market value of the Notes depends on several factors, including, but not limited to, market interest rates. Investments in the Notes involve the risk that fluctuations in market interest rates may adversely affect the value of the Notes. Further, changes in generic credit spreads may also affect the value of the Notes.

Credit risks and structural subordination.

Investors in the Notes carry a credit risk relating to the Group as investors' ability to receive payment under the Terms and Conditions is dependent upon the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position, and the ability of the members of the Group to make dividend distributions and other payments to the Issuer. All subsidiaries of the Issuer are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments or to make funds available for such payments. No present or future subsidiary will guarantee or provide any security for the Issuer's obligations under the Terms and Conditions. If any subsidiary is subject to bankruptcy or other similar proceedings, the creditors of such subsidiary will generally be prioritised and rank ahead of the Issuer and its creditors due to their position in the capital structure.

An increased credit risk or a decrease in the Group's creditworthiness may cause the market to charge a higher risk premium on the Notes, which could have a material adverse effect on the market price thereof.

Other financial indebtedness

There are no restrictions on the amount of unsecured debt which the Issuer may incur through financing sources other than the Notes, except than as set out in the Terms and Conditions, and the Group may incur secured debt, subject to the limitations set out in the Terms and Conditions. Such other indebtedness may reduce the amount recoverable by the Noteholders upon the bankruptcy or the liquidation of the Issuer, and may also impair its ability to make payments under the Notes.

Exchange risk

The Issuer will pay principal and interest on the Notes in EUR. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a current or currency unit other than EUR. These include the risk that exchange rates may significantly change (including changes due to devaluation of EUR or revaluation of the investor's currency) and the risk that authorities with jurisdiction over the investor's currency or EUR may impose or modify exchange controls.

Refinancing risk

The Issuer may be required to refinance certain or all of its outstanding debt, including the Notes. The Issuer's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time and a deterioration in the financial position of the Group may reduce the Group's ability to obtain any debt financing required to repay Noteholders at the time of the maturity of the Notes. As a result, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the Issuer's ability to repay amounts due under the Notes.

Liquidity risks

The Issuer shall use its best effort to ensure that the Notes are listed on a Regulated Market. However, it cannot be guaranteed that the Notes will be admitted to trading. Prior to any admission to trading, the active trading market for the Notes may be limited. Furthermore, following a listing of the Notes, the liquidity and trading price of the Notes may be subject to fluctuations in response to many factors, including those referred to in this section, as well as to market fluctuations and general economic conditions that may adversely affect the liquidity and price of the Notes, regardless of the actual performance of the Issuer and the Group. This may have the effect that the Noteholders cannot sell their Notes when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Accordingly, an investment in the Notes is only suitable for investors who can bear the risks associated with a lack of liquidity in the Notes. There is no guarantee that the redemption amount due to a listing failure will amount to or exceed the price level at which the Notes could have been sold on if listed on a Regulated Market and the nominal value of the Notes may not be indicative compared to the market price of the Notes if the Notes are admitted for trading.

Risks related to clearing and settlement

The Notes will be deposited with a common depositary from Euroclear Sweden AB and linked to a so-called account-based book entry system and, consequently, no physical securities will be issued. Clearing and settlement in connection with trading in the Notes takes place in Euroclear Sweden AB's system. Noteholders are dependent on the clearing system in order to obtain payment under the Notes.

Risks related to early redemption

Pursuant to the Terms and Conditions, the Issuer has the right to redeem all outstanding Notes prior to the Final Redemption Date. If the Notes are redeemed before the Final Redemption Date, the holders of the Notes will receive an early redemption amount which exceeds the nominal amount of the Notes. However, there is a risk that the market value of the Notes is higher than the early redemption amount and that it may not be possible for Noteholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Notes and may only be able to do so at a significantly lower rate. In addition, the Terms and Conditions contain certain mandatory prepayment rights in favour of the Noteholders, however it is possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to make the required redemption of Notes.

No action against the Issuer and Noteholders' representation

In accordance with the Terms and Conditions, the Agent will represent all Noteholders in all matters relating to the Notes and each Noteholder is, in its capacity as Noteholder, prevented from taking actions on its own against the Issuer. Consequently, individual Noteholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the Noteholders agree to take such action.

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

To enable the Agent to represent Noteholders in court, the Noteholders may have to submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all Noteholders without first obtaining the prior consent of the Noteholders including:

- The right to agree to amendments to the Terms and Conditions provided such amendments do not adversely affect the interest of the Noteholders or such amendments are made solely for the purpose of rectifying obvious errors and mistakes.
- The right to accelerate the Notes and exercise any right, remedies, powers or discretions under the Terms and Conditions upon the occurrence of an Event of Default.

Consequently, the actions of the Agent in such matters could impact a Noteholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Noteholders.

Noteholders' meetings

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

Restrictions on the transferability of the Notes

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States. Subject to certain exemptions, a holder of the Notes may not offer or sell the Notes in the United States. The Issuer has not undertaken to register the Notes under the Securities Act or with any securities regulatory authority of any state of the United States or to effect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. It is each Noteholder's obligation to ensure that the offers and sales of its Notes comply with all applicable securities laws.

Certain material interests

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

Amended or new legislation

The Terms and Conditions will be based on Swedish and applicable European laws in force as at the Issue Date. No assurance can be given on the impact on the rights of the Noteholders of any possible future legislative measures or changes or modifications to Swedish or European law or administrative practices in Sweden nor can any assurance be given as to whether any such change could adversely impact the ability of the Issuer to make payments under the Notes.

Responsibility statement

On 10 September 2014 the Issuer resolved to issue EUR 100,000,000 senior unsecured floating rate notes 2014/2017. The Prospectus has been prepared for the purpose of listing the Notes on NASDAQ OMX and in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council (as amended) and the provisions in Chapter 2 of the Swedish Financial Instruments Trading Act.

The Issuer accepts responsibility for the information contained in the Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information, relating to the Issuer, contained in the Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Stockholm, 21 October 2014

HOIST KREDIT AB (publ)

The Board of Directors

Description of the notes

The below is only intended to serve as an introduction to the Notes. Any decision to invest in the Notes should therefore be based on an assessment on all information contained in this Prospectus as well as all documents incorporated therein by reference. The complete terms and conditions applicable to the Notes are found under the section “Terms and Conditions” on pages 29 to 58 below.

- 1 Issuer:** Hoist Kredit AB (publ), reg. no. 556329-5699, P.O. Box 7848, SE-103 99 Stockholm, Sweden. Following a Permitted Merger where the Parent is the surviving entity, any reference herein to the Issuer shall be construed as a reference to the Parent.
- 2 Parent:** Hoist International AB (publ), reg. no. 556012-8489, P.O. Box 7848, SE-103 99 Stockholm, Sweden. Following the earlier of (i) a Permitted Merger where the Issuer is the surviving entity and (ii) an Issuer Listing Event, any reference herein to the Parent shall be construed as a reference to the Issuer.
- 3 Group:** The Parent and all of its Subsidiaries from time to time (each a “**Group Company**”). For the avoidance of doubt, the Group will following a Permitted Merger (where the Issuer is the surviving entity) or an Issuer Listing Event comprise the Issuer and all its Subsidiaries from time to time (and each of them will be a “**Group Company**”).
- 4 Currency:** EUR.
- 5 Initial Note Issue/
Aggregate Nominal Amount:** Aggregate nominal amount of up to EUR 100,000,000.
- 6 Additional Note Issue:** The Issuer may on one or more occasions issue additional Notes (“**Additional Notes**”), provided that (i) it constitutes Permitted Debt under paragraphs (f) or (k) of that definition and (ii) no Event of Default has occurred and is continuing or will occur as a result of the issuance. Additional Notes shall be issued subject to the Terms and Conditions and, for the avoidance of doubt, the ISIN, the interest rate, the nominal amount and the final maturity applicable to the initial Notes shall apply also to Additional Notes. The price of any Additional Notes may be set at a discount or at a premium to the Nominal Amount.
- 7 Interest Rate:** The Notes shall carry interest at a floating rate of 3-month EURIBOR plus 3,75% per annum, with quarterly interest payments payable in arrear.
- 8 Issue Date:** 2 October 2014.
- 9 Final Redemption Date:** 2 October 2017.
- 10 Interest Payment Dates:** 2 January, 2 April, 2 July, 2 October in 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 (with the first Interest Payment Date on 2 January 2015 and the last Interest Payment Date being the Final Redemption Date).
- 11 Interest Period:** Each period beginning on (but excluding) the Issue Date (in the case of the first interest period) or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Additional Notes, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance (or the Issue Date where the Additional Notes are issued prior to the first Interest Payment Date) and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

Day-count convention for the coupon is Actual/360.
- 12 Default interest:** If the Issuer fails to pay any amount due under the Terms and Conditions, the Issuer shall pay default interest on such amount at a rate corresponding to the Interest Rate plus 2% from (but excluding) the date such payment was due up to (and including) the date of actual payment. Accrued default interest shall not be capitalised.
- 13 Price:** 100% of the Nominal Amount.
- 14 Nominal Amount:** The nominal amount of each Note will be EUR 100,000.
- 15 Purpose of the Note Issue:** The Net Proceeds of the Initial Note Issue and any Additional Note Issue shall be used towards the general corporate purposes of the Issuer and its Subsidiaries.
- 16 Status of the Notes:** The Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least pari passu and without any preference among themselves.
- 17 Make whole:** All Notes, but not only some, may be redeemed early at the option of the Issuer, on thirty (30) calendar days’ notice, at a price equal to the Make Whole Amount.

