

PKO Finance AB (publ)

Annual report for the period 2019-01-01 - 2019-12-31

(CID 556693-7461)

c/o AB 1909 Corporate Services
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111 43 Stockholm (Domicile)
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This document is a translation of a document originally issued in Swedish. The only binding version is the original Swedish version.

A

MANAGEMENT REPORT

The company is a wholly owned subsidiary of Powszechna Kasa Oszczednosci Bank Polski Spolka Akcyjna ("PKO Bank Polski SA").
The company is domiciled in Stockholm.

Business

The business of the company is to directly or indirectly own, manage and trade securities and to conduct other non-licensed financial business including lending and other activities compatible therewith.

During 2008 the company has entered into a "Programme for the issuance of Loan Participation Notes". Under the Programme, the company may issue bonds (Loan Participation Notes) in series. The sole purpose of issuing each series is to finance loans to the parent company. The company charges certain rights under the loans to the parent company for the benefit of the note holders.

In accordance with the "Programme for issuance of Loan Participation Notes", four tranches of Participation Notes denominated in CHF and EUR have been issued during 2010- 2012. Additionally a bond loan for the American market was issued during 2012 based on such documentation binding on the debt market in the United States and in accordance with the Rule 144A in the US Securities Act. In January 2014 an additional bond loan has been issued in accordance with the above-mentioned programme which amounts to EUR 500 000 000. This bond repayment date was January 23, 2019.

All notes issued run with fixed interest and have been used to finance loans to the parent company on basically the same terms.

At the reporting date, there are two active tranches: One in EUR and one in USD (for more information please refer to Notes 5 and 8).

The notes in USD and EUR are quoted on the Luxembourg Stock Exchange (LSE).

In December 2017 EUR 5 500 000 was lent to the group company PKO Leasing Sverige AB, with the maturity date till December 2023. The interest is variable.

The financial year

In the beginning of the year the above bond loan of MEUR 500 was repaid following repayment of a loan to the parent with the same amount.

The balance sheet decrease compared with 2018 is related to abovementioned loan repayment.

The decrease of interest income and of Income before taxes is a result of decreased lending volume (see above) The Income before taxes is also influenced by relatively high expenses for counsel needed to handle the tax issue mentioned under note 13.

The company has made a new assessment of the possibility to achieve a positive outcome for the tax issue described in note 13 partly because of new interpretations of accounting standards (IFRIC 23) are applicable from 2019. With this background the Company has resolved to make a provision in the accounts for the tax liability which would become payable if the Company in the end is compelled to pay the tax. As a consequence the Company has recorded as a receivable the amount which the parent Company has guaranteed in order to keep the share capital intact. Recourse to the parent company guarantee amounts to EUR 64 334 542 and has been recorded directly through equity.

The company has not had any employees.

Multiyear review (KEUR)

	2019	2018	2017	2016
Interest income	44 565	53 492	55 342	61 330
Income before taxes	-753	132	202	259
Equity	5 547	6 386	6 329	717
Total assets	1 024 847	1 451 708	1 411 761	1 521 213

Risks and uncertainties

Market risk

The loans granted to the parent company constitute the main assets of the company and are financed by bond loans in the same currencies and with the same interest and repayment terms. The interest rates on the loans granted to the parent company are fixed as are the interest rates on the bond loans. The loans to the parent company are in all cases financed by bond loans in the same currency. All material cash at banks is held in EUR which is the reporting currency of the company.

Liquidity risks

As mentioned above the company's interest payments on the bond loans and the interest payments from the parent company occur simultaneously (actually the interest payments on the loans to the parent company occur shortly before the interest on the bond loans are due for payment). Consequently, the company will always have access to funds in order to finance its interest payments. See also note 5.

Credit and counterparty risk

PKO Bank Polski SA is the company's main borrower. The financial situation of PKO Bank Polski SA is very good (the Moody's long-term rating is A3) for which reason the credit risk of the company is deemed to be low. Additionally, PKO Bank Polski SA has issued a guarantee in order to secure all obligations of PKO Leasing Sverige AB resulting from the loan agreement with the company. All material cash at banks is placed in SEB, Sweden.

Corporate governance report

Principles for corporate governance

The Company is headed by the Board of Directors and the Managing Director whom exercise their duties as set out according to the Articles of Association, the Instruction for the Managing Director, Rules of Procedures for the Board of Directors and the Company's Act.

