Bond investor presentation

January 2018

Strictly private and confidential

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Summary of risk factors

Below is a summary of some transaction specific risks relating to the Group, the market and to the Bonds. The risks described in this summary are not ranked in order of importance nor are they exhaustive. Risks not discussed herein may also adversely affect the Group, the Issuer, the price of the Bonds and the Issuer's ability to service the Bonds. Additional risk factors will be set out in Section 6.

Credit risks

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

In addition to the granting of loans in its own name, Lendify AB mediates consumer credits granted by other creditors (lending customers) to debtors (borrowing customers), so called peer-to-peer lending. Even though the credit risk for these loans is borne by the lending customers, deterioration of the credit quality of the borrowing customers could lead to higher credit losses for the lending customers which could negatively affect the reputation and market position of the Group, and its ability to attract capital.

Risks related to Lendify's business model and credit rating process

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

Dependency on Lendify AB and the business of the Group

The proceeds from the Bonds will be used to acquire loans in the form of promissory notes from Lendify AB. Payments made by debtors under the promissory notes will be the primary source of capital for servicing and repaying the Bonds. The aggregate principal amount of the portfolio of loans that are to be transferred to the Issuer in connection with the first issue date is lower than the aggregate principal amount of the Bonds that will be issued at the first issue date. If Lendify AB will not be able to originate and finance sufficient additional loans that can be sold to the Issuer the financial position of the Issuer and it's ability to meet its payment obligations under the Bonds will be negatively affected

Lendify AB will perform services for the Issuer relating to the collection of payments from the loans and certain other administrative services. If Lendify AB not will be able to carry out such services, the Issuer's operations and ability to fulfil its payment obligations under the Bonds in will be negatively affected.

Liquidity and funding risk

The Group operates in capital-intensive business sectors, and loans provided to customers are paid out in cash. This requires liquidity management and, in respect of the loans being granted by Lendify, that the Group has the cash available prior to a loan being granted. There is a risk that the Group cannot access sufficient capital to meet outgoing cash flow to customers or to meet other obligations that demand liquidity.

The Group's and Lendify AB operations and origination of loans is mainly funded through lending customers (in respect of peer-to-peer lending), other creditors and equity investors. The risks in the supply of liquidity consist primarily of the risk of Lendify not attracting sufficient volume of funds from lending customers or creditors to originate loans and finance its operations. Reduced availability of funding may result from price competition or negative rumours about the Group, other consumer credit companies or the financial system in general. A failure by the Group to attract sufficient funding could have a material adverse effect on the Group's operations and on the ability of Lendify to extend loans that could be transferred to the Issuer.

Lendify AB is supervised by the Swedish FSA, and must maintain certain liquidity reserves in order to comply with the Swedish FSA's requirements generally applicable for payment institutions. Non fulfilment of liquidity requirements may result in administrative actions or sanctions against Lendify AB, which ultimately may affect the Issuer's ability to fulfil its obligations under the Bonds.

Market risk

Market risk is the risk of loss resulting from changes in interest and foreign exchange rates and equity prices or other market related instruments. Fluctuations in the debt, foreign exchange or equity markets may affect the market value and liquidity of the Group's assets. In addition, the occurrence of such events may have an adverse impact on the revenue generated from the Group's primary activities and on the value of investments that the Issuer is allowed to make with excess liquidity.

Risks relating to disruptions in the global credit markets and economy

Financial markets are subject to periods of volatility which may impact the Group's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. In addition, the financial performance of the Group could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

Commingling risk

Lendify AB, in its capacity as Servicer, collects payments relating to the promissory notes transferred to the Issuer and pledged to the bondholders and shall treat all such received funds as escrow funds (Sw. redovisningsmedel). Lendify AB must be able to identify all incoming and outgoing payments in order to ensure that the funds can be separated. There is a risk that, in the event that Lendify AB fails to separate the funds in an appropriate and timely manner, the funds could be included in Lendify AB's bankruptcy estate which could negatively affect the Issuer and its ability to fulfil its payment obligations under the Bonds, if Lendify AB is declared bankrupt.

Summary of risk factors (cont'd)

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

The Swedish SFA has, during the last few years, intensified its surveillance actions in respect of consumer credit lenders and has announced its intentions to carefully supervise the operations of such companies, and may possibly also further increase the regulatory requirements in respect of these operations and companies. Should the Swedish FSA consider that the operations of the Group are not sound or that Lendify is otherwise in breach of laws or regulations that apply to it and the Group, the Swedish FSA may impose administrative sanctions, such as disciplinary reprimands, warnings and fines and/or injunctions by the authority to take remedial action or revoke Lendify AB's licence to act as payment institution, which would materially and adversely affect the Issuer's ability to repay the Bonds.

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

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

Strategic risk
Strategic risk is the risk of loss of current revenue streams or missed future revenue opportunities because of changing market conditions through economic downturns, increased competition, business laws/regulations or other external factors that negatively affect the Group's business model. Strategic risk also includes the risk that third parties adversely affect the Group's brand. Macroeconomic developments in the business environment are affected by various events and scenarios. An economic downturn may occur by e.g. a deeper economic crisis in the Euro zone, political tension, further global slowdown or a price drop on properties. The realisation of any of the aforementioned risks could adversely affect the Group's financial position and results of operations

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

A number of legislations and regulations, taxes and rules can affect the business conducted by the Group. New or amended legislations and regulations could call for unexpected costs or impose restrictions on the development of the business operations or otherwise affect earnings, which could have an adverse effect on the Group's business and results of business operations. An inability by Lendify AB to maintain its payment institution licence or in other ways be in compliance with consumer credit regulations, would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

Moreover, there is currently a reform of data protection legislation on EU-level with the aim to strengthen individual rights and tackle challenges of new technology. A part of the Group's businesses includes processing of personal data. Changes in the legislation in this area may negatively affect the Group's business.

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Lendify

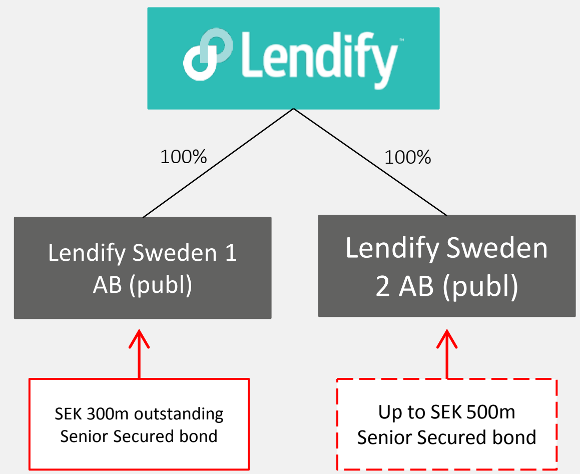
1. Transaction Summary

Transaction overview

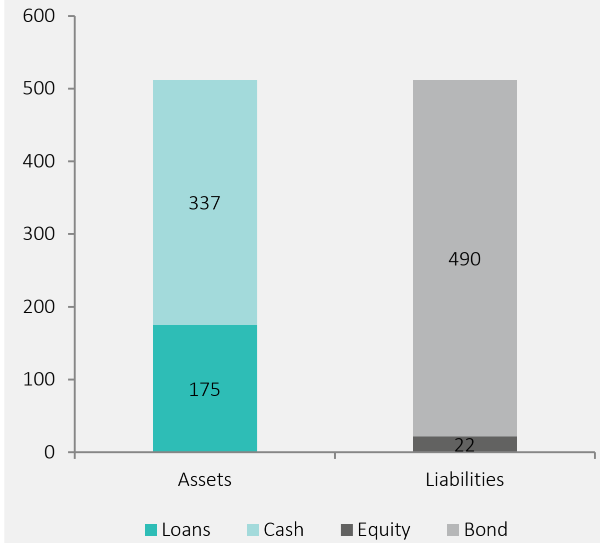
Comments

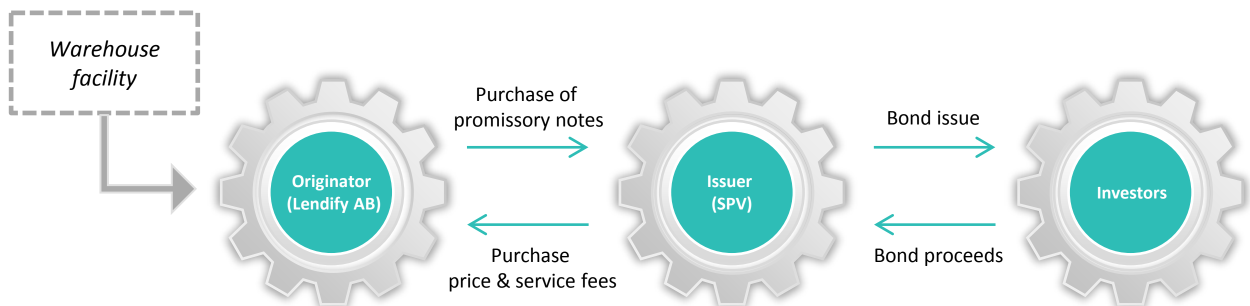
- As a supplement to its peer-to-peer business Lendify AB is extending unsecured loans to the public in its own name in the form of promissory notes financed by a warehouse facility provided by Grenspecialisten
- Lendify Sweden 2 AB (publ), a wholly owned new special purpose vehicle, will be the Issuer of up to SEK 500m bonds and will apply proceeds from the bonds to acquire promissory notes from Lendify AB as the Originator on a no-recourse basis
- The promissory notes acquired by the Issuer from Lendify AB will be pledged to secure obligations in connection with the bonds
- The shares in the Issuer will be pledged to secure obligations in connection with the bonds
- Lendify AB does not guarantee the bonds and the bondholders will not have any recourse against Lendify AB for repayment of the bonds
- The conservative approval rate of approximately 10% of all incoming applications is the result of a stringent credit decision process and only eligible loans that fulfills defined Portfolio Parameters will be sold to the Issuer
- Lendify AB is a payment service institution regulated by the Swedish FSA

Legal structure



Illustrative SPV 2 balance sheet[1]

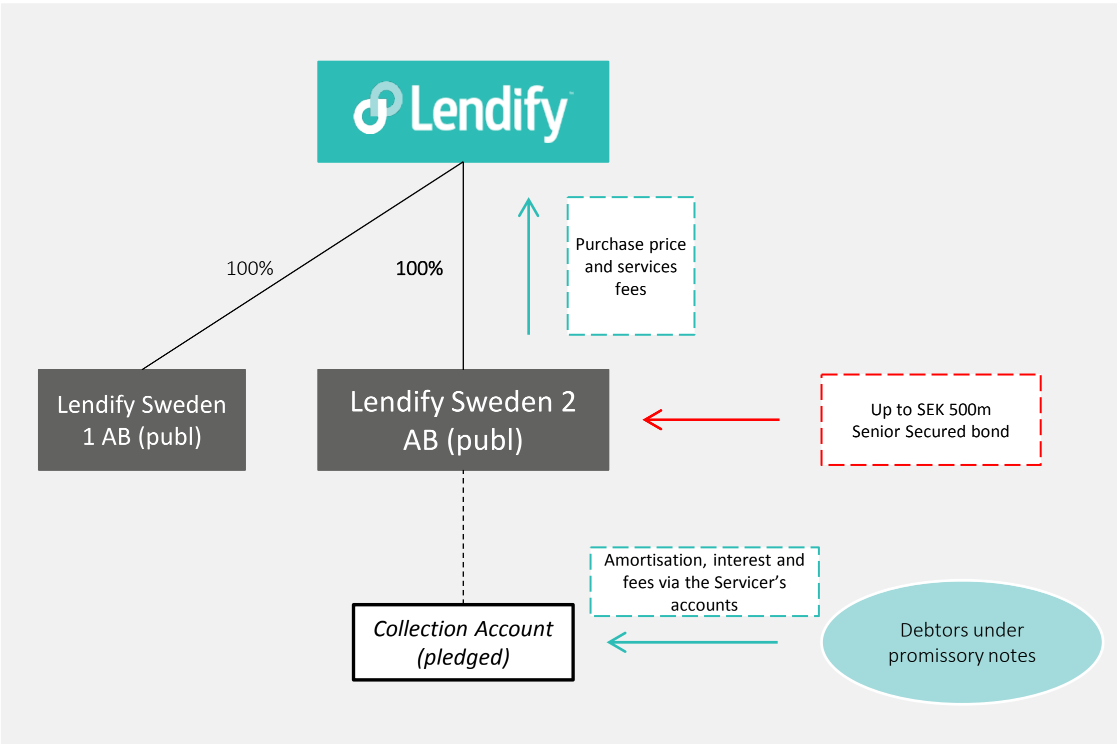




1) Illustrative balance Sheet after the first sell down of loans to the SPV

Transaction overview (cont'd)

Legal structure and flow of payments



Comments

- Lendify AB will continue to act as Servicer and collect payments from the debtors under the promissory notes and provide certain other services to the Issuer
  - Lindorff has been appointed back-up service provider to enforce payments post 120 days (approximately 0.2% of loan portfolio per month, of which 60% is expected to be recovered over 10 years)
  - As the SPV reports according to IFRS, new standards of provisions will apply as of January 2018 (IFRS9). The current "incurred loss model" will be replaced by an "expected loss model"
- The Issuer shall use the proceeds from the Bonds to finance the acquisition of promissory notes from the Originator on a non-recourse basis. The Net Proceeds from the Bond Issue shall stand to the credit on the Escrow Account until disbursed in increments to pay for the acquisition of promissory notes from the Originator.
- The Originator will continue to service the Transferred Promissory Notes and collect payments on behalf of the Issuer as Servicer.
- Excess Liquidity from repayments of principal and payments of interest under the Transferred Promissory Notes may be reinvested in Eligible Investments.
- The Issuer's obligations under the Bonds will be secured by the Transaction Security.

