



**Brocc Bonds 2 AB (publ)**

relating to the listing of

up to SEK 150,000,000 Senior Secured Bonds

ISIN: SE0011415207

Issuing Agent

The logo for Pareto Securities, featuring a stylized blue arc followed by the text "Pareto Securities" in a serif font.

Prospectus dated 30 November 2018

## IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Brocc Bonds 2 AB (publ) (the "**Issuer**", or the "**Company**" or together with its parent company Brocc AB and the parent company's other direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, c/o Brocc AB, Sturegatan 18, 114 36 Stockholm, with reg. no. 559045-6900, in relation to the application for the listing of the senior secured rate bonds denominated in SEK (the "**Bonds**") on the corporate bond list on Nordic Growth Market AB, reg. no. 556556-2138 ("**NGM**"). This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. lag (1991:980) om handel med finansiella instrument) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (www.fi.se) and the Issuer's website (www.brocc.se).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 1 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, references to "**SEK**" refer to Swedish krona, and references to "**USD**" refer to American Dollars.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on NGM. This Prospectus may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

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

This Prospectus shall be read together with all documents that are incorporated by reference, see subsection "**Documents incorporated by reference**" under section "**Other information**" below, and possible supplements to this Prospectus.

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## RISK FACTORS

*Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Group. These risk factors include, but are not limited to, financial risks, credit risk, technical risks, risks related to the business operations of the Group, and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Group could be materially and adversely affected, which could have a material adverse effect on the Issuer's ability to fulfil its obligations under the Bonds. The risks presented in this Prospectus are not exhaustive, and other risks not presently known to the Group, or that the Group currently deems immaterial, and therefore not discussed herein, may also adversely affect the Group and adversely affect the price of the Bonds and the Issuer's ability to service its debt obligations. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

*The Issuer is solely responsible for paying interest under the Bonds and repaying the Bonds and the holders of the Bonds have no recourse against Brocc AB or the other Group companies. However, since the Issuer to a considerable extent is dependent on Brocc AB and the business of the Group, many of the risk described below are described at Group level, as they are directly or indirectly relevant for all Group companies. All risks are directly relevant for Brocc AB, being the parent company and operating company of the Group. The risks described as being relevant for the Group is either directly applicable also to the Issuer or indirectly applicable to the Issuer.*

*The risk factors below are not ranked in any specific order.*

### **Group and market specific risks**

#### **Credit risk borne by the Group and the Issuer**

Credit risk is a principal risk in respect of the unsecured consumer lending originated through Brocc AB's platform. There is a risk that some debtors will not be able to repay their credit and/or various fees payable in full and on time due to variation in the debtors' payment ability. Brocc AB carries such risk with respect to loans granted directly by it and the Issuer carries the credit risk with respect to loans acquired by it from Brocc AB. Brocc AB also carries credit risk with respect to certain fees payable under loans for which the peer-to-peer lenders carry the primary credit risk.

A certain amount of delinquencies and impairments are anticipated. The Group is exposed to risks associated with the uncontrolled deterioration of the credit quality of its debtors which may be driven by, for example, socio-economic or customer-specific factors linked to financial performance. For instance, should the Group experience a significant rise in impairment levels due to economic downturn; this may impact the Group's level of profitability, which is likely to be exacerbated by a consequent reduction in the servable customer population, i.e. the current customers with the potential to take up a new loan, causing a rapid decrease of the Group's revenue at a time of increased impairments. Declining credit quality and increased impairment levels impact profitability and the number of servable customers. There is a risk that such events have a negative effect on the Group's business, results of operations, financial position and future prospects.

Credit risk arises in all lending operations, investments and other business operations where future incoming cash flows are expected from counterparties. Credit risk is, regardless of the Group's various efforts to mitigate risks across its operations, a predominant factor within the Group's core businesses. Further, reliable valuation of credit opportunities is important before a credit is granted, as an adequate margin is required to cover costs and risks. An adverse change in the credit quality of the

Group's debtors or other counterparties or failure by the Group in correctly assessing credit quality could affect the recovery and value of the Group's assets and require an increase in provisions made for bad and doubtful debts. Provisions for these adverse changes and other provisions would consequently adversely affect the Group's earnings and financial position.

In the event that any of the risks described above would materialise, the results of operations and financial position of the Group could be materially and adversely affected and the Issuer's ability to fulfil its payment obligations under the Bonds could be materially and negatively affected.

#### **Credit risk borne by lending customers**

In addition to the granting of loans in its own name, Brocc AB also mediates consumer credits granted by other creditors (lending customers) to debtors (borrowing customers), so called peer-to-peer lending. Even though the credit risk for these loans is borne by the lending customers, deterioration of the credit quality of the borrowing customers could lead to higher credit losses for the lending customers which could negatively affect the reputation and market position of the Group. Such event could lead to a lower inflow of lending customers and a reduction of credits to mediate, which consequently would affect the Group's earnings and financial position adversely.

#### **Risks in relation to allocation of loans to different funding sources**

Loans originated through the Group's platform will, once the credit approval process has been completed and the loan has been given a credit score, be transferred to the Issuer. The Terms and Conditions will contain restrictions on how much the average weighted risk for a portfolio of loans that is to be transferred to the Issuer could deviate from the average weighed risk for the total portfolio of loans originated through Brocc AB's platform during the same period. However, there is a risk that the model for weighing risks may not correctly reflect the actual risks and may not provide effective protection against an adverse selection of the loans transferred to the Issuer. There is a risk that an adverse selection of loans transferred to the Issuer will negatively affect Issuer's recovery rate on its loans, and ultimately its ability to service and repay the Bonds.

#### **Risks related to Brocc AB's business model and credit rating process**

Brocc AB has internal credit approval policies and applies credit scoring models to control the risk profile of the loan portfolio. The lending of the Group is based on models that seek to predict future potential impairments and there is a risk that the estimates obtained using those models will prove inaccurate or that Brocc AB will in fact deviate from those models and credit approval policies when granting consumer credits, which could lead to an increased risk profile and declining credit quality of the portfolio.

Declining credit quality and increased impairment levels may impact profitability and ultimately have an adverse effect on the Group's business, results of operations and financial condition and the Issuer's ability to fulfil its payment obligations under the Bonds.

#### **Counterparty risk**

Counterparty risk is the risk that the counterparty of a contract will not live up to its contractual obligations. The Group is exposed to counterparty risk in all contracts, not only specifically towards its debtors, but also towards e.g. banks, payment intermediaries and other contractual counterparties. The risk arises due to occasional cash deposits being placed with banks as well as due to the limited use of derivative financial instruments. The materialization of counterparty risks incurred towards banks will adversely affect the Group's business, results of operations, financial position and future prospects.

**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. Fluctuations in the debt, foreign exchange or equity markets may affect the market value and liquidity of the Group's assets. In addition, the occurrence of such events may have an adverse impact on the revenue generated from the Group's primary activities.

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

Financial markets are subject to periods of volatility which may impact the Group's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. During the financial crisis in 2007 to 2009, the global financial system experienced severe credit and liquidity conditions and disruptions leading to a reduction in liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency in money and capital markets interest rates. During 2012, in addition to the high sovereign budget deficits and debt in Greece, Ireland and Portugal, the European economy subsequently weakened and the status of government finances in mainly Spain and Italy declined, causing attention to once again be directed to the serious fiscal, monetary and political challenges faced by Europe. Despite rescue packages provided to certain of the aforementioned countries during the past years, uncertainty over the outcome of these measures and worries about sovereign finances and the stability of the euro area have continued to persist, not least when considering the downgraded credit ratings of several EU countries, and have resulted in volatility in the global credit and liquidity markets. Market concerns over exposure of European banks and insurers to these countries as well as to each other have also resulted in a widening of credit spreads, increased costs of funding and negative credit ratings outlook for some European financial institutions. These conditions and 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 Group. In addition, the financial performance of the Group could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

**Interest rate risk**

Interest rate risk is the risk that the Group'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 the Group's net interest due to an unfavourable change in the market could have a material adverse effect on the Group's operations, financial position and results.

**Liquidity and funding risk**

Liquidity risk materialises when the cash outflows occur before cash flows into operations. Liquidity risk is managed through raising funds to match the differences in cash outflows and inflows. The Group operates in capital-intensive business sectors, and loans provided to customers are paid out in cash. This requires liquidity management and, in respect of the loans being granted by Brocc AB, that the Group has the cash available prior to a loan being granted. There is also a risk that the Group cannot access sufficient capital to meet outgoing cash flow to customers or to meet other obligations that demand liquidity.

The Group's and Brocc AB's operations and origination of loans is mainly funded through lending customers (in respect of peer-to-peer lending), other creditors and equity investors. The risks in the supply of liquidity consist primarily of the risk of Brocc AB not attracting sufficient volume of funds from lending customers or creditors to originate loans and finance its operations. Reduced availability of funding may result from price competition or negative rumours about the Group, other consumer

credit companies or the financial system in general. The Group has on some previous occasions received capital and liquidity support from Brocc AB's owners in the form of equity injections and shareholder loans. There is, however, no guarantee that the shareholders will continue to support the Group with capital and liquidity. A failure by the Group to attract sufficient funding could have a material adverse effect on the Group's operations and on the ability of Brocc AB to extend loans that could be transferred to the Issuer, which in turn could affect the Issuer's ability to fulfil its obligations under the Bonds.

#### **Risk regarding availability of capital**

Availability of capital is an important risk with regard to business growth potential. Since most of the business costs are fixed costs, greater business volume increases profitability substantially. Correspondingly, costs must be cut if sufficient capital is not available. Also, there is a risk that the Group becomes unable to fulfil its commitments or that it becomes able to fulfil its commitments only by borrowing cash and cash equivalents at a significantly higher cost, due to insufficient cash and cash equivalents currently held. The realisation of any of the aforementioned risks could adversely affect the Group's financial position and results of 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, business laws/regulations or other external factors that negatively affect the Group's business model. Strategic risk also includes the risk that third parties adversely affect the Group's brand. Macroeconomic developments in the business environment are affected by various events and scenarios. An economic downturn may occur by e.g. a deeper economic crisis in the Euro zone, further global slowdown or a price drop on properties. The realisation of any of the aforementioned risks could adversely affect the Group's financial position and results of operations.

#### **Dependency on loan brokers**

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

#### **Risks relating to fraudulent behaviour by the Group's customers**

Due to the nature of the Group's business, it is exposed to the risk of fraudulent behaviour from new and existing customers. Such risk can materialize following, amongst other things, identity thefts or the illegal interception of data. Fraudulent behaviour could result in credit losses for the Group and the Issuer that will negatively impact their operations and financial condition.

#### **Regulatory risk**

The Group's operations are subject to legislation, rules, guidance, codes of conduct and government policies. Regulatory authorities have broad jurisdiction over many aspects of the Group's business, marketing and selling practices, advertising and terms of business. Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Group may change and, although the Group monitors developments, it cannot predict future initiatives or amendments in ways that will have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Brocc AB's inability to maintain its payment institution license or in other ways be in compliance with consumer credit regulations, would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Further, a volatile economic environment has resulted in greater focus on regulation, and in particular, there has been an increase in the level of scrutiny placed upon lenders in the non-traditional credit market. In addition, ongoing regulatory changes are influenced by consumer protection aspects which may impose stricter obligations on the Group. Modifications to existing legislation, regulation, guidance, codes of conduct, government policies and/or their respective interpretations and/or new legislative and/or regulatory initiatives may affect the industry and markets in which the Group operate. The Group's financial performance could be negatively and adversely affected should unforeseen events relating to regulatory risks arise in the future in relation to, for example, the Group's current product range and activities, the sales and pricing of its products, its profitability, solvency and capital requirements and such events could also give rise to increased costs of compliance.

### **Risk pertaining to regulatory capital**

Brocc AB is supervised by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**Swedish FSA**"), and is subject to minimum statutory capital levels comparable with those of other payment service institutions. Non-compliance with capital requirements in Brocc AB may result in administrative actions or sanctions against Brocc AB that ultimately would affect the Issuer's ability to fulfil its obligations under the Bonds.

### **Changes in legislation**

A number of legislation and regulations, taxes and rules can affect the business conducted by the Group. New or amended legislation and regulations could call for unexpected costs or impose restrictions on the development of the Group's business operations or otherwise affect earnings, which could have an adverse effect on the Group's business and results of business operations.

Moreover, there has recently been a reform of data protection legislation on EU-level with the aim to strengthen individual rights and tackle challenges of new technology. A part of the Group's businesses includes processing of personal data. The Group is obliged to comply with the data protection regulation and it may be costly to update the Groups routines and IT systems to comply with the relevant rules. Changes in the legislation in this area may negatively affect the Group's business.

### **Compliance risk**

The Group's business is heavily regulated and is supervised by the Swedish FSA. Also, parts of the Group's operations are subject to supervision of the Swedish Data Protection Authority (*Sw. Datainspektionen*). The Group has internal and external risk and compliance functions in place, but there is a risk that it will not be in compliance with all relevant regulation at all times.

The Swedish FSA has, during the last few years, intensified its surveillance actions in respect of consumer credit lenders and has announced its intentions to carefully supervise the operations of such companies, and possibly also further increase the regulatory requirements in respect of these operations and companies.

Should the Swedish FSA consider that the operations of the Group are not sound or that Brocc AB is otherwise in breach of laws or regulations that apply to it and the Group, the Swedish FSA may impose administrative sanctions, such as disciplinary reprimands, warnings and fines and/or injunctions by



the authority to take remedial action. Furthermore, the Swedish FSA may revoke Brocc AB's license to act as payment institution (or any other license or permit acquired by the Group), which would materially and adversely affect the Issuer's ability to repay the Bonds.

### **Intra-Group transactions**

Business transactions between entities within the Group are occurring, primarily consisting of transfers of receivables from Brocc AB to the Issuer. The transactions are conducted on arm's length basis and in the same way as would have been the case had the parties been unaffiliated counterparties. Adverse changes in the credit quality or liquidity position of the relevant group companies could affect the recovery and value of the Group's assets and could consequently materially and adversely affect the Group's financial position and results of operations.

In addition, other services are exchanged between the Group companies on arm's length basis. Should a company within the Group for any reason end up in financial difficulties, and subsequently be unable to pay the relevant Group Company for such services, it could have an adverse effect on the Group's earnings and financial positions.

### **Ownership**

The Group is currently controlled by a handful of major shareholders, whose interests may conflict with the bondholders', particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. The owners have 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 Group companies. 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, all transactions of which might involve increased risks for the bondholders. There is nothing in the Terms and Conditions that prevent the owner or any of its affiliates from acquiring businesses that directly compete with the Group. If such event would occur, it may adversely affect the Group's operations, financial position and results.

### **Risk related to senior management and employees not complying with legislation and policies**

The Group is exposed to a risk that the senior management of the Group may make decisions that are not in accordance with the strategy, internal guidelines and/or policies of the Group. In addition, employees of the Group and/or its customers and suppliers may act in a way that is unethical, criminal (e.g. violations of applicable corruption and bribery legislation) or otherwise in breach of applicable legislation and regulations, or the Group's internal guidelines and policies. If the Group's internal control and other measures taken to ensure compliance with legislation, rules and regulations, internal guidelines and policies prove to be insufficient, this may damage the Group's reputation which in turn would adversely affect the Group's operations, financial position and results.