- 18 Call Option upon repayment with a new Market Loan:** At any time from, and including, the date falling one hundred and eighty (180) days prior to the Final Redemption Date to, but excluding, the Final Redemption Date, the Issuer may redeem all, but not some only, of the Notes at an amount per Note equal to 100% of the Nominal Amount, together with accrued but unpaid Interest, provided that such redemption shall be funded solely from the proceeds of a new Market Loan.
- 19 Put Option upon a Change of Control Event:** Upon the occurrence of a Change of Control Event, each holder of Notes (“**Noteholder**”) shall have the right of demand prepayment of the Notes held by it at a price of 101% of the Nominal Amount (plus accrued and unpaid interest).
- 20 Change of Control Event:** Prior to an IPO Event, the occurrence of an event or series of events whereby one or more persons, not being any of the Main Shareholders, acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than 50% of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the members of the board of directors of the Issuer.
- After an IPO Event, the occurrence of an event or series of events whereby one or more persons, not being any of the Main Shareholders, acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than 30% of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the members of the board of directors of the Issuer.
- For the avoidance of doubt, an IPO Event shall not be considered a Change of Control Event.
- 21 Early redemption due to illegality:** The Issuer shall redeem all of the outstanding Notes at an amount per Note equal to 103% of the Nominal Amount if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.
- 22 Special Undertakings:**
- (a) **Compliance:** The Issuer shall, and shall procure that all Group Companies, where applicable, obtain, maintain and comply with the terms of any authorisation, approval or licence required for the conduct of their respective businesses at any time, and comply with all applicable laws and regulations, except to the extent that any failure to do so would not have a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer’s ability to perform and comply with its payment obligations or any obligation set out under “Special Undertakings” or (c) the validity or enforceability of the Finance Documents.
 - (b) **Continuation of business:** The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the Issue Date.
 - (c) **Distributions and other transactions:** No Distributions may be made by the Issuer at any time if following the making of such Distribution the Issuer would be in breach of the Incurrence Test.
- For each financial year, provided that the making of such Distributions meets the Incurrence Test, the Issuer may (subject to any mandatory company law restrictions) apply the following amounts towards Distributions:
- (i) prior to an IPO Event, a maximum amount of 50% of the consolidated net profit (Sw. koncernens vinst efter skatt) of the Issuer and its Subsidiaries as set out in the audited consolidated annual accounts for the preceding financial year; and
 - (ii) following an IPO Event, the full amount of the consolidated net profit (Sw. koncernens vinst efter skatt) of the Issuer and its Subsidiaries as set out in the audited consolidated annual accounts for the preceding financial year.
- Notwithstanding the foregoing paragraph, the Issuer shall always be entitled to give group contributions (Sw. koncernbidrag) to the Parent, provided that no cash or other funds are transferred from the Issuer to the Parent as a result thereof (i.e., the group contributions are merely accounting measures) and provided that such group contribution is immediately converted into an unconditional shareholder’s contribution from the Parent to the Issuer.
- No Distributions may be made by a Subsidiary of the Issuer other than to (i) the Issuer or any Group Company which is directly or indirectly wholly owned by the Issuer, or (ii) its shareholders on a pro rata basis.
- Notwithstanding the above, additional dividend distributions may be made by the Issuer if and to the extent necessary to comply with mandatory provisions of the Swedish Companies Act relating to dividend distributions to minority shareholders, provided that the Issuer in such case shall ensure that any such dividends shall be paid at the lowest level allowed by applicable law.
- (d) **Financial Indebtedness:** The Issuer shall not, and shall procure that none of the other Group Companies shall, incur any new, or maintain or extend any existing, Financial Indebtedness, provided however that the Group Companies have a right to incur, maintain and extend Financial Indebtedness which constitutes Permitted Debt.

- (e) Disposals: The Issuer shall not, and shall procure that no other Group Company shall, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or any Material Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).
- (f) Negative pledge: The Issuer shall not, and shall procure that none of the other Group Companies, create or allow to subsist, retain, provide, extend or renew any guarantee or security over any of its/ their assets (present or future) to secure any Financial Indebtedness, provided however that each of the Group Companies has a right to create or allow to subsist, retain, provide, extend and renew any Permitted Security.
- (g) Dealings with related parties: The Issuer shall, and shall procure that each of the other Group Companies shall, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders on arm's length terms.
- (h) **Financial reporting:** The Issuer shall:
 - (i) prepare and make available the annual audited consolidated financial statements of the Issuer and its Subsidiaries and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than four (4) months after the expiry of each financial year;
 - (ii) prepare and make available the quarterly interim unaudited consolidated reports of the Issuer and its Subsidiaries and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than two (2) months after the expiry of each relevant interim period;
 - (iii) issue a Compliance Certificate to the Agent in connection with (x) payment of any Distribution or the incurrence of Financial Indebtedness if such payment or incurrence requires that the Incurrence Test is met and (y) at the Agent's reasonable request, within twenty (20) calendar days from such request;
 - (iv) keep the latest version of the Terms and Conditions (including documents amending the Terms and Conditions) available on its website; and
 - (v) promptly notify the Agent upon becoming aware of the occurrence of a Change of Control Event or an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.

The reports referred to under (i) and (ii) above shall be prepared in accordance with the Accounting Principles and made available in accordance with the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (Sw. lag (2007:528) om värdepappersmarknaden) (as amended from time to time).

23 Permitted Debt:

Means any Financial Indebtedness:

- (a) represented by the Initial Note Issue;
- (b) represented by the Existing Notes;
- (c) extended by a Group Company;
- (d) incurred under a Shareholder Loan;
- (e) constituting direct and effectively subordinated debt obligations (Sw. förlagslån) which qualify to be included as tier 2 capital, or any higher quality of capital, of the Issuer under applicable capital adequacy regulations;
- (f) incurred by the Issuer if such Financial Indebtedness (i) at the time of incurrence, meets the Incurrence Test tested pro forma including such incurrence, (ii) is unsecured and ranks pari passu with, or is subordinated to, the obligations of the Issuer under the Terms and Conditions and without any preference over the Notes and (iii) in relation to Market Loans (other than any Additional Notes) only, has a final redemption date which occurs after the Final Redemption Date;
- (g) constituting Consumer Deposits;
- (h) incurred in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the Accounting Principles as applicable on the Issue Date up to a maximum individually or in the aggregate of SEK 20,000,000;

- (i) financial indebtedness of any company, business or undertaking acquired by a Group Company which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of three (3) months following the date of acquisition;
- (j) arising under a derivative transaction entered into by a Group Company in the ordinary course of business in connection with protection against or benefit from fluctuation in any rate or price; and
- (k) incurred by the Issuer or any of its Subsidiaries which is not otherwise permitted by item (a) to (k) above, in an aggregate amount not at any time exceeding SEK 100,000,000.

24 Permitted Security:

Means:

- (a) any security for, or payment or close-out netting or set-off arrangement in respect of, derivative transactions or clearing activities;
- (b) any security or quasi-security in respect of repo transactions entered into by the Issuer in the ordinary course of its business, provided that the security or quasi-security for each such repo transaction is discharged within sixty (60) calendar days of the granting thereof.
- (c) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (d) any lien arising by operation of law, retention of title arrangements relating to prepayments or similar arrangements in the ordinary course of business and not arising as a result of any default or omission by the Issuer;
- (e) any security or quasi-security pertaining to any Permitted Debt set out in paragraph (i) of the definition thereof, if (i) the security or quasi-security was not created in contemplation of the acquisition of that asset or company, (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset or company and (iii) the security or quasi-security is removed or discharged within three (3) months of the date of acquisition of such asset or of the date that company becoming a Group Company;
- (f) any security or quasi-security securing Financial Indebtedness permitted in accordance with sub-paragraph (h) of the definition of Permitted Debt;
- (g) any security securing Financial Indebtedness of the Issuer up to a maximum aggregate amount not exceeding 20% of the Net Value of the Portfolios at the time of incurrence of such Financial Indebtedness (taking such incurrence into account); and
- (h) any security or quasi-security not permitted by item (a) to (g) above securing Financial Indebtedness of the Issuer and/or its Subsidiaries up to a maximum aggregate amount of SEK 100,000,000.

25 Incurrence Test:

The Incurrence Test is met if:

- (a) the Capital Cover Ratio is not less than 1.30:1.00; and
- (b) the Interest Cover Ratio exceeds 2.75:1.00.

The calculation of the Capital Cover Ratio shall be made based on the most recent quarterly regulatory capital adequacy report.

The calculation of the Interest Cover Ratio shall be made for the Relevant Period ending on the last day of the period covered by the most recent financial report.

26 Definitions:

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

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

“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 Cover Ratio**” means the ratio of the Group’s total capital (consisting of tier 1 capital and tier 2 capital) to the legal minimum requirement as applicable from time to time as regards its total capital required to cover its risk exposure amount, as reported by the Issuer to the Swedish FSA in accordance with applicable legal requirements in its quarterly regulatory capital adequacy report on a Group consolidated basis.

“**Compliance Certificate**” means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (i) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it and (ii) if provided in connection with an application of the Incurrence Test, including calculations and figures in respect of the Capital Cover Ratio and the Interest Cover Ratio.

“**Consolidated EBITDA**” means, in respect of a Relevant Period, without duplication, the Consolidated Net Income of the Issuer for such period;

- (a) before deducting Net Finance Charges;
- (b) before deducting taxes, including deferred taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of the Issuer or any of its consolidated subsidiaries, whether or not paid, estimated, accrued or required to be remitted to the relevant tax agency;
- (c) before deducting depreciation, amortisation of tangible and fixed assets and impairment expenses;
- (d) after adding back amortisations and revaluations in respect of Portfolios;
- (e) before taking into account any unrealised gains or losses on any derivative instrument;
- (f) before deducting any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period;
- (g) after adding back or deducting any loss or gain arising from an upward or downward revaluation of any asset;
- (h) before deducting other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Issuer as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item to the extent it represents receipt of cash in any future period); and
- (i) after adding back the amount of any profit (or deducting the amount of any loss) which is attributable to (a) minority interests held by the Group which are not Subsidiaries, or (b) joint ventures of the Issuer and its consolidated subsidiaries.

“**Consolidated Net Income**” means, for any period, the net profit for the period (Sw. periodens vinst) of the Issuer and its consolidated subsidiaries determined on a consolidated basis on the basis of IFRS.

“**Consumer Deposits**” means funds deposited with the Issuer or any of its Subsidiaries by its customers and held in accounts which are covered by any relevant local law or regulation implementing the deposit insurance scheme as set out in directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes (as amended by directive 2009/14/EC of the European Parliament and of the Council of 11 March 2009) or directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit-guarantee schemes as amended or restated from time to time.

“**Distributions**” means in respect of a company (i) dividend payment in respect of shares, (ii) repurchase by such company of any of its own shares, (iii) redemption of such company’s share capital or other restricted equity with repayment to shareholders, (iv) repayment of principal or payment of interest under any Shareholder Loan and (v) other distributions or transfers of value (Sw. värdeöverföringar).

“**Equity Listing Event**” means the public announcement of an initial public offering of shares in a Group Company or, prior to an IPO Event, a direct or indirect parent company of the Issuer, resulting in such shares being quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

“**Existing Notes**” means (i) the up to SEK 1,000,000,000 Senior Unsecured Floating Rate Notes initially issued by the Issuer on 18 December 2013 with ISIN SE0005567542, and (ii) the SEK 350,000,000 Fixed Term Subordinated Notes initially issued by the Issuer on 27 June 2013 with ISIN SE0005280591.

“**Finance Charges**” means, for a Relevant Period, the aggregate of interest expenses accrued (whether in cash or capitalised) in respect of Financial Indebtedness of the Issuer or any of its consolidated subsidiaries during that Relevant Period, calculated on a consolidated basis (other than interest on Financial Indebtedness between the Issuer and its consolidated subsidiaries) and related banking fees (such as annual fees payable to the Swedish National Debt Office (Sw. Riksgälden) in respect of the deposit insurance scheme).

“Finance Documents” means the Terms and Conditions, the Agent Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

“Financial Indebtedness” means any indebtedness in respect of:

- (a) monies borrowed or raised (including for avoidance of doubt Consumer Deposits);
- (b) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (c) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, excluding any payment obligation (such as payment of deferred purchase price) in relation to a direct or indirect acquisition of Portfolios;
- (d) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (e) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (f) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(e).

“German Government Note Rate” means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Ge. Bund or Bundesanleihen) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the relevant redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from (but excluding) the relevant redemption date to the Final Redemption Date, provided, however that if the period from (but excluding) the relevant redemption date to the Final Redemption Date is not equal to the constant maturity of the direct obligations of the Federal Republic of Germany for which a weekly average yield is given, the German Government Bond Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from (but excluding) such redemption date to the Final Redemption Date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

“Interest Cover Ratio” means the ratio of Consolidated EBITDA to the Group’s Net Finance Charges for a Relevant Period.

“IPO Event” means an Issuer Listing Event or a Parent Listing Event.

