AT1 Investor presentation

8 December 2025

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EXECUTIVE SUMMARY

- Borgo is a Swedish mortgage company, focused on originating & financing Swedish mortgages
- Funding via covered bonds, senior bonds and retail deposits
- Owned by ICA Banken, Ikano Bank, Söderberg & Partners, Sparbanken Syd, Lån & Spar and Ålandsbanken, as well as several financial investors

Key investment highlights

- Low risk assets consisting of Swedish prime mortgages
- Conservative underwriting standards
- Strong capitalization and sound funding profile
- Committed owners with a strategic and long-term horizon
- Clear roadmap to profitability
- Baa2 rating by Moody's

Transaction overview

Inaugural Additional Tier 1 notes
Exp. SEK 300m
Perpetual non-call 5.25

- Optimisation of the capital structure
- Support the leverage ratio
- Enable future growth

Summary of indicative terms

Issuer	**Borgo AB (publ)**
Issuer Rating	Baa2 (Stable) by Moody's
Expected Rating of the Notes	Unrated
Status of the Notes	Additional Tier 1 Notes, constituting unsecured, subordinated obligations of the Issuer
Amount	Exp. SEK 300m
Maturity	No maturity date. Perpetual
Interest	3mStibor + [●] bps
First Call Date	[●] December 2030 (5yr)
Optional Redemption	Subject to consent from the Swedish FSA, the Issuer may redeem all (but not some only) of outstanding Notes: (i) on the First Call Date (ii) on any Business Day in the period commencing on (and including) the First Call Date and ending on (and including) the Interest Payment Date falling on or immediately after three (3) months from the First Call Date (iii) On any Interest Payment Date falling after the First Call Date At an amount per Note equal to the Nominal Amount together with accrued but unpaid interest thereon to (but excluding) the date fixed for redemption
Early Redemption	Subject to consent from the Swedish FSA, all (but not some only) outstanding Notes can be redeemed at the option of the Issuer if a Capital Disqualification Event or Tax Event occurs
Interest Cancellation	Interest (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion or (ii) will be mandatorily cancelled, to the extent so required by the Applicable Capital Regulations. Interest shall be payable only out of the Issuer's Distributable Items
Loss Absorption Mechanism – Write-Down	Temporary write-down of the Total Nominal Amount of the Notes if the CET1 ratio of the Issuer Consolidated Situation is less than 7.00 per cent., as applicable (maximum down to a Nominal Amount per Note of SEK 1) Discretionary reinstatement in whole or in part of the principal amount of the Notes, subject to compliance with any maximum distribution limits set out in the Applicable Capital Regulations
Substitution or Variation	The Issuer may, at its option and without the consent or approval of Noteholders (but subject to consent from the Swedish FSA), elect to substitute or vary the terms of all (but not some only) outstanding Notes, so that they become or remain, as applicable, Qualifying Securities if a Capital Event or Tax Event occurs prior to the First Call Date
Non-Viability	The Notes may be subject to statutory loss absorption as more fully described in the risk factors
Clearing & Listing	Euroclear Sweden and Nasdaq Stockholm. Intention to list within 30 days
Target Market	Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA or the UK
Denomination	SEK 2,000,000 and integral multiples of SEK 2,000,000 in excess thereof

AGENDA

1. Introduction to Borgo

2. Business model

3. Financial update

4. Asset quality

5. Funding and Liquidity

6. Capital position

1. Introduction to borgo

Borgo in short

- Borgo is a Swedish mortgage company
- Originating & financing Swedish mortgages
- Lending via distribution partners
- Funding via covered bonds, senior bonds and retail deposits
- Owned by ICA Banken, Ikano Bank, Söderberg & Partners, Sparbanken Syd, Lån & Spar and Ålandsbanken, as well as several financial investors

Q3/25

Total assets:	Lending:	ECL-level:	Deposits:	Customers:	CET1 ratio:
SEK 46.5bn	SEK 38.3bn	0.00%	SEK 11.1bn	~23,000	18.9%

2. Business model

STRAIGHT FORWARD BUSINESS MODEL

- Mortgage lending to Swedish homeowners
- Distribution via some of Sweden's strongest consumer brands
- Lending only SEK
- Lending only through owners
- Conservative underwriting standards
- Digital business
- No corporate lending
- No international business
- No handling of cash

Distribution
- Partnering with strong names
- Extensive network
- Strategic owners

In-house origination
- Mortgage lending to Swedish homeowners
- Business only in SEK
- Digital process

Funding and risk-mitigation
- Retail deposits
- Wholesale funding
- Interest rate risk

The borgo way

- Characterised by a flat organization and short chain of command
- Large part of the operation is outsourced to Ålandsbanken and its subsidiary Crosskey
- Borgo focused on managing the core business:
  - Loan origination
  - Retail & wholesale funding
  - Capital structure
  - Risk management
- Lending is distributed via partners, but credit decisions are made in-house
- Deposits are handled both via distribution partners and via the Borgo brand

STRENGHTENING BORGO'S DIGITAL CAPACITY

- Borgo acquires Hypoteket's market-leading technology
- The deal includes an option to take over Hypoteket's SEK 16 billion mortgage portfolio
- Strengthens Borgo's digital infrastructure and distribution capabilities
- The platform is expected to help streamline Borgo's operations and future customer offerings
- If the option is exercised, it will also include Hypoteket's well-established distribution and brand
- The transaction is subject to customary regulatory approvals

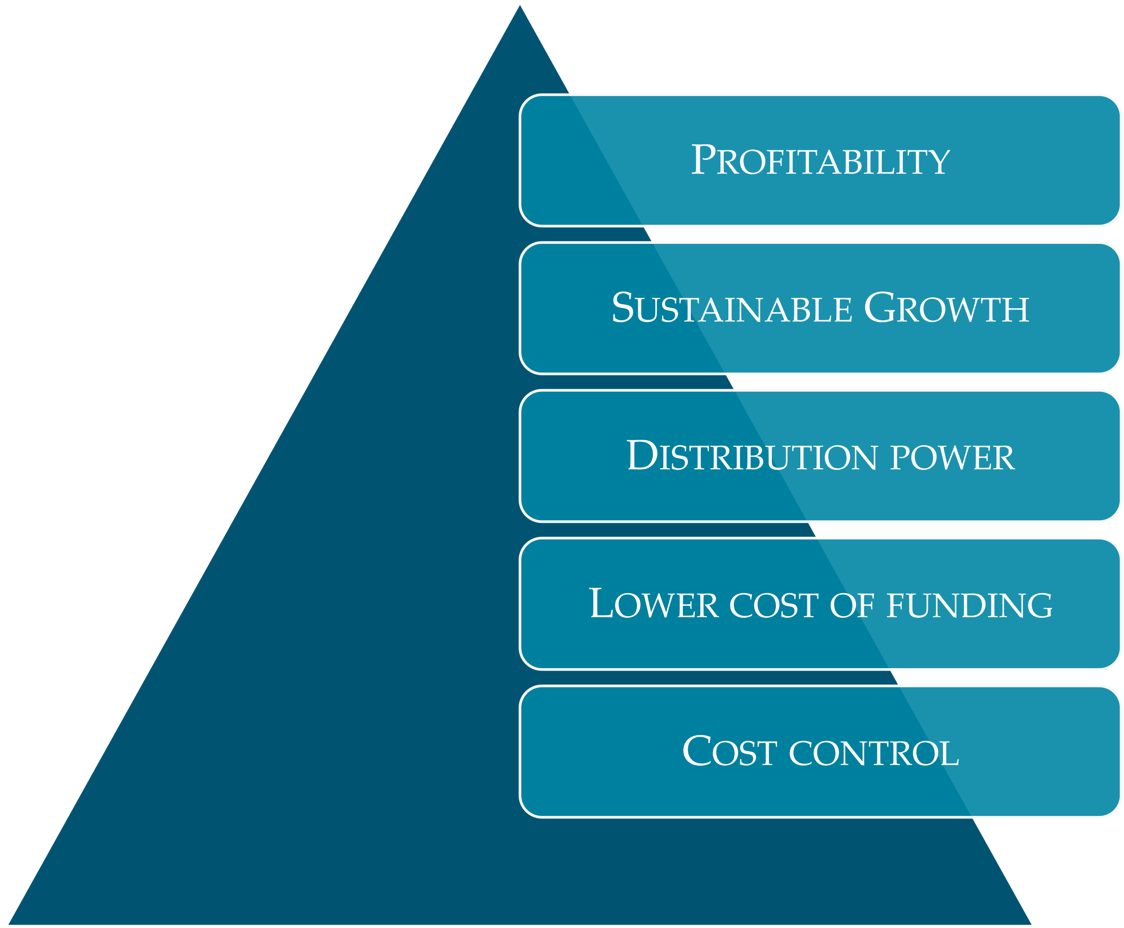
Borgo + Hypoteket

"This is an important strategic step for Borgo that strengthens our digital capacity. The opportunity to benefit from both a proven platform and a strong brand, and to achieve significant economies of scale if we choose to exercise the option, is valuable for our continued development as Sweden's modern and efficient mortgage bank."

Pehr Olofsson, CEO of Borgo

Roadmap to profitability

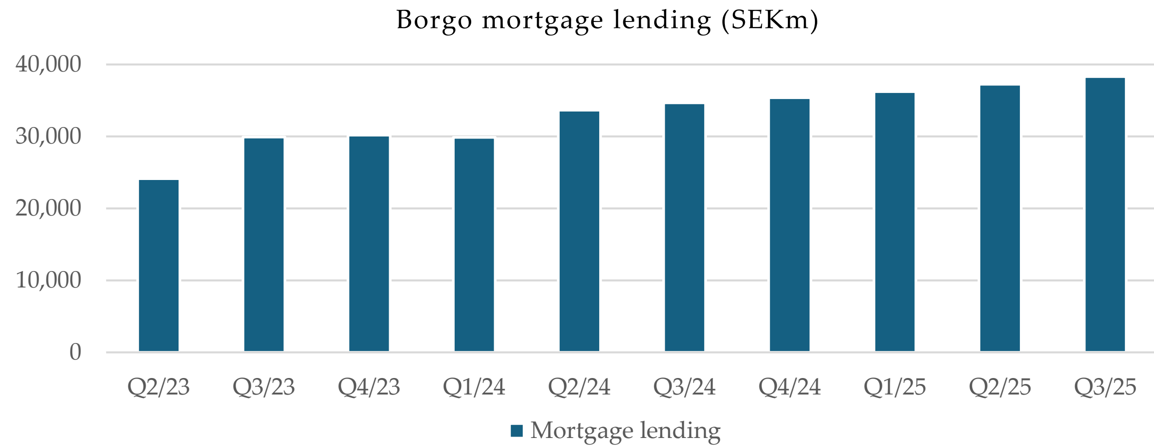
- Digital setup
- Efficient execution
- Economies of scale

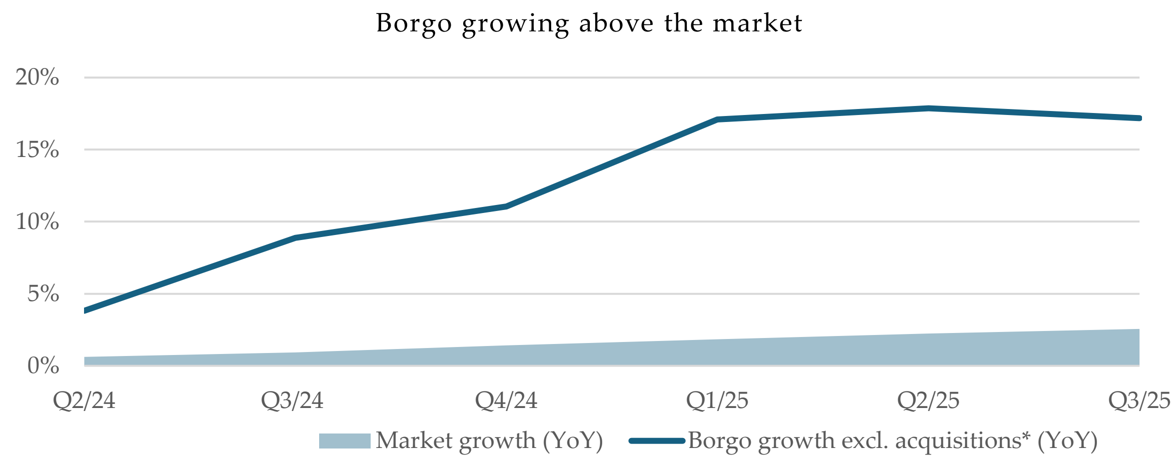


3. Financial update

SUSTAINABLE GROWTH OF MORTGAGES

- Nation-wide distribution
- Competitive pricing
- Conservative underwriting standards
- Risk-adjusted pricing matrix
- Growing faster than the Swedish mortgage market