### **Risks relating to business expansion**

From time to time, the Group may evaluate potential organic expansion of its business or acquisitions that are in line with the Group's strategic objectives.

Expansions may present certain financial, managerial and operational risks, including diversion of management's attention from existing core business, challenges when integrating or separating new businesses from existing operations and challenges presented by investments which may not achieve sales levels and profitability that justify the resources spent. Expansion could also result in dilutive issuances of the Group's equity securities, the incurrence of debt, contingent liabilities, amortization, costs, impairment of goodwill or restructuring charges, any of which could have an adverse effect on the Group's business, earnings or financial position.

**Operational risks**

The Group's business is highly dependent on its IT platform, through which new customers are sourced and the consumer credits are mediated and handled, and through which a large number of transactions must be processed efficiently and accurately. The Group's ability to develop and maintain its operations and the IT platform, to comply with applicable regulations and to provide high-quality customer service in the future depends on the success of its business continuity planning, the uninterrupted and efficient operations of its information and communication systems, and the successful development and implementation of new systems.

Operational risk arises from human errors and system faults, insufficient or defective internal procedures or systematic internal fraud prevention as well as external events. Operational risk also includes risk pertaining to reputation and strategy as well as legal risk. Identification, management and control of operational risks are clear and integrated parts of the Group's business, but there is a risk that deficiencies or errors in internal processes and control routines, human errors, or external events that affect operations occur. Such errors could lead to large implications for the Group, as the Group conducts business in a highly regulated environment. This could result in a material adverse effect on the Group's financial position, business and products and services it offers or its assets.

**Risks related to IT infrastructure and intellectual property rights**

The Group depends on information technology to manage critical business processes, including the running of its lending platform, as well as administrative functions. Extensive downtime of network servers, IT attacks or other disruptions or failure of information technology systems may occur and could have a material adverse effect on the Group's operations and could cause transaction errors and loss of customers.

There is a risk that competitors or other third parties could (lawfully or unlawfully) seek to use or infringe the Group's intellectual property rights and the Group's platform. There is also a risk that a third party could assert, and acquire, better rights to intellectual property rights used by the Group. Such actions could result in claims for damages or claims to cease using these rights being brought against the Group. Should the claims be successful they could have an adverse effect on the Group's businesses, financial position or results of operations.

**Key personnel**

The Group is dependent upon certain key employees that have developed the current efficient day-to-day operations and crucial IT systems within the Group. There is a risk that key personnel will leave the Group in the future, or that they will take up employment with a competing business, which could have a negative effect on the Group's operations, earnings and financial position. There is furthermore a risk that the Group will not be able to recruit new, qualified personnel to necessary or desired extent.

**Taxes and charges**

The Group conducts its business in accordance with its interpretation of applicable tax regulations and applicable requirements and decisions. It is possible that the Group's or its advisers' interpretation and application of laws, provisions and judicial practice has been, or will at some point be, incorrect or that such laws, provisions and practice will be changed, potentially with retroactive effect. If such an event should occur, the Group's tax liabilities can increase, which would have a negative effect on its earnings and financial position.

### **Negative publicity**

The Group relies, among other things, on its brand to maintain and attract new customers and employees. Any negative publicity or announcement relating to the Group may 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 made or initiated against the Group and could have significant unfavourable effects on the Group's financial position, performance and market position or on the pricing of the Bonds. The risk of claims or legal action also relates to intellectual property rights, such as patents and trademarks, as the Group regularly assumes liability for any infringement of third party intellectual property rights in relation to its customers.

### **Risks relating to the Swedish banking industry and general competition**

Sweden has one of the most consolidated banking sectors in Europe, dominated by four large banks. The risks within the banking sector consist of, among other things, credit and market risk. The banking sector in Sweden has comparatively low levels of credit and market risk. The low credit risk profile reflects the predominance of retail business among Swedish banks. High cost efficiency and low risk profiles are hallmarks of the Swedish banking sector. Increasing competition and lower margins are future challenges for all participants within the sector, which could affect Brocc AB's, and ultimately the Group's, financial position.

### **Competitive landscape**

The Group has a number of competitors across all of its 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. If the Group is not able to compete successfully against current as well as future competitors, it will have a negative effect on the Group's operations, earnings and financial position and ultimately the Issuer's ability to repay the Bonds.

### **Commingling risk**

Under the Securitisation Framework Agreement, Brocc AB, in its capacity as Servicer, collects payments relating to the promissory notes transferred to the Issuer and pledged to the bondholders. Brocc AB shall treat all such received funds as escrow funds (*Sw. redovisningsmedel*). The Servicer's accounts into which the funds are received shall be swept each business day and the funds related to the pledged promissory notes shall be transferred to a collection account in the name of the Issuer pledged to the bondholders. Brocc AB must furthermore be able to identify all incoming and outgoing payments in order to ensure that the funds can be separated. There is a risk that, in the event that Brocc AB fails to separate the funds in an appropriate and timely manner, the funds could be included in Brocc AB's bankruptcy estate which could negatively affect the Issuer and its ability to fulfil its payment obligations under the Bonds, if Brocc AB is declared bankrupt.

### **Risks relating to the Bonds**

#### **Dependency on Brocc AB and the business of the Group**

The proceeds from the Bonds will be used to acquire loans in the form of promissory notes from Brocc AB and such loans which in turn will generate cash flow in the form of repayments and payments of interest by the debtors under such loans. Payments made by debtors under the loans will be the primary source of capital for servicing the Bonds. There is a risk that Brocc AB will not be able to originate and finance sufficient loans that can be sold to the Issuer and that the Issuer in such case not will be able to meet its payment obligations under the Bonds in full.

Brocc AB will perform services for the Issuer relating to the collection of payments from the loans and certain other administrative services. There is a risk that Brocc AB will not be able to carry out those services which would negatively affect the Issuer's operations and ability to fulfil its payment obligations under the Bonds.

For information about risk factors that can affect Group in general or Brocc AB and its ability to grant loans to be transferred to the Issuer and provide services to the Issuer, and which in turn could negatively affect the Issuer and its ability to fulfil its payment obligations under the Bonds, please see the description of the other risks relating to Brocc AB and the Group.

#### **Risks relating to reinvestment of excess liquidity**

Proceeds from repayments and payments of interest under the loans may be reinvested in certain eligible assets. The investments may not be profitable and there is a risk that the Issuer will incur capital losses on the investments that will negatively affect the Issuer's ability to fulfil its payment obligations under the Bonds.

#### **Refinancing risk**

The Group may be required to refinance certain or all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance its debts is dependent on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, the Group's access to financing sources may not be available on favourable terms, or at all. The Issuer must raise new finance at the maturity of the Bonds to be able to repay the Bonds in full. The Group's and the Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

#### **Ability to comply with the Terms and Conditions**

The Issuer is required to comply with the Terms and Conditions. There is a risk that events beyond the Issuer's control, including changes in the economic and business condition in which the Group operates, will affect the Issuer's ability to comply with, among other things, the undertakings set out in the Terms and Conditions and other transaction documents. Further, there is a risk that a breach of the Terms and Conditions or other transaction documents will result in a default under the Terms and Conditions.

#### **Liquidity risks**

The Issuer intends to list the Bonds on NDX operated by Nordic Growth Market AB. Even though securities are admitted to trading on a regulated market, active trading in the securities does not always occur and hence there is a risk that a liquid market for trading in the Bonds will not exist or is maintained even though the Bonds are listed. This may result in that the bondholders cannot sell their Bonds 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 Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted for trading on the regulated market.

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

**The market price of the Bonds may be volatile**

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, 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 Bonds without regard to the Group's operating results, financial condition or prospects.

**Interest rate risk**

The Bond's value depends on several factors, one of the most significant over time being the level of interest payable under the Bonds. The Bonds have a floating rate structure, based on the aggregate interest received on the underlying promissory notes. There is a risk that the Issuer does not receive any or little interest on the underlying promissory notes which will adversely affect the value of the Bonds.

**Change of law**

This material, the Terms and Conditions and the other Finance Documents (as defined in the Terms and Conditions) are based on Swedish law in effect as at their respective date of issuance. There is a risk of possible judicial decisions or changes to Swedish law or administrative practice after the date of issuance of this material and the Terms and Conditions, the impact of which cannot be accurately predicted. There is a risk that changes or new legislation and administrative practices will adversely affect the investor's ability to receive payment under the Terms and Conditions.

**Ability to service debt**

The Issuer's ability to service its debt under the Bonds will primarily depend upon the ability of the debtors' under the loans transferred to it to repay the loans and pay interest on the loans. For further information about this credit risk, please see the section *Credit risk borne by the Group* above.

**Risks relating to the transaction security**

The Issuer's obligations towards the bondholders under the Bonds are secured, but there is risk that the proceeds of any enforcement sale of the security assets will be insufficient to satisfy all amounts then owed to the bondholders.

Brocc AB is obliged to notify the debtors under the loans transferred to the Issuer about the transfer within a certain period of time after the transfer. The transfer will not be perfected and valid against the creditors of Brocc AB until the debtors have been notified. If Brocc AB fails to fulfil its obligations to notify the debtors or a bankruptcy of or enforcement by creditors to Brocc AB for other reasons occurs before all debtors have been notified, the loans will form part of Broccy AB's bankruptcy estate or be available to its creditors, which will negatively affect the ability of the Issuer to fulfil its obligation under the Bonds. The bondholders will be represented by the Trustee in all matters relating to the transaction security. There is a risk that the Trustee, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. The transaction security is subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security. The Trustee shall take enforcement instructions from the bondholders. However, it is possible that the Trustee will act in a manner that is not preferable to the bondholders.

The Trustee is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among others, the bondholders' rights to the security.

Transaction security granted to secure the Bonds may be unenforceable or enforcement of the security may be delayed according to Swedish law or any other applicable laws. The enforceability of the transaction security may be subject to a certain degree of uncertainty. Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party or the security provider. The transaction security may not be perfected if the Trustee or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the invalidity of the relevant transaction security or adversely affect the priority of such security interest in favour of third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same transaction security.

If the Issuer were to be unable to make repayment under the Bonds and a court was to render a judgment that the security granted in respect of the Bonds was unenforceable, the bondholders may find it difficult or impossible to recover the amounts owed to them under the Bonds. There is a risk that the security granted in respect of the Bonds might be ineffective in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent. In addition, any enforcement may be delayed due to any inability to sell the security assets in a timely and efficient manner.

#### **Risks relating to the enforcement of the transaction security**

The value of the pledge over the loans transferred to the Issuer is dependent on the financial position of debtors under such loans. Should a debtor be unable to fulfil its payment obligations over a loan, there is a risk that the bondholders will not recover the full or any value of the security granted over such loan.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the remaining assets (if any) of the Issuer for the amounts which remain outstanding under or in respect of the Bonds.

#### **Security over assets granted to third parties**

The Group may subject to certain limitations from time to time incur additional financial indebtedness and provide additional security for such indebtedness. In the event of bankruptcy, reorganisation or winding-up of the Issuer, the bondholders will be subordinated in right of payment out of the assets being subject to security.

#### **Risks related to repayments**

Pursuant to the Terms and Conditions, the Issuer shall, on each interest payment date following the fifth anniversary of the first issue date repay the outstanding Bonds in an aggregate amount corresponding to the amount of amortisations received by the Issuer on the underlying promissory notes between two interest payment dates. There is a risk that the Issuer does not receive any or little repayments on the promissory notes, which will lead to no or little repayments under the Bonds.

Further, it is possible that the Issuer will not be able to refinance the Bonds or otherwise have sufficient funds at the time of the mandatory prepayment to make the required redemption of the Bonds.

**No action against the Issuer and bondholders' representation**

In accordance with the Terms and Conditions, the Trustee represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action.

However, the possibility that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer. To enable the Trustee to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the Terms and Conditions, the Trustee do in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Trustee in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

**Bondholders' meetings, modification and waivers**

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

**Risks relating to the clearing and settlement in Euroclear's book-entry system**

The Bonds will be affiliated to Euroclear Sweden's account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system, which is a factor that the Issuer cannot control. There is a risk that Euroclear's account-based system will not function properly and that investors, as a result thereof, will not receive payments under the Bonds as they fall due.

## THE BONDS IN BRIEF

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

<b>Issuer</b> .....	Brocc Bonds 2 AB (publ), Swedish business identity code 559045-6900.
<b>Bonds Offered</b> .....	The aggregate amount of the bond loan will be an amount of up to a maximum of SEK 150,000,000. The Issuer may choose not to issue the full amount of Bonds on the First Issue Date and may choose to issue the remaining amount of Bonds at one or more subsequent dates. At the date of this Prospectus, an aggregate amount of Bonds of SEK 35,000,000 had been issued on the First Issue Date.
<b>Number of Bonds</b> .....	Maximum 60.
<b>ISIN</b> .....	SE0011415207.
<b>First Issue Date</b> .....	17 August 2018.
<b>Issue Price</b> .....	All bonds issued on the First Issue Date have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. The issue price of the Subsequent Bonds may be at a discount or at a premium compared to the Nominal Amount.
<b>Interest Rates</b> .....	Each Bond carries interest at an amount equal to the aggregate interest received on the promissory notes that have been transferred from Brocc AB to the Issuer less Credit Losses and less Service Fees for the relevant period.
<b>Interest Payment Dates</b> .....	31 March, 30 June, 30 September and 31 December of each year commencing on 28 December 2018. Interest will accrue from (but excluding) the Issue Date.
<b>Nominal Amount</b> .....	The Bonds will have a nominal amount of SEK 2,500,000 and the minimum permissible investment in the Bonds is SEK 2,500,000.
<b>Status of the Bonds</b> .....	The Bonds constitute direct, general, unconditional, senior and secured obligations of the Issuer, and shall at all times rank <i>pari passu</i> with all direct, unconditional, senior and



unsecured obligations of the Issuer without any preference among them, except those obligations which are mandatorily preferred by law, and without any preference among them.