“Issuer Listing Event” means an initial public offering of shares in the Issuer (or any class thereof), after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a Regulated Market and the Issuer in connection with such listing or at any time thereafter ceasing to be a Subsidiary of the Parent.

“Main Shareholders” means Olympus Investment S.à r.l., a private limited liability company (société à responsabilité limitée) incorporated under the laws of Luxembourg, with company reg. no. B 121 183 and registered address 4, rue Dicks, L-1417 Luxembourg and Beagle Investments S.A. a public limited liability company (société anonyme) incorporated under the laws of Luxembourg, with company reg. no. B 57296 and registered address 4, rue Dicks, L-1417 Luxembourg.

“Make Whole Amount” means the higher of:

- (a) 101% of the Nominal Amount (excluding accrued and unpaid interest); or
- (b) 100% of the Nominal Amount plus all remaining scheduled interest payments on the Notes until the Final Redemption Date (but excluding accrued but unpaid interest up to the relevant redemption date) (to be calculated assuming that the Interest Rate for the period from the relevant redemption date to the Final Redemption Date will be equal to the Interest Rate in effect on the date on which the applicable notice of redemption is given), discounted (for the time period starting from the date the relevant Notes are redeemed to the Final Redemption Date) using a discount rate equal to the yield of a German Government Note Rate with a maturity as close as possible to the Final Redemption Date plus 0.50 per cent, plus accrued but unpaid interest from the most recent Interest Payment Date (or, if such date has not occurred, the Issue Date) up to and including the relevant date for early redemption.

“Market Loan” means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on NASDAQ OMX Stockholm or any other Regulated Market or unregulated recognised market place.

“Material Group Company” means the Issuer or a Subsidiary representing more than (i) 5% of the total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra-group transactions) or (ii) 5% of Consolidated EBITDA according to the most recent financial report of the Issuer and its Subsidiaries.

“Net Finance Charges” means, for the Relevant Period, the Finance Charges during that period less interest income during that period (other than interest income on Financial Indebtedness between the Issuer and its consolidated subsidiaries and interest income on Non-Defaulted Consumer Loans).

“Net Proceeds” means the proceeds from the Initial Note Issue or any Additional Note Issue (as applicable) after deduction has been made for the transaction costs payable by the Issuer to the Arranger and Issuing Agent for the services provided in relation to the placement and issuance of the Notes.

“Net Value of the Portfolios” means the aggregate amount of the Group’s acquired Portfolios, including shares and participations in joint ventures, as set out in the most recently delivered consolidated financial report of the Issuer.

“Non-Defaulted Consumer Loans” means credit claims and receivables in relation to which no amounts have been declared to be due and payable as a result of a default under the documentation governing such credit claims and receivables.

“Parent Listing Event” means an initial public offering of shares in the Parent (or any class thereof), after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

“Permitted Merger” means a merger between the Parent and the Issuer, provided that (in the case where the Parent is the surviving entity):

- a) immediately after giving effect to such merger (and treating any Financial Indebtedness that becomes an obligation of the Parent or any Subsidiary of the Parent as a result of such transaction as having been Incurred by the Parent or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;
- (b) immediately after giving effect to such merger, either (a) the Parent would be able to incur at least an additional €1.00 of Financial Indebtedness pursuant to the Incurrence Test or (b) the Interest Cover Ratio for the Parent and its Subsidiaries would not be lower than it was immediately prior to giving effect to such merger; and
- (c) the Issuer shall have delivered to the Agent a legal opinion issued by a reputable Swedish law firm, to the effect that such merger complies with the Terms and Conditions of the Notes, that following the completion of the merger the Notes will constitute legal, valid and binding obligations of the Parent enforceable in accordance with their terms and that the Parent takes on all obligations of the Issuer in relation the Noteholders and the Agent.

“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.

“Portfolios” means all of the Group’s performing and non-performing credit claims and receivables (excluding any claim on a member of the Group), whether held directly by a Group Company or if held through a joint venture or a fund or similar arrangement the Group Company’s pro rata share of such joint venture, fund or similar arrangement.

“Regulated Market” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

“Relevant Period” means each period of twelve (12) consecutive calendar months.

“Shareholder Loans” means any loan raised by any Group Company from its current or previous shareholders (excluding other Group Companies), if such shareholder loan (a) according to its terms is subordinated to the obligations of the Issuer under the Finance Documents, (b) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date and (c) according to its terms yield only payment in kind interest. For the avoidance of doubt, shareholder debt raised under a Market Loan or constituting Consumer Deposit does not constitute Shareholder Loans.

“Subsidiary” means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (a) owns shares or ownership rights representing more than 50% of the total number of votes held by the owners, (b) otherwise controls more than 50% of the total number of votes held by the owners, (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (d) exercises control as determined in accordance with the Accounting Principles.

“**Tier 1 Instrument**” means any instrument classified as tier 1 capital (Sw. primärkapital) by the Issuer from time to time in a regulatory capital adequacy report.

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company in connection with (a) the issuance of Notes or Additional Notes, and (b) the listing of Notes or Additional Notes.

27 Events of Default:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents, unless its failure to pay is due to a technical or administrative error and is remedied within five (5) Business Days of the due date;
- (b) **Other obligations:** The Issuer fails to comply with or in any other way acts in violation of other contractual obligations, applicable to it under the Finance Documents, unless the non-compliance is capable of remedy and is remedied within twenty (20) Business Days of the earlier of the Agent giving notice or the Issuer becoming aware of the non-compliance;
- (c) **Creditors’ process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset of any Material Group Company having an aggregate value equal to or exceeding SEK 15,000,000 and is not discharged within thirty (30) calendar days;
- (d) **Cross acceleration:** Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period or is declared to be or otherwise become due and payable prior to its specified maturity as a result of an event of default (howsoever described) under any document relating to Financial Indebtedness of a Material Group Company, or any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced, provided that no Event of Default will occur under this paragraph (d) if the aggregate amount of Financial Indebtedness individually or in the aggregate exceeds an amount corresponding to EUR 3,000,000 and provided that this cross acceleration provision does not apply to any Financial Indebtedness owed to a Group Company;
- (e) **Cross default:** Any amount payable pursuant to the Existing Notes is not paid when due or within any originally applicable grace period;
- (f) **Withdrawal of license to conduct financing business:** The Issuer’s licence to conduct financing business in accordance with the Banking and Financing Act is withdrawn by the Swedish FSA;
- (g) **Invalidity:** Any Notes become invalid, ineffective or varied, and such invalidity, ineffectiveness or variation is materially prejudicial to the interests of the Noteholders;
- (h) **Insolvency and insolvency proceedings:** (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, or suspends making payments on its debts generally, (ii) a moratorium is declared in respect of the Financial Indebtedness of a Material Group Company, (iii) any corporate action, legal proceedings or other procedures are taken (other than proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised and, in relation to Subsidiaries of the Issuer, solvent liquidations) in relation to the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of a Material Group Company or (iv) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of a Material Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction in respect of the relevant person;
- (i) **Listing:** The Issuer fails to have the Notes admitted to trading on the corporate bond list on NASDAQ OMX Stockholm within one hundred and eighty (180) calendar days after the Issue Date; or
- (j) **Mergers:** The Issuer shall not enter into a merger or other business combination or corporate reorganisation involving consolidating its assets and obligations with any company or entity where the Issuer is not the surviving entity. The Parent shall not enter into any merger or other business combination or corporate reorganisation involving consolidating its assets and obligations with any company or entity except for a Permitted Merger.

Distribution of proceeds following an acceleration: If the Notes have been declared due and payable due to an Event of Default, all payments by the Issuer relating to the Notes shall 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 acceleration of the Notes or the protection of the Noteholders’ 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 noteholders’ meeting or a written procedure;
- (b) *secondly*, in or towards payment pro rata of accrued but unpaid interest under the Notes (interest due on an earlier Interest Payment Date to be paid before any interest due on a later Interest Payment Date);

- (c) *thirdly*, in or towards payment pro rata of any unpaid principal under the Notes; and
- (d) *fourthly*, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the 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.

- 28 Acceleration Amount:** In the event of an acceleration of the Notes, the Issuer shall redeem all Notes with an amount per Note equal to the Make Whole Amount.
- 29 Repurchase of Notes:** Each Group Company may at any time purchase or otherwise acquire Notes. Notes held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.
- 30 Arrangers:** Danske Bank A/S, Danmark, Sverige Filial and Skandinaviska Enskilda Banken AB (publ).
- 31 Issuing Agent:** Skandinaviska Enskilda Banken AB (publ).
- 32 Agent:** The Noteholders' agent under the Terms and Conditions and, if relevant, the Finance Documents, from time to time; initially Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879.
- 33 CSD:** The Issuer's central securities depository and registrar in respect of the Notes from time to time, initially Euroclear Sweden AB, reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden.
- 34 Taxation:** The Issuer shall pay any stamp duty and other taxes accruing in connection with the Initial Note Issue or a Additional Note Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under the Terms and Conditions by virtue of any withholding tax.
- 35 Terms and Conditions:** The Terms and Conditions will regulate the rights and obligations with respect to the Notes. In the event of any discrepancy between this term sheet and the Terms and Conditions, the Terms and Conditions shall prevail.

By filing an application to subscribe for Notes, each investor accepts to be bound by the Terms and Conditions. Further, by filing such application, each investor accepts that certain adjustments to the structure and terms described in this term sheet may occur until the Issue Date and that the investor is bound by the final terms of the Terms and Conditions.

The Terms and Conditions shall include provisions on the Agent's right to represent the Noteholders, including a no action clause for individual Noteholders (described below), the duties of the Agent, procedures for Noteholders' meetings and decisions by way of direct communication and applicable quorum and majority requirements for Noteholders' consent (described below), the Noteholders' right to replace the Agent, as well as other provisions customary for a Swedish bond offering.

No action clause: Other than to the extent expressly provided for under the Terms and Conditions, no Noteholder may take any action against the Issuer in matters relating to the Notes or the Finance Documents, or take any legal steps whatsoever to recover any amount due or owing to it pursuant to the Terms and Conditions, or file an application for, or otherwise take any legal steps in respect of, the winding-up, bankruptcy, or liquidation of the Issuer or any of the Subsidiaries or the making of an administration order in relation to the Issuer or any of the Subsidiaries.

Quorum and majority requirements: Quorum at a Noteholders' meeting exists only if Noteholders representing at least one fifth (1/5) of the aggregate outstanding Nominal Amount attend the Noteholders' meeting in due order. Notes held by any Group Company or its Affiliates shall not be considered when calculating if the necessary quorum has been achieved and shall not carry any voting right. The resolution of the Noteholders shall be in accordance with the opinion held by the majority of the Nominal Amount of the Notes represented at the meeting. In respect of the following matters, a qualified majority of at least three quarters (3/4) of the Notes represented at the meeting is required for a resolution to be passed:

- (a) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
- (b) amend any payment day for principal or interest amount or waive any breach of a payment undertaking, or
- (c) amend the provisions regarding the majority requirements under the Terms and Conditions.

- 36 Time-bar:** The right to receive payment of the Nominal Amount shall be time-barred and become void ten (10) years from the relevant redemption date. The right to receive payment of 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 Noteholders' right to receive payment has been time-barred and void.