Important elements of control and risk-management related to financial reporting

The Company has established routines in order to secure the accuracy of the financial reports which among other procedures include the preparation of quarterly financial reports that -in addition to review by the Board of Directors - also are reviewed by representatives from the parent company.

Parent Company

Details regarding the parent Company, that owns all shares are shown in note 9.

General meetings of Shareholders

The owners decision making rights are exercised at the General Meeting of Shareholders in accordance with law and Articles of Association.

Board of Directors

The Board of Directors work in accordance with law, Articles of Association and based on Rules of Procedure established by the General Meeting of Shareholders. The Board of Directors makes all decisions which it has the right to make and has not established any committees.

In view of the limited activities and low number of transactions the Board of Directors considers the control system described above to be appropriate for which reason there no particular code for Corporate Governance has been established.

Future activities of the company

The future activities of the company are linked to the development of the financial markets and the macroeconomic environment. The future activities will also be affected by the final outcome of the tax issue described in note 13.

As a consequence of the recent outbreak of the new Corona virus (COVID 19) the Swedish economic situation is difficult to assess. However as of the day of the publication of this Annual report the outbreak of the Corona virus has not affected net income or cash flow in any material way.

Proposal for appropriation of profits and losses

The following amounts are available to be appropriated by the Annual General Meeting of Shareholders

Retained earnings	EUR	65 173 277
The loss of the year	EUR	<u>-65 173 277</u>
Total loss of the year and retained earnings	EUR	0

The Board of Directors has no earnings to appropriate

To be carried forward	EUR	0
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As regards profit and loss and balance sheet see financial reports with comments below.

PROFIT AND LOSS STATEMENT

Amounts in euro.	Note 1,2	2019	2018
Administration and commission revenues from group companies		110 200	181 128
Other operating expenses	Note 3	-266 984	-258 699
<i>Operating income</i>		<i>-156 784</i>	<i>-77 571</i>
Financial items		44 565 405	53 492 330
Interest income, group companies		-45 150 113	-53 271 179
Interest expenses		-11 675	-11 723
Net currency effects		-753 166	131 857
<i>Income before taxes and appropriations</i>			
Appropriations		102 916	-
Dissolution of profit equalization reserve		-51 897	-45 062
Appropriation to profit equalisation reserve		-702 147	86 795
<i>Income before taxes</i>		<i>-64 437 867</i>	<i>-</i>
Deferred tax expense	Note 13	-33 264	-29 741
Current tax expense	Note 4	-65 173 277	57 054
<i>Net income</i>			

The comprehensive income of the company equals the net income.

BALANCE SHEET

Note 1, 2

Amounts in euro		2019-12-31	2018-12-31
Assets			
<i>Long-term financial assets</i>			
Loans granted to group companies	Note 5, 6	944 989 809	926 179 885
<i>Current assets</i>			
Loans granted to group companies	Note 5, 6	816 000	500 807 867
Receivables, parent company	Note 13	64 334 542	-
Income tax receivables		-	166 444
Prepaid expenses		13 119	13 103
Accrued income, group companies	Note 7	11 691 882	22 392 848
Cash and cash equivalents		<u>3 002 037</u>	<u>2 148 081</u>
<i>Total current assets</i>		79 857 580	525 528 343
Total assets		1 024 847 388	1 451 708 228
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital (500 000 shares with quote value EUR 11,09)		5 547 358	5 547 358
<i>Unrestricted equity</i>			
Retained earnings		65 173 277	781 681
Net income		<u>-65 173 277</u>	<u>57 054</u>
<i>Total unrestricted equity</i>		0	838 735
Total equity		5 547 358	6 386 093
Untaxed reserves			
Profit equalisation reserve		489 894	540 911
Liabilities			
<i>Long-term liabilities</i>			
Bond loans	Note 6, 8	941 962 102	922 344 391
<i>Short-term liabilities</i>			
Bond loans		-	499 992 470
Accounts payable, parent company		-	813
Deferred income tax liability	Note 4, 13	65 059 762	-
Accrued interest expenses		11 665 414	22 319 869
Other short-term liabilities		17 644	-
Other accrued expenses		<u>39 871</u>	<u>123 217</u>
<i>Total short-term liabilities</i>		76 848 035	522 436 832
Total liabilities		1 018 810 136	1 444 781 224
Total liabilities and equity		1 024 847 388	1 451 708 228

