

# HoistFinance

Specialised Debt Restructurer

## A European Asset Manager of Non-Performing Loans

Debt Investor Presentation  
SEK 300m AT1 Transaction

May 2026



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# Hoist Finance SEK Additional Tier 1 offering

## Summary Overview

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- Transaction: SEK 300m Perpetual Non-Call 5.25y
- Loss Absorption: Temporary Write-Down, consistent with Hoist's previous AT1 offerings
- Trigger Structure: If the CET1 ratio of the Group or the Issuer falls below 7.00% and 5.125%, respectively

## Investment Highlights

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- **Significant headroom to trigger:** Headroom of 6.86% / SEK 2.7bn vs. 7.00% Group AT1 trigger
- Headroom of 7.07% / SEK 3.0bn vs. 5.125% level Issuer AT1 trigger

## Transaction Rationale

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- Optimise capital structure & maintain a strong capital position
- Create increased headroom to capitalise on growth opportunities
- Support credit rating metrics

## Outstanding AT1 Capital Notes

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Rank	Size	Issue date	Maturity	First call date
AT1	SEK 700m	23 May 2023	Perpetual	24 May 2028
AT1	SEK 200m	2 Sept. 2025	Perpetual	2 Sept. 2030

# Hoist Finance credit highlights

- 1** A **leading European asset manager**, specialised in **non-performing consumer- and SME loans**, building on more than **30 years of market experience** and data gathering
- 2** **Regulated status** as a credit market institution requires **sound capitalisation and strong liquidity**, while allowing for **access to competitive and stable retail deposit-funding**. Qualified as an **SDR**, Hoist **fulfils a range of regulatory requirements set to assure stability across the market cycle**
- 3** Highly **granular and diversified investment portfolio** with regards to ticket sizes, geographies, markets, vintages, and asset classes
- 4** Active presence in **14 markets** across Europe with a proven track record of strategically entering new markets. Benefitting from **strong relationships with Europe's largest banks and financial institutions, and other credit market participants such as credit funds**, Hoist is active on both the primary- and the secondary NPL-market
- 5** Baa2 rating with positive outlook from Moody's, the only **Investment Grade** rated issuer in the NPL sector
- 6** **Highly active markets** with supportive underlying market trends

# Today's presenters



**Harry Vranjes**

Chief Executive Officer



**Magnus Söderlund**

Chief Financial Officer



# Introduction

# Specialised NPL asset manager

## Introduction to Hoist Finance

- Hoist Finance AB (publ) specialises in consumer and small business Non-Performing Loans (NPLs). We aim to become **Europe's leading NPL asset manager** for secured and unsecured consumer- and microcap debt. Our purpose is to contribute to a **healthy and resilient financial system in Europe** by supporting banks and other financial institutions – as well as individual borrowers
- We partner with European banks and financial institutions to help them reduce complexity, costs and capital reservations by acquiring their NPL-portfolios, thereby enabling them to focus on new lending which is essential for societal growth. **With over 30 years experience, we offer extensive debt restructuring solutions**, currently operating across 14 European markets
- We are also a partner to individuals and microcaps with defaulted debt. When Hoist Finance acquire an NPL portfolio, this is done at a significant **discount to nominal value (on average, c. 90% discount)**, leaving room to offer debt relief. Our aim is to develop sustainable repayment plans based on each borrower's ability to pay
- We are a **regulated credit market institution under the supervision of the Swedish FSA**. We are organised like a bank with three lines of defence; including dedicated Group functions for risk, compliance, security, and internal audit
- Hoist Finance's **SEK 34bn investment portfolio** is highly granular with the **average loan of SEK 76k**, and well-diversified across countries, vintages and asset classes. This granularity and diversity creates **stability and predictability** over time
- We manage our collections locally to maintain control and uphold high standards of customer care, ethics and compliance. **Strategic collections** are always managed inhouse, while **operational collections** can be conducted inhouse or through third parties, which gives a **flexible cost base**



# Hoist Finance in numbers

Q1 2026

<b>+30</b>	Years of experience	<b>14</b>	European markets
<b>1,035</b>	FTEs	<b>19.5%</b>	Return on equity
<b>34.4bn</b>	Total portfolio	<b>2.0bn</b>	Acquired loan portfolios during Q1
<b>Baa2/ Positive</b>	Rating. Moody's	<b>13.86%</b>	CET1 ratio
<b>19.12%</b>	Total capital ratio	<b>3.57</b>	SEK, earnings per share

## Pan-European presence





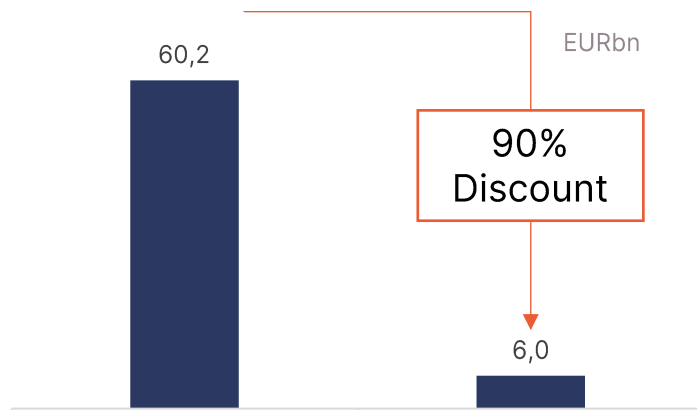
# Business Overview

# What we do

## Business model in three illustrative graphs

### Derisked NPLs\*

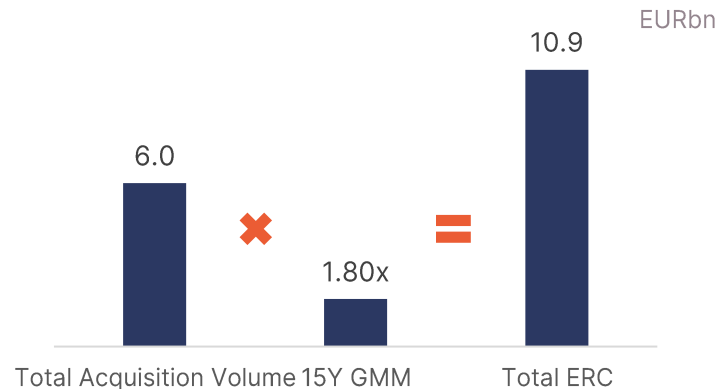
Non-performing loan value after purchase  
[Gross Book value / Purchase price]



True risk profile priced with a discount ranging from c. 70-98% depending on the underlying assets (vintage, collateral, asset class, etc.)

### Borrower debt relief

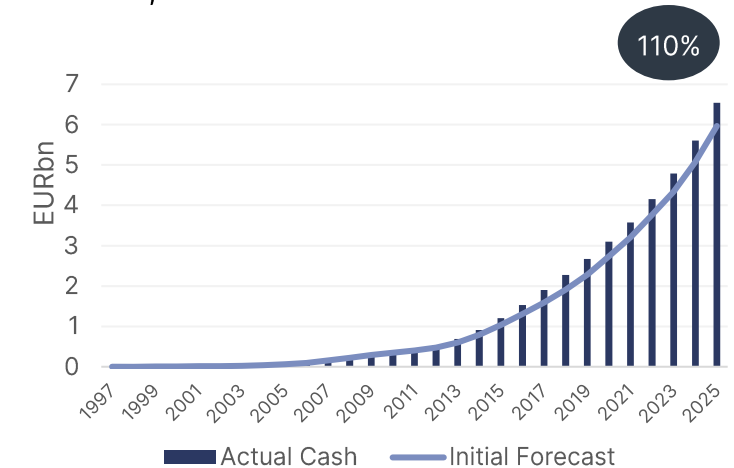
A discount to face value enables NPL buyers to include a safety margin and drastically reduce the likelihood of potential losses



In the debt restructuring, offering borrower relief increases the likelihood of the borrowers getting on track financially

### Stable and predictable performance

Annual cumulative actual cash vs initial forecast, secured & unsecured



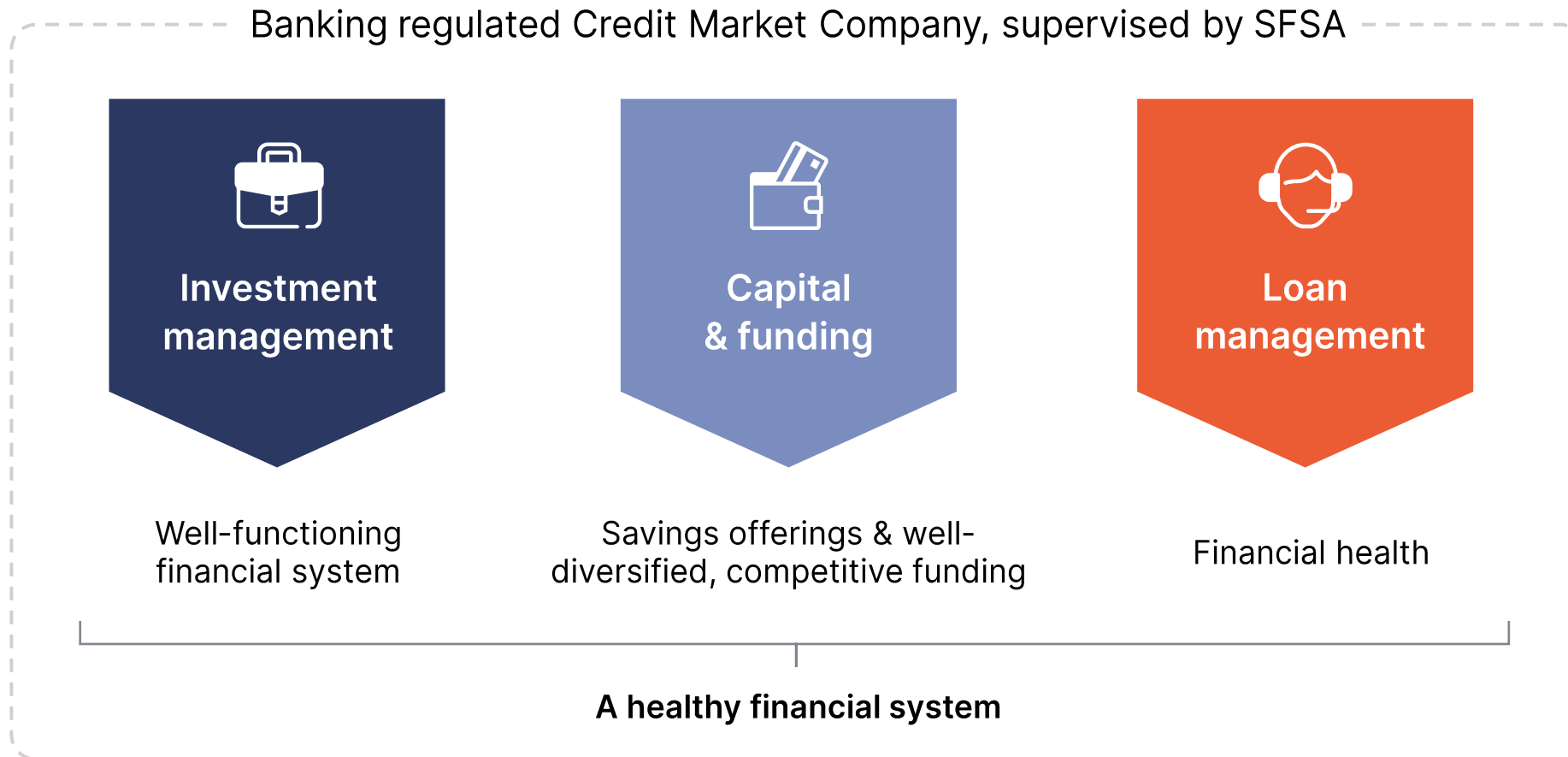
Long term average of 110% of initial forecasted collection levels, providing a margin of safety to absorb potential external shocks

**Hoist Finance de-risk portfolios through pricing, enabling borrower debt relief, building stable financial performance**

\* All graphs for illustrative purposes. The first graph illustrates NPL acquisition value (Hoist Finance gross book value) as a percentage of purchase price spent by Hoist Finance (excluding divested portfolios). It gives an understanding of the extent of de-risking of the assets that is achieved in an NPL-transaction. The third graph compares actual performance to original forecast (excluding divested portfolios).

# A leading European asset manager of NPL portfolios

Organised in three pillars



# Strengthened investment capacity as an SDR

- On 4 February 2026, Hoist **notified the SFSA** that the company **meets all the requirements to qualify as a Specialised Debt Restructurer (SDR)** under Article 36.5 of the EU Capital Requirements Regulation
- With SDR status, Hoist is **exempt from the NPL backstop regulation** (EU 2019/630) and no longer needs to make deductions for insufficient coverage of non-performing exposures when calculating its capital base
- Dissolvement of accumulated **backstop-related CET1 deductions of SEK 1.2 billion**. The released capital will be used for growth and capital repatriation
- Key qualification criteria include specialisation in debt management (Hoist is an asset manager specialised in NPLs), NSFR exceeding 130% (Hoist reported NSFR of 143% as per Q4 2025), sight deposits not exceeding 5% of total liabilities (Hoist has 0 sight deposits)\*
- As an SDR, Hoist has:
  - Strengthened its **investment capacity**
  - Increased its **addressable market**
  - Become **more competitive** in the pricing of portfolios

\* See appendix for further details on the SDR criteria





# Financial Performance

# Strong start of the year

As of Q1 2026

SEK **2.0bn**

Investment portfolio  
acquisitions

Q1 2025: SEK 961m



SEK **34.4bn**

Total investment  
portfolio

Q1 2025: 29.0bn



**105%**

Collection performance

Q1 2025: 103%

**19.5%**

Return on equity

Q1 2025: 16.7%



SEK **394m**

Profit before tax

Q1 2025: SEK 332m



SEK **3.57**

EPS

Q1 2025: SEK 2.33



**13.86 %**

CET1-ratio

Q1 2025: 13.08

# Busy investment quarter

## Investment highlights Q1 2026

- **High activity across all markets**, with portfolios acquired in e.g. Spain, Belgium, Germany and Italy.
- 90% of deals closed was **primary market**.
- **IRRs** stabilized at **attractive levels**.
- The acquisition of Azzurro Associates moving forward (SEK 2.5bn). In combination with deals signed after the quarter was closed, a total of **SEK 3bn of incoming acquisitions**.