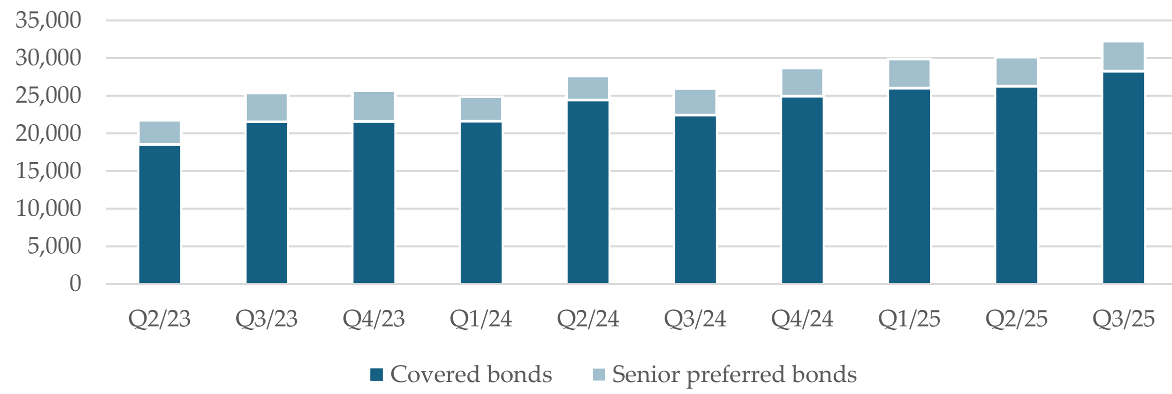


Source: Statistics Sweden (SCB), data as of December 2025
*Borgo's growth rate shown excluding portfolio acquisitions of SEK 5bn in Q2-2023, SEK 6bn in Q3 2023 and SEK 3bn in Q2 2024

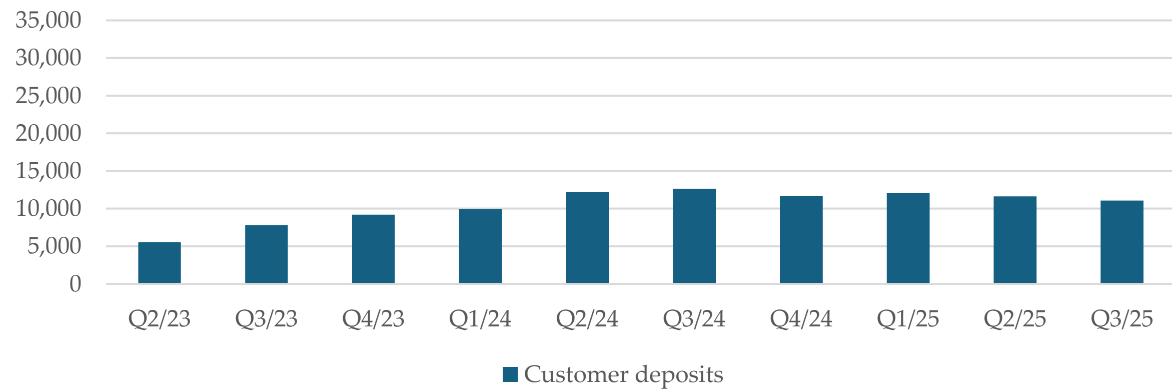
WITH A ROBUST FUNDING STRUCTURE

- Pricing
- Maturity profile
- Older financing significantly more expensive than current funding
- Time and growth will heal the performance
- All new lending is net profit positive

Bond market funding distribution (SEKm)



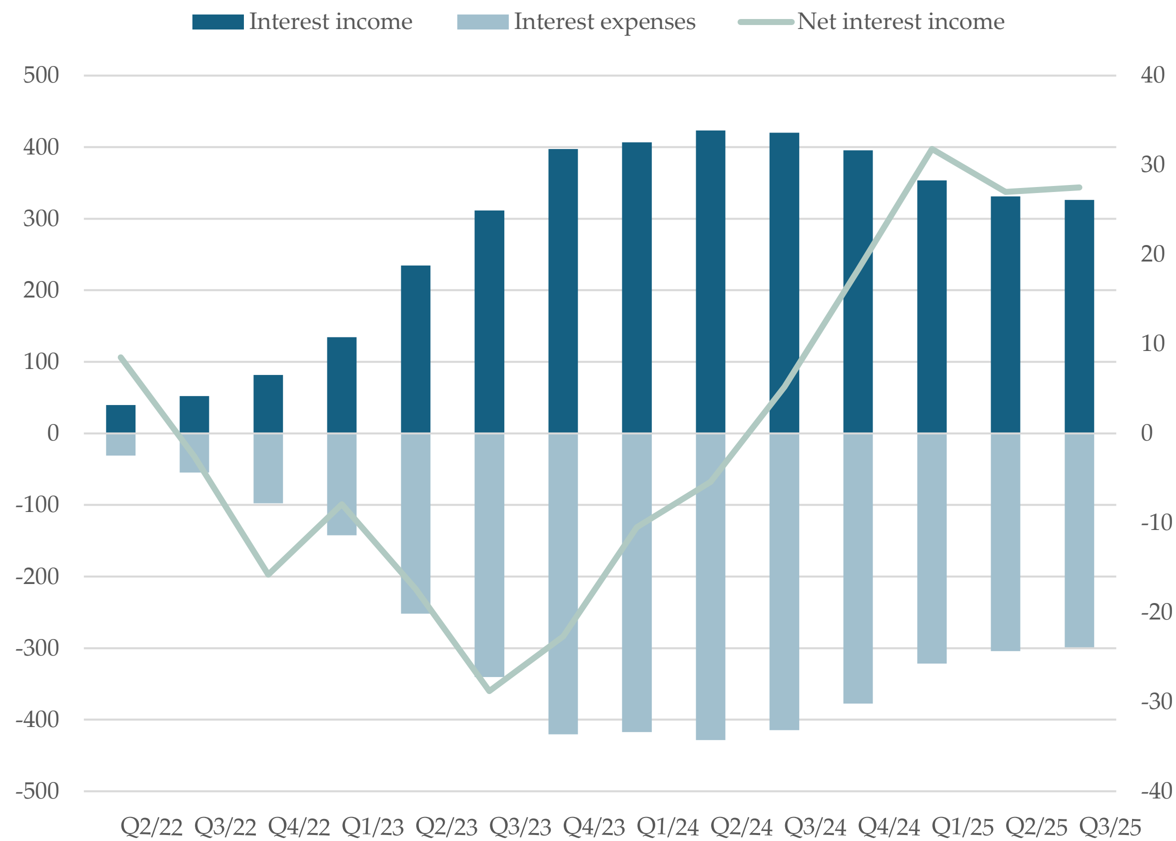
Deposits (SEKm)



STEADILY INCREASING NET INTEREST INCOME

- Improving net interest income
- Lower cost of funding
- Increasing mortgage volumes
- Diluting expensive funding

Net interest income (SEKm)

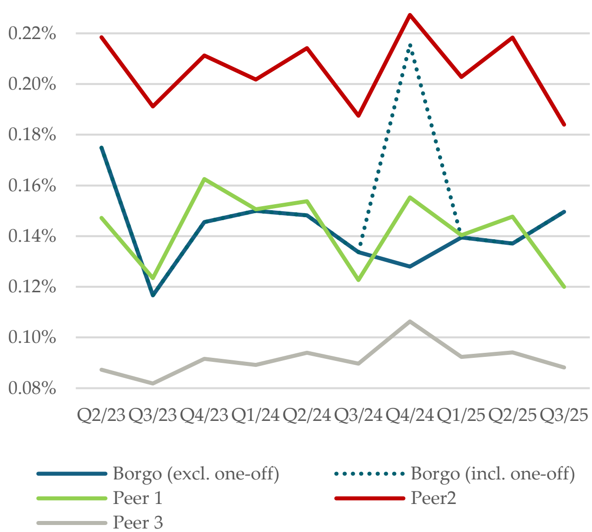


Borgo

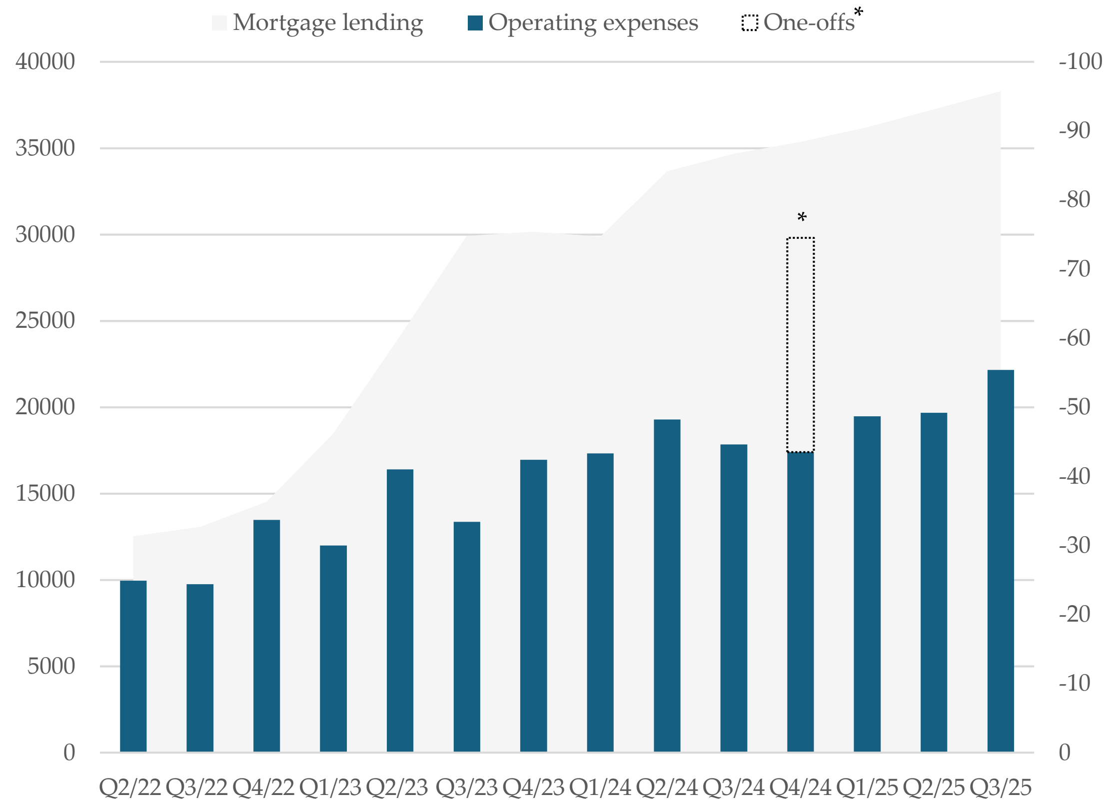
CURBING OPERATIONAL EXPENSES

- Scalability is key
- Focus on cost control
- Managed to keep expenses stable despite balance sheet growth