Cash-flow statement

Amounts in EUR	2019	2018
Operating activities		
Interest and other payments from parent company	55 496 404	52 416 539
Income taxes	-8 019	-104 740
Payments to suppliers, remunerations to directors	-251 243	-137 148
Other interest income	-10 299	-5 690
Repayment of loans from group companies	<u>500 816 000</u>	<u>816 000</u>
Cash flow from operating activities	500 855 465	950 777
Investing activities	-	-
Financing activities		
Repayment of bond loans	<u>-500 000 000</u>	<u>0</u>
Cash flow from financing activities	-500 000 000	0
Cash flow of the period	855 465	950 777
Opening cash balance	2 148 081	1 205 289
Currency difference in cash balance	<u>-1 509</u>	<u>-7 985</u>
Closing cash balance	3 002 037	2 148 081

REPORT ON CHANGES IN EQUITY

	<i>Share capital</i>	<i>Retained earnings</i>	<i>Net income</i>	<i>Total equity</i>
Amount 2018-01-01	5 547 358	661 989	119 692	6 329 039
Retained earnings		119 692	-119 692	0
Net income			57 054	57 054
Amount 2018-12-31	5 547 358	781 681	57 054	6 386 093
Amount 2019-01-01	5 547 358	781 681	57 054	6 386 093
Retained earnings		57 054	-57 054	0
Confirmed parent company guarantee		64 334 542		64 334 542
Net loss			-65 173 277	-65 173 277
Amount 2019-12-31	5 547 358	65 173 277	-65 173 277	5 547 358

The shares have no nominal values and are fully paid.

NOTES

Note 1 Basis for the preparation of the report

The annual report is prepared in accordance with the Annual Accounts Act and recommendation number 2 from the Financial Reporting Council (RFR 2); Reporting for legal entities. RFR 2 obligates the company to apply International Financial Reporting Standards (IFRS) as adopted by the European Union, to the extent this is possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. The recommendation indicates exceptions and additions that are needed in relation to IFRS.

The Annual report is based on the assumption of going concern during a foreseeable future.

The functional currency is EUR which also is the reporting currency.

Note 2 Important accounting principles.

New and revised standards – applicable 1 January 2019:

None of the new applicable IFRS or IFRIC interpretations effective for the financial year starting 2019-01-01 has had any material impact of the annual report of the financial reports of the Company except for IFRIC 23 which is mentioned below.

The new standard IFRS 16 "Leases" changes principles for the recognition of contracts which meet the criteria of lease.
The Company has not recognised any leases assets so it was not affected by the standard.

The new interpretation IFRIC 23 applies to establishing taxable revenue, tax base, unsettled tax losses, unused tax rebates and tax rates. The Company analysed the interpretation and concluded that it affects the assessment of the tax issue made by the Company made earlier and which is described in note 13.

Set out below are new and amended standards and interpretations which have been published but comes into effect later than 2020-01-01

At the time of preparing financial statements as of 31 December 2019 there are some standards and interpretations which are to take effect 2020 or later. None of these is expected to have a significant effect on the annual financial statements of PKO Finance AB.

The company is recognised as one business segment.

Foreign currency

Transactions in other currencies than EUR have been valued at the exchange rate which prevailed on the day of transaction. As at the reporting date all assets and liabilities denominated in other currencies than EUR have been valued using the exchange rate prevailing on the reporting date according to Oanda. The following rates have been used :

	2019-12-31	2018-12-31
	EUR	EUR
1 SEK =	0,09569	0,09728
1 PLN =	0,23472	0,23219
1 USD =	0,89286	0,87356

Reporting of revenues and expenses

Interest income and expenses are reported in accordance with the effective interest method. Other revenues are reported at the time of earning and to the extent it is probable that the future economic benefits will be made available to the company and that the revenues can be estimated in a reliable way.

Valuation of assets and liabilities

Assets and liabilities are reported at acquisition cost and nominal value respectively if nothing else is stated.

The loans granted to group companies and the bond loans have been reported in accordance with the effective interest method which means that the difference between discounted (recorded) value and the nominal values of the loan and the bond loan are amortized over the term of the respective loans. These amortizations are included in reported interest income/expenses which for this reason reflect the effective interest of the respective loans.

In those cases when it can be expected that the impairment exists, the value of the asset is decreased by an relevant amount of an impairment allowance.