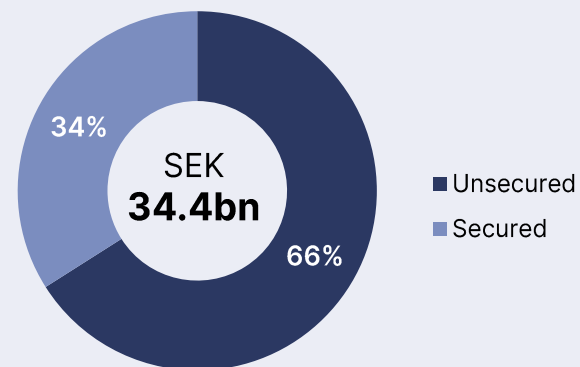
**SEK 34.4bn**

Investments portfolio value

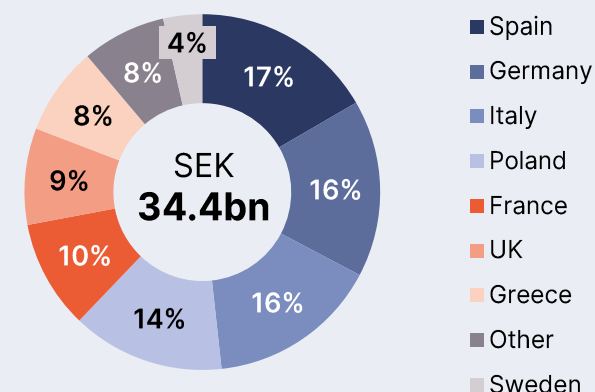
**SEK 58.7bn**

Gross 180-month ERC

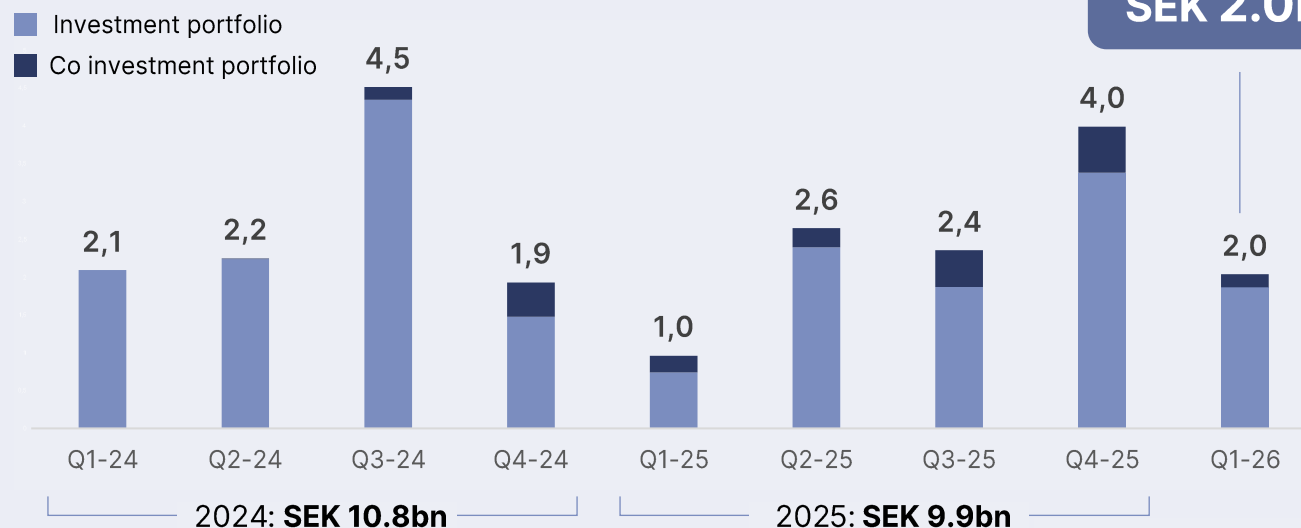
Investment portfolio by asset class



Investment portfolio by geography



Investment portfolio acquisitions



# Strong results despite FX-effects

## Q1 financial summary

Return on equity

**19.5%**

Q1 2025: 16.7%

Investment volumes

**2,036**

SEKm

Q1 2025: 961

Investment portfolio

**34,402**

SEKm

Q1 2025: 28,990

**↑ 19%**

Group P&L, SEKm	Quarter 1 2026	Quarter 1 2025	Change	Change excl FX
Interest income credit portfolio	1,289	1,201	7%	
Interest income co-investment portfolio	67	35	94%	
Other interest income	147	140	4%	
Interest expense	-505	-456	11%	
<b>Net interest income</b>	<b>998</b>	<b>920</b>	<b>9%</b>	<b>15%</b>
Total impairment gains & losses	135	69	95%	
Other income	23	41	-43%	
Net result from financial transactions	12	0	>100%	
<b>Total operating income</b>	<b>1,168</b>	<b>1,030</b>	<b>13%</b>	<b>20%</b>
Direct	-501	-435	15%	
Indirect	-273	-265	3%	
<b>Total operating expenses</b>	<b>-774</b>	<b>-699</b>	<b>11%</b>	<b>15%</b>
Profit from shares and participations in associates	0	1	-100%	
<b>Profit before tax</b>	<b>394</b>	<b>332</b>	<b>19%</b>	<b>32%</b>
Income tax	-57	-72	-20%	
<b>Net profit</b>	<b>337</b>	<b>260</b>	<b>30%</b>	<b>42%</b>

- Continued investment portfolio growth builds **earnings growth**, with **EPS at SEK 3.57** vs. SEK 2.33 in Q1 2025.
- FX-effects from a **stronger SEK** compared to Q1 2025.
- Indirect costs include **SEK 25m one-offs** related to the ongoing acquisition of Azzurro Associates.

# Stable performance across the board

Financial overview Q1 2026



**SEK 998m**

**Net Interest Income**

SEK 920m Q1 2025

- **Interest income** from acquired loan portfolios grew by 7%, lower than BV-growth due to FX and timing effects.
- Interest expense increased since last year on the back of **higher deposit volumes**.
- Reported NII up by 9% since Q1 2025, 15% excl. FX, reflecting a **larger investment portfolio**.



**SEK 1,168m**

**Total operating income**

SEK 1,030m Q1 2025

- Impairments at SEK 135m reflects **strong collection performance**, with SEK 223m of overcollections compared to active forecast, resulting in revaluations of SEK -88m.
- Net financial transactions of SEK 12m reflect **overcollections also in the co-investment portfolio**.



**SEK -774m**

**Total operating expenses**

SEK -699m Q1 2025

- Total operating expenses up less than portfolio growth, reflecting continued **tight cost control**.
- **Direct costs** growth of 15% since Q1 2025, compared to BV-growth of 19%.
- **Indirect costs** at a stable level, despite SEK 25m one-off.



**SEK 337m**

**Net profit for the quarter**

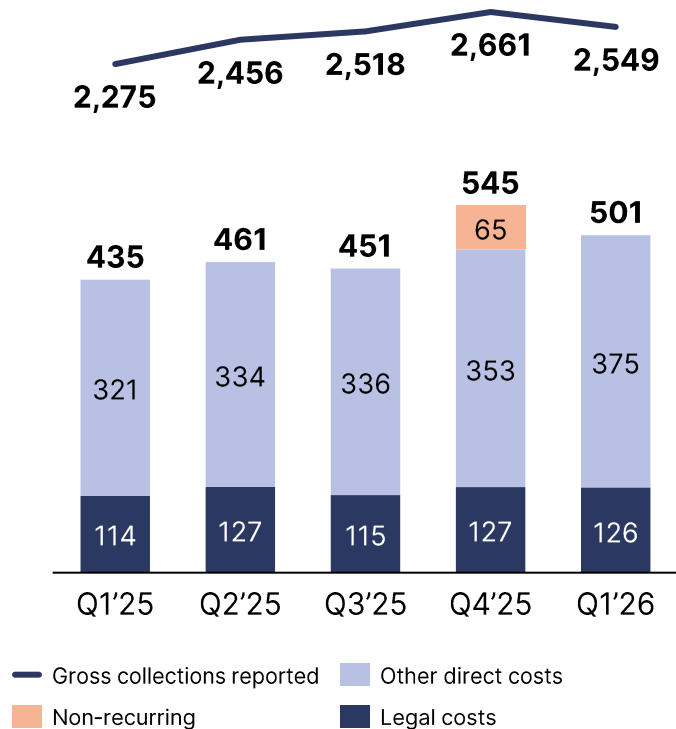
SEK 260m Q1 2025

- **Profit before tax** reflecting strong collection performance as well as cost control.
- Quarter includes **tax income of SEK 43m** resulting from a **provision release** for a legacy (2016/2017) transfer pricing case.

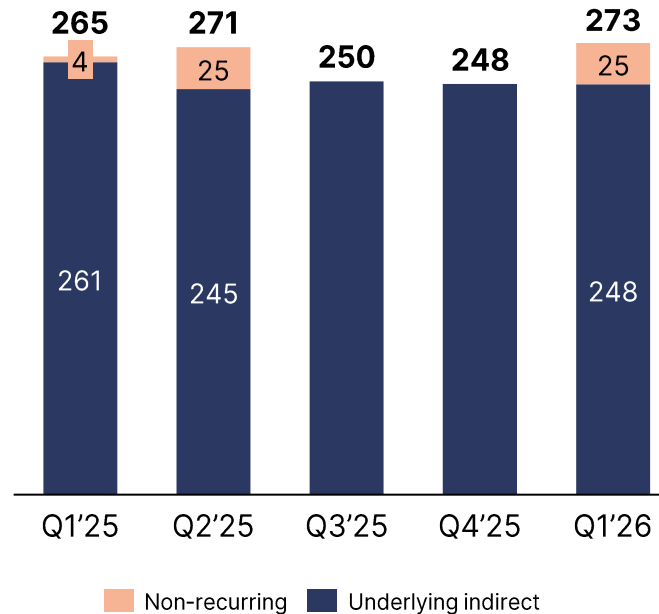
# Flexible cost base and tight cost control

## Five quarters cost trend

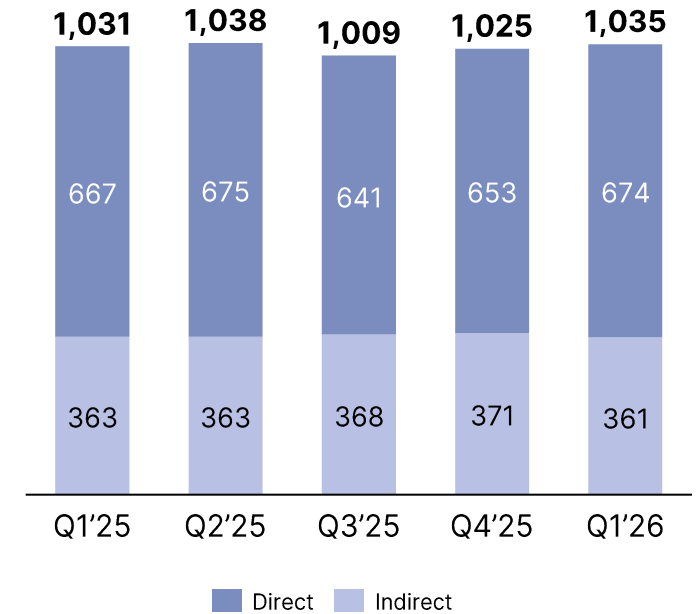
### Direct costs



### Indirect costs



### FTEs





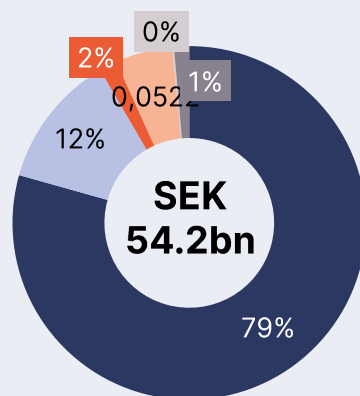
# Funding & Capital Position

# Robust and diversified funding platform

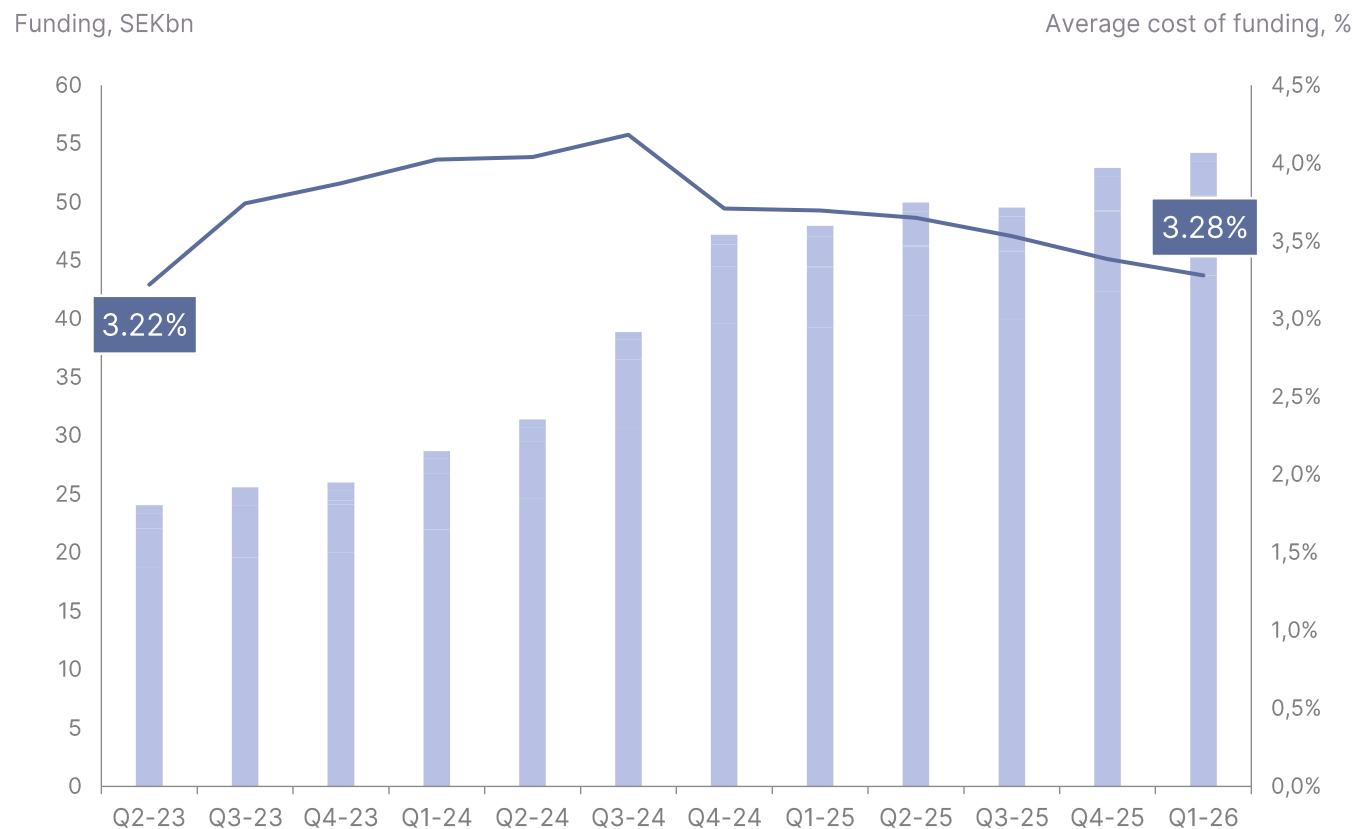
- Hoist Finance's funding strategy is centred on maintaining a **sustainable, cost-effective and well-diversified funding** structure while also maintaining a sound structural level of risk
- Wholesale funding complements deposits
- ~80%/20% deposits/market funding split
- **Average funding cost** down to 3.28% since Q4 2025

## Funding sources

- Deposits
- Sr unsecured debt
- AT1 instruments
- Subordinated liabilities
- Notes issued by securitization
- Term loan



## Total funding with average cost



# Opening Spain as the seventh retail deposit market

- As a **regulated credit market institution** under the supervision of the Swedish FSA, Hoist Finance can offer savings accounts, taking in deposits from the general public
- Savings accounts are offered under the **HoistSpar** brand, which was first introduced in Sweden in 2009, today also present in Germany, Poland, the Netherlands, Ireland, Austria and Spain
- Deposit funding offers a highly **competitive, stable and flexible funding base**

>100,000

Active customers

Ireland

Netherlands

Germany

Spain

Sweden

Poland

Austria

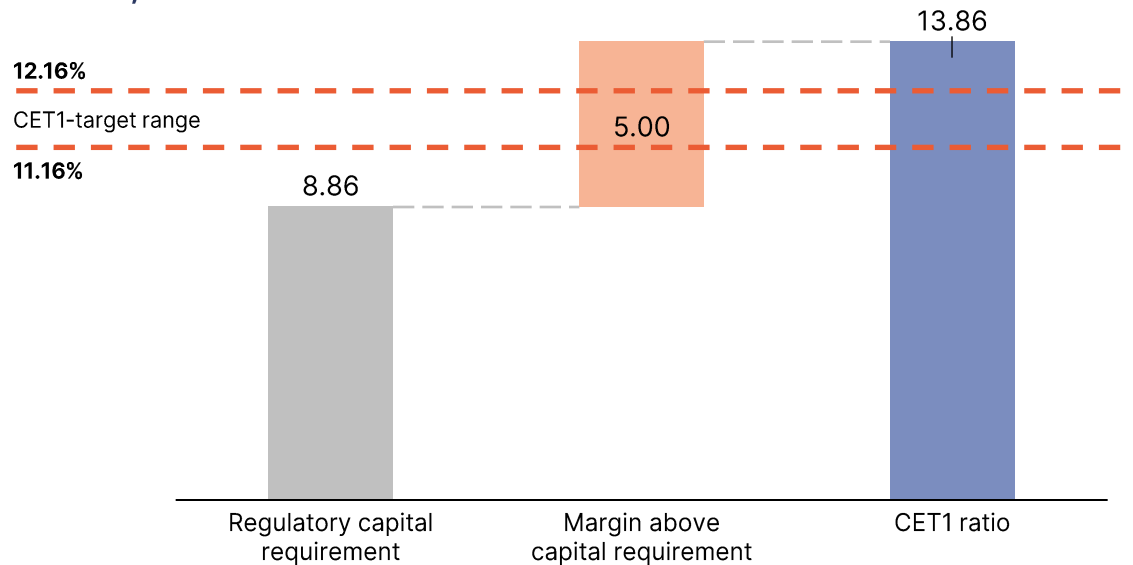
SEK 44 billion

Total deposits as of Q1 2026

# Ample investment capacity

Capital and liquidity position as per Q1 2026, Group

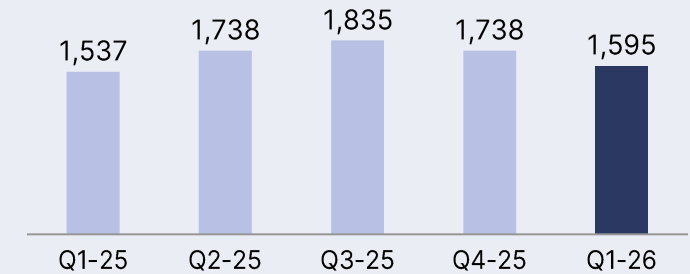
CET1-ratio, %



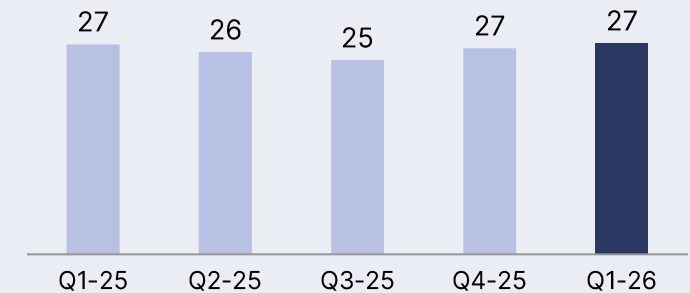
- Robust capital ratios, well above regulatory requirements, giving **ample room to invest**.
- **Strong liquidity ratios**, with NSFR well above the 130% requirement for SDR.