<b>Security .....</b>	The Bonds are secured by security interests granted on an equal and rateable first-priority basis over the shares in the Issuer, Transferred Promissory Notes, certain accounts and rights under the Securitisation Framework Agreement. See the definition of " <b>Transaction Security</b> " in Clause 1.1 ( <i>Definitions</i> ) of the Terms and Conditions.
<b>Early redemption due to Tax Event (call option).....</b>	Upon the occurrence of a Tax Event, the Issuer may, at its option and at any time, redeem all (but not some only) of the outstanding Bonds at the Nominal Amount, together with accrued interest thereon, in accordance with Clause 9.3 ( <i>Early redemption due to Tax Event (call option)</i> ) of the Terms and Conditions.
<b>Mandatory repurchase due to a Change of Control Event (put option)</b>	Upon a Change of Control Event occurring, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount, together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event in accordance with Clause 9.4 ( <i>Mandatory repurchase due to a Change of Control Event (put option)</i> ) of the Terms and Conditions.
<b>Amortisation</b>	The Issuer shall, on each Interest Payment Date occurring following the fifth anniversary of the First Issue Date (each an " <b>Amortisation Date</b> "), repay an aggregate amount equivalent to the Cash Sweep Amount on the outstanding Bonds issued at the time of repayment, at a price-equal to 100 per cent. of the repaid principal amount (together with any accrued but unpaid interest on the repaid amounts). Partial repayment shall reduce the Nominal Amount of each Bond <i>pro rata</i> (rounded down to the nearest SEK 1).
<b>Final Redemption Date.....</b>	Means the date when the Nominal Amount of all Bonds has been reduced to zero.
<b>Change of Control Event.....</b>	Means the occurrence of an event whereby the Issuer seizes to be wholly-owned by the Originator.
<b>Certain Covenants.....</b>	The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, <i>inter alia</i> :

- restrictions on any loans to any direct or indirect shareholder of the Issuer or any Affiliate of such shareholders;
- restrictions on payment of any dividend on its shares;
- restrictions on repurchasing any of the Issuers own shares;
- restrictions on redeeming its share capital or other restricted equity with repayment to its shareholders;
- restrictions on making any other similar distribution of transfers of value to the direct or indirect shareholder of the Issuer or any Affiliate of such shareholders, other than:
  - any payments under the Transaction Documents; and
  - any unconditional group contribution (Sw: *koncernbidrag*) to the Originator on a non-cash basis and provided that a corresponding amount shall be contributed back to the Issuer by the Originator as equity in the form of a shareholder contribution simultaneously therewith.
- restrictions on conducting any other business than holding and managing the Transferred Promissory Notes and procuring that no change is made to the general nature of the business carried out as at the First Issue Date and not entering into any other agreement than the Transaction Documents, the Transferred Promissory Notes, agreements regarding Eligible Investments made in accordance with the Terms and Conditions, agreements in respect of a Permitted Disposal and any other agreements necessary to carry out the general business of the Issuer as contemplated by the Transactions Documents;
- restrictions on incurring any additional Financial Indebtedness, other than Permitted Debt;
- restrictions on selling or otherwise disposing of any of its assets other than as a Permitted Disposal;

- a negative pledge, restricting providing and prolonging any guarantee or Security over any of its assets (present or future), other than Permitted Security; and
- restrictions on providing any loans, guarantees, Security or other financial assistance to or on behalf of any other party.

Each of these covenants is subject to significant exceptions and qualifications, see the Terms and Conditions.

<b>Use of Proceeds .....</b>	The Net Proceeds from the Initial Bond Issue shall be used to finance the Issuer's purchase of Promissory Notes from the Originator and to finance certain costs of the Issuer.  The Net Proceeds from a Subsequent Bond Issue shall be used to finance the Issuer's purchase of Promissory Notes from the Originator and to finance certain costs of the Issuer.
<b>Transfer Restrictions .....</b>	The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject.
<b>Listing.....</b>	Application has been made to list the Bonds on the Regulated Market NDX operated by Nordic Growth Market AB.
<b>Trustee .....</b>	Intertrust (Sweden) AB.
<b>Issuing Agent .....</b>	Pareto Securities AB.
<b>Governing Law of the Bonds</b>	Swedish law.
<b>Risk Factors.....</b>	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

## STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 27 June 2018, and was subsequently issued by the Issuer on 17 August 2018. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of NGM, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The Issuer and the board of directors are responsible for the information given in this Prospectus. The Issuer is the source of all company specific data contained in this Prospectus and the Lead Manager has conducted no efforts to confirm or verify the information supplied by the Issuer. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

28 November 2018

Brocc Bonds 2 AB (publ)

*The board of directors*



## DESCRIPTION OF THE ISSUER AND THE BUSINESS OF THE GROUP

### The Issuer

Brocc Bonds 2 AB (publ) was incorporated on 4 January 2016 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 559045-6900.

The registered office of the Company is c/o Brocc AB, Sturegatan 18, 114 36 Stockholm and the Company's headquarters is located at the same address, with telephone number + 46 8 50 12 15 80.

The Issuer is established as a special purpose entity for the purpose of issuing asset backed securities. In accordance with the articles of association of the Company, adopted on 18 June 2018, the purpose of the Issuer is to (i) acquire and hold consumer credits originated by Brocc AB through issuance of bonds and other debt, (ii) finance the operations, and to (iii) on their own behalf invest surplus liquidity from operations in interest bearing financial assets.

Companies conducting certain financial activities in Sweden are required to register with the Swedish Financial Services Authority (*lag (1996:1006) om valutaväxling och annan finansiell verksamhet*). A registration notice was filed with the Swedish Financial Services Authority 30 August 2018.

### Transaction structure

The Issuer will apply proceeds from the Bonds to acquire promissory notes from Brocc AB that complies with the Portfolio Parameters set out below. The promissory notes will be acquired on a non-recourse basis. All amounts paid by the debtors under the promissory notes acquired by the Issuer will be collected by Brocc AB acting as servicer and thereafter transferred to a collection account in the name of the Issuer. The amounts on the collection account will be used to pay interest under the Bonds, acquire additional promissory notes (up to three times in total) from Brocc AB and pay the Issuer's costs. Excess liquidity may be reinvested by the Issuer in certain Eligible Investments (as defined in the Terms and Conditions of the Bonds).

That promissory notes complies with the Portfolio Parameters means that the relevant promissory notes:

- are in non-negotiable form;
- are denominated in Swedish Kronor;
- have been issued by Debtors that are at least eighteen (18) years of age;
- are issued by Debtors that, on the Transfer Date, are domiciled/resident in Sweden;
- evidence whole loans for which the Issuer is or would be sole creditor after the Transfer Date;
- evidence loans which, at the time of issuance, were granted in accordance with the Issuer's Credit Policy and in accordance with applicable consumer legislation;
- evidence loans that, on the Transfer Date, are in compliance with applicable consumer legislation;
- have a tenure of maximum fifteen (15) years after their issue dates;
- have face amounts that, for each individual Promissory Note, do not exceed SEK 450,000 (including any capital fee);
- are not issued by Debtors that have deposited funds with the Originator or have other set-off rights against the Originator;
- were, at the Transfer Date, not more than 60 days overdue; and
- were, at the Transfer Date, not issued by Debtors that at that time were subject to insolvency proceedings of any kind.

Brocc AB represents and warrants to the Issuer that the promissory notes that are transferred to the Issuer complies with the Portfolio Parameters at the transfer date.

The shares in the Issuer, the promissory notes acquired by the Issuer, the collection account and certain other accounts has or will be pledged to secure obligations in connection with the Bonds.

The acquired promissory notes are, and, until the structure has been fully invested, the funds standing to the credit of the Escrow Account, expected to have characteristics that demonstrate capacity to produce funds to service payments due and payable under the Bonds.

In accordance with the Securitisation Framework Agreement, as described below in "*Description of Transaction Documents and Certain Other Material Agreements*", Brocc AB, in addition to being the Originator, will act as Servicer and collect payments from the debtors under the promissory notes and provide certain other services to the Issuer as Cash Manager.

The Issuer's bank accounts are held with Ålandsbanken ABP (Finland), Svensk filial, and are operated by Brocc AB as cash manager. Money standing to the credit of the Escrow Account, the Collection Account, the Excess Liquidity Account and the Cost Account are subject to security in favour of the bondholders and may not be paid out without the consent of the Trustee.

## **The Group and its business**

The Issuer is a wholly owned subsidiary of Brocc AB. The Group also includes Brocc Service AB, reg.no. 559065-3498, a direct subsidiary of Brocc AB which conducts trading with securities and thereto related activities, and Brocc Bonds 1 AB, reg.no. 559108-3711, a direct subsidiary of Brocc AB which acquire, transfer and manage receivables provided by Brocc AB, and thereto related activities. Brocc AB is licensed to operate as a payment institution (*Sw. betalningsinstitut*) by the Swedish Financial Supervisory Authority. The registered office of Brocc AB is Sturegatan 18, 114 36 Stockholm and the Company's headquarters is located at the same address, with telephone number + 46 8 50 12 15 80.

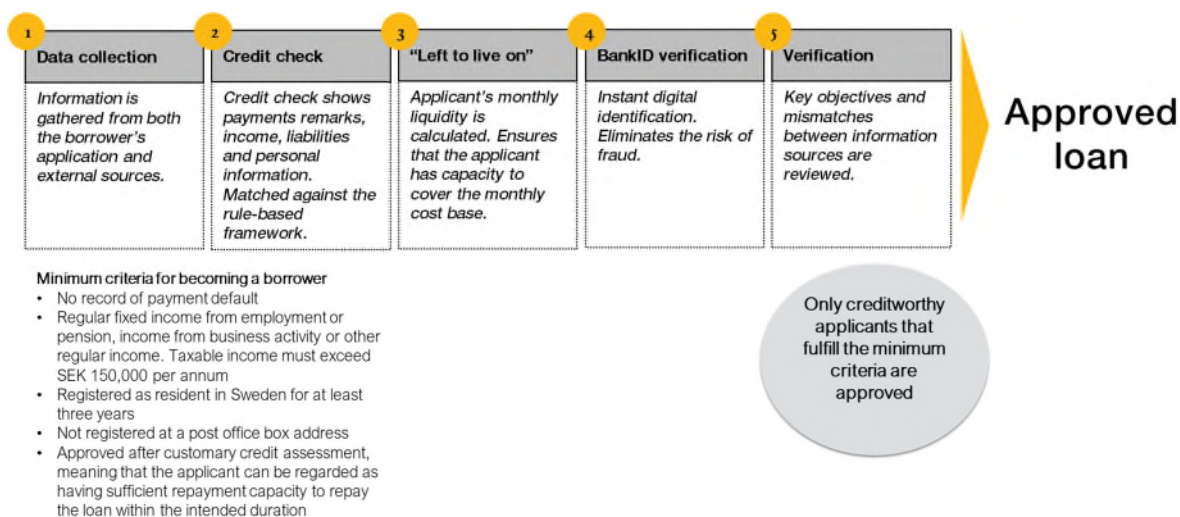
Brocc AB operates an online credit platform that enables people to borrow money and lend money from each other, without the involvement of banks or other credit institutions, which is often called peer-to-peer lending.

Brocc AB handles marketing, credit scoring, credit granting, contracts, payments, pre-collection and customer service for all loans originated through its platform in-house.

Unsecured consumer loans with a principal amount ranging from SEK 10,000 up to a maximum of SEK 450,000 with a maturity from 6 months to 15 years are offered through the platform.

Brocc AB has established minimum requirements for borrowers in order to mitigate credit risks. These requirements include a minimum age of 20 and a maximum age of 70, resident status in Sweden for 3 years, not having registered address on a box address, no payment remarks, no outstanding debt with the Swedish Debt Enforcement Authority, and annual income of at least SEK 150,000 and stable income.

Brocc AB's credit decision process is illustrated below.



During the data collection phase relevant data on income and expenses are collected, both via an online application form and via external sources. The credit check gives the applicant a risk score on which the pricing of the loan will be based. Also a "left to live on" is calculated to ensure that applicant has repayment capacity extending over the life of the loan. During the credit check process, all high risk applicants above a certain threshold are automatically rejected. Furthermore, Brocc AB cross-checks and verifies the collected data.

Brocc AB uses a credit scoring model as a part of its credit process. Credit scoring is a statistical measure of each applicant's risk to default, i.e. creditworthiness. Key parameters in Brocc AB's model include:

- UC-risk score;
- "Left-To-Live-On" (a personal cash flow statement); and

The UC risk score indicates the probability to receive a payment remark within 12 months, and ranges from 0.1% to 99.9%. All applicants with a UC score under 1 % proceeds automatically in the model. All applicants with a UC score exceeding 25 % are automatically denied and are not subject to any further processing. All applicants with a US score exceeding 10 % and loan amount of SEK 100,000, US score 7 % and loan amount SEK 200,000 and UC score 5 % and amount of SEK 300,000, are manually checked.

### Security and liquidity enhancement

As continuing security for the due and punctual fulfilment of the Secured Obligations pursuant to the Transaction Documents, the Issuer and Brocc AB, as applicable, will grant to the Secured Parties security over the shares in the Issuer, the Transferred Promissory Notes, certain bank accounts and the Issuer's rights under the Securitisation Framework Agreement. The Issuer shall also grant security over any Eligible Investments it makes.

### Investments

On 11 September 2018, the Issuer acquired a portfolio of consumer loans evidenced by Promissory Notes from Brocc AB as contemplated by and in accordance with the Terms and Conditions. The aggregate principal amount of the acquired Promissory Notes was SEK 32,875,000. The Promissory Notes complied with the Portfolio Parameters as defined in the Terms and Conditions. The Issuer may acquire further Promissory Notes from Brocc AB in accordance with the Terms and Conditions and it is expected that such acquisitions will be completed within 6 months from the Issue Date.



In addition to acquiring Promissory Notes from Brocc AB, the Issuer may invest excess liquidity in assets meeting the criteria set out in the definition of Eligible Investments in the Terms and Conditions. Such Investments will be made on the instructions of the Cash Manager.

### Share capital

The shares of the Issuer are denominated in SEK. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Issuer had an issued share capital of SEK 500,000 divided into 500,000 shares.

All shares in the Issuer is directly owned by Brocc AB.

### Overview of Group structure and dependency on the Group

The Issuer is wholly owned by Brocc AB and has no subsidiaries of its own.

As described in "*Transaction structure*" above, Brocc AB will carry out certain services for the Issuer. The Issuer is dependent on such services to be able to collect amounts owed by debtors under the Promissory Notes and to perform its obligations under the Bonds. Furthermore, the transaction structure is based on that Brocc AB will sell additional income generating Promissory Notes to the Issuer. The Issuer will be negatively affected if Brocc AB not would be able to originate and transfer sufficient Promissory Notes to it.

### Share capital and ownership structure

The shares of Brocc AB are denominated in SEK. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, Brocc AB had an issued share capital of SEK 4,040,135 divided into 808 027 shares.

The following table sets forth the ownership structure in Brocc AB as per the date of this Prospectus.

Shareholder	Shares	Percentage
Patrik Gunnarsson	150 698	18,65 %
Louise Wennberg	136 708	16,92 %
Jonathan Klein	94 275	11,67 %
Claes Melander	87 026	10,77 %
Chrolo Investment AB	70 709	8,75 %
Aggregate Media Fund VIII KB	41 028	5,08 %
Gålöstiftelsen	36 600	4,53 %
Christer Barck	21 489	2,66 %
Pomp AB	19 767	2,45 %
Andreas Thim	15 231	1,88 %
Other	134 505	16,64 %

### Shareholders' agreements

The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

**Recent events**

Other than the acquisition of Promissory Notes described in "*Investments*" above and the unconditional shareholders contribution, there has been no recent event particular to the Issuer which is to a material extent relevant to the evaluation of the Issuer's solvency.

**Significant change and trend information**

There has been no material adverse change in the prospects of the Issuer since the date of the publication of the Issuer's audited separate financial statements for the period 1 January 2018 to 17 August 2018. There has been no material adverse change in the prospects of the Issuer since the date of publication of its last audited annual accounts and no significant change in the financial or trading position of the Issuer since the end of the last financial period for which interim financial information has been published.

**Legal and arbitration proceedings**

Neither the Issuer nor the Group is, or has been over the past twelve months been, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Issuer aware of any such proceedings which are pending or threatening and which could lead to the Issuer or any member of the Group becoming a party to such proceedings.

**Credit rating**

No credit rating has been assigned to the Issuer, or its debt securities.

**Post issuance reporting**

The Issuer will publish audited financial reports for each financial year within four months after the end of its financial year and unaudited quarterly interim financial statements or, if applicable, the year end report (starting with the interim period ending on 31 December 2018. Such reports will be made public by way of press release and will be available on the website of Brocc AB (<https://www.brocc.se/investor-relations/brocc-bonds-2/>). The Issuer will not own other assets or carry out other business that as contemplated by the Terms and Conditions. The financial reports will therefore reflect the performance of the underlying collateral.

