Clarification of the interest rate difference between ÅF convertible bond interest rate and the borrowing rate offered by Handelsbanken

		Interest margin		**Reference rate (base rate)**
Interest received from ÅF	=	1.19%	+	STIBOR 6 months
Interest paid to SHB	=	1.65%	+	STIBOR 6 months

Due to that we currently have negative reference rates in Sweden, has it become important to understand the concept of zero interest rate floor, when participating in the convertible bond program. We, therefore, want to make you aware of that the definition differs between the loan offer from Handelsbanken (SHB) and of the convertible bond from ÅF.

- ÅF will pay out a convertible loan interest at base rate STIBOR 6 months (can be below zero) plus an interest margin of 1.19 percentage points. However, the total interest payment from ÅF may never be less than 0.

- Handelsbanken is offering ÅF employees to loans at the STIBOR 6 month's interest rate (though not below 0) plus an interest margin of 1.65 percentage points.

Consequently, the lowest interest rate that you can get on your bank loan from Handelsbanken is 1.65% when we have negative reference rates in Sweden, while your interest rate for your convertible holdings is calculated as interest rate margin 1.19% added with Stibor 6 months.

Below are two illustrative example once subscribing for a convertible bond of nominal amount SEK 300,000 and SEK 900,000 and using a currently indicative STIBOR 6 month interest rate of -0.35%.

Exemple 1 – At subscription nominal amount 300,000 SEK

Interest received from ÅF:
300,000 x (1.19%-0.35%): SEK 2 520

Interest paid to Handelsbanken:
300,000 x 1.65%: SEK -4 950

The annual interest rate discrepancy that you need to deposit, into your bank account connected to your VPC account at Handelsbanken, with the current interest rate position would be SEK 2,520.

Exemple 2 – At subscription nominal amount 900,000 SEK

Interest received from ÅF**:**
900,000 x (1.19%-0.35%): SEK 7 560

Interest paid to Handelsbanken**:**
900,000 x 1.65%: SEK -14 850

The annual interest rate discrepancy that you need to deposit, into your bank account connected to your VPC account at Handelsbanken, with the current interest rate position would be SEK 7,290.

If you have further questions, about the discrepancy between the convertible interest received from ÅF and your paid interest to Handelsbanken, please contact ÅF Group Treasury.