\*Using the internally assessed SREP Pillar 2 Requirement is set at 1.68%

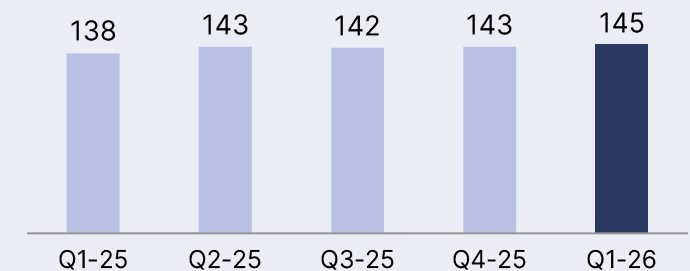
Liquidity coverage ratio (LCR), R12 %



Liquidity reserve, SEKbn

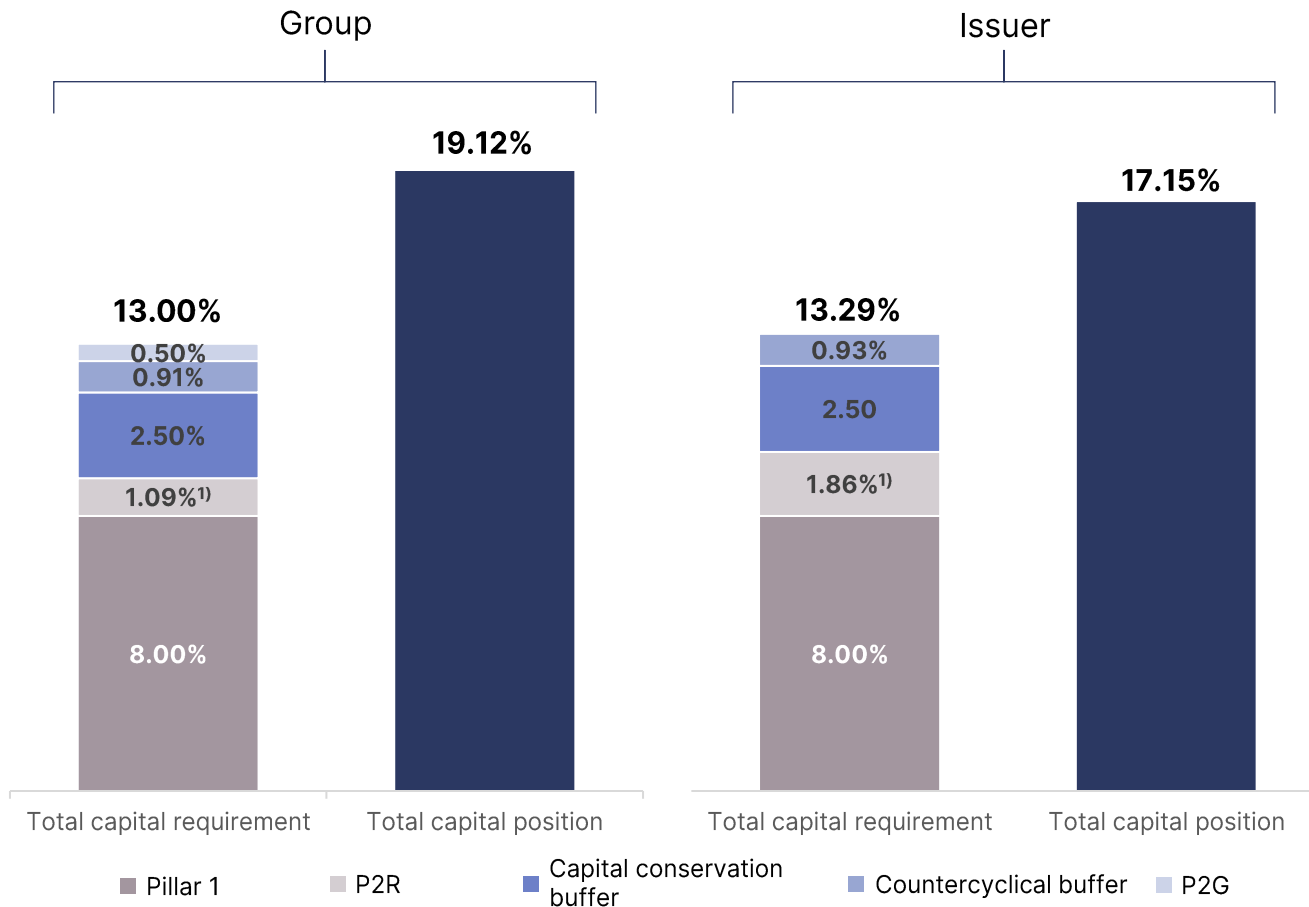


Net stable funding ratio (NSFR), %



# Capital position

## Group & Issuer capital overview, Q1 2026



## Capital position and requirements, Q1 2026

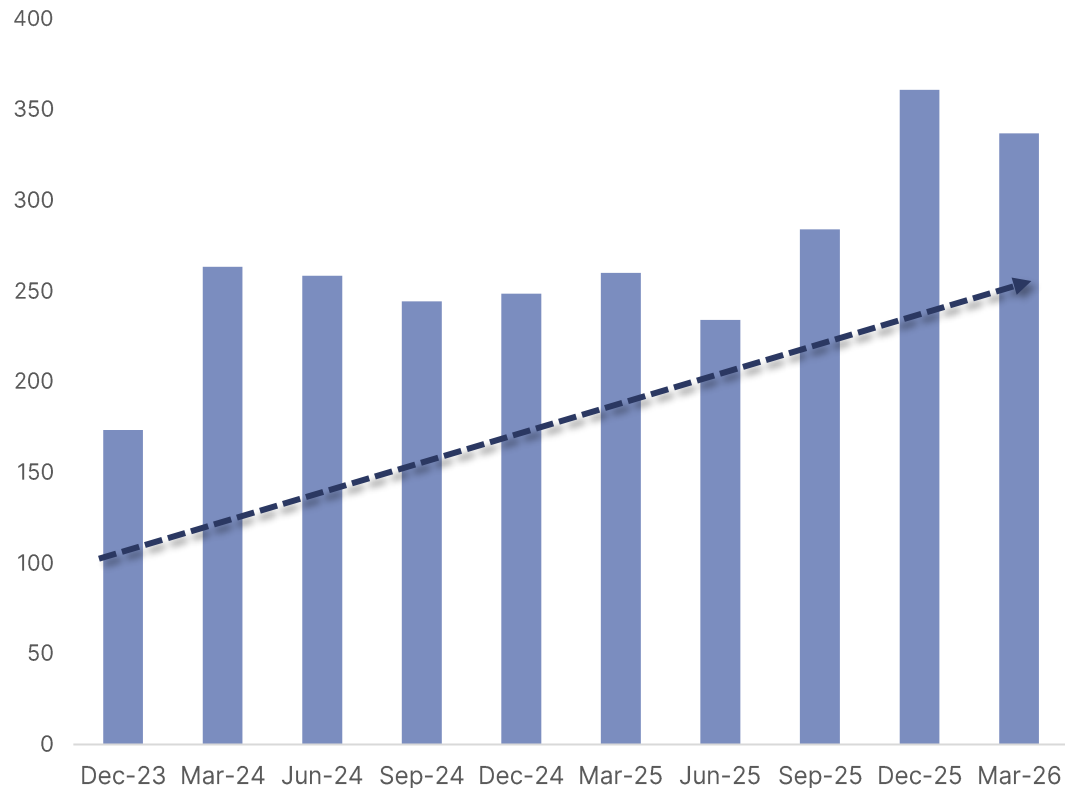
	Group <sup>2)</sup>	Issuer
CET1 position	13.86%	12.20%
<i>CET1 req.</i>	9.02%	8.97%
Tier 1 position	16.10%	14.31%
<i>Tier 1 req.</i>	10.73%	10.82%
Total capital position	19.12%	17.15%
<i>Total capital req.</i>	13.00%	13.29%

1) The internally assessed Pillar 2 Requirement is set at 1.68% on Group and 1.64% for the Issuer, versus the minimum requirement for Pillar 2 based on the latest SREP in 2024 at 1.09% (Group) and 1.86% (Issuer) of total risk-weighted exposure amount.

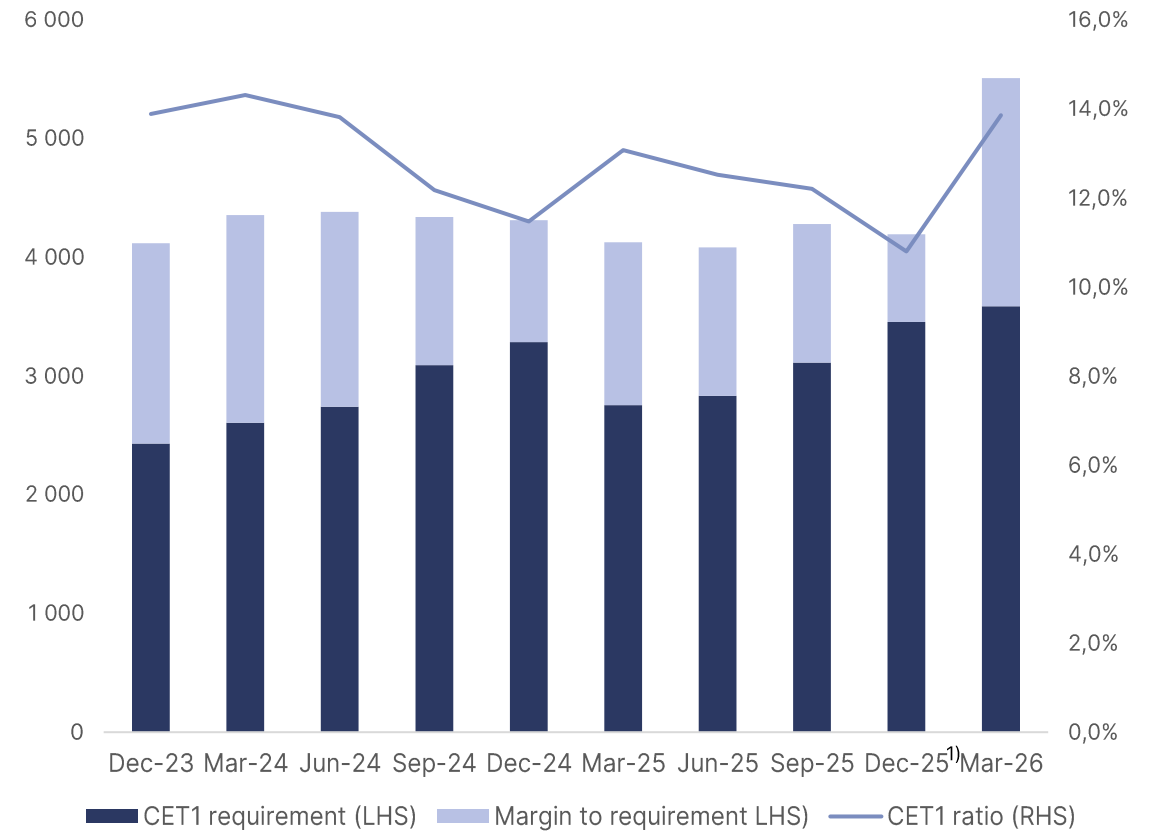
2) Capital requirement on Group includes Pillar 2 Guidance, which is a not a formal capital requirement.

# Stable CET1 capital generation

Quarterly net profit, Group (SEKm)



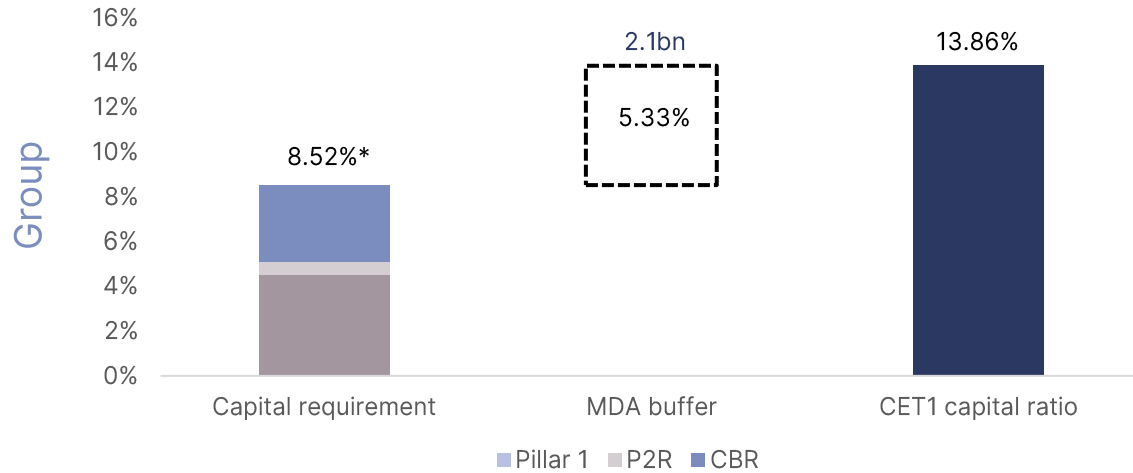
CET1 capital development and CET1 capital ratio, Group (SEKm, %)