Summary terms

Main terms	
Issuer	Lendify Sweden 2 AB (publ)
Volume	Up to SEK 500 million (total framework of SEK 750 million), nominal amount SEK 1 million
Tenor & status	[2] years, Senior Secured
Coupon	Floating rate note, 3m Stibor + [•] bps p.a., with quarterly payment in arrears (Stibor floor at 0%)
Security	Pledge over the shares in the Issuer, pledge over promissory notes, pledge over certain bank accounts and pledge over contractual rights under the Securitization Framework Agreement
Portfolio	Eligible promissory notes that meet certain defined Portfolio Parameters
Use of proceeds	To purchase eligible promissory notes from the Originator and finance certain costs of the Issuer and transaction costs. Proceeds will stand on a pledged account until drawn down against payment for the purchase of eligible promissory notes
Financial covenants	Equity ratio of 10.0% and minimum cash position equivalent to 1 year coupon
Amortisation	Voluntary amortisation of up to 10% per year
Servicing fee and cash manager fee	Servicing fee of 3.0% of the face amount of acquired promissory notes and Cash Manager fee of SEK 9,000 per interest period to cover origination, collections and certain administrative services
Call Option (American)	Not callable during first 6 months and thereafter callable at •%/•%/•%/•%/•%/•% of the equivalent fixed coupon after [6/9/12/15/18/21] months. Callable at par last [3] months.
Change of control	Investor put at 101% if any person acquires/controls more than 50% of the shares/voting rights (other than JCE Sweden AB)
Listing	The regulated market NDX operated by NGM, within 60 days from first issue date
Agent	Intertrust (Sweden) AB
Joint Bookrunners	Carnegie Investment Bank and DNB Markets

Key investment highlights

1	Proven business model	Since inception Lendify has distributed over SEK 622m in loans to the public, of which SEK ~572m during the period January to December 2017 with the help of the warehouse facility and Lendify Sweden 1 AB bond. Demand significantly outweighs supply which creates ample opportunities as and when Lendify have issued this bond
2	Conservative Credit Policy	The credit model has been developed by CCO with multiple years of experience from consumer banking-and is currently calibrated so that only 10% of applications are approved. This has resulted in low credit losses of 1.5% (historically) which is in line with comparable peers
3	Good underlying assets as security	The SPV is fully ring fenced and the bond is secured by unsecured consumer loans with high expected recovery in the case of default and with a 10% first loss equity cushion built into the SPV. Lindorff acts as back up service provider if Lendify AB is unable to fulfil its obligations. Sophisticated and well functioning infrastructure for collecting distressed debt with the authoritative Swedish Enforcement Agency (Sw. “Kronofogden”) is state empowered to efficiently collect debt
4	Best-in class proprietary IT-system	Lendify uses its state of the art proprietary IT system and sophisticated credit-scoring model to enable and control processes for credit assessment, agreements, payments and compliance. No 3rd party system usage effectively eliminates the risk of non-controllable system disruptions
5	Strong owners and experienced Board of Directors	Financially strong and experienced shareholders committed coupled with a Board of Directors consisting of individuals with a long and deep history within the consumer lending sector gives Lendify a strong position for future profitable growth
6	Regulated by the FSA	Lendify is licensed to operate as a payment institution from the Swedish Financial Supervisory Authority (“SFSA”)

Today's presenters

CEO & Co-Founder

Nicholas Sundén-Cullberg

Experience:
- Morgan Stanley
- Sandvik

Education:
- MSc in Accounting from Stockholm School of Economics

Chief Financial Officer

Therese Svensson

Experience:
- Qliro
- PwC

Education:
- MSc in Accounting from Stockholm School of Economics

Chief Credit Officer

Vincent Kolb

Experience:
- Marginalen Bank
- Citibank

Education:
- MBA from Stockholm School of Economics
- BSc from Université Haute-Alsace

2. Introduction to Lendify

Brief overview of Lendify

Introduction

- Sweden's first and leading online marketplace lending platform founded in Stockholm in 2014
- Lendify offers unsecured consumer loans with focus on the prime segment, with all key credit cycle functions in-house
  - Handling of credit scoring, credit granting, contracts, payments, pre-collection, and customer service, supported by compliance, risk control, internal audit and marketing
- Strong core team with a mix of top talent with experience from entrepreneurship, finance and accounting, credit scoring, IT-development and architecture, digital products, marketing and investment banking
  - 34 employees, including 3 independent control functions
- Proprietary IT platform with very limited technical legacy
- Robust governance structure, reporting and control functions managed by reputable external parties
- Experienced Board and well-known and financially strong shareholders with unmatched know-how from the Nordic consumer lending market
- In July 2016, Lendify received its license to operate as a payment institution from the Swedish Financial Supervisory Authority ("SFSA") and thus is regulated under existing rules and laws for consumer lending and payments

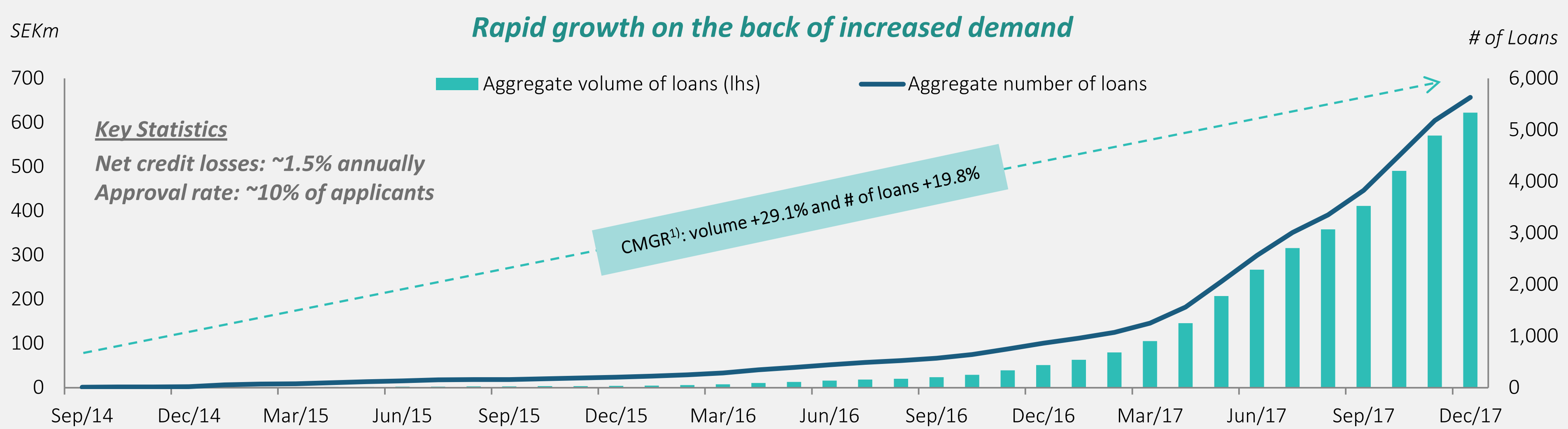
Lendify at a glance

- Leading marketplace lending platform
- Licensed by the SFSA (*Sw. Finansinspektionen*)
- Avg. interest rate **8.4%** (LTM)
- Expected net credit losses **1.5%**
- Loan volume originated (since inception) **SEK 622m**
- # of originated loans (since inception) **5,633**
- Total equity **SEK 223m**
- # of employees **34**

Actively and constantly building trust among consumers, while increasing awareness of the Lendify brand

Source: Data as of 31 December 2017

Historical overview



2014
- "Soft launch" of Platform in August
- "Seed-round" of SEK 20m completed in December / January 2015, Lendify valuation of circa SEK 60m

2015
- Sophisticated credit decision- and scoring process implemented
- UC became central data source in the credit decision process in July
- Functions for compliance and risk control (Financial Compliance Group AB) as well as internal audit (Deloitte) were established
- "Hard launch" of Platform in July

2016
- Safe access to Lendify introduced through Bank ID
- "A-round" of SEK 70m completed in June with a post-money valuation of SEK 210m
- Swedish FSA license granted in July
- Agreement with Lindorff as backup service provider in November
- Partnership signed with Trustly in December
- Warehouse facility of SEK 75m signed in December

2017
- FSA approval for Lendify to extend credits from its own balance sheet
- Started use of warehouse facility and upped the amount to SEK 100m
- Issued first public bond of SEK 200m in May + SEK 100m tap October
- Launched Secondary Market platform for investors
- Launched Payment Protection Insurance, a Rewards Program and a finance education program targeted to existing and new investors
- Originated SEK 572m of loans in January to December 2017
- Repurchased SEK 25m of bonds in Lendify Sweden 1 AB
- New share issue of SEK 112m completed in January 2018

1) Compound Monthly Growth Rate (CMGR)
Note, the aggregate figures presented above relates to actual volumes and number of loans paid out to customers
Source: Company data as of 31 December 2017

A technology driven cost advantage

SWEDISH NICHE BANKS	Lendify
Marketing	Marketing
Credit Assessment	Credit Assessment
Contracts	Contracts
Payments	Payments
Customer Service	Customer Service
Debt Collection	Debt Collection
Compliance, Risk Control & Internal Audit	Compliance, Risk Control & Internal Audit
LOAN FUNDING (Balance sheet)	LOAN FUNDING (”Partly off-balance”)
OPEX/LOAN BOOK[1]	OPEX/LOAN BOOK[2]
8.3%	2.1%
COST/INCOME[1]	COST/INCOME[2]
59.8%	28.5%

- A proprietary highly customisable IT platform at the heart of Lendify’s cost advantage to competitors
- Processes performed manually by blue chip banks are automated by Lendify thus improving efficiency
- No reserve requirements for the unique P2P funding pillar

LENDIFY’S TRANSPARENT DIGITAL PLATFORM

P2P | Bonds | Deposits

Lendify creates a more efficient lending market

1) Calculation based on end of the year loan book from company annual report 2016. Average of Marginalen Bank, Ikano Bank, Nordax, Resurs, Collector, SevenDay, Forex Bank, Svea Ekonomi and TF Bank
2) Lendify 2020 estimates. Source: company estimates

Funding overview

Well capitalized

- ✓ Seed-round: SEK 20m (2015)
- ✓ A-round: SEK 70m (2016)
- ✓ Share issue: SEK 21m (2017)
- ✓ Share-issue: SEK 112m (2018)

Warehouse facility

- ✓ SEK 100m provided by AB GRENSPECIALISTEN (beneficial owner Martin Gren, co-founder of Axis Communications AB)

Senior secured bond

- ✓ Outstanding senior secured bond of SEK 300m in Lendify Sweden 1 AB

The Lendify core team

CEO and Co-founder
Nicholas Sundén-Cullberg
Experience: Morgan Stanley (Investment Banking) and Sandvik
Education: MSc in Accounting from Stockholm School of Economics

Chief Financial Officer
Therese Svensson
Experience: Qliro (Head of Accounting & Reporting) and PwC (Transaction Services)
Education: MSc in Accounting from Stockholm School of Economics

CTO and Co-founder
José Cartro
Experience: Nordax (System Developer) and Net Survey (Senior Architect)
Education: KTH and Stockholm University (DSV, HCI, Pascal, SQL, AI, C# and more)

Chief Investor Relations
Erika Eliasson
Experience: Erik Penser (Head of Sales) and Lindorff (Head of Product Sales)
Education: MSc in Business & Economics from Uppsala University

Chief Credit Officer
Vincent Kolb
Experience: Marginalen Bank (Head of Credit) Citibank (Credit Policy Manager)
Education: MBA from Stockholm School of Economics and BSc Université Haute-Alsace

Chief Marketing Officer
Erik Wikander
Experience: PwC (Management Consultant) and Travellink (Head of Nordics)
Education: BSc Uppsala University and BSc in System Science Stockholm University

Strong core team with a mix of top talent with experience from entrepreneurship, finance and accounting, credit scoring, IT-development and architecture, digital products, marketing and investment banking

Mission, vision and values

MISSION	Improve Swedes' household-economy through education and positive incentives
VISION	Become a hub for multiple types of loans and capital sources
VALUES	Quality, Transparency and Innovation
3-YEAR GOAL	5% market share (SEK ~10bn) of the Swedish unsecured consumer loans market

"Way of working" – Make available technologies function together

3. Business Model

Lendify's offering

- Lendify offers unsecured consumer loans up to a maximum of SEK 500,000 (minimum SEK 20,000)
- Maturity of the loans range between 12 months and up to 15 years
- Focus on price (risk-based) and process (robust, digital and lean)
- The proprietary online lending platform is both secure and confidential and has been developed by Lendify from scratch
- The online loan application process is simple and takes about 3 minutes to complete, including:
  - Specify desired loan amount and duration
  - Electronical identification (Sw. *Bank-ID*)
  - Answer selected questions about personal- and economic situation such as marital status, job status, income, household expenses, etc.
  - Answer KYC/PEP and AML questions
- Borrowers are often able to get a lower interest rate compared to both traditional- and niche banks
- Key features include:
  - Electronical bank transaction statements used in credit decision process to e.g. verify an applicant's income
  - Electronical signature of loan agreements through Bank-ID
  - Direct payments in real time (no "bank day")

Lendify's offering vs. Swedish niche banks

	Lendify	Niche banks
UC associated	✓	✓
Secure & confidential	✓	✓
Full service of loans	✓	✓
Three lines of defence	✓	✓
Loan amount up to SEK 500,000	✓	(✓)
Loan duration up to 15 years	✓	(✓)
User friendly IT-platform	✓	(✓)
PSD2 enabled data ("Bank Scraping")	✓	X

Competitive offering combined with a user friendly, fast and secure online platform

Stringent credit decision process

1. **BANK ID VERIFICATION**
   - *Substantially reduces the risk of fraud, while enabling instant identification of applicants*
2. **DATA COLLECTION**
   - *Income and expenses are collected both via online application form and external sources*
3. **CREDIT CHECK**
   - *Risk score is basis for pricing, while high risk applicants are immediately rejected*
4. **VERIFICATIONS**
   - *If there is data mismatch between sources, verifications such as review of salary slips and employer call-backs are utilised*
5. **"LEFT TO LIVE ON"**
   - *Ensures that the applicant has repayment capacity extending over the life of the loan*

~10% approval rate

GENERAL CREDIT POLICY

Lendify's credit model has been developed from experience gathered from Swedish and international best-practices within the banking industry over many years. The purpose of the model is to protect borrowers from over-indebtedness and consequently care for the originator and lender from suffering unsustainable credit losses over time, and also classify the loans accurately based on their risk levels