If such periods of limitations are duly interrupted, in accordance with the Swedish Act on Limitations (Sw. *preskriptionslagen (1981:130)*), a new time-bar period of ten (10) years with respect to the Nominal Amount, and of three (3) years with respect to interest payments 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.

- 37 Governing law:** The Terms and Conditions shall be governed by and construed in accordance with Swedish law.
- 38 Disputes:** Any dispute or claim arising in relation to the Terms and Conditions shall be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- The submission to the jurisdiction of the Swedish courts shall however not limit the right of the Agent (or the Noteholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
- 39 Eligible Purchasers:** The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended. The Notes 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. Other restrictions may apply and each investor must ensure compliance with local laws and regulations applicable at their own cost and expense.
- 40 Transfer Restrictions:** Except as set out below, and subject to any restrictions to which a Noteholder may be subject due to local law or otherwise, the Notes are freely transferrable.
- Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable from time to time under local laws to which a Noteholder may be subject (due to, e.g., its nationality, its residency, its registered address, its place(s) of business). Each Noteholder must ensure compliance with local laws and regulations applicable at their own cost and expense.

Description of the Issuer

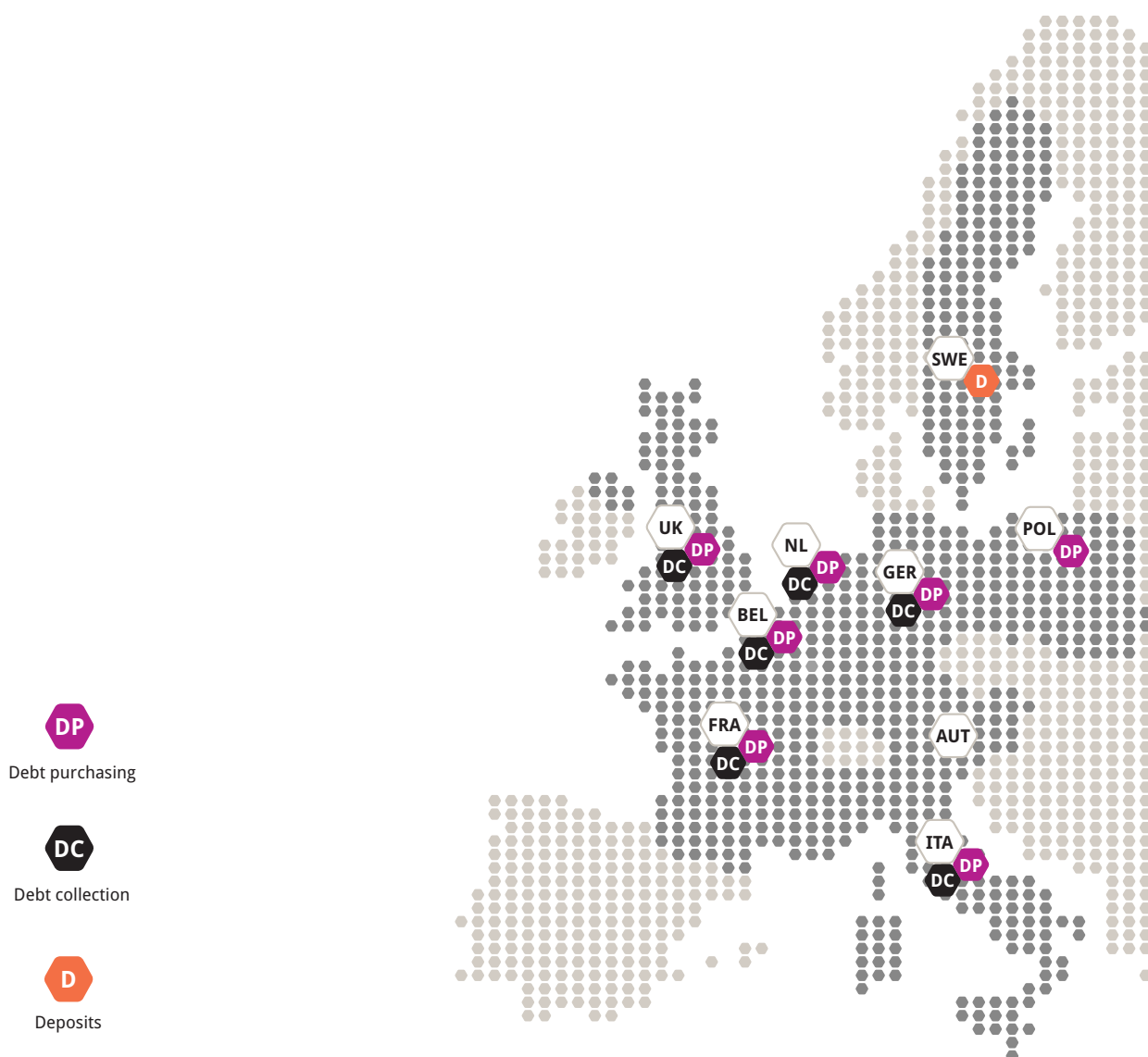
Introduction

The Group is a debt restructuring partner to global banks and financial institutions specialising in debt purchase and management of NPLs and receivables with selected investments in the non-defaulted consumer loan and secured claims segments.

The Group raises funds in the private and public markets (including through HoistSpar, a dedicated online retail deposit-taking business in Sweden and senior unsecured bonds listed on NASDAQ OMX) and reinvests these in higher-yielding assets, including, in particular, NPLs, which are acquired from and/or managed on behalf of banks, credit institutions, utility companies and corporate clients whose customers experience difficulties in paying their debts as they mature.

The Group is headquartered in Stockholm with operations in eight other European countries. In terms of nominal growth and geographical expansion The Group has grown significantly over the last two decades and has considerably diversified its geographical footprint.

The Group applies a business model that is designed to result in operational efficiency based on local market conditions and tailored to cater to the specific needs of the originators. HoistSpar is a retail deposit-taking scheme in Sweden, with more than 60,000 accounts and a total deposit balance of approximately SEK 8.9 billion as of 30 June 2014.



History and Development

The Issuer, Hoist Kredit AB (publ), a public limited liability company with reg. no 556329-5699, was incorporated in Sweden on 12 August 1988. The registered office of the Issuer is Sturegatan 6, Stockholm, Sweden. The Issuer in its present form was established in 1994 when the business was refocused to the acquisition of NPL portfolios in Sweden (the Swedish portfolios have now been divested). The Issuer was authorised by the SFSA in 1996 under the new rules for credit market companies. The Group entered the German market for NPL portfolios in 1997 and has since then systematically expanded into other European markets within NPLs. The Issuer's parent company, Hoist International AB (publ), was listed on the Stockholm Stock Exchange between 1998 and 2004 and subsequently taken private by its two founders and majority owners. Over the last few years, the Group has strengthened its geographical presence in existing markets and expanded to new markets. The Group is present in Sweden, Germany, France, the UK, Belgium, the Netherlands, Poland, Italy and Austria.

Business model

Specialisation, experience and a data-driven acquisition strategy allows the Group to acquire attractive NPL portfolios to a substantial discount, depending on characteristics of the portfolio. Efficient debt collection based on a proven model for *amicable settlements* generates stable and predictable cash flows.

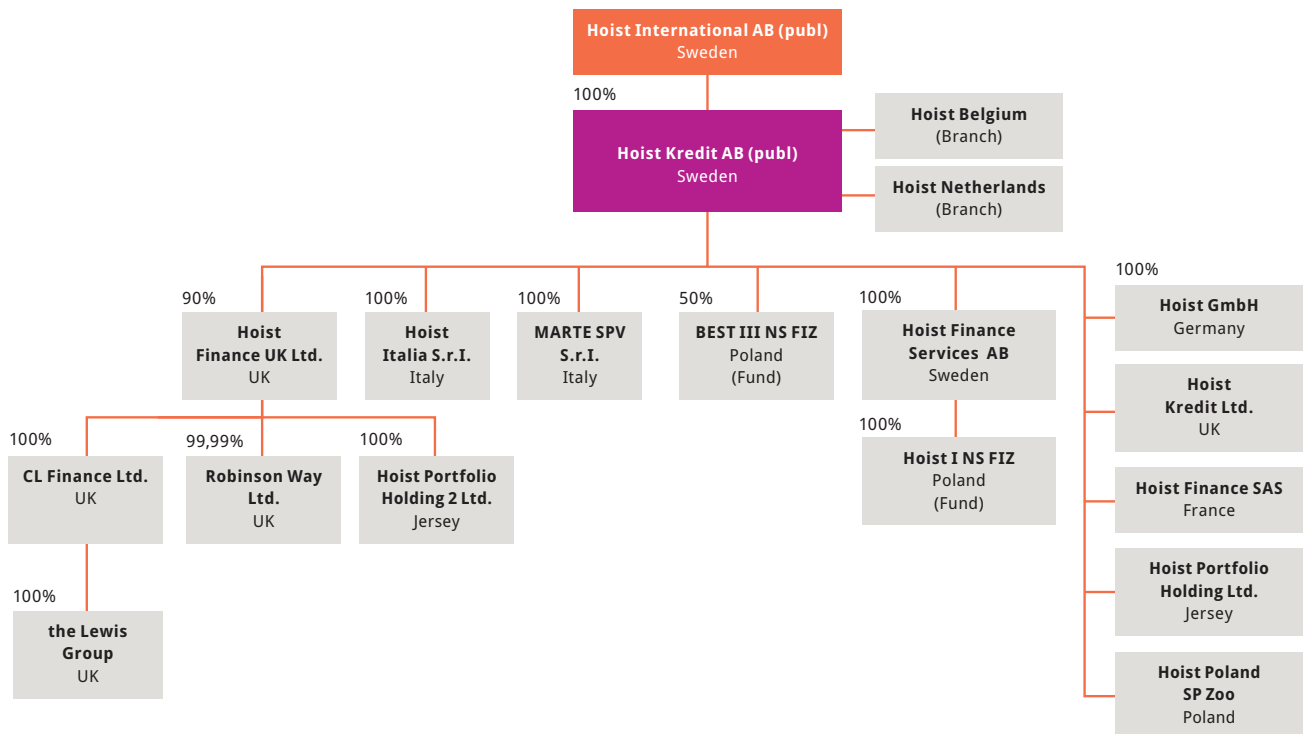
The Group purchases NPL portfolios at a price agreed by the Group and its partners, principally banks and financial institutions. The core of the business model is creating flexibility and capacity to meet the varying needs of the partners.

Through the model for amicable settlements the Group generates long-term predictable cash flows. The Group identifies and contacts customers to agree on realistic repayment plans. The Group believes most of the debtors have the desire but not the ability to settle their unpaid debts immediately. *The amicable settlements* model takes into account each debtor's individual circumstances with the aim to establish a realistic repayment plan in a close dialogue with the debtor. The Group's ambition is to find a solution that fits both sides and the settlements are often based on small amounts over a long period.

Legal structure and ownership

Hoist International AB (publ) is the sole owner and parent company of the Issuer. The Parent in turn is a privately-owned company with its co-founders as its main shareholders, holding approximately 40 per cent each. The Issuer acquires and holds most of the acquired loan portfolios of the Group, and the acquired loan portfolios are managed by the Issuer's subsidiaries or branches. These companies also provide collection servicing on a commission basis to third-party clients.

