

This prospectus was approved by the Swedish Financial Supervisory Authority on 27 December 2018



Marginalen Bank Bankaktiebolag (publ)

**Prospectus regarding the listing of SEK 300,000,000
Floating Rate
Subordinated Tier 2 Capital Notes**

ISIN: SE0010599381

Sole Bookrunner and Issuing Agent



Important information

In this prospectus, the “**Issuer**” means Marginalen Bank Bankaktiebolag (publ), Swedish Corporate ID No. 516406-0807. The “**Group**” or “**Marginalen**” means the Issuer and its Subsidiaries from time to time (each a “**Group Company**”). “**Subsidiary**” means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*Aktiebolagslag (2005:551)*).

Words and expressions defined in the terms and conditions beginning on page 19 (the “**Terms and Conditions**”) have the same meanings when used in this prospectus (the “**Prospectus**”), unless expressly stated otherwise follow from the context.

Notice to investors

The Issuer has issued a total of 150 Tier 2 Capital notes (the “**Notes**”) in the Total Nominal Amount of SEK 300,000,000 on 30 October 2018 (the “**Issue Date**”). This Prospectus has been prepared for the listing of the Notes on NASDAQ Stockholm. This Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Notes.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**Swedish FSA**”) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (*lagen (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”). Approval and registration by the Swedish FSA do not imply that the Swedish FSA guarantees that the information provided in the Prospectus is correct and complete.

This 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.

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

Each potential investor in the Notes must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should conduct their own investigation and analysis of the Issuer and the data set forth in this Prospectus and investors are urged to take steps to ensure that they understand the transaction and have made an independent assessment of the appropriateness of the transaction in light of their own objectives and circumstances before entering into any transaction (including the possible risks and benefits of entering into such transaction). Investors should also consider seeking advice from their own advisers in making this assessment.

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

With the exception of the Issuer’s consolidated financial statements for 2016 and 2017, no information in this Prospectus has been audited or reviewed by the Issuer’s auditor. Financial data in this Prospectus that has not been audited by the Issuer’s auditor stem from internal accounting and reporting systems.

Forward-looking statements and market data

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

Factors that could cause the Issuer’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in “*Risk factors*”. The forward-looking statements included in this 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

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

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

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

Risks related to the Issuer

Risk Management

Operating within the banking sector and offering financial products and services involve taking calculated risks. The risks related to these products and services are taken deliberately and shall be reflected in, and covered by, the prices offered to the customers. Significant risks that Marginalen is exposed to are, amongst other things, credit and counterparty risk, market risk, strategic risk, risks relating to disruptions in the global credit markets and economy, liquidity risk, operational risk, regulatory risk and competition and business risks (see below). Whilst the Issuer believes that it has implemented appropriate systems and controls to mitigate such risks, investors should be aware that the failure to control such risks could have a negative impact on the performance and reputation of the business.

Credit and counterparty risk

Credit risk and counterparty risk are the risks of failure by any customer or counterparty to honour its payment obligations to Marginalen. Credit risk is primarily attributable to lending/financing to customers, while counterparty risk means the risk that a counterparty to Marginalen in a transaction, e.g. a transaction involving a derivative instrument, could default before the final settlement of the transaction's cash flows.

Adverse changes in the credit quality of Marginalen's customers or other counterparties could affect the recovery and value of Marginalen's assets and require an increase in provisions made for bad and doubtful debts and other provisions and could consequently adversely affect the Issuer's earnings and financial position.

Credit risk on group companies and other parties

The Issuer has granted credits to its parent company Marginalen AB with the main purpose of financing investments and business developments of Marginalen AB's Baltic subsidiaries, which are included in the Issuer's consolidated situation. These credits represent approximately 10 per cent. of the Issuer's aggregate credit exposure. The Issuer has also granted credits (representing less than 2 per cent. of the aggregated credit exposure) to other parties ultimately controlled by its ultimate owner.

In addition, the Issuer has injected equity in and granted credits to its Subsidiaries. If any Subsidiary of the Issuer is subject to any foreclosure, liquidation, administrative or other bankruptcy or insolvency proceeding, the creditors of such subsidiary, will generally be prioritised due to their position in the capital structure and will generally be entitled to payment from the sale or other disposal of the assets of such subsidiary before the Issuer will be entitled to receive any distributions from such a subsidiary.

Adverse changes in the credit quality or liquidity position of the relevant creditors could affect the recovery and value of the Issuer's assets and could consequently adversely affect the Issuer's earnings and financial position.

Market risk

Market risk is the risk of loss resulting from changes in interest and foreign exchange rates and equity prices or other market related instruments. Although Marginalen's risk of loss of nominal invested capital is limited, since Marginalen does not conduct proprietary trading and investments are almost exclusively in low risk fixed income instruments, and since Marginalen limits its exposure to interest rate and currency rate fluctuations by the use of derivative instruments, such risks will always form an inherent part of Marginalen's business. Fluctuations in the debt, foreign exchange or equity markets may affect the market value and liquidity of Marginalen's assets. In addition, the occurrence of such events may have an adverse impact on the revenue generated from Marginalen's primary activities.

Interest rate risk is the risk that Marginalen's current and future net interest deteriorates due to an unfavourable change in the market. Interest rate risk arises when the interest rates cannot be changed simultaneously on the funding and lending sides. A deterioration of Marginalen's net interest due to an unfavourable change in the market could have a material adverse effect on the Issuer's financial position and results of operations.

Currency risk is the risk that Marginalen will suffer losses due to adverse currency movements. Foreign exchange rate risk also involves the risk that the estimated fair value of, or future cash flows from, a financial instrument fluctuate because of changes in foreign exchange rates. Marginalen is exposed to foreign exchange rate risk mainly from Euro (EUR) but also from U.S. dollar (USD), Norwegian Krone (NOK) and Danish Krone (DKK). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. This means that Marginalen is exposed to exchange differences. Adverse exchange rate movements could have a material adverse effect on the Issuer's financial position and results of operations.

Liquidity and funding risk

Liquidity risk is the risk of Marginalen being unable to fulfil its commitments or only being able to fulfil its commitments by borrowing cash and cash equivalents at a significantly higher cost, due to insufficient cash and cash equivalents currently held. This risk is at hand, for example, when bonds and other debt obligations issued by Marginalen reach their maturity date and become due for repayment.

The Issuer is almost entirely funded through deposits from the public in Sweden in Swedish kronor and is currently not dependent on any international financing. The risks in the supply of liquidity consist primarily of the risk of the Issuer not attracting sufficient volume of deposits. The risk may arise in a situation where net withdrawals are larger than desired or when increased deposit volumes are desired in order to finance further lending and other payments. Increased net withdrawals may result from price competition or negative rumours about the Issuer, other banks or the financial system in general. A failure by the Issuer to attract a sufficient volume of deposits or to improve the liquidity situation through asset sales could have a material adverse effect on the Issuer's operations.

Strategic risk

Strategic risk is the risk of loss of current revenue streams or missed future revenue opportunities because of changing market conditions through economic downturns, increased competition, changes in business laws/regulations or other external factors that negatively affect Marginalen's business model. Strategic risk also includes the risk that third parties adversely affect Marginalen's brand. Macroeconomic developments in the business environment are affected by various events and scenarios. The realisation of any of the aforementioned risks could adversely affect the Issuer's financial position and results of operations.

Marginalen has a number of competitors across different segments and markets. It is possible that these competitors will grow to be stronger in the future, for example by means of consolidation in the market. Thus, there is a risk that Marginalen will not be able to compete successfully against current as well as future competitors, which may have a negative effect on the Issuer's operations, earnings and financial position.

Dependency on loan brokers

A considerable part of Marginalen's new customers are currently directed to it from external third party sources, primarily loan brokers or providers of interest rate comparison services. Marginalen's agreements with the loan brokers may in most cases be terminated on short notice. Should such external parties, for any reason, cease to cooperate with Marginalen, it could substantially affect the inflow of new customers to Marginalen resulting in a material adverse effect on the Issuer's financial position and results of operations.