MINIMUM CRITERIA FOR BORROWERS

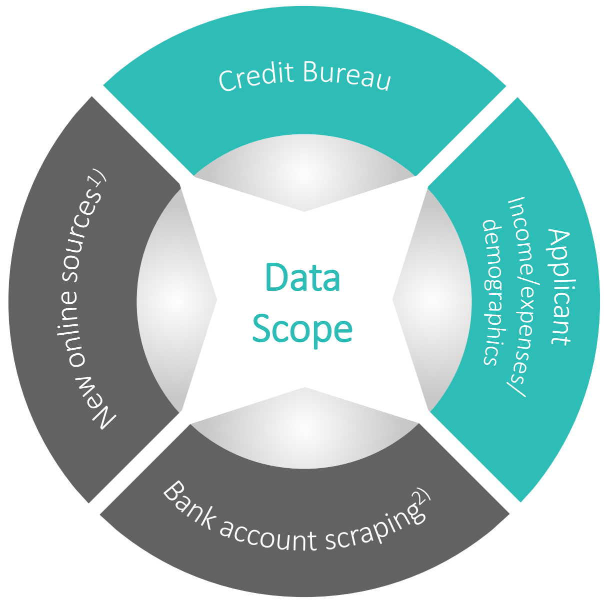
- ✓ At least 18 years old and resident in Sweden
- ✓ No payment remarks
- ✓ No outstanding debt with the Swedish Debt Enforcement Authority
- ✓ Annual income of at least SEK 180,000 and stable income
- ✓ Has a Swedish bank account and Bank ID

The proprietary credit model has been developed based on long and relevant experience from the banking industry

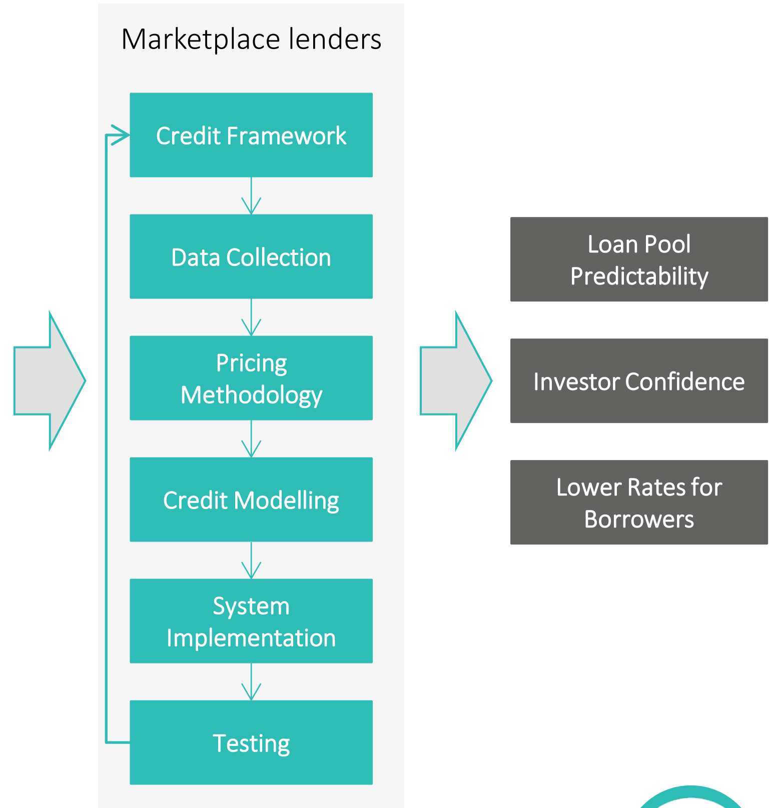
The technology behind Lendify

A highly structured analytical approach improves on traditional credit scoring

- New data sources (e.g. Twitter, LinkedIn etc.) combined with traditional techniques are used to better predict borrowers' intent and ability to repay loans
- Implement more data sources to improve predictability
- Automate the process for speed and cost efficiency
- Analyze loan data in a highly structured manner
- Improving efficiency and predictability of the credit model is a continuous process



- Traditional data sources (banks only use these)
- New data sources (marketplace lenders combine these with traditional data sources)

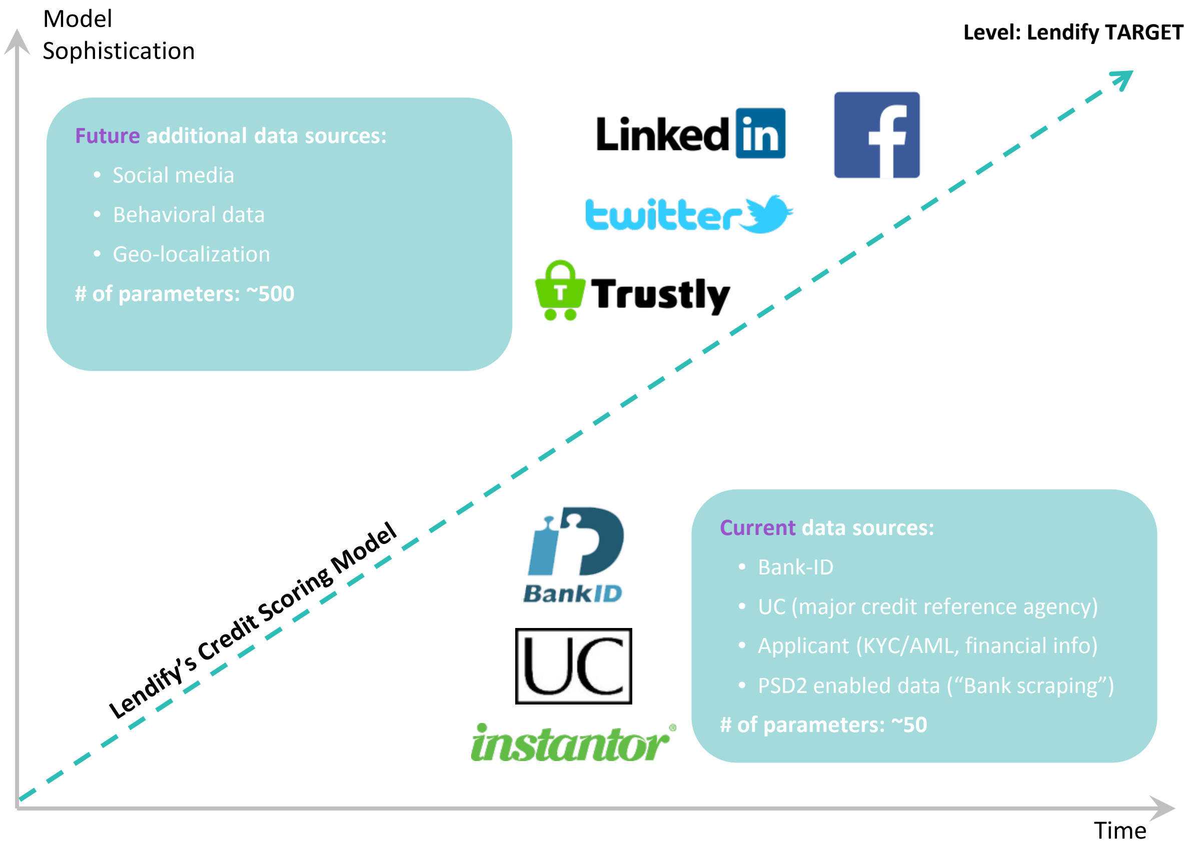


New data sources are utilized to complement and improve the credit scoring model

1) Variety of online sources – such as social media, public profiles, geo-localization via IP address, type of device used, as well as applicant's behavior at time of application.
2) When a loan applicant approves bank account scraping Lendify gets access to information from the applicant's bank regarding for example historical transactions. This data is used in Lendify's credits scoring model.

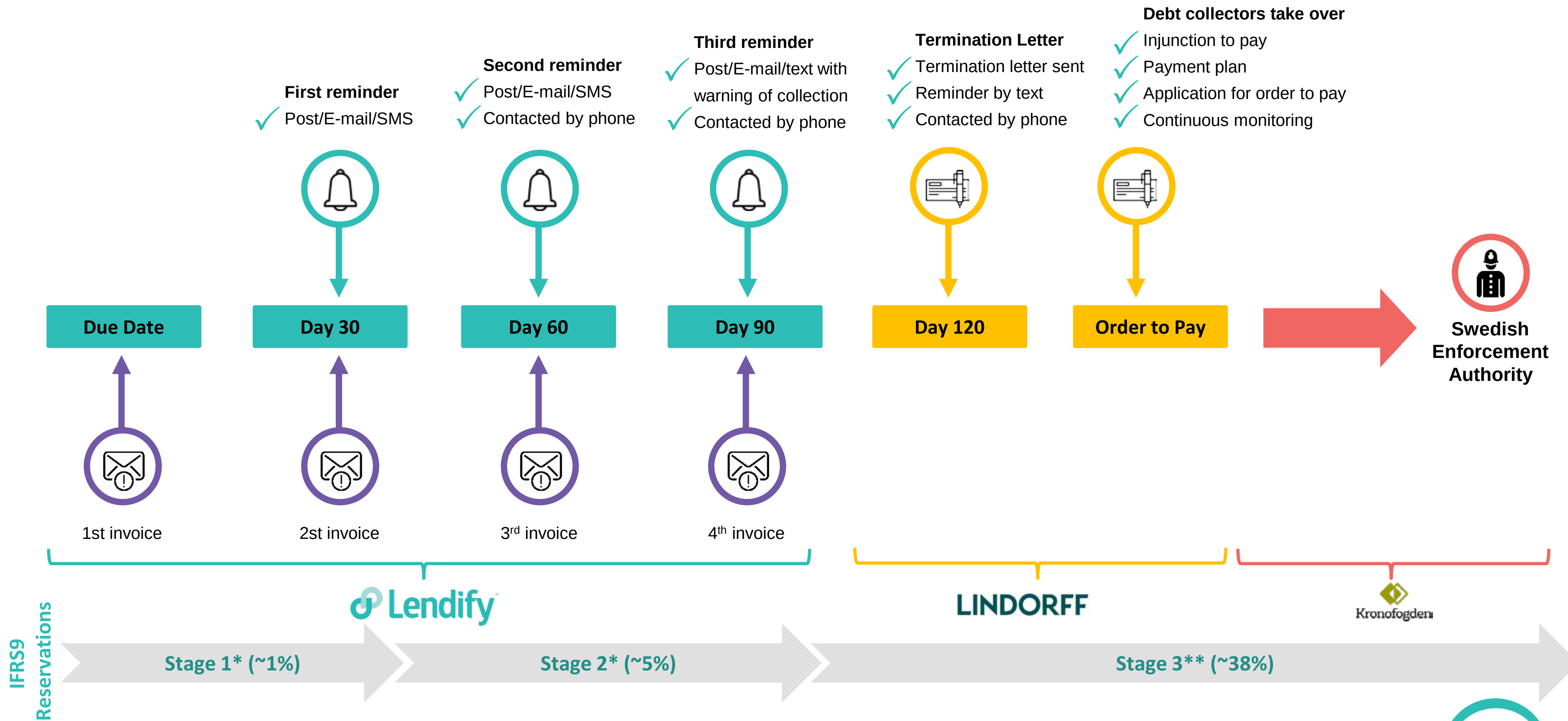
Solid credit scoring model

- Lendify's credit scoring model has a sophistication level that is equivalent to that of the leading and most innovative banks in Sweden
- However, Lendify works actively to improve the model using more data sources, together with efficient modelling and testing against borrower performance data, to create a model that is superior to traditional/bank models in terms of predictability
- The key objective of the more advanced model is to provide even lower interest rates to those who already have loans, e.g. at a bank, and to extend credit to more "qualified" payers that are currently neglected by the banks due to limited credit history
- Key parameters in Lendify's model include:
  - Bank-ID digital identification and verification
  - UC-risk score (FICO equivalent)
  - Left-To-Live-On (a personal cash flow statement)
  - PSD2 enabled data ("Bank scraping")
  - New online sources (data collection phase)



Lendify is constantly integrating new parameters to it's credit model to enhance the predictability

Management of missed payments



Efficient debt collection infrastructure in Sweden will help minimize credit losses

*ECL= Outstanding Balance * Probability of Default * (1-Expected Recoveries)

**ECL = Outstanding Balance * (1-Expected Recoveries) + Manual Reserves & Write-down/offs

Marketing Strategy

OFFLINE CHANNELS

Reach media – Increase brand awareness

Tactical purchasing through surplus inventory
Data driven decisions

TV **Radio** **Print**

Direct marketing – Test and identify new segments

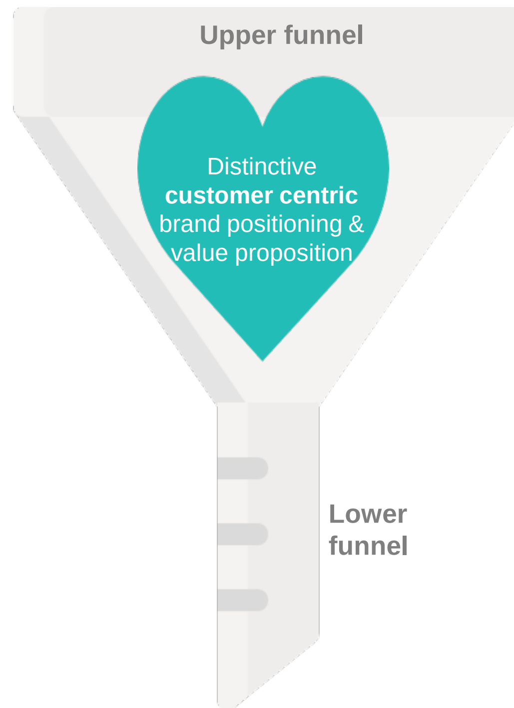
Predictive modelling and statistical analysis based on rich data sources

CRM – Retention and activation

Activate existing customer base, reduce churn, top-up loans and lower acquisition costs

Purchase funnel

Awareness



Conversion

DIGITAL CHANNELS

Social media and affiliates – Engage and convert

Engagement
Data driven segmentation
Machine learning
Remarketing

Facebook **Instagram** **Affiliates**

Performance marketing – Reduce acquisition costs

Data driven segmentation
Machine learning & automated bidding
Remarketing

Display **SEM (Google/Bing)**

CRM – Retention and activation

Activate existing customer base, reduce churn, top-up loans and lower acquisition costs

Lendify – building trust

Lendify is recognized as a FinTech frontrunner in the Nordics and has figured in domestic as well as international press

Lendify's team on the front page of Dagens Industri *"They challenge the big banks"*

KPMG

Listed on the Emerging 50 list in KPMG's 2017 FinTech100 list

Forbes

Fintech Capital of Europe article *"…mobile payment firm iZettle, and Lendify, which have all enjoyed extraordinary success…"*

BUSINESS INSIDER

Listed as one of *"The 12 hottest Nordic FinTech startups"*

McKinsey&Company

"The most significant impact we see in price erosion, as technology companies allow delivery of financial services at a fraction of the cost, and this will mostly be transferred to the customer in lower prices."