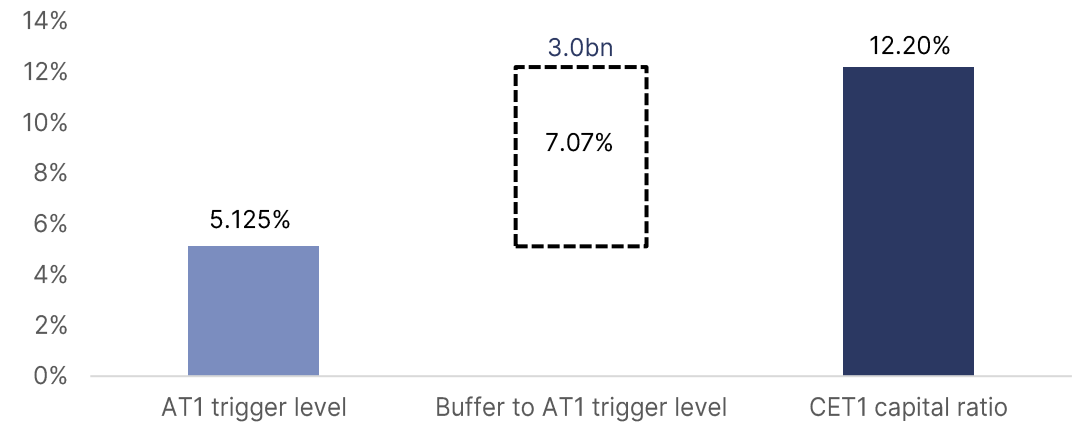
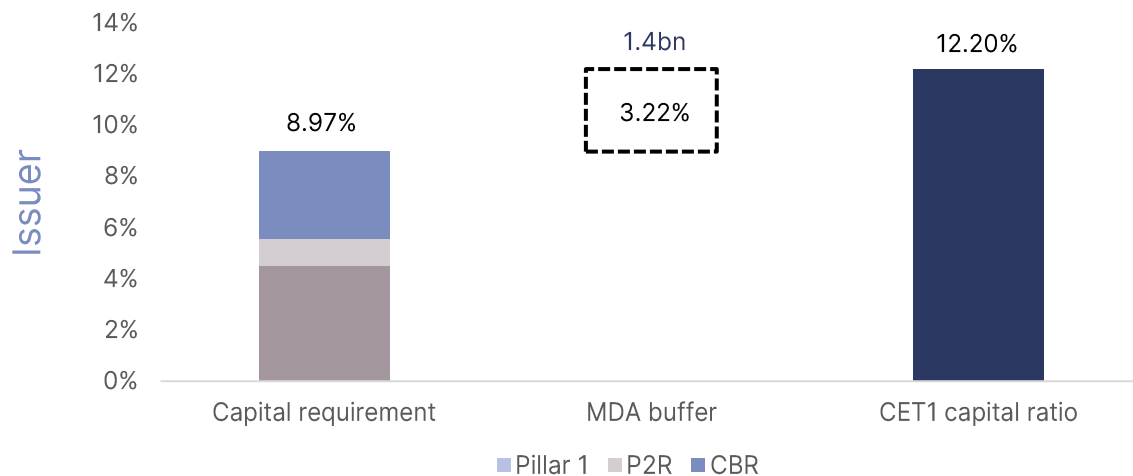
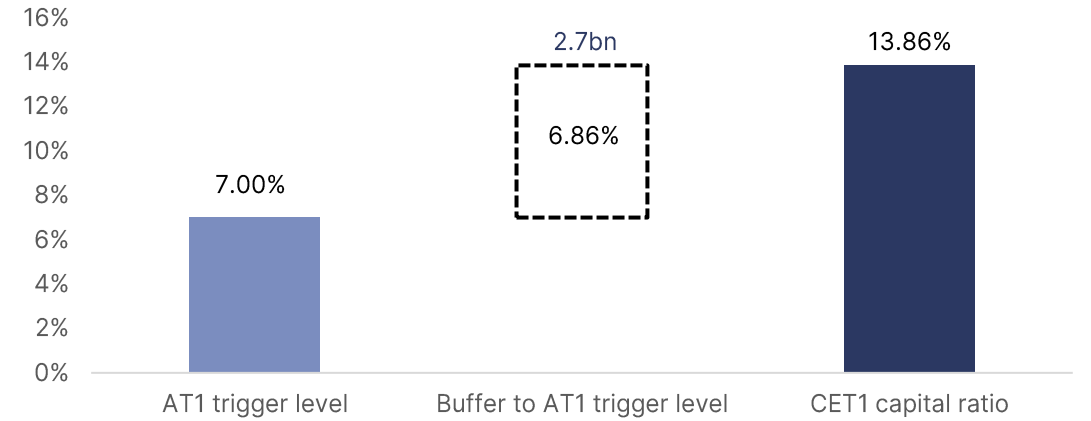
1) Post SDR proforma Q4 CET1, incl. full dividend, of 13.5 per cent

# Capital buffers, Q1 2026

Buffer to MDA Restrictions  
SEK billion and % of REA



Buffer to AT1 Trigger  
SEK billion and % of REA





# Rating

# An Investment Grade rated issuer

## Rating summary

- Hoist Finance is rated **Baa2** with respect to its long-term issuer and senior unsecured debt ratings by Moody's. The outlook is **positive** (since July 2025)
- The ratings are driven by the Hoist Finance's Baseline Credit Assessment (BCA) of **Ba2** and the application of Moody's **Advanced Loss Given Failure** (LGF) analysis, resulting in a **three-notch uplift from the BCA**
- The assigned ba2 BCA incorporates Hoist Finance's
  - Status as a **regulated credit institution**, with prudential capital and liquidity requirements
  - **Solid and diversified market position** in the European debt-purchaser niche with a **granular portfolio**
  - **Sound capital levels**
  - **Competitive funding costs** as a regulated credit institution driven by access to low cost, insured retail deposits
  - **Large liquidity portfolio**, which provides enhanced **financial flexibility**
- **The positive outlook** reflects Hoist's **significantly improved recurring profitability** – supported by efficiency gains and scale advantages

Category	Moody's rating
Outlook	Positive
Counterparty risk rating	Baa2/P-2
Baseline Credit Assessment	ba2
Issuer rating	Baa2
Senior unsecured – domestic currency	Baa2
Junior senior unsecured – domestic currency	Ba1
Subordinate	Ba2
Short term Issuer Rating	P-2



# Transaction overview

# Transaction overview

<b>Issuer</b>	Hoist Finance AB (publ)
<b>Issuer Rating</b>	Baa2 by Moody's (positive)
<b>Instrument</b>	Additional Tier 1 Capital of the Issuer and the Consolidated Situation
<b>Volume</b>	SEK 300m (exp.)
<b>Maturity</b>	Perpetual
<b>First Call Date</b>	The Interest Payment Date 5 years after the Issue Date
<b>Interest</b>	3M STIBOR + [*]
<b>Issuer Redemption Options</b>	On any date from the First Call Date to the Interest Payment Date falling 3 months after the First Call Date and on any Interest Payment Date falling thereafter (subject to permission from the Swedish FSA)
<b>Loss Absorption</b>	Upon a Trigger Event, the Total Nominal Amount shall be reduced (in whole or in part, determined by the Issuer in consultation with the Swedish FSA) by an amount sufficient to restore the CET1 Ratio to at least the Trigger Event levels (maximum down to a Nominal Amount per Note of SEK 1) Discretionary reinstatement in whole or in part of the principal amount of the Notes, subject to compliance with any maximum distribution limits set out in the Applicable Capital Regulations and any other applicable regulations
<b>Trigger Event</b>	If at any time the CET1 ratio has fallen below 7.00% in the case of the Consolidated Situation, or 5.125% in the case of the Issuer
<b>Interest Cancellation</b>	Discretionary and subject to mandatory restrictions, non-cumulative
<b>Redemption</b>	Capital Event and Tax Event
<b>Substitution or Variation</b>	Applicable
<b>Non-Viability and Bail-In</b>	The Notes may be subject to statutory loss absorption as more fully described in the risk factors
<b>Denomination</b>	SEK 1.25m
<b>Documentation / Governing Law</b>	Standalone / Swedish Law
<b>Listing</b>	Nasdaq Stockholm with the intention to list within 30 days
<b>Lead Manager</b>	Nordea Bank Abp and Skandinaviska Enskilda Banken AB (publ)

**Thank you!**

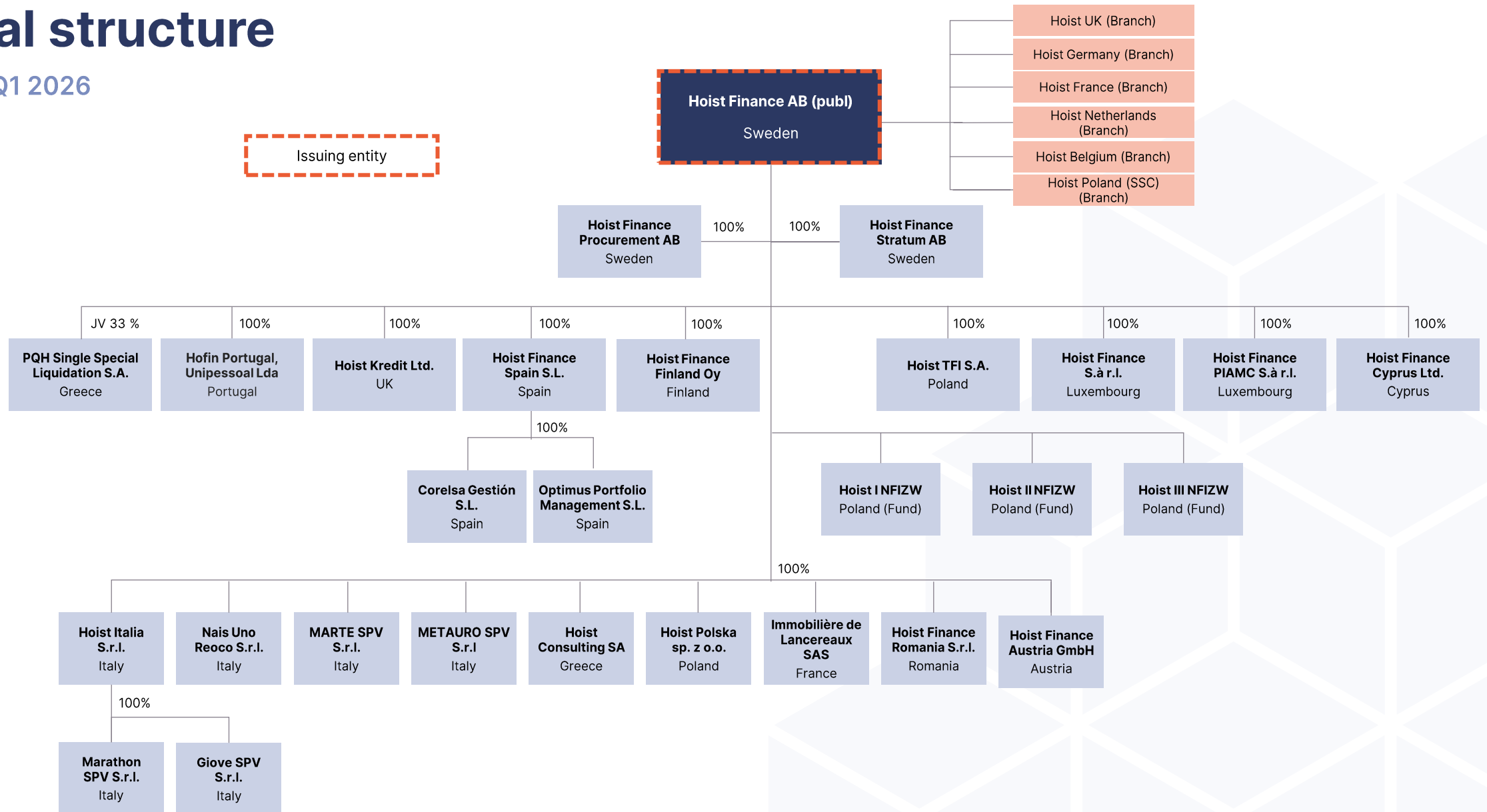
**HoistFinance**

**Appendices**

**HoistFinance**

# Legal structure

As per Q1 2026



# SDR criteria

> From the regulatory text (article 36(5) CRR), conditions to be complied with, on an individual and consolidated basis, to maintain SDR status:

- 1 The main activity of the institution is the purchase, management and restructuring of **non-performing exposures** in accordance with a clear and effective internal decision process implemented by its management body
- 2 The accounting value measured without taking into account any credit risk adjustments of its own originated loans does **not exceed 15% of its total assets**
- 3 At least **5% of the accounting value** measured without taking into account any credit risk adjustments of its own originated loans constitutes a total or partial refinancing, or the adjustment of relevant terms, of the purchased non-performing exposures that **qualifies as a forbearance measure** in accordance with Article 47b of this Regulation
- 4 The total assets of the institution do not exceed **EUR 20 billion**
- 5 The institution maintains, on an ongoing basis, a net stable funding ratio of **at least 130%**
- 6 The sight deposits of the institution **do not exceed 5%** of total liabilities of the institution

**Risk Factors**

**HoistFinance**

# Risk Factors

An investment in the Additional Tier 1 Capital notes (the **Notes**) is associated with different risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered to be material. Set out below is a description of risks that are considered to be of importance for Hoist Finance AB (publ) (the **Issuer**) and the Notes. Prospective investors should make an independent evaluation, with or without help from advisors, of the risks associated with an investment in the Notes.

The risk factors set-out below are limited to risks which are specific to the Issuer and/or to the Notes and which are assessed to be material for taking an informed investment decision. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Investor Presentation. Prospective investors should also read the terms and conditions for the Notes (the **Terms and Conditions**), all other information in the Investor Presentation and other available information and reach their own views prior to making any investment decision.

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

Capitalised terms not otherwise defined herein has the same meaning as set out in the Terms and Conditions.

## Risks relating to the Issuer and the Group

### Risks relating to the Group's market and industry

#### **General business, economic and market conditions affect the Group's business.**

The Issuer provides debt collection services in fourteen European countries and during 2025 the Group's operating income amounted to SEK 4,405 million, with an average number of 1,124 employees. The Group is thus affected by general business, economic and market conditions, especially in the markets in which the Group operates. Any disruption or downturn in the global financial markets and economy would typically affect the Issuer, both in respect of financial performance and growth possibilities. As a result, the Issuer may also be affected by, for example, war in neighbouring countries, climate risks, natural disasters, national protectionism and tariffs, public health epidemics or outbreaks of diseases that may negatively affect the global or domestic economy.

Armed conflicts, terrorism and wars such as Russia's war in Ukraine and the ongoing situation in the Middle East have led to, and continues to cause, significant volatility and uncertainty in the global financial markets and the global economy. Among other things, this has led to significantly increased geopolitical stress and uncertainty both in the European and global economy. Although the Group does not operate in Russia, Ukraine, or in the Middle East, the Group and the Issuer are subject to risks related to the macroeconomic environment and are thus affected by global conflicts that may negatively affect the global economy. In addition, recent trade disputes have also contributed to volatility and uncertainty in the financial markets and may have a negative impact on the global economy. As an example, the announcement and implementation of a series of unilateral tariffs on imported products from certain countries by the United States have led to trade tensions which, although subsequently tempered, remain to affect the stability and trajectory in global markets. The degree to which macroeconomic and political factors, such as the situations in Ukraine and in the Middle East, the inflationary pressure across Europe and the recent trade tensions, may affect the Issuer is uncertain and presents a significant risk to its access to financing and its funding costs. This could in turn have a negative impact on the Issuer's financial position and earnings.

Other turbulence and disruptions in the financial markets can also have negative impact on the Group, directly and indirectly. An example of this is the concerns over the economic and political developments in certain European countries, as seen in Germany in 2024 and in France in 2025, with increased volatility and higher credit spreads as a result. Although the situation has partly stabilised in both Germany and France, it remains to be uncertain how large the potential negative effects of such volatility will be.

If the economies of the Group's principal markets suffer a material downturn for a prolonged period of time that, in turn, increases the unemployment rate, the Group companies may be unable to perform debt collections at a level consistent with their past practice due to the inability of customers to make payments at the same levels or at all. The Group's customers' ability to make payments under claims that the Group owns may also be negatively affected by increasing interest rates since the customers' other debt may be adversely affected in such case. Furthermore, through the significant amount of debt acquired by the Group that is originated by financial institutions, the Group is also exposed to such developments which could lead to adverse economic conditions in the Group's markets (see also "A significant amount of the debt acquired by the Group is originated by financial institutions.").

# Risk Factors

The Group acquires, in selected markets, portfolios with loans that are secured mainly by residential real estate. As of 31 December 2025, total secured loan portfolios (including performing mortgage loans) amounted to SEK 11,074 million (corresponding to approximately 18 per cent. of the Group's total assets). Hence, the Group is exposed to the fluctuation of the value of the collateral of such loans. A material downturn for a prolonged period of time in any of the markets where such residential or commercial real estate is located could have a negative impact on the Group's results of operation and financial condition.

An improvement in the economic conditions in the markets in which the Group operates could impact its business and performance in various ways, including by decreasing the volume of debt portfolios that are available for acquisition, increasing the competitiveness of the pricing for portfolios that the Group typically acquires and thus reducing the number of attractive portfolio opportunities, and also by increasing interest rate levels affecting the Group's cost of funding.

As described above, the Group may be affected in different ways by changes in general business, economic and market conditions. Although it is uncertain to what degree such developments as described above may affect the Group, they present a highly significant risk to the Group's business, results of operations and financial condition.

## ***The Group operates in markets that are competitive.***

The Group faces strong competition in all areas and markets, including from other pan-European competitors and competitors that are active on local markets. The Group's main competitors are debt purchasing companies, integrated firms operating a wider range of financial service businesses, as well as specialist investors. Some competitors that are active only in their local market and not on a pan-European basis are larger, have greater financial resources and are more active than the Group in such local markets. The Group competes on the basis of bid prices, the terms it offers, reputation, industry experience and performance. There is a risk that the Group's current competitors and any new competitors may benefit from lower cost of funding and may therefore be able to submit more competitive bids, and/or develop substantially greater financial, technical, personnel or other resources, as well as better functioning products to meet the needs of the end-customers and vendors, respectively. This could lead to the Group not having the ability to compete successfully with its competitors in the future. The Group's competitive position would also be adversely affected by, among other things, a loss or suspension of the Issuer's licence as a "Credit Market Company" (Sw. *kreditmarknadsbolag*) (see "*The Issuer relies on its licence as a "Credit Market Company" and the loss or suspension of such licence could impair or terminate the Group's access to deposit funding and the Group's ability to conduct business.*"). If any of these events materialise, there is a risk that the Group will not be able to offer competitive bids for debt portfolios, which would adversely affect the Group's business and results of operations.