Agreements with credit card providers

Marginalen is dependent on certain agreements entered into with the credit card providers VISA and MasterCard. Upon failure of Marginalen to comply with the relevant rules of the agreements entered into with VISA and MasterCard, respectively, the agreements may be terminated. Should VISA or MasterCard, jointly or separately, for any reason, cease to cooperate with Marginalen, it could adversely affect the Issuer's financial position and results of operations.

Operational risks

Operational risk arises from human errors and system faults, insufficient or defective internal procedures or external events. Operational risk also includes risk pertaining to reputation and strategy as well as legal risk. Although identification, management and control of operational risks are clear and integrated parts of Marginalen's business, deficiencies or errors in internal processes and control routines, human errors, or external events that affect operations may occur. This could result in a material adverse effect on the Issuer's financial position, business, products and services it offers or its assets.

Information technology risk

Marginalen depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology (to manage critical business processes, including the running of its internet bank, as well as administrative functions), Marginalen's monitoring and protective measures and the successful development and implementation of new systems. However, as is the case for information technology systems generally, losses could result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This could result in a loss of data and a failure to provide quality service to customers.

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

Extensive downtime of network servers, attacks by IT-viruses or other disruptions or failure of information technology systems are possible and could disrupt Marginalen's business, result in transaction errors, the disclosure of confidential information and/or create significant financial and/or legal exposure which may, in turn, damage Marginalen's brand and reputation. Such an event could, for instance, be impacted by the new EU General Data Protection Regulation 2016/679/EU ("**GDPR**") and have a material adverse effect on the Issuer's operations and financial situation (please also refer to the risk factor "*EU General Data Protection Regulation*" below for more information about GDPR and Marginalen's risks related to GDPR).

Ownership

The Issuer is currently controlled by one principal shareholder, whose interests may conflict with the Noteholders', particularly if the Issuer encounters difficulties or is unable to pay its debts as they fall due. The owner has the power to control all matters to be decided by vote at a shareholders' meeting and has the ability to appoint the board of directors of the Issuer. Furthermore, the owner may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investments, although such transactions might involve risks to the Noteholders. There is nothing in the Terms and Conditions that prevents the owner or any of its affiliates from acquiring businesses that directly compete with the Issuer. If such event were to arise this may adversely affect the Issuer's operations, financial position and results.

Key personnel

Marginalen is dependent upon a number of key employees whom have together developed the day-to-day operations and systems within Marginalen. Should such key personnel leave Marginalen in the future or take up employment with a competing business, and not be adequately replaced with new qualified personnel, it could have a negative effect on the Issuer's operations, earnings and financial position.

Reliance on third parties

Some of Marginalen's business systems are dependent on third party software and infrastructure.

While alternative business outsourcing and other partners are available, it can be difficult for Marginalen to replace these relationships on commercially reasonable terms and seeking alternate relationships could be time consuming and result in interruptions to Marginalen's business. Marginalen's use of business outsourcing partners also exposes Marginalen to reputational risks. The failure of Marginalen's third party providers to perform their services to Marginalen's standards and any deterioration in or loss of any key relationships can have a material adverse effect on the Issuer's business, financial condition and results of operations.

Furthermore, Marginalen's business outsourcing partners and other third parties could fail to comply with applicable laws and regulations, such as data protection requirements, or fail to otherwise provide their agreed services to Marginalen. To the extent these third parties violate laws, other regulatory requirements or their contractual obligations to Marginalen, or otherwise act inappropriately in the conduct of their business, Marginalen's business and reputation can be negatively affected or penalties could be directly imposed on Marginalen. Furthermore, there is a risk that Marginalen's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses may not detect the occurrence of any violations for a substantial period of time, which could exacerbate the effect of such violations. Any of the above can have a material adverse effect on the Issuer's business, financial condition and results of operations.

Risks relating to inadequate insurance

Inability by Marginalen to maintain adequate insurance policies could have a material adverse effect on the Issuer's financial conditions and results of its operations.

Taxes and charges

Marginalen conducts its business in accordance with its interpretation of applicable tax regulations and applicable laws, tax treaties, regulations, case law and requirements of the tax authorities. There can be no assurances that its interpretation of applicable laws, tax treaties, regulations, case law or other rules or administrative practice is correct, or that such rules or practice will not change, possibly with retroactive effect. Marginalen's tax situation both for previous, current and future years may change as a result of legislative changes, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. Such decisions or changes, potentially with retroactive effect, could adversely affect the Issuer's business, financial condition and results of operations.

Reputational risk

Marginalen relies, among other things, on its brand to maintain and attract new customers and employees. Any negative publicity or announcement relating to Marginalen may, whether or not it is justifiable, deteriorate the brand value and have a negative effect on the inflow of deposits, net sales, earnings and financial position.

Legal disputes

Claims or legal action may in the future be raised against Marginalen which may have significant unfavourable effects on Marginalen's financial position, performance, market position, or pricing of the Notes. The risk of claims or legal action also relates to intellectual property rights, such as patents and trademarks, and Marginalen normally assumes liability for any infringement of third party intellectual property rights in relation to its customers.

Risks relating to disruptions in the global credit markets and economy

Financial markets are subject to periods of volatility which may impact Marginalen's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions in the markets in which it operates, for example, as a result of the United Kingdom leaving the European Union (the "EU") in 2019.

Regulatory risks

General compliance risk

The Issuer is supervised by the Swedish FSA, and is subject to minimum statutory capital and liquidity levels. Non-compliance with these requirements may result in administrative actions or sanctions against the Issuer, which may affect the Issuer's ability to fulfil its obligations under the Notes.

Should the Swedish FSA consider that the operations of the Issuer are not sound or that the Issuer is otherwise in breach of laws or regulations that apply to it, its articles of association or internal governing documents that are based on laws and regulations governing the Issuer's operations as a bank, the Swedish FSA must intervene. The Swedish FSA may then issue an order to limit or reduce the risks of the operations in some respect, restrict or prohibit payment of dividends or interest or take other measures to rectify the situation, issue injunctions or remarks. In case of material violations, the Swedish FSA can, as an ultimate measure, revoke the Issuer's banking licence, following which the Swedish FSA may determine the manner in which the business will be wound up. A decision regarding revocation of licence can be combined with an injunction against continuing the operations. If deemed sufficient, taking into consideration, among other things, the nature, gravity, duration and potential effects on the financial system of the violation, the Swedish FSA can, instead of revoking the Issuer's banking licence, issue a warning. Remarks and warnings may be combined with monetary fines (up to ten per cent. of the annual turnover or two times the cost avoided or profit realized from the violation, where such amount can be ascertained). If the Issuer were subject to material sanctions, remarks or warnings and/or fines imposed by the Swedish FSA, this would cause significant, and potentially irreparable, damage to the reputation of the Issuer and, as a result, the Issuer's business, financial position and results of operations can be materially adversely affected. The Issuer's operations are contingent upon the banking licence issued by the Swedish FSA. The loss or suspension of the licence will require the Issuer to cease its banking operations which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

Many initiatives for regulatory changes have been taken in the past and the impact of such initiatives is, to some extent, difficult to predict in full. Therefore, for example, financial services laws, capital, liquidity and solvency laws, marketing laws, consumer protection laws, data protection laws, laws related to deposits (including the Swedish deposit insurance scheme), the laws related to enforcement, laws and regulations related to or affecting interest, laws and regulations on internal governance and control, laws and regulations of remuneration, codes of conduct, government policies and general recommendations, and their respective interpretations currently affecting the Issuer can change, and the Issuer is unable to predict what regulatory changes can be imposed in the future as a result of regulatory initiatives in the EU, by the Swedish FSA, the European Banking Authority or by other authorities and agencies. Such changes can have a material adverse effect on the Issuer's profitability, solvency and capital requirements, and can give rise to increased costs of compliance. Failure of the Issuer to effectively manage these legal and regulatory risk can have a material adverse effect on the Issuer's business, financial conditions and results of operations.

