Svensk Hypotekspension Fond 1 AB (publ)

Offering and Admission to Trading on NASDAQ OMX Stockholm of
a maximum amount of SEK 900,000,000 Notes divided into
SEK 180,000,000 – 720,000,000 Class A1a Mortgage Backed
Floating Rate Notes due 2055; and
SEK 180,000,000 – 720,000,000 Class A1b Mortgage Backed
Fixed Rate Notes due 2055
CERTAIN INFORMATION WITH RESPECT TO THE OFFERING AND ADMISSION TO TRADING

In this Prospectus, Svensk Hypotekspension Fond 1 AB (publ) is referred to as the “Issuer”, Svensk Hypotekspension AB is referred to as “SHPAB” and Svensk Hypotekspension AB and its subsidiaries are referred to as the “Group”.

This Prospectus has been prepared in compliance with the standards and requirements of the Swedish Financial Instruments Trading Act (lagen (1991:980) om handel med finansiella instrument), implementing the Prospectus Directive (EC) No. 2003/71 and Commission Regulation (EC) No. 809/2004. The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Finansinspektionen) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act. Approval and registration by the Swedish Financial Supervisory Authority do not imply that it guarantees that the factual information provided in the Prospectus is correct or complete.

This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus.

No person has been authorised to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. The delivery of this Prospectus at any time does not imply that there has been no change in the Issuer’s business or affairs since the date hereof or that the information contained herein is correct as at any time subsequent to the date hereof. In the event of any material changes to the information in this Prospectus during the period from the date of announcement to the first day of trading, such changes will be announced pursuant to the rules of the Swedish Financial Instruments Trading Act, which governs the publication of prospectus supplements.

In making an investment decision, investors must rely on their own examination of the Issuer, the Notes and the terms of the offering and admission to trading, including the merits and risks involved.

The distribution of this Prospectus is restricted by law. No action has been or will be taken by the Issuer to permit a public offering in any jurisdiction other than Sweden. Persons into whose possession this Prospectus may come are required by the Issuer to inform themselves about and to observe such restrictions. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. This Prospectus does not constitute a solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction.

The Issuer does not accept any legal responsibility for any violation by any person, whether or not an investor in the Notes, of any such restrictions.

No representation is made to any investor regarding the legality of an investment by such investor under applicable legal investment or similar laws. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of the investment in the Notes.

Capital terms used in this Prospectus shall have the same meanings as set out in the Terms and Conditions of the Notes reproduced in Appendix 1 “Terms and Conditions of the Notes” (the “Terms and Conditions”). Capitalised terms used herein, but not defined in the Terms and Conditions, are defined in section 11 “Prospectus definitions”.
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1. Summary

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and related documents referred to herein. Investors are advised to read carefully, and should rely solely on, the detailed information appearing elsewhere in this Prospectus and related documents referred to herein in making any investment decision. Capitalised terms used in this Prospectus shall have the same meanings as set out in the Terms and Conditions. Capitalised terms used herein, but not defined in the Terms and Conditions, are defined in section 11 “Prospectus definitions”.

Structure diagram

This structure diagram is a summary of the principal features of the Transaction. The structure diagram does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Prospectus.
GENERAL INFORMATION

Svensk Hypotekspension AB (SHPAB) has originated a portfolio (the Portfolio) of mortgage loans documented by Promissory Notes. The Portfolio is sold to a newly established subsidiary (Svensk Hypotekspension Fond 1 AB (publ), the Issuer). The Issuer is a special purpose vehicle that shall only hold the Portfolio and service the Notes. SHPAB is giving the Issuer a licence to use certain trademarks and know-how for these operations.

The Issuer’s acquisition of the Portfolio is financed primarily by the Notes. Additional funding, as a liquidity buffer and for certain expenses, is provided through subordinated loans from SHPAB. The Noteholders are given security over the Promissory Notes, certain of the Issuer’s bank accounts, the shares in the Issuer and the subordinated loans from SHPAB. This security is also given to certain other creditors of the Issuer. The security is held by CorpNordic Sweden AB as Agent for all Secured Parties.

The Issuer does not have any employees and has to rely on different service providers. SHPAB provides management and operational services in the roles of Servicer and Manager. Cerdo Bankpartner AB acts as Custodian of the Promissory Notes on behalf of the Issuer and the Agent.

The Issuer’s bank accounts are held with DnB NOR Bank and operated by SHPAB as Manager. All Proceeds from the Portfolio are paid into the Collection Account, from which payments may be made only on certain dates and for certain specified purposes. When the Permitted Costs and various fees have been paid and certain reservations are made on the different accounts, the remaining amount available on the Collection Account will be paid to the Noteholders. The Expense Account is used for expenses that have to be paid by the Issuer during the time between the distributions from the Collection Account. The Advance Account is used to make additional loans to existing borrowers. The Equity Account is used to set aside an amount equal to half of the Issuer’s registered share capital beyond the reach of the Issuer’s creditors, in order to avoid a compulsory liquidation of the Issuer in case there is a decline in asset value.

RISK FACTORS

Any investment in the Notes involves various risks, including losing the value of the entire investment. Before investing in Notes, investors should consider carefully all of the information set forth in this Prospectus, and in particular, the specific factors set out in section 2 “Risk factors”. These risks include, but are not limited to, the note market, the Portfolio, legal and regulatory risks and limited resources.

The risks and uncertainties that are described in “Risk factors” are not the only ones the Issuer or a Noteholder face. Additional risks that the Issuer currently believes are immaterial, or is not aware of, may also adversely affect the Portfolio, the Notes or the Issuer’s business, financial condition or results of operations.

THE OFFERING

The Issuer

The Issuer, Svensk Hypotekspension Fond 1 AB (publ), is a public limited company incorporated under the laws of Sweden with corporate Reg. No. 556788-8218, and its registered office is at c/o Svensk Hypotekspension AB, Medborgarplatsen 3, 118 72 Stockholm, Sweden. The Issuer is established as a special purpose vehicle for the purpose of carrying out no business other than holding the Portfolio and issuing the Notes. The issued share capital of the Issuer amounts to
SEK 500,000 and is divided into 5,000 shares, each with a quota value of SEK 100. The share capital is fully paid. All of the Issuer’s shares are held by SHPAB.

The Issuer’s Board of Directors consists of Erik Åsbrink, chairman, Lennart Grabe and Tomas Huuva. Tomas Huuva is also the Issuer’s Managing Director.

Öhrlings PricewaterhouseCoopers AB, represented by Anna Hesselman, is the Issuer’s independent auditor.

The Issuer will enter into the Mortgage Sale Agreement, the Servicing Agreement, the Management Agreement, the First Standby Servicing Agreement, the Second Standby Servicing Agreement, the Standby Management Agreement, the Custody Agreement, the Intercreditor Agreement, the Licence Agreement, the Subordinated Loan Agreement, the Bank Account Agreement, the Promissory Notes Pledge Agreement, the Bank Account Pledge Agreement, subscription agreement(s) for the subscription of the Notes and the Agency Agreement.

<table>
<thead>
<tr>
<th>The Agent</th>
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<tbody>
<tr>
<td>CorpNordic Sweden AB will act as Agent. Pursuant to the Agency Agreement to be entered into on or before the Issue Date between the Issuer and the Agent, the Agent will undertake to represent the Noteholders and the other Secured Parties in accordance with the terms of the Transaction Documents.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>The Notes</th>
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<tbody>
<tr>
<td>The Notes are expected to be issued on or about 31 August 2010 and admitted to trading on NASDAQ OMX on or about 10 September 2010.</td>
</tr>
<tr>
<td>The aggregate amount of the Notes will be the lower of SEK 900,000,000 and the purchase price for the Portfolio under the Mortgage Sale Agreement, rounded down to the nearest SEK 1,000,000, of which the fixed interest rate Class A1b Notes represent a minimum of SEK 180,000,000 and a maximum of SEK 720,000,000 and the floating interest rate Class A1a Notes the remaining amount, being a minimum of 180,000,000 and a maximum of SEK 720,000,000. Each Note shall have an Initial Nominal Amount of SEK 1,000,000.</td>
</tr>
<tr>
<td>The Notes will be issued on a fully paid basis. All Notes will be registered in book-entry form on a VP Account on behalf of the Noteholders.</td>
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<tr>
<th>Rating and Interest</th>
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<tr>
<td>Fitch will present a presale report which will be published on Fitch Rating’s homepage <a href="http://www.fitchratings.com">www.fitchratings.com</a> as well as distributed to investors, and is expected to assign the Notes an ‘AAsf’ rating.</td>
</tr>
</tbody>
</table>
| As long as they are outstanding, the Class A1a Notes will carry interest at a floating interest rate of STIBOR 3 months plus 1.00 per cent per annum (the Floating Interest Rate). Until the sixth anniversary of the Issue Date (the Step-Up Date), the Class A1b Notes will carry interest at a fixed interest rate per annum equal to the average between the bid and offer rate for six-year interest swaps, as determined five Business Days before the Issue Date, (see definition of Fixed Base Rate 1 in the Terms and Conditions) plus 1.00 per cent. After the Step-Up Date, the Class A1b Notes will carry interest at a fixed interest rate per annum equal to the average between the bid and offer rate for 30-year interest swaps, adjusted for the interest rate applied before the Step-Up Date, as determined five Business Days before the Issue Date, (see definition of
Fixed Base Rate 2 in the Terms and Conditions) plus 1.00 per cent. The Issuer’s obligation to pay interest in cash is conditional upon the Issuer having sufficient funds and will otherwise be rolled up and compounded. The only obligation to be rated by Fitch is the Issuer’s ability to ultimately pay interest (including compounded interest) at this level and to repay the Nominal Amount.

(i) If the Notes are redeemed for any reason on or before the Step-Up Date, the Noteholders are entitled to an effective yield in respect of the Class A1a Notes of STIBOR 3 months plus 1.80 per cent per annum and in respect of the Class A1b Notes, of the Fixed Base Rate 1 plus 1.80 per cent per annum. This yield will be calculated retroactively from the Issue Date and take into account the payments made by the Issuer in respect of the Notes prior to redemption. The amount payable by the Issuer in respect of each Note that is necessary to achieve this yield is referred to as the Early Redemption Amount.

(ii) If the Notes are redeemed for any reason at any time after the Step-Up Date, the Noteholders are entitled to an effective yield in respect of the Class A1a Notes of STIBOR 3 months plus 2.25 per cent per annum and in respect of the Class A1b Notes, of the Fixed Base Rate 2 plus 2.25 per cent per annum. This yield will be calculated retroactively from the Issue Date and take into account the payments made by the Issuer in respect of the Notes prior to redemption. The amount payable by the Issuer in respect of each Note that is necessary to achieve this yield is referred to as the Stepped-Up Redemption Amount.

The Early Redemption Amount and the Stepped-Up Redemption Amount, as the case may be, each consists of two parts, (1) the Rated Principal Amount and (2) the relevant portion of the Unrated Redemption Premium. The Rated Principal Amount is the amount calculated in the same way as described in (i) or (ii) above that is necessary to achieve a yield at the interest levels applicable to the Notes (as described in the first paragraph of this section) and is the only amount to be rated by Fitch in respect of a redemption.

When the Rated Principal Amount has been repaid in full, the Issuer is under an obligation pursuant to Clause 11.5.1 of the Terms and Conditions to redeem the Notes by way of issuing the Unrated Notes, in place of the Notes, to the Noteholders, which Unrated Notes shall have an initial nominal amount equal to the Unrated Redemption Premium on the Relevant Date. If the Unrated Notes have not been validly issued to the Noteholders within three months after the Relevant Date, the Notes shall be redeemed in cash for an amount equal to the Unrated Redemption Premium. These obligations will not be rated by Fitch and any failure by the Issuer to comply with them does not constitute an Event of Default for the purpose of the Rated Principal Amount.

The calculation of the Fixed Base Rate 1 and the Fixed Base Rate 2 as well as the definitive allocation of floating rate notes and fixed rate notes will be distributed to the Noteholders no later than five Business Days after the Issue Date.

Redemption and acceleration

The Issuer shall redeem all outstanding Notes on the date falling 45 years after the Issue Date. The Notes may however be redeemed in full by the Issuer on or after the fifth anniversary of the Issue Date or, if earlier, when the total Rated Principal Amount is less than 20 per cent of the total Initial Nominal Amount, by giving the Agent and the
Noteholders at least twenty Business Days’ notice.

Should any substantial decrease in revenue occur for the Issuer, or substantial additional or increased cost be incurred or suffered by the Issuer, as a result of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the Issue Date, the Issuer may redeem the Notes in full on a date determined by the Issuer, by giving the Agent and the Noteholders at least twenty Business Days’ notice.

The Issuer shall with effect on the relevant date when the Rated Principal Amount has been repaid in full redeem the Notes by way of issuing new Unrated Notes in place of the Notes, as described in the section “Rating and Interest” above.

Upon the occurrence of an Event of Default the Agent, on behalf of the Noteholders, is entitled to declare all of the Notes due for payment immediately or at such later date as the Agent determines by notice to the Issuer.

The amount for which each Note shall be redeemed in any of the situations mentioned above, is described in the section “Rating and Interest” above and in the Terms and Conditions.

Transaction Security
Security for the Notes is created pursuant to, and under the terms set out in, the Promissory Notes Pledge Agreement, the Bank Account Pledge Agreement, the Share Pledge Agreement, the Subordinated Loan Pledge Agreement and the Intercreditor Agreement.

Credit Enhancements
The structure is supported by the Minimum Reserve Amount, restrictions on distributions, a negative pledge provision, the Equity Account and a financial indebtedness restriction pursuant to the Terms and Conditions.

The Portfolio
On the Issue Date the Issuer will acquire the Portfolio from SHPAB. As at 31 March 2010, the Portfolio comprised 2,141 Promissory Notes, with an aggregate outstanding principal balance of approximately SEK 919,000,000. SHPAB and the Issuer will determine the Portfolio to be acquired by the Issuer five Business Days before the Issue Date (the Cut-off Date). The purchase price under the Mortgage Sale Agreement will be the outstanding balance of the Promissory Notes in the Portfolio so determined. Since 31 March 2010, outstanding principal balances in respect of the Promissory Notes comprising the Portfolio have continued and will continue to accrue interest, be subject to repayments of principal and interest, and, at the Issue Date, the aggregate outstanding balance in respect of the Promissory Notes will not exceed SEK 900,000,000.

All amounts received by SHPAB by way of repayments in respect of the Portfolio between the Cut-off Date and the Issue Date will be paid into the Collection Account.

The total proceeds under the Notes will be the lower of SEK 900,000,000 and the purchase price for the Portfolio under the Mortgage Sale Agreement, rounded down to the nearest SEK 1,000,000. The proceeds will be applied by the Issuer to pay the purchase price for the Portfolio under the Mortgage Sale Agreement. The remaining part of the purchase price, up to SEK 1,000,000 will be financed by a Subordinated Loan from SHPAB.
Each Promissory Note in the Portfolio is documented as such and secured by mortgage certificates (pantbrev) over real estate or by a pledge of rights to a cooperative flat (bostadsrätt). Approximately 37 per cent of the Promissory Notes are secured by mortgage certificates and 63 per cent by pledges of rights to cooperative flats. Each mortgage certificate over a real estate and each pledge of rights over a cooperative flat is granted by way of security for the repayment of all amounts outstanding under the Promissory Note including principal, accrued interest and any fees and expenses.

The Swedish term for “real estate” does not only include a house, but also the land on which the house sits. References made in respect of real estate in this Prospectus hence include both land and house. Ownership of “cooperative flats” on the other hand, means a right to dispose over a certain apartment owned by a cooperative flat association in which the owner is a member. References made in respect of cooperative flats in this Prospectus shall therefore have this meaning while the word property refers to both real estate and cooperative flats.

The Promissory Notes originated by SHPAB allow Borrowers to monetise a proportion of the value of their residential property. No principal or interest is payable during the lifetime of the Promissory Note if it remains unaltered. Thus, each Promissory Note is a reverse mortgage, also known as an equity release mortgage. The Promissory Notes are granted at a fixed interest rate of STIBOR 3 months plus 3.10 per cent per annum.

The Mortgage Sale Agreement will include certain representations and warranties by SHPAB in respect of each Promissory Note in the Portfolio, see section 6.2 “Representations and warranties” and section 10.1 “The Mortgage Sale Agreement” below.

Listing
The Issuer has applied for listing of the Notes on the corporate bond list of the regulated market NASDAQ OMX Stockholm. Trading of the Notes is expected to commence on or about 10 September 2010.

ISIN code and common code

| Class A1a Notes ISIN: SE0003428465 | Common code: SHPF1A |
| Class A1b Notes ISIN: SE0003428457 | Common code: SHPF1B |

Information distribution
Information regarding the Issuer and the Notes, including this Prospectus, will be published at the Issuers webpage www.shpfond1.se. This Prospectus will also be published at the Issuing Agent’s webpage www.dnbnor.se.

Arranger
Barclays Capital, the investment banking division of Barclays Bank PLC.
2. Risk factors

Any investment in the Notes involves various risks, including losing the value of the entire investment. Before investing in the Notes, investors should consider carefully all of the information set forth in this Prospectus, and in particular, the specific factors set out below. The risks and uncertainties that are described below are not the only ones the Issuer or a Noteholder faces. Additional risks that the Issuer currently believes are immaterial, or is not aware of, may also adversely affect the Portfolio, the Notes or the Issuer’s business, financial condition or results of operations. If any of the possible events described below occurs, the Portfolio or the Issuer’s business, financial condition or results of operations could be materially and adversely affected. The order in which the individual risks are presented does not provide an indication of the likelihood of their occurrence nor of their relative significance.

2.1 Risks relating to the Notes

General

Each investor must determine the suitability of an investment in the Notes in light of its own circumstances. In particular, each investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

(d) understand thoroughly the Terms and Conditions of the Notes and be familiar with the behaviour of any relevant financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to an investor’s overall portfolio. An investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with the assistance of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the its overall investment portfolio.
The market price of the Notes may fluctuate and may decline below the Nominal Amount

Prior to the admission to trading, there has been no public market for the Notes. The Issuer can give no assurance that an active trading market for the Notes will develop or, if developed, will be sustained. The Nominal Amount may not be indicative of the market price for the Notes following the admission to trading of the Notes on NASDAQ OMX Stockholm. Further, following listing of the Notes, the liquidity and trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this section, as well as to market fluctuations and general economic conditions that may adversely affect the liquidity and price of the Notes, regardless of the actual performance of the Portfolio.

Potential investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Portfolio. The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Additionally, the current liquidity crisis has stalled the primary market for a number of financial products including instruments similar to the Notes. While it is possible that the current liquidity crisis may soon be alleviated for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Notes will recover at the same time or to the same degree as such other recovering global credit market sectors.

Interest rate risk

The Notes are issued in two classes; the Class A1a Notes, which are Floating Interest Rate Notes, and the Class A1b Notes, which are Fixed Interest Rate Notes. The Floating Interest Rate Notes are (like the Promissory Notes) based on STIBOR. Changes in the general level of interest rates, in particular STIBOR, may adversely affect the value of the Floating Interest Rate Notes as well as the Fixed Interest Rate Notes. Changes in the expected interest rate level for different categories of risks in investments may also affect the value of both classes of Notes.

Credit risk

Noteholders will have a credit risk on the Issuer and the Portfolio. Although security is provided pursuant to the Security Documents, the Notes are not guaranteed by any person.

Timing of payments

The principal source of funds for repayment of the Notes and payment of interest with respect to the Notes is the Portfolio. Determinants which may affect the timing of repayment of the Promissory Notes include mortality rates, permanent moving rates and the rate of voluntary prepayments of the Promissory Notes. There can be no certainty about the timing of repayment of any Promissory Notes in the Portfolio and therefore
there can be no certainty that there will be sufficient receipts from the Portfolio alone to enable payments owing to the Noteholders. There is no guarantee that a Noteholder will receive any amount, including interest, in advance of the Final Redemption Date or thereafter. Interest that is not paid to Noteholders shall be capitalised on each Interest Payment Date.

**Rating**

The Notes are expected, on issue, to be assigned an ‘AAsf’ rating by Fitch, see section 7.12 “Fitch’s rating scale”. A security rating is, however, not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by Fitch.

As long as they are outstanding, the Class A1a Notes will carry Interest at the Floating Interest Rate (being STIBOR 3 months plus 1.00 per cent per annum). The Class A1b Notes will carry Interest at the Fixed Interest Rate. Until the Step-Up Date (the sixth anniversary of the Issue Date), the Fixed Interest Rate is the rate per annum equal to the average between the bid and offer rate for six-year interest swaps, as determined five Business Days before the Issue Date, (see definition of Fixed Base Rate 1 in the Terms and Conditions) plus 1.00 per cent. After the Step-Up Date, the Fixed Interest Rate is the rate per annum equal to the average between the bid and offer rate for 30-year interest swaps, adjusted for the interest rate applied before the Step-Up Date, as determined five Business Days before the Issue Date, (see definition of Fixed Base Rate 2 in the Terms and Conditions) plus 1.00 per cent. The only obligation to be rated by Fitch is the Issuer's ability to ultimately pay Interest (including compounded interest) at this level and repay the Nominal Amount.