Furthermore, the Issuer assesses that the European Banking Authority (**EBA**) is working towards harmonising jurisdictional differences in the non-performing loan (**NPL**) market as well as promoting cross-border firms through regulation, which has benefitted competitors of scale. For example, an EU directive on credit servicers and credit purchasers was adopted in 2021 and as a result, a new Swedish NPL act (Sw. *lag (2023:714) om förvärv och förvaltning av nödlidande kreditavtal*) entered into force as of 1 January 2024 and certain amendments to the CRR and CRD (as defined below) entered into force on 1 January 2025. This has contributed to limited organic growth opportunities for debt collector companies and drives consolidation in the sector. The markets where the Group operates have also been characterised by, among other things, digitalisation and regulatory changes, and the Group has also expanded into new asset classes such as performing loans. There is a risk that the Group is unable to continue to develop and expand its business or adapt to changing market needs with the same success as its current or future competitors are able to do, or adapt its business to new strategies. Such inability could entail both that the Group's competitors are able to operate at a lower cost of capital or make advances in their pricing or collections methods that the Group deems itself not being able to make, and that the Group could be unable to acquire portfolios at appropriate prices in order to operate profitably. Any inability to compete effectively could have a material adverse effect on the Group's business, results of operations and financial condition.

## ***A significant amount of the debt acquired by the Group is originated by financial institutions.***

The Group has derived, and has stated that it will continue to derive, a significant portion of its revenue from debt acquired from banks and financial institutions active in the Group's markets. Adverse economic conditions and uncertainties, and any potential resulting failures or consolidations of financial institutions, may adversely affect the Group by significantly reducing the activity of debt originators. For example, the departure, or potential risk of departure, from the euro by one or more eurozone countries, or from the European Union by one or more of its member states, the current situations in Ukraine and the Middle East and the recent financial market turmoil, all risk a reduction in market confidence, which could result in constraints on lending in the markets generally, reduced growth and a weakening of financial institutions, all of which could have an adverse effect on the volume of portfolios available for sale resulting in lower collection volumes. Additionally, adverse economic conditions could lead to a reduction in the propensity of financial institutions to lend to customers in the markets in which the Group operates, leading to a reduced supply of debt available for sale, as well as negatively affecting customers by reducing disposable income levels or otherwise impairing their ability to fulfil their payment obligations. Any reduction in the volume of portfolios originated by financial institutions could have a material adverse effect on the Group's business, results of operations and financial condition.

# Risk Factors

## ***The Group may be unable to obtain account documents for some of the accounts that it acquires.***

As described under “*The Group may not be able to collect the expected amounts on portfolios acquired.*” below, the Group’s assets do in large parts consist of portfolios of acquired debt and the Group is dependent on its ability to collect on those debts. Even if the Group aims to help its customers to keep their commitments, the Group must sometimes take legal actions and collect on the debts through legal proceedings. When the Group commences enforcement actions through legal proceedings, courts may require a copy of the account statements or credit agreement to be attached to the pleadings in order to obtain a judgment against a particular customer. Since the Group acquires debt portfolios from debt originators, the Group does not always receive all relevant account documents for each debt. Consequently, when the Group is unable to produce account documents in response to a court’s request, that claim would be legally unenforceable. Further, even if the Group has received all relevant account documents, there is a risk that the account documents for the original debts will be found to be legally unenforceable, which would lead to courts denying the Group’s claims and the Group will not be able to collect the relevant debts. Furthermore, any changes to laws, regulations or rules that affect the manner in which the Group initiates enforcement proceedings, including rules affecting documentation, could result in increased administration costs or limit the availability of litigation as a collection tool, which could have a material adverse effect on the Group’s business and results of operations.

Additionally, the Group’s ability to collect by means other than legal proceedings may be impacted by laws that require that certain types of account documentation be in the Group’s possession prior to the institution of any collection activities, which could also have an adverse effect on the Group’s business and results of operations.

## **Risks related to the Group’s business**

### ***The Group may not be able to collect the expected amounts on portfolios acquired.***

The Group’s assets mainly consist of portfolios of acquired debt; the carrying value of acquired loan portfolios amounted to SEK 31,353 million as at 31 December 2025, corresponding to 49.6 per cent. of the Group’s total assets as at the same date. The present value of expected gross collections is reflected in the balance sheet carrying value of the portfolios. When acquiring portfolios, the Group makes assumptions on the gross collections and collection costs, which are based on, among other things, internally-developed statistical models and analytical tools to value and price portfolios.

The Group’s statistical models and analytical tools assess information which to some extent is provided to the Group by third parties, such as credit agencies and other mainstream or public sources, or generated by software products. The Group has only limited control over the accuracy of such information received from third parties. If such information is not accurate, credits may be incorrectly priced at the time of acquisition, the recovery value for the Group’s portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower collection rates or higher operating expenses may be experienced. Moreover, the Group’s historical information about portfolios may not be indicative of the characteristics of subsequent portfolios acquired from the same debt originator or within the same industry due to changes in business practices or economic development.

There is a risk that the Group will not be able to achieve the recoveries forecasted by the models used to value the portfolios, and the amounts recovered may even be less than the total amount paid for such portfolios. Furthermore, there is a risk that the models used will be flawed or that the models will not appropriately identify or assess all material factors and yield correct or accurate forecasts. There is also a risk that the Group’s investment and analytics teams will make misjudgements or mistakes, for example when utilising the Group’s statistical models and analytical tools. A decrease or delay of the expected gross collections would reduce the Group’s revenue and returns on its acquired portfolios, resulting in write-downs of the portfolios, directly impacting the Group’s equity, capital adequacy and results of operations. As a consequence, the Group may have to pay a higher interest rate to finance its operations and the regulatory requirements to maintain a certain capital adequacy could hinder further business expansion, which in turn could have a negative effect on the Group’s ability to acquire additional portfolios. Further, higher collection costs than projected when acquiring portfolios will have a negative impact on the financial results of operations.

The Group recovers on claims that may become subject to insolvency procedures under applicable laws and the Group also acquires portfolios containing claims that are subject to ongoing insolvency proceedings. Various economic trends, in particular downward macroeconomic factors such as those experienced during the coronavirus pandemic, as well as potential changes to existing legislation, may contribute to an increase in the number of customers subject to personal insolvency procedures. The majority of the portfolios that the Group acquires are unsecured and the Group is generally unable to collect on such portfolios in an insolvency procedure. The transfer of ownership of acquired claims may require certain assignment procedures. Should the transfer of a claim not meet applicable requirements, legal title to the relevant claim will not pass to the Group company, which may result in the loss of such claim (see also “*The Group may be unable to obtain account documents for some of the accounts that it acquires.*” above).

# Risk Factors

The Group's ability to successfully collect on portfolios may decline or the timing of when the Group collects on portfolios may be delayed, with an increase in personal insolvency procedures, if customers have set-off rights related to the collected claims or if the Group fails to comply with applicable transfer requirements.

As described above, the Group's ability to collect on acquired portfolios is a central part of the Group's business model, and a potential failure to collect expected amounts may have a material adverse effect on the Group's business, results of operations and financial condition.

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

As at 31 December 2025, the Group's liquidity reserve amounted to SEK 26,510 million, of which SEK 4,955 million was deposited with a limited number of European commercial banks overnight. These amounts are well in excess of any government deposit guarantee, which exposes the Group to the risk that one or more of such institutions would not be able to meet its obligations under these deposits, for example in the event of a bank run or banking crisis. The Group also invests surplus liquidity in interest bearing securities, resulting in counterparty risk on the issuers of such securities. For example, the Group is subject to the risk that changes in credit spreads (that is, the premium required by the market for a given credit quality), due to, for example, a change in the credit outlook of a specific bond issuer, will affect the value of these bonds.

Further, the Group is exposed to credit risk from hedging activities conducted with credit institutions. Daily marked-to-market valuation of the Group's derivatives can result in counterparty exposure toward the specific credit institutions. Both the Group and the specific credit institution provide collateral daily to account for this risk. In cases of significant fluctuations, the Group may have to provide substantial amounts of collateral, which cannot be used for acquiring portfolios and may cause a negative impact on the Group's operations.

If one or more of the abovementioned risks materialises, it could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group may not be able to acquire portfolios at appropriate prices or of sufficient quality or volumes.***

The Group's long-term business model requires that the Group continues to acquire debt portfolios. The availability of portfolios to acquire at prices that generate an appropriate return depends on a number of factors, such as the continuation of current growth trends in the levels of overdue debt, volumes of portfolio sales by debt originators, in particular the financial institutions that originate most of the Group's portfolios, and competitive factors affecting potential purchasers and debt originators.

The Group relies on key relationships with debt originators and debt investment funds to conduct the Group's business. A debt originator or a debt investment firm's decision to sell debt to the Group is based on various factors, including the price and terms offered, the quality of the Group's reputation and the Group's compliance history. There is a risk that some of the Group's current debt originator or debt investment fund counterparties will not continue to sell debt to the Group on desirable terms or in acceptable quantities.

Furthermore, the Group has previously entered, and may in the future enter, into forward flow agreements. Pursuant to forward flow agreements, the Group may agree to buy claims of a certain character at a pre-defined price or price range for a given volume from a debt originator on an on-going basis. If the Group enters into a forward flow agreement and the value of acquired portfolios decreases subsequent to entering into the agreement, the Group may end up paying a higher amount for such portfolios than it would agree at the time of acquisition in a spot transaction, which could result in the Group missing out on higher alternative returns. In addition, under some forward flow agreements the Group may only be contractually permitted to terminate such agreements in certain limited circumstances. In a more competitive environment, the Group could be faced with a decision to either decrease its acquisition volume or agree to forward flow agreements at increased prices or with less contractual protection. For a forward flow agreement to be economically advantageous, the Group must ensure that the nature of claims contained in the portfolios acquired under such agreements remain consistent with those reviewed as part of the due diligence process. When pricing forward flow agreements, the Group generally takes into account potential future fluctuations in the value of the debt that is acquired through such agreements, but the fluctuations in value may exceed the Group's expectations. If the Group is unable to contractually terminate an agreement it may have to accept claims that are of a lower quality than it intended to acquire, which could result in lower returns. Should the quality of debt supplied under forward flow agreements vary from the Group's pricing assumptions, there is a risk that the Group may price the agreements incorrectly.

# Risk Factors

If the Group is unable to identify sufficient levels of attractive portfolios and generate an appropriate return on acquired portfolios, the Group may be unable to maintain the cash flow generated from its portfolios, which would adversely affect the Group's ability to acquire additional portfolios as they become available. In addition, the Group may experience difficulties covering its fixed costs and may, as a consequence, have to reduce the number of its collection personnel or take other measures to reduce costs. These developments could lead to disruptions in the Group's operations, loss of efficiency, lower employee morale, fewer experienced employees and excess costs associated with unused capacity and floor space in the Group's operating facilities.

The degree to which incorrectly priced agreements and/or a potential failure by the Group to acquire portfolios at appropriate prices or of sufficient quality or volumes may affect the Group is uncertain, and presents a significant risk to the Group's business, results of operations and financial condition.

***The Group may experience volatility in its reported financial results due to the revaluation of its acquired portfolios.***

The value of acquired portfolios as recorded on the Group's balance sheet may fluctuate each time management reassesses forecasted cash flows. The Group's forecasted cash flows are based on a number of assumptions, as the projected performance is generated by analysing historic forecasts relative to actual gross collections achieved and accounting operational improvements, among other things (as further described under "*The Group may not be able to collect the expected amounts on portfolios acquired.*" above). These historically observed forecasts are linked to the underlying collection fundamentals applicable at the time, including, among other things, general economic conditions, the collections strategy, collections legislation and customer behaviour. Any changes to these assumptions could potentially result in revaluations (meaning a change in the projected cash flow), which would have the effect of changing the value of the portfolios on the Group's balance sheet and lead to the inclusion of a corresponding movement in the Group's consolidated profit and loss account. Book value movements are non-cash movements, but are derived from the aforementioned change to the projected cash flow affecting the Group's profit and loss statement. The changed book value and the specific amortisation rate are also non-cash items, but are directly linked to the profit and loss statement in the calculation of interest income. Negative revaluations would also negatively impact the Group's equity and capital adequacy. Any of the foregoing factors could have a material adverse effect on the Group's results of operations and financial condition.

***It can take several years to realise cash returns on the Group's investments in acquired debt portfolios, during which time the Group is exposed to a number of risks in its business.***

The Group generally measures its investments based on a projected return, typically for periods of up to 180 months, based on historical and current portfolio collection performance data and trends and assumptions about future debt collection rates. It generally takes the Group several years to realise cash returns equal to this initial investment. During this period, significant changes may occur in the economy, the regulatory environment and the Group's business or markets, which could lead to a reduction in the Group's forecasted collections. Such reduction could force the Group to record an impairment of its acquired debt portfolios, or reduce the value of the debt portfolios that the Group has acquired. Moreover, the calculation of estimated remaining collections, the distribution over time for such collections and the associated collection cost is a key uncertainty within the Group's policies on revenue recognition of acquired portfolios. There is a risk that the Group will not achieve such collections within the specified time periods, or at all. Given the multi-year payback period on substantially all of the Group's acquisitions, each portfolio acquisition exposes the Group to the risk of such changes for a significant period of time, which could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group's acquisition patterns, the seasonality of the Group's business and the varying amount of time it takes to begin generating cash flow from, and returns on, acquired portfolios may lead to volatility in the Group's cash flow.***

As described in the preceding risk factors, the Group's business depends on its ability to collect on debt portfolios. Debt collection is to some extent affected by seasonal factors, including the number of workdays in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. Furthermore, the Group's debt portfolio acquisitions are likely to be uneven during the year due to fluctuating supply and demand within the market.

Accordingly, collections on portfolios tend to vary quarter on quarter, while the Group's costs are more evenly spread out over the year, resulting in seasonal variation of the Group's margins and profitability between quarters. This may result in low cash flow at a time when attractive debt portfolios become available. A lack of cash flow or strains on the Group's own funds could prevent the Group from acquiring otherwise desirable debt portfolios or prevent the Group from meeting its obligations under any forward flow agreements the Group may enter into, either of which could have a material adverse effect on the Group's business, results of operations and financial condition.

Further, there may be a gap between the point in time when the Group acquires a portfolio and the point in time when the Group begins earning returns on the acquired portfolio. For example, secured NPL portfolios may require that legal proceedings are initiated before the Group can start to collect on an acquired portfolio.

# Risk Factors

In addition, the time it takes to start earning returns on an acquired portfolio could vary from the Group's initial estimates. As a result, the Group may experience difficulties in projecting cash flows and delays in generating income from acquired portfolios. The degree to which any of the foregoing factors may affect the Group is uncertain, and presents a significant risk to the Group's business, results of operations and financial condition.

***The Group is exposed to risks relating to its information technology infrastructure platform, its Data Warehouse and third-party providers.***

Customer dialogue is increasingly moving towards digital channels. Many customers prefer to manage their own accounts, without going through customer centres. The Group's aim is to offer its customers the ability to self-serve and interact with the Issuer through a choice of digital channels at any time and via any device. In order to support the Group's ambitions for digital leadership in the debt purchasing industry, the Group has, for example, implemented customer interaction via WhatsApp in Italy and, in 2021, the Group deployed digital customer self-service portals in eight markets. During 2021, the Group also extended its digital payment solutions to Blik, Paypal, Apple Pay and Google Pay and in 2022 the Group further improved its digital solutions, with the digital share of debt collections increasing as a result. The Group's focus on digitalisation entails that the Group is dependent on its information technology infrastructure platform and, in particular, its data warehouse, which is essential for the Group's evaluation of debt portfolios and includes detailed data on collection performance and cash flow from acquisitions dating from the year 2000 and onwards (the **Data Warehouse**). This subjects the Group to inherent costs and risks associated with maintaining, upgrading, replacing and changing these systems, including defects in the Group's information technology, information communication technology (**ICT**), substantial capital expenditures and demands on management time. Further, the Group is exposed to risks relating to outages and disruptions in its information technology infrastructure platform, collection systems or Data Warehouse, which may be caused by, among other things, security breaches or cyber-attacks in the Group's information technology or ICT infrastructure platforms, collection systems or Data Warehouse, or any temporary or permanent failure in these systems. If such events lead to extensive outages, this could have an adverse effect on the Group's business and results of operations.