## DESCRIPTION OF TRANSACTION DOCUMENTS AND CERTAIN OTHER MATERIAL AGREEMENTS

The following is a summary of the material terms of material agreements to which the Issuer is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

### Promissory Notes

The consumer loans granted by Brocc AB that will be acquired by the Issuer will be evidenced by Swedish law governed promissory notes (*Sw. enkelt skuldebrev*).

### Securitisation Framework Agreement

#### *Key commercial aspects*

The Securitisation Framework Agreement regulates the sale and transfer of Promissory Notes by Brocc AB (the "**Originator**") to the Issuer. Furthermore the Originator agrees to act as the Servicer of the Promissory Notes and as Cash Manager and the Issuer agrees to appoint the Originator as the Servicer and the Cash Manager.

#### *Scope*

The Securitisation Framework Agreement regulates all transactions between the Originator and the Issuer regarding the acquisition and transfer of Promissory Notes and the Originator's role as Servicer and Cash Manager.

#### *Terms for transfers of Promissory Notes*

The main terms for transfer of Promissory Notes are set out below:

- The Originator shall use reasonable efforts to sell and transfer Promissory Notes that complies with certain defined Portfolio Parameters.
- The Issuer will accept an offer to purchase Promissory Notes from the Originator, only to the extent certain conditions are satisfied, including but not limited to the following:
  - no Event of Default has occurred and is continuing under the Securitisation Framework Agreement;
  - no party is in breach of its obligations under the Securitisation Framework Agreement;
  - the average weighted risk for the Promissory Notes proposed to be transferred to the Issuer (the "**Proposed Transferred Promissory Notes**") (calculated pursuant to the risk calculation method) does not exceed the average weighted risk for the total portfolio of loans originated through the Originator's platform and booked during the same period as the Proposed Transferred Promissory Notes with more than 0.5 percentage points;
  - any security created over the Proposed Transferred Promissory Notes to secure a Warehouse Facility (if any) has been or will be released in connection with the payment of the purchase price; and
- The ownership to the Proposed Transferred Promissory Note (including all rights and benefit under the Proposed Transferred Promissory Note (both present and future)) will pass from the Originator to the Issuer on the Transfer Date.
- The Originator shall perfect the transfer of Proposed Transferred Promissory Notes by no later than fifteen (15) Business Days from the Transfer Date.
- The Issuer does not have any right of recourse against the Originator in connection with any failure by a debtor to pay under any Promissory Notes.

#### *Servicer*

Brocc AB will act as Servicer and, on behalf of the Issuer and the Trustee, service the Promissory Notes transferred to the Issuer (the "**Transferred Promissory Notes**"). The services include, inter alia, claim and collect all amounts due in respect of the Transferred Promissory Notes and administer the Transferred Promissory Notes (including, but not limited to, calculating interest, fees and amortisation schedules, sending out monthly statements and providing information and assistance to debtors). The Servicer may receive collected funds relating to the Transferred Promissory Notes into transaction accounts held in its name into which also other funds may be paid. The Servicer shall treat all received funds as escrow funds (*Sw. redovisningsmedel*). The accounts into which the funds are received shall be swept each business day and the funds related to the pledged promissory notes shall be transferred to a collection account in the name of the Issuer pledged to the bondholders. The Servicer must be able to identify all incoming and outgoing payments in order to ensure that the funds can be separated. The Servicer shall hold and monitor for the benefit of the Issuer and secured parties (represented by the Trustee), complete, proper and up to date records relating to each of the Transferred Promissory Notes and maintain such books and records easily accessible for the purpose of retrieving the relevant information. As consideration for the services provided by the Servicer under the Securitisation Framework Agreement, the Issuer shall pay to the Servicer a servicing fee in an amount corresponding to 3 per cent. per annum (inclusive of value added tax (if any)) of the aggregate principal balance of the Transferred Promissory Notes outstanding at the start of each calendar month (as specified in the Securitisation Framework Agreement). The Servicer may use a collection agency for collection of payments under Transferred Promissory Notes. The collection agency may deduct fees for its services and costs from recovered amounts.

If the Servicer does not fulfil its obligations as servicer or breaches certain other terms of the Securitisation Framework Agreement, its assignment as Servicer may be terminated by the Trustee or the Issuer (consented to by the Trustee). In such case the Issuer shall use its reasonable endeavours to appoint a substitute servicer.

#### *Cash Manager*

Brocc AB will act as Cash Manager on behalf of the Issuer and the Trustee and perform certain cash management and administrative services in respect of the Transferred Promissory Notes. The services include, inter alia, (i) collect information and make calculations in order to be able to request that the Trustee gives payment instructions with respect to transfer of funds to and from certain accounts in accordance with the Terms and Conditions, (ii) recommend eligible investments to the Issuer and prepare the necessary documentation, and make requests to the Trustee to effect payments in order to make such eligible investments, in each case in accordance with the Terms and Conditions, and (iii) hold and monitor proper and up to date records relating to the services performed by it under the Securitisation Framework Agreement and provide copies of them to the Issuer and/or the Trustee upon request. As consideration for the services provided by the Cash Manager under the Securitisation Framework Agreement, the Issuer shall pay to the Cash Manager a fee in an amount corresponding to SEK 9,000 per interest period (as specified in the Securitisation Framework Agreement).

If the Cash Manager does not fulfil its obligations as cash manager or breaches certain other terms of the Securitisation Framework Agreement, its assignment as cash manager may be terminated by the Trustee or the Issuer (consented to by the Trustee). In such case the Issuer shall use its reasonable endeavours to appoint a substitute cash manager.

#### **Security Documents**

The Issuer and Brocc AB (as applicable) has entered or will enter into security documents to create security over:

- Transferred Promissory Notes;
- Certain bank accounts;
- The Issuer's rights under the Securitisation Framework Agreement;
- The shares in the Issuer; and
- Eligible Investments.

## MANAGEMENT

The board of directors of the Issuer currently consists of three members which have been elected by the general meeting. The Issuers CEO is Andreas Thim whom also is a member of the board of directors. The board of directors and the senior management can be contacted through the Issuer at its headquarters at c/o Brocc AB, Sturegatan 18, 114 36 Stockholm. Further information on the members of the board of directors and the senior management is set forth below.

### Board of directors

***Torbjörn Gunnarsson, chairman of the board since 2018.***

**Current commitments:** Chairman of the board of Brocc AB.

**Other current positions:** Torbjörn is chairman of St Petersburg Property Company AB and Welcome Hotel AB and board member of Orasolv AB, LGT Logistics AB and Gunnar Gunnarsson Fastighets AB. Torbjörn is CEO of Panare AB.

**Previous positions (last five years):** Torbjörn is a former chairman of Fortnox AB, Mio Möbler AB and Städarna Sverige AB, and a former board member of Lånbyte i Sverige AB, Sectra Communications, Varyag Resources AB, RusForest AB and Mandator AB.

**Education:** Torbjörn holds a Degree of Master of Science in Business and Economics from Stockholm School of Economics.

***Andreas Thim, member of the board and CEO since 2018.***

**Other current positions:** -

**Previous positions (last five years):** Andreas is a former Sales Strategy Director, Commercial Director North America, Columbus OH and Director Credit Business of North America, New York of Klarna.

**Education:** Andreas holds a Master Degree in Business Administration from Stockholm University with one year studies at the Royal Institute of Technology.

***Jonathan Klein Strandberg, member of the board since 2018.***

**Current commitments:** CEO of Brocc AB, member of the board of Töke AB, Brocc Service AB and Brocc Bonds 1 AB.

**Previous positions (last five years):** He has previous experience as Leasing Executive from Svea Ekonomi.

**Education:** Jonathan holds a Degree in Business Administration from IHM Business School.

**Holdings in Brocc:** Jonathan holds 89,394 shares and 14,655 warrants in the Company.

**Conflicts of interest within administrative, management and control bodies**

Brocc AB is the sole shareholder of the Issuer and has the power to appoint the board of directors of the Issuer. Brocc AB is the originator and also the cash manager and the servicer for the Issuer which could lead to potential conflict of interest with the Issuer, for example in terms of allocation of loans for sale to the Issuer and regarding prioritisation of collection of payments. Brocc AB has adopted internal rules with respect to its dealings with the Issuer to manage potential conflict of interest.

To the extent that can be reasonably verified by the Company, no conflict of interest exists regarding the private affairs, family relations, or any other kind, between members of the administrative and senior management bodies that might conflict with the Company's interests or prevent the aforementioned to faithfully execute their duties to the Company.

**Interest of natural and legal persons involved in the issue**

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

## HISTORICAL FINANCIAL INFORMATION

### Historical financial information

The separate financial statements for the Issuer for the period 1 January 2018 to 17 August 2018 including the auditors' report, are included in this Prospectus on page 75. The separate financial statements for the Issuer have been prepared in accordance with RFR 2, "Accounting for Legal Entities", issued by the Swedish Financial Reporting Board and the Swedish (1995:1554) statutes for annual reports (*Sw. Årsredovisningslag (1995:1554)*).

Other than the auditing of the Issuer's separate financial statements for the period 1 January 2018 to 17 August 2018, the Group's auditor has not audited or reviewed any part of this Prospectus.

The Issuer's consolidated financial statements for the financial year ended 31 December 2017 and the consolidated financial statements for the financial year ended 31 December 2016 are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

### Auditing of the annual historical financial information

The Issuer's is a newly established company and the current financial year is the first financial year for company.

The separate financial statements as at present and for the period 1 January 2018 to 17 August 2018 have been audited, as applicable, by Öhrling PricewaterhouseCoopers AB ("**PwC**"), Torsgatan 21, 113 97 Stockholm. PwC has been the Group's auditor since the general annual meeting in May 2017, and was re-elected for an additional year on the latest annual general meeting for Brocc AB. Lena Eidmann is the auditor who is responsible for the Issuer. Lena Eidmann is an authorized auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The Issuer's consolidated financial statements for the financial year ended 31 December 2017 and the consolidated financial statements for the financial year ended 31 December 2016 have been audited, as applicable, by Mikael Larsson, C/O Ernest & Young AB, box 205, 851 04 Sundsvall. Mikael Larsson was at the time of the audits an authorized auditor and a member of the professional body FAR, the professional institute for the accountancy sector in Sweden. Mikael Larsson has recently joined another firm.

### Age of the most recent financial information

The most recent financial information has been taken from the separate financial statements for the Issuer for the period 1 January 2018 to 17 August 2018.



## OTHER INFORMATION

### Assurance regarding the Prospectus

The Issuer is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an amount of SEK 35,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of SEK 150,000,000. Each Bond has a nominal amount of SEK 2,500,000. The ISIN for the Bonds is SE0011415207.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

### Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Trustee's representation of the Bondholders.

### Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the Group has not entered into any material contracts not in the ordinary course of its business and which may affect the Group's ability to fulfil its obligations under the Bonds.

### Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at <https://www.brocc.se/investor-relations/brocc-bonds-2/>:

- the Issuer's consolidated financial statements and audit report for the financial year ended 31 December 2017;
- the Issuer's consolidated financial statements and audit report for the financial year ended 31 December 2016; and
- Issuer financial report for the period 1 January 2018 to 17 August 2018.

**Documents available for inspection**

The following documents are available at the Company's headquarters at c/o Brocc AB, Sturegatan 18, 114 36 Stockholm, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- the Issuer's articles of association;
- the Issuer's certificate of registration;
- This Prospectus; and
- the Issuer's separate financial statements for the Issuer for the period 1 January 2018 to 17 August 2018.

The following documents are also available in electronic form on the Originator's website <https://www.brocc.se/investor-relations/brocc-bonds-2/>

- This Prospectus; and
- the Issuer's separate financial statements for the Issuer for the period 1 January 2018 to 17 August 2018.

**Listing costs**

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 210,000.



## **Terms and Conditions**

**Brocc Bonds 2 AB (publ)**

**Up to SEK 150,000,000**

**Senior Secured Bonds**

**ISIN: SE0011415207**

**14 August 2018**

**Other than the registration of the Bonds under Swedish law, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Bonds in any jurisdiction where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.**

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## Definitions and Construction

### Definitions

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

"**Account**" has the meaning set forth in paragraph 0 of Clause 0 (*Bank Accounts*).

"**Accounts Pledge Agreement**" means the pledge agreement entered into between the Issuer and the Trustee on or about the First Issue Date in respect of a first priority pledge over the Escrow Account, Excess Liquidity Account, Collection Account and Cost Account (together the "**Accounts**") and all funds held on the Accounts from time to time, granted in favour of the Trustee and the Bondholders (represented by the Trustee).

"**Account Bank**" means Ålandsbanken ABP (Finland), Svensk filial, or another party replacing it, as account bank, in accordance with these 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 Bondholder has opened a Securities Account in respect of its Bonds.

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by the Issuer of an Affiliate, irrespective of whether such person is directly registered as owner of such Bonds.

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

"**Amortisation Date**" has the meaning set forth in Clause 0 (**Amortisation**).

"**Bond**" means a debt instrument (*Sw. skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner (*Sw. ägare*) or nominee (*Sw. förvaltare*) with respect to a Bond.

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 0 (*Bondholders' Meeting*).

"**Bond Issue**" means the Initial Bond Issue and any Subsequent Bond Issue.

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

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

**"Cash Manager"** means the Originator or, following termination of the Cash Manager's assignment in accordance with the Securitisation Framework Agreement, any replacement cash manager.

**"Cash Sweep Amount"** means the amount of amortisations received by the Issuer on the Promissory Notes during the period following the First Issue Date or the last Amortisation Date (as applicable) to and including the relevant Amortisation Date.

**"Change of Control Event"** means the occurrence of an event whereby the Issuer ceases to be wholly-owned by the Originator.

**"Collection Account"** means the bank account of the Issuer with account number 2310 14 630 15 held with the Account Bank into which any repayments of principal and payments of interest and fees under the Transferred Promissory Notes will be transferred and which have been pledged in favour of the Trustee and the Bondholders (represented by the Trustee) under the Accounts Pledge Agreement.

**"Cost Account"** means the bank account of the Issuer with account number 2310 14 630 31 held with the Account Bank into which any repayments of principal and payments of interest and fees under the Transferred Promissory Notes will be transferred and which have been pledged in favour of the Trustee and the Bondholders (represented by the Trustee) under the Accounts Pledge Agreement.

**"Credit Losses"** means:

- (a) 100 % of a Promissory Note if the Debtor is declared bankrupt, has filed for bankruptcy or is otherwise Insolvent; and
- (b) 100 % of a Promissory Note if the Debtor has not made any payments of interest or principal for over 120 days.

**"Credit Policy"** means the credit policy of the Originator at the First Issue Date, or as amended from time to time, provided that it is not changed to allow materially higher credit risks or the granting of credit to Debtors with recorded payment defaults (Sw. *betalningsanmärkning*).

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

**"CSD Regulations"** means the CSD's rules and regulations applicable to the Issuer, the Trustee and the Bonds from time to time.