The picture below illustrates the Issuer and its principal active subsidiaries and branches as at 30 June 2014.



Board of directors, Group executive management and Auditors

Board of Directors

The Board of Directors of the Issuer consists of four members: Mikael Wirén, Dr Achim Prior, Per-Eric Skotthag and Jörgen Olsson.

Mikael Wirén (Chairman)

Board member since: 1994

Born: 1957

Other selected current assignments: Board member in Tornado Investments S.A. (formerly Hoist Group S.A.), Polaris International S.A. (formerly Hoist Investments S.A.), Paradox Entertainment AB (publ), Valpurgius 2 AB, Breviks Fastighets AB, Killanan Services i Sverige AB, Beagle AB and Beagle Investments S.A.

Dr Achim Prior

Board member since: 2005

Born: 1960

Other selected current assignments: Vice Mortgage Manager (Ge. *Stellvertretender Pfandbrieftreuhänder*) at Stadtparkasse Düsseldorf, appointed by the federal financial authorities (Ge. *Bundesanstalt für Finanzdienstleistungsaufsicht*) according to the German Pfandbrief Act (Ge. *Pfandbriefgesetz*).

Per- Eric Skotthag

Board member since: 2011

Born: 1949

Other selected current assignments: Board member and business adviser to SafeLine Sweden AB.

Jörgen Olsson

Board member since: 2010

Born: 1961

For further information please see section Executive Management below.

Executive Management

The Issuer's employees are drawn from a variety of backgrounds, including legal, financial, research and other professions. As at 30 June 2014, the Group had 792 Full Time Equivalent employees. Jörgen Olsson has been the Chief Executive Officer of the Group since 2012 and leads the Executive Management Team.

The Executive Management Team consists of: Jörgen Olsson, Costas Thoupos, Pontus Sardal, Charles de Munter, Henrik Gustafsson, and Anders Wallin.

Jörgen Olsson, Chief Executive Officer

Jörgen joined Hoist Finance as member of the board in 2010 and was appointed CEO in November 2012. He was previously with Kaupthing Bank where he successfully built up the Swedish banking business holding the position of Chief Financial Officer and Head of Corporate Banking. Jörgen was also a member of the Management Group.

Pontus Sardal, Chief Financial Officer and Deputy CEO

Pontus joined Hoist Finance in 2011 and previously held several senior management positions, including CFO Retail Banking Division within SEB, Head of Business Support at SEB Finans, CFO of the Latvian bank, Latvijas Unibanka, and CFO of the mortgage finance business SEB Bolån.

Costas Thoupos, Group Commercial Director

Costas joined Hoist Finance in 2007 and has since served as CEO and Managing Director for the company as well as Group Co-Head of Business Development and currently Group Commercial Director. Costas has a background in investment banking and structured finance from Barclays Investment Banking/Debt Capital Markets, where he worked with strategic funding within the debt purchasing area.

Charles de Munter, Regional Director of Benelux, France, Italy and Poland

Prior to the employment at Hoist Finance, Charles held the position as EOS group's Regional Director. As EOS group's Regional Director, Charles was in charge of the business in Belgium, the Netherlands and France and reported to the Board Member overseeing Western Europe. Charles has also worked at Intrum Justitia for 11 years.

Henrik Gustafsson, Sales and Business Development

Henrik joined Hoist Finance in March 2014 as Head of Sales and Business Development and joins from the position of Head of Strategy and M&A at Dometic Holding AB. Henrik has further experience in business development from Sandvik and over 10 years Investment Banking experience from various financial institutions in London.

Anders Wallin, Chief Information Officer

Prior to joining Hoist Finance in 2012, Anders was CIO at UC AB. He has held senior positions in different companies within various sectors, including Banking and Finance, Aviation, Defence, Transportation Services, IT and Healthcare.

Auditors

KPMG AB (Tegelbacken 4A, SE-102 23 Stockholm, Sweden) is the Issuer's auditor, since July 2013. Anders Bäckström, born 1966, is the auditor in charge. Anders Bäckström is an authorized public accountant and member of FAR, the professional institute for accountants in Sweden.

Michael Bengtsson, PricewaterhouseCoopers AB (Torsgatan 21, SE-113 97 Stockholm, Sweden), was the Issuer's auditor, between September 2006 and July 2013. Michael Bengtsson is an authorized public accountant and member of FAR, the professional institute for accountants in Sweden. The change of auditor was made due to a proposal by the shareholders of the Parent.

Other Information regarding the Board of Directors and Executive Management**Business address**

The address for all Board members and members of the executive management is c/o Hoist Kredit AB (publ), P.O. Box 7848, SE-103 99 Stockholm, Sweden.

Conflicts of interest

As set out in the annual report for 2013, several of the Board members or the executive management in the Group have had certain private interests that may be in conflict with the interests of the Group as a result of transactions with the Issuer in addition to service arrangements. All such arrangements have however been finally terminated and no such transactions are deemed to have a material effect on the Issuer's capability to honor its obligation to the Noteholders. Moreover, some of the Board members and key management have or are likely to have a financial interest in the Issuer through direct or indirect holdings of shares or other securities issued by the Issuer or the Parent (such as "tier 1" perpetual convertible debentures issued by the Issuer or warrants issued by the Parent as part of the Group's incentive program).

However, although the Issuer is currently not aware of any conflict of interest actually having arisen as a result of any such transaction or holdings, it cannot be excluded that conflicts of interest may come to arise between companies in which Board members or executive management have duties or interests, on the one hand, and the Issuer or the Parent, on the other hand.

Legal considerations and supplementary information

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issuance of the Notes. The issuance of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 10 September 2014.

Material agreements

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

Legal and arbitration proceedings

Neither the Issuer nor any of the Group companies are or have been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of the Prospectus which may have or have had in the recent past significant effects, in the context of the Notes, on the financial position or profitability of the Issuer or of the Group.

Tax audit

The Issuer and the Parent are since late 2014 subject to a tax audit initiated and conducted by the Swedish Tax Agency. The Issuer and the Parent and its tax advisors have made the assessment, based on information available today, that it is unlikely that the tax audit would bring about significant additional costs to the Issuer and, hence, neither the Issuer nor the Parent have made any reservations in their accounts in respect of any potential increased tax cost, contingent liabilities or otherwise.

Trend information

There has been no material adverse change in the prospects of the Issuer or the Group since the date of its last published audited financial statements.

Significant adverse changes

There has been no significant adverse change of the Issuer's or the Group's financial or market position since the publication of its half-year report for the period January – June 2014.

Costs associated with the listing of the Notes

The Issuer estimates that the aggregated cost for listing the Notes amounts to approximately SEK 250,000. This includes, among others, consultant fees, costs for approval of the Prospectus by the SFSA and fees to NASDAQ OMX. The Joint Bookrunners are not entitled to any additional remuneration for assisting the Issuer in conjunction with the listing of the Notes.

Documents incorporated by reference

The following information has been incorporated into the Prospectus by reference and should be read as part of the Prospectus.

Information incorporated by reference

Annual Report 2012 (in Swedish)

Annual Report 2013 (in Swedish)

Half-year report 2014 (in English)

Presentation of financial information

The Issuer's consolidated historical financial statements for the financial years ended 31 December 2012 and 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and have been audited by the Issuer's auditor, and the Issuer's unaudited interim financial statements for the period January – June 2014, are incorporated by reference in, and form part of, this Prospectus. Certain financial and other information presented in this Prospectus has been rounded off for the purpose of making this Prospectus more easily accessible for the reader.

With the exception of the Issuer's consolidated historical financial statements for the financial years ended, 31 December 2012 and 31 December 2013, no information in the Prospectus has been audited or reviewed by an auditor. Financial data in the Prospectus that has not been audited by the Issuer's auditor stem from internal accounting and reporting systems.

Documents on display

Copies of the following documents are available in paper format at the Issuer's office, Sturegatan 6, SE-114 35 Stockholm, Sweden, during the validity period of the Prospectus (regular office hours):

- The Issuer's articles of association
- All documents which are incorporated by reference into the Prospectus
- Terms and Conditions

Terms and conditions

Hoist Finance 

TERMS AND CONDITIONS

HOIST KREDIT AB (publ)
EUR 100,000,000
SENIOR UNSECURED FLOATING RATE NOTES

ISIN: SE 0006287827

No action is being taken that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Notes 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.

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1. Definitions and Construction

1.1 Definitions

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

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

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

“**Additional Notes**” means any Notes issued under these Terms and Conditions after the First Issue Date on one or more occasions.

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

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

“**Agency Agreement**” means the agency agreement entered into between the Issuer and the Agent on or before the First Issue Date, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

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

“**Applicable Premium**” means the higher of:

- (a) 1.00 per cent. of the Nominal Amount; and
- (b) An amount equal to:
 - (i) 100 per cent. of the Nominal Amount; plus
 - (ii) all remaining scheduled interest payments on the Notes until the Final Maturity Date (but

excluding accrued but unpaid Interest up to the relevant redemption date) (to be calculated assuming that the Interest Rate for the period from the relevant redemption date to the Final Maturity Date will be equal to the Interest Rate in effect on the date on which the applicable notice of redemption is given), discounted (for the time period starting from the date the relevant Notes are redeemed to the Final Maturity Date) using a discount rate equal to the yield of a German Government Note Rate with a maturity as close as possible to the Final Maturity Date plus 0.50 per cent; plus

- (iii) accrued but unpaid interest from the most recent Interest Payment Date (or, if such date has not occurred, the Issue Date) up to and including the relevant date for early redemption; minus
- (iv) the Nominal Amount.

The Applicable Premium shall be calculated and determined by the Agent.

“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 Cover Ratio” means the ratio of the Group’s total capital (consisting of tier 1 capital and tier 2 capital) to the legal minimum requirement as applicable from time to time as regards its total capital required to cover its risk exposure amount, as reported by the Issuer to the Swedish FSA in accordance with applicable legal requirements in its most recent quarterly regulatory capital adequacy report on a Group consolidated basis.

“Change of Control Event” means:

- (a) prior to an IPO Event, the occurrence of an event or series of events whereby one or more persons, not being any of the Main Shareholders, acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the members of the board of directors of the Issuer.
- (b) after an IPO Event, the occurrence of an event or series of events whereby one or more persons, not being any of the Main Shareholders, acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than 30 per cent. of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the members of the board of directors of the Issuer.

For the avoidance of doubt, an IPO Event shall not be considered a Change of Control Event.

“Compliance Certificate” means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (i) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it and (ii) if provided in connection with an application of the Incurrence Test, including calculations and figures in respect of the Capital Cover Ratio and the Interest Cover Ratio.

“Consolidated EBITDA” means, in respect of a Relevant Period, without duplication, the Consolidated Net Income of the Issuer for such period:

- (a) before deducting Net Finance Charges;
- (b) before deducting taxes, including deferred taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of the Issuer or any of its consolidated subsidiaries, whether or not paid, estimated, accrued or required to be remitted to the relevant tax agency;
- (c) before deducting depreciation, amortisation of tangible and fixed assets and impairment expenses;

- (d) after adding back amortisations and revaluations in respect of Portfolios;
- (e) before taking into account any unrealised gains or losses on any derivative instrument;
- (f) before deducting any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period;
- (g) after adding back or deducting any loss or gain arising from an upward or downward revaluation of any asset;
- (h) before deducting other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Issuer as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item to the extent it represents receipt of cash in any future period); and
- (i) after adding back the amount of any profit (or deducting the amount of any loss) which is attributable to (a) minority interests held by the Group which are not Subsidiaries, or (b) joint ventures of the Issuer and its consolidated subsidiaries.