Operating expenses / mortgage lending



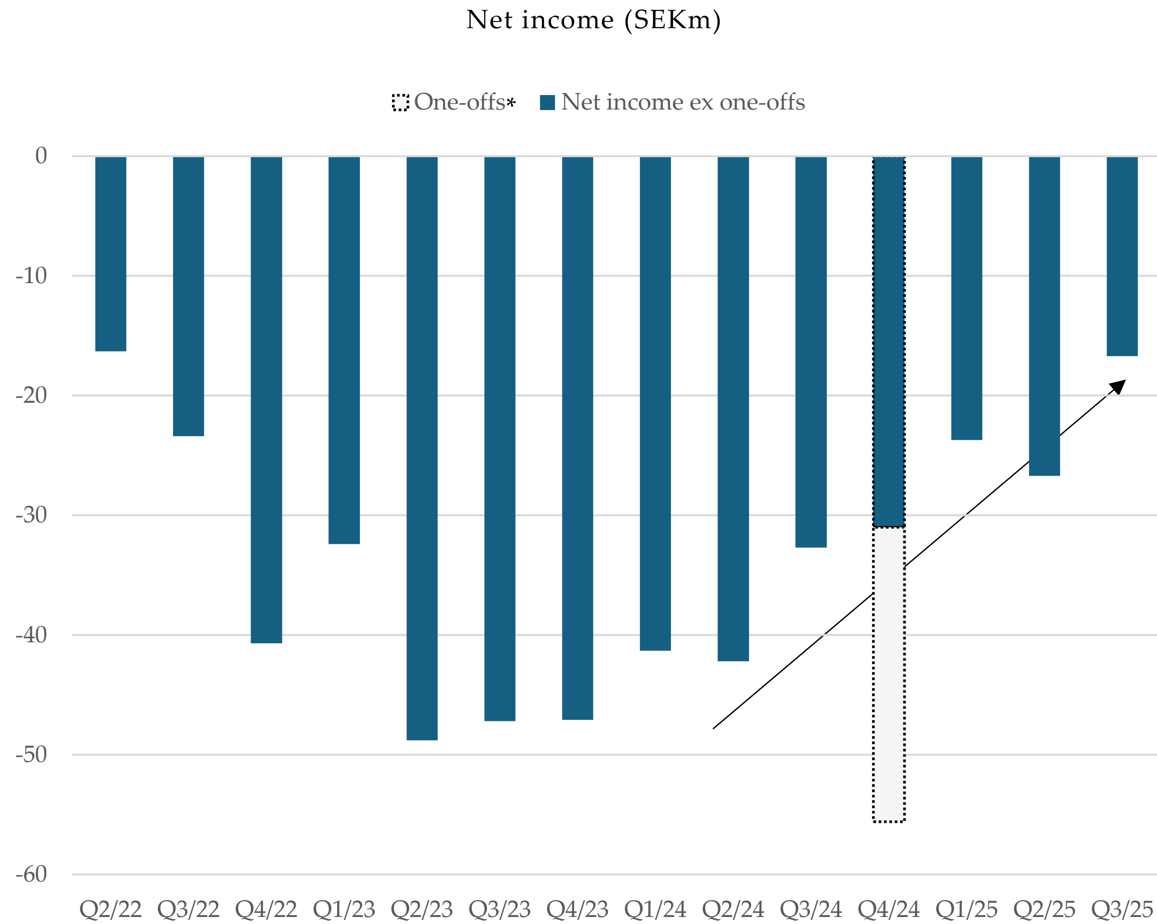
Operating expenses (SEKm)



*Adjusted for SEK 31m one-off expenses in Q4 2024
Source: Peer company reports

GENERATING IMPROVED NET INCOME OVER TIME

- Net income loss of SEK 16.7m Q3 2025
- Some SEK 31m one-off expenses in Q4 2024



*Adjusted for SEK 31m one-off expenses in Q4 2024

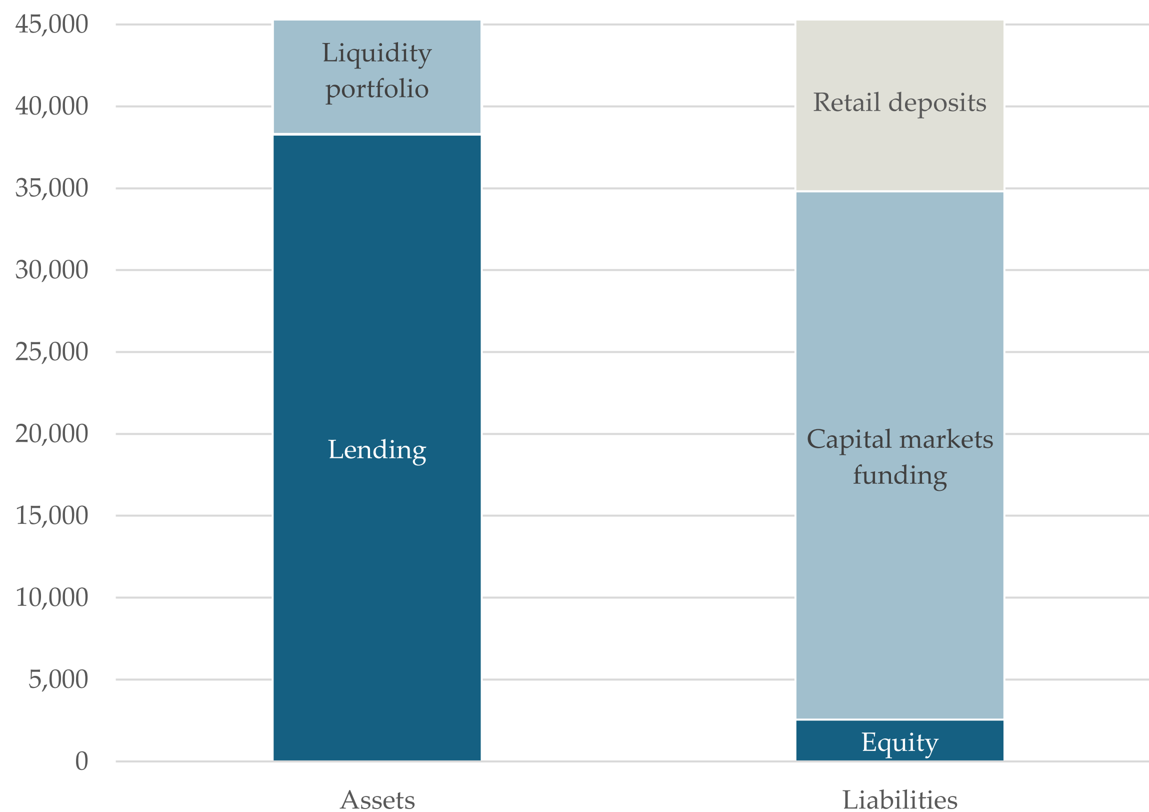
4. Asset quality

WHAT YOU SEE IS WHAT YOU GET

- Assets
  - Lending
  - Liquidity portfolio

- Liabilities
  - Capital markets funding
  - Retail deposits
  - Equity

Balance sheet overview (Q3/25)

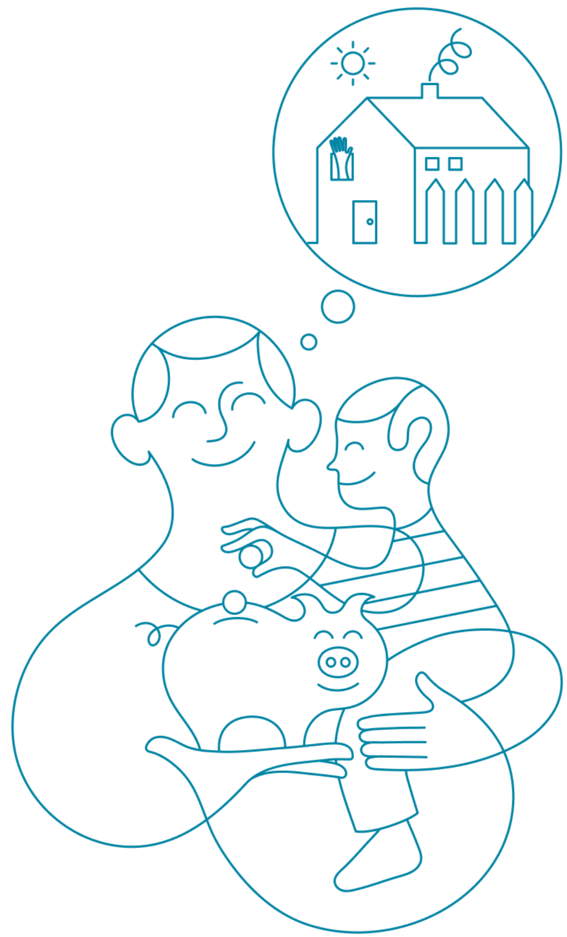


LENDING AT BORGO

- Lending only to homeowners
- Swedish mortgages
- Digital process

- Mainstreet underwriting standards
- KALP stress-tested at 6%
- All loans secured by a first ranking pledge
- Quarterly revaluation of all properties

- Competitive pricing to support growth
- Risk-adjusted pricing model

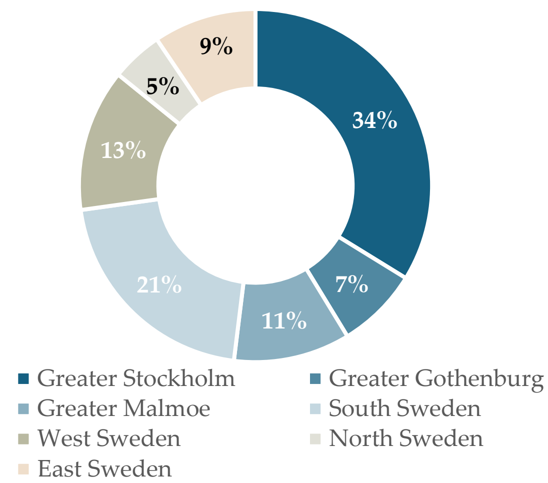


COVER POOL

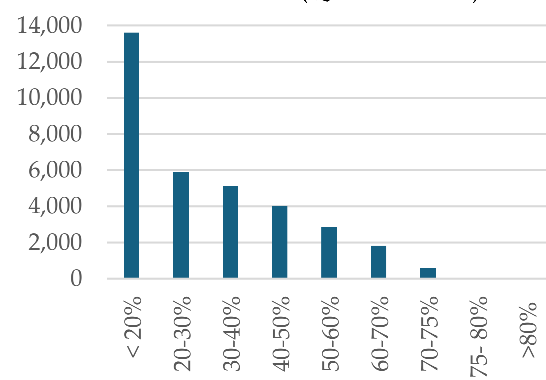
- Swedish residential prime mortgages
- The cover pool mainly consists of low LTV mortgages, with >80% of the assets below 50% LTV
- No loans exceed 75% LTV

Cover pool metrics (Q3/25)	
Collateral	100 percent Swedish mortgages
Property type	100 percent residential properties
Cover pool size	SEK 34,200
Substitute/liquid assets	SEK 300m
Liquid assets % of total cover pool	0.88%
Substitute/liquid assets consisting of	Exposures to/guaranteed by Supranational, Sovereign, Agency (SSA)
LTV (indexed)	57.86%
Over-collateralisation	20.30%
Outstanding covered bonds	SEK 28,160
Number of borrowers	29,357
Average loan size	960,478 SEK
Floating rate (0-3 months)	82%
Fixed rate (>3 months):	18%
Pool type	Dynamic
Pool rating	Aaa by Moody´s
Currency composition	100 percent SEK

Asset regional distribution (Q3/25)



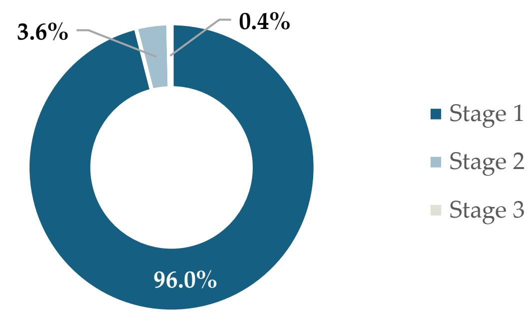
LTV distribution (Q3/25 SEKm)