**"Debt Instruments"** means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

**"Debtor"** means a debtor under a Promissory Note.

**"Eligible Investments"** means:

money in a bank account held in a bank;

Promissory Notes originated by the Originator provided that the conditions set out in Clause 0 are fulfilled with respect to such Promissory Notes and such acquisition would be permitted pursuant to applicable laws and regulations;

Bonds; and

any investment in Debt Instruments issued by a special purpose vehicle controlled by the Originator which:

are listed on a Regulated Market or which pursuant to their terms must be listed within 60 days from their issuances on a Regulated Market;

are secured by Security created over Promissory Notes originated by the Originator which substantially comply with the Portfolio Parameters; and

benefits from restricted covenants that are not substantially less favourable to the holders of the instruments than those applicable to the Bonds.

**"Escrow Account"** means the bank account of the Issuer with account number 2310 14 629 73 held with the Account Bank into which the Net Proceeds in cash related to the Bonds will be transferred and which have been pledged in favour of the Trustee and the Bondholders (represented by the Trustee) under the Accounts Pledge Agreement.

**"Event of Default"** means an event or circumstance specified in any of the Clauses 0 (*Events of Default and Acceleration of the Bonds*) (other than Clause 0 (*Acceleration of the Bonds*)).

**"Excess Liquidity Account"** means the bank account of the Issuer with account number 2310 14 630 23 held with the Account Bank into which any residual amount in accordance with Clause 0 will be transferred and which have been pledged in favour of the Trustee and the Bondholders (represented by the Trustee) under the Accounts Pledge Agreement.

**"Finance Documents"** means these Terms and Conditions, the Security Documents, the Trustee Agreement and any other document designated by the Issuer and the Trustee as a Finance Document.

**"Financial Indebtedness"** means any indebtedness in respect of:

monies borrowed or raised, including Market Loans, provided that in relation to any bank accounts which are subject to netting arrangements only the net balance shall be taken into account;

the amount of any liability in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the accounting principles applicable on the First Issue Date (a lease which in the accounts of the Issuer is treated as an asset and a corresponding liability);

receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);

any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items 0-0.

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

**"Final Redemption Date"** means the date when the Nominal Amount of all Bonds has been reduced to zero.

**"Financial Report"** means the Issuer's annual audited financial statements or quarterly interim unaudited reports, which shall be prepared and made available pursuant to paragraphs 00 and 00 of Clause 0 (*Information to Bondholders*).

**"First Issue Date"** means 17 August 2018.

**"Force Majeure Event"** has the meaning set forth in Clause 0.

**"Initial Bond Issue"** means the issue of the Initial Bonds.

**"Initial Bonds"** means the Bonds issued on the First Issue Date.

**"Initial Nominal Amount"** has the meaning set forth in Clause 0.

**"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 (*Sw. 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 its creditors with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*Sw. lag (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 Bonds calculated in accordance with Clauses 0 to 0.

**"Interest Calculation Date"** means 28 February, 31 of May, 31 of August and 30 of November each year (with the first Interest Calculation Date on 30 November 2018 and with the last Interest Calculation Date being the Final Redemption Date).

**"Interest Payment Date"** means 31 March, 30 of June, 30 of September and 31 of December each year (with the first Interest Payment Date on 28 December 2018 and with the last Interest Payment Date being the Final Redemption Date) or to the extent any such day is not a Business Day, the Business Day following from an application of the Business Day Convention.



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

**"Issue Date"** means the First Issue Date and any subsequent date when issuance of Subsequent Bonds takes place.

**"Issuer"** means Brocc Bonds 2 AB (publ), a public limited liability company incorporated in Sweden with reg. no. 559045-6900.

**"Issuing Agent"** means Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Market Loans"** means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

**"Nominal Amount"** means, in respect of each Bond, the Initial Nominal Amount less any redemptions and amortisations made.

**"Net Proceeds"** means the proceeds from a Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer.

**"Originator"** means Brocc AB, a private limited liability company incorporated under the laws of Sweden with Reg. No. 556983-3204.

**"Permitted Costs"** means costs incurred towards third parties by or on behalf of the Issuer on arm's lengths terms for the purpose of the Issuer's business (including value added tax, if any).

**"Permitted Debt"** means any Financial Indebtedness:

of the Issuer incurred under the Bonds;

of the Issuer incurred under any Subsequent Bonds (provided that the Tap Conditions are met);

by the Issuer under any tax liabilities incurred in the ordinary course of business;

constituting Subordinated Debt; and

incurred for the purpose of refinancing the Bonds in full.

**"Permitted Disposal"** means a sale of a Transferred Promissory Note by the Issuer to the Originator for consideration in the form of the Repurchase Price.

**"Permitted Security"** means any guarantee or Security:

provided under these Terms and Conditions;

created over Transferred Promissory Notes to secure a Warehouse Facility (until released in connection with the payment of the Purchase Price for the Transferred Promissory Notes);

any Security provided in the form of a pledge over an escrow account or bank account to which the proceeds from a refinancing of the Bonds in full are intended to be received; and

arising by operation of law in the ordinary course of trade.

**"Portfolio Parameters"** means, with respect to Transferred Promissory Notes or Proposed Transferred Promissory Notes, that the relevant Promissory Notes:

are in non-negotiable form;

are denominated in Swedish Kronor;

have been issued by Debtors that are at least 18 years of age;

are issued by Debtors that, at the Transfer Date, are domiciled/resident in Sweden;

evidences whole loans for which the Issuer is or would be the sole creditor after the Transfer Date;

evidences loans which, at the time of issuance, were granted in accordance with the Credit Policy and in accordance with applicable consumer legislation;

evidences loans that, at the Transfer Date, are in compliance with applicable consumer legislation;

have a tenure of maximum 15 years after their issue dates;

have face amounts that, for each individual Promissory Note, do not exceed SEK 450,000 (including any capital fee);

are not issued by Debtors that have deposited funds with the Originator or have other set-off rights against the Originator;

were, at the Transfer Date, not more than 60 days overdue; and

were, at the Transfer Date, not issued by Debtors that at that time were subject to insolvency proceedings of any kind.

**"Proceeds"** mean any amount paid or payable by Debtors under or with respect to Transferred Promissory Notes.

**"Promissory Notes"** means non-negotiable promissory notes issued under Swedish law by consumers resident in Sweden.

**"Proposed Transferred Promissory Notes"** means Promissory Notes that are proposed or requested to be transferred by the Originator to the Issuer.

**"Purchase Price"** means, in relation to a Proposed Transferred Promissory Note, the purchase price to be paid for the acquisition from the Originator by the Issuer of that Promissory Note and shall be determined as:

- (a) the outstanding principal amount of such Promissory Note, plus
- (b) accrued but unpaid interest under such Promissory Note and all other amounts outstanding thereunder.

**"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 Bondholders is to be made under Clause 0 (*Distribution of Proceeds*), (iv) the date of a Bondholders' 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 Bonds are to be redeemed or repurchased in accordance with Clause 0 (*Redemption, Amortisation and Repurchase of the Bonds*).

**"Regulated Market"** means any regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.).

**"Repurchase Price"** means an amount paid in cash corresponding to the Purchase Price originally paid by the Issuer to the Originator (or if no Purchase Price was paid, the outstanding principal amount of the Promissory Note at the time of the transfer to the Issuer) with respect to a Transferred Promissory Note *minus* repayment of principal actually received by the Issuer and, to the extent included in the calculation of such Purchase Price, any other amounts actually received thereunder by the Issuer *plus* accrued but unpaid interest under such Transferred Promissory Note and, to the extent not already included in the calculation of the Purchase Price, any other amounts outstanding thereunder.

**"Risk Calculation Method"** means that the average weighted risk for a portfolio of Promissory Notes is determined as the total sum of the risk (weighted by each loan outstanding principal amount) for each loan in the portfolio divided by the total principal amount of the loans in the portfolio and where the risk for each loan is deemed to be equal to the risk score assigned to that loan pursuant to the Credit Policy and model used by the Originator at the time of origination.

**"Secured Obligations"** means all present and future obligations and liabilities of the Issuer to the Secured Parties under the Finance Documents.

**"Secured Parties"** means the Bondholders and the Trustee.

**"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.

**"Securitisation Framework Agreement"** means an agreement between the Issuer, the Originator, the Servicer, the Cash Manager and the Trustee regulating, amongst other things, the transfer of the Promissory Notes from the Originator to the Issuer and the duties of the Servicer and the Cash Manager.

"**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.

"**Security Agent**" means the security agent holding the Transaction Security on behalf of the Secured Parties, being Intertrust (Sweden) AB on the First Issue Date.

"**Security Documents**" means the security documents pursuant to which the Transaction Security is created.

"**Service Fees**" means 1.15 per cent. per annum on the face amount of the Promissory Notes transferred to the Issuer.

"**Servicer**" means the Originator or, following a termination of its assignment in accordance with the Securitisation Framework Agreement, any replacement servicer.

"**Subordinated Debt**" means any loan granted by the Originator to the Issuer, if such loan:

- (a) according to its terms and pursuant to a subordination agreement on terms and conditions satisfactory to the Trustee, is subordinated to the obligations of the Issuer under the Terms and Conditions;
- (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;
- (c) according to its terms yield only payment-in-kind interest; and
- (d) can mandatorily, at the election of the Trustee, be written-down or converted into equity by way of capital contribution to avoid or mitigate compulsory liquidation duties (Sw. *tvångslikvidation*), and, if Security is created over such loan in favour of any person other than the Secured Parties, such Security is created under contractual arrangements satisfactory to the Trustee provided that such Security:
  - (i) is second ranking Security ranking after first priority ranking Transaction Security;
  - (ii) may be released by the Trustee if the Transaction Security granted over the shares in the Issuer is enforced; and
  - (iii) may only be enforced or otherwise utilised after all obligations secured by the Transaction Security has been fully discharged or the Transaction Security has been released.

"**Subsequent Bond Issue**" means any issue of Subsequent Bonds.

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

"**Subsidiary**" means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), in respect of which such person, directly or indirectly:

- (a) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners;

- (b) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners;
- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body; or
- (d) exercises control as determined in accordance with the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

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

"**Tap Conditions**" means that:

- (a) no Event of Default has occurred and is continuing (or would occur as a result of the issuing of Subsequent Bonds); and
- (b) at least 50 per cent. of the Net Proceeds from the Initial Bond Issue have been disbursed from the Escrow Account to acquire Promissory Notes.

"**Tax Event**" means the occurrence of any amendment to, clarification of or change in the laws, treaties or regulations affecting taxation (including any change in the interpretation by any court or authority entitled to do so) or any governmental action, on or after the First Issue Date and which was not foreseeable at the First Issue Date, resulting in that:

- (a) 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 Bonds; or
- (b) the treatment of any of the Issuer's items of income or expense with respect to the Bonds as reflected on the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be accepted by any tax authority, which subjects the Issuer to a significant amount of additional taxes, duties or governmental charges.

"**Total Nominal Amount**" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer in connection with a Bond Issue.

"**Transaction Documents**" means the Terms and Conditions, the Securitisation Framework Agreement and the Security Documents.

"**Transaction Security**" means all Security provided by the Issuer to the Secured Parties, including:

- (a) Security over Transferred Promissory Notes;
- (b) Security over the Accounts;
- (c) Security over the Issuer's rights under the Transaction Documents (other than the Finance Documents);
- (d) a first ranking share pledge over the shares in the Issuer; and

(e) Security over Eligible Investments (if any).

"**Transfer Date**" means the date a Promissory Note is proposed to be transferred to or is transferred to the Issuer from the Originator.

"**Transferred Promissory Notes**" means Promissory Notes that have been transferred from the Originator to the Issuer.

"**Trustee**" means Intertrust (Sweden) AB, Swedish Reg. No. 556652-5476, or another party replacing it, as Trustee, in accordance with these Terms and Conditions.

"**Trustee Agreement**" means the agreement entered into between the Trustee and the Issuer on or about the First Issue Date regarding, *inter alia*, the Trustee's holding of the Transaction Security on behalf of the Bondholders and the remuneration payable to the Trustee.

"**Warehouse Facility**" means either:

a credit facility under a credit agreement entered into between the Originator as borrower and one or several lenders for the purpose of financing the granting of loans by the Originator to Debtors in the form of Promissory Notes prior to the acquisition by the Issuer of the Promissory Notes; or

credits granted by an investor on the Originator's platform to Debtors and where the Originator has a call option right to acquire the Promissory Notes financed by such investors at any time for the purpose of transferring the same Promissory Notes to the Issuer, provided at all times that only the whole amount of a Promissory Note may be transferred to the Issuer.

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 0 (*Written Procedure*).

### **Construction**

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

"**assets**" includes present and future properties, revenues and rights of every description;

any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;

a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality);

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;

an Event of Default is continuing if it has not been remedied or waived;

a provision of law is a reference to that provision as amended or re-enacted; and

a time of day is a reference to Stockholm time.

When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

No delay or omission of the Trustee, the Security Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## Status of the Bonds

- (a) The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.

By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.

The initial nominal amount of each Bond is SEK 2,500,000 (the "**Initial Nominal Amount**"). The maximum total nominal amount of the Initial Bonds is SEK 100,000,000. The minimum permissible investment upon issuance of the Bonds is SEK 2,500,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Initial Nominal Amount.

The Issuer may, provided that the Tap Conditions are met, at one or more occasions, issue Subsequent Bonds amounting to an aggregate maximum Nominal Amount, together with the Initial Bonds, of SEK 150,000,000. Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN number, the interest rate, the nominal amount and the Final Redemption Date applicable to the Initial Bonds shall apply also to Subsequent Bonds. The price for the Subsequent Bonds may be set at a discount or at a higher price than the Nominal Amount.

The Bonds constitute direct, general, unconditional, senior and secured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, unconditional, senior and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.

The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

## **Use of Proceeds**

The Net Proceeds from the Initial Bond Issue shall be used to finance the Issuer's purchase of Promissory Notes from the Originator and to finance certain costs of the Issuer.

The Net Proceeds from a Subsequent Bond Issue shall be used to finance the Issuer's purchase of Promissory Notes from the Originator and to finance certain costs of the Issuer.

## **Conditions Precedent**

### **Escrow Account**

The payment of the Net Proceeds from the Initial Bond Issue to the Escrow Account is subject to the Trustee having received documents and evidence of the Accounts Pledge Agreement having been duly executed and perfected.

The Trustee's approval of the partial disbursement of the Net Proceeds from the Escrow Account in accordance with paragraph 0 below is subject to the following documents being received by the Trustee, in form and substance satisfactory to it (acting reasonably), the following actions have been taken and that the following events have occurred

certificate of registration, articles of association and copies of relevant corporate resolutions and authorisations for the Issuer and the Originator;

corporate authorisations of the Issuer and the Originator; and

evidence that the Transaction Documents and the Trustee Agreement have been duly executed.

If the conditions set out in paragraph 0 above have been fulfilled and the Issuer have so requested, the Trustee shall instruct the Account Bank to transfer Net Proceeds from the Escrow Account to the Cost Account in an amount of SEK 1,700,000 (plus any VAT).

After the transfers of Net Proceeds have been made pursuant to paragraph 0 above and provided that the conditions set out in paragraph 0 below have been met, at the request of the Issuer if it gives the Trustee not less than five (5) Business Days' notice, the Trustee shall up to a maximum number of three (3) times instruct the Account Bank to transfer funds from the Escrow Account to pay the Purchase Price for Proposed Transferred Promissory Notes.