The amount payable by the Issuer in case of any redemption of the Notes consists of the Rated Principal Amount and the Unrated Redemption Premium. The Rated Principal Amount is the Nominal Amount plus accrued and unpaid Interest at the levels set out in the previous paragraph, which has been capitalised in accordance with the Terms and Conditions. The Rated Principal Amount is the only amount that is to be rated by Fitch in respect of a redemption. The Unrated Redemption Premium is subordinated to the Rated Principal Amount.

When the Rated Principal Amount has been repaid in full, the Issuer is under an obligation to issue the Unrated Notes to the Noteholders in accordance with Clause 11.5 “Redemption in kind” of the Terms and Conditions, with an initial nominal amount equal to the Unrated Redemption Premium. If the Issuer fails to do so within three months, the Issuer must pay the Unrated Redemption Premium to the Noteholders in cash instead. These obligations will not be rated by Fitch and any failure by the Issuer to comply with them does not constitute an Event of Default for the purpose of the Rated Principal Amount.

**Certain material interests**

Certain of the advisors and other parties to the Transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and SHPAB in the ordinary course of business. Other parties to the Transaction may also perform multiple roles, including SHPAB which will act as Servicer of the Portfolio and Manager of the Issuer at the same time being sole shareholder in the Issuer. Accordingly, conflicts of interest may exist or may arise as a
result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the Transaction may pursuant to the Transaction Documents be replaced by one or more new parties. It cannot be excluded that such a new party also could have a potential conflicting interest.

**Credit structure**

Although the Agent will hold the Transaction Security on behalf of the Noteholders, the Transaction Security will also be held for certain third parties that will rank ahead of the Noteholders, including, amongst others, the Agent, the Servicer and the Manager in respect of certain amounts owed to them under the Transaction Documents.

**Noteholder representation**

In accordance with the Terms and Conditions, the Agent represents all Noteholders in all matters relating to the Notes and the Transaction Security. However, this does not rule out the possibility that the Noteholders, in certain situations, could bring their own action against the Issuer, which could negatively impact the chances of an effective sale of the Transaction Security.

To enable the Agent to represent Noteholders in court, the Noteholders may have to submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney could negatively affect the enforcement of the Transaction Security.

Under the Terms and Conditions the Agent in some cases has the right to make decisions and take measures that bind all Noteholders. In addition, certain majorities of Noteholders are permitted to bind all Noteholders in relation to certain decisions, including those who vote in a manner contrary to the majority. Consequently, the actions of the majority and the Agent in such matters could impact a Noteholder’s rights under the Transaction Documents in a manner that would be undesirable for some of the Noteholders.

**Enforcement**

The ability of the Issuer to redeem all the Notes in full, including after the occurrence of an Event of Default in relation to the Notes, while any of the Promissory Notes are still outstanding may depend upon whether the Issuer’s interest in the Promissory Notes and the Collateral can be realised to obtain an amount sufficient to redeem the Notes. There can be no assurance that the Issuer or the Agent, as the case may be, will realise such an amount. It may not be able to enforce and/or sell the Transaction Security on appropriate terms should it be required to do so.

The terms on which the Transaction Security will be held will provide that, upon enforcement, payments will rank in the order of priority set out in Clause 10.3 of the Terms and Conditions.

**Legal and regulatory risks**

The structure of the issue of the Notes is based on Swedish law, in several aspects affected by EU regulations, in effect as at the date of this Prospectus. No assurance can
be given as to the impact of any possible change to Swedish law or EU regulations or administrative practice in Sweden or the EU after the date of this Prospectus.

**Refinancing risk**

The Notes extend to the forty-fifth anniversary of the Issue Date, with an option for the Issuer to redeem the Notes, subject to certain conditions, on or after the fifth anniversary of the Issue Date or, if earlier, when the total Rated Principal Amount is less than 20 per cent of the total Initial Nominal Amount. The market for asset-backed financing is limited, hence there is no guarantee that the Issuer will be able to access the finance required to redeem the notes, leading the notes to extend, potentially up to 45 years after the Issue Date.

**Forward-looking statements**

This Prospectus contains certain statements which may constitute forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as target, expect, intend, believe or other words of similar meaning. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty. As such statements are inherently subject to risks and uncertainties, there are a number of factors that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Such risks and uncertainties include but are not limited to (a) risks and uncertainties relating to mortality, morbidity and voluntary prepayments and (b) such other risks and uncertainties detailed herein. All written and oral forward-looking statements attributable to SHPAB and the Issuer or persons acting on their behalf are expressly qualified in their entirety by the cautionary statements set forth in this paragraph.

Investors are cautioned not to put undue reliance on such forward-looking statements. Neither SHPAB nor the Issuer will undertake any obligation to publish any revisions to these forward-looking statements to reflect circumstances or events occurring after the date of this Prospectus, except as may be required by law.

2.2 **Risks relating to the Portfolio**

**Representations and warranties in respect of the transfer of the Portfolio**

Pursuant to the Mortgage Sale Agreement, SHPAB has made certain representations and warranties in respect of the Portfolio. The Issuer has not undertaken, nor will it undertake any investigations, searches or other actions and will rely solely on the representations and warranties given in the Mortgage Sale Agreement by SHPAB. There can be no assurance that SHPAB will have the financial resources to meet its obligation to make any repurchases of Promissory Notes or make any payments in the future, in respect a misrepresentation or a breach of warranty given by it.

**No-Negative-Equity Guarantee**

Each of the Promissory Notes in the Portfolio incorporates the No-Negative-Equity Guarantee, as further described in section 6.4 “The No-Negative-Equity-Guarantee”. If STIBOR increases substantially and remains high for a long period of time, and/or the
property acting as Collateral should experience very low or no growth in value, the No-Negative-Equity Guarantee could result in an adverse effect on the Issuer.

**Losses pertaining to declining value of property**

The Transaction Security consists of, amongst other things, the Issuer’s interest in the Promissory Notes as secured by the Collateral. The Transaction Security may be affected by, amongst other things, a decline in property values. No assurance can be given that values of the Collateral have remained or will remain at the level at which it was as at the relevant origination date of the related Promissory Notes. If the residential property market should experience an overall decline in property values, such a decline could, in certain circumstances, result in the value of the Collateral pertaining to the Promissory Notes being significantly reduced and given the No-Negative-Equity-Guarantee, ultimately may result in losses to the Noteholders. There is also a risk that the value of a property may be affected by such property becoming subject to mismanagement or failure by the Borrower to insure the Collateral after the origination date in respect of the relevant Promissory Note.

The recent international credit crisis was to a large extent created by significant credit and liquidity problems emanating from mortgage backed securities. Although there have historically not been similar problems with mortgage backed securities in Sweden, there can be no assurance that the Notes will not in the future be subject to the problems recently experienced in relation to mortgage backed securities in other jurisdictions.

**Legal and regulatory risks**

Swedish consumer loans are regulated by the Consumer Credit Act (*konsumentkreditlagen (1992:830)*) and the requirement thereunder to take into account good credit practice in the Swedish consumer market. This may in certain circumstances limit or delay the Issuer’s ability to exercise its rights under the Promissory Notes, in particular in respect of breaches of terms in the Promissory Notes in situations where the Collateral for the relevant loan is not significantly impaired.

The enforcement of security over mortgage certificate(s) must be done through a sale of the property by the enforcement authority (*Kronofogdemyndigheten*). This may in certain circumstances be time consuming and not achieve the best possible price for the property.

The pledge of a cooperative flat (*bostadsrätt*) is effected by a notification to the cooperative association that owns the building. There is thus a risk for fraud and mistakes in relation to the creation of the security. Under certain circumstances obligations owed by the association itself will rank ahead of the pledgee of a cooperative flat even if proper notification has been made. Following the enforcement of security over a cooperative flat, the cooperative association may, depending on the terms of its charter, have a right to refuse the new owner membership in the association and will have a right to require that the new owner settles any amounts owed to the association by the old owner.

In the event of insolvency of the housing cooperative, the property containing the cooperative flats may be sold by the enforcement authorities (*Kronofogdemyndigheten*) and the housing cooperative will be dissolved. The Issuer will not have any rights to refuse such sale. In accordance with the Swedish Cooperatives Act (*bostadsrättslagen*)
(1991:614)), the apartments will be transformed into apartments with tenancy rights only and the Issuer loses its priority of interest when the property has been sold.

2.3 Risks relating to the Issuer

The Issuer has been and will continue to be controlled by one shareholder, whose interest may conflict with those of the Noteholders

SHPAB owns 100 per cent of the shares in the Issuer and will continue to retain this stake. SHPAB will have the power to control most matters to be decided by vote at a shareholder’s meeting. Such matters include the election of directors.

Reliance on third parties

The Issuer is party to contracts with a number of third parties who have agreed to perform services in relation to the Issuer, the Portfolio and the Notes. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, the value of the Notes may be adversely affected.

Limited resources

The Issuer is a special purpose company with no business operations other than holding the Portfolio and issuing, and making payments on, the Notes. The ability of the Issuer to meet its obligations in full in respect of payments of interest and principal on the Notes and its other costs and expenses, including following the occurrence of any Event of Default, will depend upon and is limited to:

(a) the receipt of funds from the Portfolio to the Collection Account; and

(b) the receipt of Subordinated Loans.

Other than the foregoing and the related security therefore, the Issuer is not expected to have any funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or pari passu with, the Notes.

Credit risk

The Issuer’s entire business is to hold the Portfolio and issue, and make payments on, the Notes. The business risk principally pertains to credit risks on the Borrowers. Since the property of the Borrower acts as Collateral, a negative development on the property and cooperative flats market in combination with a long period of time with very high interest rates and very low repayment rates may adversely affect the value of the Collateral and therefore the Issuer’s business risk.

Tax and VAT

It is not expected that the Issuer will have more than an insignificant amount of taxable profit before the Rated Principal Amount has been repaid in full. Should the Issuer have any taxable profit, SHPAB is responsible for any tax imposed on the Issuer. If the Issuer incurs tax liabilities that are not met by SHPAB, the Issuer may be unable to pay such taxes itself, which could result in an Event of Default under the Terms and Conditions.
The Issuer will be included in a VAT group with SHPAB and thus services provided by SHPAB to the Issuer should not be subject to VAT. As a result of joining a VAT group, the Issuer will be jointly and severally liable for any VAT that needs to be accounted for by any member of the group. Administrative services provided by third party suppliers may be subject to 25 per cent of VAT unless covered by an exemption or if the agreed fees are inclusive of any VAT.

**Legal and regulatory risks**

Both SHPAB and the Issuer are registered with, but not supervised by, the Swedish Financial Supervisory Authority (*Finansinspektionen*) and obliged to follow relevant laws and regulations for their respective businesses. No assurance can be given that the changes in legislation or regulation will not adversely affect the ability of the Issuer to make payments to the Noteholders.
3. Responsibility statement

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information, relating to the Issuer, contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Stockholm, 16 August 2010

Svensk Hypotekspension Fond 1 AB (publ)

The Board of Directors
4. The Issuer

4.1 Establishment, duration and domicile

The Issuer under the registered name Svensk Hypotekspension Fond 1 AB (publ) was established on 24 June 2009 as a public limited liability company (publikt aktiebolag) under the laws of Sweden. The incorporation was registered on 10 September 2009.

The corporate registration number of the Issuer is 556788-8218 and the seat of the Board of Directors is Stockholm, Sweden. The registered address of the Issuer is Svensk Hypotekspension Fond 1 AB, c/o Svensk Hypotekspension AB, Medborgarplatsen 3, 118 72 Stockholm, Sweden. The Issuer’s telephone number is +46-8-586 160 08. The Issuer is registered as a financial institute (finansiellt institut) with the Swedish Financial Supervisory Authority (Finansinspektionen), but not under its supervision.

4.2 Share capital

The share capital of the Issuer amounts to SEK 500,000 and is divided into 5,000 shares, each with a quota value of SEK 100. The share capital is fully paid. The Issuer has only one class of shares, and all shares carry equal votes at its general meetings.

4.3 Business overview

The Issuer is a special purpose company created for the sole purpose of holding the Portfolio and issuing, and making payments on, the mortgage backed Notes. The Issuer shall not enter into any agreements or commitments not contemplated in the Transaction Documents and shall not have any employees.

The payment obligations of the Issuer under the Transaction Documents are based on a pass-through structure to minimise the risk for any liquidity miss-match. Clauses 10.2 and 10.3 of the Terms and Conditions stipulate the order in which payments are made to different parties. The agreements with the different parties entitled to payments from the Issuer contain provisions to the effect that the payment obligation of the Issuer shall be deferred if there are insufficient funds available for the payment. The Terms and Conditions also contain specific provisions to the effect that payments to the Noteholders will only have to be made from amounts available after higher ranking creditors have been paid, see further Clause 2.4 of the Terms and Conditions. There is consequently limited need for liquidity support and the only liquidity support available to the Issuer is the Minimum Reserve Amount retained on the Collection Account.

The Issuer shall obtain, maintain and comply with the terms of any authorisation, approval, licence etc. required for the conduct of its business. In addition, the Issuer shall comply with the terms of the Transaction Documents as well as all applicable laws and regulations.

4.4 Tax position

The Issuer is liable to pay income tax on any profit incurred (currently at a rate of 26.3 per cent). Profit for tax purposes is based on the accounting of the Issuer with certain modifications.
Taking into account the ongoing tax-deductible costs for the Issuer, it is not expected that the Issuer will have more than an insignificant amount of taxable profit before the Rated Principal Amount has been repaid in full. Should the Issuer nevertheless have any taxable profit, the Shareholder is under an obligation to neutralise any tax imposed on the Issuer by means of group contributions (koncernbidrag) or fund the payment of such taxes under the Subordinated Loan Agreement or by way of shareholder’s contribution (aktieägartillskott).

The Issuer will be included in a VAT group with SHPAB and thus services provided by SHPAB to the Issuer should not be subject to VAT. As a result of joining a VAT group, the Issuer will be jointly and severally liable for any VAT that needs to be accounted for by any member of the group but it is expected that there will be no output VAT for the Group, save for VAT on administrative services provided by third parties resident in EU countries other than Sweden. Administrative services provided by third party suppliers may be subject to 25 per cent of VAT unless covered by an exemption or if the agreed fees are inclusive of any VAT.

4.5 Historical financial information

The Issuer has not since the date of its incorporation commenced operations and no financial statements have been made or audited as at the date of this Prospectus.

4.6 Ownership

The Issuer is 100 per cent owned by SHPAB, as described in section 5.1 “Svensk Hypotekspension AB”.

SHPAB exercises its control over the Issuer in accordance with applicable law, regulations, the Issuer’s Articles of Association and the Transaction Documents. The Issuer must not make any dividends on shares, repurchase its own shares, repay share capital or other restricted equity with repayment to shareholders or make other similar distributions except as permitted by the Terms and Conditions. Although this will limit the risk of any abuse by SHPAB’s control over the Issuer, such risks are not completely eliminated.

4.7 The Issuer’s Board of Directors and Management

Erik Åsbrink, Chairman of the Board of Directors

c/o Svensk Hypotekspension AB
Medborgarplatsen 3
118 72 Stockholm
Sweden
Other principal activities performed by Erik Åsbrink outside the Issuer:

- Svensk Hypotekspension AB, *Chairman of the Board of Directors*.
- Svensk Hypotekspension Fond 2 AB, *Chairman of the Board of Directors*.
- Alecta, *Chairman of the Board of Directors*.
- Stockholm School of Economics, *Chairman of the Board of Directors*.
- Nordic Investment Bank, *Member of the Board of Directors*.
- Wallenstam AB, *Member of the Board of Directors*.

Holdings in SHPAB:

35,186 shares representing 0.45 per cent of the votes and 0.45 per cent of the share capital, 30,000 warrants and 50 convertibles (all held indirectly).

**Lennart Grabe, Member of the Board of Directors**

c/o Svensk Hypotekspension AB  
Medborgarplatsen 3  
118 72 Stockholm  
Sweden

Other principal activities performed by Lennart Grabe outside the Issuer:

- Svensk Hypotekspension AB, *Member of the Board of Directors and Managing Director (CEO)*.
- Svensk Hypotekspension Fond 2 AB, *Member of the Board of Directors and Managing Director (CEO)*.
- Comintelli AB, *Member of the Board of Directors*.

Holdings in SHPAB:

1,057,953 shares representing 13.64 per cent of the votes and 13.64 per cent of the share capital, 41,765 warrants and 50 convertibles.

**Tomas Huuva, Member of the Board of Directors and Managing Director**

c/o Svensk Hypotekspension AB  
Medborgarplatsen 3  
118 72 Stockholm  
Sweden

Other principal activities performed by Tomas Huuva outside the Issuer:

- Svensk Hypotekspension AB, *CFO*.
- Svensk Hypotekspension Fond 2 AB, *Member of the Board of Directors*.

Holdings in SHPAB:

0 shares representing 0 per cent of the votes, and 0 per cent of the share capital, 30,000 warrants and 0 convertibles (warrants held indirectly).
4.8 Independent auditor

Öhrlings PricewaterhouseCoopers AB, represented by the certified accountant (auktoriserade revisorn) Anna Hesselman.

113 97 Stockholm
Sweden

The auditor has not made an independent review of this Prospectus.

4.9 Legal and arbitrational proceedings

The Issuer is not involved in, nor has it during a period of the last 12 months been involved in, any governmental, legal or arbitrational proceedings which may have, or have had, significant effects on the Issuer’s financial position or profitability. As far as the Issuer is aware, neither is any such proceeding pending or threatening.

4.10 Documents on display

The Issuer’s Articles of Association, as well as the Transaction Documents in their entirety may be inspected at the Issuer’s registered address during usual business hours. The same applies to SHPAB’s three most recent annual reports, which also may be obtained from the Swedish Companies Registration Office (Bolagsverket).

4.11 Expected capitalisation and indebtedness

The expected capitalisation and indebtedness of the Issuer as at the date of this Prospectus, adjusted to take account of the Notes and the Subordinated Loans, is set out in the table below. The actual capitalisation and indebtedness will depend of a number of adjustments and determinations as described elsewhere in this Prospectus.

<table>
<thead>
<tr>
<th>Share capital</th>
<th>Loan capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000 ordinary shares of SEK 100 each SEK 500,000</td>
<td>Class A1a Floating Rate Notes and Class A1b Fixed Rate Notes SEK 900,000,000</td>
</tr>
<tr>
<td></td>
<td>Subordinated Loans provided by SHPAB  SEK 20,000,000</td>
</tr>
<tr>
<td><strong>Expected total capitalisation and indebtedness</strong></td>
<td><strong>SEK 920,500,000</strong></td>
</tr>
</tbody>
</table>
5. Parties involved

This section provides a short overview as to who the primary parties described in this Prospectus are and of what their assignments or duties consist. The Issuer is described under section 4 “The Issuer”.

5.1 Svensk Hypotekspension AB

Svensk Hypotekspension AB, a private limited liability company (privat aktiebolag) with corporate Reg. No. 556630-4985, established on 21 May 2002 and registered on 5 August 2002 under the laws of Sweden, has its registered office at Medborgarplatsen 3, 118 72 Stockholm, Sweden. SHPAB is registered as a financial institute (finansiellt institut) with the Swedish Financial Supervisory Authority (Finansinspektionen), but not under its supervision.

SHPAB is in the business of providing equity release loans to the consumer market in Sweden. SHPAB’s Board of Directors consists of Erik Åsbrink, chairman, Lennart Grabe, managing director (CEO), Peter Voors, Fredrik Ramberg, Inger Savén and Stefan Källström, (deputy). SHPAB is the parent company of the Issuer, the Originator of the Promissory Notes in the Portfolio, the seller pursuant to the Mortgage Sale Agreement, the Licensor pursuant to the Licence Agreement, as well as the Manager pursuant to the Management Agreement and the Servicer pursuant to the Servicing Agreement.