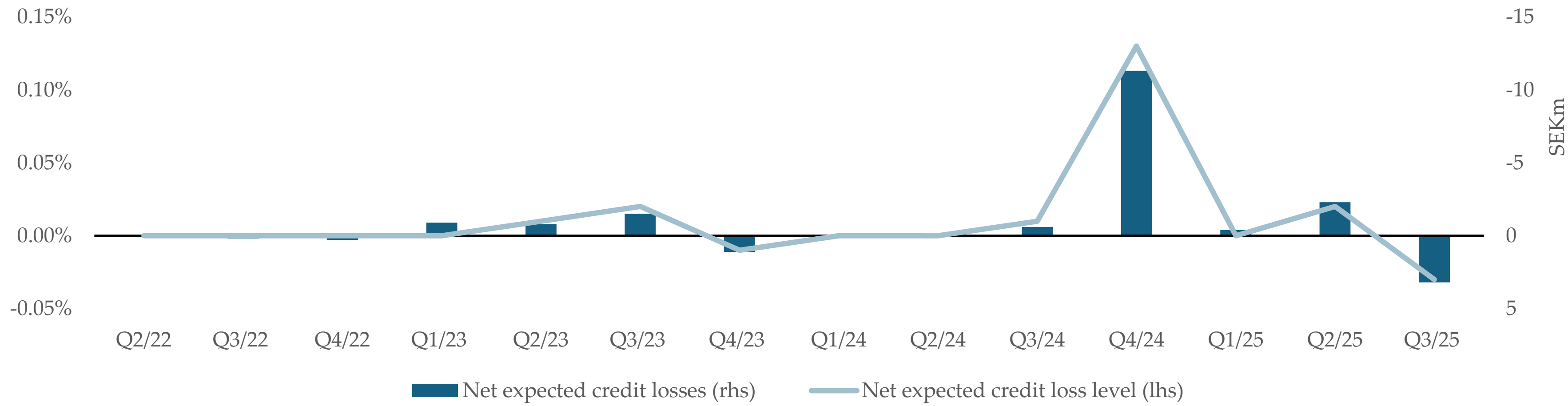
Credit quality

- Borgo has never recorded any realized losses

Distribution of stage 1, 2 and 3 loans (Q3/25)



Net expected credit losses and net expected credit loss level

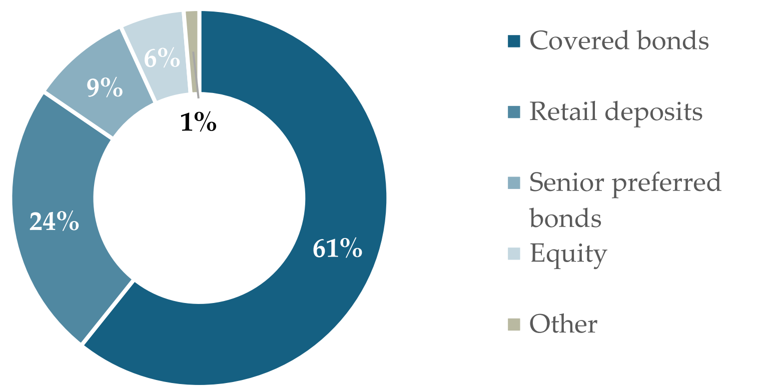


5. FUNDING AND LIQUIDITY

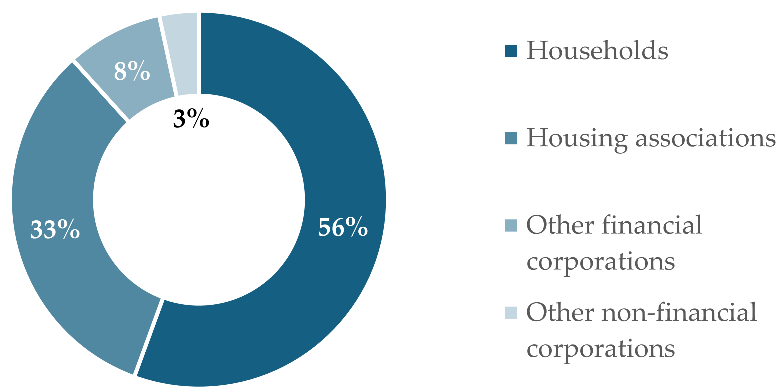
Funding strategy

- **Covered Bonds**
    - The cornerstone of Borgo's funding strategy
    - Cost-efficient and reliable funding source
- **Retail Deposits**
    - Stable and granular funding base, enhancing resilience during periods of market stress
    - Strengthens funding diversification
- **Senior Preferred**
    - Senior preferred instruments offer flexibility and supports Borgo's credit rating via the LGF-metric
- **Equity**
    - A robust equity base underpins Borgo's creditworthiness and ensures compliance with regulatory capital requirements
- **Other Funding**
    - Reflects the nature of Borgo's business and includes received collateral, customer receivables, and tax-related assets

Sources of funding (Q3/25)

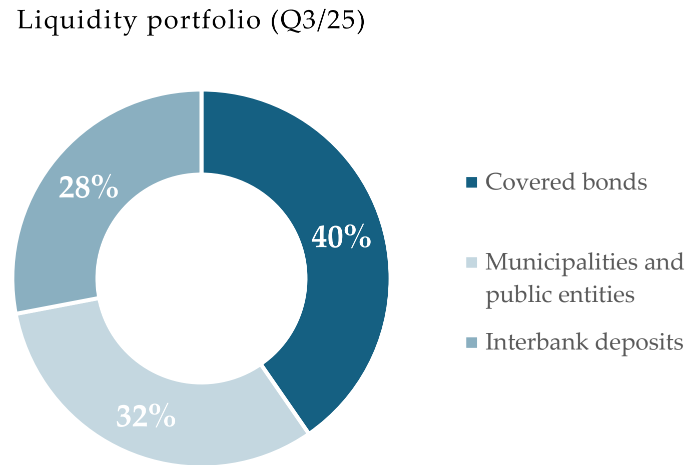


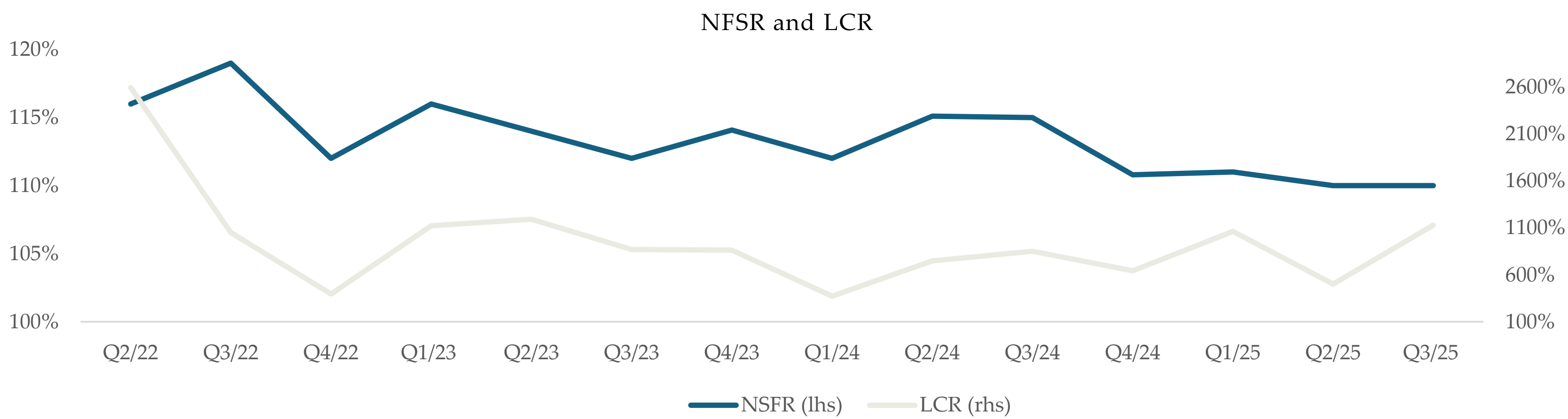
Distribution of deposits (Q3/25)



SAFEGUARDING BORGO'S LIQUIDITY

- Buffer of liquid assets to cover regulatory demands and business needs
- Portfolio of high-quality liquid assets (HQLA), eligible as collateral at Riksbanken or with the ECB
- LCR: 1128%
- NSFR: 110%
- All cashflows in Stibor3m to match liabilities





Debt management framework

- Focus on reducing long-term funding costs
  - We are committed to continuously optimize Borgo's funding structure with the goal of lowering the cost of funding. This includes proactive market engagement and maintaining a strong credit profile to ensure access to competitive pricing

- Covered bonds as the main source of funding
  - Covered bonds remain Borgo's primary source of funding due to their efficiency, investor appeal, and alignment with Borgo's asset structure

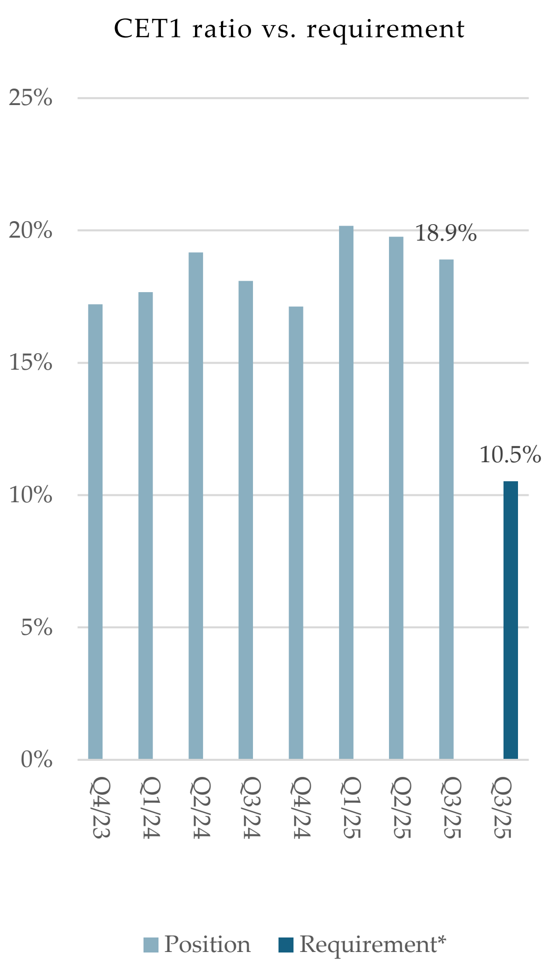
- Commitment to transparency
  - We strive to maintain a high level of transparency in all aspects of Borgo's funding strategy. Regular updates, clear communication, and accessible information are central to fostering trust with Borgo's counterparties

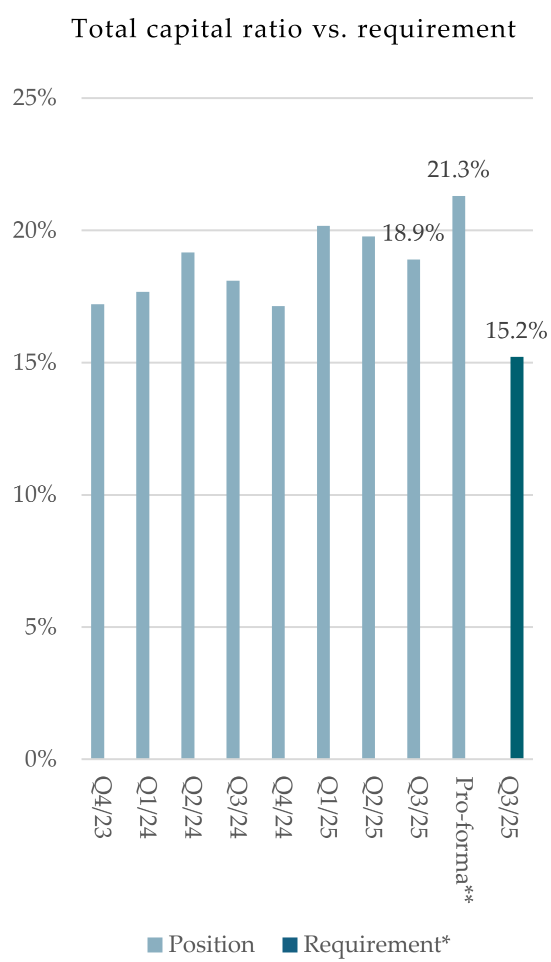
- Recurring issuer
  - Borgo's ambition is to become a recurring and reliable issuer in the capital markets. By maintaining a predictable and transparent issuance pattern, we aim to build long-term relationships with investors and strengthen Borgo's market reputation