FT FINANCIAL TIMES

Mentioned in regards to regulation of the Swedish market *"Sweden, […] home to platforms such as Lendify…"*

Lendify's CEO featured by Altfi around *"Building trust within the Swedish P2P space"*

Lendify

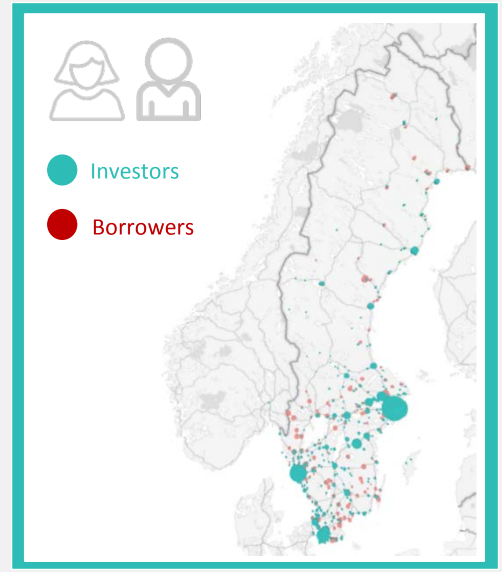
4. Portfolio Overview

Lendify

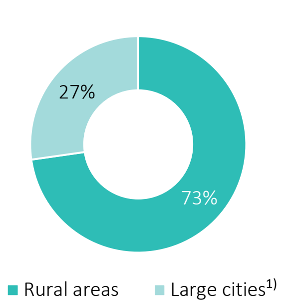
Loan book characteristics

Lendify's average borrower

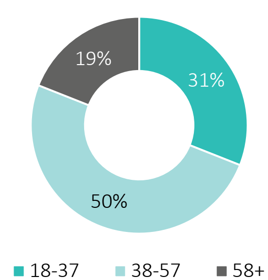
Age **44 years**	Annual income **SEK 400,000**	Tenor **~7 years**
Employment **Permanent job**	Social status **Married**	Interest rate **~8.4% p.a.**
Geography **Rural area**	Reason **Lower interest, debt consolidation, etc.**	Loan size **SEK ~120,000**



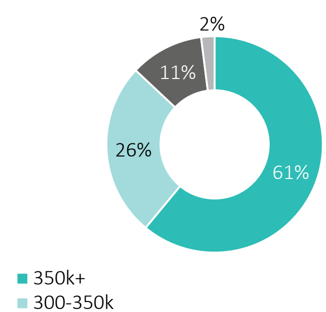
Geographical split



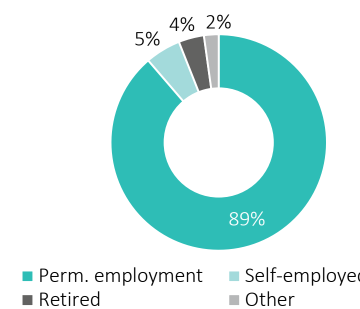
Age split



Annual income split



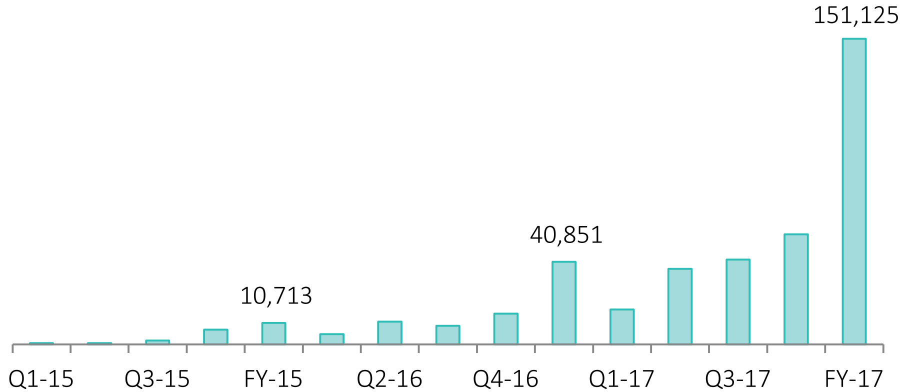
Occupational split



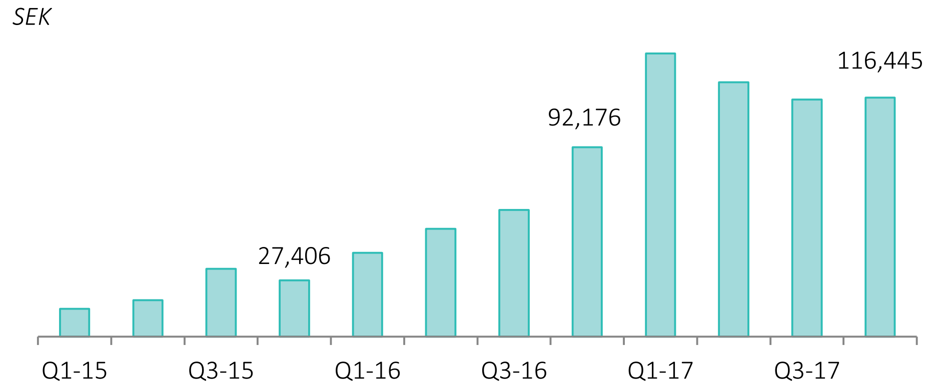
1) Stockholm and Gothenburg
Source: Company data LTM as of 31 December 2017

Breakdown of loan book

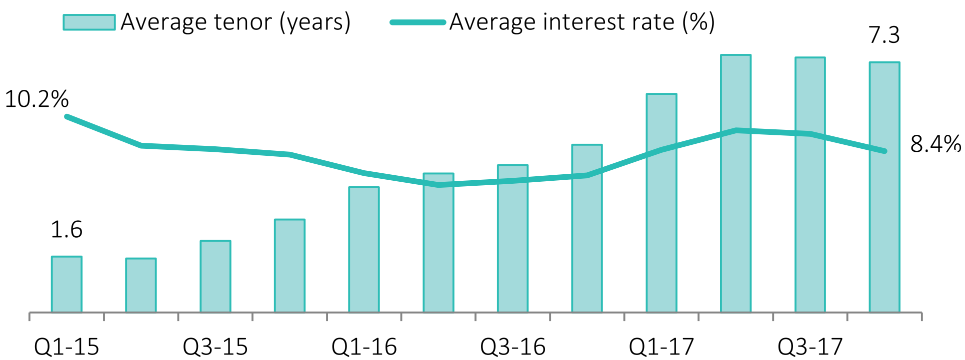
Number of applications



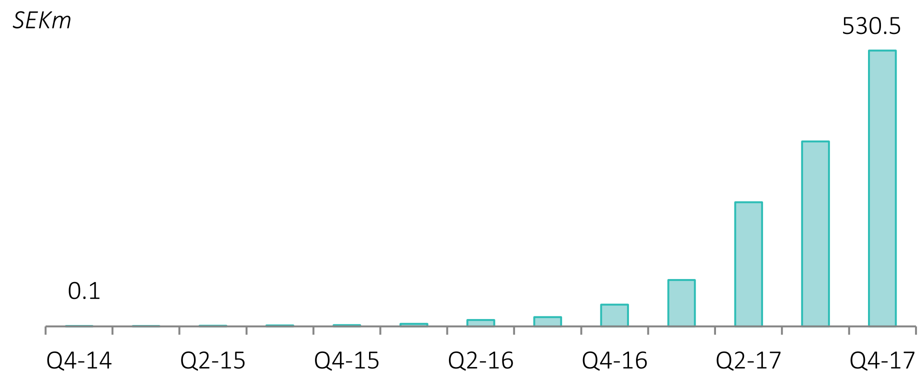
Average loan amount



Tenor and interest rate (Rolling 12 month)



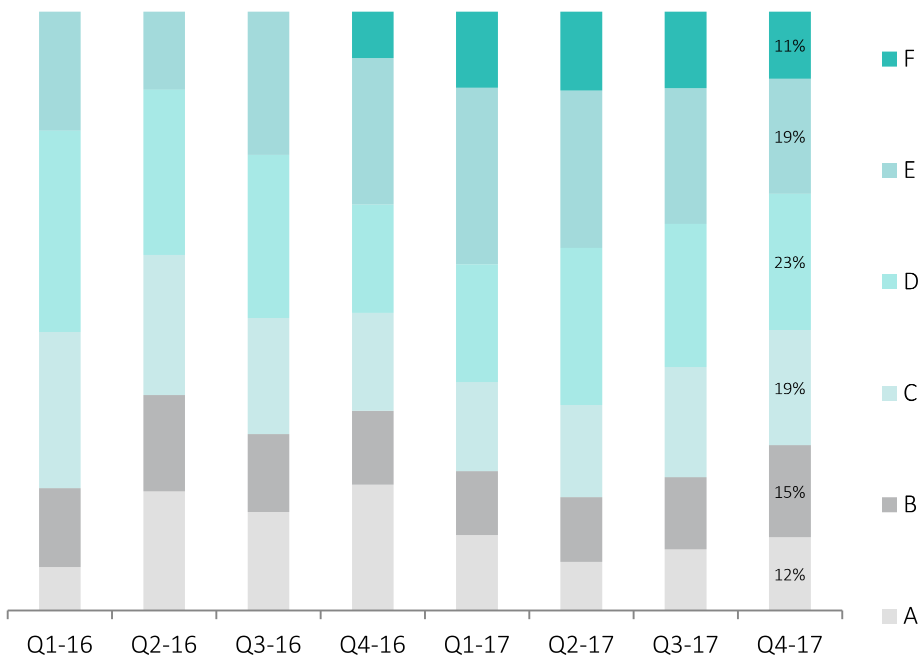
Total loan book[1)]



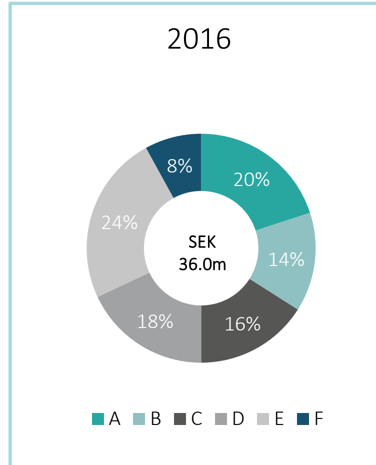
1) Total loan book includes only performing and non performing loans (i.e. <120 days past due) and not any claims sent for collection
Source: Company data as of 31 December 2017

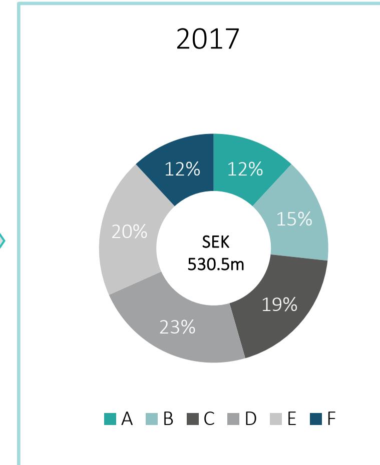
Breakdown of loan book cont.