SHPAB’s share capital amounts to SEK 775,884 divided into 7,758,840 ordinary shares, each with a quota value of SEK 0.10. The 14 largest shareholders in SHPAB are set out in the following table.
<table>
<thead>
<tr>
<th>Shareholder</th>
<th>No. of shares and votes</th>
<th>% of total No. of shares and votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Lennart Grabe</td>
<td>1,057,953</td>
<td>13.64</td>
</tr>
<tr>
<td>2 Peter Voors / Voors &amp; Co AB</td>
<td>787,500</td>
<td>10.15</td>
</tr>
<tr>
<td>3 Peter Thurell / Item Development AB</td>
<td>777,413</td>
<td>10.02</td>
</tr>
<tr>
<td>4 Robert af Jochnich / Truchot Direct Investment AB</td>
<td>640,884</td>
<td>8.26</td>
</tr>
<tr>
<td>5 Ramberg Invest AB (Fredrik Ramberg)</td>
<td>588,227</td>
<td>7.58</td>
</tr>
<tr>
<td>6 Hans Stählgren</td>
<td>380,264</td>
<td>4.90</td>
</tr>
<tr>
<td>7 Inger Savén</td>
<td>371,483</td>
<td>4.79</td>
</tr>
<tr>
<td>8 Exidian AB (Dag Bjurström)</td>
<td>353,733</td>
<td>4.56</td>
</tr>
<tr>
<td>9 Mikael Gottschlich</td>
<td>300,000</td>
<td>3.87</td>
</tr>
<tr>
<td>10 Mikael Bile</td>
<td>285,500</td>
<td>3.68</td>
</tr>
<tr>
<td>11 Carl-Johan Bonnier</td>
<td>280,547</td>
<td>3.62</td>
</tr>
<tr>
<td>12 AB Mungo (Claes Dahlbück)</td>
<td>280,547</td>
<td>3.62</td>
</tr>
<tr>
<td>13 Ramsbury Invest AB (Stefan Persson)</td>
<td>280,547</td>
<td>3.62</td>
</tr>
<tr>
<td>14 Olof Stenhammar / Basen AB</td>
<td>280,547</td>
<td>3.62</td>
</tr>
<tr>
<td><strong>Total 14 largest shareholders</strong></td>
<td><strong>6,665,145</strong></td>
<td><strong>85.93</strong></td>
</tr>
</tbody>
</table>

### 5.2 Barclays Capital, the investment bank division of Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from “Barclays Bank International Limited” to “Barclays Bank PLC”.

Barclays Bank PLC and its subsidiary undertakings (taken together, the “Barclays Group”) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group.

Barclays Capital will act as arranger of the Transaction.
5.3 CorpNordic Sweden AB

CorpNordic Sweden AB, a private limited liability company (privat aktiebolag) with corporate Reg. No. 556625-5476, incorporated under the laws of Sweden, has its registered office at P.O. Box 16285, 103 25 Stockholm, Sweden. CorpNordic is in the business of handling financial and other administration for companies and foundations. CorpNordic Sweden AB will act as Agent pursuant to the Agency Agreement.

5.4 Cerdo Bankpartner AB

Cerdo Bankpartner AB, a private limited liability company (privat aktiebolag) with corporate Reg. No. 556552-3585, incorporated under the laws of Sweden, has its registered office at P.O. Box 663, 251 06 Helsingborg, Sweden. Cerdo Bankpartner AB is in the business of providing standardised services, processes and system support for the banking and finance market. Cerdo Bankpartner AB will act as Custodian pursuant to the Custody Agreement, Standby Manager pursuant to the Standby Management Agreement, sub-servicer (at present) and First Standby Servicer pursuant to the First Standby Servicing Agreement.

5.5 Emric Finance Process Outsourcing AB

Emric Finance Process Outsourcing AB, a private limited liability company (privat aktiebolag) with corporate Reg. No. 556570-6958, incorporated under the laws of Sweden, has its registered office at Kungsbron 2, 111 22 Stockholm, Sweden. Emric Finance Process Outsourcing AB offer banks and creditors enterprise competence, outsourcing and system support in respect of the various steps during the credit process. Emric Finance Process Outsourcing AB will act as Second Standby Servicer pursuant to the Second Standby Servicing Agreement.

5.6 DnB NOR Bank ASA, Norge, filial Sverige

DnB NOR Bank ASA, Norge, filial Sverige with corporate Reg. No. 516406-0161, a Norwegian limited liability company represented by its Swedish branch, has its registered office at 105 88 Stockholm, Sweden. DnB NOR Bank ASA, Norge, filial Sverige is in the business of banking and will act as Account Bank pursuant to the Bank Account Agreement as well as Issuing Agent in respect of the Notes.
6. The Portfolio

On the Issue Date the mortgages backing the issue of the Notes, taking into account the Minimum Reserve Amount and the Further Advance Reserve, are expected to have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes. However, regard should be had both to the characteristics of the Portfolio and the other assets available to the Issuer and the risks to which they may be exposed. Investors should consider the detailed information set out elsewhere in this document, including without limitation under section 2 “Risk factors” and section 9 “Security structure”.

6.1 General introduction

SHPAB first launched its equity release products in September 2005 and as at 31 March 2010, 2,141 Promissory Notes were outstanding with an aggregate outstanding balance of approximately SEK 919,000,000. The Promissory Notes included in the Portfolio are governed by the laws of Sweden. The Portfolio is to be transferred to the Issuer on the terms set out in the Mortgage Sale Agreement. Since 31 March 2010, outstanding principal balances in respect of the Promissory Notes comprising the Portfolio have continued and will continue to accrue interest, be subject to repayments of principal and interest, and, at the Issue Date, the aggregate outstanding balance in respect of the Promissory Notes will not exceed SEK 900,000,000. At the 31 March 2010, the weighted average loan-to-value ratio of the aggregated Promissory Notes in the Portfolio was 29.2 per cent, with the loan-to-value of each Promissory Note calculated by dividing the amount of the outstanding balance of such Promissory Note by the Property Value on which the Promissory Note is secured as at the date of the last advance to the Borrower (either the original advance or a subsequent Further Advance).

An equity release mortgage allows the Borrower to monetise a proportion of the value of his or her residential property. The target group for this product is pensioners with a relatively low pension but with a substantial value tied up in residential property. Since there are no payments by the Borrower required (other than a yearly fee of SEK 100), the amounts borrowed will increase the spending power of the Borrower, without any need to make future regular interest payments and repayments of principal from the available pension. The loan-to-value ratio lending criteria applied by SHPAB (see section 6.5 “Lending criteria for Promissory Notes the Portfolio”) depend on the age of the Borrower and have been set so that the value of the Collateral should be sufficient to repay the loan, including capitalised interest, also in a scenario where the interest rate remains high for a long period of time and the Borrower continues to live on the property to a very old age. This means that it is not feasible to offer the product to a Borrower who has not reached a certain age, since the loan-to-value ratio would then be very low. For this reason the product has not been offered to Borrowers below the age of 60.

Each Promissory Note in the Portfolio is documented as such and secured by mortgage certificate(s) (pantbrev) over real estate or by a pledge of rights to a cooperative flat (bostadsrätt). Approximately 26 per cent of the number of Promissory Notes and 37 per cent of the outstanding balance are secured by mortgage certificates, and 74 per cent of the number of Promissory Notes and 63 per cent of the outstanding balance by pledges of rights to cooperative flats. Each mortgage certificate over real estate and pledges of rights to cooperative flats is granted by way of security for the repayment of all amounts
outstanding under the Promissory Note including principal, accrued interest and any fees and expenses.

For a description of the conditions which a loan must meet prior to its origination, see section 6.5 “Lending criteria for Promissory Notes in the Portfolio” below.

6.2 Representations and warranties

Pursuant to the Mortgage Sale Agreement, SHPAB will make certain representations and warranties in respect of the Portfolio. These will in summary include, but are not limited to, the following:

(a) **Ownership**: on the Issue Date immediately before the sale of the Portfolio, SHPAB is the sole legal owner of the Portfolio and is entitled to sell the Portfolio and no creditor of SHPAB will, after completion of the transactions contemplated in the Mortgage Sale Agreement, have any rights with respect to (and as against the holder of) the Promissory Notes in the Portfolio;

(b) **Promissory Notes**: the Promissory Notes and the Collateral are deposited with Cerdo Bankpartner AB as Custodian;

(c) **Encumbrances**: the Portfolio is sold to the Issuer free and clear of any liens, security or encumbrances; and

(d) **Eligibility Criteria**: each Promissory Note in the Portfolio complies with the Eligibility Criteria.

“Eligibility Criteria” shall mean that on the Issue Date each Promissory Note in the Portfolio complies with the following:

(a) **Terms and interest**: the Promissory Note has been granted substantially on the terms set out in a standardised borrower document and carries interest at STIBOR 3 months plus 3.10 per cent per annum;

(b) **Documentation**: the Promissory Note and the related Collateral are documented substantially in the form of a standard document used by SHPAB;

(c) **Collateral**: the Promissory Note is secured by mortgage certificate(s) (pantbrev) over real estate or by a pledge of rights in a cooperative flat (bostadsrätt), in either case owned by the Borrower;

(d) **Loan-to-value**: at the time of the last origination the outstanding amount of principal and capitalised interest for the loan did not exceed a loan-to-value ratio depending on the age of the Borrower (or in case of more than one Borrower, the youngest Borrower), ranging from 15 per cent of the Property Value for a 60-year old and increasing 1 per cent per year up to a maximum of 45 per cent of the Property Value for a 90-year old (or older);

(e) **Property**: the property (in case of real estate with a building larger than 40 square metre with installed running water and drain) has been inspected by Anticimex at the time when the initial loan was granted, and the Borrower
has entered into a service contract with Anticimex for future inspections of such property every fourth year;

(f) **Credit Policy:** the Promissory Note meets the other relevant criteria and has been serviced in compliance with the Credit Policy and no amendments or waivers have been given except in accordance with the Credit Policy;

(g) **No material breach:** there is no overdue payment by the Borrower outstanding under the Promissory Note and SHPAB is not aware of any other material breach by the Borrower of the terms;

(h) **No litigation:** SHPAB has not received written notice of any material litigation or claim by the Borrower relating to such Promissory Note or the related Collateral or to SHPAB’s ability to enforce the terms of the Promissory Note and the related documents;

(i) **No misrepresentation:** SHPAB is not aware of any fraud, misrepresentation or concealment in relation to the Promissory Note by the Borrower or any third party;

(j) **Borrower:** the Borrower is a natural person and not, at the time of origination of the Promissory Note, an employee of SHPAB or a member of the Group;

(k) **Originals:** the Custodian has in its possession or under its control the original Promissory Note, any security document(s) and any mortgage certificate(s);

(l) **Valid and binding:** the Promissory Note and the documents pertaining to the relevant Collateral have been duly executed and constitute legal, valid, binding and enforceable obligations (subject to bankruptcy, reorganisation, insolvency and other laws affecting the rights of creditors generally);

(m) **Currency:** the Promissory Note is denominated and payable in Swedish kronor;

(n) **Assignability:** the Promissory Note can be freely and validly transferred by way of a sale, without any requirement to obtain consent from the Borrower;

(o) **Set-off:** SHPAB is not aware of any circumstances which would give rise to any right of set-off, withholding, suspension, counterclaim, defence or deduction by the Borrower in respect of the Promissory Note;

(p) **Books and records:** SHPAB and the Custodian on behalf of SHPAB have kept full and proper accounts, books and records showing all material transactions, payments, receipts and proceedings relating to the Promissory Note and the Collateral; and

(q) **Compliance with laws:** the terms of the Promissory Note and the Collateral comply with the Consumer Credit Act (konsumentkreditlagen 1992:830) and other similar regulation under Swedish law including the rules and regulations of the Swedish Financial Supervisory Authority (Finansinspektionen).
6.3 Characteristics of the Promissory Notes in the Portfolio

No principal or interest is payable by the Borrower to the lender so long as the Promissory Note is outstanding. Thus, each Promissory Note is a reverse mortgage, also known as equity release mortgage. The Promissory Notes are granted at a fixed interest rate at STIBOR 3 months plus 3.10 per cent per annum. In addition, the Borrowers pays SHPAB an administrative fee at SEK 100 per annum.

The interest in respect of the Promissory Notes is accrued and compounded at the end of each calendar quarter. Interest is calculated as a percentage of the outstanding principal amount of the Promissory Note and is compounded with the principal amount outstanding.

A Promissory Note may be prepaid free of charge by the Borrower at any time but, other than following the occurrence of an event of default in respect of a Promissory Note, a Promissory Note is only required to be repaid following:

(a) the death of the Borrower;
(b) the Borrower permanently entering into long term care;
(c) the Borrower for any other reason permanently moves from the property; and
(d) the Borrower divests or otherwise transfers the collateralised property.

Hence, the Promissory Notes have an indefinite maturity date. Typically a Promissory Note will be repaid, together with accrued interest and any applicable fees, by a Borrower by applying the proceeds of the sale of the property. Interest continues to accrue on each Promissory Note until repaid in full.

The lender is entitled to terminate a Promissory Note in advance if one of the following events of default occurs in respect of a Promissory Note:

(a) the Borrower is more than one month in arrears in payment of an amount exceeding ten per cent of the outstanding debt;
(b) the Borrower is more than one month in arrears in payment of an amount exceeding five per cent of the outstanding debt and the arrear relates to two or more payments with different due dates;
(c) the Borrower in any other way is in material default in payment;
(d) security for the promissory note has materially deteriorated; or
(e) it is evident that the Borrower by absconding, disposing of the property or in any other way tries to avoid responsibility for his or her outstanding debt.

Under the Servicing Agreement, limited amendments in respect of Promissory Notes, which are not detrimental to the interest of the Issuer or the Secured Parties may be agreed by the Servicer without the consent of the Agent, provided that in respect of each such amendment:
(a) the amendment does not reduce the amount owing or interest charged under the Promissory Notes;

(b) a deferral of repayment may not be agreed for more than six months;

(c) the amendment cannot be expected to have a negative effect on the Transaction Security;

(d) the amendment would not constitute a breach of the Collection Policy or the Credit Policy;

(e) the amendment would not cause the Promissory Note, as amended, to be in breach of any Eligibility Criteria; and

(f) the amendment is documented and such document is delivered without delay to, and kept by, the Custodian in accordance with the terms of the Custody Agreement and the other Transaction Documents.

6.4 The No-Negative-Equity Guarantee

Each of the Promissory Notes in the Portfolio incorporates the No-Negative-Equity Guarantee. The effect of the No-Negative-Equity Guarantee is that neither the Borrower nor his or her estate is liable for debt under the Promissory Note which exceeds the sales proceeds (less customary sales fees) from the property, provided it is sold by an approved independent real estate broker. A requirement under the No-Negative-Equity Guarantee is that the sale of the property is accepted by the Issuer which has the right to require a new sale. Moreover, the No-Negative-Equity Guarantee is not applicable if the Borrower is in breach of the terms and conditions of the Promissory Note, having a material adverse effect on the value of the property, see section 2.2 “Risk factors – Risks relating to the Portfolio – No-Negative-Equity Guarantee”.

6.5 Lending criteria for Promissory Notes in the Portfolio

The following is a summary of the lending criteria as set out in the Credit Policy, that were applied by SHPAB when originating the Promissory Notes in the Portfolio.

6.5.1 Property

The underlying Collateral must be either real estate or a cooperative flat used as first home or, subject to individual examination and assessment on a case by case basis, real estate or a cooperative flat used as second home.

The Borrower is obliged to keep the property with a home insurance or equivalent provided by an insurance company approved by the Issuer. Moreover, if the property is real estate the Borrower must enter into a so-called security agreement with Anticimex, or the equivalent, in respect of dry root fungus and regular inspections of the property. Prior to a credit decision relating to real estate (with a building larger than 40 square metre with installed running water and drain), Anticimex must perform an inspection of the real estate. A special contract has been established with Anticimex for this purpose. Only real estate that, according to Anticimex’s assessment, is in good condition and of conventional construction is accepted.
The property must be located in Sweden in an area in which conditions are deemed favourable for enabling the property to retain its real value. These main target areas are in Stockholm, Gothenburg, Malmö and the surrounding areas. The areas follow the county lines and include the counties of Stockholm, Uppsala, Södermanland, Västra Götaland, Halland and Skåne. The minimum market value for real estate or cooperative flat must be SEK 500,000. In other parts of Sweden, real estate and cooperative flats will only be considered if the prerequisites following individual examination and assessment on a case by case basis by SHPAB are considered favourable for enabling the property to retain its real value over time and subject to the condition that historical transactions of similar properties have taken place in geographically adjacent areas.

Second homes may be accepted only after an individual examination and assessment on a case by case basis against the criteria applying for first homes in the main target areas set out above. The minimum market value for second homes is also SEK 500,000.

6.5.2 Borrowers

A Borrower must be aged 60 or over in order to be granted a loan and identification with an approved identity document is needed. SHPAB does not permit anyone other than the Borrower personally to sign Promissory Note related documents. Credit information is obtained for the Borrower. If both spouses or cohabitees according to the Cohabite Act (sambolagen (2003:376)) are specified as Borrowers, the loan is calculated based on the age of the youngest Borrower. If only one of the spouses or cohabitees is specified as Borrower, the age of the youngest spouse or cohabitee is nevertheless used for calculation, unless otherwise agreed.

A substitution of Borrower may be accepted by the Servicer, provided that the Agent gives its consent thereto. The Agent may, without consulting the Noteholders, give its consent for a substitution of Borrower if the substitution is in compliance with the Credit Policy, the Promissory Note would immediately after the substitution meet the Eligibility Criteria, no Event of Default is continuing and the Agent does not have reason to believe that the substitution would be prejudicial to the interest of the Secured Parties.
6.5.3 The Promissory Note

The minimum amount of a Promissory Note is SEK 100,000 and the maximum amount is SEK 3,000,000, although the maximum amount for properties outside the main target area, as set out above, is SEK 2,000,000. Further Advances, subject to section 6.7 “Further Advances”, can be granted within the limits set out below. However, each Further Advance must be at least SEK 50,000. The table below shows the maximum loan-to-value ratio applicable to a Borrower at each age, calculated by dividing the amount of the outstanding balance of such Promissory Note by the Property Value on which the Promissory Note is secured as at the date on which it is originated or a Further Advance is made.

<table>
<thead>
<tr>
<th>Age of the Borrower</th>
<th>Maximum loan-to-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>15%</td>
</tr>
<tr>
<td>61</td>
<td>16%</td>
</tr>
<tr>
<td>62</td>
<td>17%</td>
</tr>
<tr>
<td>63</td>
<td>18%</td>
</tr>
<tr>
<td>64</td>
<td>19%</td>
</tr>
<tr>
<td>65</td>
<td>20%</td>
</tr>
<tr>
<td>66</td>
<td>21%</td>
</tr>
<tr>
<td>67</td>
<td>22%</td>
</tr>
<tr>
<td>68</td>
<td>23%</td>
</tr>
<tr>
<td>69</td>
<td>24%</td>
</tr>
<tr>
<td>70</td>
<td>25%</td>
</tr>
<tr>
<td>71</td>
<td>26%</td>
</tr>
<tr>
<td>72</td>
<td>27%</td>
</tr>
<tr>
<td>73</td>
<td>28%</td>
</tr>
<tr>
<td>74</td>
<td>29%</td>
</tr>
<tr>
<td>75</td>
<td>30%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age of the Borrower</th>
<th>Maximum loan-to-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>76</td>
<td>31%</td>
</tr>
<tr>
<td>77</td>
<td>32%</td>
</tr>
<tr>
<td>78</td>
<td>33%</td>
</tr>
<tr>
<td>79</td>
<td>34%</td>
</tr>
<tr>
<td>80</td>
<td>35%</td>
</tr>
<tr>
<td>81</td>
<td>36%</td>
</tr>
<tr>
<td>82</td>
<td>37%</td>
</tr>
<tr>
<td>83</td>
<td>38%</td>
</tr>
<tr>
<td>84</td>
<td>39%</td>
</tr>
<tr>
<td>85</td>
<td>40%</td>
</tr>
<tr>
<td>86</td>
<td>41%</td>
</tr>
<tr>
<td>87</td>
<td>42%</td>
</tr>
<tr>
<td>88</td>
<td>43%</td>
</tr>
<tr>
<td>89</td>
<td>44%</td>
</tr>
<tr>
<td>90</td>
<td>45%</td>
</tr>
</tbody>
</table>

6.5.4 Collateral

The Promissory Notes must be secured by one or several mortgage certificates over real estate or pledges of rights to cooperative flats. The Collateral shall be first-ranking, and no other security over the pledged property is permitted.

The Swedish term for “real estate” does not only include a house, but also the land on which the house sits. References made in respect of real estate in this Prospectus hence include both land and house. Ownership of “cooperative flats” on the other hand, means a right to dispose over a certain apartment owned by a cooperative flat association in which the owner is a member. References made in respect of cooperative flats in this Prospectus shall therefore have this meaning, while the word “property” refers to both real estate and cooperative flats.

The nominal amount of the mortgage certificate(s) pledged in respect of real estate shall at all times correspond to at least 110 per cent of the outstanding debt under the Promissory Note. Initially, mortgage certificates are obtained so that the Collateral corresponds to the estimated debt ten years after the date of originating the Promissory Note, calculated at the interest rate on that date. Each time the debt increases to a level such that the above limit is reached, the Issuer is entitled, through a specially formulated
power of attorney issued on the origination date, to apply for new mortgage certificates over the real estate for the estimated increase in debt over the coming three years. Costs for this will be added to the debt, unless otherwise agreed. For cooperative flats, a general unlimited first priority pledge will be obtained.