Information, digital and telecommunications technologies are evolving rapidly and are characterised by short product life cycles. There is a risk that the Group will not be successful in anticipating, managing or adopting technological changes on a timely basis, or that new business systems prove to be deficient or incompatible with the business that the Group conducts, which could result in additional costs. The cost of improvements could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of the Group's business. For example, in 2025, the Group's information technology expenses amounted to SEK 182 million. The Group depends on having the capital resources necessary to invest in new technologies to acquire and service claims and there is a risk that adequate capital resources will not be available to the Group at the appropriate time. If the Group becomes unable to continue to acquire, aggregate or use such information and data in the manner or to the extent in which it is currently acquired, aggregated and used, due to lack of resources, regulatory restrictions (including data protection laws) or any other reason, the Group may lose a significant competitive advantage. Any of these events could have a material adverse effect on the Group's business, results of operations and financial condition.

Further, the Group is exposed to risks relating to the third-party providers to which the Group has outsourced parts of its information technology. For example, the Group has outsourced the hosting of its deposit platforms. There is a risk that the Group's third-party providers will not meet the agreed service levels or that they will not comply with applicable rules on data protection (see also "*The Group is exposed to risks relating to sensitive data.*"). Since the Issuer is a regulated company, the third-party providers are also required to adhere to and be compliant with the same regulations that are applicable for the Issuer. Hence, any breach by the third-party providers of such regulations could lead to, among other things, sanctions and increased supervision by authorities, impaired reputation and/or financial losses for the Group. Furthermore, any changes in regulations related to outsourcing or use of cloud solutions or deposit platforms could have a material impact on the agreements with the third-party providers. If any of the risks relating to the Group's outsourcing or its third-party providers were to be materialised, it could have an adverse effect on the Group's business.

Compliance with the Digital Operational Resilience Act (EU) 2022/2554 (**DORA**) introduces additional challenges, requiring significant investments in systems and processes to meet stringent ICT risk management standards. Reliance on third-party ICT service providers poses risks and failures or breaches in their delivery could negatively impact the Group's systems and data security. Despite robust cybersecurity measures and disaster recovery plans, not all ICT-related risks can be fully prevented, which could significantly impact the Group's performance.

The degree to which the risks relating to the Group's information technology and ICT infrastructure platforms, its Data Warehouse and the Group's use of third-party providers may affect the Group is uncertain, and presents a significant risk to the Group's business, results of operations and financial condition.

# Risk Factors

***The Group is exposed to risks relating to failure to attract and retain qualified personnel, increases in labour costs, potential labour disputes and work stoppages.***

The Group's future success partially depends on the skills, experience and efforts of its senior management and other key employees and its ability to attract and retain such members of the management team and other key employees. Furthermore, the Group's operations involve highly qualified personnel and therefore the Group's continued ability to compete effectively and implement the Group's strategy depends on its ability to attract new employees and retain and motivate existing employees. The Group has a number of employees that possess critical skills for the Group's operations, for example skills relating to pricing and analytics, regulatory compliance and good communication with customers. An inability to attract and retain employees with these types of skills would have a material adverse effect on the Group's business. Separately, the Group also has high personnel turnover, primarily due to the nature of certain positions required for the Group's operations (such as call centres). At 31 December 2025, the Group had 1,112 employees, and the staff turnover was 24 per cent.

The inability to attract and retain key employees, combined with the high general personnel turnover, could lead to the Group not being able to maintain the relevant skills and operational capacity required for its operations. The competition for qualified employees may also lead to increased remuneration levels, which would adversely affect the Group's results of operations. In the financial year 2025, the total personnel expenses and remuneration (including pension expenses and social fees) amounted to SEK 919 million. Based on the conditions prevailing on 31 December 2025, an increase of 1 per cent. in the Group's total personnel expenses and remuneration (including pension expenses and social fees) would adversely affect the Group's operating profit by SEK 9 million. Conversely, if the Group were to offer excessively low remuneration levels, this might lead to employees choosing to terminate their employments, which would adversely affect the Group's competitiveness and business. There is a risk that the Group will not be able to attract and retain qualified personnel, which could adversely affect the Group's ability to successfully acquire portfolios or collect on claims and to manage and expand the Group's business, which in turn would risk having an adverse effect on the Group's business, results of operations and financial condition.

***The Group is exposed to reputational risk.***

The Group is dependent on its reputation in order to successfully conduct its business. The Group's reputation is fundamental in maintaining its relationships with current and potential debt originator clients, primarily financial institutions. Further, the Group's reputation is essential in its contact with, and for the perception by, regulators. Accordingly, the Group is exposed to risks relating to its reputation, which could be adversely affected by, for example, any inability to accurately collect debt or treat customers fairly. The Group is also exposed to the risk that negative publicity may arise from the activities of legislators, pressure groups and the media, on the basis of, for example, real or perceived abusive collection practices, attributable either to the Group, third-party collection providers which the Group engages or the wider debt purchasing industry or regarding other conditions within the Group or the Group's business. Negative publicity could cause customers to be more reluctant to pay their debts or to pursue legal action against Group companies, or cause regulators and authorities to form a more negative view of the Group, regardless of whether those actions are warranted, all of which could impact the Group's ability to collect on the acquired debt portfolios. For example, from time to time, the Group has been subject to claims and inquiries from customers and regulators regarding the Group's collection processes and, in some of these cases, the Group has had to take various operational and organisational actions to address these claims or inquiries. In addition, adverse publicity could potentially have an adverse impact on the Group's business, for example, by making it more difficult to attract depositors from the public or to buy new portfolios. Accordingly, there is a risk that the Group's business, results of operations and financial condition would be adversely affected should any reputational risks materialise.

Further, the Group's reputation may also be adversely affected if the Group needs to adjust customers' payment obligations negatively for customers. The collection of debt, particularly historic debt, involves complex interpretations and calculations of contractual terms that may vary by debt originator and/or country, which may impact the calculation of customers' resulting payment obligations and the collection strategies that the Group employs. The Group's processes and procedures are designed to ensure accuracy in the collection processes and the Group reviews its collection strategies and payment calculations with a goal of ensuring that it applies best practices across the Group's operations. If in these reviews the Group identifies inconsistencies in the collection processes adopted and/or inaccuracies in the payment calculations it has taken, the Group will aim to take reasonable steps to rectify any such issues. If those rectifying steps, whether correct or not, result in an increase in the number or significance of complaints or inquiries, such complaints could not only result in financial liability for the Group, but could also jeopardise the Group's relationships with its debt originator clients, its ability to establish new relationships, have a negative impact on a customer's willingness to pay a debt owed to the Group, diminish the Group's attractiveness as a counterparty or lead to increased regulation in the debt purchasing industry.

The degree to which the various reputational risks that the Group is exposed to may affect the Group is uncertain, and they risk having an adverse effect on the Group's business and results of operations.

# Risk Factors

## ***The Group relies on third-party collection providers in some of the Group's markets.***

The Group employs a business model that is designed to deliver operational efficiency based on local market conditions and international best practices. The Group complements its in-house collections with carefully selected third-party collection providers. Third-party debt collectors are subject to more limited supervision by the Group than its own local operations. Any failure by these third parties to adequately perform such services for the Group could materially reduce the Group's cash flow, income and profitability and affect the Group's reputation in the countries where they operate. In addition, any violation of laws or other regulatory requirements by these third parties in their collection efforts could negatively impact the Group's business and reputation or result in penalties being directly imposed on the Group, as industry regulators generally expect businesses to carefully select such third parties and to take responsibility for any compliance violations. Further, there is a risk that the third-party providers fail to meet contractual obligations, such as to provide the Group with accurate data on the claims they are serving. The failure of the Group's third-party debt collectors to perform their services to the Group's standards and any deterioration in or loss of any key relationship (for example with any underperforming third-party debt collector) may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may also suffer losses pursuant to its agreements (e.g. sale and purchase agreements) with debt originators who have required, and may require, the Group to ensure compliance by sub-contractors (e.g. servicers) with applicable laws or other regulatory requirements. Furthermore, there is a risk that the Group does not become aware of the occurrence of any such violations for a significant period of time, which could magnify the effect of such violations. Any of these developments could have an adverse effect on the Group's business, results of operations and financial condition.

## ***The Group is exposed to risks relating to its strategic goals.***

The Group's strategy comprises three main areas: (i) deploy capital to achieve attractive risk-adjusted returns in investment management, (ii) conduct effective and efficient collections in loan management, and (iii) maintain a sustainable, cost-efficient and well-diversified funding structure in capital and funding. In order to execute the Group's strategy, it is important that the Board of Directors of the Issuer and the executive management team (the **Executive Management Team**) are able to plan, organise, follow up on and control the operations and to continuously monitor market conditions. There is a risk that the Group will not be successful in developing and implementing its strategic plans for the Group's businesses, including operational efficiency, digitalisation and continuing to drive operational scale and excellence across countries. If the development or implementation of such plans is not successful the Group may not produce the revenue, margins, earnings or synergies that are needed to be successful and to offset the impact of adverse economic conditions that already may exist or may develop in the future. The Group may also face delays or difficulties in implementing process and system improvements, which could adversely affect the Group's ability to successfully compete in the markets it serves. In addition, the costs associated with implementing strategic plans may exceed anticipated amounts and the Group may not have sufficient financial resources to fund all of the desired or necessary investments required in connection with its plans, including one-time costs associated with the Group's business consolidation and operating improvement plans. Consequently, if the Group fails to achieve its strategic goals, it would have an adverse effect on the Group's business.

Conversely, the achievement of certain strategic goals may also expose the Group to other risks. For example, a part of the Group's strategy is to strive for growth including a substantial increase in acquired portfolios. Such growth will come with an increase in the Group's operations and the number of employees. As a result of the Group's growth, the importance of managing operational risk relating to, for example, work processes, personnel, IT- and ICT-systems, tax structuring and transfer pricing policies, financial reporting, operational infrastructure and the manner in which the Group addresses customer complaints or regulatory inquiries, may increase. In addition, the Group has outsourced certain services including IT operations, and is consequently relying on external expertise which is not easily replicated internally. Effective internal control over financial reporting is necessary for the Group to provide reliable and accurate financial reports. If the Group is unable to provide reliable financial reports or prevent fraud or other financial misconduct, the Group's business and operating results could be harmed. Effective governance and internal control are also necessary for the Group to maintain an adequate risk management framework. Accordingly, failure to manage the Group's projected growth effectively, and to maintain effective internal control and financial reporting systems in line with the Group's growth, could have an adverse effect on the Group's business and results of operations.

## ***The Group is exposed to risks relating to acquisitions of debt portfolios as well as operations.***

The Group's strategy is to grow in selected European markets, and a part of the strategy is to grow by acquiring companies and businesses. The Group primarily focuses on acquisitions of debt portfolios, and in 2025 the Group's portfolio acquisitions (including co-investments) amounted to SEK 9,943 million. The portfolio acquisitions may be carried out in different structures, and in some models the Group will acquire not only the portfolio but also the operating company. The Group also strives to strengthen its business through strategic acquisitions. For example, in 2019, the Group acquired the Italian company Maran Group, which added capacity and expertise to the operations in Italy and created an integrated service platform.

# Risk Factors

Recently the Group acquired its first portfolio in Finland, thereby expanding its presence in Northern Europe, and in February 2026 the Group entered into an agreement to acquire the UK debt purchaser Azzurro Associates, with a portfolio book value of GBP 200 million, including its FCA-regulated entity.<sup>[1]</sup> Such acquisitions, where the Group acquires operating companies, always entail a number of risks and considerable uncertainty with respect to ownership, other rights, assets, liabilities, licences and permits, claims, legal proceedings, restrictions imposed by competition law, financial resources, environmental aspects and other aspects. These risks may be greater, more difficult or more extensive to analyse in certain countries or regions where the Group is or is contemplating to be active than would normally be the case.

Additionally, there is a risk that the Group may not be able to identify suitable markets or acquisition targets that fit its business model, or that it may overpay for portfolios or businesses in markets where it has limited historical data and experience.

In connection with acquisitions, it is important to retain key employees and to have a well-functioning and effective integration process. There is a risk that dissatisfaction may arise among the personnel of the acquired business and the Group's business, and that this ultimately leads to key employees choosing to terminate their employments, or that the different operations, personnel, technology and information technology of the acquired business and the Group's business do not integrate effectively. In addition, in connection with acquisitions, the Group may incur considerable transaction, restructuring and administrative costs, as well as other integration-related costs and losses (including loss of business opportunities). Acquisitions may also be subject to acquisition price adjustments, such as contingency payment arrangements. There is further a risk that anticipated synergies will not be realised, or that additional integration costs will be required in order to achieve synergies. Difficulties integrating future acquisitions, including unexpected or additional costs, could have an adverse effect on the Group's business, results of operations and financial condition. Furthermore, there is a risk that in the future, the Group will be unable to carry out strategic acquisitions due to, for example, competition from other buyers or an impaired financial situation of the Group.

If the Group fails to carry out strategic acquisitions, fails to realise anticipated synergies or incurs considerable costs, there is a risk that the Group's expansion and growth is adversely affected or is completely absent, which would have an adverse effect on the Group's business and results of operations.

## Legal and regulatory risks

***The Issuer relies on its licence as a "Credit Market Company" and the loss or suspension of such licence could impair or terminate the Group's access to deposit funding and the Group's ability to conduct business.***

Pursuant to the Issuer's licence as a "Credit Market Company", it is subject to regulation and regulatory supervision applicable to the banking sector. The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the **Swedish FSA**) is its primary regulator. The Issuer is active (via established branches and/or passported licence to conduct financial business) in the UK, Germany, Belgium, the Netherlands, France, Poland, Cyprus, Greece, Spain, Ireland and Austria and is therefore also subject to scrutiny from local regulators in other jurisdictions. The Issuer and other members of the Group are subject to numerous regulations, local laws and regulatory supervision, including (but not exclusively) in relation to capital adequacy, risk control, financial services and business conduct, data protection, anti-corruption, anti-money laundering, antitrust and administrative actions. For example, the Issuer processes large quantities of personal data in relation to its customers, which processing is subject to extensive regulation and scrutiny following the implementation of the general data protection regulation (Regulation (EU) 2016/679, the **GDPR**). Efforts to continuously ensure compliance with the GDPR are time-consuming and costly, and any non-compliance with applicable data protection legislation risks leading to substantial administrative fines and other actions which would have a material effect on the ability of the Issuer to conduct its business, such as a temporary or permanent ban on data processing.

The Issuer is further subject to a regulatory framework which requires it to take measures to counteract money laundering and terrorist financing within its operations. Criminal activity within the banking sector, in which the Group operates, has been increasingly uncovered in recent years with intense media coverage. There is a risk that the Issuer's procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are not sufficient or adequate to ensure that the Issuer complies with the regulatory framework. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties.

Any significant changes and/or developments in regulations, regulatory supervision and/or granted licences, or changes in oversight by the primary regulator could materially affect the Group's business, the products and services the Group offers or the value of the Group's assets. Any failure by the Group to comply with applicable laws and regulations and other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions. Such sanctions could include the revocation by the Swedish FSA of the Issuer's licence as a "Credit Market Company". The loss of the Issuer's licence would mean that it would have to discontinue the offering of deposit savings accounts to the general public.

[1] As at the date of this Investor Presentation, the acquisition remains subject to customary conditions as well as regulatory approvals and is expected to be completed during 2026.

# Risk Factors

As deposits are the Group's principal source of funding, this would adversely affect the Group's liquidity position and impair the Group's ability to fund its business and potentially also impair or materially adversely affect the Group's ability to continue its business as currently conducted. In addition, there is a risk that the Group would not be able to obtain other sources of funding within a short time period or at all, or that such alternative funding would not be available at similar costs. Other sanctions could include material fines. Any of these events could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group is subject to a risk of changes to, or failure to comply with, legislation and regulation relating to capital adequacy and liquidity requirements.***

The Issuer and the Consolidated Situation (as defined in the Terms and Conditions) are subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. In addition to the risk-based capital adequacy regulation, there is also regulation regarding leverage ratio (i.e. a capital requirement independent from the riskiness of the exposures, as a backstop). Regulations which have impacted the Group and are expected to continue to impact the Group include, among others, the EU Capital Requirements Directive 2013/36/EU, as amended most recently by Directive (EU) 2024/1719 (**CRD VI**) (**CRD**), and the EU Capital Requirements Regulation (EU) No. 575/2013, as amended most recently by Regulation (EU) 2024/1626 (**CRR3**) (**CRR**). CRD is supported by a set of binding technical standards developed by the EBA. The regulatory framework will continue to change and evolve, and any resulting changes could have a material impact on the Group's business. The implementation in full of the CRD VI has been delayed in Sweden and certain proposed legislative amendments have been proposed to enter into force 1 July 2026. Since the CRD VI has not yet been fully implemented into Swedish law, its impact on the Issuer is, as at the date hereof, uncertain.