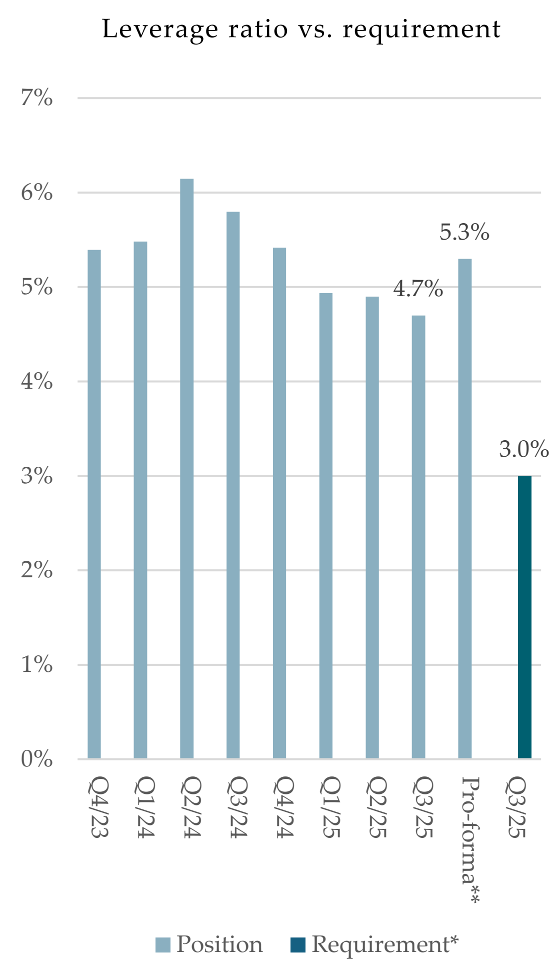
- Long-term strategic commitment
  - Borgo's debt management approach is guided by a long-term perspective. We are dedicated to maintain financial stability, support sustainable growth, and ensure that Borgo's funding strategy aligns with our objectives

6. Capital position

BORGO OPERATES WITH A SOLID CAPITAL POSITION





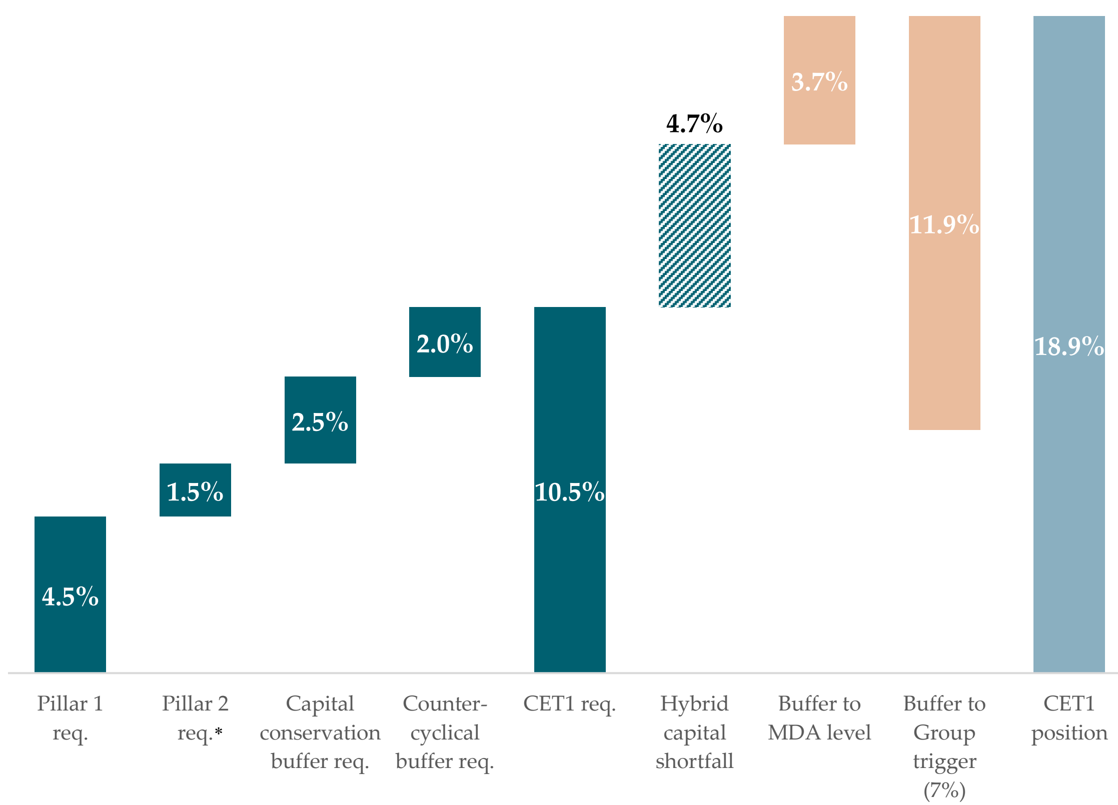


*The Swedish FSA is currently performing a supervisory review and evaluation process (SREP) and will decide bank-specific Pillar 2 requirement and Pillar 2 guidance within a short time frame. As the Swedish FSA's supervisory review and evaluation process (SREP) has not yet been finalized the Pillar 2 requirement is based on the company's internal assessment. **Q3 2025 figure including a SEK 300m AT1

STRONG CAPITAL BUFFERS

- Capital buffer currently made up entirely of CET1
- As of Q3 2025, the MDA buffer was 3.7% (SEK 470m) and the buffer to the 7% trigger level was 11.9% (SEK 1.5bn)
- The MDA buffer of 3.7% would increase to 5.9% following a SEK 300m AT1 issuance
- The Swedish FSA is currently performing a supervisory review and evaluation process (SREP) and will decide bank-specific Pillar 2 requirement and Pillar 2 guidance within a short time frame

Capital position compared to MDA level and trigger level (Q3/25)



*As the Swedish FSA's supervisory review and evaluation process (SREP) has not yet been finalized the Pillar 2 requirement is based on the company's internal assessment

Appendix

Borgo key financials (1/2)

Income statement and key ratios overview

SEKm	Q2/25	Q3/25	Change	FYE 2023	FYE 2024	Change
Net interest income	26.9	27.5	+2.2%	-77	7.6	-109.9%
Net fee & commission income	-0.3	-0.1	-66.7%	-0.6	-0.6	0%
Net financial income	-8.7	3.7	-142.5%	5.6	-10.6	-289.3%
Net other income	0	0	n.a.	0	10	n.a
Operating income	17.9	31.1	73.7%	-72	6.4	-108.9%
Operating costs	-49.2	-55.4	+12.6%	-146.9	-179.8	+22.4%
Net credit losses	-2.3	3.2	-239.1%	-2.1	-12	+471.4%
Operating profit	-33.6	-21.1	-37.2%	-221	-185.4	-16.1%
Non-recurring items	0	0	n.a.	0	0	n.a
Net income	-26.7	-16.7	-37.5%	-175.5	-172	-2%
Return on average equity	-4.2%	-2.7%	+1.5 pp	-10.6%	-7.2%	+3.4 pp
Net credit loss level (opening balance)	0.03%	-0.04%	-0.01 pp	0.01%	0.04%	+0.03 pp
Share of stage 3 loans and commitments	0.3%	0.4%	+0.1%	0.03%	0.28%	+0.25 pp

BORGO KEY FINANCIALS (2/2)

Balance sheet and asset quality overview

SEKm	Q2/25	Q3/25	Change	2023	2024	Change
Assets						
Liquid assets	7,703	7,958	3.3%	7,819	8,354	+6.8%
Public lending (Mortgages)	37,248	38,303	2.8%	30,161	35,361	+17.2%
Total assets	45,212	46,506	2.9%	38,117	43,924	+15.2%
Liabilities						
Retail deposits	11,628	11,071	-4.8%	9,188	11,689	+27.2%
Securities issued (wholesale funding)	30,134	32,255	7.0%	25,659	28,684	+11.8%
Equity	2,478	2,561	3.3%	2,154	2,614	+21.3%

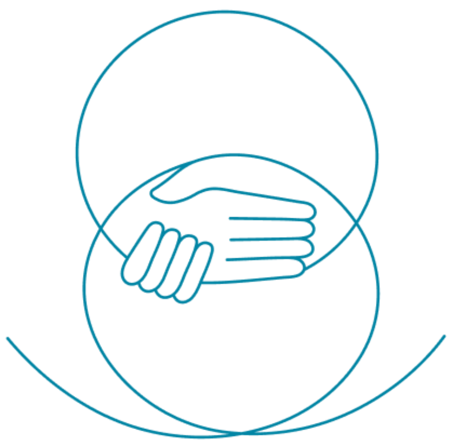
Asset quality	Q2/25	Q3/25	Change	2023	2024	Change
Loan-to-value (LTV)	57.1%	57.9%	+0.8 pp	58.4%	59%	+0.6 pp
LCR	501%	1128.0%	+627 pp	862%	642%	-221 pp
NSFR	110%	110.0%	0 pp	114%	111%	-3 pp
CET1 ratio	19.8%	18.9%	-0.9 pp	17.2%	17.1%	-0.1 pp
Total capital ratio	19.8%	18.9%	-0.9 pp	17.2%	17.1%	-0.1 pp
Leverage ratio	4.9%	4.7%	-0.2 pp	5.4%	5.4%	n.a
Solidity (equity/assets)	5.5%	5.5%	0 pp	5.7%	6%	+0.3 pp

Rating

Type	Assigned rating
Covered Bond Rating	Aaa (Stable)
Long-term Issuer Rating	Baa2 (Stable)
Adjusted Baseline Credit Assessment	baa3
Long-term Counterparty Risk Assessment	A3(cr)
Short Term	P-2

OWNERS

- Strategic owners
  - Act as distribution partners
  - Providing access to a nationwide network
- Financial investors
  - Borgo as a financial investment
- Securing strong capitalization and long-term commitment



IKANO BANK	~23%
ICA Banken	~20%
Söderberg & Partners	~12%
ÅLANDSBANKEN	~8%
Sparbanken Syd	~4%
Lån & Spar Bank	~4%
Financial investors	~29%

Board of directors

External

Lennart Francke
Board Member Qliro & Affärsvärlden
Previous senior advisor Swedbank
EVP at Handelsbanken

Julia Lannerheim
Arvato Financial Solutions
Risk & Compliance Officer

Ragnar Gustavii
Board member TEG AB and
Gotlands Bilfrakt AB (chair)
Previous positions at Swedbank and EY

Industrial investors

Per Balazsi
ICA Banken
(CFO)

Anna Wanby
Ikano Bank
(CLO)

Johan Sandberg
Sparbanken Syd
(CFO)

Jan-Gunnar Eurell
Ålandsbanken
(CFO & deputy CEO)

Gustaf Rentzhog
Söderberg & Partners
(CEO)

Financial

Caj Tigerstedt
Proventus
(CIO)

Johan Karlsson
CEO Neptunia Invest AB (publ)
CEO Slättö Förvaltning

EXECUTIVE MANAGEMENT & KEY PERSONNEL

Executive management

Carolin Runnquist, CIO
Previous experience: Head of Channel and Offering Development Swedbank, Director Cyber Security and Financial Crime PWC.

Pehr Olofsson, CEO
Previous experience CFO at Avida Finans, Bankgirot, Swedbank Baltic Banking, Entercard and acting CFO at Klarna

Linnea Sigot, Chief Credit Officer
Previous experience: Management consulting, credit and credit risk roles at different Swedish banks (Länsförsäkringar etc)

Peter Walldour, COO and deputy CEO
Previous experience: Head of Private Banking & Pro at Avanza (implementation of the mortgage offering). Other positions at Collector and Nordea.

Emma di Nicola, CRO
Previous experience: Head of CRO Office at Länsförsäkringar Bank. Various positions at the Swedish FSA and EY.

Karl Aigéus, interim CFO
Previous experience: Head of Treasury at Borgo, Head of Funding at Skandiabanken and Portfolio Manager at Kommuninvest

Key Personnel

Tanya Forsstedt, Head of Compliance
Previous experience: Compliance Officer and Legal Counsel at Avanza Bank. Compliance officer at Klarna Bank.

Mattias Vilhelmsson, Head of Finance
Previous experience: Financial controller and other related positions at Bluestep Bank

Contact Borgo's team

Pehr Olofsson, CEO

Karl Aigéus, interim CFO

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karl.aigeus@borgohypotek.se

ir@borgohypotek.se

Risk factors

Risk Factors

In this section, the risk factors which the Issuer considers to be material risks relating to the Issuer and the Notes are illustrated. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Prospectus.