A substitution of Collateral may be accepted by the Servicer, provided that the Agent gives its consent thereto. The Agent may, without consulting the Noteholders, give its consent for a substitution of Collateral if the substitution is in compliance with the Credit Policy, the Promissory Note would immediately after the substitution meet the Eligibility Criteria, no Event of Default is continuing and the Agent does not have reason to believe that the substitution would be prejudicial to the interest of the Secured Parties.

6.6 Servicing of the Portfolio

SHPAB will continue to service the Portfolio and collect payments in its role as Servicer. Cerdo Bankpartner AB will act as sub-servicer to SHPAB (for the time being) for certain parts of the administrative tasks and as First Standby Servicer to replace the Servicer in certain circumstances constituting a breach of the Servicing Agreement. Emric Financing Process Outsourcing AB has agreed to take over the Servicer’s role if the appointment of Cerdo Bankpartner AB as Servicer is terminated or the appointment of SHPAB as Servicer is terminated and the First Standby Servicing Agreement has been terminated prior thereto or a termination event pursuant to the First Standby Servicing Agreement is continuing at such time.

6.7 Further Advances

The Issuer will hold the Advance Account which SHPAB initially funds with the Further Advance Reserve Amount of SEK 4,000,000 by way of a Subordinated Loan. Until the Further Advance Restriction Date (the earlier of (i) the date falling three years after the Issue Date, (ii) the date on which Further Advances in the aggregate amount of SEK 40,000,000 have been advanced or (iii) the date on which an Event of Default occurs), the Advance Account will, subject to available funds, be replenished on each Interest Payment Date in accordance with Clause 10.2 of the Terms and Conditions. The Issuer will be permitted until the Further Advance Restriction Date to use the funds standing to the credit of the Advance Account to make Further Advances up to a maximum aggregate amount of SEK 4,000,000 per Collection Period, provided that the Further Advances comply with the Eligibility Criteria and the Credit Policy. On the Further Advance Restriction Date, any amount standing to the credit of the Advance Account will be transferred to the Collection Account for distribution in accordance with Clause 10.2 of the Terms and Conditions. After the Further Advance Restriction Date, the Issuer will be permitted to make Further Advances, but only for the purpose of funding necessary repair work on properties comprising Collateral, which the Borrower owning the relevant property is, in the Servicer’s opinion, not able to fund itself, subject to and in accordance with Clause 9.2 of the Terms and Conditions. Such Further Advances shall not be funded by the Advance Account but instead be a Permitted Cost and hence funded as such.

When Further Advances are made in relation to a Promissory Note, it is documented as such and delivered to and kept by the Custodian.
6.8 Voluntary repurchases of Promissory Notes

SHPAB may, with the consent of the Issuer and the Agent, repurchase Promissory Notes included in the Portfolio. The Agent’s consent, granted in the Agent’s own discretion, is always required for a repurchase of a Promissory Note by the Issuer. The Agent may, without consulting the Noteholders, give its consent for a repurchase of a Promissory Note by SHPAB if the following conditions are met:

(a) such repurchase is made of a Promissory Note in respect of which the Issuer is unable to (i) provide a Further Advance, (ii) agree to a substitution of Borrower, (iii) agree to a substitution of Collateral (iv) agree to any other amendment of the terms, or (v) grant a waiver, in each case as requested by the relevant Borrower;

(b) the total number of Promissory Notes repurchased by SHPAB does not exceed forty during a period of twelve months;

(c) no Event of Default is continuing; and

(d) the Agent does not have reason to believe that the repurchase would be prejudicial to the interest of the Secured Parties.

The price payable for repurchased Promissory Notes shall equal to the outstanding principal amount of such Promissory Notes together with accrued interest and other amounts outstanding thereunder as at the date of the repurchase.
6.9 Provisional Portfolio profile

The following statistical analysis gives historical information on the provisional Portfolio as at 31 March 2010. All numbers refer to Swedish kronor.

6.9.1 Age groups

The table below shows the volume and outstanding balance of the Promissory Notes, measured by age group. Joint loans are grouped by the age of the younger Borrower.

<table>
<thead>
<tr>
<th>Age group</th>
<th>Outstanding balance</th>
<th>% of outstanding balance</th>
<th>No. of Promissory Notes</th>
<th>% of Promissory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 60</td>
<td>0</td>
<td>0.00%</td>
<td>0</td>
<td>0.00%</td>
</tr>
<tr>
<td>60-64</td>
<td>20,282,572</td>
<td>2.21%</td>
<td>68</td>
<td>3.18%</td>
</tr>
<tr>
<td>65-69</td>
<td>104,687,555</td>
<td>11.39%</td>
<td>290</td>
<td>13.55%</td>
</tr>
<tr>
<td>70-74</td>
<td>207,003,319</td>
<td>22.53%</td>
<td>543</td>
<td>25.36%</td>
</tr>
<tr>
<td>75-79</td>
<td>253,718,217</td>
<td>27.61%</td>
<td>558</td>
<td>26.06%</td>
</tr>
<tr>
<td>80-84</td>
<td>202,380,936</td>
<td>22.03%</td>
<td>434</td>
<td>20.27%</td>
</tr>
<tr>
<td>85+</td>
<td>121,462,081</td>
<td>13.22%</td>
<td>229</td>
<td>10.70%</td>
</tr>
<tr>
<td>Deceased</td>
<td>9,332,650</td>
<td>1.02%</td>
<td>19</td>
<td>0.89%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>918,867,330</td>
<td>100.00%</td>
<td>2,141</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
6.9.2 Date of origination

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the quarter in which they were originated.

<table>
<thead>
<tr>
<th>Quarter of origination</th>
<th>Outstanding balance</th>
<th>As at 31 March 2010</th>
<th>% of outstanding balance</th>
<th>No. of Promissory Notes</th>
<th>% of Promissory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2005</td>
<td>47,192,609</td>
<td>5.14%</td>
<td>84</td>
<td>3.92%</td>
<td></td>
</tr>
<tr>
<td>Q1 2006</td>
<td>52,994,423</td>
<td>5.77%</td>
<td>94</td>
<td>4.39%</td>
<td></td>
</tr>
<tr>
<td>Q2 2006</td>
<td>98,301,341</td>
<td>10.70%</td>
<td>215</td>
<td>10.04%</td>
<td></td>
</tr>
<tr>
<td>Q3 2006</td>
<td>67,537,760</td>
<td>7.35%</td>
<td>152</td>
<td>7.10%</td>
<td></td>
</tr>
<tr>
<td>Q4 2006</td>
<td>96,186,878</td>
<td>10.47%</td>
<td>212</td>
<td>9.90%</td>
<td></td>
</tr>
<tr>
<td>Q1 2007</td>
<td>52,962,674</td>
<td>5.76%</td>
<td>107</td>
<td>5.00%</td>
<td></td>
</tr>
<tr>
<td>Q2 2007</td>
<td>104,975,800</td>
<td>11.42%</td>
<td>274</td>
<td>12.80%</td>
<td></td>
</tr>
<tr>
<td>Q3 2007</td>
<td>62,862,855</td>
<td>6.84%</td>
<td>160</td>
<td>7.47%</td>
<td></td>
</tr>
<tr>
<td>Q4 2007</td>
<td>96,885,296</td>
<td>10.54%</td>
<td>246</td>
<td>11.49%</td>
<td></td>
</tr>
<tr>
<td>Q1 2008</td>
<td>63,263,822</td>
<td>6.88%</td>
<td>181</td>
<td>8.45%</td>
<td></td>
</tr>
<tr>
<td>Q2 2008</td>
<td>110,767,830</td>
<td>12.05%</td>
<td>256</td>
<td>11.96%</td>
<td></td>
</tr>
<tr>
<td>Q3 2008</td>
<td>38,389,361</td>
<td>4.18%</td>
<td>93</td>
<td>4.34%</td>
<td></td>
</tr>
<tr>
<td>Q4 2008</td>
<td>26,546,681</td>
<td>2.89%</td>
<td>67</td>
<td>3.13%</td>
<td></td>
</tr>
<tr>
<td>Grand Total</td>
<td>918,867,330</td>
<td>100.00%</td>
<td>2,141</td>
<td>100.00%</td>
<td></td>
</tr>
</tbody>
</table>
6.9.3 Gender of the Borrowers

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the gender of the Borrower(s).

<table>
<thead>
<tr>
<th>Gender Group</th>
<th>Outstanding Balance</th>
<th>% of Outstanding Balance</th>
<th>No. of Loans</th>
<th>% of Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>171,162,127</td>
<td>18.63%</td>
<td>404</td>
<td>18.87%</td>
</tr>
<tr>
<td>Female</td>
<td>394,040,599</td>
<td>42.88%</td>
<td>1,026</td>
<td>47.92%</td>
</tr>
<tr>
<td>Male/Female</td>
<td>340,774,801</td>
<td>37.09%</td>
<td>687</td>
<td>32.09%</td>
</tr>
<tr>
<td>Male/Male</td>
<td>611,254</td>
<td>0.07%</td>
<td>1</td>
<td>0.05%</td>
</tr>
<tr>
<td>Female/Female</td>
<td>2,945,899</td>
<td>0.32%</td>
<td>4</td>
<td>0.19%</td>
</tr>
<tr>
<td>Deceased</td>
<td>9,332,650</td>
<td>1.02%</td>
<td>19</td>
<td>0.89%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>918,867,330</td>
<td>100.00%</td>
<td>2,141</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

6.9.4 Loan-to-value

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by reference to the ratio (expressed as a percentage) calculated by dividing the amount of the outstanding balance of such Promissory Note by the Property Value on which the Promissory Note is secured as at the date on which it is granted. The Property Value is generally obtained from a physical inspection in respect of cooperative flats and a statistical valuation in respect of real estate prepared prior to the origination date of the relevant Promissory Note, and where a Further Advance has been made, at the time when the Further Advance was made.

<table>
<thead>
<tr>
<th>Loan-to-value band</th>
<th>Outstanding balance</th>
<th>% of outstanding balance</th>
<th>No. of Promissory Notes</th>
<th>% of Promissory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 19.99%</td>
<td>152,443,852</td>
<td>16.59%</td>
<td>544</td>
<td>25.41%</td>
</tr>
<tr>
<td>20 - 24.99%</td>
<td>155,603,089</td>
<td>16.96%</td>
<td>395</td>
<td>18.45%</td>
</tr>
<tr>
<td>25 - 34.99%</td>
<td>361,069,261</td>
<td>39.30%</td>
<td>796</td>
<td>37.18%</td>
</tr>
<tr>
<td>35 - 39.99%</td>
<td>139,789,000</td>
<td>15.21%</td>
<td>240</td>
<td>11.21%</td>
</tr>
<tr>
<td>40 - 44.99%</td>
<td>62,773,223</td>
<td>6.83%</td>
<td>108</td>
<td>5.04%</td>
</tr>
<tr>
<td>45+</td>
<td>47,188,905</td>
<td>5.14%</td>
<td>58</td>
<td>2.71%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>918,867,330</td>
<td>100.00%</td>
<td>2,141</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
6.9.5 Value of the property

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the Property Value on which the Promissory Note is secured at the time the Promissory Note was granted. The Property Value is generally obtained from a physical inspection in respect of cooperative flats and a statistical valuation in respect of real estate prepared prior to the origination date of the relevant Promissory Note, and where a Further Advance has been made, at the time when the Further Advance was made.

<table>
<thead>
<tr>
<th>Property value band</th>
<th>Outstanding balance</th>
<th>% of outstanding balance</th>
<th>No. of Promissory Notes</th>
<th>% of Promissory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 999,999</td>
<td>159,521,009</td>
<td>17.36%</td>
<td>744</td>
<td>34.75%</td>
</tr>
<tr>
<td>1,000,000 - 1,049,999</td>
<td>21,913,028</td>
<td>2.38%</td>
<td>83</td>
<td>3.88%</td>
</tr>
<tr>
<td>1,050,000 - 1,099,999</td>
<td>10,005,534</td>
<td>1.09%</td>
<td>35</td>
<td>1.63%</td>
</tr>
<tr>
<td>1,100,000 - 1,149,999</td>
<td>20,257,709</td>
<td>2.20%</td>
<td>70</td>
<td>3.27%</td>
</tr>
<tr>
<td>1,150,000 - 1,199,999</td>
<td>9,334,744</td>
<td>1.02%</td>
<td>31</td>
<td>1.45%</td>
</tr>
<tr>
<td>1,200,000 - 1,299,999</td>
<td>33,102,591</td>
<td>3.60%</td>
<td>97</td>
<td>4.53%</td>
</tr>
<tr>
<td>1,300,000 - 1,399,999</td>
<td>32,650,988</td>
<td>3.55%</td>
<td>94</td>
<td>4.39%</td>
</tr>
<tr>
<td>1,400,000 - 1,499,999</td>
<td>28,591,985</td>
<td>3.11%</td>
<td>76</td>
<td>3.55%</td>
</tr>
<tr>
<td>1,500,000 - 1,599,999</td>
<td>28,785,500</td>
<td>3.13%</td>
<td>76</td>
<td>3.55%</td>
</tr>
<tr>
<td>1,600,000 - 1,799,999</td>
<td>50,511,259</td>
<td>5.50%</td>
<td>117</td>
<td>5.46%</td>
</tr>
<tr>
<td>1,800,000 - 2,999,999</td>
<td>69,552,241</td>
<td>7.57%</td>
<td>142</td>
<td>6.63%</td>
</tr>
<tr>
<td>2,000,000 - 2,199,999</td>
<td>39,445,090</td>
<td>4.29%</td>
<td>76</td>
<td>3.55%</td>
</tr>
<tr>
<td>2,200,000 - 2,399,999</td>
<td>56,370,042</td>
<td>6.13%</td>
<td>101</td>
<td>4.72%</td>
</tr>
<tr>
<td>2,400,000 - 2,799,999</td>
<td>73,227,923</td>
<td>7.97%</td>
<td>116</td>
<td>5.42%</td>
</tr>
<tr>
<td>2,800,000 - 3,199,999</td>
<td>50,163,427</td>
<td>5.46%</td>
<td>68</td>
<td>3.18%</td>
</tr>
<tr>
<td>3,200,000 - 3,599,999</td>
<td>50,490,054</td>
<td>5.49%</td>
<td>55</td>
<td>2.57%</td>
</tr>
<tr>
<td>3,600,000 - 3,999,999</td>
<td>36,496,341</td>
<td>3.97%</td>
<td>39</td>
<td>1.82%</td>
</tr>
<tr>
<td>4,000,000+</td>
<td>148,447,865</td>
<td>16.16%</td>
<td>121</td>
<td>5.65%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>918,867,330</td>
<td>100.00%</td>
<td>2,141</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
### 6.9.6 Geographical location

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the region in Sweden in which the property is located on which the Promissory Note is secured.

<table>
<thead>
<tr>
<th>Province</th>
<th>Outstanding balance</th>
<th>% of outstanding balance</th>
<th>No. of Promissory Notes</th>
<th>% of Promissory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blekinge</td>
<td>4,070,586</td>
<td>0.44%</td>
<td>13</td>
<td>0.61%</td>
</tr>
<tr>
<td>Dalarna</td>
<td>786,195</td>
<td>0.09%</td>
<td>4</td>
<td>0.19%</td>
</tr>
<tr>
<td>Gävleborg</td>
<td>7,398,217</td>
<td>0.81%</td>
<td>24</td>
<td>1.12%</td>
</tr>
<tr>
<td>Gotland</td>
<td>5,720,649</td>
<td>0.62%</td>
<td>16</td>
<td>0.75%</td>
</tr>
<tr>
<td>Halland</td>
<td>19,027,998</td>
<td>2.07%</td>
<td>58</td>
<td>2.71%</td>
</tr>
<tr>
<td>Jönköping</td>
<td>3,244,168</td>
<td>0.35%</td>
<td>17</td>
<td>0.79%</td>
</tr>
<tr>
<td>Kalmar</td>
<td>2,284,498</td>
<td>0.25%</td>
<td>5</td>
<td>0.23%</td>
</tr>
<tr>
<td>Kronoberg</td>
<td>4,413,898</td>
<td>0.48%</td>
<td>15</td>
<td>0.70%</td>
</tr>
<tr>
<td>Örebro</td>
<td>2,099,566</td>
<td>0.23%</td>
<td>10</td>
<td>0.47%</td>
</tr>
<tr>
<td>Östergötland</td>
<td>13,725,257</td>
<td>1.49%</td>
<td>38</td>
<td>1.77%</td>
</tr>
<tr>
<td>Skåne</td>
<td>151,729,941</td>
<td>16.51%</td>
<td>448</td>
<td>20.92%</td>
</tr>
<tr>
<td>Södermanland</td>
<td>13,757,093</td>
<td>1.50%</td>
<td>43</td>
<td>2.01%</td>
</tr>
<tr>
<td>Stockholm</td>
<td>517,281,454</td>
<td>56.30%</td>
<td>977</td>
<td>45.63%</td>
</tr>
<tr>
<td>Uppsala</td>
<td>34,539,004</td>
<td>3.76%</td>
<td>100</td>
<td>4.67%</td>
</tr>
<tr>
<td>Värmland</td>
<td>5,374,217</td>
<td>0.58%</td>
<td>14</td>
<td>0.65%</td>
</tr>
<tr>
<td>Västerbotten</td>
<td>925,301</td>
<td>0.10%</td>
<td>3</td>
<td>0.14%</td>
</tr>
<tr>
<td>Västmanland</td>
<td>15,006,587</td>
<td>1.63%</td>
<td>45</td>
<td>2.10%</td>
</tr>
<tr>
<td>Västra Götaland</td>
<td>117,482,701</td>
<td>12.79%</td>
<td>311</td>
<td>14.53%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>918,867,330</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>2,141</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
### Promissory Notes in total

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the originated amount of the Promissory Note plus any subsequent Further Advances.

<table>
<thead>
<tr>
<th>Loan size band</th>
<th>Outstanding balance</th>
<th>% of outstanding balance</th>
<th>No. of Promissory Notes</th>
<th>% of Promissory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 149,999</td>
<td>37,763,290</td>
<td>4.11%</td>
<td>279</td>
<td>13.03%</td>
</tr>
<tr>
<td>150,000 – 199,999</td>
<td>61,717,886</td>
<td>6.72%</td>
<td>315</td>
<td>14.71%</td>
</tr>
<tr>
<td>200,000 – 249,999</td>
<td>86,473,274</td>
<td>9.41%</td>
<td>344</td>
<td>16.07%</td>
</tr>
<tr>
<td>250,000 – 299,999</td>
<td>62,947,946</td>
<td>6.85%</td>
<td>199</td>
<td>9.29%</td>
</tr>
<tr>
<td>300,000 – 349,999</td>
<td>83,095,902</td>
<td>9.04%</td>
<td>224</td>
<td>10.46%</td>
</tr>
<tr>
<td>350,000 – 449,999</td>
<td>112,143,964</td>
<td>12.20%</td>
<td>241</td>
<td>11.26%</td>
</tr>
<tr>
<td>450,000 – 549,999</td>
<td>103,252,568</td>
<td>11.24%</td>
<td>177</td>
<td>8.27%</td>
</tr>
<tr>
<td>550,000 – 649,999</td>
<td>65,469,692</td>
<td>7.13%</td>
<td>94</td>
<td>4.39%</td>
</tr>
<tr>
<td>650,000 – 749,999</td>
<td>65,691,716</td>
<td>7.15%</td>
<td>80</td>
<td>3.74%</td>
</tr>
<tr>
<td>750,000 – 899,999</td>
<td>58,639,052</td>
<td>6.38%</td>
<td>61</td>
<td>2.85%</td>
</tr>
<tr>
<td>900,000 - 1,049,999</td>
<td>61,367,868</td>
<td>6.68%</td>
<td>54</td>
<td>2.52%</td>
</tr>
<tr>
<td>1,050,000 - 1,199,999</td>
<td>24,541,115</td>
<td>2.67%</td>
<td>19</td>
<td>0.89%</td>
</tr>
<tr>
<td>1,200,000 - 1,349,999</td>
<td>32,298,793</td>
<td>3.52%</td>
<td>22</td>
<td>1.03%</td>
</tr>
<tr>
<td>1,350,000 - 1,599,999</td>
<td>32,041,975</td>
<td>3.49%</td>
<td>19</td>
<td>0.89%</td>
</tr>
<tr>
<td>1,600,000 - 1,849,999</td>
<td>6,400,492</td>
<td>0.70%</td>
<td>3</td>
<td>0.14%</td>
</tr>
<tr>
<td>1,850,000 - 2,099,999</td>
<td>11,471,126</td>
<td>1.25%</td>
<td>5</td>
<td>0.23%</td>
</tr>
<tr>
<td>2,100,000 - 2,349,999</td>
<td>7,745,280</td>
<td>0.84%</td>
<td>3</td>
<td>0.14%</td>
</tr>
<tr>
<td>2,350,000+</td>
<td>5,805,391</td>
<td>0.63%</td>
<td>2</td>
<td>0.09%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>918,867,330</td>
<td>100.00%</td>
<td>2,141</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
6.9.8 Promissory Notes by type of property

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the type of property on which each Promissory Note is secured.