Total loan book breakdown by credit class



Historical quality of loan book





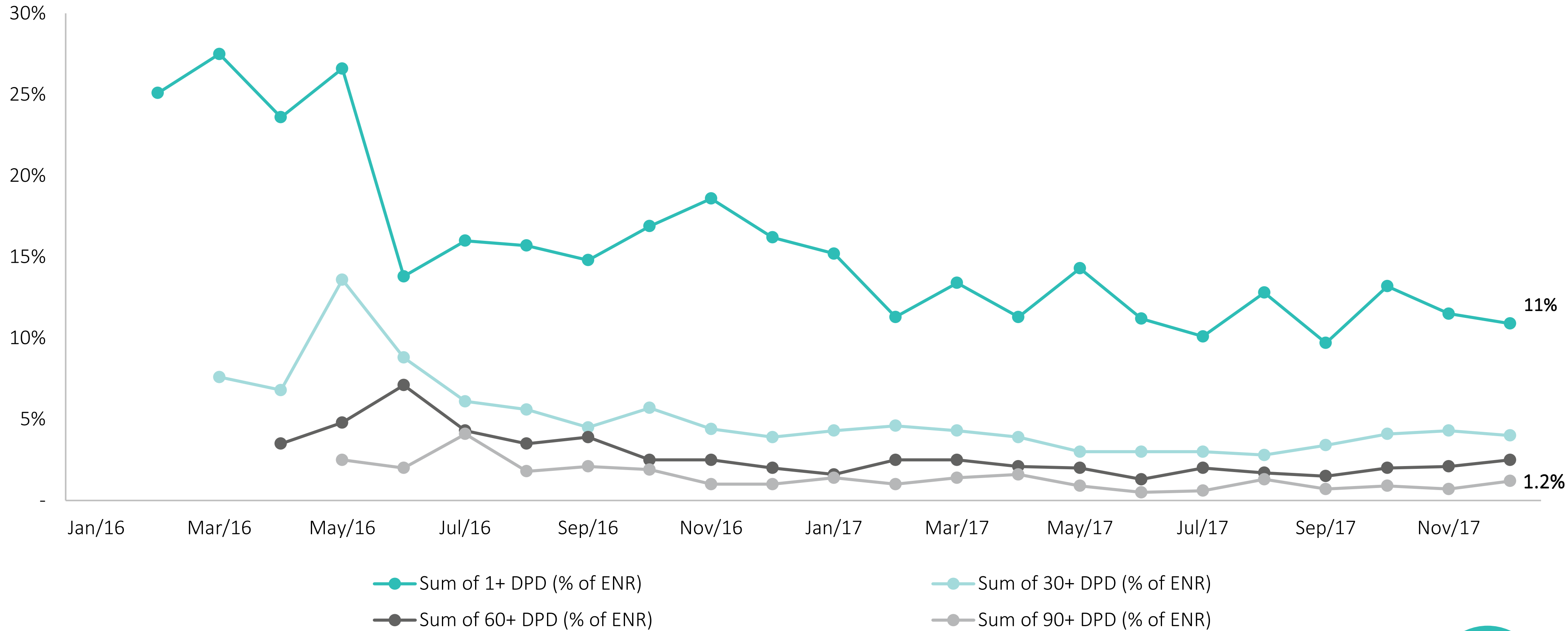
Nominal interest rate table by risk class

	A	B	C	D	E	F
Min	2.95%	6.50%	6.90%	8.00%	9.50%	11.50%
Max	7.50%	8.00%	9.25%	10.50%	11.50%	13.50%

As the loan portfolio is growing, the diversification increases, leading to improved risk-adjusted returns

Source: Company data as of 31 December 2017

Lagged Delinquencies



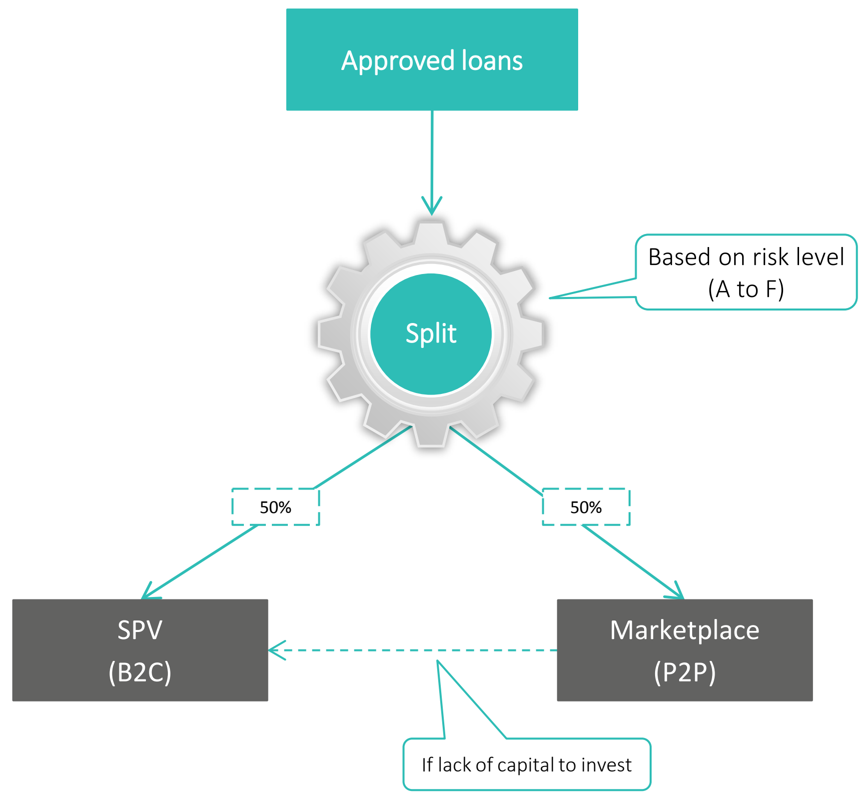
Portfolio mirroring industry standard delinquency structure

Note: "ENR" = End Period Net Receivables = "Loan Book", "DPD" = Days Past Due

Allocation of loans

- Lendify allocates approved loans to two different markets (SPV (B2C) and P2P marketplace). To reduce the risk that one market benefits more than others from this allocation by receiving better quality loans, Lendify has the following process and controls in place;
  - Lendify's system splits all approved loans on a First-in-First-Out (FIFO) basis to each relevant market, ensuring that the predetermined distribution is followed based on volume and risk level (A to F risk classification)
    - Loans allocated to the P2P market could be transferred to the B2C market in case of lack of available capital to invest in longer tenures
  - On top of delinquency-based criteria, a tranche that is suggested to be sold to the SPV needs to demonstrate an absolute deviation lower than 0.2 percentage points in weighted UC risk-score compared to the total portfolio within the matching time span
    - In case of a larger-than-allowed deviation between markets, selected loans must be excluded from transfers to reach an overall balance and accepted risk levels within each portfolio

Illustration of the loan allocation process



Controls and reporting structure

- To follow-up the distribution and facilitate controls, Lendify has established two reports that show the flow of approved applications and the details about booked loans in the different markets
  - For control purposes, one report shows the flow of applications, where they are transferred and the corresponding percentage (based on amount) sent to each market, split by risk class
  - The second report shows loans disbursed on each market and their weighted risk levels based on a UC risk score
  - The UC risk score indicates the probability to receive a payment remark within 12 months; ranges between 0.1% and 99.9%,
  - Lendify automatically considers all applicants with a UC score under 12.0%
  - Lendify requires bank account scraping for all applicants with a UC score ranging between 12.0% and 25.0% and perform a thorough transactions analysis

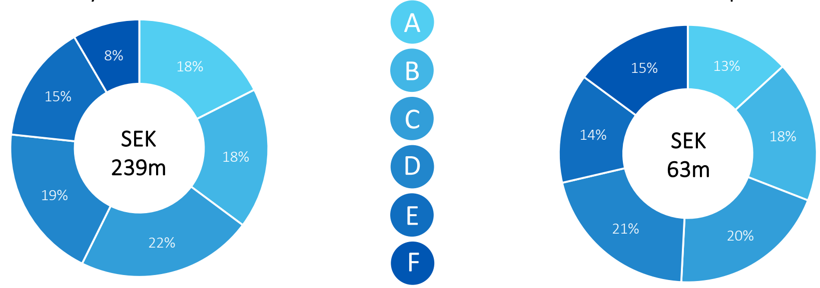
Loans disbursed by market – Dec 2017

Lendify Sweden 1 AB			P2P marketplace	
Amount (SEK)	Weighted UC	Class	Amount (SEK)	Weighted UC
38,029,082	0.15%	A	8,143,002	0.15%
38,415,762	0.45%	B	10,992,768	0.46%
48,051,349	0.90%	C	12,312,434	0.90%
42,129,049	1.93%	D	12,715,668	1.95%
32,335,703	4.28%	E	8,530,859	4.14%
18,268,345	10.01%	F	9,195,845	12.77%
217,229,290	**2.16%**	Total	**61,890,576**	**3.15%**

Current weighted risk levels for disbursed loans

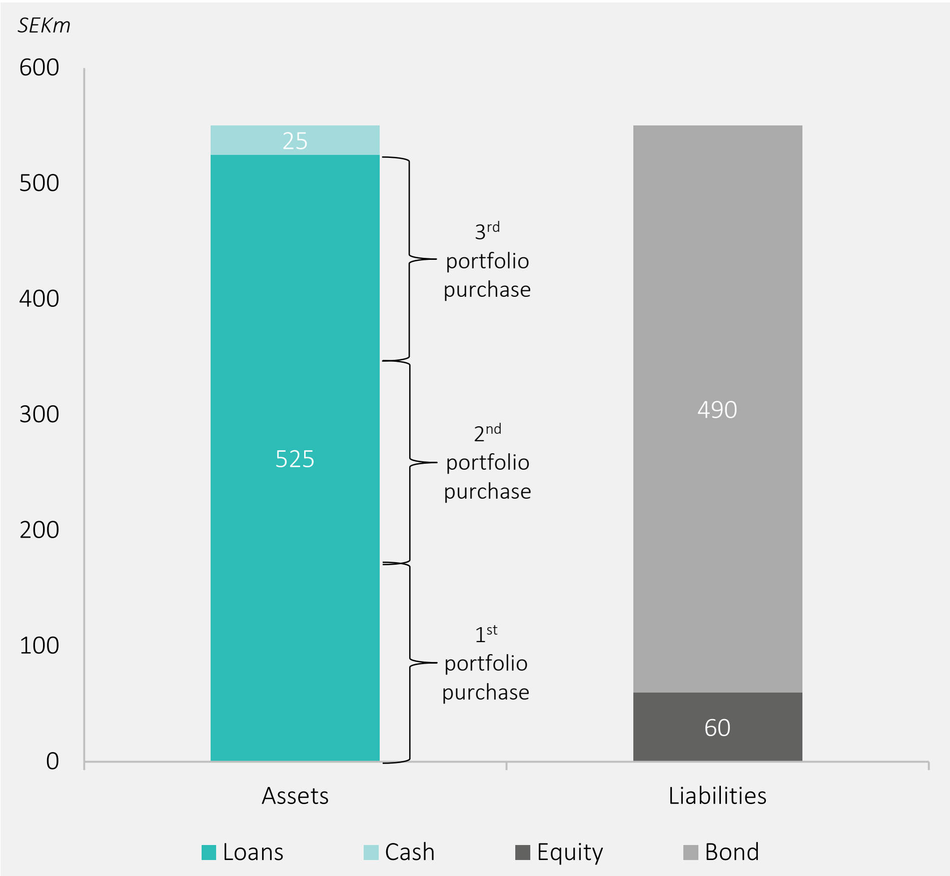
Lendify Sweden 1 AB

P2P marketplace



Source: Company data as of 31 December 2017

Illustrative balance sheet – Lendify Sweden 2 AB



Comments

- Assuming a fully utilized bond framework of SEK 500m and after three portfolio purchases, the Issuer's simplified balance sheet will include;

Assets

- Unsecured consumer loans (promissory notes) for a value of SEK ~525m financed mainly by proceeds from the contemplated bond issue as well as equity contributed by Lendify AB
- The contemplated bond proceeds will remain as cash on a pledged account until drawn down against payment for the purchase of eligible promissory notes

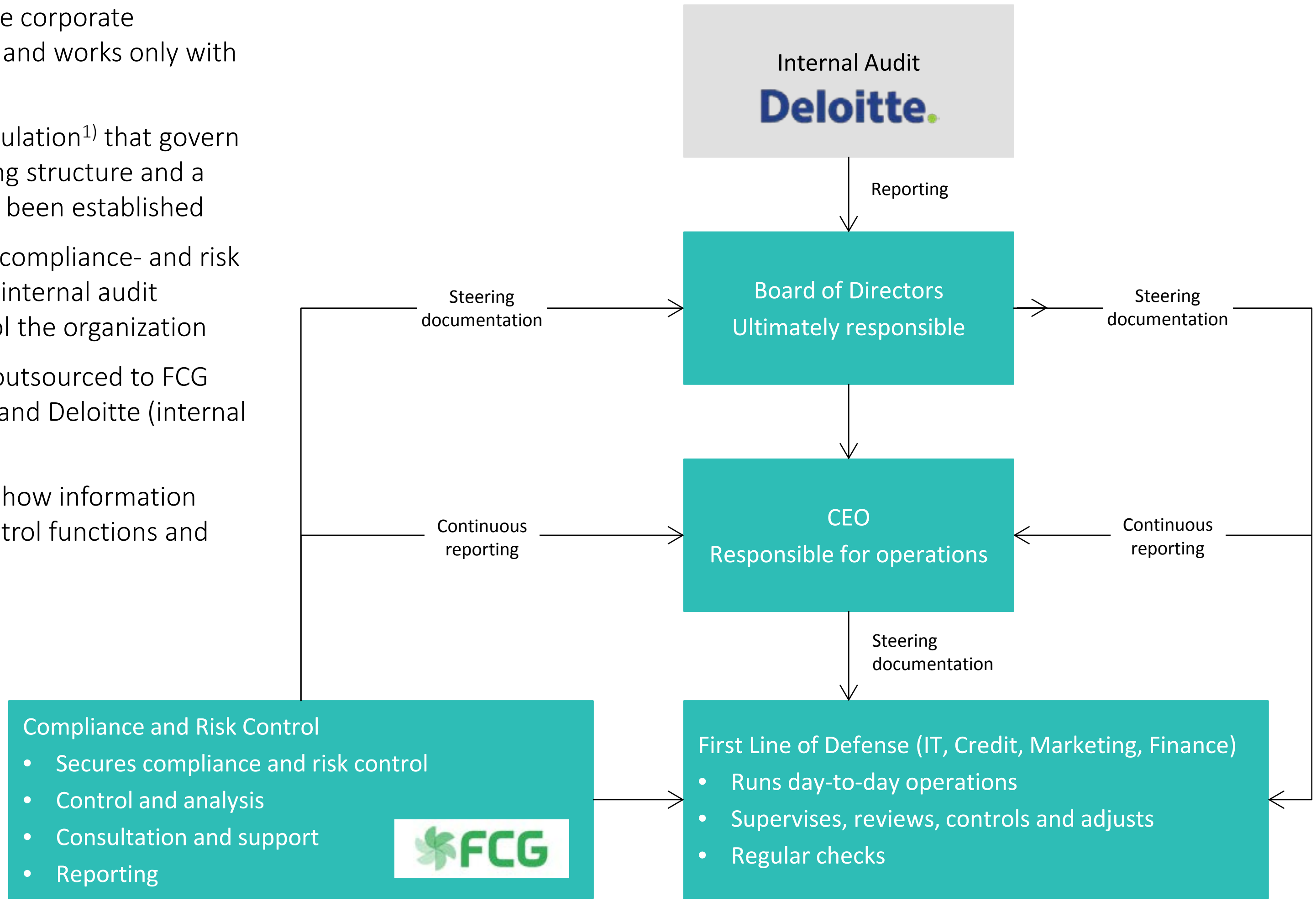
Liabilities

- Equity in the amount of SEK ~60m will be transferred to the Issuer in form of a shareholder contribution from Lendify AB in conjunction with the contemplated bond issue and purchases of promissory notes
- The residual amount are proceeds from the contemplated senior secured bond

Fully ring-fenced structure with strong cash generation to service the bond

Corporate governance and compliance

- Lendify has the highest possible corporate governance standards in place and works only with reputable advisors
- In accordance with current regulation[1)] that govern Lendify's operations, a reporting structure and a policy document hierarchy has been established
- In addition, Lendify has set up compliance- and risk control functions as well as an internal audit function to support and control the organization
- These functions are currently outsourced to FCG (compliance- and risk control) and Deloitte (internal audit)
- The reporting structure shows how information flows between operations, control functions and the Board



1) Lag (2010:751) om betaltjänster, Finansinspektionens föreskrifter och allmänna råd (FFFS 2010:3) om betalningsinstitut och betaltjänster, Lag (2009:62) om åtgärder mot penningtvätt och finansiering av terrorism samt Finansinspektionens föreskrifter och allmänna råd (FFFS 2009:1) om åtgärder mot penningtvätt och finansiering av terrorism.