Capital requirements

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

The Issuer must at all times meet the capital requirements and CRD IV and CRR have imposed significant changes for financial institutions in terms of minimum capital requirements and capital buffers. CRR and CRD IV are both supported by a set of binding technical standards developed by the European Banking Authority (the "**EBA**"). The regulatory framework will continue to evolve and any changes could have a material impact on the Issuer's business.

The Issuer has a permission from the Swedish FSA to assign a risk weight of 0 per cent. for exposures, with the exception of exposures giving rise to Common Equity Tier 1, Additional Tier 1 or Tier 2 items, to Marginalen AB, ESCO Marginalen AB and Sergel Finans AB if the following conditions are fulfilled:

- (a) the counterparty is included in the same consolidation as the Issuer on a full basis;
- (b) the counterparty is subject to the same risk evaluation, measurement and control procedures as the Issuer; and
- (c) there is no current or foreseen material practical or legal impediment to the prompt transfer of own funds or repayment of liabilities from the counterparty to the Issuer.

The current permission expires at the end of year 2020, at which time the Issuer intends to apply to have the exemption renewed. If the exemption for any reason is not renewed and any such exposures are outstanding, the capital requirements for the Issuer (but not for the Issuer consolidated situation) will increase and the Issuer may have to allocate capital to these exposures.

In December 2017, the Basel Committee published complements to the Basel III Framework in order to complete it. The complements, often called Basel IV, entail substantial changes and are proposed to enter into force 1 January 2022 with a phasing-in period of five years. The proposed changes need to be implemented at EU level in order for them to become applicable for Sweden. In May 2018, the Council published a compromise proposal concerning a draft Regulation amending the CRR. The proposal entails substantial changes but is subject to further review by the European Parliament.

In March 2018, the European Commission proposed to amend CRR regarding minimum loss coverage for non-performing exposures. The proposal provides for a statutory prudential backstop against any excessive future build-up of non-performing loans (“NPL”) without sufficient loss coverage on banks’ balance sheets. According to the proposal, banks will be required to put aside sufficient resources when new loans become non-performing, creating appropriate incentives to address NPLs at an early stage and avoid too large accumulation of NPLs. The proposed statutory prudential backstop may cause reductions in the capital adequacy ratios and solvency levels of the Issuer.

In September 2018, the EBA, in its Single Rulebook Q&A, published an answer to a question regarding appropriate risk weight for purchased defaulted assets. In its answer EBA interprets the CRR in such a way that some purchased defaulted assets being assigned a risk weight of 150 per cent. instead of 100 per cent. As of 18 December 2018, the Swedish FSA confirmed that EBA’s interpretation will be applied in Sweden. This change in risk weight will cause reductions in the capital adequacy ratios of the Issuer and its consolidated situation. The Issuer and its consolidated situation have updated its business and capital planning to account for this change and to ascertain that no regulatory capital requirements will be breached.

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

The capital requirements mentioned above could force the Issuer to issue additional capital, which may be unavailable to the Issuer in the future or unavailable at an attractive rate or within the timeframe necessary in order to ensure compliance with such requirements. Furthermore, the conditions of the Issuer’s business as well as external conditions are constantly changing. Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators can result in intervention by regulators or the imposition of sanctions, which can have a material adverse effect on the Issuer’s profitability and results and can also have other effects on the Issuer’s financial performance and on the pricing of Notes, both with or without the intervention by regulators or the imposition of sanctions. Any market perception or concern regarding compliance with future capital adequacy requirements, can increase the Issuer’s borrowing costs and limit its access to capital markets, which can have a material adverse effect on the Issuer’s business, financial condition and results of operations.

The Recovery and Resolution Directive

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

The BRRD has been implemented into Swedish law by the Resolutions Act (*lagen (2015:1016) om resolution*) and the Precautionary Support Act (*lagen (2015:1017) om förebyggande statligt stöd till kreditinstitut*) both of which entered into force on 1 February 2016. The National Debt Office has been appointed as resolution authority and has been given certain powers which can be categorised into preventive powers, early intervention

powers and resolution powers. Ultimately, the authority may take control of a failing firm and, for example, transfer the firm to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder approval.

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

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

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

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

On 23 February 2017 and on 18 June 2018, the National Debt Office presented the finalised model for the calculation of MREL, stating that systemically important institutions need to replace a portion of their existing bond holdings with subordinated bonds. However, the National Debt Office announced on 20 December 2017 that the Issuer is not a systemically important institution. For institutions which are not so deemed, the MREL requirements will remain at the level of the institution's applicable capital requirements.

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

EU General Data Protection Regulation

The GDPR entered into force on 24 May 2016 and applies from 25 May 2018. The main objectives of the GDPR are to harmonise EU laws on personal data and facilitate the flows of data across EU as well as to ensure that personal data enjoys a high standard of protection everywhere in the EU.

The GDPR includes new requirements for processing of personal data. This may create challenges for Marginalen, as it will need to ensure that its policies and procedures are compliant with the GDPR. Failure to

comply with the GDPR exposes the Issuer to substantial monetary fines which could have a material adverse effect on its business, financial condition and results of operation.

Payment services

Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services (“**PSD2**”) was adopted in November 2015 and implemented in Sweden on 1 May 2018. Amongst other things, PSD2 gives payment institutions a right to access credit institutions’ payment account services and payment systems. Consequently, third party providers will be given an increased access to the Issuer’s customers and this may result in new competitors on the market which may, in turn, affect the Issuer’s business, financial condition and results of operations negatively.

Anti-money laundering

The Issuer’s business is subject to a regulatory framework which requires the Issuer to take actions in order to counteract money laundering and terrorist financing. In order to comply with the framework, the Issuer has established procedures, internal control functions and guidelines to counteract money laundering and terrorist financing.

Failure to comply with the requirements could result in legal implications. If the Issuer would become subject to sanctions, remarks or warnings and/or fines imposed by the Swedish FSA, this could cause significant, and potentially irreparable, damage to the reputation of the Issuer and, as a result, the Issuer’s business, financial position and results of operations could be materially adversely affected.

Changes to the Swedish Deposit Insurance Scheme

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

Changes in legislation and accounting standards

In addition to the anticipated legislative changes mentioned above, a number of legislations and regulations, taxes and rules can affect the business conducted by Marginalen. New or amended legislations and regulations could call for unexpected costs or impose restrictions on the development of the business operations or otherwise affect earnings, which could have an adverse effect on Marginalen’s business and results of business operations. The Subsidiaries which conduct activities relating to debt collection would be specially affected by changes in legislation relating to debt collection, debt restructuring and personal bankruptcy, *e.g.* the priority rights of creditors and periods of limitation (*preskription*).

From time to time, the International Accounting Standards Board (IASB), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of Marginalen’s financial statements. These changes can be difficult to predict and can materially impact how Marginalen records and reports its results of operations and financial condition.

For instance, IFRS 16 (providing guidance on accounting for leases) was issued by the IASB on 13 January 2016 and will become effective for most companies that report under IFRS as of 1 January 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases. Instead all leases are, for accounting purposes, treated in a similar way as finance leases applying IAS 17. Leases are “capitalised” by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect of the new requirements could be an increase in lease assets and financial liabilities. Accordingly, there could be a negative change to key financial metrics derived from the Issuer’s reported assets and liabilities.

Risks relating to the Notes

The Issuer's obligations under the Notes are subordinated

The rights of the Noteholders will, in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer but shall rank at least *pari passu* with all other subordinated indebtedness of the Issuer (excluding creditors whose rights are expressed to rank in priority to the holders of the Notes).

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

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

The Notes shall constitute tier 2 capital of the Issuer. As such, the Terms and Conditions do not include any obligations or undertakings binding on the Issuer which if breached would give rise to a right of the Noteholders or the Agent to accelerate the Notes.

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.

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.