<table>
<thead>
<tr>
<th>Property type</th>
<th>Outstanding balance</th>
<th>% of outstanding balance</th>
<th>No. of Promissory Notes</th>
<th>% of Promissory Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate as first or second home</td>
<td>338,924,108</td>
<td>36.88%</td>
<td>553</td>
<td>25.83%</td>
</tr>
<tr>
<td>Cooperative flats</td>
<td>579,943,222</td>
<td>63.12%</td>
<td>1,588</td>
<td>74.17%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>918,867,330</td>
<td>100.00%</td>
<td>2,141</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
7. The Notes

This section summarises, and is subject to, the detailed provisions of the Terms and Conditions attached as Appendix 1, and is not a complete description of the Notes. A decision to invest in the Notes must be based on an assessment of the Prospectus as a whole, including the Appendix and the documents incorporated by reference herein.

7.1 General description

The issue of the Notes was authorised by an extraordinary general meeting of the Issuer on 29 July 2010.

The aggregate amount of the Notes will be the lower of SEK 900,000,000 and the purchase price for the Portfolio under the Mortgage Sale Agreement, rounded down to the nearest SEK 1,000,000, of which the fixed interest rate Class A1b Notes represent a minimum of SEK 180,000,000 and a maximum of SEK 720,000,000 and the floating interest rate Class A1a Notes the remaining amount, being a minimum of 180,000,000 and a maximum of SEK 720,000,000. Each Note shall have an Initial Nominal Amount of SEK 1,000,000. Unless otherwise provided, the same terms and conditions govern the different classes of Notes.

The Notes constitute direct and secured obligations of the Issuer and shall at all times rank pari passu and without any preference among them. Each Note will be constituted by the Terms and Conditions which are governed by and construed in accordance with the laws of Sweden.

The Issuer will apply for listing of the Notes on the corporate bond list of the regulated market NASDAQ OMX Stockholm. Trading of the Notes is expected to commence on or about 10 September 2010. The expenses incurred in relation to the admission to trading is expected to total SEK 600,000.

All Notes will be registered in book-entry form on a VP Account on behalf of the Noteholders. Thus, no physical notes or certificates in respect of the Notes will be issued. Euroclear Sweden AB, corporate Reg. No. 556112-8074, with its registered address at Box 7822, 103 97, Stockholm, Sweden is central securities depositary. Registration requests relating to the Notes shall be directed to an account operator.

<table>
<thead>
<tr>
<th>Notes</th>
<th>ISIN</th>
<th>Common code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A1a Notes</td>
<td>SE0003428465</td>
<td>SHPF1A</td>
</tr>
<tr>
<td>Class A1b Notes</td>
<td>SE0003428457</td>
<td>SHPF1B</td>
</tr>
</tbody>
</table>

Security for the Notes is created pursuant to, and under the terms set out in the Promissory Notes Pledge Agreement, the Bank Account Pledge Agreement, the Share Pledge Agreement, the Subordinated Loan Pledge Agreement and the Intercreditor Agreement. Moreover, the structure is supported by the Minimum Reserve Amount, restrictions on distributions, a negative pledge provision, the Equity Account and a
financial indebtedness restriction pursuant to the Terms and Conditions. See section 9 “Security structure”.

7.2 Amount

The total loan amount under the Notes will be the lower of SEK 900,000,000 and the purchase price for the Portfolio under the Mortgage Sale Agreement, rounded down to the nearest SEK 1,000,000. The currency for the issue of the Notes is Swedish kronor (SEK). The Notes will be issued on a fully paid basis and at an issue price representing 100 per cent of the Initial Nominal Amount.

7.3 Use of issue proceeds

The Portfolio is currently funded by a warehouse facility provided by HSH Nordbank AG, Copenhagen Branch. At the Issue Date, the issue proceeds of the Notes will be applied by the Issuer to pay the purchase price under the Mortgage Sale Agreement, as described in section 10.1 “The Mortgage Sale Agreement”, and consequently primarily to repay the existing funding.

7.4 Issue and term

The Notes are expected to be issued on or about 31 August 2010. The Notes’ Final Redemption Date will be 45 years from the Issue Date, or such earlier day on which the Notes are to be repaid in full. There is no guarantee that any amounts will be paid before, on or after the date falling 45 years after the Issue Date.

7.5 Interest on the Notes and effective yield for the Noteholders

Fitch will present a presale report which will be published on Fitch Rating’s homepage www.fitchratings.com as well as distributed to investors, and is expected to assign the Notes an ‘AAsf’ rating. For information on Fitch’s rating scale, please refer to section 7.12 below “Fitch’s rating scale”.

As long as they are outstanding, the Class A1a Notes will carry interest at a floating interest rate of STIBOR 3 months plus 1.00 per cent per annum (the Floating Interest Rate). Until the sixth anniversary of the Issue Date (the Step-Up Date), the Class A1b Notes will carry interest at a fixed interest rate per annum equal to the average between the bid and offer rate for six-year interest swaps, as determined five Business Days before the Issue Date, (see definition of Fixed Base Rate 1 in the Terms and Conditions) plus 1.00 per cent. After the Step-Up Date, the Class A1b Notes will carry interest at a fixed interest rate per annum equal to the average between the bid and offer rate for 30-year interest swaps, adjusted for the interest rate applied before the Step-Up Date, as determined five Business Days before the Issue Date, (see definition of Fixed Base Rate 2 in the Terms and Conditions) plus 1.00 per cent. The Issuer’s obligation to pay interest in cash is conditional upon the Issuer having sufficient funds and will otherwise be rolled up and compounded. The only obligation to be rated by Fitch is the Issuer’s ability to ultimately pay interest (including compounded interest) at this level and to repay the Nominal Amount.

If the Notes are redeemed for any reason on or before the Step-Up Date, the Noteholders are entitled to an effective yield in respect of the Class A1a Notes of
STIBOR 3 months plus 1.80 per cent \textit{per annum} and in respect of the Class A1b Notes, of the Fixed Base Rate 1 plus 1.80 per cent \textit{per annum}. This yield will be calculated retroactively from the Issue Date and take into account the payments made by the Issuer in respect of the Notes prior to redemption. The amount payable by the Issuer in respect of each Note that is necessary to achieve this yield is referred to as the Early Redemption Amount.

If the Notes are redeemed for any reason at any time after the Step-Up Date, the Noteholders are entitled to an effective yield in respect of the Class A1a Notes of STIBOR 3 months plus 2.25 per cent \textit{per annum} and in respect of the Class A1b Notes, of the Fixed Base Rate 2 plus 2.25 per cent \textit{per annum}. This yield will be calculated retroactively from the Issue Date and take into account the payments made by the Issuer in respect of the Notes prior to redemption. The amount payable by the Issuer in respect of each Note that is necessary to achieve this yield is referred to as the Stepped-Up Redemption Amount.

The Early Redemption Amount and the Stepped-Up Redemption Amount, as the case may be, consists of two parts, (1) the Rated Principal Amount and (2) the relevant portion of the Unrated Redemption Premium. The Rated Principal Amount is the amount calculated in the same way as described above that is necessary to achieve a yield at the interest levels applicable to the Notes (as described in the first paragraph of this section) and is the only amount to be rated by Fitch in respect of a redemption.

When the Rated Principal Amount has been repaid in full, the Noteholders remain entitled to the Unrated Redemption Premium and the Issuer is under an obligation pursuant to Clause 11.5.1 of the Terms and Conditions to redeem the Notes by way of issuing the Unrated Notes to the Noteholders at an initial amount equal to the Unrated Redemption Premium. The Unrated Notes shall be governed by substantially the same terms as the Notes (with necessary amendments only) and the Security Documents shall be re-executed to ensure that the Unrated Notes enjoy the benefit of the Transaction Security. The Unrated Notes shall be documented with new documentation and will receive new ISINs. If the Unrated Notes have not been validly issued to the Noteholders within three months, the Notes shall be redeemed in cash for an amount equal to the Unrated Redemption Premium. These obligations will not be rated by Fitch and any failure by the Issuer to comply with them does not constitute an Event of Default for the purpose of the Rated Principal Amount.

The calculation of the Fixed Base Rate 1 and the Fixed Base Rate 2 as well as the definitive allocation of floating rate notes and fixed rate notes will be distributed to the Noteholders no later than five Business Days after the Issue Date.

\subsection*{7.6 Distribution of proceeds and senior expenses}

Pursuant to Clause 10 of the Terms and Conditions, payments to the Noteholders on each Interest Payment Date are subordinated to certain senior expenses such as the Servicer Fee, the Manager Fee, the Custodian Fee, the fee to the arranger, the fees to the Agent, the Standby Manager, the First Standby Servicer, the Second Standby Servicer, and other permitted expenses.

The Servicer Fee is the aggregate of (i) 0.16 per cent \textit{per annum} on the originated loan amount under the Promissory Notes (excluding any interest, whether capitalised or not), (ii) SEK 200 per outstanding Promissory Note in the Portfolio, (iii) SEK 2,000 per each
Further Advance, change of collateral or substitution of Borrower, and (iv) an amount equal to the fee which the Issuer is charging from time to time for other non-regular tasks, to the extent paid by the Borrowers to the Issuer.

The Manager Fee is the aggregate of (i) SEK 700 per annum per outstanding Promissory Note in the Portfolio, and (ii) 0.10 per cent per annum on the total Rated Principal Amount of the Notes.

The Custodian Fee is 0.02 per cent per annum on the originated loan amount under the Promissory Notes (excluding any interest, whether capitalised or not).

In addition, each of the Servicer, the Manager and the Custodian are entitled to reimbursements for all out of pocket costs, expenses and charges properly incurred in the performance of its services.

The fee to the arranger of the issue of the Notes is SEK 750,000 to be paid on each Interest Payment Date from 27 December 2010 up to and including 27 September 2012, and thereafter SEK 500,000 to be paid on each Interest Payment Date up to and including 27 September 2013, whereupon the fee to the arranger shall cease.

Other fees and permitted expenses than those quantified above are not expected to exceed SEK 1,000,000 per annum.

7.7 Timing of payments

The repayment of principal and payment of Interest will be made on each Interest Payment Date being the 27th day of each of March, June, September and December, or to the extent such day is not a Business Day, the immediately succeeding Business Day. The first Interest Payment Date will be 27 December 2010 and the last Interest Payment Date will be the Final Redemption Date. Interest will only be paid to the extent the cash flow so permits subject to Clause 10.2 of the Terms and Conditions and otherwise be capitalised on each Interest Payment Date. Repayment of principal will be made on each Interest Payment Date to the extent the cash flow so permits, subject to Clause 10.2 of the Terms and Conditions. The Manager, being SHPAB, will calculate Interest and procure payments of principal and Interest and Noteholders will be notified of the amount to be paid at least five Business Days before each Interest Payment Date.

7.8 Redemption and acceleration of the Notes

The Issuer shall redeem all outstanding Notes on the date falling 45 years after the Issue Date, or such earlier day on which the Notes are to be redeemed in full. The Notes may however be redeemed in full by the Issuer on or after the fifth anniversary of the Issue Date, or, if earlier, when the total Rated Principal Amount is less than twenty (20) per cent of the total Initial Nominal Amount, by giving the Agent and the Noteholders at least twenty Business Days’ notice.

Should any substantial decrease in revenue occur for the Issuer, or substantial additional or increased cost be incurred or suffered by the Issuer, as a result of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the Issue Date, the Issuer may redeem the Notes in full on a date determined by the Issuer, by giving the Agent and the Noteholders at least twenty Business Days’ notice.
The Issuer shall with effect on the relevant date when the Rated Principal Amount has been reduced to zero redeem the Notes by way of issuing new Unrated Notes in place of the Notes in accordance with Clause 11.5.1 of the Terms and Conditions, as described above in section 7.5 “Interest on the Notes and effective yield for the Noteholders”.

Upon the occurrence of an Event of Default the Agent, on behalf of the Noteholders, is entitled to declare all of the Notes due for payment immediately or at such later date as the Agent determines by notice to the Issuer.

The amount for which each Note shall be redeemed in any of the situations mentioned above, is described in section 7.5 “Interest on the Notes and effective yield for the Noteholders” above and in the Terms and Conditions.

### 7.9 Information undertakings

As a standard measure required by NASDAQ OMX Stockholm’s Issuer Rules, the Issuer will towards NASDAQ OMX Stockholm undertake to abide all its rules and guidelines relevant from time to time. This includes compliance with market information rules, establishing a webpage for all published information and maintaining procedures for financial reporting. The Issuer will no later than five Business Days before each Interest Payment Date provide the Noteholders with the Investor Report containing a specification of payments to be made to the Noteholders on the next Interest Payment Date and a specification of the Rated Principal Amount and the Unrated Redemption Premium calculated for the next Interest Payment Date.

The Issuer will provide each Noteholder annual audited financial statements as soon as they become available but no later than 120 days after the expiry of each financial year. Moreover, semi-annual financial statements will be published as soon as they become available but no later than 60 days after the expiry of each report period.

The calculation of the Fixed Base Rate 1 and the Fixed Base Rate 2 as well as the definitive allocation of floating rate notes and fixed rate notes will be distributed to the Noteholders no later than five Business Days after the Issue Date.

Information regarding the Issuer and the Notes, including this Prospectus, will be published at the Issuer’s webpage www.shpfond1.se. This Prospectus will also be published at the Issuing Agent’s webpage www.dnbnor.se.

### 7.10 Noteholders’ Meetings

Pursuant to Clause 16 and 17 of the Terms and Conditions, each of the Issuer, the Agent, SHPAB and a Noteholder (or Noteholders) representing at least ten per cent of the total Nominal Amount, may at any time call for a Noteholders’ Meeting among the Noteholders, the Issuer, the Agent and SHPAB. The Noteholders’ Meeting may decide upon any issue or matter in relation to the Terms and Conditions. Quorum exists if Noteholders representing at least 20 per cent of the total Nominal Amount attend the meeting in person, by telephone conference or appear through duly authorised representatives. As set out in the Terms and Conditions, different majority rules apply depending on the matter to be resolved on.
7.11 Limited recourse, no petition and Noteholders’ ranking in bankruptcy

Notwithstanding any other provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the Transaction Security provided by the Issuer. A Noteholder may not take any steps whatsoever to recover any amount due or owing to it pursuant to the Transaction Documents, or procure the winding-up, bankruptcy, or liquidation or the Issuer or the making of an administration order in relation to the Issuer of the filing of documents with the court in relation to the Issuer or the service of a notice of intention to appoint an administrator in relation to the Issuer in respect of any of the liabilities of the Issuer whatsoever, other than to the extent expressly permitted under the Transaction Documents.

In the event of bankruptcy of the Issuer, the Noteholders’ right to payment shall (including but not limited to for the purpose of Chapter 5 Section 10 of the Swedish Bankruptcy Act (konkurslagen (1987:672)) be subject to the condition that claims with better priority, pursuant to Clause 10.3] of the Terms and Condition “Distribution of Proceeds”, have been, or will be, fully paid as a result of payments or distributions in connection with the bankruptcy.

7.12 Fitch’s rating scale

Fitch’s ratings consider the obligations’ relative vulnerability to default. As is the case in this transaction, these ratings are typically assigned to an individual security or tranche in a transaction and not to an issuer.

7.12.1 The rating scale

**AAAsf**: Highest credit quality

‘AAAsf’ ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

**AAsf**: Very high credit quality

‘AAsf’ ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

**Asf**: High credit quality

‘Asf’ ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

**BBBs**: Good credit quality

‘BBBs’ ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
**BBsf: Speculative**

‘BBsf’ ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

**Bsf: Highly speculative**

‘Bsf’ ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met, however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

**CCCsf: Substantial credit risk**

Default is a real possibility.

**CCsf: Very high levels of credit risk**

Default of some kind appears probable.

**Csf: Exceptionally high levels of credit risk**

Default appears imminent or inevitable.

7.12.2 Notes

In the case of structured and project finance, while the ratings do not address the loss severity given default of the rated liability, loss severity assumptions on the underlying assets are nonetheless typically included as part of the analysis. Loss severity assumptions are used to derive pool cash flows available to service the rated liability.

The modifiers ‘+’ or ‘-’ may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the ‘AAAsf’ Long-Term Rating category, or categories below ‘Bsf’.

7.12.3 Limitations of Fitch’s Structured, Project and Public Finance Obligation Rating Scale

Specific limitations relevant to the structured, project and public finance obligation rating scale include:

- The ratings do not predict a specific percentage of default likelihood over any given time period.
- The ratings do not opine on the market value of any issuer’s securities or stock, or the likelihood that this value may change.
- The ratings do not opine on the liquidity of the issuer’s securities or stock.
- The ratings do not opine on the possible loss severity on an obligation should an obligation default.
• The ratings do not opine on any quality related to a transaction’s profile other than the agency’s opinion on the relative vulnerability to default of each rated tranche or security.

Ratings assigned by Fitch Ratings articulate an opinion on discrete and specific areas of risk. The information provided above is not exhaustive.

7.13 Prescription

The right to receive repayment of the principal of the Notes shall be prescribed and become void ten years from the Final Redemption Date. The right to receive payment of Interest (excluding capitalised interest) shall be prescribed and become void three years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholder’s right to receive payment has been prescribed and has become void. If such term of limitation periods are duly interrupted, in accordance with the Swedish Act on Limitations (Preskriptionslag (1981:130)), a new limitation period of ten years with respect to the right to receive repayment of the principal of the Notes, and of three years with respect to receive payment of Interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period as such date is determined pursuant with the provisions of the Swedish Act on Limitations.
8. **Expected redemption profile of the Notes**

The following tables show the expected balance of the Rated Principal Amount, the Early Redemption Amount and the Stepped-Up Redemption Amount at annual intervals falling on 27 December each year. Each table shows these same values modelled assuming a different constant *per annum* rate of prepayment ("CPR") each month relative to the then outstanding balance of the Portfolio. CPR does not purport to be either an historical description of the prepayment experience of the Portfolio or a prediction of the expected rate of prepayment. The following tables were prepared based on the characteristics of the Loans in the provisional Portfolio, as described in section 6.9 “Provisional Portfolio profile”, and the following additional assumptions:

(a) The Issue Date is assumed to be 31 August 2010.

(b) The Fixed Interest Rate for the Class A1b Notes is assumed to be 3.6960 per cent until the Step-Up Date and 4.5517 per cent thereafter.

(c) Future resets of STIBOR 3 months are assumed to equal approximate market forward rate as at 5 August 2010 (source – Barclays Capital). From year 30 onwards, the quarterly reset is set equal to the last reset of year 30.

(d) First Interest Payment Date is 27 December 2010.

(e) Portfolio aggregate balance is assumed to exactly SEK 900,000,000, consisting of SEK 500,000,000 of Class A1a Notes and SEK 400,000,000 of Class A1b Notes.

(f) No Promissory Notes are sold by the Issuer.

(g) No Further Advances are granted.

(h) Permitted Costs and other senior expenses are assumed to be incurred according to the contracts in place with, or quotations gathered by, the Issuer.

(i) The Issuer is not assumed to incur any VAT or corporation tax expense.

(j) The amounts of Collection Account interest earned per month are estimated by averaging the modelled balance at the beginning and end of each month.

(k) The rate of interest earned on the Collection Account is assumed to be the maximum of zero and STIBOR 3 months minus 0.5 per cent.

(l) The value of each property at the Issue Date is assumed to equal the most recent valuation, indexed according to the quarterly national Swedish property market statistics available from http://www.scb.se/.

(m) Thereafter, house price indexation is assumed at a constant 2 per cent *per annum*, applied monthly.

(n) The cost of processing the sale of a property, borne by the Issuer, is assumed to be 2 per cent of the sales proceeds.
(o) For Promissory Notes secured by real property, should the value of the security fall beneath 110 per cent of the accrued loan balance, an administration fee of SEK 375 is assumed to be added to the balance of the loan, plus 2 per cent stamp duty for the additional mortgage certificates applied for.

(p) There are no arrears or enforcements under the terms of the Promissory Notes.

(q) The time taken to realise the proceeds of a property sale following the death of the last remaining Borrower is assumed to be 12 months.