The risk factors are presented in categories where the most material risk factor in a category is presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

1.1 Risks relating to macroeconomic factors and financial and securities markets

1.1.1 Macroeconomic conditions and development in Sweden and globally can adversely affect the banking business, results of operations and liquidity of the Issuer

Adverse changes in the Swedish and global macroeconomic circumstances and development could have an adverse effect on the Issuer's business, results of operations and liquidity. Relevant macroeconomic factors to the Issuer are housing market development in Sweden, unemployment ratios, development of interest rates and development of households' disposable income.

Geopolitical uncertainty, high unemployment rate and interest rate cycle reaching its turning point may have negatively impacted the housing and residential property values both in and outside the domestic growth centres in Sweden. The majority of the housing and residential property collateral of the mortgage loans granted by the Issuer are located in major cities and growth centres where housing and residential property values have increased in the past year. Adverse macroeconomic developments may affect the values of residential properties negatively which in turn would reduce the value of the Issuers assets.

Macroeconomic adverse changes could affect debtors' economic situation and, consequently, their ability to fulfil their credit obligations towards the Issuer. It could also have an adverse effect on the development of the residential markets, which form the security for the Issuer's credits.

1.1.2 Circumstances in the financial and capital markets

A negative development in the financial and securities market could have an adverse effect on the availability of funding from the debt capital markets which could lead to liquidity constraints for the Issuer. This could have an adverse effect on the business and profitability of the Issuer. 2 (16)

Changes in the global financial market and developments in the fixed income and stock markets create uncertainty. This could have a negative impact on the economic conditions and as a consequence on the Issuer's creditors' ability to fulfil their credit obligations to-wards the Issuer.

1.2 Risks relating to the Issuer's business activities and industry

1.2.1 The Issuer faces competition in mortgage loan market

There is competition for the types of services that the Issuer will provide and there can be no assurances that the Issuer can obtain and maintain a competitive position.

The mortgage market in Sweden is in general dominated by a small group of high-street banks and is characterised by high competition. The Issuer faces the risk that competitors, for example high-street banks, which offer a broad range of products and services through widespread retail office networks and online, may outcompete the Issuer's offers, services and products. It is possible that the Issuer's competitors benefit from certain competitive advantages such as lower cost of funds, a more efficient organisation or a larger existing customer base. Additionally, there is a risk that new actors will enter the market with new or improved technical solutions and or business offers. If new actors successfully enters the market or already established high-street banks or other established competitors can continue to benefit from certain competitive advantages which the Issuer lacks, there is a risk that the Issuer will fail to obtain and maintain a profitable market share and that the demand for the Issuer's services and products decreases, or that the Issuer is required to reduce the interest rates that it charges on its loan products in order to maintain demand, which would have a material adverse effect on the Issuer's net interest margin and financial position.

1.2.2 The Issuer is dependent on its Distributors, owners and service suppliers

The Issuer's mortgage loans are distributed by its Distributors (as defined below under section **Error! Reference source not found.** "Strategy"). Each Distributor markets and receives applications for mortgage loans through its own preferred route (e.g. online, via telephone or physical meetings) and using its own application interface. The Issuer sets the production price for mortgages, however each Distributor sets its own pricelist to customers based on their margin requirements, and also applies relevant discounts and following origination, handles first line customer support. The Issuer is thus, to a large extent, dependent on the Distributors' ability to attract and service customers. In addition, the Issuer is through an outsourcing agreement dependent on Ålandsbanken's and its subsidiary Crosskey Banking Solutions Ab Ltd's treasury, accounting, payment and IT-services to maintain day-to-day operations. The outsourcing agreement also provides that Ålandsbanken shall ensure that the Issuer's cover pool is administrated in accordance with the provisions of the Covered Bond Act and the SFSA Regulations.

There is a risk that a failure by any of the Issuer's Distributors or service suppliers to attract customers and/or supply the Issuer with required services could have a material adverse effect on the Issuer's business operations and financial position.

1.2.3 IT and operational risk

The Issuer's operations will rely on the secure processing, storage and transmission of customer information and other confidential information in its IT systems and networks. The Issuer's IT systems, software and networks could be vulnerable to breaches, unauthorised access, misuse, computer viruses or other malicious code that could result in disruption to its business or the loss or theft of confidential information, including customer information subject to bank secrecy laws. There is risk that any failure, interruption or breach in the Issuer's IT security, including any failure of its backup systems or failure to maintain adequate security surrounding customer information, results in reputational harm, disruption in the management of the Issuer's customer relationships, the inability to originate, process and service loans or depositors not being able to access their funds.

In relation to deposits in particular, the risk of IT related problems or failures constitute one of the most severe risks, which may result in the Issuer being unable to service its depositors for a short or long period of time. If any IT security or IT operational risks would materialise, it could result in a loss of customer business, loss of income, damaged reputation and possibly a large number of customers making withdrawals of deposits rapidly, thereby adversely affecting the Issuer's funding and liquidity situation. The Issuer could further be subject to additional regulatory scrutiny or be exposed to lawsuits by customers for identity theft or other loss resulting from the misuse of their personal information and possible financial liability. Regulators may also impose penalties or require remedial action if they identify weaknesses in the Issuer's security systems and the Issuer could be required to incur significant costs to increase its IT security to address any vulnerabilities that may be discovered or to remediate the harm caused by any security breaches. The degree to which IT failures could, now and in the future, affect the Issuer is uncertain and presents a significant risk to the Issuer's operations and financial situation.

As part of its business the Issuer may share confidential customer information and proprietary information on an aggregated basis with outsourcing parties. The information systems of these third parties may be vulnerable to security breaches, and there is a risk that the Issuer's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses may be inadequate or that the Issuer may not be able to ensure that these third parties have appropriate security controls in place to protect the information that the Issuer shares with them. Furthermore, such third parties may misuse data provided by the Issuer. If the Issuer's proprietary or confidential customer information is intercepted, stolen, misused or mishandled while in the possession of a third party, there is a risk that it will result in reputational harm to the Issuer, loss of customer business, loss of income, and possibly a large number of customers making withdrawals of deposits rapidly, thereby adversely affecting the Issuer's funding situation, and additional regulatory scrutiny, and that it will expose the Issuer to civil litigation and possible financial liability, adversely affecting the Issuer's operations and financial situation.

1.2.4 Credit risk relating to non-payment

Credit risk is the risk that the Issuer will incur losses due to its borrowers' inability to meet their obligations to the Issuer as they fall due. Adverse changes in the creditworthiness of the Issuer's borrowers or any reduction in the value of collateral or other security obtained by the Issuer may have an adverse impact on the Issuer's financial results. Credit risks may also adversely impact the Issuer's creditworthiness.

The Issuer's credit risk mainly pertains to the borrowers' ability to perform their financial obligations under their respective mortgage loan, that is the borrowers' ability to pay principal of, and interest on, such mortgage loan. The Issuer's ability to receive principal and interests depends primarily on the financial status of the relevant borrower, which in turn, could be affected by general macroeconomic conditions and developments. Any national or global economic downturn, geopolitical conflicts, high inflation levels and high interest rates, could result in increases in unemployment rates (see for example section 1.1.1 (*Macroeconomic conditions and development in Sweden and globally can adversely affect the banking business, results of operations and liquidity of the Issuer*)). This could impair borrowers' ability to make timely payments which would have an adverse effect on the Issuer's liquidity and financial results.

1.2.5 Credit risk relating to the value of collateral

The mortgage loans granted by the Issuer and its Distributors are secured by a first ranking pledge over mortgage certificates (Sw. *pantbrev*) or rights to cooperative flats (Sw. *bostadsrätt*). The value of the collateral is linked to the performance of the Swedish real estate and housing market. There are various factors which may have a negative effect on the prices on the housing market, for example changes in regulations affecting the market directly or indirectly, geopolitical factors, a quick rise in interest rates or unemployment levels or changing economic conditions. Legal requirements, such as stricter amortisation requirements as well as stricter caps on loan-to-value levels and loan-to-income ratios, may have a negative effect on prices on the Swedish housing market, as the borrowers will be able to take up less mortgage loans. The foregoing particularly applies to urban areas where market values are higher. In addition, potential constraints of monetary policies can also be expected to hold back house price development. Any such changed regulation or upcoming constraints of monetary policies that hold back pricing development in the housing market or lead to a general downturn in the value of properties in Sweden would adversely affect the value of the collateral and thus diminish the Issuer's security for future claims against a borrower in case of non-payment of such borrower. In addition, the value of the collateral may also be impaired by a borrower's neglect and/or mismanagement of the relevant property, which ultimately may affect the value of the property. If the housing prices on the Swedish housing market, and thus also the value of the Issuer's collateral for mortgage loans, significantly decreases for any reason and a significant number of borrowers are unable to pay principal and/or interest in whole or in part, there is a risk that the collateral does not cover the borrowers' financial obligations under the mortgage loans. Accordingly, there is a risk that the Issuer fails to recover monies equal to the payments to which it is entitled under the relevant mortgage loan, which may adversely affect the value of the Issuer's portfolio of mortgage loans and subsequently result in the Issuer being unable to fulfil its financial obligations and undertakings.

1.2.6 Reputational risk

The Issuer's ability to build and maintain a good reputation will be an important factor to establish itself as an alternative to high-street banks on the Swedish mortgage loan market. Reputational risk, including the risk to earnings and capital from negative public opinion, is inherent in the financial services business. Negative public opinion can result from any number of causes, including misconduct by employees, the activities of business partners over which the Issuer has limited or no control, such as its Distributors, severe or prolonged financial losses, or uncertainty about the Issuer's financial soundness or reliability. Negative public opinion may adversely affect the Issuer's ability to keep and attract customers, depositors and investors, as well as its relationships with regulators and the general public. The Issuer cannot ensure that it will be successful in avoiding damage to its business from reputational risk. Negative public opinion with respect to the Issuer's operations, offers and even its investors and business partners operations, such as its Distributors of mortgage loans, could have an adverse effect on the Issuer's business.

1.2.7 Risk of losing key persons

Financial markets are highly dependent on competent people and there is high demand for such people. Risks relating to losing key personnel or not being able to employ new competent people is identified within the Issuer. The Issuer is a small company currently consisting of around forty (40) employees with the aim to compete with established high-street banks on the Swedish mortgage loan market. This requires competent, skillful and dedicated people. The Issuer is thus dependent on the members of its management team together with certain key roles within Finance, Credit and Compliance in order to sustain, develop and grow its business. Losing certain people with specific skills could have an adverse effect on the Issuer's operations.

1.3 Risks relating to the Issuer's financing

1.3.1 Market risk

Market risk is the risk of losses due to changes in interest rates, foreign exchange rates and equity prices. As the Issuer originates and administers mortgage loans, the Issuer's market risk is mainly represented in terms of interest rate risk due to interest rates payable by the Issuer on its funding, and the interest rates that the Issuer charges on mortgage loans to its customers. This difference is known as the interest margin. Changes in interest rate levels, yield curves and spreads could affect the interest margin. There is a risk that the Issuer's use of hedging instruments for the mismatch in the different terms in funding and investing interest rates does not perfectly offset the impact of interest rate changes. There is also a risk that the Issuer will not be able to re-price its variable rate assets and liabilities at the same time, resulting in a reduction of the interest margin in the short and/or medium term.

Changes in the competitive environment could also affect spreads on the Issuer's lending and deposits. If the Issuer's funding costs were to significantly increase due to material increases in market interest rates or other reasons and the Issuer were unable to sufficiently increase the interest rates on its loan products in a timely manner, or at all, the Issuer's interest margin will be adversely affected, causing an adverse effect on the Issuer's net earnings.

Interest rates are also sensitive to several factors that are outside of the Issuer's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. A higher interest rate environment could reduce demand for mortgage loans, as individuals may be less likely or less able to borrow when interest rates are higher. Higher interest rates would also lead to higher interest costs for existing borrowers, which could affect their ability to repay their borrowings and lead to an increased rate of defaults. This could in turn have an adverse effect on the Issuer's net earnings.

1.3.2 Liquidity risk and funding risk

The Issuer is subject to liquidity risk. Liquidity risk is the risk that the Issuer will not be able to meet its payment obligations at maturity without significant cost increases or at all. The Issuer's funding policy is to maintain a diverse funding base for its lending operations through a combination of, amongst others, retail deposits and long-term debt. As of 30 September 2025, the Issuer's interest-bearing liabilities amounted to approximately SEK 32 billion.