The Trustee is obliged to instruct the Account Bank to transfer funds from the Escrow Account in accordance with paragraph 0 above only if:

no Event of Default has occurred and is continuing (or would occur as a result of such payment);

the Issuer has provided evidence that an application to register the Issuer as a financial institution (*Sw. finansiellt institut*) has been filed with the Swedish Financials Services Authority (*Sw. Finansinspektionen*);

the Trustee has received a duly executed transfer note relating to the transfer of the Proposed Transferred Promissory Notes from the Originator to the Issuer;

the Trustee has received a certificate from the Originator stating that:

the Purchase Price for the Proposed Transferred Promissory Notes does not exceed the nominal amount of such Proposed Transferred Promissory Notes plus accrued and unpaid interest and other outstanding amounts;

the Proposed Transferred Promissory Notes comply with the Portfolio Parameters;

the transfer of the Proposed Transferred Promissory Notes has been duly perfected (or will, no later than within fifteen (15) Business Days from the payment of the Purchase Price, be duly perfected); and

any Security over the Proposed Transferred Promissory Notes securing the Bonds has been duly perfected (or will, no later than within fifteen (15) Business Days from the payment of the Purchase Price, be duly perfected);

the Trustee has received from the Originator a report signed by a registered signatory of the Originator or a member of the management team of the Originator showing that the average weighted risk for the Proposed Transferred Promissory Notes (calculated pursuant to the Risk Calculation Method) does not exceed the average weighted risk for the total portfolio of loans originated through the Originator's platform and booked during the same period as the Proposed Transferred Promissory Notes with more than 0.5 percentage points;

the Trustee has received from the Originator a report or other documentation signed by a registered signatory of the Originator or a member of the management team of the Originator setting out, with respect to each Proposed Transferred Promissory Note:

the outstanding principal amount;

accrued and unpaid interest;

any other outstanding amount; and

the name of and personal identification number for the relevant Debtor; and

the Trustee has received evidence that Security created over the Proposed Transferred Promissory Notes to secure a Warehouse Facility (if any) has been or will be released in connection with the disbursement.

### Collection Account

Except as provided in paragraph 0 below, at the request of the Cash Manager if it gives the Trustee not less than five (5) Business Days' notice, the Trustee shall on the third (3rd) Business Day before each Interest Payment Date instruct the Account Bank to make payments out of funds standing to the credit of, the Collection Account, in the following order:

*first*, towards payment of any fees to the Trustee in accordance with the Trustee Agreement;

*secondly*, towards payment of the Service Fee to the Servicer in accordance with the Securitisation Framework Agreement and payment of the cash manager fee to the Cash Manager in accordance with the Securitisation Framework Agreement;

*thirdly*, towards payment of interest under the Bonds;

*fourthly*, to the Cost Account in an amount equivalent to the Permitted Costs and output value added tax expected to be payable during the next Interest Period (and for which reservations has not been made earlier), plus a buffer of up to SEK 100,000 (plus any VAT);

*fifthly*, to pay taxes imposed on the Issuer for which the Originator is responsible but which the Originator has not settled;

*sixthly*, until the Issuer has acquired Promissory Notes from the Originator pursuant to Clause 0 three times, any residual amount shall be transferred to the Escrow Account; and

*seventhly*, any residual amount shall be transferred to the Excess Liquidity Account.

The Trustee is obliged to instruct the Account Bank to make payments of funds from the Collection Account in accordance with paragraph 0 above only if no Event of Default has occurred and is continuing (or would occur as a result of such payment).

### Excess Liquidity Account

Except as provided in paragraph 0 below, at the request of the Cash Manager if it gives the Trustee not less than five (5) Business Days' notice, the Trustee shall instruct the Account Bank to make payment of funds from the Excess Liquidity Account to make an Eligible Investment.

The Trustee is obliged to instruct the Account Bank to make payment of funds from the Excess Liquidity Account in accordance with paragraph 0 above only if: no Event of Default has occurred and is continuing (or would occur as a result of such payment);

the Cash Manager has certified to the Trustee that the requested investment constitutes an Eligible Investment; and

the Trustee has received evidence that Transaction Security will be created over the applicable Eligible Investments as soon as practicably possible in connection with the applicable Eligible Investments being made.

## Cost Account

Except as provided in paragraph 0 below, the Cash Manager may withdraw funds from the Cost Account to pay Permitted Costs and output value added tax;

If an Event of Default has occurred and is continuing, the Trustee may:

instruct the Cash Manager to make payments only to third parties from the Cost Account; and/or

notify the Account Bank of the pledge over the Cost Account and thereby block the right for the Cash Manager and the Issuer to withdraw funds from the Cost Account; or

instruct the Cash Manager to transfer any funds standing to the credit of the Cost Account to the Collection Account or the Escrow Account.

## Bonds in Book-Entry Form

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

Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

The Issuer (and the Trustee when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Trustee, the Issuer shall promptly obtain such information and provide it to the Trustee.

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

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

## Right to Act on Behalf of a Bondholder

If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.

A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.

The Trustee 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 0 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.

## **Payments in Respect of the Bonds**

Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder 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.

If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder 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 Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.

If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 0 during such postponement.

If payment or repayment is made in accordance with this Clause 0, 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.

The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **Interest**

Each Bond carries Interest at an amount equal to the aggregate Interest received on the Transferred Promissory Notes from (but excluding) the First Issue Date to (and including) the first Interest Calculation Date and thereafter from (but excluding) the latest Interest Calculation Date to (and including) the relevant Interest Calculation Date in each case less Credit Losses and less Services Fees for the relevant period. Any Subsequent Bond will carry Interest from (but excluding) the Interest

Calculation Date falling immediately prior to its issuance up to (and including) the relevant Interest Calculation Date.

Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period, for the avoidance of doubt, the Interest Period ending on the Interest Calculation Date falling one month prior to the Interest Payment Date (other than the Interest to be paid on the Final Redemption Date).

If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Trustee or the CSD, in which case the Interest shall apply instead.

## **Redemption, Amortisation and Repurchase of the Bonds**

### **Amortisation**

The Issuer shall, on each Interest Payment Date occurring following the fifth anniversary of the First Issue Date (each an "**Amortisation Date**"), repay an aggregate amount equivalent to the Cash Sweep Amount on the outstanding Bonds issued at the time of repayment, at a price equal to 100 per cent. of the repaid principal amount (together with any accrued but unpaid interest on the repaid amounts). Partial repayment shall reduce the Nominal Amount of each Bond *pro rata* (rounded down to the nearest SEK 1).

### **Issuer's purchase of Bonds**

The Issuer may, subject to applicable law, at any time purchase Bonds in accordance with paragraphs 0 and 0 of Clause 0 (*Excess Liquidity Account*). The Bonds held by the Issuer may at the Issuer's discretion be retained or sold but not cancelled.

### **Early redemption due to Tax Event (call option)**

Upon the occurrence of a Tax Event, the Issuer may, at its option and at any time, redeem all (but not some only) of the outstanding Bonds at the Nominal Amount, together with accrued interest thereon.

The Issuer shall give notice of any redemption pursuant to Clause 0 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse).

A notice of redemption in accordance with Clause 0 is irrevocable and, on the date specified in such notice, the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

Upon the occurrence of a Change of Control Event each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but

unpaid Interest, during a period of 20 Business Days following a notice from the Issuer of the Change of Control Event pursuant to Clause 0 (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.

The notice from the Issuer pursuant to Clause 0 shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 0. The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 0.

The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 0, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 0 by virtue of the conflict.

Any Bonds repurchased by the Issuer pursuant to this Clause 0 may at the Issuer's discretion be retained, sold or cancelled.

## **Transaction Security**

As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants, on the date specified in the relevant Security Document, the Transaction Security to the Secured Parties as represented by the Trustee.

The Trustee shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents. The Issuer shall enter into the Security Documents and perfect the Transaction Security in accordance with the Security Documents on the date specified therein.

Unless and until the Trustee has received instructions from the Bondholders in accordance with Clause 0 (*Decisions by Bondholders*), the Trustee shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Trustee's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Bondholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents.

## **Information to Bondholders**

### **Information from the Issuer**

The Issuer shall:

make available the annual audited financial statements of the Issuer (including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors), on its website not later than 5 months after the expiry of each financial year, starting with the financial year ending 31 December 2018;

make available the quarterly interim unaudited consolidated financial statements of the Issuer (including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors), on the website of the Originator not later than 4 months after the expiry of each relevant interim period, starting with the interim period ending on 31 December 2018;

promptly notify the Trustee when the Issuer is or becomes aware of that an Event of Default has occurred, and shall provide the Trustee with such further information as the Trustee may request (acting reasonably) following receipt of such notice;

issue a portfolio certificate to the Trustee certifying compliance with the Portfolio Parameters at the Trustee's request, within 20 days from such request; and

in connection with any Subsequent Bond Issue, issue a certificate to the Trustee certifying that all Tap Conditions have or will be fulfilled in connection with the Subsequent Bond Issue.

When the Bonds have been listed, the reports referred to under paragraphs 0 and 0 above shall, in addition, be made available in accordance with the rules and regulations of Regulated Market NDX operated by Nordic Growth Market AB or, if applicable any other Regulated Market where the Bonds are listed, and any applicable securities market regulation.

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

When the financial statements and other information are made available to the Bondholders pursuant to paragraph 0 above, the Issuer shall send copies of such financial statements and other information to the Trustee.

The Issuer is only obliged to inform the Trustee according to this Clause 0 if informing the Trustee would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Trustee, in order to be able to timely inform the Trustee according to this Clause 0.

### **Information from the Trustee**

Subject to the restrictions of a non-disclosure agreement entered into by the Trustee in accordance with Clause 0, the Trustee is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or

the Bonds. Notwithstanding the foregoing, the Trustee may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 0 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Trustee shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

### **Publication of Finance Documents**

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

The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Trustee during normal business hours.

### **General Undertakings**

#### **General**

The Issuer undertakes to comply with the undertakings set out in this Clause 0 for as long as any Bonds remain outstanding.

#### **Distributions and loans to shareholders**

The Issuer shall not:

grant any loans to any direct or indirect shareholder of the Issuer or any Affiliate of such shareholders;

pay any dividend on its shares;

repurchase any of its own shares;

redeem its share capital or other restricted equity with repayment to its shareholders;

make any other similar distribution or transfers of value to the direct or indirect shareholder of the Issuer or any Affiliate of such shareholders, other than:

any payments under the Transaction Documents; and

any unconditional group contribution (*Sw. koncernbidrag*) to the Originator on a non-cash basis and provided that a corresponding amount shall be contributed back to the Issuer by the Originator as equity in the form of a shareholder contribution simultaneously therewith.



## **Listing of Bonds**

The Issuer shall use its best efforts to ensure that:

the Bonds are listed on the Regulated Market NDX operated by Nordic Growth Market AB or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, within 120 days of the First Issue Date;

any Subsequent Bonds are listed on the relevant Regulated Market, promptly but not later than 30 Business Days after the relevant issue date (unless the Subsequent Bonds are issued before the date falling 120 days after the First Issue Date, in which case such Subsequent Bonds shall be listed within 120 days after the First Issue Date); and

the Bonds, if admitted to trading on a Regulated Market, continue being listed thereon for as long as any Bond is outstanding (however, subject to and taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

## **Compliance with laws**

The Issuer shall obtain, maintain, and comply in all material respects with the terms of any authorisation, approval or license required for the conduct of its business and comply in all material respects with all applicable laws and regulations.

## **Nature of Business and agreements**

The Issuer shall not conduct any other business than holding and managing the Transferred Promissory Notes and shall procure that no change is made to the general nature of the business carried out as at the First Issue Date and shall not enter into any other agreements than the Transaction Documents, the Transferred Promissory Notes, agreements regarding Eligible Investments made in accordance with the Terms and Conditions, agreements in respect of a Permitted Disposal and any other agreements necessary to carry out the general business of the Issuer as contemplated by the Transaction Documents.

## **No employees**

The Issuer shall have no employees.

## **Financial Indebtedness**

The Issuer shall not incur any additional Financial Indebtedness, other than Permitted Debt.

## **Disposal of Assets**

The Issuer shall not sell or otherwise dispose of any of its assets other than as a Permitted Disposal.

### **Negative Pledge**

The Issuer shall not provide or prolong any guarantee or Security over any of its assets (present or future), other than Permitted Security.

### **Financial Support**

The Issuer shall not provide any loans, guarantees, Security or other financial assistance to or on behalf of any other party.

### **Dealings with related parties**

The Issuer shall conduct all dealings with the direct and indirect shareholders of the Issuer and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

### **Anti-Money Laundering**

The Issuer shall comply with all applicable money laundering laws.

### **Portfolio Parameters**

The Issuer shall ensure that the Transferred Promissory Notes at all times are in compliance with the Portfolio Parameters.

### **Servicer**

The Issuer shall appoint the Servicer as servicer, which shall be responsible for the administration of the Transferred Promissory Notes. The Issuer shall not replace the Servicer, unless its appointment is terminated pursuant to the Securitisation Framework Agreement.

### **Cash Manager**

The Issuer shall appoint the Cash Manager as cash manager to perform certain administrative services for the Issuer. The Issuer shall not replace the Cash Manager, unless the Cash Manager's assignment as Cash Manager has been terminated in accordance with the Securitisation Framework Agreement.

### **Taxes**

The Issuer shall procure that the Originator undertakes to pay or compensate the Issuer for corporate taxes imposed on the Issuer and, if possible, ensure that all such taxes are (i) neutralised by means of group contributions (Sw. *koncernbidrag*) to the Originator or (ii) paid out of funds provided by the Originator as an unconditional shareholder's contribution (Sw. *aktieägartillskott*).

### **Bank Accounts**

The Issuer must maintain the following bank accounts (each an "Account") in the name of the Issuer:

a bank account designated the "Escrow Account";

a bank account designated the "Collection Account";

a bank account designated the "**Excess Liquidity Account**"; and

a bank account designated the "**Cost Account**".

Subject to paragraphs 0 and 0 below, each Account must be held with a reputable Swedish bank.

Upon request by the Trustee (acting reasonably and after consultation with the Issuer), an Account must without undue delay be replaced with a bank account at the same or another bank.

The replacement of an Account shall only become effective when the relevant bank agrees with the Trustee and the Issuer, in a manner satisfactory to the Trustee, to fulfil the role of the bank holding that Account.

The Issuer may not, without the prior consent of the Trustee, maintain any bank accounts other than the Accounts, the account registered with CSD for CSD payments and the account holding the registered share capital of the Issuer.

### **Undertakings relating to the Trustee Agreement**

The Issuer shall, in accordance with the Trustee Agreement:

pay fees to the Trustee;

indemnify the Trustee for costs, losses and liabilities;

furnish to the Trustee all information requested by or otherwise required to be delivered to the Trustee; and

not act in a way which would give the Trustee a legal or contractual right to terminate the Trustee Agreement.

The Issuer and the Trustee shall not agree to amend any provisions of the Trustee Agreement without the prior consent of the Bondholders if the amendment would be detrimental to the interests of the Bondholders.

### **Events of Default and Acceleration of the Bonds**

Each of the events or circumstances set out in this Clause 0 (other than Clause 0 (*Acceleration of the Bonds*)) is an Event of Default.

#### **Non-payment**

The Issuer fails to make a payment in accordance with the Transaction Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date.

#### **Portfolio Parameters**

The Issuer has failed to comply with Clause 0 (*Portfolio Parameters*), and has not remedied such failure (if capable of being remedied) within 20 Business Days' notice thereof.