(r) Life Expectancy: for the purpose of the following tables, each Borrower’s life expectancy is calculated according to the 2008 methodology published by the Swedish Pension Authority\(^1\), to take the following value:

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<th>Female</th>
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The actual performance of the Portfolio and the Transaction are likely to differ from the assumptions used in constructing the tables set forth below, which are hypothetical in

\(^1\) As available at the following homepage: http://www.pensionsmyndigheten.se/9162009ArsredovisningPpm2008.html
nature and are provided only to give a general sense of how cash flows might behave under varying prepayment scenarios. Any difference between such assumptions and the actual characteristics and performance of the Portfolio will cause the redemption profile of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

For each class of Notes, these tables estimate the aggregate balance of the Rated Principal Amount, the Early Redemption Amount and the Stepped-up Redemption Amount at annual intervals on 27 December each year. Note that should the Notes not be called, when the Rated Principal Amount is eventually reduced to nil, new unrated securities will be Issued to Noteholders with a balance equal to the Stepped-Up Redemption Amount.
## 1 per cent CPR

<table>
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## 5 per cent CPR

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## 7 per cent CPR

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9. Security structure

This section presents the various arrangements which are to provide security for the Notes.

9.1 Transaction Security

As continuing Security for the due and punctual fulfilment of the Secured Obligations pursuant to the Transaction Documents, the Issuer grants to the relevant Secured Parties, represented by the Agent, security pursuant to:

(a) the Promissory Notes Pledge Agreement; and

(b) the Bank Account Pledge Agreement.

In addition, as continuing security for the due and punctual fulfilment of the obligations pursuant to the Transaction Documents, SHPAB grants to the relevant Secured Parties (excluding the Manager and/or the Servicer as long as SHPAB is acting in such capacity), represented by the Agent, security pursuant to:

(c) the Share Pledge Agreement; and

(d) the Subordinated Loan Pledge Agreement.

The Transaction Security granted as security for the Secured Obligations includes all present and future obligations and liabilities of the Issuer under the Transaction Documents, except under or in respect of the Subordinated Loan Agreement and the Licence Agreement.

The Agent will hold the Transaction Security on behalf of the Secured Parties and will keep the Promissory Notes and the Collateral in custody with the Custodian. The Agent shall be entitled to take any actions necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for the purpose of settling the various Secured Parties’ rights to the Transaction Security, save for actions requiring Noteholders’ consent.

Upon the occurrence of an Event of Default, and for as long as it is continuing, the Agent shall be entitled to enforce the Transaction Security or any part thereof by private or public sale or auction or in such manner and on such terms as the Agent in its sole discretion deems appropriate. Funds originating from an enforcement of the Transaction Security shall be distributed in accordance with Clause 10.3 of the Terms and Conditions.

9.2 Minimum Reserve Amount

From the Issue Date and until the Final Redemption Date, subject to funds being available, a Minimum Reserve Amount equal to 1.55 per cent of the total outstanding balance of the Portfolio from time to time plus capitalised and unpaid Interest shall be kept on the Collection Account after distribution of Proceeds in accordance with Clause 10.2 of the Terms and Conditions to be available to meet the fees, costs and expenses incurred by the Issuer in accordance with the Terms and Conditions. The Minimum Reserve Amount shall however not be higher than SEK 20,000,000 or be lower than
SEK 6,000,000. SHPAB will initially make the Minimum Reserve Amount available to the Issuer by a Subordinated Loan pursuant to the Subordinated Loan Agreement.

9.3 The Equity Account

Pursuant to the Terms and Conditions and for the purpose of avoiding any compulsory liquidation of the Issuer, the Issuer will on or before the Issue Date deposit SEK 250,000 on a Equity Account and maintain that amount on the Equity Account for as long as any Notes are outstanding. The Equity Account is not included in the Transaction Security and the relevant parties have in their agreements with the Issuer agreed that they have no recourse to the Equity Account.

9.4 Distribution restrictions

Under the Terms and Conditions, the Issuer is restrained from making any dividends on shares, repurchasing its own shares, repaying share capital or other restricted equity with repayment to shareholders or making similar distributions. This does not apply to group contributions or dividends on shares that have no cash impact, provided that the resulting receivable owed by the Issuer to a shareholder shall be a Subordinated Loan and be subject to the Intercreditor Agreement. Moreover, the Issuer is entitled to make dividends on shares for the purpose of reconverting any shareholder’s contribution (aktieägartillskott) made in accordance with the Terms and Conditions and the Subordinated Loan Agreement into Subordinated Loans.

9.5 No other financial indebtedness

Pursuant to the Terms and Conditions, the Issuer will not be permitted to incur any financial indebtedness beside the Notes. This shall however not apply to the Subordinated Loans, the Licence Agreement, or financial indebtedness incurred for the purpose of a redemption of the Notes in accordance with the Terms and Conditions.

9.6 Negative pledge

Pursuant to the Terms and Conditions, the Issuer will not be permitted to create Security over any of its assets, other than in favour of the Secured Parties or for the purpose of financing a redemption of the Notes in accordance with the Terms and Conditions provided that the Security is perfected simultaneously with the redemption of the Notes.

9.7 The Intercreditor Agreement

For the purpose of settling the rights of the various creditors under the Transaction Documents against the Issuer and to the Proceeds distributed in accordance with Clause 10 of the Terms and Conditions, the rights of the Secured Parties to the Transaction Security, and for appointing the Agent to represent and act on behalf of all such creditors (other than the Noteholders), the Intercreditor Agreement will be entered into on or before the Issue Date.
10. Other Transaction Documents

This section contains summarised information regarding the Transaction Documents, save for the Terms and Conditions included as Appendix 1, the Transaction Security described in section 9.1 and the Intercreditor Agreement described in section 9.7. Investors are informed that the Transaction Documents are available for review in their entirety as set out in section 4.10 “Documents on display”.

10.1 The Mortgage Sale Agreement

Pursuant to the Mortgage Sale Agreement, the Issuer will acquire the Promissory Notes (including the benefit of all Collateral) constituting the Portfolio on the Issue Date. In consideration for the sale of the Portfolio, the Issuer will pay on the Issue Date the purchase price for the Portfolio to SHPAB by bank transfer.

SHPAB and the Issuer will determine the Portfolio to be acquired by the Issuer five Business Days before the Issue Date (the Cut-off Date). The purchase price under the Mortgage Sale Agreement will be the outstanding balance of the Promissory Notes in the Portfolio so determined. On the Issue Date, the aggregate outstanding balance in respect of the Promissory Notes in the Portfolio will not exceed SEK 900,000,000.

All amounts received by SHPAB by way of repayments in respect of the Portfolio between the Cut-off Date and the Issue Date will be paid into the Collection Account.

With respect to the matters represented and warranted in the Mortgage Sale Agreement, the Issuer will rely, save as previously disclosed, entirely on the representations and warranties to be given by SHPAB on the Issue Date in relation to the Promissory Notes, which will be contained in the Mortgage Sale Agreement and are further described, in summary, in section 6.2 “Representations and warranties”.

The Issuer will not make any enquiries of or in respect of any Borrower, Promissory Note or Collateral and/or the sums receivable under or in respect of any Promissory Note and/or the terms and conditions of any Promissory Note and/or as to the creditworthiness and/or the suitability of any Borrower.

If any Promissory Note in the Portfolio is in breach of the representations and warranties then SHPAB shall upon receipt of a certain claim from the Issuer be obliged to repurchase such Promissory Note, provided that the breach is not capable of or cannot be remedied within 30 days or the earlier of discovering by SHPAB or receipt by the Issuer of notice of such breach. The repurchase price shall equal the outstanding principal amount of such Promissory Notes together with accrued interest and other amounts outstanding thereunder.

10.2 The Subordinated Loan Agreement

Pursuant to the Subordinated Loan Agreement, SHPAB will agree to make available certain Subordinated Loans to the Issuer. The Subordinated Loans are divided into an initial loan disbursed on the Issue Date and additional committed loans disbursed thereafter. The Issuer shall use the initial loan on the Issue Date to fund the Collection Account, the Advance Account and the Expense Account, and to pay a portion of the purchase price for the Portfolio not exceeding SEK 1,000,000, as described in
Clause 13.4.1 of the Terms and Conditions. Any additional committed loans shall, *inter alia*, be used to convert matured Licence Fees into additional committed loans.

In addition, SHPAB may advance further loans to the Issuer to support SHPAB’s payment obligations under the Transaction Documents. The loans advanced to the Issuer under the Subordinated Loan Agreement or any amount outstanding under the Licence Agreement may at the request of the Issuer or the Agent be converted into a conditional shareholder’s contribution (*villkorat aktieägartillskott*) to avoid the Issuer’s equity falling below 50 per cent of the Issuer’s registered share capital or otherwise to avoid the Issuer being obligated to enter into liquidation (*likvidation*).

The Issuer’s obligations under the Subordinated Loan Agreement are subordinated to the Notes and the obligations under certain other agreements, as set out in Clause 10 of the Terms and Conditions. Interest accrued pursuant to the Subordinated Loans may not be repaid as long as any Notes are outstanding, but instead be capitalised and added to the amount of the relevant Subordinated Loan. No amounts outstanding under the Subordinated Loan Agreement may be paid by the Issuer to SHPAB for as long as the Notes are outstanding.

### 10.3 The Agency Agreement

Pursuant to the Agency Agreement, the Agent will undertake to represent the Noteholders and the other Secured Parties in accordance with the terms of the Transaction Documents and the Issuer undertakes to, *inter alia*, pay certain fees to the Agent and to indemnify the Agent against costs, losses or liabilities incurred by the Agent in acting as Agent under any Transaction Document, subject to and in accordance with Clause 10 of the Terms and Conditions.

### 10.4 The Management Agreement

Pursuant to the Management Agreement, the Manager will agree to perform, on behalf of the Issuer and the Agent, certain cash management and administrative services in respect of the Promissory Notes, including services in respect of the Collection Account, the Advance Account and the Expense Account and to prepare the Investor Reports which will be made available to the Noteholders.

The Management Agreement may be terminated by the Agent upon the occurrence and continuance of certain events, including a breach by the Manager of the terms and conditions of the Management Agreement, a material misrepresentation by the Manager and the occurrence of an insolvency related event in relation to the Manager.

In addition, the Manager may voluntarily resign by giving not less than twelve months’ notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute manager has been appointed.

The Issuer shall pay to the Manager for the provision of the administration services a Manager Fee payable to the Manager on each Interest Payment Date, as further described in section 7.6 “*Distribution of proceeds and senior expenses*”.
10.5 The Standby Management Agreement

Pursuant to the Standby Management Agreement, the Standby Manager will agree to assume the administration functions of the Manager should the appointment of SHPAB as Manager be terminated. The appointment of the Standby Manager may be terminated by the Agent upon written notice to the Standby Manager on the occurrence and continuance of certain events.

In addition, the Standby Manager may voluntarily resign by giving not less than twelve months’ notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute standby manager has been appointed.

10.6 The Servicing Agreement

Pursuant to the Servicing Agreement, the Servicer will agree to perform, on behalf of the Issuer and the Agent, certain functions in relation to the servicing of the Promissory Notes, including customer support, management of voluntary repayment, management of the Collateral, management of defaults under Promissory Notes, collection, recovery and enforcement.

The Servicer may delegate all or part of its duties under the Servicing Agreement to a sub-servicer. In accordance therewith, the Servicer has presently elected to delegate certain of its duties under the Servicing Agreement to Cerdo Bankpartner AB.

The Servicing Agreement may be terminated by the Agent upon the occurrence and continuance of certain events, including a breach by the Servicer of the terms and conditions of the Servicing Agreement, a material misrepresentation by the Servicer and the occurrence of an insolvency related event in relation to the Servicer.

In addition, the Servicer may voluntarily resign by giving not less than twelve months’ notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute servicer has been appointed.

The Issuer shall pay to the Servicer for the provision of the administration services a Servicer Fee, payable to the Servicer on each Interest Payment Date, as further described in section 7.6 “Distribution of proceeds and senior expenses”.

10.7 The First Standby Servicing Agreement

Pursuant to the First Standby Servicing Agreement, the First Standby Servicer will agree to assume the administration functions of the Servicer should the appointment of SHPAB as Servicer be terminated. The appointment of the First Standby Servicer may be terminated by the Agent upon written notice to the First Standby Servicer on the occurrence and continuance of certain events.

In addition, the First Standby Servicer may voluntarily resign by giving not less than twelve months’ notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute first standby servicer has been appointed.
10.8 The Second Standby Servicing Agreement

Pursuant to the Second Standby Servicing Agreement, the Second Standby Servicer has agreed to take over the Servicer’s role if the appointment of the First Standby Servicer as Servicer is terminated or the appointment of SHPAB as Servicer is terminated and the First Standby Servicing Agreement has been terminated prior thereto or a termination event pursuant to the First Standby Servicing Agreement is continuing at such time. The appointment of the Second Standby Servicer may be terminated by the Agent upon written notice to the Second Standby Servicer on the occurrence and continuance of certain events.

In addition, the Second Standby Servicer may voluntarily resign by giving not less than twelve months’ notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute second standby servicer has been appointed.

10.9 The Custody Agreement

Pursuant to the Custody Agreement, the Custodian will agree to perform, on behalf of the Issuer and the Agent, certain custody services, including to hold in safe custody on behalf of the Agent and the Issuer, the Promissory Notes including the Collateral from time to time deposited with the Custodian.

The Issuer shall pay to the Custodian for the provision of the administration services a Custodian Fee, payable to the Custodian on each Interest Payment Date, as further described in section 7.6 “Distribution of proceeds and senior expenses”.

10.10 The Bank Account Agreement

Pursuant to the Bank Account, the Account Bank will agree to act as account bank for the Issuer Bank Accounts.

The Bank Account Agreement may be terminated by the Issuer (provided the Agent consents in writing) or the Agent upon the occurrence and continuance of certain events, including if the long-term rating by Fitch of the Account Bank falls below A, or if the short-term rating by Fitch of the Account Bank falls below F1, subject to a replacement financial institution or institutions (with a long-term, unguaranteed and unsubordinated debt obligation rating of at least A by Fitch and a short-term, unguaranteed and unsubordinated debt obligation rating of at least F1 by Fitch), shall have entered into an agreement in form and substance similar to the Bank Account Agreement.

10.11 The Licence Agreement

Pursuant to the Licence Agreement, SHPAB will agree to licence its trademarks and know-how to the Issuer for the purposes of holding, servicing and managing the Portfolio.

The Issuer shall remunerate the Licensor by paying the Licence Fee from the date of the Licence Agreement until the termination thereof, subject to and in accordance with the Terms and Conditions. Accrued Licence Fees will not be paid in cash for as long as any Notes are outstanding but instead constitute additional committed loans in accordance
with the Subordinated Loan Agreement or otherwise remain outstanding on identical terms.

10.12 The VAT Letter Agreement

Pursuant to the VAT Letter Agreement, SHPAB and the Issuer warrant that SHPAB is the VAT principal of the VAT group comprising SHPAB and the Issuer, and will remain so at all times for the purpose of paying the VAT incurred by the VAT group. The Issuer shall be excluded from the VAT group if, inter alia, SHPAB does not discharge its obligations to the tax authorities, if the VAT liability of the VAT group is materially increased as a result of a change in business of SHPAB, or if the Issuer or SHPAB takes steps for the dissolution or reorganisation of the Issuer or SHPAB.
11. Prospectus definitions

Capitalised terms used in this Prospectus shall have the same meaning as set out in the Terms and Conditions. Capitalised terms used in this Prospectus, but not in the Terms and Conditions, shall have the meaning defined in this section.

“Group” means Svensk Hypotekspension AB and its subsidiaries.

“No-Negative-Equity Guarantee” means that neither the Borrower nor his or her estate is liable for debt under the Promissory Note which exceeds the sales proceeds (less customary sales fees) from the property, provided it is sold by an accepted independent real estate broker.

“Property Value” means the market value of a property or a cooperative flat securing the Promissory Notes, based on the initial valuation obtained when a Promissory Note was granted or any subsequent valuation obtained. Such market value shall be adjusted from the time of the valuation, based on available statistical material relevant for the property type and the location.

“Prospectus” means this prospectus regarding offering and admission to trading of the Notes.


“Transaction” means the transaction contemplated by the Transaction Documents.

“VAT” means value added tax.
APPENDIX 1.  TERMS AND CONDITIONS OF THE NOTES

TERMS AND CONDITIONS FOR

SVENSK HYPOTEKSPENSION FOND 1 AB (PUBL)

SEK 180,000,000 - 720,000,000 MORTGAGE BACKED FLOATING RATE NOTES (ISIN SE0003428465)

AND

SEK 180,000,000 - 720,000,000 MORTGAGE BACKED FIXED RATE NOTES (ISIN SE0003428457)

The distribution of this document and the offer of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, such restrictions.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 and are subject to U.S. tax law requirements. Subject to certain exemptions, the Notes may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.
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TERMS AND CONDITIONS
SVENSK HYPOTEKSPENSION FOND 1 AB (PUBL)

SEK 180,000,000 – 720,000,000 MORTGAGE BACKED FLOATING RATE NOTES

AND

SEK 180,000,000 – 720,000,000 MORTGAGE BACKED FIXED RATE NOTES

1. DEFINITIONS AND INTERPRETATION

1.1 In these terms and conditions (the “Terms and Conditions”):

“Account Bank” means DnB NOR Bank ASA, Norge, filial Sverige, 105 88 Stockholm, Sweden, Fax: +46 8 473 41 01, or another party replacing it, as Account Bank, in accordance with the Transaction Documents.

“Account Operator” means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Noteholder has opened a VP Account in respect of its Notes.

“Advance Account” means the Issuer’s bank account number 91951692014 with the Account Bank, or another account into which the Further Advance Reserve Amount is paid pursuant to the Transaction Documents.

“Affiliate” means a subsidiary (as defined in the Swedish Companies Act) of the relevant party, an entity under common control with the relevant party, or an entity controlled (directly or indirectly) by the relevant party, other than the Issuer.

“Agency Agreement” means the agency agreement entered into on or before the Issue Date between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and a new Agent.

“Agent” means CorpNordic Sweden AB, Swedish Reg. No. 556625-5476, Box 16285, 103 25 Stockholm, Sweden, Fax: +46 8 402 72 99, or another party replacing it, as Agent, in accordance with the Transaction Documents.

“Agent Fee” means all fees and expenses payable by the Issuer to the Agent in accordance with the Agency Agreement.

“Bank Account Agreement” means the bank account agreement entered into on or before the Issue Date between the Issuer, the Manager, the Account
Bank and the Agent, regarding the Issuer Bank Accounts, or another bank account agreement entered into after the Issue Date between the Issuer, the Manager, the Agent and a new Account Bank.

“Bank Account Pledge Agreement” means the bank account pledge agreement entered into on or before the Issue Date between the Issuer and the Agent (acting on behalf of the Secured Parties), regarding the Issuer Bank Accounts (except the Equity Account).

“Borrower” means, in relation to a Promissory Note, the person or persons to whom the loan evidenced by the Promissory Note was advanced, and the person or persons from time to time assuming the obligation under such loan.

“Business Day” means a day (other than a Saturday or Sunday) on which banks are open for general business, other than over the Internet only, in Stockholm, Sweden.

“Class A1a Notes” means the class A1a mortgage backed floating rate notes issued in accordance with these Terms and Conditions, with ISIN SE0003428465.

“Class A1b Notes” means the class A1b mortgage backed fixed notes issued in accordance with these Terms and Conditions, with ISIN SE0003428457.

“Collateral” means any Security over (i) one or more mortgage certificates (pantbrev) over real estate or (ii) a cooperative flat (bostadsrätt), in each case securing a Borrower’s obligations under a Promissory Note.

“Collection Account” means the Issuer’s bank account number 91951692006 with the Account Bank, or another pledged account into which the Proceeds are paid pursuant to the Transaction Documents.

“Collection Period” means each of the following periods: 1 December to 28/29 February, 1 March to 31 May, 1 June to 31 August, 1 September to 30 November.

“Collection Policy” has the meaning set forth in the Servicing Agreement.

“Control Notice” means a written notice provided by the Agent to the Manager and the Account Bank pursuant to Clause 3.3.2 of the Management Agreement that withdrawals from the Collection Account may only be made with the prior consent of the Agent.

“Credit Policy” has the meaning set forth in the Servicing Agreement.

“CSD” means the Issuer’s central securities depository and registrar in respect of the Notes, from time to time, initially Euroclear Sweden AB (formerly VPC AB). Swedish Reg. No. 556112-8074, Box 7822, 103 97 Stockholm, Sweden.

“Custodian” means Cerdo Bankpartner AB, Swedish Reg. No. 556552-3585, Box 663, 251 06 Helsingborg, Sweden, Fax: +46 42 444 60 99, or another
party replacing it, as Custodian, in accordance with the Transaction Documents.

“Custodian Fee” has the meaning set forth in the Custody Agreement.

“Custody Agreement” means the custody agreement entered into on or before the Issue Date between the Issuer, the Custodian and the Agent, regarding the storage of the Promissory Notes, the Collateral and other loan documentation, or a replacement custody agreement entered into after the Issue Date between the Issuer, the Agent and a new Custodian.