Funding risks can be exacerbated by enterprise-specific factors, such as over-reliance on a particular source of funding, or by market wide phenomena, such as market dislocation or a major disaster. The Issuer's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, a number of them which are outside of the Issuer's control. If access to funding were to be constrained for a prolonged period of time, competition for retail deposits and the cost of accessing the capital markets could similarly increase. There is a risk that this will increase the Issuer's cost of funding or result in the Issuer not getting access to sufficient funding and, therefore, poses a highly significant risk to the Issuer's net interest margin and financial position.

The Issuer's ability to issue notes such as the Notes, depends on a variety of factors, including the credit quality of the Issuer and its assets, market conditions, the general availability of credit and rating agencies' assessment of the Issuer. There is a risk that these and other factors will limit the Issuer's ability to issue notes, which, in turn, could adversely affect the Issuer's ability to maintain or grow its loan portfolio as well as its net interest margin.

Since the Issuer's shares are not listed, it does not have direct access to the equity capital markets and as a consequence, the Issuer is dependent upon its owners as source of equity capital. The Issuer has raised capital from current owners and financial investors to hold sufficient own funds in accordance with the Issuer's internal capital adequacy assessment (the "**ICAAP**"). The amount of the Issuer's equity as of 30 September 2025 amounted to SEK 2 561 million. If the owners do not provide the Issuer with sufficient equity capital and/or the debt capital markets are not available to the Issuer, this is likely to affect the funding of the Issuer and there is a risk that the Issuer's financial position and ability to operate its business is adversely affected and in turn that the Issuer is not able to meet its capital requirements.

1.3.3 Adverse change in the credit rating of the Issuer may significantly reduce the Issuer's access to the debt markets and result in increased interest rates on future debt

The Issuer has been assigned a long-term deposit and issuer rating of Baa2 (stable outlook) by Moody's. Any material deterioration in the credit rating of the Issuer may significantly reduce the Issuer's access to the debt markets and result in increased interest rates on future debt. A downgrade in the Issuer's existing credit rating may result from factors specific to the Issuer or from other factors such as general economic weakness or sovereign credit rating ceilings. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

1.4 Regulatory risks

1.4.1 Regulatory changes may adversely affect the Issuer and the Issuer operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks

The Issuer is subject to financial services laws, regulations, administrative actions and policies in Sweden and in the EU. The Issuer must meet the requirements set forth in the regulations regarding, *inter alia*, minimum capital and capital adequacy, reporting with respect to financial information and financial condition, marketing and selling practices, advertising, terms and conduct of business and permitted investments, liabilities and payment of dividends. In addition, certain decisions made by the Issuer may require approval or notification to the relevant authorities in advance.

Changes in supervision and regulation could materially affect the business, the products and services offered or the value of assets of the Issuer. Such changes in regulation and supervision may, for example, expose the Issuer to additional costs and liabilities and require it to change how it conducts business.

1.4.2 Increased capital requirements may adversely affect the Issuer

The Issuer must comply with numerous capital requirements and standards. Recent and possible future changes to capital adequacy and liquidity requirements, mainly regarding the Capital Requirements Regulation ("**CRR**") and the Capital Requirements Directive ("**CRD**"), imposed on the Issuer may require the Issuer to raise additional Tier 1, common equity Tier 1 and Tier 2 capital by way of issuances of securities and could result in existing Tier 1 and Tier 2 securities, if any, ceasing to count towards the Issuer's regulatory capital, either at the same level as at present or at all.

Any updates to the Pillar 2 capital requirement by the SFSA in respect of the Issuer could affect its capital position negatively. 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 Issuer's business, financial condition and results of operations and may also have other effects on the Issuer's financial performance and on the value of the Notes, both with or without the intervention by regulators or the imposition of sanctions.

The Issuer's total capital requirement consists of capital requirements for risks within Pillar 1 (the basic capital requirements in CRR) and Pillar 2 (capital requirements for risks not covered by Pillar 1) as well as the combined buffer requirement. Pillar 2 capital adequacy requirements are estimated for credit concentration risk, interest rate risk in the banking book ("**IRRBB**") and credit spread risk in the banking book ("**CSRBB**"), totalling 2.8 per cent. of the Issuer's risk exposure amount end of September 2025. Furthermore, the total capital requirement as per end of September 2025 consists of a capital conservation buffer of 2.5 per cent. and a countercyclical buffer of 2 per cent.

As of the date of this Prospectus, the SFSA has not provided the Issuer with any additional Pillar 2 guidance. To consider additional guidance coming years, the Issuer's ICAAP includes a Pillar 2 guidance. The SFSA performs a supervisory review and evaluation process (SREP) and will formally decide on bank-specific Pillar 2 requirement and Pillar 2 guidance. There is a risk that the SFSA, within a short time frame, may impose Pillar 2 capital requirements and guidance as an outcome of their review and evaluation. Since it is not possible to know the outcome of the SFSA's assessment, there is a risk that the actual additional guidance from the SFSA exceeds the Issuer's expectations which in turn means that additional capital is needed. Furthermore, the ICAAP contains assumptions of planned volumes of mortgage loans and deposits, which can change over time and which in turn can imply other required capital levels. The capital requirements will generally change over time as the business plan is realized. While the ICAAP includes a plan for available own funds that will be sufficient to meet the regulatory requirements and the capital risk appetite of the Issuer's board of directors at all times, there is no certainty that the Issuer would be able to meet the requirements when the business plan is realized. A failure to meet the capital requirements could adversely affect the Issuer's ability to operate its business.

1.4.3 Sweden have implemented a bank recovery and resolution directive which is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing

The Directive 2014/59/EU (the "**BRRD**") (including without limitation as amended by the Creditor Hierarchy Directive and by Directive (EU) 2019/879 of 20 May 2019 of the European Parliament and of the Council amending Directive 2014/59/EU as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms) sets out the necessary steps and powers for authorities to ensure that bank failures across the EU are managed in a way which mitigates the risk of financial instability and minimises the impact of an institution's failure on the economy and financial system costs for taxpayers. The BRRD and subsequent amendments are implemented in Sweden through the Swedish Act on Resolution (Sw. *lag (2015:1016) om resolution*) (the "**Resolution Act**").

One of the tools implemented pursuant to the BRRD is bail-in. The Swedish National Debt Office (Sw. *Riksgäldskontoret*) (the "**Swedish Resolution Authority**"), as applicable, has the power to write down certain claims of unsecured creditors of a failing institution (which write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims to equity or other instruments of ownership (the general bail-in tool), which equity and other instruments could also be subject to any future cancellation, transfer or dilution. Relevant claims for the purposes of the general bail-in tool would include the claims of the holders of the Notes. However, the determination that all or a part of the principal amount of the Notes will be subject to the general bail-in tool, is likely to be inherently unpredictable and may depend on a number of factors which may be outside of the Issuer's control. The application of the general bail-in tool with respect to the Notes, may result in the cancellation of a portion of the principal amount of, or interest on, the Notes. Accordingly, potential investors in the Notes should consider the risk that the general bail-in tool may be applied in such a manner as to result in Noteholders losing a part of the value of their investment in the Notes. Moreover, the Swedish Resolution Authority may exercise its authority to apply the general bail-in tool without providing any advance notice to the Noteholders. Noteholders may also have limited or no rights to challenge any decision of the Swedish Resolution Authority to exercise the general bail-in tool or to have that decision reviewed by a judicial or administrative process or otherwise.

The exercise of any power under the Resolution Act or any suggestion of such exercise could materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes. The BRRD and the Resolution Act introduced a requirement for credit institutions and investment firms to meet the minimum requirement for own funds and eligible liabilities ("**MREL**") for the purposes of ensuring sufficient loss absorbing capacity to enable the continuity of critical functions without recourse to public funds. As of the date of this Prospectus, the Swedish Resolution Authority has not imposed an additional MREL requirement in relation to the Issuer.

1.4.4 Risks relating to the enforcement of collateral

All or some of the mortgage loans granted by the Issuer are or will be secured by a first ranking pledge over mortgage certificates (Sw. *pantbrev*) or rights to cooperative flats (Sw. *bostadsrätt*). The Issuer is or will therefore be entitled to enforce such security if any borrower defaults under its respective mortgage loan. Perfecting and enforcing security over mortgage certificates over real estate or cooperative flats is subject to formal requirements and thus risks. For instance, there is no official record in Sweden stating whether a cooperative flat right is pledged. Instead, a pledge is perfected by a notification to the cooperative housing association (Sw. *bostadsrättsförening*). The Issuer is or will be therefore reliant on the records of the cooperative housing association and is exposed to risks of fraud and mistakes in relation to the creation of the security. Furthermore, under certain circumstances obligations owed by the cooperative housing association itself will rank ahead of the pledgee of a cooperative flat, even if proper notification has been made. Following the enforcement of security over a cooperative flat, the cooperative housing association may, depending on the terms of its charter, have a right to refuse the new owner membership in the association and will have a right to require that the new owner settles any amounts owed to the association by the previous owner. The foregoing may entail a decrease in the value of the cooperative flat as it may be harder to dispose. As to the enforcement of security over mortgage certificate(s), such enforcement must be done through a sale of the property by the Swedish Enforcement Authority (Sw. *Kronofogdemyndigheten*). These enforcement processes may be both time-consuming and costly at the same time as the best possible price for the property may not be generated through such regulated process.

When collateral is enforced, a court order is normally required to establish the borrower's obligation to pay and to enable a sale by execution measures. The ability of the Issuer to enforce the collateral without the consent of the borrower is thus dependent on the decisions from a court, the execution measures, the demand for the relevant real property and other relevant circumstances in the Swedish housing market. If the Issuer cannot realise the collateral to obtain a sufficient amount to repay the Notes, for example due to delays in obtaining court decisions and/or delays in execution measures, the holders of the Notes would as a result not recover any or the full value of the Notes, which presents a significant risk to the Noteholders' return on their respective investments.

1.4.5 Legal risks relating to mortgage loans

The Issuer's business operations as well as the mortgage loans are subject to legislation and regulations, as well as government policies and general recommendations issued by, *inter alia*, the European Union (EU) and/or relevant Swedish authorities such as the SFSA and the Swedish Consumer Agency (Sw. *Konsumentverket*). For example, as the Issuer grants, holds and manages mortgage loans in Sweden, it must comply with the Swedish Consumer Credit Act (Sw. *konsumentkreditlagen (2010:1846)*) for mortgage credits granted since 1 January 2011. In addition, the Issuer is obliged to follow certain laws and regulations which are applicable to its business, such as the Swedish Mortgage Business Act (Sw. *lag (2016:1024) om verksamhet med bostadskrediter*), the Swedish Money Laundering and Terrorist Financing (Prevention) Act (Sw. *lag (2017:630) om åtgärder mot penningtvätt och finansiering av terrorism*) and the Swedish Consumer Credit Act. Such rules and regulation may for example limit or delay the Issuer's ability to exercise its rights under the mortgage loans, as the Issuer may be obliged to grant extensions of mortgage loans upon maturity. In case of material violations, the relevant authority can, as an ultimate measure prohibit the Issuer to continue its operations. The relevant authority may also make remarks and issue warnings, each of which may be accompanied by monetary fines. Failure to comply with applicable rules and regulations could thus impact the Issuer's ability to carry out its business operations as intended, which would adversely impact the Issuer's competitiveness and profitability.

1.4.6 Risks arising from processing of personal data

Processing of personal data (such as customer data) is part of the daily business of the Issuer. Such processing is regulated by the European Union's General Data Protection Regulation (EU) No 2016/679 (the "**GDPR**") and national laws providing strict confidentiality obligations and sector-specific data protection rules applicable to financial institutions.

Privacy issues and the protection of personal data, in particular the protection of data relating to the Issuer's customers and employees, are of the essence to the Issuer. However, the Issuer have assessed its data protection processes and practices and issued related internal guidelines, they may not be able to prevent intentional or unintentional misuse of its systems containing personal data. Such personal data breaches may be attributable, for instance, to human error or faults in ICT systems or software and they may result in identity frauds or other types of misuse of personal data if, for instance, customer data is leaked outside the Issuer.