Call options are subject to the prior consent of the Swedish FSA

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

The Issuer has the option to redeem the Notes five years after they have been issued on the First Call Date or on any Interest Payment Date falling after the First Call Date. If the Issuer considers it favourable to exercise such a call option, the Issuer must obtain the prior consent of the Swedish FSA.

The Noteholders have no rights to call for the redemption of the Notes and should not invest in the Notes with the expectation that such a call will be exercised by the Issuer. The Swedish FSA will base its evaluation of the regulatory capital position of the Issuer and certain other factors at the relevant time. There is a risk that the Swedish FSA will not permit such a call or that the Issuer will not exercise such a call. The Noteholders should be aware that they may be required to bear the financial risks of an investment in the Notes for a period of time in excess of the minimum period.

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

There is no restriction in the amount or type of debt that the Issuer may issue or incur that ranks, *pari passu* or with priority to Notes. The incurrence of any such debt may reduce the amount recoverable by Noteholders in the event of the voluntary or involuntary liquidation (*likvidation*), bankruptcy (*konkurs*) or resolution of the Issuer.

Notes obligations of the Issuer only

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any other person, and no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes. Hence, investors in the Notes carry a credit risk relating to the Issuer. The investors' ability to receive payment under the Notes is therefore dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Issuer's operations and its financial position. The Issuer's financial position is affected by several factors, some of which have been mentioned above.

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 can impact the Noteholders' rights under the finance documents in a manner that can be undesirable for some of the Noteholders.

Credit risks

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

Liquidity risk

Active trading in the Notes does not always occur. Hence, there is a risk that a liquid market for trading in the Notes will not occur, or be maintained. This may result in the Noteholders being unable 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.

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

The market price of the Notes may be volatile

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

There has been no active trading market for the Notes

Although the Issuer shall use its best efforts to ensure that the Notes are listed on a Regulated Market, there can be no assurance that such application will be accepted or that the Notes will be so admitted. Prior to any admission to trading, there has been no public market for the Notes. There can be no assurance that an active trading market for the Notes will develop or, if developed, will be sustained. The Nominal Amount may not be indicative of the market price for the Notes. 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. In addition, transaction costs in any secondary market may be high. Therefore, Noteholders may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Investors must be prepared to hold the Notes until maturity.

MiFID II and MiFIR

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

Change of law

The Terms and Conditions are based on Swedish law in effect as at the date of issue of the Notes. Should any possible judicial decision or change to Swedish law or administrative practice after the date of issue of the Notes occur, there is a risk that the Noteholders are negatively affected.

European Benchmarks Regulation

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

Interest rate risk

The value of the Notes is dependent on several factors, one of the most significant over time being the level of market interest rates. Investments in the Notes involve a risk that the interest decreases as market interest rates decrease.

Clearing and settlement in the CSD's account-based system

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

Exchange rate risks and exchange controls

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

OVERVIEW OF THE NOTES

This section (Overview of the Notes) is only intended to serve as an introduction to the Notes. Any decision to invest in the Notes shall be based on an assessment of all information contained in this Prospectus as well as all documents incorporated herein by reference. The complete terms and conditions of the Notes are found on page 19 and onwards below.

The Notes

The Issuer has issued 150 Notes with a Nominal Amount of SEK 2,000,000 each. The Notes are denominated in Swedish kronor. The aggregate nominal amount of the Notes is SEK 300,000,000.

ISIN code

The Notes have been allocated the ISIN code SE0010599381.

Form of the Notes

The Notes are issued in dematerialised book-entry form and registered on a Securities Account on behalf of the relevant Noteholder. Hence, no physical notes have issued. The Notes are registered in accordance with the Financial Instruments Accounts Act and registration requests relating to the Notes shall be directed to an Account Operator.

Status of the Notes

The Notes on issue are intended to constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation. The Notes will constitute direct, unsecured and subordinated liabilities of the Issuer and shall at all times rank:

- (i) *pari passu* without any preference among themselves;
- (ii) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and (b) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- (iii) senior to (a) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- (iv) junior to any present and future claims of (a) depositors of the Issuer, (b) any other unsubordinated creditors of the Issuer and (c) any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of the Notes.

Issuance, repurchase and redemption

Issue Date and Final Maturity Date

The Notes were issued on 30 October 2018. Unless previously redeemed or repurchased in accordance with the Terms and Conditions, 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 first following Business Day.

Purchase of Notes by the Issuer and related companies

Subject to applicable law and clause 9.5 (*Consent from the Swedish FSA*) of the Terms and Conditions, a Group Company, or other company forming part of the Issuer Consolidated Situation, may at any time on or following the First Call Date purchase Notes on the market or in any other way. Notes held by such company may at its discretion be retained or sold.

Early redemption at the option of the Issuer

Subject to Consent from the Swedish FSA in accordance with the Terms and Conditions, all (but not some only) outstanding Notes can be redeemed early at the option of the Issuer on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

The Issuer can exercise its option by giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent in accordance with the Terms and Conditions. The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

Early redemption upon the occurrence of a Capital Event or Tax Event

Subject to Consent from the Swedish FSA in accordance with the Terms and Conditions, all (but not some only) outstanding Notes can be redeemed early at the option of the Issuer if a Capital Event or Tax Event occurs prior to the First Call Date on any Interest Payment Date.

The Issuer can exercise its option by giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent in accordance with the Terms and Conditions. The Notes shall be redeemed at a price per Note equal to the Nominal Amount together with accrued but unpaid Interest.

Payments in respect of the Notes

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.

Interest and default interest

Each Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date. 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).

If the Issuer fails to pay any amount payable by it under the Terms and Conditions on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is one (1) percentage point 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.

European Benchmarks Regulation

The Interest payable under the Notes is calculated by reference to the benchmark STIBOR, as defined in the Terms and Conditions. This benchmark is provided by the Swedish Bankers' Association. At the date of this Prospectus, the Swedish Bankers' Association does not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the Benchmarks Regulation. As far as the Issuer is aware, the provisions in Article 51 of the Benchmarks Regulation apply such that the Swedish Bankers' Association is not yet required to obtain authorisation or registration.

Listing of the Notes

The Issuer shall use reasonable efforts to ensure that the Notes are listed on Nasdaq Stockholm by 31 December 2018, and that it remains listed or, if such listing is not possible to obtain or maintain, listed on another Regulated Market.

The Issuer shall, following the listing, use reasonable efforts to maintain the listing as long as any Notes are outstanding, however not longer than up to and including the last day of which the listing can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD, subsist.

It is estimated that the Issuer's costs in conjunction with the admission to trading will be no higher than SEK 250,000.

Decisions by Noteholders

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.

Only a person who is, or who has been provided with a power of attorney in accordance with the Terms and Conditions 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 16.2 of the Terms and Conditions, 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 Adjusted Nominal Amount. Such Business Day specified pursuant to paragraph (b) above must fall no earlier than one (1) Business Day after the effective date of the communication.

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.

Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered as a Noteholder on the date referred to above in item (a) or (b), as the case may be, and shall also be 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.

No direct action by Noteholders

Subject to certain exemptions set out in the Terms and Conditions, 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 or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Finance Documents.

Prescription

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.

Governing law

The Terms and Conditions of the Notes 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. The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).

The CSD

Euroclear Sweden, Swedish Corporate ID No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden, is initially acting as Central Securities Depository (CSD) and registrar in respect of the Notes.

The Issuer and the Agent shall at all times be entitled to obtain information from the debt register (*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. For the purpose of carrying out any administrative procedure that arises

out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.

The Agent

Nordic Trustee & Agency AB, Swedish Reg. No. 556882-1879, is initially acting as Agent on behalf of the Noteholders in accordance with the Terms and Conditions. The Agency Agreement is available to the Noteholders at the office of the Agent during normal business hours.

The Issuing Agent

Skandinaviska Enskilda Banken AB (publ), Swedish Reg. No. 502032-9081, 106 40 Stockholm, is initially acting as Issuing Agent in accordance with the Terms and Conditions of the Notes.

Rating

The Notes have not been assigned a credit rating by any credit rating agency.