“Early Redemption Amount” means the Initial Nominal Amount plus capitalised interest and unpaid interest that has not yet been capitalised, calculated at STIBOR 3 months plus 1.80 per cent per annum, in respect of the Class A1a Notes, and at a rate equal to the Fixed Base Rate 1 plus 1.80 per cent per annum, in respect of the Class A1b Notes, from the Issue Date up to and including the relevant date, reduced from time to time by any amount which has been paid to the Noteholders pursuant to Clause 10 (Distribution of Proceeds).

“Eligibility Criteria” has the meaning set forth in the Mortgage Sale Agreement.

“Equity Account” means the Issuer’s bank account number 91951692030 with the Account Bank, or another account into which an amount of SEK 250,000 shall be paid on or before the Issue Date and thereafter be held for as long as the Notes are outstanding in accordance with Clause 13.6 (Equity Account).

“Event of Default” means an event or circumstance specified in Clause 14.1.

“Expense Account” means the Issuer’s bank account number 91951692022 with the Account Bank, or another account into which amounts set aside to cover expected Permitted Costs may be deposited in accordance with Clause 10.4.

“Final Redemption Date” means the forty-fifth (45) anniversary of the Issue Date or such earlier date on which the Notes are to be repaid in full.

“Financial Indebtedness” means any indebtedness for or in respect of (i) moneys borrowed, (ii) any amount of any liability in respect of any hire, purchase or leasing which, in accordance with GAAP, would be treated as a finance or capital lease, (iii) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis), (iv) any derivate transaction (however when calculating the value of any derivative transaction, only the marked to market value shall be taken into account), (v) any counter-indemnity obligation in respect of any guarantee, letters of credit or any other instrument issued by a bank or a financial institution, (vi) other transactions, including but not limited to futures, that have the commercial effect of a borrowing and (vii) any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (i) to (vi) above.

“First Standby Servicer” means the Custodian in its capacity as standby servicer in accordance with the First Standby Servicing Agreement, or another party replacing it, as First Standby Servicer, in accordance with the Transaction Documents.

“First Standby Servicer Fee” has the meaning set forth in the First Standby Servicing Agreement.

“First Standby Servicing Agreement” means the standby servicing agreement entered into on or before the Issue Date between the Issuer, the First Standby Servicer and the Agent.

“Fitch” means Fitch Ratings Ltd.

“Fixed Base Rate 1” means an interest rate equal to the average between the bid and offer rates for six (6) year STIBOR 3 month interest-rate swaps in Swedish kronor, as shown on Bloomberg Screen ICAW1 at our about 11.00 a.m. on the fifth (5) Business Day before the Issue Date, rounded up to four decimal places.

“Fixed Base Rate 2” means an interest rate determined in accordance with the following formula:

\[
\frac{24}{\sqrt{(1 + \text{Fixed Base Rate 1})^6}} - 1
\]

in which “30YRMS” means the average between the bid and offer rates for thirty (30) year STIBOR 3 month interest-rate swaps in Swedish kronor, as shown on Bloomberg Screen ICAW1 at our about 11.00 a.m. on the fifth (5) Business Day before the Issue Date, rounded up to four decimal places.

“Fixed Interest Rate” means the interest rate per annum that is equal to (i) from the Issue Date up to and including the Step-Up Date, the Fixed Base Rate 1 plus 1.00 per cent and (ii) from the Step-Up Date, the Fixed Base Rate 2 plus 1.00 per cent.

“Floating Interest Rate” means STIBOR 3 months plus 1.00 per cent per annum.

“Further Advance Reserve Amount” means SEK 4,000,000.

“Further Advance Restriction Date” means the earlier of (i) the date falling three (3) years after the Issue Date, (ii) the date on which Further Advances in the aggregate amount of SEK 40,000,000 have been advanced or (iii) the date on which an Event of Default occurs.
“**Further Advances**” means additional loan advances made to the Borrowers under the loans in the Portfolio in accordance with Clause 9 (Further Advances).

“**GAAP**” means the generally accepted local accounting principles, standards and practices in Sweden, including IFRS (to the extent necessary for the purpose of listing the Notes as set out in Clause 13.11 (Listing)).

“**Initial Nominal Amount**” has the meaning set forth in Clause 2.1.

“**Insolvency Event**” means the occurrence of one or more of the following events in respect of the relevant entity:

(a) an order is made or an effective resolution passed for the winding-up, dissolution, administration or reorganisation of the relevant entity;

(b) a bankruptcy receiver (**konkursförvaltare**), administrator (**företagsrekonstruktör**) or liquidator (**likvidator**) or similar officer in any relevant jurisdiction is appointed in respect of the relevant entity or its assets

(c) the relevant entity ceases or threatens to cease to carry on its business or stops payment or threatens to stop payment of all or a material part of its debts or is deemed unable to pay its debts within the meaning of chapter 1 section 2 and chapter 2, sections 7-9 of the Swedish Bankruptcy Act (**konkurslagen (1987:672)**); or

(d) the relevant entity takes any corporate action or other steps are taken or legal proceedings are started (other than proceedings which are being disputed in good faith by appropriate legal proceedings and are withdrawn or struck out or dismissed within 30 days) by any person for the relevant entity’s dissolution, re-organisation or for the appointment of a liquidator, bankruptcy administrator or similar officer in respect of the relevant entity or any of its assets.

“**Intercreditor Agreement**” means the intercreditor agreement dated on or before the Issue Date between the Shareholder (in its capacity as Manager, Servicer, lender under the Subordinated Loan Agreement and licensor under the Licence Agreement), the Standby Manager, the First Standby Servicer, the Second Standby Servicer, the Custodian, the Agent and the Issuer, relating to the ranking of the Secured Obligations and the distribution of Proceeds.

“**Interest**” means the interest on the Notes calculated in accordance with Clause 3 (Interest).

“**Interest Payment Date**” means the 27th day of each of March, June, September and December or, to the extent such day is not a Business Day, the immediately succeeding Business Day. The first Interest Payment Date shall be 27 December 2010 and the last Interest Payment Date shall be the Final Redemption Date.
“Interest Period” means (i) in respect of the first Interest Period, the period from (but excluding ) the Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“Investor Report” means the investment report for each Collection Period that shall be distributed by the Issuer to the Noteholders pursuant to Clause 12.1(d), in the form set out in Schedule 1 to the Management Agreement.

“Issue Date” means 31 August 2010 or such later date on which the Notes are issued.

“Issuer” means Svensk Hypotekspension Fond 1 AB (publ), Swedish Reg. No. 556788-8218, c/o Svensk Hypotekspension AB, Medborgarplatsen 3, 118 72 Stockholm, Sweden, Fax: +46 8 586 160 59, being a wholly-owned subsidiary of the Shareholder.

“Issuer Bank Accounts” means the Collection Account, the Advance Account, the Equity Account, the Expense Account, and any other bank account opened by the Issuer in accordance with the Transaction Documents.

“Issuing Agent” means DnB NOR Bank ASA, Norge, filial Sverige, 105 88 Stockholm, Sweden, Fax: +46 8 473 45 81, or another party replacing it, as Issuing Agent, in accordance with the Transaction Documents.

“Licence Agreement” means the trademark and know-how licence agreement entered into on or before the Issue Date between the Shareholder and the Issuer, pursuant to which the Issuer is granted a right to use certain intellectual property rights and know-how of the Shareholder.

“Licence Fee” has the meaning set forth in the Licence Agreement.

“Management Agreement” means the management agreement entered into on or before the Issue Date between the Issuer, the Manager and the Agent, regarding certain cash management and other services relating to the Portfolio, or another management agreement entered into after the Issue Date between the Issuer, the Agent and a new Manager.

“Manager” means the Shareholder in its capacity as manager of the Portfolio appointed under the Management Agreement, or another party replacing it, as Manager, in accordance with the Transaction Documents.

“Manager Fee” has the meaning set forth in the Management Agreement.

“Minimum Reserve Amount” means an amount equal to 1.55 per cent of the total balance of the Portfolio outstanding from time to time plus capitalised and unpaid Interest (however, such amount not to be higher than SEK 20,000,000 or lower than SEK 6,000,000).

“Mortgage Sale Agreement” means the mortgage sale agreement entered into on or before the Issue Date between the Originator, the Issuer and the Agent, regarding the sale of the Portfolio.
“New Manager” has the meaning set forth in Clause 15.4.

“New Servicer” has the meaning set forth in Clause 15.4.

“Nominal Amount” means, in respect of each Note, the Initial Nominal Amount, as subsequently reduced by repayments of principal made from time to time to the Noteholders in accordance with Clause 10 (Distribution of Proceeds).

“Note” means a Class A1a Note or a Class A1b Note, each being a debt instrument of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by these Terms and Conditions.

“Noteholder” means a person who is registered on a VP Account as holder of a Note or otherwise entitled to receive payment in respect of a Note.

“Noteholders’ Meeting” has the meaning set forth in Clause 17 (Noteholders' Meeting).

“Originator” means the Shareholder in its capacity as seller of the Portfolio under the Mortgage Sale Agreement.

“Permitted Costs” means (i) fees and expenses (other than the Set-Up Costs) of rating agencies, legal advisers, accountants and auditors of the Issuer, (ii) agreed fees to the arranger of the issue of the Notes, (iii) fees payable by the Issuer to the Account Bank in respect of the Issuer Bank Accounts, (iv) fees payable by the Issuer to the CSD, the Issuing Agent, the Swedish Financial Supervisory Authority and listing fees for the Notes, (v) stamp duty and administration fees for additional mortgage certificates applied for from time to time in respect of any Promissory Note, (vi) costs incurred in finding a new substitute manager or servicer or a new standby servicer or manager, which according to the relevant Transaction Document shall be borne by the Issuer, (vii) Further Advances made in accordance with Clause 9.2 and (viii) any other sums due to third parties under obligations incurred in the course of the Issuer’s business.

“Portfolio” means (i) on the Issue Date the Promissory Notes listed in Schedule 1 (List of Promissory Notes in the Portfolio) of the Mortgage Sale Agreement, except for any Repaid Promissory Notes (as defined in the Mortgage Sale Agreement), and (ii) any new Promissory Notes which have been executed by a Borrower in respect of Further Advances, but excluding (in the case of both (i) and (ii)) any Promissory Notes which have been subsequently repurchased by the Originator in accordance with the Mortgage Sale Agreement or which have been repaid in full by the relevant Borrower.

“Proceeds” means all proceeds resulting from (i) repayments, prepayments, terminations and other collections and fees in respect of the Portfolio, (ii) repurchases of Promissory Notes by the Originator in accordance with the Mortgage Sale Agreement, (iii) any further cash advances under the Subordinated Loan Agreement, (iv) an enforcement of the Transaction Security and/or (v) any other payments in respect of the Portfolio.
“Promissory Note” means a negotiable promissory note (löpande skuldebrev) executed by, and evidencing a loan to, a Borrower (including any amendments thereto) and secured by the related Collateral, and which is included in the Portfolio from time to time.

“Promissory Notes Pledge Agreement” means the promissory notes pledge agreement entered into on or before the Issue Date between the Issuer and the Agent (acting on behalf of the Secured Parties), regarding pledge of the Promissory Notes.

“Quotation Day” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“Rated Principal Amount” means the Initial Nominal Amount plus capitalised Interest and unpaid Interest that has not yet been capitalised, calculated at the Floating Interest Rate, in respect of the Class A1a Notes, and at the Fixed Interest Rate, in respect of the Class A1b Notes, from the Issue Date up to and including the relevant date, reduced from time to time by any amount which has been paid to the Noteholders pursuant to Clause 10 (Distribution of Proceeds).

“Record Date” has the meaning set forth in Clause 5.2.

“Relevant Date” has the meaning set forth in Clause 11.5.1.

“Relevant Party” has the meaning set forth in Clause 27.1.

“Second Standby Servicer” means Emric Finance Process Outsourcing AB, Swedish Reg. No. 556570-6958, Kungsbron 2, 111 22 Stockholm, Sweden, Fax: +46 8 400 28 401, or another party replacing it, as Second Standby Servicer, in accordance with the Transaction Documents.

“Second Standby Servicer Fee” has the meaning set forth in the Second Standby Servicing Agreement.

“Second Standby Servicing Agreement” means the second standby servicing agreement entered into on or before the Issue Date between the Issuer, the Servicer, the Second Standby Servicer and the Agent, or another second standby servicing agreement entered into after the Issue Date between the Issuer, the Agent and a new Second Standby Servicer.

“Secured Obligations” means all present and future obligations and liabilities of the Issuer to the relevant Secured Parties under the Transaction Documents, except the obligations and liabilities of the Issuer under or in respect of (i) the Subordinated Loan Agreement and (ii) the Licence Agreement.

“Secured Parties” means the Noteholders, the Agent, the Manager, the Servicer, the Custodian, the Standby Manager, the First Standby Servicer and the Second Standby Servicer.
“Security” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“Security Documents” means the Share Pledge Agreement, the Subordinated Loan Pledge Agreement, the Promissory Notes Pledge Agreement and the Bank Account Pledge Agreement.

“SEK” means the lawful currency of Sweden.

“Servicer” means the Shareholder in its capacity as servicer appointed under the Servicing Agreement, or any other party replacing it, as Servicer, in accordance with the Transaction Documents.

“Servicer Fee” has the meaning set forth in the Servicing Agreement.

“Servicing Agreement” means the servicing agreement entered into on or before the Issue Date between the Issuer, the Servicer and the Agent, regarding the servicing of the Portfolio, or another servicing agreement entered into after the Issue Date between the Issuer, the Agent and a new Servicer.

“Set-Up Costs” means costs and expenses incurred by the Issuer in connection with the issue of the Notes.


“Share Pledge Agreement” means the share pledge agreement entered into on or before the Issue Date between the Shareholder and the Agent (acting on behalf of the relevant Secured Parties), regarding shares in the Issuer.

“Standby Management Agreement” means the standby management agreement entered into on or before the Issue Date between the Issuer, the Manager, the Standby Manager and the Agent.

“Standby Manager” means the Custodian in its capacity as standby manager in accordance with the Standby Management Agreement, or another party replacing it, as Standby Manager, in accordance with the Transaction Documents.

“Standby Manager Fee” has the meaning set forth in the Standby Management Agreement.

“Stepped-Up Redemption Amount” means an amount equal to the Initial Nominal Amount plus capitalised interest and unpaid interest that has not yet been capitalised, calculated at STIBOR 3 months plus 2.25 per cent per annum, in respect of the Class A1a Notes, and at a rate equal to the Fixed Base Rate 2 plus 2.25 per cent per annum, in respect of the Class A1b Notes, from the Issue Date up to and including the relevant date, reduced from time to time by any amount which has been paid to the Noteholders pursuant to Clause 10 (Distribution of Proceeds).
“Step-Up Date” means the sixth (6) anniversary of the Issue Date.

“STIBOR” means:

(a) the applicable percentage rate per annum displayed on the Swedish Central Bank’s (Riksbankens) web page for STIBOR Fixing (or, if this page is replaced or ceases to be available, such other page or service displaying the appropriate rate as the Agent may specify after consultation with the Issuer) as of or around 11.00 a.m. on the Quotation Day; or

(b) if no screen rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request from banks reasonably selected by the Agent,

for the offering of deposits in Swedish kronor in the Stockholm interbank market for a period comparable to the relevant Interest Period.

For the first Interest Period, the STIBOR rate shall from the Issue Date until 27 September 2010 be a rate that is determined as the linear interpolation for the length of such period, between the STIBOR rates for the immediately longer and shorter periods that are available in accordance with paragraph (a) above. The interest accrued during the period until 27 September 2010 shall be capitalised on such date.

“Subordinated Loan” means the subordinated loan(s) made available by the Shareholder to the Issuer under the Subordinated Loan Agreement.

“Subordinated Loan Agreement” means the subordinated loan agreement entered into on or before the Issue Date between the Issuer, the Shareholder and the Agent.

“Subordinated Loan Pledge Agreement” means the subordinated loan pledge agreement entered into on or before the Issue Date between the Shareholder and the Agent (acting on behalf of the relevant Secured Parties), regarding pledge of the Shareholder’s rights under the Subordinated Loan Agreement.

“Transaction Documents” means these Terms and Conditions, the Security Documents, the Intercreditor Agreement, the Mortgage Sale Agreement, the Agency Agreement, the Management Agreement, the Servicing Agreement, the Custody Agreement, the Standby Management Agreement, the First Standby Servicing Agreement, the Second Standby Servicing Agreement, the Subordinated Loan Agreement, the Licence Agreement, the Bank Account Agreement and the VAT Letter Agreement.

“Transaction Security” means the Security created in favour of the relevant Secured Parties in accordance with the Security Documents.

“Unrated Notes” has the meaning set forth in Clause 11.5.1.
“Unrated Redemption Premium” means (i) on or before the Step-Up Date, the Early Redemption Amount minus the Rated Principal Amount, or (ii) after the Step-Up Date, the Stepped-Up Redemption Amount minus the Rated Principal Amount.

“VAT Letter Agreement” means the letter agreement relating to certain issues pertaining to the VAT group comprising the Shareholder and the Issuer, entered into on or before the Issue Date between the Issuer, the Shareholder and the Agent.

“VP Account” means a securities account (account for shares and other securities (avstämningskonto)) according to the Financial Instruments Accounts Act in which each Noteholder’s holding of Notes is registered, or such other securities account in a similar dematerialised system in which the Notes may be registered from time to time.

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

(a) “assets” includes present and future properties, revenues and rights of every description;

(b) any agreement or instrument is a reference to that agreement or instrument as replaced, supplemented, amended, novated or varied from time to time;

(c) a “regulation” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

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

(e) a time of day is a reference to Stockholm time unless otherwise indicated or the context otherwise requires.

2. STATUS OF THE NOTES AND UNDERTAKING TO MAKE PAYMENTS

2.1 The aggregate amount of the mortgage backed notes will be the lower of (i) SEK 900,000,000 and (ii) the purchase price for the Portfolio under the Mortgage Sale Agreement, rounded down to the nearest SEK 1,000,000, of which the Class A1a Notes represent a minimum of SEK 180,000,000 and a maximum of SEK 720,000,000 and the Class A1b Notes the remaining amount, being a minimum of SEK 180,000,000 and a maximum of SEK 720,000,000. Each Note shall have an initial nominal amount of SEK 1,000,000 (the “Initial Nominal Amount”).

2.2 All Notes will be issued on a fully paid basis and all Notes will be issued at an issue price of 100 per cent of the Initial Nominal Amount. The
Noteholders’ right to receive payment of the Unrated Redemption Premium is always subordinated to the right to receive payment of the Rated Principal Amount.

2.3 The Notes constitute direct and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them.

2.4 All payments in respect of the Notes will only be made if and to the extent that the cash flow of the Issuer so permits and be subject to and made in accordance with Clause 10 (*Distribution of Proceeds*).

2.5 Each Note is constituted by these Terms and Conditions.

3. **INTEREST**

3.1 The Notes will carry interest from the Issue Date up to and including the Final Redemption Date. The Interest will be paid on each Interest Payment Date. Interest that is not paid due to funds not being available for distribution in accordance with Clause 10 (*Distribution of Proceeds*) shall be capitalised on each Interest Payment Date.

3.2 Interest on the Class A1a Notes shall be calculated on an actual/360-days basis.

3.3 Interest on the Class A1b Notes shall be calculated on a 30/360-days basis. For the first Interest Period and, if the last Interest Period ends on a day which would not otherwise have been an Interest Payment Date, the last Interest Period, interest shall be calculated in accordance with the following formula:

Applicable interest rate = Fixed Interest Rate x DCF

$$ DCF = \frac{[360 \times (Y2 - Y1) + 30 \times (M2 - M1) + D2 - D1]}{360} $$

where Y1, M1 and D1 is the year, month (numerical) and day for the first day in the relevant Interest Period and Y2, M2 and D2 is the year, month (numerical) and day for the last day in the relevant Interest Period.

3.4 The Class A1a Notes will carry interest at the Floating Interest Rate and the Class A1b Notes will carry interest at the Fixed Interest Rate, calculated on the sum of (i) the Nominal Amount from time to time and (ii) capitalised and unpaid Interest from the Issue Date.

4. **NOTES IN BOOK-ENTRY FORM**

4.1 The Notes will be registered on behalf of the Noteholders on a VP-Account and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator. Those who, according to assignment, Security, the provisions of the
Swedish Children and Parents Code (*Föräldrabalken*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall be required to register their entitlement to receive payment in accordance with the Financial Instruments Accounts Act.

4.2 The Issuer, the Issuing Agent and the Agent shall be entitled to obtain information from the register (*skuldbok*) kept by the CSD in respect of the Notes. At the request of the Issuing Agent or the Agent, the Issuer shall request and provide such information to the Issuing Agent or the Agent.

5. **REPAYMENTS OF PRINCIPAL AND INTEREST**

5.1 Subject to and in accordance with Clause 10 (*Distribution of Proceeds*), repayments of principal and payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date.