A breach of data protection legislation by the Issuer (or its supplier(s)) could result in administrative sanctions, claims for damages and/or loss of reputation and customers. The GDPR includes an extensive sanction mechanism, according to which breaches of the GDPR can result in administrative fines of up to 4 per cent. of the worldwide annual turnover or 20 million euros (whichever is higher). A breach of personal data legislation could, therefore, have a material adverse effect on the Issuer's business and results of operations.

1.5 Risks related to the Notes

1.5.1 The Issuer's obligations under the Notes are deeply subordinated

The Notes are intended to constitute unsecured, deeply subordinated obligations of the Issuer. In the event of the voluntary or involuntary liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, the rights of the Noteholders to payments on or in respect of (including any damages awarded for breach of any obligations under) the Notes (which in the case of any payment of principal shall be payment of the then Nominal Amount only) shall at all times rank junior to any present and future claims of (i) depositors of the Issuer, (ii) any other unsubordinated creditors of the Issuer, (iii) any senior non-preferred creditors falling within the scope of the first paragraph of Section 18 of the Swedish Rights of Priority Act (Sw. *förmånsrättslag* (*1970:979*)), and (iv) any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constituted Tier 2 Capital.

In the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, there is a risk that the Issuer does not have enough assets remaining after payments to senior ranking creditors to pay amounts due under the Notes. No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder.

As a result of the above, there is a risk that the Noteholders will lose some or all of their investment in the Notes. Although the Notes may have a higher rate of interest than comparable notes which are not subordinated or which are subordinated to a lesser extent, the investment risk that in an event of voluntary or involuntary liquidation or bankruptcy of the Issuer, or in a loss event scenario, the value of the Notes may be reduced to zero.

As noted in the risk factors *"The Recovery and Resolution Directive"* above and *"Loss absorption at the point of non-viability"* below, there is a risk of the Notes being written-down or converted into other securities in a resolution scenario or at the point of non-viability of the Issuer.

1.5.2 Interest payments on the Notes may be cancelled by the Issuer
Any payment of Interest in respect of the Notes shall be payable only out of the Issuer's Distributable Items (as defined in the Terms and Conditions) and (i) may be cancelled, at any time, in whole or in part, at the option of the Issuer in its sole discretion and notwithstanding that it has Distributable Items or that it may make any distributions pursuant to the Applicable Capital Regulations; and (ii) will be mandatorily cancelled if and to the extent so required by the Applicable Capital Regulations, including the applicable criteria for Additional Tier 1 Capital instruments.

Any cancellation of Interest (in whole or in part thereof) shall in no way restrict or limit the Issuer from making any payment of interest or equivalent payment or other distribution in connection with any instrument ranking junior to the Notes, any CET1 capital of the Issuer or any other Additional Tier 1 Capital instruments. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet other obligations as they fall due.

As a result of the above, there is a risk that the payment of Interest is cancelled, which would adversely affect the Noteholders. Following a cancellation of Interest as described above, the Issuer shall have no obligation to pay Interest or provide additional interest or compensation. Furthermore, no cancellation of Interest in accordance with the terms of the respective Notes shall constitute a default in payment or otherwise under the Notes or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation, winding-up or dissolution of the Issuer. Accordingly, in a worst case scenario, the amount of any Interest may be reduced to zero.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes is likely to be more volatile than the market prices of other debt securities which are not subject to such cancellation and also more sensitive generally to adverse changes in the Issuer's financial condition.

1.5.3 Loss absorption following a Trigger Event
If at any time the CET1 Ratio has fallen below 7.00 per cent. in the case of the Consolidated Situation this constitutes a Trigger Event and the Total Nominal Amount of the Notes shall be permanently written down to an amount to restore the CET1 Ratio of the Consolidated Situation to at least 7.00 per cent., provided that the Nominal Amount of each Note will not be reduced below SEK 1 (or such lower amount that is technically possible in accordance with the CSD Regulations and procedures, from time to time). In the event of a write down of the Notes is likely to result in a Noteholder losing some or all of its investment. Following such reduction in the Nominal Amount, the Issuer may, at its discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met. The Issuer will not in any circumstances be required to reinstate in whole or in part the principal amount of the Notes (and any such reinstatement is likely to require unanimous approval at a shareholders' meeting of the Issuer).

The Issuer and the Swedish FSA may determine that a Trigger Event has occurred on more than one occasion and the reduced Nominal Amount of each Note may be written down on more than one occasion. Further, during any period in which the Nominal Amount is less than the initial Nominal Amount, interest will accrue and be calculated on, and the Notes will be redeemed at the reduced Nominal Amount of the Notes.

The Issuer's and/or the Swedish FSA's calculation of the CET1 Ratio of the Issuer, and its determination as to whether a Trigger Event has occurred, shall be binding on the Noteholders, who shall not be entitled to challenge the published figures detailing the CET1 Ratio of the Issuer.

1.5.4 Loss absorption at the point of non-viability
The holders of Notes are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the Swedish National Debt Office and the Swedish FSA). As noted above in the risk factor "*The Recovery and Resolution Directive*", the powers provided to resolution and competent authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as the Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring and without entering resolution. As a result, the BRRD contemplates that resolution authorities have the power to require the permanent write- down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability and before any other bail-in or resolution tool can be used. Accordingly, in a worst case scenario, the capital instruments may be written down and the value of the Notes may be reduced to zero.

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

1.5.5 The Issuer may redeem the Notes on the occurrence of a Capital Event or Tax Event

The Issuer may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the Swedish FSA, redeem the Notes upon the occurrence of a Capital Event or Tax Event at par together with accrued Interest on any Interest Payment Date.

It should also be noted that the Issuer may redeem the Notes as described above even if (i) the Total Nominal Amount of the Notes has been reduced by means of a write-down in accordance with the Terms and Conditions and (ii) the principal amount of the Notes has not been fully reinstated to the initial Nominal Amount of the Notes.

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

1.5.6 The Notes have no maturity and call options are subject to the prior consent of the Swedish FSA

The Notes have no fixed final redemption date and the Noteholders have no rights to call for the redemption of the Notes. The Issuer has the option to, at its own discretion, redeem the Notes at any Business Day falling within the Initial Call Period or any Interest Payment Date falling after the Initial Call Period, but the Noteholders should not invest in the Notes with the expectation that such a call will be exercised by the Issuer.

If the Issuer considers it favourable to exercise such a call option, the Issuer must obtain the prior consent of the Swedish FSA. The Swedish FSA may agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is therefore a risk that the Issuer will not exercise such a call or that the Swedish FSA will not permit such a call. The Noteholders may be required to bear the financial risks of an investment in the Notes for an indefinite period of time and there can be no assurance that the Issuer will or may exercise the call option.

1.5.7 Admission to trading, liquidity and the secondary market

The Issuer shall use reasonable efforts to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or, if such admission to trading is not possible to obtain, admitted to trading on another Regulated Market. However, the Issuer is dependent upon the prior approval of the listing from Nasdaq Stockholm for the purpose of listing the Notes on Nasdaq Stockholm. There is a risk that the Notes will not be admitted to trading in time, or at all. If the Issuer would fail to ensure that the Notes are admitted to trading on Nasdaq Stockholm within thirty (30) days from the Issue Date or at all, the Noteholders would not be able to accelerate the Notes or otherwise request prepayment or redemption of the nominal amount of the Notes.

Even if the Notes are admitted to trading on the aforementioned market, active trading in the Notes does not always occur and a liquid market for trading in the Notes might not occur even if the Notes are listed. This may result in the Noteholders not being able to sell their Notes when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Notes. Further, the nominal value of the Notes may not be indicative compared to the market price of the Notes if the Notes are admitted to trading on Nasdaq Stockholm. It should also be noted that during a given time period it may be difficult or impossible to sell the Notes on the secondary market on reasonable terms, or at all, due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

1.5.8 Substitution or variation of the Notes

Subject to Clause 12.4 (*Redemption, substitution or variation upon the occurrence of a Capital Event or Tax Event*) of the Terms and Conditions and the prior written permission of the Swedish FSA, the Issuer may, at its option and without the permission or approval of the relevant Noteholders, elect to substitute or vary the terms of all (but not some only) outstanding Notes for, or so that they become or remain, as applicable, Qualifying Securities if a Capital Event or Tax Event occurs.

There is a risk that, due to the particular circumstances of each Noteholder, any Qualifying Securities will be less favourable to each Noteholder in all respects or that a particular Noteholder would not make the same determination as the Issuer as to whether the terms of the relevant Qualifying Securities are not materially less favourable to Noteholders than the terms of the relevant Notes. The substitution or variation of the Notes may thus lead to changes in the Notes that have effects that are less favourable to the Noteholders. The Issuer bears no responsibility towards the Noteholders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequence suffered by any Noteholder). The degree to which the Notes may be substituted or varied is uncertain and presents a highly significant risk to the return of the Notes.

1.5.9 The Issuer is not (and nor is any other Group Company) prohibited from issuing further debt, which may rank pari passu with or senior to the Notes

There is no restriction on the amount or type of debt that the Issuer, or another company within the Group, may issue or incur that ranks senior to, or *pari passu* with, the Notes. There is a risk that the incurrence of any such debt reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, limits the ability of the Issuer to meet its obligations in respect of the Notes and results in Noteholders losing all or some of their investment in the Notes. The degree to which other debt that ranks senior to, or *pari passu* with, the Notes may be issued is uncertain and presents a significant risk to the amount recoverable by Noteholders.

1.5.10 The Issuer is not (and nor is any other Group Company) prohibited from pledging assets for other debt

There is no restriction on the amount or type of assets that the Issuer or any other Group Company can pledge, or otherwise use as security, for other debt. If the Issuer chooses to do so, there is a risk that this reduces the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer and result in Noteholders losing all or some of their investment in the Notes. The degree to which any other asset pledged may affect the Noteholders is uncertain and presents a significant risk to the amount recoverable by Noteholders.

1.5.11 The Terms and Conditions do not contain any right for the Noteholders or the Agent to accelerate the Notes

The Notes are intended to constitute Additional Tier 1 Capital of the Issuer. As such, the Terms and Conditions do not include any obligations or undertakings on the Issuer, the breach of which would entitle the Noteholders or the Agent to accelerate the Notes. Accordingly, if the Issuer fails to meet any obligations under the Notes, including any payment of principal, interest and/or other amounts due under the Notes, Noteholders will not have any right to request repurchase of its Notes or any other remedy for such breach. As a result, there is a risk that the Noteholders will not receive any prepayment unless in the case of the Issuer being placed into bankruptcy or is subject to liquidation proceedings.

1.5.12 European Benchmarks Regulation

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so called Benchmarks Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014) were added and entered into force on 1 January 2018. The Bench-mark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. There are future risks that the benchmark regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements is likely to lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published.

The Terms and Conditions provide that the interest rate benchmark STIBOR, which applies for the Notes, can be replaced as set out therein, upon the occurrence of a Base Rate Event which includes if STIBOR ceases to be calculated or administered. Such replacement shall be made in good faith and in a commercially reasonable manner and is always subject to the Applicable Capital Regulations and the prior written consent of the Swedish FSA. However, there is a risk that such replacement is not made in an effective manner and consequently, if STIBOR ceases to be calculated or administered, an investor in the Notes would be adversely affected. The degree to which amendments to and application of the European Benchmarks Regulation may affect the Noteholders is uncertain and presents a significant risk to the return on the Noteholder's investment.

1.5.13 Noteholder representation and majority decisions by the Noteholders

Under the Terms and Conditions, the Agent represents each Noteholder in all matters relating to the Notes. The Terms and Conditions contain provisions to the effect that a Noteholder is prohibited from taking actions on its own against the Issuer. To enable the Agent to represent the Noteholders in court, the Noteholders can submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney can negatively impact the enforcement options available to the Agent on behalf of the Noteholders. Further, under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Noteholders without first obtaining the prior consent of the Noteholders.

Additionally, under the Terms and Conditions certain majorities of Noteholders have the right to make decisions and take measures that bind all Noteholders, including those who vote in a manner contrary to the majority. Therefore, the actions of the majority and the Agent in such matters impact the Noteholders’ rights under the Finance Documents in a manner that is possibly undesirable for some of the Noteholders. The degree to which any such decisions may affect the Noteholders is uncertain and presents a highly significant risk that the actions of the majority and the Agent in such matters can impact the Noteholders’ rights under the Finance Documents in a manner that can be undesirable for some of the Noteholders.