Use of proceeds

The Issuer shall use the proceeds from the issue of the Notes for general corporate purposes of the Group.

Restrictions on the transferability of the Notes

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. 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 U.S. Securities Act or any U.S. state securities laws 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 the Noteholder's obligation to ensure that the offers and sales of Notes comply with all applicable securities laws.

TERMS AND CONDITIONS OF THE NOTES

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 in force on the Issue Date) as applied by the Issuer in preparing its annual consolidated financial statements.

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

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

“**Agency Agreement**” means the agency agreement entered into on or before the Issue Date, between the Issuer and the Agent, 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 Banking Regulations**” means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy applicable to the Issuer or the Group, as the case may be, including, without limitation to the generality of the foregoing, CRD IV and any other laws, regulations, requirements, guidelines and policies relating to capital adequacy as then applied in Sweden by the Swedish FSA (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer or the Group).

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*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 Event**” means, at any time on or after the Issue Date, a change in the regulatory classification of the Notes that would be likely to result in the exclusion of the Notes from the Tier 2 Capital of the Issuer and/or the Issuer Consolidated Situation or the reclassification of the Notes as a lower quality form of regulatory capital, provided that (a) the Swedish FSA considers such a change to be sufficiently certain and (b) the Issuer demonstrates to the satisfaction of the Swedish FSA that such change was not reasonably foreseeable at the Issue Date, and provided that such exclusion or reclassification is not a result of any applicable limitation on the amount of such Tier 2 Capital contained in the Applicable Banking Regulations.

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

“**CRD IV Directive**” means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time.

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

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

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Notes, Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or any other party replacing it, as CSD, in accordance with these Terms and Conditions.

“**CSD Regulations**” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

“**Final Maturity Date**” means the Interest Payment Date falling on or immediately after the tenth (10) anniversary of the Issue Date.

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

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

“**First Call Date**” means the Interest Payment Date falling on or immediately after the fifth (5) anniversary of the Issue Date.

“**Force Majeure Event**” has the meaning set forth in Clause 24.1.

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

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

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

“**Interest Payment Date**” means 30 January, 30 April, 30 July and 30 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 30 January 2019 and the last Interest Payment Date shall be the relevant Redemption Date.

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

“**Interest Rate**” means STIBOR plus a margin of 6.00 per cent. *per annum*.

“**Issue Date**” means 30 October 2018.

“**Issuer**” means Marginalen Bank Bankaktiebolag (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 516406-0807 and LEI code 549300OWBDK3ZWOL2C57.

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

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

“**Nominal Amount**” has the meaning set forth in Clause 2.4.

“**Note**” means a debt instrument (*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.

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

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

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 11 (*Distribution of proceeds*) or (iv) a 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 Nasdaq Stockholm or any other regulated market (as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU).

“**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.

“**STIBOR**” means:

- (a) the applicable percentage rate *per annum* displayed on NASDAQ Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no 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 leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (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 Swedish Kronor offered in the Stockholm interbank market for the relevant period.

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

“**Swedish FSA**” means the Swedish Financial Supervisory Authority (*Finansinspektionen*) or such other governmental authority in Sweden (or, if the Issuer becomes subject to primary bank supervision in a jurisdiction other than Sweden, in such other jurisdiction) having primary bank supervisory authority with respect to the Issuer.

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

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

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

“**Total Nominal Amount**” means 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) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- b) a “**regulation**” 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;
- c) a provision of law is a reference to that provision as amended or re-enacted; and
- d) 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 (*Riksbanken*) on its website (*riksbank.se*). If no such rate is available, the most recently published rate shall be used instead.

1.2.3 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 on issue are intended to constitute Tier 2 Capital of the Issuer and the Issuer Consolidated Situation. The Notes will constitute direct, unsecured and subordinated liabilities of the Issuer and shall at all times rank:

- (i) *pari passu* without any preference among themselves;

- (ii) *pari passu* with (a) any liabilities or capital instruments of the Issuer which constitute Tier 2 Capital and (b) any other liabilities or capital instruments of the Issuer that rank or are expressed to rank equally with the Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
 - (iii) senior to (a) any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital and (b) holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank or are expressed to rank junior to the Notes, in each case as regards the right to receive periodic payments on a liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
 - (iv) junior to any present and future claims of (a) depositors of the Issuer, (b) any other unsubordinated creditors of the Issuer and (c) any subordinated creditors of the Issuer whose rights are expressed to rank in priority to the holders of the Notes.
- 2.2 The Notes are denominated in Swedish Kronor 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.
- 2.3 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.
- 2.4 The nominal amount of each Note is SEK 2,000,000 (the "**Nominal Amount**"). The aggregate nominal amount of the Notes is SEK 300,000,000.
- 2.5 Each Note is issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- 2.6 Prior to the Final Maturity Date, a Noteholder or the Agent may only declare the Notes (and any accrued Interest) due and payable in the event of liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer.
- 2.7 No Noteholder who in the event of the liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder.
- 2.8 The Issuer reserves the right to issue further notes, including, subordinated notes, and other liabilities in the future, which may rank senior to, *pari passu* with (or junior to) the Notes.
- 2.9 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.
- 2.10 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, 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 for general corporate purposes of the Group.

4. CONDITIONS FOR DISBURSEMENT

- 4.1 Prior to the issuance of the Notes, the Issuer shall provide the following to the Agent, in form and substance satisfactory to the Agent:
- a) the Finance Documents and the Agency Agreement duly executed by the parties thereto;
 - b) a copy of (i) a resolution from the board of directors of the Issuer approving the issue of the 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, or (ii) an officer's certificate to certify such resolution is in place;
 - c) the articles of association and certificate of incorporation of the Issuer;
 - d) evidence that the person(s) who has/have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of parties thereto is/are duly authorised to do so; and
 - e) such other documents and information as is agreed between the Agent and the Issuer.
- 4.2 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1 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.
- 4.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 4.1 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 (*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 shall at all times be entitled to obtain information from the debt register (*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. For the purpose of carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.
- 5.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the 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.
- 5.5 The Issuer and the Agent may use the information referred to in Clause 5.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.
- 5.6 In order to comply with these Terms and Conditions the Issuer and the Agent, as applicable, may, acting as a data controller, collect and process personal data. The processing is based on the Issuer's

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

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 or the Agent has actual knowledge to the contrary.

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, interest or any other payment 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 subject to and in accordance with Clause 8.4. For the avoidance of doubt, such postponement shall in no event constitute an event of default.
- 7.4 If payment or repayment is made in accordance with this Clause 7 (*Payments in respect of the Notes*), 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 (including but not limited to any withholding or deduction required pursuant to an

agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto), public levy or the similar.

8. INTEREST

- 8.1 Each Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue 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 under the Terms and Conditions on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is one (1) percentage point 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

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 first following Business Day.

9.2 Early redemption at the option of the Issuer

Subject to Clause 9.5 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.7 (*Notice of early redemption*), the Issuer may redeem all (but not some only) outstanding Notes on (i) the First Call Date or (ii) any Interest Payment Date falling after the First Call Date.

9.3 Purchase of Notes by the Issuer and related companies

Subject to applicable law and to Clause 9.5 (*Consent from the Swedish FSA*), a Group Company, or other company forming part of the Issuer Consolidated Situation, may at any time on or following the First Call Date purchase Notes on the market or in any other way. Notes held by such company may at its discretion be retained or sold.

9.4 Early redemption upon the occurrence of a Capital Event or Tax Event

If a Capital Event or Tax Event occurs prior to the First Call Date, the Issuer may, at its option, but subject to Clause 9.5 (*Consent from the Swedish FSA*) and giving notice in accordance with Clause 9.7 (*Notice of early redemption*), redeem all (but not some only) outstanding Notes on any Interest Payment Date.

9.5 Consent from the Swedish FSA

The Issuer, or any other company forming part of the Issuer Consolidated Situation, may not redeem or purchase, as contemplated by this Clause 9 (*Redemption and repurchase of the Notes*), any Notes

prior to the Final Maturity Date without the prior written consent of the Swedish FSA and in accordance with Applicable Banking Regulations.