Income tax

Reported income taxes include taxes that are to be paid or received relating to the reported period and adjustments regarding earlier periods. Tax-liabilities/receivables are valued at the amounts, that, in the opinion of the company are expected to be paid to or received from the tax office. Please note however the uncertainty described in note 13 and its effect on the reporting below in this paragraph.

Taxable income can differ from income before taxes as reported in the profit and loss statement as this income excludes revenues and expenses that are taxable or deductible in other periods and it also excludes revenues and expenses that permanently are non-taxable or deductible. The tax liability which is described in note 13 relates both to such tax which - in a situation where the Company finally is considered liable to pay tax on the capital gains described in note 13 - relates to capital gains realised during 2019 and deferred tax liabilities

Share capital

Reported share capital corresponds to registered nominal value.

Estimation of fair value

Fair value of the loans granted to the parent company and of the bond loans have been calculated based on listed value on the Luxembourg stock exchange according to Bloomberg as at the reporting date.

The fair value for the loan to the other group company PKO Leasing Sverige AB is estimated using yield curve and margin model.

For other financial assets and liabilities it is the opinion of the company that the reported values constitute the best possible estimate of fair value, since these assets and liabilities are short-term and have high liquidity.

Estimations and assumptions

In preparing the report the company has made estimates and assumptions. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis and recognized prospectively. Except for the new assessment concerning the risk of a negative outcome in the tax issue described in note 13, no estimations or assumptions which could result in material adjustments in reported values in the next reporting period was made during 2019.

Note 3 Other external expenses

	2019	2018
Audit fees KPMG	26 164	26 421
Remunerations to directors	23 878	25 206
Expenses, group companies	825	9 888
Administration fees	65 684	55 897
Other external fees	137 277	133 819
Bank fees	<u>13 156</u>	<u>7 468</u>
<i>Total other external expenses</i>	266 984	258 699

The remuneration paid to the Board of Directors amounted to 22 966 (2019) and 23 687 (2018).

As in 2018 there are two males and one female in the Board of Directors.

Other external fees include external legal and advisory fees.

Note 4 Reconciliation of effective tax

	2019	2019	2018	2018
	(%)		(%)	
Income before tax but after appropriations		-702 147		86 795
Tax according to current tax rate	21,40%	150 259	22,00%	19 095
Non-deductible expenses		-183 206		10 370
Upward adjustment on dissolution of profit equalisation reserve		-524		0
Flat-rate interest on profit equalisation reserve		-525		356
Tax relating to currency gains not included in the accounts (note 13)		-64 437 867		-
Currency effects		731		-80
Reported effective tax	9182,00%	-64 471 131	34,27%	29 741

Note 5 Loans granted to group companies

<i>Issued</i>	<i>To be repaid</i>	2019-12-31	2018-12-31	2019-12-31	2018-12-31
		<i>Currency of denomination</i>		<i>Reportingcurrency (EUR)</i>	
2012-07-25	2022-07-25	€ 49 710 534	€ 49 597 534	49 710 534	49 597 534
2012-09-26	2022-09-26	\$999 317 123	\$999 067 123	892 227 274	872 714 351
2014-01-23	2019-01-23	-	€ 499 991 867	-	499 991 867
2017-12-27	2023-12-25	€ 3 868 000	€ 4 684 000	<u>3 868 000</u>	<u>4 684 000</u>
Total				945 805 808	1 426 987 752

Note 6 Financial assets and liabilities - information according to IFRS 7

Information on fair values

	2019-12-31	2019-12-31	2018-12-31	2018-12-31
	Reported value	Fair value	Reported value	Fair value
Loans to parent company incl. accrued interest income	953 628 885	1 002 977 216	1 444 695 625	1 463 240 131
Accrued administrative fee, parent company	0	0	0	0
Cash and cash equivalents	3 002 037	3 002 037	2 148 081	2 148 081
Bond loans incl. accrued interest expenses	953 627 516	1 002 977 216	1 444 656 730	1 463 168 128

Book values are reasonable approximations of fair values in the cases where no fair values are reported for financial instruments above since their terms are short. The information above that relates to Loans and Bond Loans belongs to level 1 in the fair-value hierarchy and have been valued to the latest market value noted on the Luxembourg stock exchange. The Loans to the Parent company are valued at the same value since the parent company loans are pledged as security for the bond loans. The fair value for the loan to the other group company PKO Leasing Sverige AB is estimated using yield curve and margin model.