Corporate governance and compliance cont.

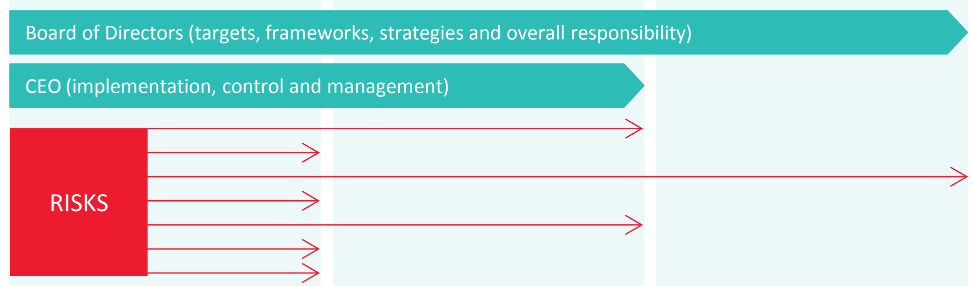
- Lendify strives to go beyond expectations and requirements from its stakeholders (supervisory authorities, customers, owners etc.) in terms of compliance, control, audit and transparency
- The internal governance and control of Lendify consists of three lines of defense
    - The first line of defense is the business
    - The second line of defense is the control functions
    - The third line is the audit function
- The regulatory documents hierarchy includes policy documents, instructions, and routine and process descriptions

Regulatory documents hierarchy

Type of document		Approved by
Policy documents	Policy documents	*Board of Directors*
Policy documents	Instructions	*Board of Directors / CEO*
Manuals	Routine and process descriptions	*CEO / Function responsible*

Three robust lines of defence

First line of defence	*Second line of defence*	*Third line of defence*
DAILY BUSINESS	**CONTROL FUNCTIONS**	**AUDIT**
• Certain risk mandate • Following external and internal rules • Identify, manage and report risks • Implement and carry out regular controls	• Implements external and internal rules • Identify, analyze and evaluate risks • Supports first line and the Board on issues and internal control • Controlling observance	• Reviews and evaluates the first and second line of defense, the risk management system, the framework for internal control, the organization and processes • Following up recommendations
Execution / risk handling	**Execution / risk handling**	**Execution / risk handling**
• Daily business (managers and employees) • Support functions (legal, security, HR, IT, etc.)	• Financial control (accounting and auditing) • Risk control • Compliance	• Internal audit • External audit



Source: Company information

Secondary market platform

- To create liquidity and offer their investors the ability to trade in and out of loan portfolios, Lendify successfully launched a secondary market platform in November 2017
- Portfolios can be sold above or below par and the price is set at the sole discretion of the seller
- Lendify does currently not charge any commission from either the seller or buyer on portfolios traded on the secondary platform

Secondary market

Konton till försäljning

Det finns 175 konton till försäljning.

	KONTOTYP	ANTAL LÅN	LÖPTID	RÄNTA	UTESTÅENDE KAPITAL	FÖRSÄLJNINGSPRIS	FÖRSÄLJNINGPRIS I PROCENT	
Se innehav	Manuell investering	1	120 mån.	12,00%	143,00 kr	145,86 kr	102%	Köp
Se innehav	Manuell investering	1	96 mån.	11,79%	550,25 kr	561,25 kr	102%	Köp
Se innehav	Manuell investering	1	120 mån.	11,00%	671,00 kr	684,42 kr	102%	Köp
Se innehav	Manuell investering	3	96 mån.	10,80%	1 400,00 kr	1 428,00 kr	102%	Köp
Se innehav	Manuell investering	3	64 mån.	10,71%	2 626,63 kr	2 574,09 kr	98%	Köp
Se innehav	Autoinvest, 10 år	2	91 mån.	10,20%	500,00 kr	510,00 kr	102%	Köp
Se innehav	Manuell investering	6	83 mån.	9,09%	2 161,85 kr	2 205,09 kr	102%	Köp
Se innehav	Manuell investering	5	71 mån.	9,63%	3 276,00 kr	3 341,52 kr	102%	Köp
Se innehav	Manuell investering	17	88 mån.	9,55%	15 756,01 kr	16 071,13 kr	102%	Köp
Se innehav	Manuell investering	2	95 mån.	9,43%	300,00 kr	306,00 kr	102%	Köp
Se innehav	Autoinvest, 10 år	2	99 mån.	9,87%	450,00 kr	459,00 kr	102%	Köp
Se innehav	Autoinvest, 10 år	4	98 mån.	9,88%	650,00 kr	663,00 kr	102%	Köp
Se innehav	Autoinvest, 10 år	41	102 mån.	8,97%	108 258,04 kr	109 340,63 kr	101%	Köp
Se innehav	Autoinvest, 10 år	26	86 mån.	8,56%	49 777,84 kr	50 773,40 kr	102%	Köp
Se innehav	Manuell investering	1	84 mån.	8,00%	300,00 kr	306,00 kr	102%	Köp
Se innehav	Manuell investering	6	64 mån.	8,84%	6 000,00 kr	6 120,00 kr	102%	Köp
Se innehav	Manuell investering	33	59 mån.	8,08%	10 543,02 kr	10 543,02 kr	100%	Köp
Se innehav	Autoinvest, 10 år	9	94 mån.	8,04%	2 398,79 kr	2 446,77 kr	102%	Köp
Se innehav	Autoinvest, 10 år	26	88 mån.	8,28%	24 157,99 kr	24 641,15 kr	102%	Köp
Se innehav	Autoinvest, 10 år	25	100 mån.	8,44%	4 357,88 kr	4 401,46 kr	101%	Köp

Lendify

5. Market Overview

Consumer lending – overview

STRONG MACROECONOMIC GROWTH

REGULATED MARKET

HIGHLY PROFITABLE SEGMENT OF THE MARKET

DIGITAL SOLUTIONS FOR IDENTIFICATION AND PAYMENTS

SEK ~234 billion
Bank unsecured consumer lending Sweden

HIGH-QUALITY CREDIT DATA EASILY AVAILABLE

LOW AND STABLE CREDIT LOSSES

WELL ESTABLISHED INFRASTRUCTURE FOR COLLECTING DEBT

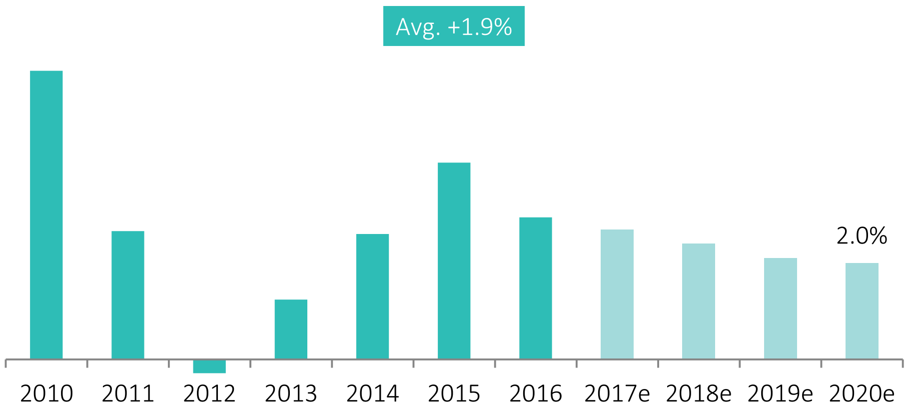
DIGITAL SOLUTIONS FOR CREDIT ASSESSMENT AND SCORING (PSD2)

Bank consumer lending is virtually untouched by marketplace lending in Sweden…
…but the requisites for its success are very strong

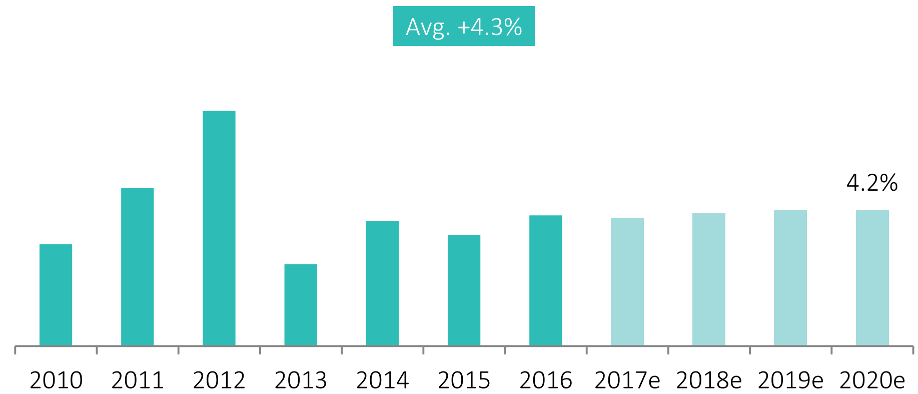
Source Finansmarknadsstatistik, November 2017

Macro environment – Sweden

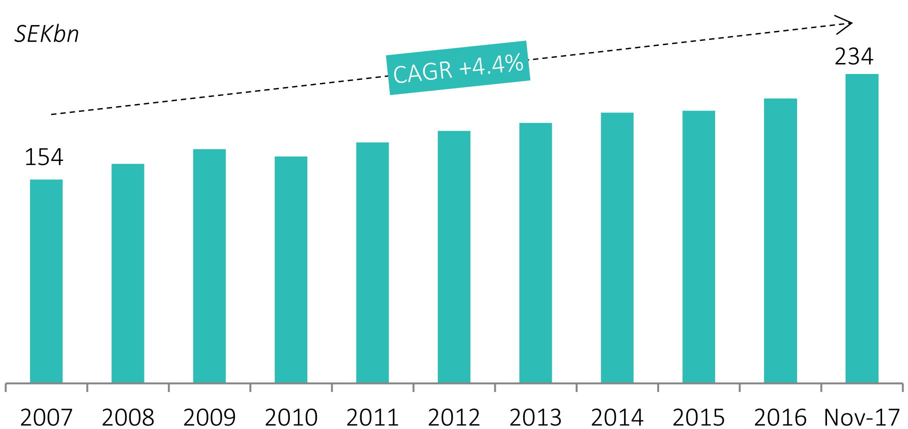
Annual GDP[1] growth



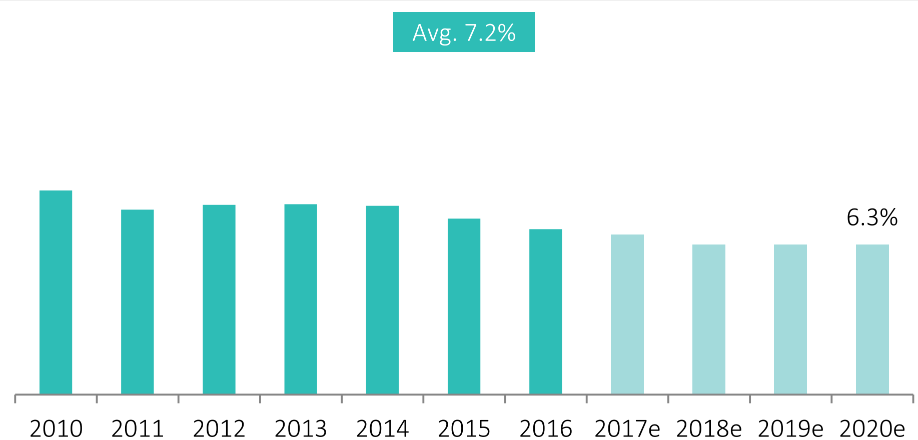
Personal disposable income growth



Outstanding unsecured consumer loans



Unemployment rate



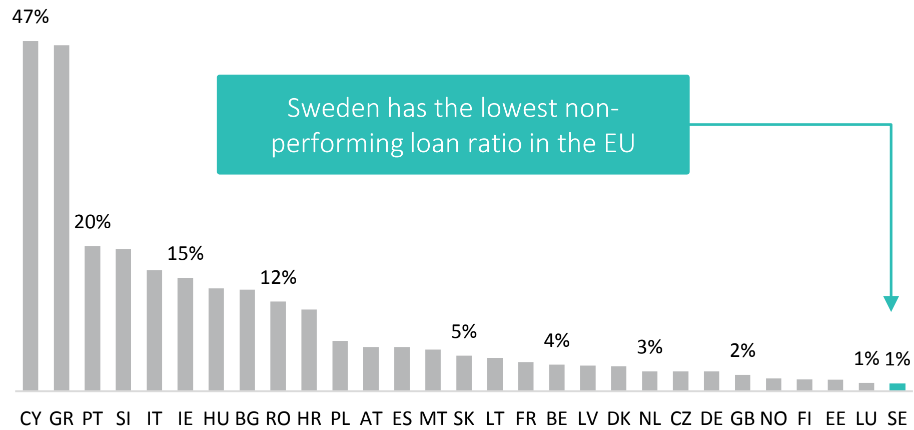
1) GDP, constant prices
Source: Euromonitor, EIU, IMF and Statistics Sweden