9.6 Early redemption amount

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

9.7 Notice of early redemption

Any redemption in accordance with Clauses 9.2 (*Early redemption at the option of the Issuer*) and 9.4 (*Early redemption upon the occurrence of a Capital Event or Tax Event*) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent in accordance with Clause 23 (*Notices*). Any such notice is irrevocable and, upon expiry of the notice period, the Issuer is bound to redeem the Notes.

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 publication on the website of the Issuer:

- a) as soon as the same become available, but in any event within six (6) months after the end of each financial year, audited consolidated financial statements of the Group for that financial year prepared in accordance with the Accounting Principles; and
- 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, consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) of the Group for such period prepared in accordance with the Accounting Principles.

10.1.2 When the financial statements and other information are made available to the Noteholders pursuant to Clause 10.1.1, the Issuer shall send a copy of such financial statements and other information to the Agent.

10.2 Information from the Agent

Subject to the restrictions of any agreement regarding the non-disclosure of information received from the Issuer, 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.

10.3 Information among the Noteholders

Upon request by a Noteholder, the Agent shall promptly distribute to the Noteholders any information from such Noteholder which relates to the Notes. The Agent may require that the requesting Noteholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

10.4 Publication of Finance Documents

10.4.1 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.

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

11. DISTRIBUTION OF PROCEEDS

- 11.1 In the event of liquidation (*likvidation*) or bankruptcy (*konkurs*) of the Issuer, all payments relating to the Notes and the Finance Documents 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 in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders), (ii) other costs and expenses relating to the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 18.2.8, and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 14.15;
 - 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 Finance Documents.
- 11.2 Funds that the Agent receives (directly or indirectly) following an application of Clause 11.1 in connection with the enforcement of the Notes constitute escrow funds (*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 11 as soon as reasonably practicable.
- 11.3 If the Issuer or the Agent shall make any payment under this Clause 11, 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 in accordance with Clause 23 (*Notices*). The notice from the Issuer shall specify the Record Date, the payment date and the amount to be paid.

12. UNDERTAKINGS

- 12.1 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.
- 12.2 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.

13. LISTING OF THE NOTES

- 13.1 The Issuer shall use reasonable efforts to ensure that the Notes are listed on Nasdaq Stockholm by 31 December 2018, and that it remains listed or, if such listing is not possible to obtain or maintain, listed on another Regulated Market.
- 13.2 The Issuer shall, following the listing, use reasonable efforts to maintain the listing as long as any Notes are outstanding, however not longer than up to and including the last day of which the listing can reasonably, pursuant to the applicable regulations of the Regulated Market and the CSD, subsist.
- 13.3 For the avoidance of doubt, neither a Noteholder nor the Agent has the right to accelerate the Notes or otherwise request a prepayment or redemption of the Notes if a failure to list the Notes or maintain a listing of the Notes in accordance with Clause 13.1 or 13.2 above occurs.

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 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 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 14.3 being applicable, the person requesting the decision by Noteholders may request the Issuer to convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. Should the Issuer in such situation not convene a Noteholders' Meeting, the person requesting the decision by Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall then upon request provide the convening Noteholder with such information available in the debt register (*skuldbok*) kept by the CSD in respect of the Notes as may be necessary in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- 14.5 Should the Issuer wish to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 15.1 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 16.1, in either case with a copy to the Agent. After a request from the Noteholders pursuant to Clause 18.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 15.1. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the a notice or the communication.

- 14.6 Only a person who is, or who has been provided with a power of attorney 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 16.2, 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 Adjusted Nominal Amount. Such Business Day specified pursuant to paragraph b) above must fall no earlier than one (1) Business Day after the effective date of the communication.

- 14.7 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 16.2:
- a) a change to the terms of Clause 2 (*Status of the Notes*);
 - b) a change to the terms dealing with the requirements for Noteholders' consent set out in Clauses 13 (*Decisions by Noteholders*), 15 (*Noteholders' meeting*) and 16 (*Written procedure*);
 - c) an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;
 - d) a change to an Interest Rate or the Nominal Amount; and
 - e) an early redemption of the Notes, other than as permitted by these Terms and Conditions (which for the avoidance of doubt shall always be subject to Clause 9.5 (*Consent from the Swedish FSA*)).

- 14.8 Any matter not covered by Clause 14.7 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 16.2. 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 17.1a) or b)).

- 14.9 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 14.7, and otherwise 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.

If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

- 14.10 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 person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second

Written Procedure pursuant to this Clause 14.10, the date of request of the second Noteholders' Meeting pursuant to Clause 15.1 or second Written Procedure pursuant to Clause 16.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 14.9 shall not apply to such second Noteholders' Meeting or Written Procedure.

- 14.11 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 applicable.
- 14.12 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.
- 14.13 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.
- 14.14 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.
- 14.15 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.
- 14.16 If a decision is to 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 for determining whether a Note is owned by a Group Company or an Affiliate.
- 14.17 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered as a Noteholder on the date referred to in Clause 14.6(a) or 14.6(b), as the case may be, and shall also be 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 as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on the Record Date prior to the date on which the notice is sent.
- 15.2 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.

- 15.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 15.4 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 as soon as practicable and in any event no later than ten (10) Business Days after receipt of valid 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 Record Date prior to the date on which the communication is sent.
- 16.2 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 and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 16.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.
- 16.3 When consents from Noteholders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 14.7 and 14.8 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 14.7 or 14.8, 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 as a group, 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 13 (*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 10.4 (*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 the 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, including the winding-up, dissolution, liquidation or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. 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 act in the best interest of the Noteholders as a group and 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 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.
- 18.2.6 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.

- 18.2.7 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 18.2.6.
- 18.2.8 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 a breach of the Terms and Conditions, or for the purpose of investigating or considering (i) an event or circumstance which the Agent reasonably believes is or may lead to a breach of the Terms and Conditions 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 11 (*Distribution of proceeds*).
- 18.2.9 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.

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 13 (*Decisions by Noteholders*).
- 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 old Agent or by way of Written Procedure initiated by the old 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.
- 18.4.4 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 obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the 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 agree 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 retiring 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 retiring Issuing Agent as issuing agent in accordance with these Terms and Conditions.
- 19.3 The Issuing Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties under the Terms and Conditions

20. APPOINTMENT AND REPLACEMENT OF THE CSD

- 20.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.

- 20.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or any listing of the Notes. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lagen (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act.

21. NO DIRECT ACTIONS BY NOTEHOLDERS

- 21.1 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 or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.
- 21.2 Clause 21.1 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 of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 18.2.6, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 18.2.7 before a Noteholder may take any action referred to in Clause 21.1.
- 21.3 The provisions of Clause 21.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due by the Issuer to some but not all Noteholders.
- 21.4 The provisions of this Clause 21 are subject to the over-riding limitations set out in Clauses 2.6 and 2.7.

22. PRESCRIPTION

- 22.1 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.
- 22.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslagen (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.

23. NOTICES

- 23.1 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 registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch, or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;

- b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch, or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
- c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order receive the communication or if such date is not specified, 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.

23.2 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, or, if between the Issuer and the Agent, by email, and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1, or, in case of email, when received in readable form by the email recipient. Any such notice shall be made in English.

23.3 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.

24. FORCE MAJEURE AND LIMITATION OF LIABILITY

24.1 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, natural disaster, insurrection, civil commotion, terrorism 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.

24.2 The Issuing 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 gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect loss.

24.3 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.

24.4 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

25. GOVERNING LAW AND JURISDICTION

25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection herewith, shall be governed by and construed in accordance with the laws of Sweden.

25.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).