### **Other obligations**

The Issuer fails to comply with the Transaction Documents, except as set out under 0 (*Non-payment*) and 0 (*Portfolio Parameters*) above, and has not remedied such failure (if capable of being remedied) within 20 Business Days' notice thereof.

### **Cross-payment default and Cross-acceleration**

Any Financial Indebtedness of the Issuer is not paid when due, or is declared to be due as a result of an event of default (however described), provided that no Event of Default will occur if the aggregate amount of Financial Indebtedness is less than SEK 3,000,000 (or its equivalent in any other currency).

### **Service Provider Termination Event**

A Service Provider Termination Event (as defined in the Securitisation Framework Agreement) occurs.

### **Insolvency**

The Issuer is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of financial difficulties, commences negotiations with its creditors (except for Bondholders) with a view to rescheduling its Financial Indebtedness; or

a moratorium is declared in respect of the Financial Indebtedness of the Issuer.

### **Insolvency proceedings**

Any corporate action, legal proceedings or other procedures are taken (other than proceedings or petitions which are being disputed in good faith and are discharged within 30 days) in relation to:

the suspension of payments, winding-up, re-organisation or similar (by way of voluntary arrangement or otherwise) of the Issuer; and

the appointment of a liquidator, administrator, or other similar officer in respect of the Issuer or any of its assets or any analogous procedure.

### **Mergers and demergers**

A decision is made that the Issuer shall be demerged or merged.

### **Change of control of the Issuer**

The Issuer ceases to be wholly-owned by the Originator.

### **Taxes**

The following occurs:

the Swedish Tax Authority requests payment from the Issuer of value added tax payable with respect to a VAT group that includes the Issuer; and

the Originator does not pay or compensate the Issuer for taxes imposed on the Issuer as set out in (Taxes).

### **Creditors' process**

Any expropriation, attachment or any analogous process in any jurisdiction affects any asset or assets of the Issuer having an aggregate value of an amount equal to or exceeding SEK 3,000,000 (or its equivalent in any other currency) and is not discharged within 30 days.

### **Impossibility or illegality**

It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Transaction Documents or if the obligations under the Transaction Documents are not, or cease to be, legal, valid, binding and enforceable.

### **Continuation of the business**

The Issuer ceases to carry on its business.

### **Acceleration of the Bonds**

Upon the occurrence of an Event of Default which is continuing, the Trustee is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Trustee and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 0, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Trustee determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

The Trustee may not accelerate the Bonds in accordance with Clause 0 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).

The Trustee shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Trustee received actual knowledge of that an Event of Default has occurred and is continuing. The Trustee shall, within twenty (20) Business Days of the date on which the Trustee received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Trustee decides not to accelerate the Bonds, the Trustee shall promptly seek instructions from the Bondholders in accordance with Clause 0 (*Decisions by Bondholders*). The Trustee shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

If the Bondholders instruct the Trustee to accelerate the Bonds, the Trustee shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of

the Trustee, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.

If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.

In the event of an acceleration of the Bonds in accordance with this Clause 0, the Issuer shall redeem all Bonds at an amount per Bond equal to 100 per cent. of the Nominal Amount.

### **Distribution of Proceeds**

All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 0 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security shall be distributed in the following order of priority:

*first*, in or towards payment *pro rata* of:

all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Trustee in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders);

other costs, expenses and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the protection of the Bondholders' rights as may have been incurred by the Trustee;

any costs incurred by the Trustee for external experts that have not been reimbursed by the Issuer in accordance with Clause 0; and

any costs and expenses incurred by the Trustee in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 0;

*secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);

*thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and

*fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs 0 to 0 above shall be paid to the Issuer.

Funds that the Trustee receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security constitute escrow funds (*Sw. redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Trustee shall arrange for payments of such funds in accordance with this Clause 0 as soon as reasonably practicable.

## Decisions by Bondholders

A request by the Trustee for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Trustee) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.

Any request from the Issuer or a Bondholder (or Bondholders) 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 Bondholder on the Business Day immediately following the day on which the request is received by the Trustee and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Trustee and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Trustee. The person requesting the decision may suggest the form for decision making, but if it is in the Trustee's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.

The Trustee may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Trustee that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

Only a person who is, or who has been provided with a power of attorney pursuant to Clause 0 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:

on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or

on the Business Day specified in the communication pursuant to Clause 0, in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ( $66 \frac{2}{3}$ ) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 0:

waive a breach of or amend an undertaking set out in Clause 0 (*General Undertakings*);

release the Security provided under the Security Documents;

reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;

amend any payment day for principal or interest amount or waive any breach of a payment undertaking, or

amend the provisions regarding the majority requirements under the Terms and Conditions.

Any matter not covered by Clause 0 shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 0. 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 0 or (0)), an acceleration of the Bonds, or the enforcement of any Transaction Security.

Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount:

if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or

if in respect of a Written Procedure, reply to the request.

If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Trustee or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 0) or initiate a second Written Procedure (in accordance with Clause 0), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 0 shall not apply to such second Bondholders' Meeting or Written Procedure.

Any decision which extends or increases the obligations of the Issuer or the Trustee, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Trustee, under the Finance Documents shall be subject to the Issuer's or the Trustee's consent, as appropriate.

A Bondholder holding more than one Bond 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.

The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' 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.

A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.



All costs and expenses incurred by the Issuer or the Trustee for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Trustee, shall be paid by the Issuer.

If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Trustee provide the Trustee with a certificate specifying the number of Bonds owned by ) Affiliates (to the knowledge of the Issuer, irrespective of whether such person is directly registered as owner of such Bonds. The Trustee shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by an Affiliate.

Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Originator and the Trustee, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Trustee, as applicable.

## **Bondholders' Meeting**

The Trustee shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).

Should the Issuer want to replace the Trustee, it may convene a Bondholders' Meeting in accordance with Clause 0 with a copy to the Trustee. After a request from the Bondholders pursuant to Clause 0, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 0.

The notice pursuant to Clause 0 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 Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.

Without amending or varying these Terms and Conditions, the Trustee may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Trustee may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## Written Procedure

The Trustee shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(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 Bondholder on the Business Day prior to the date on which the communication is sent.

Should the Issuer want to replace the Trustee, it may send a communication in accordance with Clause 0 to each Bondholder with a copy to the Trustee.

A communication pursuant to Clause 0 shall include (i) each request for a decision by the Bondholders, (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 Bondholder 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 Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 0). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 0 and 0 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 0 or 0, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## Amendments and Waivers

The Issuer and the Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:

such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;

such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 0 (*Decisions by Bondholders*).

The consent of the Bondholders 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.

The Trustee shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 0, 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 0 (*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.

An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Trustee, as the case may be.

## **Appointment and Replacement of the Trustee**

### **Appointment of Trustee**

By subscribing for Bonds, each initial Bondholder appoints the Trustee to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Trustee 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 Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.

By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Trustee to act on its behalf, as set forth in Clause 0.

Each Bondholder shall immediately upon request provide the Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Trustee), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Trustee is under no any obligation to represent a Bondholder which does not comply with such request.

The Issuer shall promptly upon request provide the Trustee with any documents and other assistance (in form and substance satisfactory to the Trustee), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.

The Trustee 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 Trustee Agreement and the Trustee's obligations as Trustee under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

The Trustee may act as agent or trustee for several issues of securities issued by or relating to the Issuer notwithstanding potential conflicts of interest.

### **Duties of the Trustee**

The Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, holding the Transaction Security pursuant to the Security Documents on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. However, the Trustee is not responsible for the execution or enforceability of the Finance Documents or the perfection of the Transaction Security.

When acting in accordance with the Finance Documents, the Trustee is always acting with binding effect on behalf of the Bondholders. The Trustee shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

The Trustee's duties under the Finance Documents are solely mechanical and administrative in nature and the Trustee only acts in accordance with the Finance Documents and upon instructions from the Bondholders, or the Cash Manager, the Originator or the Issuer, in accordance with the terms of the Finance Documents, unless otherwise set out in the Finance Documents. In particular, the Trustee in not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other person.

The Trustee may rely on a certificate or an instruction from the Issuer, the Originator and/or the Cash Manager given pursuant to these Terms and Conditions:

as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and may assume the truth and accuracy of that certificate or such instruction.

The Trustee is entitled to delegate its duties to other professional parties, but the Trustee shall remain liable for the actions of such parties under the Finance Documents.

The Trustee shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders 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.

The Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Trustee pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or the Transaction Security which the Trustee reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Trustee 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 0 (*Distribution of Proceeds*).

Notwithstanding any other provision of the Finance Documents to the contrary, the Trustee 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.

If in the Trustee's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Trustee) in complying with instructions of

the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Trustee 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.

The Trustee shall give a notice to the Bondholders (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 Trustee under the Finance Documents or the Trustee Agreement or (ii) if it refrains from acting for any reason described in Clause 0.

### **Limited liability for the Trustee**

The Trustee will not be liable to the Bondholders 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 willful misconduct. The Trustee shall never be responsible for indirect loss.

The Trustee 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 Trustee or if the Trustee has acted with reasonable care in a situation when the Trustee considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.

The Trustee 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 Trustee to the Bondholders, provided that the Trustee 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 Trustee for that purpose.

The Trustee shall have no liability to the Bondholders for damage caused by the Trustee acting in accordance with instructions of the Bondholders given in accordance with Clause 0 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 0.

Any liability towards the Issuer which is incurred by the Trustee 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 Bondholders under the Finance Documents.

### **Replacement of the Trustee**

Subject to Clause 0, the Trustee may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Trustee at a Bondholders' Meeting convened by the retiring Trustee or by way of Written Procedure initiated by the retiring Trustee.

Subject to Clause 0, if the Trustee is Insolvent, the Trustee shall be deemed to resign as Trustee and the Issuer shall within ten (10) Business Days appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

A Bondholder (or Bondholders) 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 Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Trustee and appointing a new Trustee. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Trustee be dismissed and a new Trustee appointed.

If the Bondholders have not appointed a successor Trustee within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Trustee was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Trustee which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

The retiring Trustee shall, at its own cost, make available to the successor Trustee such documents and records and provide such assistance as the successor Trustee may reasonably request for the purposes of performing its functions as Trustee under the Finance Documents.

The Trustee's resignation or dismissal shall only take effect upon the appointment of a successor Trustee and acceptance by such successor Trustee of such appointment and the execution of all necessary documentation to effectively substitute the retiring Trustee.

Upon the appointment of a successor, the retiring Trustee 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 Trustee. Its successor, the Issuer and each of the Bondholders 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 Trustee.

In the event that there is a change of the Trustee in accordance with this Clause 0, the Issuer shall execute such documents and take such actions as the new Trustee may reasonably require for the purpose of vesting in such new Trustee the rights, powers and obligation of the Trustee and releasing the retiring Trustee from its further obligations under the Finance Documents and the Trustee Agreement. Unless the Issuer and the new Trustee agrees otherwise, the new Trustee shall be entitled to the same fees and the same indemnities as the retiring Trustee.

## **Appointment and Replacement of the Issuing Agent**

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 Bonds.

The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the

old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **Appointment and Replacement of the CSD**

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 Bonds.

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 Bondholder or the listing of the Bonds. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*Sw. lag 2007:528 om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act.

## **No Direct Actions by Bondholders**

A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*Sw. företagsrekonstruktion*) or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.

Clause 0 shall not apply if the Trustee has been instructed by the Bondholders 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 Bondholder to provide documents in accordance with Clause 0), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Trustee under the Finance Documents or the Trustee Agreement or by any reason described in Clause 0, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 0 before a Bondholder may take any action referred to in Clause 0.

The provisions of Clause 0 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 0 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **Prescription**

The right to receive repayment of the principal of the Bonds 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 Bondholders' right to receive payment has been prescribed and has become void.

If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*Sw. preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, 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.

## Notices and Press Releases

### Notices

Any notice or other communication to be made under or in connection with the Finance Documents:

if to the Trustee, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch;

if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch; and

if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Originator and the Trustee.

Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 0 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 0.

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

If an Event of Default is continuing, any notice or other communication made by the Trustee to the Issuer under or in connection with the Finance Documents may, provided that the Trustee deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Trustee), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Trustee to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the group, to the email addresses most recently notified by the Issuer to the Trustee.



## Press releases

If any information relating to the Bonds or the Issuer contained in a notice the Trustee may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Trustee shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Trustee considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Trustee shall be entitled to issue such press release.

## Force Majeure and Limitation of Liability

Neither the Trustee nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Trustee or the Issuing Agent itself takes such measures, or is subject to such measures.

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

Should a Force Majeure Event arise which prevents the Trustee 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.

The provisions in this Clause 0 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## Governing Law and Jurisdiction

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

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

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

Place:

Date:

**Brocc Bonds 2 AB (publ)**

as Issuer

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Name:

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

Place:

Date:

**Intertrust (Sweden) AB**

as Trustee

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Name:



Brocc Bonds 2 AB (publ) 559045–6900



## **Finansiell rapport**

för

**Brocc Bonds 2 AB (publ)**

559045–6900

För perioden

**2018-01-01 - 2018-08-17**



Brocc Bonds 2 AB (publ)  
Org.nr. 559045-6900

RESULTATRÄKNING		2018-01-01 2018-08-17	2017-01-01 2017-12-31
	Not		
Rörelseintäkter, lagerförändringar m.m.			
Nettoomsättning		0	0
Summa rörelseintäkter, lagerförändringar m.m.		<u>0</u>	<u>0</u>
Rörelsekostnader			
Övriga externa kostnader	1	-21 047	0
Summa rörelsekostnader		<u>-21 047</u>	<u>0</u>
Rörelseresultat		-21 047	0
Resultat efter finansiella poster		-21 047	0
Resultat före skatt		-21 047	0
Periodens resultat		-21 047	0





Brocc Bonds 2 AB (publ)

Org.nr. 559045-6900

BALANSRÄKNING		2018-08-17	2017-12-31
<b>TILLGÅNGAR</b>	Not		
<b>Anläggningstillgångar</b>			
<b>Finansiella anläggningstillgångar</b>			
Förutbetalda kostnader, långfristig del	2	229 900	0
<b>Summa finansiella anläggningstillgångar</b>		<u>229 900</u>	<u>0</u>
<b>Summa anläggningstillgångar</b>		229 900	0
<b>Omsättningstillgångar</b>			
<b>Kortfristiga fordringar</b>			
Övriga fordringar		0	500 000
Förutbetalda kostnader och upplupna intäkter	2	57 475	0
<b>Summa kortfristiga fordringar</b>		<u>57 475</u>	<u>500 000</u>
<b>Kassa och bank</b>			
Kassa och bank		35 478 953	0
<b>Summa kassa och bank</b>		<u>35 478 953</u>	<u>0</u>
<b>Summa omsättningstillgångar</b>		35 536 428	500 000
<b>SUMMA TILLGÅNGAR</b>		35 766 328	500 000



## EGET KAPITAL OCH SKULDER

### Eget kapital

#### Bundet eget kapital

Aktiekapital	500 000	500 000
<b>Summa bundet eget kapital</b>	<b>500 000</b>	<b>500 000</b>

#### Fritt eget kapital

Periodens resultat	-21 047	0
<b>Summa fritt eget kapital</b>	<b>-21 047</b>	<b>0</b>

**Summa eget kapital** 478 953 **500 000**

#### Långfristiga skulder

Obligationslån	3	35 000 000	0
<b>Summa långfristiga skulder</b>		<b>35 000 000</b>	<b>0</b>

#### Kortfristiga skulder

Skulder till koncernföretag		287 375	0
<b>Summa kortfristiga skulder</b>		<b>287 375</b>	<b>0</b>

**SUMMA EGET KAPITAL OCH SKULDER** 35 766 328 **500 000**

### Förändringar i eget kapital

	Aktiekapital	Övrigt fritt eget kapital	Periodens resultat	Summa fritt eget kapital
Belopp vid årets ingång	500 000	0	0	0
Periodens resultat			-21 047	-21 047
Belopp vid årets utgång	500 000	0	-21 047	-21 047

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## Brocc Bonds 2 AB (publ)

Org.nr. 559045-6900

KASSAFLÖDESANALYS	2018-01-01	2017-01-01
	Not 2018-08-17	2017-12-31
<b>Den löpande verksamheten</b>		
Rörelseresultat	-21 047	0
<b>Kassaflöde från den löpande verksamheten</b>		
före förändringar av rörelsekapital	<u>-21 047</u>	<u>0</u>
<b>Kassaflöde från förändringar av rörelsekapital</b>		
Minskning(+)/ökning(-) av fordringar	212 625	0
Minskning(-)/ökning(+) av kortfristiga skulder	287 375	0
<b>Kassaflöde från den löpande verksamheten</b>	<u>478 953</u>	<u>0</u>
<b>Finansieringsverksamheten</b>		
Obligationslån	35 000 000	0
<b>Kassaflöde från finansieringsverksamheten</b>	<u>35 000 000</u>	<u>0</u>
<b>Periodens kassaflöde</b>	35 478 953	0
Likvida medel vid periodens början	0	0
<b>Likvida medel vid periodens slut</b>	<u>35 478 953</u>	<u>0</u>



## Allmänna upplysningar

Företaget bildades den 4 januari 2016 vilket är företagets startpunkt för redovisning enligt RFR 2 Redovisning för juridiska personer. Ingen aktivitet har funnits i företaget innan likvid utgick den 17 augusti 2018, varav anledningen till rapportens upprättande.