Structure of maturity for financial debts

	Book value 2019-12-31	Maturities up to one year	Maturities between one and five years	Maturities over five years
Loans to group companies	945 805 809	816 000	944 989 809	-
Bond loans	941 962 102	-	941 962 102	-

	Book value 2018-12-31	Maturities up to one year	Maturities between one and five years	Maturities over five years
Loans to group companies	1 426 987 752	500 807 867	926 179 885	-
Bond loans	1 422 336 861	499 992 470	922 344 391	-

The amounts relate to contractual non-discounted payments.

For other information concerning risks in financial instruments please refer to the Management report under "Risks and Uncertainties".

Note 7 Accrued income, group companies

	2019-12-31	2018-12-31
Accrued interest income	11 691 882	22 392 848
<i>Total accrued income, group companies</i>	11 691 882	22 392 848

Note 8 Bond loans

<i>Issued</i>	<i>Due for repayment</i>	2019-12-31	2018-12-31	2019-12-31	2018-12-31
		<i>Currency of denomination</i>		<i>Reporting currency (EUR)</i>	
2012-07-25	2022-07-25	€ 49 711 815	€ 49 599 315	49 711 815	49 599 315
2012-09-26	2022-09-26	\$999 290 822	\$998 771 073	892 250 287	872 745 076
2014-01-23	2019-01-23	-	€ 499 992 470	-	499 992 470
Total				941 962 102	1 422 336 861

Note 9 Parent company

The company is a wholly-owned subsidiary of Powszechna Kasa Oszczednosci Bank Polski Spółka Akcyjna, Warsaw, Poland with corporate identity number 525-000-77-38.

Note 10 Related party transactions

	<u>2019</u>	<u>2018</u>
<i>Cash flow items</i>		
Interest and other payments from parent company	55 496 404	52 416 539
Interest payments from other group companies than the parent company	54 617	64 306
Repayment of loans from the parent company	500 000 000	-
Repayment of loans from other group companies than the parent company	816 000	816 000
Repayment of bond loan	500 000 000	-
<i>Balance sheet items</i>		
Loans granted to parent company - current assets	-	500 807 867
Loans granted to other group companies than the parent company - current assets	816 000	816 000
Accounts payable, parent company	-	813
Loans granted to parent company - long term financial assets	941 121 809	921 495 885
Loans granted to other group companies than the parent company - long term financial assets	3 052 000	3 868 000
Accrued income, parent company	11 691 076	22 391 872
Accrued income, other group companies than the parent company	806	976
<i>Profit-and loss items</i>		
Interest income, parent company	44 510 958	53 426 868
Interest income, other group companies than parent company	54 447	65 462
Administration and commission revenues	110 200	181 128
Remunerations to parent company	825	9 888

Note 11 Proposal for appropriation of profits and losses

		<u>2019</u>	<u>2018</u>
The following loss is to be appropriated by the Annual General Meeting of Shareholders			
Retained earnings	EUR	65 173 277	781 681
The loss of the year	EUR	-65 173 277	57 054
Total loss of the year and retained earnings	EUR	0	838 735

The Board of Directors proposes that the retained earnings are appropriated as follows:

To be carried forward	EUR	0	838 735
Total	EUR	0	838 735

Note 12 Pledged assets and contingent liabilities

		2019-12-31	2018-12-31
Pledged assets			
Loans, group companies	EUR	953 628 885	1 444 695 625
Contingent liabilities			
Other (See note 13 below)	EUR	-	62 384 456

Note 13 Provisions, deferred tax liability, capital injection

In the beginning of 2018 it was discovered that a strict application of current income tax rules for companies with EUR as their reporting currency, possibly could have the effect that the fluctuations of the exchange rates SEK/EUR during the period between the disbursements and repayments of the intergroup loans are differently taxed than if the same loans had been made by a company with SEK as reporting currency. Due to the doubts relating to taxation of foreign exchange differences on loans granted to the Bank and issued bonds in the territory of Sweden, PKO Finance AB, whose reporting currency is the EUR, applied to the Swedish Council for an advance ruling. PKO Finance AB lends funds obtained from bonds issued to PKO Bank Polski ("Bank") and at the same time recognizes receivables from the loans and liabilities relating to the issue.