DESCRIPTION OF THE ISSUER

General corporate and group information

The Issuer

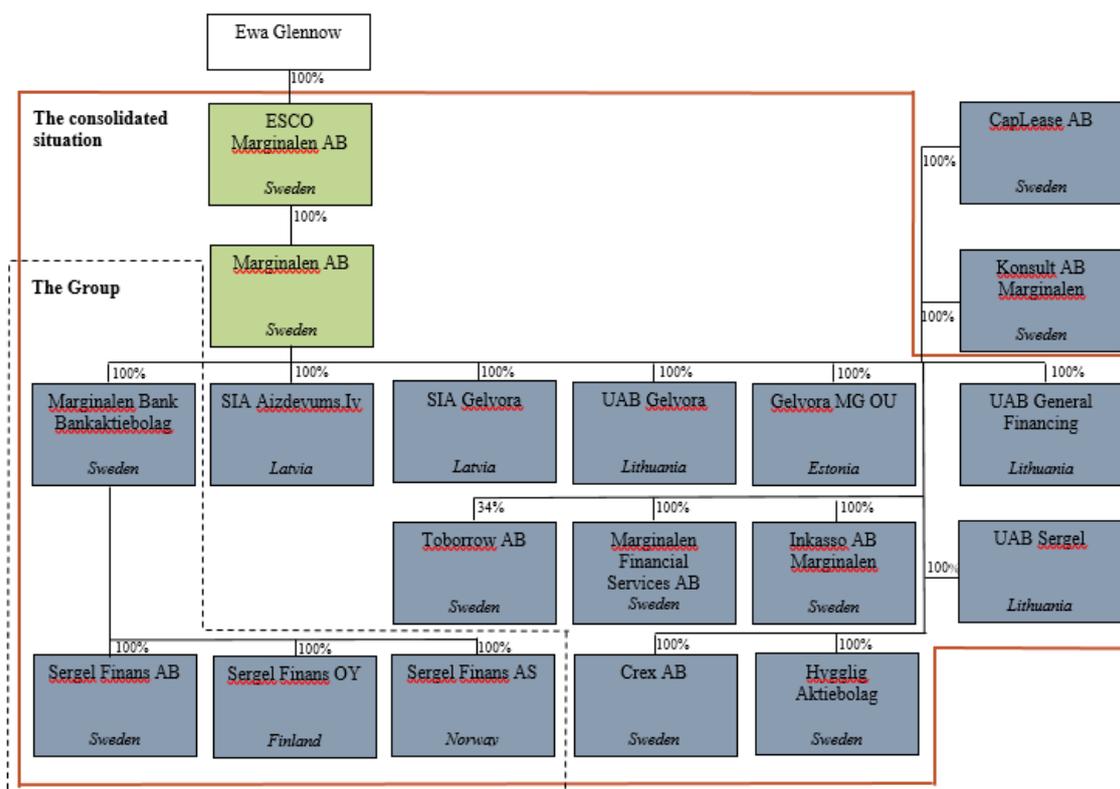
The Issuer's legal and commercial name is Marginalen Bank Bankaktiebolag (corporate identification number 516406-0807). The registered office of the Issuer is P.O. Box 23134, 100 41, Stockholm and the Issuer's headquarter is located at Adolf Fredriks kyrkogata 8, 111 37 Stockholm, with telephone number 077-171 77 10. The Issuer was incorporated in Sweden on 12 January 1994.

Under its articles of association, the Issuer's share capital shall be not less than SEK 50,000,000 and not more than 200,000,000, divided into not fewer than 500,000 shares and not more than 2,000,000 shares. The Issuer has only one class of shares. The Issuer's registered share capital is 52,500,000, represented by 525,000 shares. Each share has a quota value of SEK 100. The Issuer is a wholly-owned subsidiary of Marginalen AB (corporate identification number 556128-4349).

The Issuer is a public limited liability banking company (*publikt bankaktiebolag*) regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*). As a banking company, the Issuer is subject to the supervision of the Swedish FSA and regulated by, among other things, the Swedish Banking and Financing Business Act (*lag (2004:297) om bank- och finansieringsrörelse*), CRR and the Swedish Deposit Insurance Act (*lag (1995:1571) om insättningsgaranti*). The Issuer is ISO 9001:2015 certified for its quality management system.

Group structure

The consolidated situation and the ownership structure of the Group as at the date of this Prospectus are illustrated by the organisational chart below.



As follows from the structure chart, the Issuer is part of a privately owned bank and financial services group of which ESCO Marginalen AB (corporate identification number 556096-5765) ("ESCO") is the ultimate parent. The founder and owner of ESCO is the private individual Ewa Glennow, who is also the CEO of the Issuer. The Issuer and the consolidated situation are, among other things, subject to regulations regarding capital adequacy and large exposures.

Business overview

As at the date of this Prospectus, the Issuer has approximately 300 employees and approximately 200,000 customers. The Issuer's business has three focus areas, (i) consumer banking, (ii) corporate banking and (iii) debt collection services.

The Issuer's strategy is to focus on simplicity, flexibility, proximity to the customers, availability and speed. The Issuer offers a wide range of financial services:

- **Consumer banking:** The aim is to offer a simple, user-friendly and transparent range of retail financial services targeting a broad customer group. The service offering includes loans, debit/credit cards, insurance, deposits and checking accounts.
- **Corporate banking:** The mission is to allow primarily small and medium-sized enterprises to focus on their core business by simplifying their financial every day. The Issuer provides services to, primarily, small and medium sized corporate customers all over Sweden. The service offering includes leasing, down-payment service, loans, factoring and junior lending.
- **Debt collection services:** The objective is to reduce the administrative burden for corporate customers, organisations and municipalities which consequently can allocate resources to develop their respective business. The service offering includes debt collection, debt purchase and other cash management services.

On 30 June 2017 the Issuer concluded the acquisition of Sergel Finans AB, Sergel Finans Oy and Sergel Finans AS from Telia Company. The Subsidiaries' primary business is to acquire, own and develop portfolios with overdue credits in Sweden, Finland and Norway respectively. Following the acquisition, the Group offers debt purchase services in Sweden, Finland, Norway and Denmark.

Selected non-IFRS measures

The Issuer presents certain measures that are not defined under IFRS (alternative performance measures) where relevant to monitor and describe Marginalen's performance, profitability and financial position, and to increase comparability between periods. These non-IFRS measures have not been reviewed or audited by the Issuer's auditor. Marginalen believes these measures are commonly used by certain investors, analysts and other interested parties as supplementary measures of performance trends and financial position. Marginalen's non-IFRS measures may not be comparable to other similarly titled measures presented by other companies and have certain limitations as analysis tools. Consequently, they should not be considered in isolation of, or as an alternative to, the Issuer's financial information prepared in accordance with IFRS.

	Jan-Sep 2018 ¹⁾	Jan-Sep 2017 ¹⁾	2017 ¹⁾	2016 ²⁾
Operating Profit, MSEK	242.0	234.0	374.3	142.5
Operating Margin, %	34.0	36.2	42.3	19.7
Net Profit Margin, %	25.0	30.1	34.0	15.1
Interest Coverage Ratio	2.2	2.0	2.2	1.6
Cost/Income, %	51.2	51.0	52.5	63.4
Loan Loss Ratio or Net Credit Loss Level, %	0.8	0.7	0.3	0.9
Return on equity, %	14.5	15.9	19.1	8.7
Return on assets, %	1.6	1.6	1.9	0.8

1) The Group.

2) The Issuer (the Group was formed following the completion of the Issuer's acquisition of the Sergel entities as per 30 June 2017).

Operating Profit:

Definition: The profit earned from the ongoing core business operations excluding taxes.

Reason for use: Indicates the business's potential profitability with all extraneous factors removed from the calculation.

Operating Margin:

Definition: Operating Profit divided by total operating income.

Reason for use: Indicates the share of operating income that is translated into the operating profit

Net Profit Margin:

Definition: Net profit divided by total operating income.

Reason for use: Indicates the share of operating income that is translated into the net profit.

Interest Coverage Ratio:

Definition: Operating Profit excluding interest expenses divided by interest expenses.