“Consolidated Net Income” means, for any period, the net profit for the period (*Sw. periodens vinst*) of the Issuer and its consolidated subsidiaries determined on a consolidated basis on the basis of the Accounting Principles.

“Consumer Deposits” means funds deposited with the Issuer or any of its Subsidiaries by its customers and held in accounts which are covered by any relevant local law or regulation implementing the deposit insurance scheme as set out in directive 94/19/EC of the European Parliament and of the Council of 30 May 1994 on deposit-guarantee schemes (as amended by directive 2009/14/EC of the European Parliament and of the Council of 11 March 2009) or directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit-guarantee schemes as amended or restated from time to time.

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

“Debt Instruments” means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on NASDAQ OMX Stockholm or any other Regulated Market or unregulated recognised market place.

“Distributions” means in respect of a company (i) dividend payment in respect of shares, (ii) repurchase by such company of any of its own shares, (iii) redemption of such company’s share capital or other restricted equity with repayment to shareholders, (iv) repayment of principal or payment of interest under any Shareholder Loan and (v) other distributions or transfers of value (*Sw. värdeöverföringar*).

“Equity Listing Event” means the public announcement of an initial public offering of shares in a Group Company or, prior to an IPO Event, a direct or indirect parent company of the Issuer, resulting in such shares being quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

“Euro” and “EUR” means the single currency of each member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“EURIBOR” means:

- (a) the applicable percentage rate *per annum* displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period comparable to the relevant Interest Period (rounded to the same number of decimal places as the two relevant percentage rates); or
- (b) if no screen rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by banks reasonably selected by the Issuing Agent, for deposits of EUR 10,000,000 for the relevant period, or

- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Euro offered for the relevant period, and if any such rate is below zero, EURIBOR will be deemed to be zero.

“Event of Default” means an event or circumstance specified in Clause 12.1.

“Existing Notes” means (i) the up to SEK 1,000,000,000 senior unsecured floating rate notes initially issued by the Issuer on 18 December 2013 with ISIN SE0005567542, and (ii) the SEK 350,000,000 fixed term subordinated notes initially issued by the Issuer on 27 June 2013 with ISIN SE0005280591.

“Final Maturity Date” means the date falling three (3) years after the First Issue Date.

“Finance Charges” means, for a Relevant Period, the aggregate of interest expenses accrued (whether in cash or capitalised) in respect of Financial Indebtedness of the Issuer or any of its consolidated subsidiaries during that Relevant Period, calculated on a consolidated basis (other than interest on Financial Indebtedness between the Issuer and its consolidated subsidiaries) and related banking fees (such as annual fees payable to the Swedish National Debt Office (Sw. *Riksgälden*) in respect of the deposit insurance scheme).

“Finance Documents” means these Terms and Conditions and any other document designated by the Issuer and the Agent as a Finance Document.

“Finance Lease” means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease (excluding leases that would constitute operational leases in accordance with the Accounting Principles or that are currently treated as operational leases in the financial statements of the Group in accordance with the Accounting Principles, in each case, as the Accounting Principles is applied on the date of these Terms and Conditions and notwithstanding any subsequent changes to the Accounting Principles).

“Financial Indebtedness” means any indebtedness in respect of:

- (a) monies borrowed or raised (including for the avoidance of doubt Consumer Deposits);
- (b) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (c) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, excluding any payment obligation (such as payment of deferred purchase price) in relation to a direct or indirect acquisition of Portfolios;
- (d) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (e) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (f) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(e).

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

“Financial Report” means the annual audited consolidated financial statements of the Issuer and its Subsidiaries, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Issuer and its Subsidiaries or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to paragraphs (a) and (b) under Clause 10.1.1.

“First Issue Date” means 2 October 2014.

“Force Majeure Event” has the meaning set forth in Clause 23.1.

“German Government Note Rate” means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Ge. *Bund or Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that have become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the relevant redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from (but excluding) the relevant redemption date to the Final Maturity Date, provided, however that if the period from (but excluding) the relevant redemption date to the Final Maturity Date is not equal to the constant maturity of the direct obligations of the Federal Republic of Germany for which a weekly average yield is given, the German Government Bond Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from (but excluding) such redemption date to the Final Maturity Date is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

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

“Incurrence Test” means that:

- (a) the Capital Cover Ratio is not less than 1.30:1.00; and
- (b) the Interest Cover Ratio exceeds 2.75:1.00.

“Initial Notes” means the Notes issued on the First Issue Date.

“Insolvent” means, in respect of a relevant person, that (i) it is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, or suspends making payments on its debts generally, (ii) a moratorium is declared in respect of the Financial Indebtedness of the relevant person, (iii) any corporate action, legal proceedings or other procedures are taken (other than proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 30 calendar days of commencement or, if earlier, the date on which it is advertised and, in relation to Subsidiaries of the Issuer, solvent liquidations) in relation to the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of the relevant person, or (iv) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the relevant person or any of its assets or any analogous procedure or step is taken in any jurisdiction in respect of the relevant person.

“Interest” means the interest on the Notes calculated in accordance with Clauses 8.1 to 8.3.

“Interest Cover Ratio” means the ratio of Consolidated EBITDA to Net Finance Charges on a Group consolidated basis for the Relevant Period ending on the last day of the period covered by the most recent Financial Report.

“Interest Payment Date” means 2 January, 2 April, 2 July and 2 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 2 January 2015 and the last Interest Payment Date shall be the relevant Redemption Date.

“Interest Period” means (i) in respect of the first Interest Period, the period from (but excluding) the 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 EURIBOR (3 months) plus 3.75 per cent. *per annum*.

“IPO Event” means an Issuer Listing Event or a Parent Listing Event.

“Issuer” means HOIST Kredit AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556329-5699, or (following a Permitted Merger where the Parent is the surviving entity) the Parent.

“Issuer Listing Event” means an initial public offering of shares in the Issuer (or any class thereof), after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a Regulated Market and the Issuer in connection with such listing or at any time thereafter ceasing to be a Subsidiary of the Parent.

“Issuing Agent” means Skandinaviska Enskilda Banken AB (publ), or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“Main Shareholders” means Olympus Investment S.à r.l., a private limited liability company (Fr. *société à responsabilité limitée*) incorporated under the laws of Luxembourg, with company reg. no. B 121 183 and registered address 4, rue Dicks, L-1417 Luxembourg and Beagle Investments S.A. a public limited liability company (Fr. *société anonyme*) incorporated under the laws of Luxembourg, with company reg. no. B 57296 and registered address 4, rue Dicks, L-1417 Luxembourg.

“Material Group Company” means the Issuer or a Subsidiary representing more than (i) 5 per cent. of the total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra-group transactions) or (ii) 5 per cent. of the Consolidated EBITDA according to the most recent Financial Report of the Issuer and its Subsidiaries.

“Net Finance Charges” means, for the Relevant Period, the Finance Charges during that period less interest income during that period (other than interest income on Financial Indebtedness between the Issuer and its consolidated subsidiaries and interest income on Non-Defaulted Consumer Loans).

“Net Value of the Portfolios” means the aggregate amount of the Group’s acquired Portfolios, including shares and participations in joint ventures, as set out in the most recently delivered consolidated Financial Report.

“Nominal Amount” has the meaning set forth in Clause 2.3.

“Non-Defaulted Consumer Loans” means credit claims and receivables in relation to which no amounts have been declared to be due and payable as a result of a default under the documentation governing such credit claims and receivables.

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

“Noteholders’ Meeting” means a meeting among the Noteholders held in accordance with Clause 15 (*Noteholders’ Meeting*).

“Note” means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions, including the Initial Notes and any Additional Notes.

“Parent” means Hoist International AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556012-8489, or (following a Permitted Merger where the Issuer is the surviving entity) the Issuer.

“Parent Listing Event” means an initial public offering of shares in the Parent (or any class thereof), after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

“Permitted Debt” means any Financial Indebtedness:

- (a) represented by the Initial Notes;
- (b) represented by the Existing Notes;
- (c) extended by a Group Company;
- (d) incurred under a Shareholder Loan;
- (e) constituting direct and effectively subordinated debt obligations (Sw. *förlagslån*) which qualify to be included as tier 2 capital, or any higher quality of capital, of the Issuer under applicable capital adequacy regulations;
- (f) incurred by the Issuer if such Financial Indebtedness (i) at the time of incurrence, meets the Incurrence Test tested pro forma including such incurrence, (ii) is unsecured and ranks *pari passu* with, or is subordinated to, the obligations of the Issuer under the Terms and Conditions and without any preference over the Notes and (iii) in relation to Debt Instruments (other than any Additional Notes) only, has a final maturity date which occurs after the Final Maturity Date;

- (g) constituting Consumer Deposits;
- (h) incurred in respect of any Finance Lease up to an aggregate amount not at any time exceeding SEK 20,000,000;
- (i) financial indebtedness of any company, business or undertaking acquired by a Group Company which is incurred under arrangements in existence at the date of acquisition, but not incurred or increased or having its maturity date extended in contemplation of, or since, that acquisition, and outstanding only for a period of three (3) months following the date of acquisition;
- (j) arising under a derivative transaction entered into by a Group Company in the ordinary course of business in connection with protection against or benefit from fluctuation in any rate or price; and
- (k) incurred by the Issuer or any of its Subsidiaries which is not otherwise permitted by item (a) to (j) above, in an aggregate amount not at any time exceeding SEK 100,000,000.

“Permitted Merger” means a merger between the Parent and the Issuer, provided that (in the case where the Parent is the surviving entity):

- (a) immediately after giving effect to such merger (and treating any Financial Indebtedness that becomes an obligation of the Parent or any Subsidiary of the Parent as a result of such transaction as having been incurred by the Parent or such Subsidiary at the time of such transaction), no Event Default nor an event or circumstance which could with any one or more of the given of notice, lapse of time, issue of a certificate of fulfilment of any other requirement provided for in Clause 12 (*Acceleration of the Notes*) become an Event of Default shall have occurred and be continuing;
- (b) immediately after giving effect to such merger, the Parent would be able to incur at least an additional €1.00 of Financial Indebtedness pursuant to the Incurrence Test; and
- (c) the Issuer shall have delivered to the Agent a legal opinion issued by a reputable Swedish law firm, to the effect that such merger complies with these Terms and Conditions, that the Notes following the completion of the merger will constitute legal, valid and binding obligations of the Parent enforceable in accordance with their terms and that the Parent takes on all obligations of the Issuer in relation to the Noteholders and the Agent.