The capital adequacy framework includes, inter alia, minimum capital requirements for the components in the capital base with the highest quality: common equity tier 1 (**CET1**) capital, additional tier 1 capital and tier 2 capital. In addition to the minimum capital requirements, CRD provides for further capital requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to the Issuer as determined by the Swedish FSA. The countercyclical buffer rate is a capital requirement which varies over time, and between member states of the European Union, and is to be used to support credit supply in adverse market conditions. The current countercyclical buffer rate in Sweden of 2 per cent. entered into effect on 22 June 2023 and in an announcement on 18 March 2026 the Swedish FSA left the rate unchanged. In calculating the Group's and the Issuer's countercyclical buffer, the Group considers the respective countercyclical buffers of all member states of the European Union in which the Group has exposures, including, for example, (in addition to Sweden) France and Poland, and applies a weighted average of such countercyclical buffers (the **Weighted Countercyclical Buffer**). The Weighted Countercyclical Buffer applied as of 31 December 2025 was 0.88 per cent. for the Consolidated Situation and 0.90 per cent. in relation to the Issuer.<sup>[2]</sup>

A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by the Issuer, for example dividend and coupon payments on CET1 and tier 1 capital instruments. However, as at the date of this Investor Presentation, the Issuer is not designated a systemically important institution and is thus not subject to the buffer requirement for systemically important institutions, nor subject to the systemic risk buffer requirements. There can, however, be no assurance that the Issuer will not be designated a systemically important institution or subject to systemic risk buffer requirements in the future.

Additionally, the Swedish FSA has an option to add capital requirements in the form of Pillar 2 requirement (**P2R**) and Pillar 2 guidance (**P2G**). Through the P2G, the Swedish FSA informs a bank which capital level it expects the bank to hold over and above the minimum requirement, the P2R and the combined buffer requirement, to cover risks and manage future financial stresses. Following the regular supervisory risk evaluation process (**SREP**), which was completed in March 2024 with respect to the Issuer, the Swedish FSA communicated its assessed levels of P2R and P2G to the Issuer. Pursuant to the SREP, the Group shall meet a certain specific own funds requirement as well as certain levels relating to the Group's total risk-weighted exposure amount and total leverage ratio exposure amount. Although the levels included in the SREP are in line with the Group's internal assessment conducted prior to the SREP and the P2G being formally non-binding, the SREP imposes additional capital requirements and the SREP assessment may be complemented by other supervisory measures. The Swedish FSA has various options at its disposal, including for example the issuance of fines and sanctions, or directives to order an institution to reduce its risk exposure, raise more capital, hold more liquidity or improve its governance or risk management.

In addition, any changes to the assumptions the Group makes when acquiring portfolios may potentially have an impact on the value of the Group's portfolios. When the Group acquires portfolios, it makes assumptions regarding gross collections and collection costs and the net present value of expected gross collections is reflected in the balance sheet carrying value of the Group's portfolios.

<sup>[2]</sup> The weighted average Countercyclical Capital Buffer (CCyB) is calculated as the buffers currently in effect in the jurisdictions where the Issuer has a credit exposure, weighted with the own fund requirements for the respective credit exposure. The jurisdictions in which the Issuer has the largest credit exposures are Italy for which the CCyB is 0 per cent., Greece for which the CCyB is 0.25 per cent., Spain for which the CCyB is 0.5 per cent., Germany for which the CCyB is 0.75 per cent., France and Poland for which the CCyB is 1 per cent., and the UK and Sweden for which the CCyB is 2 per cent. The CCyB for Poland will be 2 per cent. from 30 September 2026. The CCyB for Spain will be 1 per cent. from 1 October 2026. The CCyB for Greece will be 0.5 per cent. from 1 October 2026.

# Risk Factors

Should the Group experience higher collection costs than expected, for example due to lower collection efficiency or efficacy, changing laws or interpretations of applicable regulatory frameworks or changes in collection practices to more costly collection methods, such as increased use of legal systems, the profit and loss statement of the Group would be adversely affected. Should the Group experience increased credit risk on its portfolios, such that the Group recovers less than expected from its customers, causing gross cash collections on the Group's portfolios to decline, potentially significantly, these factors could consequently decrease the Group's revenue as well as lower the carrying value of the Group's portfolios as such changes could trigger revaluations. As such, the Group's result of operations would be affected accordingly which would impact the Group's equity and, in turn, the Group's capital adequacy. A market perception or actual shortage of capital could result in regulatory actions, including requirements to raise additional regulatory capital, to retain earnings or suspend dividends or the issuance of a public censure or imposition of sanctions. This may affect the Group's ability to generate a return on capital, acquire portfolios and pursue acquisitions or other strategic opportunities and may impact the Group's future growth potential. In addition, possible sanctions could include the revocation by the Swedish FSA of the Issuer's licence as a "Credit Market Company", and the loss or suspension of such licence could impair or terminate the Group's access to deposit funding and the Group's ability to conduct business.

The NPL Backstop, introduced by Regulation (EU) 2019/630 of the European Parliament and the Council of 17 April 2019 amending the CRR as regard minimum loss coverage for non performing exposures, requires credit institutions to make prudential deductions from their own funds where non-performing exposures are not sufficiently covered by provisions or other credit risk adjustments. However, the CRR3 and CRD VI introduced changes to the NPL Backstop framework, including certain conditions for institutions to apply a derogation to the NPL Backstop regime and to qualify as a so-called "Specialised Debt Restructurer" (SDR). On 4 February 2026, the Issuer notified the Swedish FSA that it meets all conditions to qualify as an SDR. As a result, the Issuer currently benefits from an exemption from the NPL Backstop deductions. However, the SDR qualification is subject to the continued fulfilment of the applicable conditions set out in the CRR3 and CRD VI, and if the Issuer does not continuously fulfil such requirements the Issuer may lose its SDR status. Additionally, the application and interpretation of the CRR3 and CRD VI has been, and continues to be, assessed by institutions as well as the EBA and regulatory authorities in each member state. Consequently, the regulatory framework applicable to SDRs may change in a manner adverse to the Issuer. Any loss of SDR status or adverse changes to the SDR framework could result in the Issuer once again becoming subject to the NPL Backstop deductions, which could have a material adverse effect on the Group's capital position, strategy and business.

The Group's business, as well as external conditions, are constantly evolving. As a result, and to ensure compliance with the changing regulatory landscape, the Group may need to increase its own funds in the future, by reducing its lending or investment in other operations or raising additional capital. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms, or at all. Further, regulatory changes and new legal positions could result in the Issuer's existing regulatory capital ceasing to count either at the same level as present or at all, in changes to the current risk weights to the Group's assets or in the Group being restricted from holding assets such as non-performing debt portfolios. For example, on 30 September 2024, the Swedish FSA published a legal position (Sw. *rättsligt ställningstagande*) in which it intended to clarify how the CRR should be interpreted when deposits are made via digital deposit platforms, meaning that it may affect an institution's required liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) whether such deposit is placed by a so called "deposit broker" or individually by the saver directly with the institution. This legal position presents an example of the outcome and interpretation of regulatory uncertainty. If any entity of the Group is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain businesses as a result of, for example, the initiatives to strengthen the regulation of credit institutions, this would materially adversely affect the Issuer's and/or the Group's results of operations and financial condition, all of which may adversely affect the Group's abilities to raise additional capital.

Serious or systematic deviations by the Group from applicable regulations would most likely lead to the Swedish FSA determining that the Group's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions on the Group. Further, any increase in the capital and liquidity requirements could have a negative effect on the Group's liquidity (should its revenue streams not cover continuous payment to be made under its issued capital), funding (should it not be able to raise funding on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase).

***The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes.***

The Issuer is subject to the Bank Recovery and Resolution Directive (BRRD) (which was amended by Directive (EU) 2019/879 (BRRD II) on 27 June 2019). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, inter alia, requires EU credit institutions (such as the Issuer) to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition. Credit institutions are also required under the BRRD to meet a minimum requirement for own funds and eligible liabilities (MREL Requirement) determined by the relevant resolution authority (in Sweden, the Swedish National Debt Office (Sw. *Riksgälden*)) in accordance with what is set out in the Swedish Resolution Act (Sw. *lag (2015:1016) om resolution*) (the Resolution Act). The MREL Requirement must be met with own funds, capital instruments and certain types of debt instruments.

# Risk Factors

The BRRD also contains a number of resolution tools and powers which may be applied by the resolution authority upon certain conditions for resolution being fulfilled. These tools and powers (which may be used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, which securities could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (including the Notes) could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments (such as the Notes) at the point of non-viability (see the risk factor "*Loss absorption at the point of non-viability of the Issuer.*" below). Ultimately, the resolution authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder (or other) approval.

New legislation attributable to the Swedish implementation of BRRD II entered into force on 1 July 2021, including, *inter alia*, amendments to the applicable minimum MREL Requirement. Amongst other things, the legislation stipulated a new MREL Requirement that entered into effect on 1 January 2024. This includes a minimum Pillar 1 subordination requirement for systemically important institutions. In December 2025, the Swedish National Debt Office most recently decided on MREL and subordination requirements applicable for systemically important institutions from 1 January 2026. In terms of resolution, the Issuer is not deemed a systemically important institution by the Swedish National Debt Office.

There can, however, be no certainty that the Issuer will not be designated a systemically important institution and subject to a higher MREL Requirement in the future. In addition, it is not possible to predict exactly how the powers and tools of the National Debt Office described in the BRRD and the Resolution Act will affect the Issuer. The powers and tools given to the National Debt Office are numerous and may have a material adverse effect on the Issuer and the exercise of any of those powers and tools or any suggestion of such exercise could materially adversely affect the rights of the Noteholders and/or the price or value of the Notes. Accordingly, the degree to which amendments to the BRRD or application of the BRRD may affect the Issuer is uncertain and presents a significant risk to the Issuer's funding and compliance costs.

***A decision that the Group's deposits shall no longer be covered by the Swedish state-provided deposit guarantee scheme, or changes to the deposit guarantee scheme in its current form, could have an adverse effect on the Group's operations.***

Due to the Issuer's licence as a "Credit Market Company", it is able to offer corporate and retail deposits to the general public that are covered by the Swedish state-provided deposit guarantee scheme, which guarantees an amount of up to SEK 1,150,000 (with some exceptions) for each depositor and institution. As such, the Group is required to establish internal processes to handle operational risk related to the deposits, including managing and securing the data systems utilised to host the deposits. Any failure by the Group to comply with these requirements could result in intervention by regulators or the imposition of sanctions, including a decision that the Issuer's deposits shall no longer be covered by the deposit guarantee scheme. The loss of coverage by the deposit guarantee scheme would likely mean that the Group would have to discontinue the offering of deposit savings accounts to the general public, which would adversely affect the Group's liquidity position and potentially also impair or materially adversely affect the Group's ability to continue its business as currently conducted.

In recent years, the relevant regulatory authorities in Sweden and Europe have proposed (and in some cases have commenced implementation of) changes to many aspects of the banking sector, including, among others, deposit guarantee schemes. While the impact of these regulatory developments remains uncertain, the Group expects that the evolution of these and future initiatives could have an impact on its business, including by imposing greater administrative and financial burdens on the Group. Increased costs may result from, for example, changes to the guarantee scheme leading to increased contributions to the schemes by covered financial institutions. Changes could also lead to the guaranteed amounts being lowered.

Any of these developments could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group is exposed to risks relating to sensitive data.***

The Group's ability to conduct its business, including accurately pricing debt portfolios, tracing customers and developing tailored repayment plans, depends on the Group's ability to use customer data. The Group's processing of customer data is governed by data protection laws, privacy requirements and other regulatory restrictions, including, for example, that personal data may only be collected for specified, explicit and legitimate purposes, and may only be processed in a manner consistent with these purposes. Further, the collected personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed, and must not be kept in a form that permits identification of customers for a longer period of time than necessary for the purposes of the collection.

# Risk Factors

There is a risk that the Group's security controls over personal customer data, its training of employees and partners on data protection, and other data protection practices the Group follows, will not prevent the improper disclosure or processing of such sensitive information in breach of applicable laws and contracts. Any material failure to process customer data in compliance with applicable laws could result in a prohibition to process certain personal data for as long as such non-compliance lasts, which would limit the Group's ability to collect debt during that time, as well as monetary fines, criminal charges, reputational loss and breach of contractual arrangements. Failure to comply with applicable data protection laws presents a significant risk and could have a material adverse effect on the Group's business.

The GDPR imposes stringent requirements on how companies – including the debt purchasing industry – can use personal data and could potentially impair the Group's ability to use customer data by, for example, restricting the Group's ability to create customer profiles. The GDPR has affected the Group's processing of customer data, but the Group's customer data collected in accordance with the GDPR is still a valuable asset on which the Group is dependent. Consequently, the Group is exposed to the risk that the information or customer data that the Group uses would become public and available to its competitors, which could occur as a result of a change in governmental regulation, or if the countries where the Group operates were to introduce measures that have the effect of facilitating the tracing of customers, or if the current data processing restrictions were to change such that credit market participants could access credit information before the acquisition of portfolios. Further, if any of these risks materialise, the Group could potentially lose competitive advantage which could have a negative impact on the Group's business.

Failure to protect, monitor and control the use of the Group's customer data could also cause the Group to lose a competitive advantage. The Group relies on a combination of contractual provisions and confidentiality procedures to protect its customer data and the Group's customer data is stored and protected in its information technology infrastructure platform with access limitations as well as stringent information- and cybersecurity requirements. The Group has an extensive programme in place to continuously update, control and monitor these measures. Nevertheless, there is always a risk that competitors or others may gain access to the Group's customer data. Any unauthorised use, misappropriation, or disclosure of the Group's customer data could have an adverse effect on the Group's competitiveness.

## ***The Group is subject to on-going risks of legal and regulatory claims.***

In the ordinary course of the Group's business, it is subject to regulatory supervision and to the risk of claims being brought against the Group by customers from which the Group collects debt. In recent years, in some jurisdictions where the Group is active there has been a substantial increase in consumer claims being brought through the courts in attempts to claim refunds of sums paid under consumer credit agreements or to avoid making payments going forward. This sort of litigation has been fuelled by a substantial rise in the number and activity of claims management companies that aggressively advertise for potential claimants and then bring claims in the hope and expectation that they will be paid a portion of any debt written off.

There is a risk that material litigation, disputes or regulatory investigations may occur in the future, and that companies in the Group may in the future be named as defendants in litigation, including (but not limited to) under consumer credit, tax, collections, employment, competition and other laws. Claims could also be brought in relation to, for example, the imposition of late payment fees and areas of alleged non-compliance, which could affect a large portfolio of agreements. In addition, claims management companies and consumer rights groups could increase their focus on the debt collection industry and, in particular, the collection of debts owed under credit agreements. Such negative publicity or attention could result in increased regulatory scrutiny and increased litigation against the Group, including class action suits. These types of claims and proceedings may expose the Group to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, as well as the potential for regulatory restrictions on the Group's businesses, all of which could have a material adverse effect on the Group's business, results of operations and financial condition.

Claims against the Group, regardless of merit, could subject the Group to costly litigation or proceedings and divert the Group's management personnel from their regular responsibilities. In addition, claims against the Group relating to labour disputes, such as non-compliance with collective bargain agreements, could also cause the Group to incur additional labour costs and cause disruptions to the Group's operations. Adverse regulatory actions against the Group, or adverse judgements in litigation processes, may result in the Group being forced to suspend certain collection efforts, being subject to enforcement orders, one or more companies in the Group having registration with a particular regulator revoked or being held liable for damage caused to third parties. If such liability is not covered by adequate insurances, this could have an adverse effect on the Group's reputation, business and financial condition. An increased number of claims and liabilities could also have an adverse effect on the Group's ability to obtain required and adequate insurances for its operations, or increase the cost of these insurances.

If any of these risks relating to legal and regulatory claims materialise, it could have an adverse effect on the Group's business, results of operations and financial condition.

# Risk Factors

## ***The Group is subject to tax-related risks.***

The Group conducts operations in multiple European countries and is thus subject to taxation and tax laws and regulations in several jurisdictions. The Group has implemented cross-border arrangements within the Group, for example regarding allocation of certain functions such as preparation and analysis of investment decisions, acquisition of debt portfolios and collection activities relating to debt portfolios between companies in the Group, which expose the Group to tax risks relating to among other things transfer pricing. The Group has also adopted, and regularly updates, Group transfer pricing policies setting out the framework for how the Group prices activities carried out within the Group. The Group has identified potential tax exposures in various jurisdictions in which the Group operates relating primarily to VAT, transfer pricing, permanent establishment and corporate income tax. Certain identified exposures concern significant amounts individually and the aggregate amount of the risks combined is material.