Reason for use: Indicates the number of times a company could make the interest payments on its debt with its operating profit. It determines how easily a company can pay interest expenses on outstanding debt.

Cost / Income

Definition: Total operating costs excluding credit losses divided by total operating income.

Reason for use: Measures a company's running costs in relation to its operating income.

Loan Loss Ratio or Net credit loss level:

Definition: Net credit losses divided by average lending to the public during the period, i.e. the average of the opening balance as per 1 January each year and the closing balance.

Reason for use: Indicates share of lending that is expected to cause credit losses.

Return on Equity:

Definition: Adjusted Net Profit (Net Profit less 22% standard tax) divided by average adjusted total equity (total equity plus 78% of untaxed reserves; there were, however, no untaxed reserves during the relevant periods), i.e. the average of the opening balance as per 1 January each year and the closing balance.

Reason for use: Indicates the return on equity and shows the company's ability to turn equity into profits.

Return on Assets:

Definition: Operating Profit divided by average total assets, i.e. the average of the opening balance as per 1 January each year and the closing balance.

Reason for use: Indicates the return on total assets and shows the company's ability to turn assets into profits.

THE BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

Board of directors

The board of directors of the Issuer consists of six (6) directors elected by the general meeting of shareholders. The list below sets forth the name and current position of each director.

Peter Lönnquist – chairman of the board

Born 1943.

Other on-going principal assignments:

- Member of the Swedish Bar Association
- Partner and board member of Peter Lönnquist Advokataktiebolag
- Board member of Marginalen AB, Sergel Finans AB, Sergel Finans AS and Sergel Finans Oy

Ewa Glennow

Born 1956.

Other on-going principal assignments:

- CEO of the Issuer since 2018
- CEO and board member of Marginalen AB
- Board member of ESCO Marginalen AB, Marginalen Group AB, Marginalen Fastigheter AB and Legres AB
- Founder of the Marginalen Group of companies

Gunilla Herlitz

Born 1960.

Other on-going principal assignments:

- CEO Milton Labs AB
- Chairman of the board, House of Friends

Peter Sillén

Born 1963.

Other on-going principal assignments:

- Head of the engineering programme Engineering and Finance at Royal Institute of Technology, Stockholm
- Board member of Sergel Finans AB, Sergel Finans AS and Sergel Finans Oy

Anna-Greta Sjöberg

Born 1967.

Other on-going principal assignments:

- CEO and board member of Crispa AB
- Board member of Hufvudstaden AB and Tryggstiftelsen
- Deputy board member of Gamla Livförsäkringsbolaget SEB Trygg Liv

Håkan Österberg

Born 1963.

Other on-going principal assignments:

- Consulting business focusing on strategy and business development
- Board member of Marginalen AB, Bergenstråhle Group AB and Toborrow AB

Senior Management

Ewa Glennow – *Chief Executive Officer*

Other on-going principal assignments:

- Board member of the Issuer
- CEO and board member of Marginalen AB
- Board member of ESCO Marginalen AB, Marginalen Group AB, Marginalen Fastigheter AB and Legres AB
- Founder of the Marginalen Group of companies

Adnan Hadziosmanovic – *Chief Financial Officer*

Other on-going principal assignments: None

Eleonor Åslund – *Head of Human Resources*

Other on-going principal assignments: None

Bo Andersson – *Head of Information Technology*

Other on-going principal assignments: None

Charlotte Strandberg – *Deputy CEO*

Other on-going principal assignments:

- Deputy CEO of Marginalen AB
- Board member of Legres AB and Sergel Finans AS

Thomas Kullman – *Chief Risk Officer*

Other on-going principal assignments: None

Ola Espelund – *General Counsel*

Other on-going principal assignments: None

Business address

The address for all directors of the board is c/o Marginalen Bank Bankaktiebolag, Adolf Fredriks Kyrkogata 8, 100 41 Stockholm.

Auditor

Mona Alfredsson, c/o Ernst & Young AB (Box 7850, 103 99 Stockholm) is the Issuer's auditor since 19 May 2017. Catharina Ericsson (c/o Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm) was auditor from 31 May 2012 to 19 May 2017. Both Mona Alfredsson and Catharina Ericsson are authorised public accountants and members of FAR, the professional institute for accountants in Sweden.

Conflicts of interest

Other than as described below, no director or member of the senior management of the Issuer has any personal interests that could conflict with the interests of the Issuer.

As the sole ultimate owner, Ewa Glennow has the power to control all matters to be decided by vote at a shareholders' meeting and the ability to appoint the board of directors of the Issuer. Furthermore, as the owner, Ewa Glennow may also have an interest in pursuing certain events such as acquisitions, divestitures, financings or other transactions that, in her judgment, could enhance its equity investment, although such transactions might involve evident risks for the Issuer. It cannot be ruled out that certain conflicts of interest can appear in light of Ewa Glennow's position as the chief executive officer, member of the board of directors and sole indirect owner of the Issuer. In order to mitigate the risk for abuse of power and conflict of interest risks, the Issuer has adopted an internal policy framework and controls compliance with such internal policy framework and external

regulatory framework on a continuous basis. The Issuer has also implemented routines to avoid that Ewa Glennow is involved in the provision of services and/or credits to entities where there is a conflict of interest.

LEGAL AND SUPPLEMENTARY INFORMATION

Authorisations and responsibility

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Notes and the performance of its obligations relating thereto. The issuance of the Notes on 30 October 2018 was authorised by a resolution of the board of directors of the Issuer on 25 October 2018 and the Terms and Conditions of the Notes were executed on 26 October 2018.

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

Material agreements

Neither the Issuer nor any other company within the Group has concluded any material agreements not entered into in the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders.

Legal and arbitration proceedings

The Group has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened which the Issuer is aware of) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

Certain material interests

The Issuing Agent (and closely related companies) has engaged in, and may in the future engage in, certain investment banking and/or commercial banking and other services to the Issuer and the Group for which they will receive remuneration. Accordingly, conflicts of interest may arise as a result of the Issuing Agent in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

Trend information

There has been no material adverse change in the prospects of the Issuer since 6 April 2018, being the date of publication of the last audited financial information of the Issuer.

Significant changes since 31 December 2017

There have been no significant changes in the financial or trading position of the Group since 31 December 2017, being the end of the last financial period for which audited financial information of the Issuer was presented.

Incorporation by reference

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

Annual Report for 2016	as regards the audited consolidated financial information and the audit report on pages 36-69.
Annual Report for 2017	as regards the audited consolidated financial information and the audit report on pages 39-84.
Interim report, Q3 2018	as regards the unaudited consolidated financial information for the period from January to September 2018 (including

comparable numbers for the period from January to September 2017) on pages 8-36..

The information referred to above is available for inspection at: <https://www.marginalen.se/om-marginalen/finansiell-information/>

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

The Issuer's annual reports has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (*lag 1995:1559 om årsredovisning i kreditinstitut och värdepappersbolag*), the accounting regulations of the Swedish FSA in respect of Credit Institutions and Securities Companies (*FFFS 2008:25 - Föreskrifter och allmänna råd om årsredovisning i kreditinstitut och värdepappersbolag* (including its amendments)) and the Supplementary Accounting Rules for Groups (RFR 1) of the Swedish Financial Reporting Board have been applied. The annual reports for 2016 and 2017 have been audited by the Issuer's auditor and the Interim report, Q3 2018 has been reviewed by the Issuer's auditor. With the exception of the annual reports and the interim report, no information in this Prospectus has been audited or reviewed by the Issuer's auditor.

Documents on display

Copies of the following documents are available at the Issuer's office, Adolf Fredriks kyrkogata 8, 111 37 Stockholm (regular office hours):

- the Issuer's Articles of Association;
- all documents which are incorporated by reference in this prospectus (also available electronically on the Issuer's webpage [marginalen.se](https://www.marginalen.se));
- the annual reports of the operating subsidiaries of the Issuer (including auditor's reports) for the financial years 2016 and 2017; and
- the Terms and Conditions of the Notes.

ADDRESSES

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