Changes in foreign exchange rates have a symmetrical impact on the valuation of such receivables and liabilities, because foreign exchange differences on the valuation of loans granted are matched with the opposite foreign exchange differences on the valuation of liabilities in respect of the bonds issued. According to the individual ruling obtained by PKO Finance AB from the Swedish Council for Tax Rulings (Skatterättsnämnden) on 14 March 2019, a company for which EUR is the reporting currency should tax the EUR/SEK exchange differences on the loans (SEK/EUR) between the maturity date and repayment date. At the same time it is not possible to recognize a tax cost related to foreign exchange differences on the company's liabilities in respect of the bond issue at the maturity date. Had the Council's ruling been upheld by the Swedish Supreme Administrative Court (Högsta förvaltningsdomstolen) ("SAC"), it would have meant that a different approach is applied in Sweden to companies reporting in EUR compared with companies reporting in SEK (which can also include foreign exchange differences on liabilities in their tax settlements), and this would increase the economic risk and hamper effective hedging of the currency risk.

In the opinion of the Company, such an approach would be contrary to Article 63 of the Treaty on the Functioning of the European Union (TFEU) related to the need to ensure free flow of capital in the EU or Article 49 and 54 of TFEU related to the freedom of business activities.

On 3 April 2019, the company appealed to the SAC against the Council's ruling and on 1 July submitted extended arguments to dismiss the case. In its opinion of 23 August 2019, the Swedish Tax Office (Skatteverket) ("STA") took a negative stance on the company's appeal. The Company sustained its position in the response to the opinion submitted to the SAC on 25 September 2019. In addition, on 10 October 2019, the Company submitted complementary documents to its appeal in which it emphasized, among other things, the importance of the resolution for companies operating in the territory of Sweden and reporting in euro. On May 4, 2020 the SAC annulled the ruling of March 19, 2019 from the Swedish Council for Tax Rulings (Skatterättsnämnden). The reason for the annulment was basically that the questions asked by PKO Finance AB in the request for ruling in the opinion of the SAC related to already consumed transactions and not to future business deals. Even if the ruling process referred to above, finally did result in an annulment of the ruling by the SAC, the process showed that there are considerable uncertainties and also a high risk of an adverse outcome as regards the aforesaid foreign exchange tax issue. With this background and also considering that IFRIC 23 "Uncertainty over Income Tax Treatments" entered into force, based on the judgment made regarding the uncertain treatment of taxable income earned in respect of foreign exchange differences on loans and liabilities, the Company recognized as at December 31, 2019, deferred tax expense of SEK 673 402 305 (64 437 867 EUR) and interest cost of SEK 7 790 297 (745 453 EUR) in interest expenses.

The Company reflected the effect of uncertainty by using the "most probable amount" method.

Prior year these were reported as Contingent liabilities.

Potential tax relates to currency effects on repayment of loans.

The capital gain has been calculated based on the exchange rate at the reporting date or at the repayment date compared to the currency rate at the date of the loan disbursement. The loans have been made to group companies, mostly to the parent company.

On 25th May 2018 the parent company issued a Guarantee for share capital cover to the Company.

On 15 May 2020 the parent company issued a Guarantee confirmation, confirming the unconditional pay to the Company of the amount SEK 672 322 521 as unconditional shareholders' contribution under Swedish law, amounting to EUR 64 334 542.

As a consequence of the reporting of the tax liability the Company reports a Receivable from the Parent Company. the Company has in accordance with the abovementioned Parent Company Guarantee in order to maintain the share capital intact.

Note 14 Events subsequent to the end of the financial year

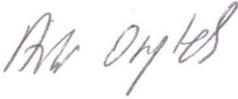
On 21 April 2020 PKO Bank Polski SA repurchased from the holders the aggregate principal amount of USD 195 410 000 of the USD 1 000 000 000 4.63% notes ("notes") due in September 2022 issued by the Company. The notes purchased by the Bank will be held by the Bank but the Bank reserves the right to resell or surrender for cancellation such notes at a later date.

The Company has on May 4, 2020 received the SAC resolution to annul the Tax Ruling which was obtained in 2019.

As a consequence of the recent outbreak of the new Corona virus (COVID 19) the Swedish economic situation is difficult to assess. However, as of the day of the publication of this Annual report the outbreak of the Corona virus has not affected the financial position, net income or cash flow in any material way.

Stockholm 2020- 05-19

Artur Osytek
Chairman



Magnus Sundström
Managing Director

Iwona Jankowska
Board Member



Our audit report was issued 2020-
KPMG AB

05-25

Mikael Ekberg
Authorized auditor