The Group is exposed to potential tax risk resulting from the varying applications and interpretations of tax laws, treaties, regulations and guidance, including in relation to corporate income tax, VAT and the other identified exposures. There is a risk that relevant tax authorities in the jurisdictions in which the Group operates may disagree with, and subsequently challenge, the Group's positions. Accordingly, should the Group be subject to adverse tax decisions relating to either identified or unidentified potential tax exposures, this could change the Group's actual tax exposure, both on a Group and individual country basis, and result in significantly increased tax liabilities, including accrued interest and penalties, which would have a material adverse effect on the Group's business, results of operations and financial position.

There is also a risk that the Group's tax status may be changed as a consequence of amended laws, tax treaties or other provisions. For example, the EU directive on global minimum tax (the so-called Pillar Two legislation) may result in top-up taxes for the Group in jurisdictions where the tax falls below a minimum threshold. In the financial year 2025, the Group's corporate income tax expenses totalled SEK 345 million, which translates into an effective tax rate of 23.3 per cent.

In addition, certain entities within the Group's corporate structure have been established and are operated based on assumptions regarding the applicable level of taxation. There is a risk that such assumptions may prove to be incorrect or that the relevant tax authorities may disagree with the Group's assessment of the applicable tax treatment. Any such disagreement could result in additional tax liabilities for the Group, including potential retroactive adjustments.

Furthermore, there is a risk that the Group's internal procedures and functions may not be sufficient or at all times ensure full compliance with its tax obligations. For example, on three occasions during the 2024 financial year, certain taxes were not paid on time which resulted in a remark (Sw. *anmärkning*) in the auditors' report in respect of the consolidated financial statements of the Issuer for the financial year ended 31 December 2024, following which the Issuer has taken measures to review its internal processes.

There is thus a risk that amended laws, tax treaties or other provisions, will lead to increased tax expenses and a high effective tax rate for the Group, which would negatively affect its results of operations.

## **Financial risks**

### ***The Group is exposed to refinancing risk and a risk of not being able to obtain additional financing.***

The Group relies on its deposit funding base to fund the vast majority of its debt acquisitions. As at 31 December 2025, the Group's deposits from the public amounted to SEK 42.8 billion (representing approximately 81 per cent. of the Group's total interest bearing debt), of which SEK 17 billion related to deposits in Sweden, SEK 23.7 billion related to deposits in Germany, the Netherlands, Ireland and Austria denominated in EUR, and SEK 2.0 billion related to its deposit programme in Poland denominated in PLN. The previous deposit programme in the United Kingdom was discontinued during 2025. Deposits are subject to the risk of large withdrawals and/or redemptions occurring at short notice and thus that there may be a mismatch between the Group's need for funding of the Group's liabilities and the Group's access to liquidity. The outflow of deposits is subject to fluctuation due to a number of factors, many of which are outside of the Group's control, such as general economic conditions, including a substantial increase in insolvencies, unemployment and inflation rates. A perceived increase in the risk of the Group's operations by its depositors may also lead to outflows of deposits. Should there be a substantial outflow of deposits, the Group may be unable to generate sufficient liquidity from its existing portfolios, which would adversely affect the Group's ability to acquire additional portfolios as they become available and thus risk having a negative effect on the Group's business, results of operations and financial condition. In addition to the above-mentioned risk relating to the Group's reliance on its deposit funding base, there is a risk that the Group in the future will not have access to alternative sources of liquidity, such as the debt and/or equity capital markets or bank financing. At the maturity of the Group's existing financing, the Group may be unable, should it wish, to successfully refinance the indebtedness or only succeed in borrowing at substantially increased cost, due to changed market conditions, a perceived increase in the risk of the Group's operations by investors in the Issuer's bonds or by other potential lenders, or any other relevant factors. Further, a downgrade of the Issuer's credit rating could, amongst other things, increase the Group's borrowing costs, adversely affect its liquidity position, limit its access to the capital markets, undermine confidence in (and the competitive position of) the Group, and/or limit the range of counterparties willing to enter into transactions with the

# Risk Factors

The nominal amount of the Group's funding sources, in particular long-term financing, may be limited during a liquidity squeeze in the financial markets. Turbulence in the global financial markets and economy may also adversely affect the Group's ability to refinance, which may result in a higher risk profile. An inability to access alternative sources of liquidity and to refinance the Group's existing debt as it falls due and payable without incurring substantially increased cost, may have a material negative effect on the Group's business, results of operations and financial condition.

Negative publicity and other events relating to the Group's reputation could also affect the Group's access to funding. For example, such events could affect the relationships with the Group's current or potential deposit customers, which could lead to withdrawals from the Group's deposit accounts and decreased levels of new deposits from the public, and adversely affect the Group's relationships with investors in the equity and/or debt capital markets, which could lead to decreased availability of capital markets originated equity and/or debt.

In light of the above, the degree to which refinancing risk and the risk of the Group not being able to obtain additional financing may affect the Group is uncertain, and presents a highly significant risk to the Group's business, results of operations and financial condition.

## ***The Group is exposed to market and liquidity risks.***

The Group is subject to market, liquidity and counterparty risks in relation to its assets held as liquidity reserve. As of 31 December 2025, the Group's liquidity reserve amounted to SEK 26,510 million, equal to 42 per cent. of the Group's total assets, which was largely made up of Swedish government and municipal bonds and covered bonds, and also includes short-term lending to other banks. The Group's ability to sell these assets at a commercially desirable price or at all may be impaired if other market participants are seeking to sell such assets at the same time or when the market value of such assets is difficult to ascertain due to market volatility or otherwise uncertain market conditions. Consequently, there is a risk that the Group may be unable to repay its debts as they fall due if the Group is unable to realise its liquidity reserve into cash, which could have a material adverse effect on the Group's business, liquidity and financial condition.

In addition, the Group is exposed to risks where suitable hedge instruments for the types of risk to which the Group is exposed are not available at a reasonable cost or at all. The Group continuously hedges its unwanted market and liquidity risks, as well as other exposures. However, there is a risk that the Group's hedges are not implemented correctly or that there will be a mismatch between the performance of the Group's hedging instruments and the effects of the items being hedged. Hedging may thus lead to large losses for the Group. These losses may arise for various reasons, for example a counterparty failing to perform its obligations under an applicable hedging agreement, shortcomings in the agreement, non-compliance with the Group's internal hedging policies and procedures, or such policies and procedures failing to function as they should, all of which risk having a material adverse effect on the Group's liquidity and financial condition.

## ***Increases in interest rates may negatively impact the Group's profit.***

The Group is subject to the risk that its net interest income is negatively impacted as a result of increases in prevailing interest rate levels or due to a mismatch between the interest rates paid to borrow funds and the income generated from acquired portfolios. The net effect of changes to the Group's net interest income depends on the relative levels of assets and liabilities that are affected by the changes in interest rates. On the liabilities side, the Group's interest expenses are affected by interest rate variations on deposits from the general public and issued debt instruments and could, in the future, be affected by interest rate variations on any liability with a floating interest rate. An interest rate increase would likely have a negative impact on the Group's profit to the extent that the increase in market rates would affect interest rates and interest expenses on loans and deposits from the general public, at the same time as income from the Group's acquired portfolios could increase to a lesser extent. The Group is particularly exposed to interest rate changes due to the long-term cash flow profile of its assets, which is primarily linked to the income generated from acquired portfolios, relative to the short-term cash flow profile of the Group's liabilities. Because of such duration mismatch between assets and liabilities, the effects of interest rate changes will not be naturally fully offset against each other.

As a result, the Group may enter into derivative transactions to attempt to hedge the unwanted portion of such exposure. Despite measures to hedge the Group's interest rate exposures through, for example, interest rate swaps, any remaining mismatch caused by interest rate variations may have a material adverse effect on the Group's business, results of operations and financial condition and the performance by the Issuer of its obligations under the Notes. As at 31 December 2025, a sudden and permanent parallel shift of +/- 300 basis points in short-term market interest rates would result in a total impact of SEK 1,508/1,277 million on the Group's profit/loss over one year. The impact on the Group's equity would be +/- 21.27 per cent.

The degree to which increases in interest rates may affect the Group is uncertain, and presents a significant risk to the Group's business, results of operations and financial condition.

# Risk Factors

## ***The Group is exposed to the risk of currency fluctuations.***

Foreign currency fluctuations may have an adverse impact on the Group's income statement, balance sheet and/or cash flows as a result of the reporting currency used in preparing the Issuer's balance sheet being different from the reporting currency of the Issuer's subsidiaries, the Issuer's assets and liabilities being denominated in different currencies and certain revenue and costs arising in different currencies.

The results of, and the financial position of, the Issuer's subsidiaries are reported in relevant local currencies, and then translated into the reporting currency of the Issuer, which is SEK, at the applicable exchange rates for inclusion in the Issuer's balance sheet. Further, the debt portfolios of the Issuer and its subsidiaries (that is, the Issuer's and its subsidiaries' primary assets) are mainly denominated in currencies other than SEK, while the Issuer's deposits raised from the public (that being the Issuer's dominant liability) are denominated in SEK, EUR and PLN. Accordingly, the Group is exposed to currency risk with respect to adverse fluctuations in the exchange rates between SEK and relevant foreign currencies, of which the most significant currencies are EUR, GBP and PLN. For example, if the SEK exchange rate is weakened, this would lead to an increased book value of debt portfolios denominated in other currencies than SEK in the Issuer's reporting and thus have an adverse effect on the Issuer's capital adequacy.

Exchange rates between reporting currencies of the Issuer's subsidiaries and the reporting currency of the Issuer have in recent years fluctuated significantly and may in the future fluctuate significantly due to, among other things, the overall instability of the European monetary union. Based on the conditions prevailing on 31 December 2025, an increase/decrease of 10 per cent. in the EUR/SEK, GBP/SEK and PLN/SEK exchange rates would have resulted in a translation effect on the Group's operating profit corresponding to +/- SEK 27.9 million, +/- SEK 3.0 million and +/- SEK 33.2 million, respectively. Accordingly, to the extent that foreign exchange rate exposures are not hedged, there is a risk that any significant movements in the relevant exchange rates would have an adverse effect on the Group's financial condition.

## **Risks relating to the Notes**

### ***The Issuer's obligations under the Notes are deeply subordinated.***

The Notes are intended to constitute unsecured, deeply subordinated obligations of the Issuer and the Consolidated Situation. In the event of the voluntary or involuntary liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Issuer, the rights of the Noteholders to payments on or in respect of (including any damages awarded for breach of any obligations under) the Notes (which in the case of any payment of principal shall be to payment of the then Nominal Amount only) shall at all times rank:

- a) *pari passu* without any preference among themselves;
- b) *pari passu* with:
  - i. any liabilities or capital instruments of the Issuer which constitute Additional Tier 1 Capital; and
  - ii. any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, equally with the Notes,in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer;
- c) senior to the claims of holders of all classes of the Issuer's shares in their capacity as such holders and any other liabilities or capital instruments of the Issuer that rank, or are expressed to rank, junior to the Notes, in each case as regards the right to receive periodic payments (to the extent any such periodic payment has not been cancelled) on a liquidation or bankruptcy of the Issuer and the right to receive repayment of capital on a liquidation or bankruptcy of the Issuer; and
- d) junior to any present and future claims of:
  - i. depositors of the Issuer;
  - ii. any other unsubordinated creditors of the Issuer;
  - iii. any non-preferred creditors falling within the scope of 18 §, first paragraph of the Swedish Rights of Priority Act (Sw. *förmånsrättslag (1970:979)*); and
  - iv. except as expressly stated in paragraph (a) or (b) above, any subordinated creditors, including for the avoidance of doubt holders of any instruments which as at their respective issue dates constitute or constituted Tier 2

# Risk Factors

In the event of the voluntary or involuntary liquidation or bankruptcy of the Issuer, there is a risk that the Issuer does not have enough assets remaining after payments to senior ranking creditors to pay amounts due under the Notes.

No Noteholder who is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of Notes held by such Noteholder.

As a result of the above, there is a risk that the Noteholders will lose some or all of their investment in the Notes. Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated or which are subordinated but not so deeply, there is a significant risk that an investor in the Notes will lose all or some of its investment in the event of a voluntary or involuntary liquidation or bankruptcy of the Issuer. Accordingly, in a worst-case scenario, the value of the Notes may be reduced to zero.

As noted in the risk factors "*The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes.*" above and "*Loss absorption at the point of non-viability of the Issuer.*" below, there is a risk of the Notes being written-down or converted into other securities in a resolution scenario or at the point of non-viability of the Issuer.

## ***Interest payments on the Notes may be cancelled by the Issuer.***

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

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

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

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

## ***Loss absorption following a Trigger Event.***

If at any time the CET1 Ratio of (i) the Issuer is less than 5.125 per cent., or (ii) the Consolidated Situation is less than 7.00 per cent, this constitutes a Trigger Event and the Total Nominal Amount of the Notes shall be written down by an amount sufficient to restore the CET1 Ratio of the Issuer to at least 5.125 per cent., or the Consolidated Situation to at least 7.00 per cent., provided that the Nominal Amount of each Note may not be written down below SEK 1. The write down of the Notes is likely to result in a holder of Notes losing some or all of its investment. Following any such reduction of the Total Nominal Amount, the Issuer may, at its absolute discretion, reinstate in whole or in part the principal amount of the Notes, if certain conditions are met. The Issuer will not in any circumstances (including in the event of any subsequent increase or improvement of the CET1 Ratio of the Issuer or the Consolidated Situation) be obliged to reinstate in whole or in part the principal amount of the Notes (and any such reinstatement is likely to require unanimous approval at a shareholders' meeting of the Issuer and there can be no assurance that such shareholder would deem a reinstatement appropriate or in the interest of the Issuer and/or the relevant shareholder(s)).

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

The Issuer's and/or the Swedish FSA's calculation of the CET1 Ratio of the Issuer and/or the Consolidated Situation, and therefore its determination of whether a Trigger Event has occurred, shall be binding on the Noteholders, who

# Risk Factors

## ***Loss absorption at the point of non-viability of the Issuer.***

The Noteholders are subject to the risk that the Notes may be required to absorb losses as a result of statutory powers conferred on resolution and competent authorities in Sweden (the Swedish National Debt Office and the Swedish FSA). As noted above in the risk factor *"The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any action under this Directive could materially affect the value of any Notes."*, the powers provided to resolution and competent authorities in the BRRD include write-down/conversion powers to ensure that relevant capital instruments (such as the Notes) fully absorb losses at the point of non-viability of the issuing institution in order to allow it to continue as a going concern subject to appropriate restructuring and without entering resolution. As a result, the BRRD contemplates that resolution authorities have the power to require the permanent write-down of such capital instruments (which write-down may be in full) or the conversion of them into CET1 instruments at the point of non-viability and before any other bail-in or resolution tool can be used. Accordingly, in a worst-case scenario, the capital instruments may be written down and the value of the Notes may be reduced to zero.

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

## ***The Issuer may redeem the Notes on the occurrence of a Capital Event or Tax Event.***

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

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

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

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

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

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

## ***Admission to trading, liquidity and the secondary market.***

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

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

## ***Substitution or variation of the Notes.***

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

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

## ***Structural subordination and dependence on upstreaming of funds.***

The Issuer is the parent company of the Group. A large part of the Issuer's business is conducted through its subsidiaries, on which the Issuer, as a consequence thereof, is dependent in order to meet its payment obligations (including making payments under the Notes). Hence, although the Issuer has an operating business of its own, the case may be that a substantial portion of the Group's revenues are generated by operating or other subsidiaries of the Issuer, from which the Issuer would then be increasingly dependent upon receiving funds. Further, the Issuer's subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due with respect to the Issuer's obligations and commitments or to make any funds available for such payments. The ability of the Issuer's subsidiaries to pay any dividends and distributions will be subject to, among other things, the terms of any debt instruments of those subsidiaries then in effect and applicable laws. Accordingly, there is a risk that the Issuer's subsidiaries will not generate sufficient cash flow to pay dividends or distributions to the Issuer to enable it to fulfil its obligations under the Notes and the Noteholders' right to receive payments under the Notes will be structurally subordinated to debt or other liabilities of the Issuer's subsidiaries.

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

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

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

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

The degree to which any other asset pledged may affect the Noteholders is uncertain and presents a significant risk to the amount recoverable by Noteholders.

# Risk Factors

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

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

***European Benchmarks Regulation.***

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

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