Consumer lending – market characteristics

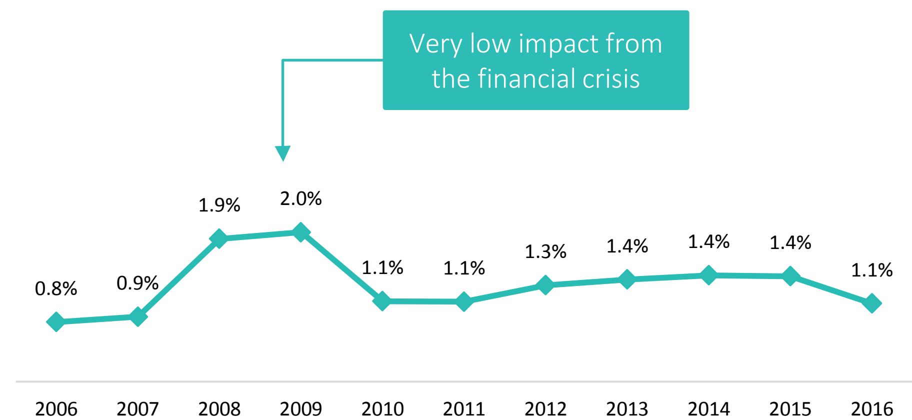
Comments

- The Swedish unsecured consumer credit market amounts to SEK 234bn[1)], the single largest Nordic consumer market
- Inherent culture of paying back debt, meaning default rates are consistently low over a business cycle
  - Sweden has the lowest non-performing loans ratio in the EU
  - Also very low and stable credit losses among Swedish niche banks, evidenced during the financials crisis
- Exceptionally efficient credit assessment and credit scoring possibilities through a combination of traditional (such as credit reference agencies) and new emerging digital data sources
  - High quality personal finance- and credit data available through the leading credit reference agency UC (and Bisnode, complementary)
- Sophisticated and well functioning infrastructure for collecting distressed debt
  - The authoritative Swedish Enforcement Agency (Sw. "Kronofogden") is state empowered to efficiently collect debt
- Consumers are price-conscious, well-informed and review their bank terms regularly
- High security digital identification possible through Bank-ID

Bank non-performing loan ratios in the EU, 2016[2)]

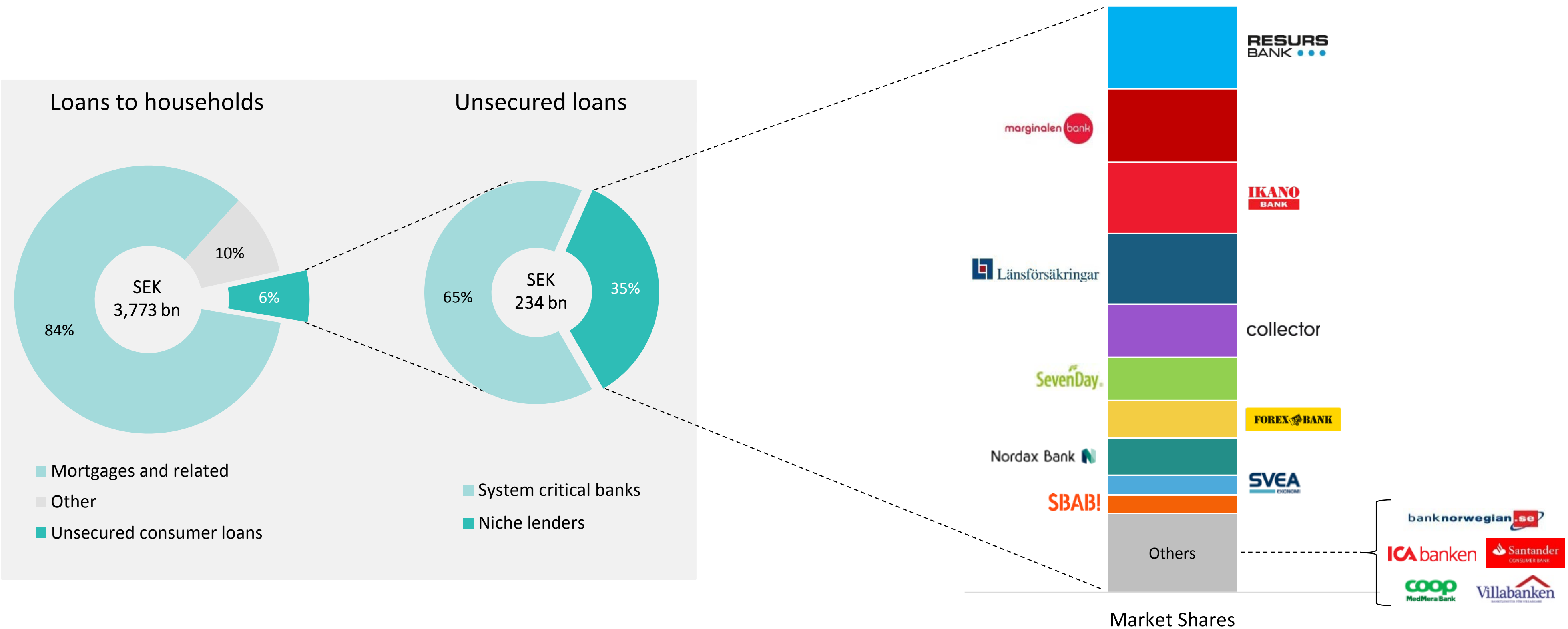


Credit losses of selected Swedish niche lenders[3)]



1) Statistics Sweden, Finansmarknadsstatistik November 2017
2) European Banking Authority as of 31 December 2016
3) Company estimates based on a volume weighted index consisting of seven Swedish niche lenders

Consumer lending – competitive landscape



Source: Statistics Sweden, Finansmarknadsstatistik November 2017, company reports and estimates

6. Appendix

Income statement – Lendify AB

Income statement					
	Interim		Annual		
SEKm	May 1, 2017 – Nov 30, 2017	May 1, 2016 – Nov 30, 2016	May 1, 2016 – Apr 31, 2017	May 1, 2015 – Apr 31, 2016	Apr 9 2014 - Apr 30, 2015
Operating income					
Net revenue	14.0	0.4	3.8	0.6	0.0
Other operating income	0.5	0.3	2.9	0.8	9.2
Total operating income	**14.5**	**0.7**	**6.8**	**1.4**	**9.3**
Operating expenses					
Personnel costs	(13.3)	(6.2)	(14.0)	(6.8)	(0.5)
Depreciation and amortization	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other external expenses	(39.3)	(15.8)	(33.0)	(9.2)	(9.6)
Total operating expenses	**(52.5)**	**(22.1)**	**(47.0)**	**(15.9)**	**(10.2)**
Operating result	**(38.1)**	**(21.4)**	**(40.3)**	**(14.5)**	**(0.9)**
Income from financial items					
Interest income	0.1	0.2	0.2	1.3	0.0
Interest expense	(4.3)	(0.3)	(1.6)	(0.9)	(0.0)
Result after financial items	**(42.4)**	**(21.5)**	**(41.7)**	**(14.2)**	**(0.9)**
Tax	-	-	-	-	-
Net profit	(42.4)	(21.5)	(41.7)	(14.2)	(0.9)

Source: Company reports, where May 1, 2017 – November 30, 2017 figures are from Management Accounts

Balance sheet – Lendify AB

Assets

SEKm	Nov 30, 2017	Nov 30, 2016	Apr 30, 2017	Apr 30, 2016
Assets				
Fixed assets				
Intangible assets	0.0	0.0	0.0	0.0
Shares in group companies	68.6	30.6	31.1	16.1
Receivables from group companies	2.9	-	1.2	6.9
Other long-term receivables	1.0	0.5	0.6	0.4
Current assets				
Accounts receivable	0.2	0.3	0.3	0.0
Consumer loans	82.0	-	61.6	-
Other receivables	0.1	0.1	0.1	0.4
Prepayments and accrued income	3.0	0.4	0.6	0.6
Cash and bank balances	12.4	19.8	20.1	2.8
Borrowed funds for lending	8.1	-	10.1	-
Accounting funds (*Sw. Klientmedel)*	18.6	17.0	8.2	2.7
Total assets	196.8	68.6	133.8	29.8

Liabilities

SEKm	Nov 30, 2017	Nov 30, 2016	Apr 30, 2017	Apr 30, 2016
Equity				
Restricted equity	0.1	0.1	0.1	0.1
Unrestricted equity				
Share premium reserve	104.9	83.7	83.6	19.0
Retained earnings	(56.5)	(15.1)	(14.9)	(0.9)
Net profit/loss	(42.4)	(21.5)	(41.7)	(14.2)
Total equity	6.1	47.2	27.1	4.0
Provisions (credit loss fund)	1.1	1.3	1.2	0.4
Liabilities				
Long-term liabilities				
Convertible loan	-	-	-	15.6
Other liabilities	28.0	0.0	0.0	2.6
Short-term liabilities				
Accounts payable	5.4	1.5	3.1	1.2
Accrued expenses	8.9	0.8	3.9	3.0
Other liabilities	147.4	17.8	98.5	3.0
Total equity and liabilities	196.8	68.6	133.8	29.8

Source: Company reports, where May 1, 2017 – November 30, 2017 figures are from Management Accounts

Cash flow statement – Lendify AB

Cash flow statement	
SEKm	May 1, 2017 - Nov 30, 2017
Operating activities	
Operating profit	(38.1)
Depreciation	0.0
Adjustments to net income	(4.3)
Change in working capital	5.5
Offset to credit loss fund	(0.1)
Sale of loan portfolio	318.2
Repayment of warehouse facility, net	20.0
Lending to consumers, net	(338.7)
Cash flow from operting activities	(37.4)
Investment activities	
Group contribution and loan to group companies	(39.2)
Cash flow from investment activities	(39.2)
Financing activities	
Rights issue	21.3
New loans and repayment of loan	45.7
Cash flow from financing activites	66.9
Cash flow for the period	(9.7)
Cash and bank at beginning of the period	30.2
Cash flow for the period	(9.7)
Cash and bank at the end of the period	20.4
whereof cash and bank balance	12.4
whereof borrowed fund for lending	8.1

Source: Source: Company reports, where May 1, 2017 – November 30, 2017 figures are from Management Accounts

Board of Directors

Hans Westin
Selected experience:
Board Member at MyMoney
Co-founder of Resurs Bank
Board Chairman at Catea Group

Erling Gustafsson (Chairman)
Selected experience:
CEO at The Sixth AP Fund
Founder & Board Member at Crescator
Board Member at MECA

Fredrik Wallenberg
Selected experience:
Board Member at Junibacken
Consultant at Carpe Vitam
PhD in IM from UC Berkely

John-Christian de Champs
Selected experience:
Founder of Lendify
Founder of Vidici Ventures
Founder of Altus

Sten Schröder
Selected experience:
Board Chairman at MyMoney
Board Member & CEO at Catea Group

Mattias Lindroth
Selected experience:
Private Banking at Swedbank

Lendify

Ownership as of Dec 31, 2017

Investor	# of shares	Capital ownership
JCE Sweden AB	32,170	22.43%
Richard Göransson	14,821	10.33%
Catea Group AB (Hans Westin)	14,079	9.82%
Vidici Fund I AB	11,349	7.91%
Ulf och Bo Eklöf Invest Aktiebolag	7,661	5.34%
Fredrik Wallenberg	6,393	4.46%
Back in Black Capital Limited	7,545	5.26%
GSB Investco	5,165	3.60%
Charles Ashley Heppenstall	4,359	3.04%
Inbox Capital AB (Peter Silfverswärd)	4,123	2.87%
Rockpoint AB (Richard Göransson)	3,767	2.63%
NFT Ventures 2 Kommanditbolag	3,766	2.63%
Catea Invest AB (Sten Schröder)	3,519	2.45%
Stams Fastigheter AB (Jan Rosenberg)	3,289	2.29%
Fibonacci Growth Capital Aktiebolag	2,381	1.66%
Michael Silfverberg	2,321	1.62%
Others	8,028	11.65%
Total	143,416	100.0%

John-Christian de Champs
Ownership in Lendify: 22.43%[1)]
Experience: Founder & CEO of Lendify, founder of Vidici Ventures and Altus