Brocc Bonds 2 AB (publ) ägs till 100% av Brocc AB (publ), 556983–3204.

### 1.1 Grund för rapporternas upprättande

Bolaget redovisning är upprättad i enlighet med RFR2, *Redovisning för juridiska personer* och Årsredovisningslagen. RFR2 anger undantag från och tillägg till de av IASB utgivna standarder samt av IFRIC utgivna uttalande.

Att upprätta rapporter i överensstämmelse med RFR 2 *Redovisning för juridiska personer* kräver användning av en del viktiga uppskattningar för redovisningsändamål. Vidare krävs att ledningen gör vissa bedömningar vid tillämpningen av bolagets redovisningsprinciper. De områden som innefattar en hög grad av bedömning, som är komplexa eller sådana områden där antaganden och uppskattningar är av väsentlig betydelse för den finansiella rapporten, anges under sektionerna *Intäktsredovisning* samt *Finansiella instrument*.

### 1.2 Intäktsredovisning

Intäkter redovisas när dess belopp kan mätas på ett tillförlitligt sätt, det är sannolikt att framtida ekonomiska fördelar kommer att tillfalla företaget och särskilda kriterier har uppfyllts för verksamheten.

Bolagets intäkter avser ränteintäkter på kontraktsfordringar. Ränteintäkter beräknas och redovisas med tillämpning av effektivräntemetoden. Effektivräntan är den ränta som används för att diskontera avtalsenliga framtida kassaflöden till redovisat värde på det finansiella instrumentet. När värdet på en fordran har gått ner, minskar Brocc Bonds 2 AB det redovisade värdet till det återvinningsbara värdet, vilket utgörs av bedömt framtida kassaflöde, diskonterat med den ursprungliga effektiva räntan för instrumentet, och fortsätter att lösa upp diskonteringseffekten som ränteintäkt.

### 1.3 Finansiella instrument

IFRS 9 "Finansiella instrument" hanterar klassificering och värdering inklusive nedskrivningar av finansiella tillgångar och skulder samt säkringsredovisning. Klassificeringen av finansiella tillgångar och skulder beror på syftet med förvärvet av den finansiella posten.

#### 1.3.1 Klassificering

Kategorierna som tillämpas av Brocc Bonds 2 AB är följande:

- a) Lånefordringar och kundfordringar
- b) Övriga finansiella skulder

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Finansiella tillgångar som redovisas i balansräkningen inkluderar likvida medel och lånefordringar. Finansiella skulder avser obligationslån och leverantörsskulder.

### 1.3.2 Redovisning och värdering

Finansiella instrument redovisas första gången till verkligt värde plus transaktionskostnader, vilket gäller alla finansiella tillgångar som inte redovisas till verkligt värde via resultaträkningen. Lånefordringar värderas, efter anskaffningstidpunkten, till upplupet anskaffningsvärde med tillämpning av effektivräntemetoden. Reservering för sannolika kreditförluster sker där sannolikheten för fallissemang är betydande. Långfristiga skulder redovisas initialt till verkligt värde, netto efter transaktionskostnader, och därefter till upplupet anskaffningsvärde med tillämpning av effektivräntemetoden.

Finansiella tillgångar och skulder redovisas i balansräkningen när bolaget blir part till instrumentets avtalsmässiga villkor. En skuld redovisas när motparten har presterat och avtalsenlig skyldighet föreligger att betala. Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförs och bolaget har överfört i stort sett alla risker och förmåner som är förknippade med äganderätt en. Finansiella skulder tas bort från balansräkningen när förpliktelsen i avtalet har fullgjorts eller på annat sätt utsläcits.

Transaktionskostnader och förutbetalda kostnader periodiseras och kostnadsförs under obligationens löptid eftersom de härrör från grundandet av obligationen.

### 1.3.3 Kvittning av finansiella instrument

Finansiella tillgångar och skulder kvittas och redovisas med ett nettobelopp i balansräkningen, endast när det finns en legal rätt att kvitta de redovisade beloppen och en avsikt att reglera dem med ett nettobelopp eller att samtidigt realisera tillgången och reglera skulden.

### 1.3.4 Nedskrivning finansiella instrument

Bolaget beräknar eventuella förluster för finansiella instrument under den återstående löptiden enligt IFRS 9, baserat på sannolikhetsviktad framåtblickande information. I denna rapport finns främst banktillgodohavanden där reserver för förväntade kreditförluster ej är materiella

## 1.4 Kassaflödesanalys

Kassaflödesanalysen upprättas enligt indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medfört in- eller utbetalningar.

### Not 1 Övriga externa kostnader

	2018-08-17
Garantiprovisioner	20 360
Bankkostnader	687
	<b>21 047</b>

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JR.


**Not 2 Förutbetalda kostnader**

	<b>2018-08-17</b>
Övriga kostnader	287 375
Upplupna räntekostnader	0
	<b>287 375</b>

**Not 3 Långfristiga skulder**

	<b>2018-08-17</b>
<b>Förfaller senare än ett år men inom fem år efter balansdagen</b>	
Obligationslån	35 000 000
Transaktionskostnader	0
	<b>35 000 000</b>

Obligationslånet har en löptid på minst 5 år from 2018-08-17. Obligationslånet löper ut i samband med att den sista lånefordringen återbetalts. Ränta är överskottet av räntan som presteras från lånefordringarna efter avdrag för kreditförluster och kostnader.

Marknadsvärdet på lånet motsvarar det nominella beloppet reducerat med transaktionskostnaderna.

**Not 4 Väsentliga händelser efter periodens utgång**

Inga väsentliga händelser har inträffat efter periodens utgång.

**Not 5 Ställda säkerheter**

	<b>2018-08-17</b>
Inga	Inga





Öhrlings PricewaterhouseCoopers AB  
Att: Lena Eidmann  
113 97 Stockholm

Stockholm, 2018-10-17

Detta uttalande lämnas i anslutning till er revision av Brocc Bonds 2 AB:s finansiella rapporter för de räkenskapsperioder (räkenskapsåret 2017 samt perioden 2018-01-01 – 2018-08-17) som slutade den 17 augusti 2018 som syftar till att ni ska ge uttryck för er uppfattning om huruvida de finansiella rapporterna i alla väsentliga avseenden ger en rättvisande bild enligt RFR2, Redovisning för juridiska personer.

Vi bekräftar följande (*utifrån vår bästa kunskap och övertygelse, efter att ha gjort sådana förfrågningar som vi har ansett vara nödvändiga för att på ett lämpligt sätt informera oss själva*):

*Finansiella rapporter*

- Vi har tagit vårt ansvar för upprättandet av de finansiella rapporterna enligt villkoren för revisionsuppdraget daterade 4 september 2018, särskilt att de finansiella rapporterna ger en rättvisande enligt RFR2, Redovisning för juridiska personer.
- Betydelsefulla antaganden som vi har använt för att göra uppskattningar i redovisningen, däribland sådana som beräknas till verkligt värde, är rimliga. (ISA 540)
- Närstående relationer och närstående transaktioner har redovisats korrekt och upplysningar har lämnats enligt RFR2, Redovisning för juridiska personer. (ISA 550)
- För alla händelser efter datumet för de finansiella rapporterna som enligt RFR2, Redovisning för juridiska personer kräver justeringar eller att upplysningar lämnas har justeringar gjorts eller upplysningar lämnats. (ISA 560)
- Effekterna av felaktigheter som inte har rättats är oväsentliga, både enskilt och sammantaget, för de finansiella rapporterna som helhet.

*Lämnad information*

- Vi har försett er med
  - tillgång till all information som vi har kännedom om och som är relevant för upprättandet av de finansiella rapporterna, t.ex. bokföring, dokumentation och annat,
  - ytterligare information som ni har begärt av oss för revisionens syfte, och
  - obegränsad tillgång till personer inom företaget som ni har bedömt att det är nödvändigt att inhämta revisionsbevis från.
- Alla transaktioner har bokförts i räkenskapsmaterialet och avspeglas i de finansiella rapporterna.
- Vi har upplyst er om resultaten av vår bedömning av risken för att de finansiella rapporterna kan innehålla väsentliga felaktigheter som beror på oegentligheter. (ISA 240)
- Vi har upplyst er om all information som rör oegentligheter eller misstänkta oegentligheter som vi känner till och som påverkar företaget och inbegriper
  - företagsledningen,
  - anställda som har viktiga roller inom den interna kontrollen, och





- andra personer, när oegentligheterna kan ha en väsentlig inverkan på de finansiella rapporterna. (ISA 240)
- Vi har lämnat all information till er om påstådda oegentligheter, eller misstänkta oegentligheter, med inverkan på företagets finansiella rapporter, som vi har fått kännedom om genom anställda, tidigare anställda, analytiker, tillsynsmyndigheter eller andra. (ISA 240)
- Vi har upplyst er om alla kända fall av överträdelse eller misstänkta överträdelse av lagar och andra författningar vars effekter ska beaktas när finansiella rapporter upprättas. (ISA 250)
- Vi har upplyst er om vilka företagets närstående är och om alla närståenderelationer och närståendetransaktioner som vi känner till. (ISA 550)



Stockholm

den 25 oktober 2018.

Torbjörn Gunnarsson

Jonathan Klein

Andreas Thim

Stockholm den 26 oktober 2018  
Öhrlings PricewaterhouseCoopers AB

Lena Eidmann  
Auktoriserad revisor





## Revisors rapport avseende finansiella rapporter över historisk finansiell information

Till styrelsen i Brocc Bonds 2 AB (publ)

Vi har utfört en revision av de finansiella rapporterna för Brocc Bonds 2 AB (publ), som omfattar balansräkningen per den 17 augusti 2018 och 31 december 2017 och resultaträkningen för perioden 2018-01-01 – 2018-08-17 och 2017, kassaflödesanalysen och redogörelsen för förändringar i eget kapital för dessa perioder samt ett sammandrag av väsentliga redovisningsprinciper och andra tilläggsupplysningar.

### *Styrelsens och verkställande direktörens ansvar för de finansiella rapporterna*

Det är styrelsen och verkställande direktören som har ansvaret för att de finansiella rapporterna tas fram och presenteras på ett sådant sätt att de ger en rättvisande bild av finansiell ställning, resultat, förändringar i eget kapital i enlighet med RFR 2 Redovisning för juridiska personer och årsredovisningslagen och kompletterande tillämplig normgivning. Denna skyldighet innefattar utformning, införande och upprätthållande av intern kontroll som är relevant för att ta fram och på rättvisande sätt presentera de finansiella rapporterna utan väsentliga felaktigheter, oavsett om de beror på oegentligheter eller fel. Styrelsen ansvarar även för att de finansiella rapporterna tas fram och presenteras enligt kraven i prospektförordningen 809/2004/EG.

### *Revisorns ansvar*

Vårt ansvar är att uttala oss om de finansiella rapporterna på grundval av vår revision. Vi har utfört vår revision i enlighet med FARs rekommendation RevR 5 *Granskning av finansiell information i prospekt*. Det innebär att vi följer FARs etiska regler och har planerat och genomfört revisionen för att med rimlig säkerhet försäkra oss om att de finansiella rapporterna inte innehåller några väsentliga felaktigheter. Revisionsföretaget tillämpar ISQC 1 (International Standard on Quality Control) och har därmed ett allsidigt system för kvalitetskontroll vilket innefattar dokumenterade riktlinjer och rutiner avseende efterlevnad av yrkesetiska krav, standarder för yrkesutövningen och tillämpliga krav i lagar och andra författningar.

Vi är oberoende i förhållande till Brocc Bonds 2 AB (publ) enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

En revision i enlighet med FARs rekommendation RevR 5 *Granskning av finansiell information i prospekt* innebär att utföra granskningsåtgärder för att få revisionsbevis som bestyrker belopp och upplysningar i de finansiella rapporterna. De valda granskningsåtgärderna baseras på vår bedömning av risk för väsentliga felaktigheter i de finansiella rapporterna oavsett om de beror på oegentligheter eller fel. Vid riskbedömningen överväger vi den interna kontroll som är relevant för bolagets framtagande och rättvisande presentation av de finansiella rapporterna som en grund för att utforma de revisionsåtgärder som är tillämpliga under dessa omständigheter men inte för att göra ett uttalande om effektiviteten i bolagets interna kontroll. En revision innebär också att utvärdera tillämpligheten av använda redovisningsprinciper och rimligheten i de betydelsefulla uppskattningar som styrelsen och verkställande direktören gjort samt att utvärdera den samlade presentationen i de finansiella rapporterna.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som underlag för vårt uttalande.



### *Uttalande*

Enligt vår uppfattning ger de finansiella rapporterna en rättvisande bild i enlighet med RFR 2 Redovisning för juridiska personer och årsredovisningslagen och kompletterande tillämplig normgivning av Brocc Bonds 2 AB (publ)s ställning per 17 augusti 2018 och 31 december 2017 och resultat för perioden 2018-01-01 – 2018-08-17 och 2017, redogörelse för förändringar i eget kapital och kassaflöde för dessa perioder.

Stockholm den 26 oktober 2018  
Öhrlings PricewaterhouseCoopers AB

A handwritten signature in blue ink that reads 'Lena Eidmann'.

Lena Eidmann  
Auktoriserad revisor

**ADDRESSES****ISSUER****Brocc Bonds 2 AB (publ)**

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