“Permitted Security” means:

- (a) any security for, or payment or close-out netting or set-off arrangement in respect of, derivative transactions or clearing activities;
- (b) any security or quasi-security in respect of repo transactions entered into by the Issuer in the ordinary course of its business, provided that the security or quasi-security for each such repo transaction is discharged within sixty (60) days of the granting thereof;
- (c) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (d) any lien arising by operation of law, retention of title arrangements relating to prepayments or similar arrangements in the ordinary course of business and not arising as a result of any default or omission by the Issuer;
- (e) any security or quasi-security securing Financial Indebtedness permitted in accordance with paragraph (h) of the definition of Permitted Debt;
- (f) any security or quasi-security pertaining to any Permitted Debt set out in paragraph (j) of the definition thereof, if (i) the security or quasi-security was not created in contemplation of the acquisition of that asset or company, (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset or company and (iii) the security or quasi-security is removed or discharged within three (3) months of the date of acquisition of such asset or of the date that company becoming a Group Company;

- (g) any security securing Financial Indebtedness of the Issuer up to a maximum aggregate amount not exceeding 20 per cent. of the Net Value of the Portfolios at the time of the incurrence of such Financial Indebtedness (taking such incurrence into account); and
- (h) any security or quasi-security not permitted by item (a) to (g) above securing Financial Indebtedness of the Issuer and its Subsidiaries up to a maximum aggregate amount of SEK 100,000,000.

“**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.

“**Portfolios**” means all of the Group’s performing and non-performing credit claims and receivables (excluding any claim on a member of the Group), whether held directly by a Group Company or if held through a joint venture or a fund or similar arrangement the Group Company’s pro rata share of such joint venture, fund or similar arrangement.

“**Quotation Day**” means, in relation to any Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the first day of that Interest Period (for the avoidance of doubt, taking into account that the first day of such Interest Period is the date immediately following an Interest Payment Date, or in respect of the First Interest Period the day immediately following the First Issue Date).

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 13 (*Distribution of proceeds*), (iv) the date of a Noteholders’ Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and repurchase of the Notes*).

“**Regulated Market**” means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

“**Relevant Period**” means each period of twelve (12) consecutive calendar months.

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

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

“**Shareholder Loans**” means any loan raised by any Group Company from its current or previous shareholders (excluding other Group Companies), if such shareholder loan (a) according to its terms is subordinated to the obligations of the Issuer under these Terms and Conditions, (b) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date and (c) according to its terms yield only payment in kind interest. For the avoidance of doubt, shareholder debt raised under a Debt Instrument or constituting Consumer Deposits does not constitute Shareholder Loans.

“**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), in respect of which such person, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50) 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 international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

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

“**Tier 1 Instrument**” means any instrument classified as tier 1 capital (*Sw. primärkapital*) by the Issuer from time to time in a regulatory capital adequacy report.

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

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

1.2 Construction

- 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, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (d) an Event of Default is continuing if it has not been remedied or waived;
 - (e) a provision of law is a reference to that provision as amended or re-enacted; and
 - (f) a time of day is a reference to Stockholm time.
- 1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). 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 the European Economic Area promptly and in a non-discriminatory manner.
- 1.2.4 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Notes

- 2.1 The Notes are denominated in Euro and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.
- 2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- 2.3 The nominal amount of each Note is EUR 100,000 (the “Nominal Amount”). The maximum total nominal amount of the Initial Notes is EUR 100,000,000. All Initial Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- 2.4 Provided that (i) no Event of Default is continuing or would result from such issue and (ii) the incurrence of such debt constitutes Permitted Debt under sub-paragraphs (f) or (k) of the definition of “Permitted Debt”, the Issuer may, at one or several occasions, issue Additional Notes. Additional Notes shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the nominal amount and the final maturity applicable to the Initial Notes shall apply to Additional Notes. The price of the Additional Notes may be set at a discount or at a premium compared to the Nominal Amount. Each Additional Note shall entitle its holder to Interest in accordance with Clause 8.1, and otherwise have the same rights as the Initial Notes.
- 2.5 The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them.
- 2.6 Each Noteholder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 2.7 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.8 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3. Use of proceeds

The Issuer shall use the proceeds from the issue of the Notes, less all fees, costs and expenses incurred by the Issuer in connection with the issue and the listing of the Notes, for general corporate purposes of the Group.

4. Conditions for disbursement

4.1 The Issuer shall provide to the Agent, prior to the issuance of the Initial Notes the following, in form and substance satisfactory to the Agent:

- (a) the Finance Documents duly executed by the relevant parties;
- (b) a copy of a resolution from the board of directors of the Issuer approving the issue of the Initial Notes, the terms of the Finance Documents and the Agency Agreement, and resolving to enter into such documents and any other documents necessary in connection therewith; and
- (c) evidence that the persons who have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of the Issuer are duly authorised to do so.

4.2 The Issuer shall provide to the Agent, prior to the issuance of any Additional Notes the following, in form and substance satisfactory to the Agent:

- (a) a copy of a resolution from the board of directors of the Issuer approving the issue of the Additional Notes and resolving to enter into documents necessary in connection therewith;
- (b) a Compliance Certificate; and
- (c) such other documents and information as is agreed between the Agent and the Issuer.

4.3 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1 or 4.2 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.

4.4 The Agent shall confirm to the Issuing Agent as soon as the conditions in Clause 4.1 or 4.2, as the case may be, have been satisfied.

5. Notes in book-entry form

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

5.2 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 Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

5.3 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 Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

5.4 For the purpose of or in connection with any Noteholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.

- 5.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

6. Right to act on behalf of a noteholder

- 6.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.
- 6.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- 6.3 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 Clause 6.2 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.

7. Payments in respect of the Notes

- 7.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 7.2 If a Noteholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 7.3 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 8.4 during such postponement.
- 7.4 If payment or repayment is made in accordance with this Clause 7, 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.
- 7.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

8. Interest

- 8.1 Each Initial Note carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Additional Note will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or from (but excluding) the First Issue Date if issued prior to the first Interest Payment Date), up to (and including) the relevant Redemption Date.

- 8.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 8.3 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).
- 8.4 If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. Redemption and repurchase of the Notes

- 9.1 Redemption at maturity**
Unless previously redeemed, the Issuer shall redeem all, but not some only, of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the Business Day following from an application of the Business Day Convention.
- 9.2 Group Companies' purchase of Notes**
Any Group Company may, subject to applicable law, at any time and at any price purchase or otherwise acquire Notes on the market or in any other way. The Notes held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.
- 9.3 Voluntary total redemption (call option)**
- 9.3.1 The Issuer may redeem all, but not some only, of the outstanding Notes in full:
- (a) at any time prior to the Final Maturity Date, at an amount per Note equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest, plus the Applicable Premium; or
 - (b) provided that the redemption is fully financed from the proceeds of Debt Instruments issued at any time from and including the first Business Day falling one hundred and eighty (180) days prior to the Final Maturity Date to, but excluding, the Final Maturity Date, at an amount equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest.
- 9.3.2 Redemption in accordance with Clause 9.3.1 shall be made by the Issuer giving not less than thirty (30) calendar days' notice to the Noteholders and the Agent. Any such notice 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 Notes in full at the applicable amounts.
- 9.4 Early redemption due to illegality (call option)**
- 9.4.1 The Issuer shall redeem all, but not some only, of the outstanding Notes at an amount per Note equal to 103 per cent. of the Nominal Amount together with accrued but unpaid Interest if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.
- 9.4.2 The Issuer shall give notice of any redemption pursuant to Clause 9.4.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse).

9.4.3 A notice of redemption in accordance with Clause 9.4.1 is irrevocable and, on the date specified in such notice, the Issuer is bound to redeem the Notes in full at the applicable amounts.

9.5 Mandatory repurchase due to a Change of Control Event (put option)

9.5.1 Upon a Change of Control Event occurring, each Noteholder shall have the right to request that all, but not some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event pursuant to Clause 10.1.2 (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.

9.5.2 The notice from the Issuer pursuant to Clause 10.1.2 shall specify the repurchase date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Notes and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 10.1.2. The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.5.1.

9.5.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.5 by virtue of the conflict.

9.5.4 Any Notes repurchased by the Issuer pursuant to this Clause 9.5 may at the Issuer's discretion be retained, sold or cancelled.

9.5.5 The Issuer shall not be required to repurchase any Notes pursuant to this Clause 9.5, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Notes in the manner and on the terms set out in this Clause 9.5 (or on terms more favourable to the Noteholders) and purchases all Notes validly tendered in accordance with such offer. If the Notes tendered are not purchased within the time limits stipulated in this Clause 9.5, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit.

10. Information to Noteholders

10.1 Information from the Issuer

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

- (a) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the audited consolidated financial statements of the Issuer and its Subsidiaries and the audited unconsolidated financial statements of the Issuer for that financial year;
- (b) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the unaudited consolidated financial statements of the Issuer and its Subsidiaries, the unaudited unconsolidated financial statements of the Issuer or the year-end report (Sw. *bokslutskommuniké*) (as applicable)

for such period, in each case, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;

- (c) as soon as practicable following an acquisition or disposal of Notes by a Group Company, the aggregate Nominal Amount held by Group Companies, or the amount of Notes cancelled by the Issuer; and
- (d) as applicable in respect of the Notes, any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.

10.1.2 The Issuer shall immediately notify the Noteholders and the Agent upon becoming aware of the occurrence of a Change of Control Event. Such notice may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.

10.1.3 The Issuer shall issue a Compliance Certificate to the Agent (i) in connection with payment of any Distribution or the incurrence of Financial Indebtedness if such payment or incurrence requires that the Incurrence Test is met and (ii) at the Agent's reasonable request, within twenty (20) calendar days from such request. The compliance certificate shall be in a form agreed between the Issuer and the Agent and include figures in respect of the Incurrence Test and the basis on which it has been calculated (as applicable).

10.1.4 The Issuer is obligated to promptly notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

10.2 Information from the Agent

10.2.1 Subject to any applicable restrictions of any non-disclosure agreement entered into by the Agent, the Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

10.2.2 If a committee representing the Noteholders' interests under the Finance Documents has been appointed by the Noteholders in accordance with Clause 14 (Decisions by Noteholders), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Noteholders.

10.3 Publication of Finance Documents

10.3.1 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.

10.3.2 The latest versions of the Finance Documents and the Agency Agreement shall be available to the Noteholders at the office of the Agent during normal business hours.

11. General undertakings

11.1 Compliance

The Issuer shall, and shall procure that all Group Companies, where applicable, obtain, maintain and comply with the terms of any authorisation, approval or licence required for the conduct of their respective businesses at any time, and comply with all applicable laws and regulations, except to the extent that any failure to do so would not have a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's ability to perform and comply with its payment obligations or any obligation set out in out in this Clause 11 or (c) the validity or enforceability of the Finance Documents.

11.2 Continuation of business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the First Issue Date.

11.3 Distributions and other transactions

11.3.1 No Distributions may be made by the Issuer at any time if following the making of such Distribution the Issuer would be in breach of the Incurrence Test.

11.3.2 For each financial year, provided that the making of such Distributions meets the Incurrence Test the Issuer may (subject to any applicable mandatory company law restrictions) apply the following amounts towards Distributions:

- (a) prior to an IPO Event, a maximum amount of fifty (50) per cent of the consolidated net profits (*Sw. koncernens vinst efter skatt*) of the Issuer and its Subsidiaries as set out in the audited consolidated annual accounts for the preceding financial year; and
- (b) following an IPO Event, the full amount of consolidated net profits (*Sw. koncernens vinst efter skatt*) of the Issuer and its Subsidiaries as set out in the audited consolidated annual accounts for the preceding financial year.