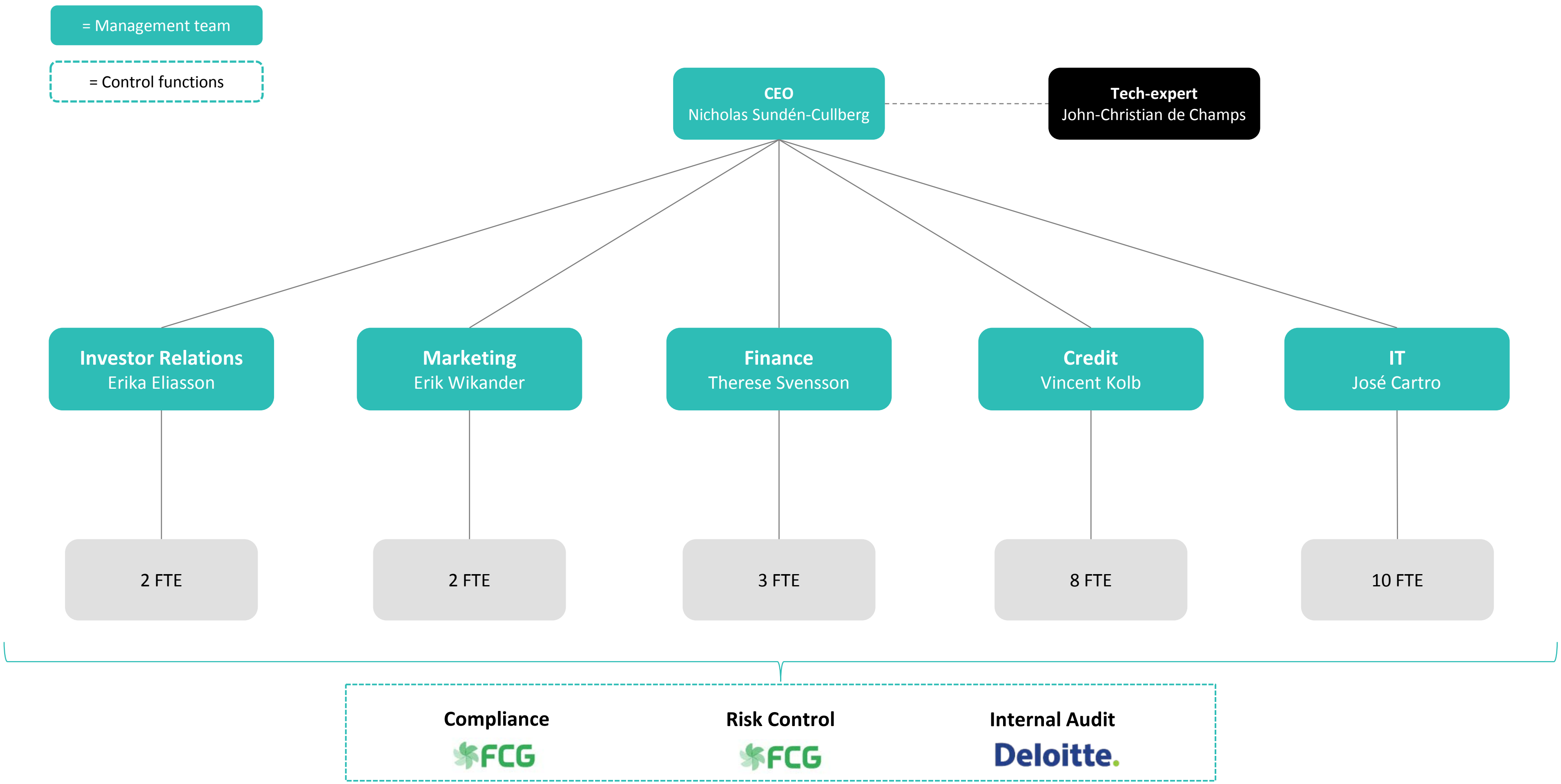
Richard Göransson
Ownership in Lendify: 10.33%
Experience: Family founded Intrum Justitia – top Nordic debt collection company

Hans Westin
Ownership in Lendify: 9.82%
Experience: Founder Resurs Bank - market leading consumer lending bank

Several of the main shareholders are very experienced within the sector adding valuable insights to Lendify

1) John-Christian de Champs controls the votes in Vidici Fund 1 AB but not the capital
Source: Company information

Organisational structure



7. Risk Factors

Risk factors

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

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

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

Group and market specific risks

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

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

Credit risk arises in all lending operations, investments and other business operations where future incoming cash flows are expected from counterparties. Credit risk is, regardless of the Group's various efforts to mitigate risks across its operations, a predominant factor within the Group's core businesses. Further, reliable valuation of credit opportunities is important before a credit is granted, as an adequate margin is required to cover costs and risks. An adverse change in the credit quality of the Group's debtors or other counterparties or failure by the Group in correctly assessing credit quality could affect the recovery and value of the Group's assets and require an increase in provisions made for bad and doubtful debts. Provisions for these adverse changes and other provisions would consequently adversely affect the Group's earnings and financial position.

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

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

Risks in relation to allocation of loans to different funding sources
Loans originated through the Group's platform will, once the credit approval process has been completed and the loan has been given a credit score, be offered to the two following pools: (i) the peer-to-peer lending pool, which will be funded directly by lending customers, and (ii) Lendify AB's own pool, out of which loans subsequently will be transferred to the Issuer. The allocation of loans into each of these pools will be done by Lendify AB through a process based on volume and credit score, designed to ensure that the pools are offered equal credit risk profiles. However, certain consumer credits, especially those with longer maturities, may not find financing within the peer-to-peer pool and could thereafter be re-allocated to the Issuer's pool. The Terms and Conditions will contain restrictions on how much the average weighted risk for a portfolio of loans that is to be transferred to the Issuer could deviate from the average weighed risk for the total portfolio of loans originated through Lendify AB's platform during the same period. However, there is a risk that the model for weighing risks may not correctly reflect the actual risks and that the restrictions with respect to deviations between the different funding sources may not provide effective protection against an adverse selection of the loans transferred to the Issuer. There is a risk that an adverse selection of loans transferred to the Issuer will negatively affect Issuer's recovery rate on its loans, and ultimately its ability to service and repay the Bonds.

Risk factors cont.

Risks related to Lendify AB's business model and credit rating process

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

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

Counterparty risk

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

Market risk

Market risk is the risk of loss resulting from changes in interest and foreign exchange rates and equity prices or other market related instruments. Fluctuations in the debt, foreign exchange or equity markets may affect the market value and liquidity of the Group's assets. In addition, the occurrence of such events may have an adverse impact on the revenue generated from the Group's primary activities.

Risks relating to disruptions in the global credit markets and economy

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

These conditions and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Group. In addition, the financial performance of the Group could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

Interest rate risk

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

Liquidity and funding risk

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

The Group's and Lendify AB's operations and origination of loans is mainly funded through lending customers (in respect of peer-to-peer lending), other creditors and equity investors. The risks in the supply of liquidity consist primarily of the risk of Lendify AB not attracting sufficient volume of funds from lending customers or creditors to originate loans and finance its operations. Reduced availability of funding may result from price competition or negative rumours about the Group, other consumer credit companies or the financial system in general. The Group has on some previous occasions received capital and liquidity support from Lendify AB's owners in the form of injection of equity and shareholder loans. There is, however, no guarantee that the shareholders will continue to support the Group with capital and liquidity. A failure by the Group to attract sufficient funding could have a material adverse effect on the Group's operations and on the ability of Lendify AB to extend loans that could be transferred to the Issuer, which in turn could affect the Issuer's ability to fulfil its obligations under the Bonds.

Risk regarding availability of capital

Availability of capital is an important risk with regard to business growth potential. Since most of the business costs are fixed costs, greater business volume increases profitability substantially. Correspondingly, costs must be cut if sufficient capital is not available. Also, there is a risk that the Group becomes unable to fulfil its commitments or that it becomes able to fulfil its commitments only by borrowing cash and cash equivalents at a significantly higher cost, due to insufficient cash and cash equivalents currently held. The realisation of any of the aforementioned risks could adversely affect the Group's financial position and results of operations.

Risk factors cont.

Strategic risk

Strategic risk is the risk of loss of current revenue streams or missed future revenue opportunities because of changing market conditions through economic downturns, increased competition, business laws/regulations or other external factors that negatively affect the Group's business model. Strategic risk also includes the risk that third parties adversely affect the Group's brand. Macroeconomic developments in the business environment are affected by various events and scenarios. An economic downturn may occur by e.g. a deeper economic crisis in the Euro zone, further global slowdown or a price drop on properties. The realisation of any of the aforementioned risks could adversely affect the Group's financial position and results of operations.

Dependency on loan brokers

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

Risks relating to fraudulent behaviour by the Group's customers

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

Agreements with account bank and payment service providers

The Group is dependent on certain material agreements entered into with primarily Handelsbanken and Trustly in respect of payments and transfer of funds. If the Group would fail to comply with material provisions in such agreements the agreements may be terminated. In the event that Handelsbanken or Trustly (as applicable), for any reason, ceases to cooperate with the Group, the Group's financial position and results of operations may be materially adversely affected.

Regulatory risk

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

A number of legislations and regulations, taxes and rules can affect the business conducted by the Group. New or amended legislations and regulations could call for unexpected costs or impose restrictions on the development of the business operations or otherwise affect earnings, which could have an adverse effect on the Group's business and results of business operations. In addition, Lendify AB's inability to maintain its payment institution license or in other ways be in compliance with consumer credit regulations, would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

Risk pertaining to regulatory capital

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

Changes in legislation

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

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

Compliance risk

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

Risk factors cont.

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

Should the Swedish FSA consider that the operations of the Group are not sound or that Lendify AB is otherwise in breach of laws or regulations that apply to it and the Group, the Swedish FSA may impose administrative sanctions, such as disciplinary reprimands, warnings and fines and/or injunctions by the authority to take remedial action. Furthermore, the Swedish FSA may revoke Lendify AB's license to act as payment institution (or any other license or permit acquired by the Group), which would materially and adversely affect the Issuer's ability to repay the Bonds.

Intra-Group transactions

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

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

VAT Group

Lendify AB, Lendify Sweden 1 AB (publ), the Issuer and Lendify Technologies AB form a VAT Group. The members of the Group are seen as one entity from a value added tax perspective and sales of goods and services between members of the VAT Group will not be subject to value added tax. Lendify AB is registered as Principal (Sw. *grupphuvudman*) for the VAT Group and is therefore primarily responsible for reporting and paying any value added tax that the VAT Group may be liable to pay. However, the members of the VAT Group share reporting and payment responsibility, and should the Principal be unable to fulfil its obligations, the Issuer will together with Lendify Technologies be liable to pay the value added tax payable by the VAT Group, which will negatively affect the Issuer's ability to repay the Bonds.

Ownership

The Group is currently controlled by a handful major shareholders, whose interests may conflict with the bondholders', particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. The owners have the power to control all matters to be decided by vote at a shareholders' meeting and has the ability to appoint the board of directors of the Group companies. Furthermore, the owner may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investments, all transactions of which might involve increased risks for the bondholders. There is nothing in the Terms and Conditions that prevent the owner or any of its affiliates from acquiring businesses that directly compete with the Group. If such event would occur, it may adversely affect the Group's operations, financial position and results.

Risk related to compliance with legislation and policies

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

Risks relating to business expansion

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

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

Operational risks

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

Risk factors cont.

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

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

The Group's IT platform is developed in-house and is also dependent on services from external providers and licenses from third parties. The Group is particular dependent on two major external providers and if one or both terminates their cooperation or license arrangements with the Group, this could have an adverse effect on the Group's business, earnings or financial position.

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

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

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

Negative publicity
The Group relies, among other things, on its brand to maintain and attract new customers and employees. Any negative publicity or announcement relating to the Group may deteriorate the brand value and have a negative effect on the inflow of deposits, net sales, earnings and financial position.

Legal disputes
Claims or legal action may in the future be made or initiated against the Group and could have significant unfavourable effects on the Group's financial position, performance and market position or on the pricing of the Bonds. The risk of claims or legal action also relates to intellectual property rights, such as patents and trademarks, as the Group regularly assumes liability for any infringement of third party intellectual property rights in relation to its customers.

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

Competitive landscape
The Group has a number of competitors across all of its different segments and markets. It is possible that these competitors will grow to be stronger in the future, for example, by means of consolidation in the market. If the Group is not able to compete successfully against current as well as future competitors, it will have a negative effect on the Group's operations, earnings and financial position and ultimately the Issuer's ability to repay the Bonds.

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

Risk factors cont.

Risks relating to the bonds

Dependency on Lendify AB and the business of the Group

The proceeds from the Bonds will be used to acquire loans in the form of promissory notes from Lendify AB and such loans which in turn will generate cash flow in the form of repayments and payments of interest by the debtors under such loans. Payments made by debtors under the loans will be the primary source of capital for servicing the Bonds. There is a risk that Lendify AB will not be able to originate and finance sufficient loans that can be sold to the Issuer and that the Issuer in such case not will be able to meet its payment obligations under the Bonds in full. Lendify AB will perform services for the Issuer relating to the collection of payments from the loans and certain other administrative services. There is a risk that Lendify AB will not be able to carry out those services which would negatively affect the Issuer's operations and ability to fulfil its payment obligations under the Bonds. For information about risk factors that can affect Group in general or Lendify AB and its ability to grant loans to be transferred to the Issuer and provide services to the Issuer, and which in turn could negatively affect the Issuer and its ability to fulfil its payment obligations under the Bonds, please see the description of the other risks relating to Lendify AB and the Group.

Risks relating to reinvestment of excess liquidity

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

Refinancing risk

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

Ability to comply with the Terms and Conditions

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

Liquidity risks

The Issuer intends to list the Bonds on NDX operated by Nordic Growth Market AB. Even though securities are admitted to trading on a regulated market, active trading in the securities does not always occur and hence there is a risk that a liquid market for trading in the Bonds will not exist or is maintained even though the Bonds are listed. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted for trading on the regulated market.

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

The market price of the Bonds may be volatile

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

Interest rate risk

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. The Bonds have a floating rate structure of three (3) months STIBOR plus a margin and the interest rate of the Bonds will reset for each interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. There is a risk that an increase of the general interest rate level will adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Group's control.

Change of law

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

Risk factors cont.

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

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

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

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

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

Risks relating to the enforcement of the transaction security
The value of the pledge over the loans transferred to the Issuer is dependent on the financial position of debtors under such loans. Should a debtor be unable to fulfil its payment obligations over a loan, there is a risk that the bondholders will not recover the full or any value of the security granted over such loan. If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the remaining assets (if any) of the Issuer for the amounts which remain outstanding under or in respect of the Bonds.

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

Risks related to redemptions
Pursuant to the Terms and Conditions, the Issuer has a right to redeem the Bonds prior to the final redemption date. If the Bonds are redeemed before the final redemption date, the Bondholders have a right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions. The right for the Issuer to redeem the Bonds prior to the maturity date could affect the market value of the Bonds. During a period when the Issuer is entitled to voluntarily redeem the Bonds, the market value of the Bonds will most likely not be significantly higher than the redemption price set out in the Terms and Conditions.

The Issuer could exercise its right to early redemption of the Bonds when the market value of the Bonds is higher than the relevant redemption price, which could affect the investor's possibilities to re-invest the repaid amount on the same terms as the terms of the redeemed Bonds. The investor should thus contemplate the risks involved in a voluntary early redemption or for that matter, the absence of an expected voluntary redemption, in light of alternative investment options available.

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

Exchange rate risks and exchange controls
The Issuer will pay principal and interest on the Bonds in SEK. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than SEK. These include the risk that exchange rates may significantly change (including changes due to devaluation of SEK or revaluation of Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to SEK would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Bonds and (3) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Risk factors cont.

No action against the Issuer and bondholders' representation

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

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

Bondholders' meetings, modification and waivers

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

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

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