11.3.3 Notwithstanding paragraph 11.3.1, the Issuer shall always be entitled to give group contributions (*Sw. koncernbidrag*) to the Parent, provided that no cash or other funds are transferred from the Issuer to the Parent as a result thereof and provided that such group contribution is immediately converted into an unconditional shareholder's contribution from the Parent to the Issuer.

11.3.4 No Distributions may be made by a Subsidiary of the Issuer other than to (i) the Issuer or any Group Company which is directly or indirectly wholly owned by the Issuer, or (ii) its shareholders on a *pro rata* basis.

11.3.5 Notwithstanding the above, additional dividend distributions may be made by the Issuer if and to the extent necessary to comply with mandatory provisions of the Swedish Companies Act relating to dividend distributions to minority shareholders, provided that the Issuer in such case shall ensure that any such dividends shall be paid at the lowest level allowed by applicable law.

11.4 Financial Indebtedness

The Issuer shall not, and shall procure that none of the other Group Companies shall, incur any new, or maintain or extend any existing, Financial Indebtedness, provided however that the Group Companies have a right to incur, maintain and extend Financial Indebtedness which constitutes Permitted Debt.

11.5 Disposals

The Issuer shall not, and shall procure that no other Group Company shall, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or any Material Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

11.6 Negative pledge

The Issuer shall not, and shall procure that none of the other Group Companies, create or allow to subsist, retain, provide, extend or renew any guarantee or security over any of its/their assets (present or future) to secure any Financial Indebtedness, provided however that each of the Group Companies has a right to create or allow to subsist, retain, provide, extend and renew any Permitted Security.

11.7 Dealings with related parties

The Issuer shall, and shall procure that each of the other Group Companies shall, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders on arm's length terms.

11.8 Undertakings relating to the Agency Agreement

11.8.1 The Issuer shall, in accordance with the Agency Agreement:

- (a) pay fees to the Agent;
- (b) indemnify the Agent for costs, losses and liabilities;
- (c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.

11.8.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

12. Acceleration of the Notes

12.1 The Agent is entitled to, and shall following an instruction given pursuant to Clause 12.4, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:

- (a) the Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents, unless the non-payment:
 - (i) is caused by a technical or administrative error; and
 - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer fails to comply with or in any other way acts in violation of other contractual obligations, applicable to it under the Finance Documents (other than those terms referred to in paragraph (a) above), unless the non-compliance

- (i) is capable of remedy; and
 - (ii) is remedied within twenty (20) Business Days of the earlier of the Agent giving notice or the Issuer becoming aware of the non-compliance;
 - (c) any Notes becomes invalid, ineffective or varied (other than in accordance with the provisions of the Finance Documents), and such invalidity, ineffectiveness or variation is materially prejudicial to the interests of the Noteholders;
 - (d) any Material Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent;
 - (e) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of any Material Group Company having an aggregate value equal to or exceeding SEK 15,000,000 and is not discharged within thirty (30) calendar days;
 - (f) any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period or is declared to be or otherwise become due and payable prior to its specified maturity as a result of an event of default (howsoever described) under any document relating to Financial Indebtedness of a Material Group Company, or any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced, provided that no Event of Default will occur under this paragraph (d) if the aggregate amount of Financial Indebtedness individually or in the aggregate exceeds an amount corresponding to SEK 25,000,000 and provided that this cross acceleration provision does not apply to any Financial Indebtedness owed to a Group Company;
 - (g) any amount payable pursuant to the Existing Notes is not paid when due or within any originally applicable grace period;
 - (h) the Issuer's licence to conduct financing business in accordance with the Swedish Banking and Financing Business Act (*Sw. lag (2004:297) om bank- och finansieringsrörelse*) is withdrawn by the Swedish FSA;
 - (i) the Issuer fails to have the Initial Notes admitted to trading on the corporate bond list of NASDAQ OMX Stockholm within one hundred and eighty (180) days after the First Issue Date; or
 - (j) the Issuer or the Parent enters into a merger or other business combination or corporate reorganisation involving consolidating its assets and obligations with any company or entity where the Issuer or the Parent (as applicable) is not the surviving entity, except for a Permitted Merger.
- 12.2 The Agent may not accelerate the Notes in accordance with Clause 12.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Noteholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 12.3 The Agent shall notify the Noteholders of an Event of Default within ten (10) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly seek instructions from the Noteholders in accordance with Clause 14 (*Decisions by Noteholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 12.4 If the Noteholders instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.

- 12.5 If the right to accelerate the Notes is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 12.6 In the event of an acceleration of the Notes in accordance with this Clause 12, the Issuer shall redeem all Notes at an amount per Note equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest, plus the Applicable Premium.
- 12.7 For the avoidance of doubt, the Notes cannot be terminated and become due for payment prematurely according to this Clause 12 (*Acceleration of the Notes*) without relevant decision by the Agent or following instructions from the Noteholders pursuant to Clause 14 (*Decisions by Noteholders*).

13. Distribution of proceeds

- 13.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 12 (*Acceleration of the Notes*) shall 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 acceleration of the Notes or the protection of the Noteholders' 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 Noteholders' Meeting or a Written Procedure;
 - (b) secondly, in or towards payment pro rata of accrued but unpaid interest under the Notes (interest due on an earlier Interest Payment Date to be paid before any interest due on a later Interest Payment Date);
 - (c) thirdly, in or towards payment pro rata of any unpaid principal under the Notes; and
 - (d) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the 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.
- 13.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 13.1(a), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.1(a).
- 13.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.
- 13.4 If the Issuer or the Agent shall make any payment under this Clause 13, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply.

14. Decisions by Noteholders

- 14.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 14.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way of a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.
- 14.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 14.4 Only a person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 6 (Right to act on behalf of a Noteholder) from a person who is, registered as a Noteholder:
- (a) on the Record Date prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 16.3, in respect of a Written Procedure, may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the definition of Adjusted Nominal Amount.
- 14.5 The following matters shall require the consent of Noteholders representing at least seventy-five (75) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3:
- (a) a change to the Interest Rate or the Nominal Amount;
 - (b) an amendment of any payment day or waiver of any breach of a payment obligation;
 - (c) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 14.
- 14.6 Any matter not covered by Clause 14.5 shall require the consent of Noteholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 17.1(a) or (b)), an acceleration of the Notes.

- 14.7 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Noteholders' 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.
- 14.8 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 15.1) or initiate a second Written Procedure (in accordance with Clause 16.1), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Noteholders' consent. The quorum requirement in Clause 14.7 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 14.9 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 14.10 A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 14.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 14.12 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- 14.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 14.14 If a decision shall be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Note is owned by a Group Company or an Affiliate.
- 14.15 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the 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 Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

15. Noteholders' meeting

- 15.1 The Agent shall convene a Noteholders' Meeting by sending a notice thereof to each Noteholder no later than five (5) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).
- 15.2 Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 15.1 with a copy to the Agent. After a request from the Noteholders pursuant to Clause 18.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 15.1.
- 15.3 The notice pursuant to Clause 15.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 15.4 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 15.5 If the Agent, in breach of these Terms and Conditions, has not convened a Noteholders' Meeting within twenty (20) Business Days after having received such notice, the requesting person may convene the Noteholders' Meeting itself. If the requesting person is a Noteholder, the Issuer shall upon request from such Noteholder provide the Noteholder with necessary information from the register kept by the CSD and, if no person to open the Noteholders' Meeting has been appointed by the Agent, the meeting shall be opened by a person appointed by the requesting person.
- 15.6 At a Noteholders' Meeting, the Issuer, the Noteholders (or the Noteholders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Noteholders' Meeting. The Noteholders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Noteholders' Meeting instead of the Noteholder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Noteholder.
- 15.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

16. Written procedure

- 16.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Noteholder on the Business Day prior to the date on which the communication is sent.
- 16.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 16.1 to each Noteholder with a copy to the Agent.
- 16.3 A communication pursuant to Clause 16.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney,

and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days from the communication pursuant to Clause 16.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

- 16.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 14.5 and 14.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 14.5 or 14.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

17. Amendments and waivers

- 17.1 The Issuer and the Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Noteholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (c) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 14 (Decisions by Noteholders).
- 17.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- 17.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 17.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 10.3 (Publication of Finance Documents). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- 17.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

18. Appointment and replacement of the Agent

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

- 18.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- 18.1.3 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 the Finance Documents.
- 18.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 18.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.
- 18.2 Duties of the Agent
- 18.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents.
- 18.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 18.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 18.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- 18.2.5 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 13 (Distribution of proceeds).
- 18.2.6 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 18.2.7 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance

with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.

- 18.2.8 The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 18.2.7.

18.3 Limited liability for the Agent

- 18.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.

- 18.3.2 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 engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.

- 18.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

- 18.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 14 (Decisions by Noteholders) or a demand by Noteholders given pursuant to Clause 12.1.

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

18.4 Replacement of the Agent

- 18.4.1 Subject to Clause 18.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

- 18.4.2 Subject to Clause 18.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- 18.4.3 A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.

- 18.4. If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.5 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 the Finance Documents.
- 18.4.6 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.
- 18.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligations in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 18.4.8 In the event that there is a change of the Agent in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

19. Appointment and replacement of the Issuing Agent

- 19.1 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 Notes.
- 19.2 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, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

20. No direct actions by Noteholders

- 20.1 A Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- 20.2 Clause 20.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 18.1.2), 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 the Finance Documents or the Agency Agreement or

by any reason described in Clause 18.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 18.2.8 before a Noteholder may take any action referred to in Clause 20.1.

- 20.3 The provisions of Clause 20.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due to it under Clause 9.5 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Noteholders.

21. Prescription

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

22. Notices and press releases

22.1 Notices

- 22.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Agent, shall be given at the address specified on its website www.nordictrustee.com on the Business Day prior to dispatch, or if sent by e-mail by the Issuer, to such e-mail address notified by the Agent to the Issuer from time to time;
 - (b) if to the Issuer, shall be given at the address specified on its website www.hoistfinance.com on the Business Day prior to dispatch; and
 - (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Noteholders. A Notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.
- 22.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 22.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in

an envelope addressed to the address specified in Clause 22.1.1 or, in case of e-mail to the Agent or Issuer, when received in legible form by the e-mail addresses specified in Clause 22.1.1.

22.1.3 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

22.2 Press releases

22.2.1 Any notice that the Issuer or the Agent shall send to the Noteholders pursuant to Clauses 9.3 (*Voluntary total redemption (Call option)*), 9.4 (*Early redemption due to illegality*), 10.1.2, 12.3, 14.15, 15.1, 16.1 and 17.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.

22.2.2 In addition to Clause 22.2.1, if any information relating to the Notes or the Group contained in a notice the Agent may send to the Noteholders 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 Noteholders 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 Noteholders, the Agent shall be entitled to issue such press release.

23. Force majeure and limitation of liability

23.1 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.

23.2 The Issuing Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

23.3 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.

23.4 The provisions in this Clause 23 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

24. Governing law and jurisdiction

24.1 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.

24.2 The Issuer submits to the non-exclusive jurisdiction of the District Court of Stockholm (Sw. *Stockholms tingsrätt*).

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

We hereby certify that the above terms and conditions are binding upon ourselves.

Place:

Date:

Hoist Kredit AB (publ)
as Issuer

By:

Title:

By:

Title:

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place:

Date:

Nordic Trustee AB (publ)
as Agent

By:

Title:

By:

Title:

Addresses

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