5.2 Redemption of the Notes and payment of Interest shall be made to such persons who are registered as Noteholder on a VP Account five (5) Business Days prior to the relevant due date (the “Record Date”).

5.3 If a Noteholder has registered, through an Account Operator, that capital and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder at the address registered with the CSD on the Record Date. However, Interest only accrues up to and including the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect the payment of amounts according to the aforesaid, the CSD will pay such amount to the relevant Noteholder being registered as such on the Record Date as soon as possible after such obstacle has been removed.

5.4 If payment is effectuated in accordance with the above, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective if such payment was made to a person not entitled to receive such amount.

6. **DEFAULT INTEREST**

If the Issuer fails to pay principal or Interest or any other amount in respect of the Notes on the relevant due date (despite funds being available for distribution in accordance with Clause 10 (*Distribution of Proceeds*)), the Issuer shall pay default interest on the amount due at a rate per annum corresponding to STIBOR 7 days for the period of the delay plus two (2) per cent, calculated on the amount due during the period of the delay. STIBOR shall be determined on the first Business Day in each calendar week during the period of the delay. However, default interest payable in accordance with this Clause 6 shall not be lower than the rate of interest applicable to the relevant Note on the due date plus two (2) per cent. Accrued default interest shall not be capitalised.
7. APPOINTMENT AND DUTIES OF THE AGENT

7.1 Appointment of Agent

7.1.1 Each Noteholder appoints the Agent to act as its agent in all matters relating to the Notes, the Transaction Security and the Transaction Documents, and each Noteholder authorises the Agent to act on behalf of the Noteholder (without first having to obtain that Noteholder’s consent) in any legal or arbitration proceedings relating to the Notes held by such Noteholder, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.

7.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent’s satisfaction), that the Agent deems necessary for the purpose of carrying out its duties under the Transaction Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.

7.1.3 No Noteholder may take any actions whatsoever on its own against the Issuer in matters relating to the Notes, the Transaction Documents or the Transaction Security, unless the Agent has been instructed by the Noteholders to take certain actions against the Issuer but refrains from taking such actions within reasonable time.

7.1.4 For so long as any Note is outstanding, the Agent shall act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests of any other Secured Parties or any other person or to act upon or comply with any direction or request of any other Secured Parties.

7.2 Duties of the Agent

7.2.1 The Agent shall represent each of the Noteholders in accordance with the Transaction Documents and is always acting with binding effect on behalf of the Noteholders.

7.2.2 The Agent shall carry out its duties under the Transaction Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

7.2.3 The Agent is entitled to engage external experts to a reasonable extent at the Issuer’s expense for the purpose of carrying out its duties under the Transaction Documents.

7.2.4 The Agent shall have no liability for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 16 (Noteholders’ consent), or in accordance with advice from or opinions of external experts engaged by the Agent, provided the Agent has acted with reasonable care. However, any compensation received by the Agent for damages caused by external experts of the Agent shall be paid into the Collection Account and be distributed in accordance with Clause 10 (Distribution of Proceeds).
7.2.5 Notwithstanding any other provision of the Transaction Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

7.2.6 If in the Agent’s reasonable opinion the cost, loss or liability which it may incur in complying with instructions of the Noteholders or the other Secured Parties will not be covered by an expected distribution of Proceeds in accordance with Clause 10 (Distribution of Proceeds), the Agent may refrain from acting in accordance with such instructions until it has received such indemnities (or adequate Security has been provided therefore) as it may reasonably require, save that the Agent shall always notify the Noteholders about an Event of Default in accordance with Clause 14.2.

7.3 Limited liability for the Agent

7.3.1 The Agent will not be liable for any action taken or omitted by it under or in connection with any Transaction Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct.

7.3.2 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Transaction Documents to be paid by the Agent provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

8. SECURITY

8.1 As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants to the Noteholders and the other Secured Parties the Transaction Security (other than the Security created under the Share Pledge Agreement and the Subordinated Loan Pledge Agreement). In addition, as continuing Security for the due and punctual fulfilment of the Secured Obligations, the Shareholder pledges to the Noteholders and the other Secured Parties (excluding the Manager and/or the Servicer, for as long as the Shareholder is acting in such capacity) all the shares in the Issuer in accordance with the Share Pledge Agreement and all rights under the Subordinated Loan Agreement in accordance with the Subordinated Loan Pledge Agreement.

8.2 The Agent will hold the Transaction Security on behalf of the Noteholders and the other relevant Secured Parties in accordance with the Transaction Documents.

8.3 The Agent may (without first having to obtain the Noteholders’ consent) consent to a repurchase of any Promissory Note by the Originator in accordance with the Mortgage Sale Agreement or a substitution of Borrower or Collateral under the loans evidenced by the Promissory Notes in accordance with the Servicing Agreement, provided the criteria stipulated in
the Mortgage Sale Agreement or the Servicing Agreement, as the case may be, are met, in the opinion of the Agent.

8.4 Subject to Condition 16 (Noteholders’ Consent), the Agent shall (without first having to obtain the Noteholders’ consent), be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent’s opinion, necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for the purpose of settling the various Secured Parties’ rights to the Transaction Security.

8.5 Funds originating from an enforcement of the Transaction Security shall be distributed in accordance with Clause 10.3. Funds that the Agent receives in connection with the enforcement of the Transaction Security constitute escrow funds (redovisningsmedel) and must be held on a separate account on behalf of the relevant Secured Parties. The Agent shall promptly arrange for payments to be made to the relevant Secured Parties. If the Agent deems it appropriate, it may instruct the CSD to execute such payment to the Noteholders. If the Agent instructs the CSD to arrange for the payments to the Noteholders, the Agent must provide the CSD with a record, showing the amount to be paid to each Noteholder.

8.6 The total liability of the Agent for all claims arising out of or in connection with the enforcement of the Transaction Security (including direct loss, damage, liability, cost and expense however caused) is limited to an amount equal to the aggregate amount of payments received by the Agent from the Issuer under the Agency Agreement, except in the case of wilful misconduct or gross negligence on the part of the Agent.

9. **FURTHER ADVANCES**

9.1 Until the Further Advance Restriction Date, the Issuer will be permitted to use the funds on the Advance Account to make Further Advances up to a maximum aggregate amount of the Further Advance Reserve Amount per Collection Period, provided that the Further Advance complies with the Eligibility Criteria and the Credit Policy.

9.2 After the Further Advance Restriction Date, the Issuer will only be permitted to make Further Advances for the purpose of funding repair work on properties comprising Collateral (such Further Advance being a Permitted Cost), provided that:

(a) the property repair work is called for in the relevant scheduled Anticimex report;

(b) the amount of the Further Advance is limited to the actual cost of the property repair work;

(c) the Borrower owning the relevant property is, in the Servicer’s opinion, not able to fund the property repair work itself;

(d) the Further Advance complies with the Eligibility Criteria and the Credit Policy; and
(e) no Event of Default has occurred and is continuing.

9.3 All Promissory Notes issued as a result of Further Advances and all documents pertaining to the Collateral for such Promissory Notes shall be promptly deposited with the Custodian.

9.4 Amounts standing to the credit on the Advance Account shall only be used for the purpose of advancing Further Advances made in accordance with Clause 9.1.

9.5 On the Further Advance Restriction Date, all amounts standing to the credit on the Advance Account shall be transferred to the Collection Account.

10. DISTRIBUTION OF PROCEEDS

10.1 The Issuer shall ensure that all Proceeds are paid into the Collection Account.

10.2 Unless the Notes have been accelerated in accordance with Clause 14 (Acceleration of the Notes), all amounts standing to the credit on the Collection Account at the last day of each Collection Period shall on the following Interest Payment Date be distributed in the following order of priority, in accordance with the instructions of the Manager (unless the Agent has served a Control Notice):

(a) first, to pay the Agent Fee and any indemnities to the Agent in accordance with the Agency Agreement;

(b) secondly, to pay the Servicer Fee, the Manager Fee, the Standby Manager Fee, the First Standby Servicer Fee, the Second Standby Servicer Fee and the Custodian Fee pro rata;

(c) thirdly, to pay the Permitted Costs incurred during the previous Interest Period, to the extent they have not been paid from the Expense Account, and Permitted Costs expected to be incurred during the next Interest Period;

(d) fourthly, to pay taxes imposed on the Issuer for which the Shareholder is responsible but which the Shareholder has not settled;

(e) fifthly, to replenish the Collection Account up to the Minimum Reserve Amount;

(f) sixthly, until the Further Advance Restriction Date, to replenish the Advance Account up to the Further Advance Reserve Amount; and

(g) seventhly, to make payments pro rata on the Class A1a Notes and the Class A1b Notes, based on the total Rated Principal Amount (including unpaid Interest up to the relevant Interest Payment Date) for each class of Notes, such payment in respect of each class to be first used to pay unpaid Interest for the relevant Interest Period and thereafter to pay the Rated Principal Amount.
10.3 When the Notes have been accelerated in accordance with Clause 14 (Acceleration of the Notes), all amounts standing to the credit on the Collection Account and all other Proceeds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

(a) *first*, to pay the Agent Fee and any indemnities to the Agent in accordance with the Agency Agreement and to pay other expenses and indemnity payments to the Agent, including all costs relating to the enforcement of any Transaction Security, or the protection of the Noteholders’ rights;

(b) *secondly*, to pay the Servicer Fee, the Manager Fee, the Standby Manager Fee, the First Standby Servicer Fee, the Second Standby Servicer Fee and the Custodian Fee *pro rata*;

(c) *thirdly*, to pay the Permitted Costs;

(d) *fourthly*, to pay the Rated Principal Amount *pro rata* on the Notes;

(e) *fifthly*, to pay the Unrated Redemption Premium *pro rata* on the Notes;

(f) *sixthly*, to pay accrued and unpaid Licence Fees and the Subordinated Loans, together with all unpaid interest, *pro rata*; and

(g) *seventhly*, to pay any remaining amount to the Issuer.

10.4 Any amount distributed pursuant to Clause 10.2(c) in respect of Permitted Costs expected to be incurred during the next Interest Period shall be deposited in the Expense Account. Upon the occurrence of an Event of Default, all amounts standing to the credit on the Expense Account shall be transferred to the Collection Account.

11. **REDEMPTION OF THE NOTES**

11.1 **Redemption at maturity**

The Issuer shall redeem all outstanding Notes at the latest on the forty-fifth (45) anniversary of the Issue Date.

11.2 **Early redemption by the Issuer**

On or after the fifth (5) anniversary of the Issue Date or, if earlier, when the Rated Principal Amount is less than twenty (20) per cent of the total Initial Nominal Amount, the Issuer may redeem the Notes in full on a date determined by the Issuer, by giving the Agent and the Noteholders at least twenty (20) Business Days’ notice.

11.3 **Early redemption due to changes to legislation**

Should any substantial decrease in revenue occur for the Issuer, or substantial additional or increased cost be incurred or suffered by the Issuer, as a result
of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the Issue Date, the Issuer may redeem the Notes in full on a date determined by the Issuer, by giving the Agent and the Noteholders at least twenty (20) Business Days’ notice.

11.4 Redemption Amount

If the Notes are redeemed by the Issuer in accordance with Clause 11.2 or 11.3 on or before the Step-Up Date, repayment will be made by the Issuer with an amount equal to the Early Redemption Amount for each Note. If the Notes are redeemed by the Issuer after the Step-Up Date, repayment will be made by the Issuer with an amount equal to the Stepped-Up Redemption Amount for each Note.

11.5 Redemption in kind

11.5.1 The Issuer shall with effect on the date when the Rated Principal Amount has been reduced to zero (0) (the “Relevant Date”) redeem the Notes by way of issuing new notes (the “Unrated Notes”) in place of the Notes. The Unrated Notes shall be governed by substantially the same terms as these Terms and Conditions (with necessary amendments only) and the Security Documents shall be re-executed to ensure that the Unrated Notes enjoy the benefit of the Transaction Security. Each Unrated Note shall have an initial nominal amount equal to the Unrated Redemption Premium on the Relevant Date. Each Noteholder shall receive Unrated Notes in the same number as the number of Notes held by it on the Relevant Date and with the same allocation of floating rate notes and fixed rate notes. Unrated Notes replacing the Class A1a Notes shall carry interest calculated at STIBOR 3 months plus 2.25 per cent per annum and Unrated Notes replacing the Class A1b Notes at a rate equal to the Fixed Base Rate 2 plus 2.25 per cent per annum. The Unrated Notes shall be documented with new documentation and will receive new international securities identification numbers (ISIN).

11.5.2 If the Unrated Notes have not been validly issued to the Noteholders within three (3) months after the Relevant Date, the Notes shall be redeemed in cash for an amount equal to the Unrated Redemption Premium on the Relevant Date plus interest on such amount from the Relevant Date calculated in accordance with Clause 6 (Default interest).

11.5.3 The obligation of the Issuer to issue Unrated Notes shall be an independent obligation separate and apart from the Issuer’s other obligations under the Transaction Documents and any failure by the Issuer to issue Unrated Notes in accordance with Clause 11.5.1 (or to redeem the Notes in cash in accordance with Clause 11.5.2) shall not be an Event of Default for the purpose of the Rated Principal Amount.
12. INFORMATION UNDERTAKINGS

12.1 The Issuer shall provide to the Agent and to each Noteholder:

(a) information on the calculation of the Fixed Base Rate 1 and the Fixed Base Rate 2 and the definitive allocation of Class A1a Notes and Class A1b Notes, no later than five (5) Business Days after the Issue Date;

(b) annual audited financial statements of the Issuer, as soon as they become available but no later than 120 days after the expiry of each financial year (prepared in accordance with GAAP, unless the Noteholders at the request of the Issuer have agreed to substitute GAAP with other principles);

(c) semi-annual financial statements, as soon as they become available but no later than 60 days after the expiry of each report period (prepared in accordance with GAAP, unless the Noteholders at the request of the Issuer have agreed to substitute GAAP with other principles); and

(d) no later than five (5) Business Days before an Interest Payment Date, (i) an Investor Report, (ii) a specification of payments to be made to the Noteholders on the next Interest Payment Date, (iii) a specification of the Rated Principal Amount and the Unrated Redemption Premium, calculated for the next Interest Payment Date and (iv) a specification of the Early Redemption Amount or of the Stepped-Up Redemption Amount, as the case may be, calculated for the next Interest Payment Date.

12.2 The Issuer is obliged to immediately notify the Agent and the Noteholders (with full particulars) if any circumstance specified in Clause 14 (Acceleration of the Notes) occurs and shall provide the Agent with such further information as it may request following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur provided that the Agent does not have actual knowledge of such circumstance.

12.3 The Issuer shall establish a web site on which all information about the Issuer and the Notes that are made public by the Issuer shall be posted as soon as possible following publishing, and remain so for at least three years. Financial reports shall however be posted for at least five years following publishing.

13. GENERAL UNDERTAKINGS

13.1 Authorisations

The Issuer shall obtain, maintain, and comply with the terms of any authorisation, approval, licence, etc required for the conduct of its business.
13.2 Compliance

The Issuer shall comply with the terms of the Transaction Documents and all applicable laws and regulations.

13.3 Business of the Issuer

The Issuer shall not conduct any other business than holding and managing the Portfolio and the Issuer shall not enter into any agreements or commitments not contemplated in the Transaction Documents.

13.4 Use of Subordinated Loans

13.4.1 The Issuer shall use the Subordinated Loans disbursed on the Issue Date to:

(a) deposit on the Collection Account an amount equal to the Minimum Reserve Amount, less the amount deposited on the Expense Account in accordance with paragraph (d) below;

(b) deposit on the Advance Account an amount equal to the Further Advance Reserve Amount;

(c) pay to the Originator the amount of the purchase price for the Portfolio exceeding the total Nominal Amount for the Notes, but in no event more than SEK 1,000,000;

(d) deposit on the Expense Account an amount calculated to cover expected Permitted Costs until the first Interest Payment Date; and

(e) deposit on the Expense Account the amount required to pay the Set-Up Costs incurred prior to the Issue Date.

13.4.2 Subordinated Loans disbursed, or deemed to be disbursed, after the Issue Date may be used by the Issuer to:

(a) fund additional Set-Up Costs (if any);

(b) convert matured Licence Fees into Subordinated Loans;

(c) convert receivables resulting from a group contribution (koncernbidrag) or dividend that is permitted pursuant to Clause 13.13 (Distributions) into Subordinated Loans;

(d) reconvert conditional shareholder’s contributions (villkorat aktieägartillskott) made in accordance with Clause 13.9 (Conversion of Subordinated Loans and other outstanding amounts into Subordinated Loans) into Subordinated Loans;

(e) support the Issuer’s payment obligations under the Transaction Documents; and

(f) pay taxes for which the Shareholder is responsible pursuant to Clause 13.12 (Tax).
13.5 Expense Account

For as long as no Event of Default is outstanding, the amounts standing to the credit of the Expense Account may be used by the Manager to pay Set-Up Costs and Permitted Costs. However, the amount of Set-Up Costs paid from the Expense Account may in no event exceed the amount of Subordinated Loans deposited on the Expense Account for this purpose.

13.6 Equity Account

The Issuer shall on or before the Issue Date deposit SEK 250,000 on the Equity Account and maintain such amount on the Equity Account for as long as any Notes are outstanding. Interest accruing on the Equity Account shall be transferred to the Collection Account.

13.7 Employees

The Issuer shall not have any employees or hire any consultants (other than, for the avoidance of doubt, external advisers or experts).

13.8 Financial indebtedness

The Issuer shall not incur any Financial Indebtedness (other than under the Subordinated Loan Agreement and the Licence Agreement), except that when the Issuer is entitled to redeem the Notes in full in accordance with Clause 11 (Redemption of Notes), the Issuer may borrow funds for such purpose.

13.9 Conversion of Subordinated Loans and other outstanding amounts

The Issuer shall, in order to avoid compulsory liquidation (tvångslikvidation), convert the principal amount of the Subordinated Loans (including capitalised interest) or any amount outstanding under the Licence Agreement, or part thereof, to a conditional shareholder’s contribution (villkorat aktieägartillskott) in accordance with the provisions of the respective agreement. The Agent may in accordance with the provisions of the respective agreement also exercise this right if it deems fit.

13.10 Negative pledge

The Issuer shall not create or permit to subsist, any Security over any of part of the Portfolio or enter into any other preferential arrangement having a similar effect, other than (i) in favour of the Secured Parties or (ii) for the purpose of financing a redemption of the Notes in accordance with Clause 11 (Redemption of the Notes) provided that the Security is perfected simultaneously with the redemption of the Notes.

13.11 Listing

13.11.1 The Issuer shall ensure that the Notes are listed with NASDAQ OMX Stockholm not later than three (3) months after the Issue Date, and remain so listed or, if such listing is not possible to obtain or maintain, on another regulated market reasonably acceptable to the Noteholders.
13.11.2 The Issuer shall, following a listing, take all actions on its part to maintain the listing of the Notes.

13.12 **Tax**

The Shareholder shall be responsible for paying taxes imposed on the Issuer and the Issuer shall if possible ensure that all such taxes are (i) neutralised by means of group contributions (**koncernbidrag**) to the Shareholder as described in Clause 13.13(a) below, or (ii) paid out of funds provided by the Shareholder under the Subordinated Loan Agreement or as shareholder’s contribution (**aktieägaretillskott**).

13.13 **Distributions**

The Issuer shall not (i) make any dividend on shares, (ii) repurchase its own shares, (iii) repay share capital or other restricted equity with repayment to shareholders, or (iv) make other similar distributions, except that:

(a) the Issuer shall be entitled to give and/or receive group contributions (**koncernbidrag**) and make dividends on shares, provided that no cash or other funds are transferred from the Issuer to a shareholder as a result thereof (i.e. the group contributions or dividends are merely accounting measures) and that any resulting receivable owed by the Issuer to a shareholder shall be a Subordinated Loan and be subject to the Intercreditor Agreement; and

(b) the Issuer shall be entitled to make dividends on shares for the purpose of reconverting any shareholder’s contribution (**aktieägaretillskott**) made in accordance with Clause 13.9 (Conversion of Subordinated Loans and other outstanding amounts) and the Subordinated Loan Agreement into a Subordinated Loan.

14. **ACCELERATION OF THE NOTES**

14.1 The Agent is entitled, on behalf of the Noteholders, to declare all but not only some of the Notes due for payment immediately or at such later date as the Agent determines by notice to the Issuer, if:

(a) the Issuer does not pay on the due date any amount payable by it in respect of the Notes in the manner required (despite funds being available for distribution in accordance with Clause 10 (Distribution of Proceeds)), unless the non-payment:

(i) is caused by technical or administrative error; and

(ii) is remedied within ten (10) Business Days from the due date;

(b) the Issuer does not comply with any term of the Transaction Documents (other than those terms referred to in paragraph (a) above) and such non-compliance is materially prejudicial to the interests of the Noteholders (as determined by the Agent), unless the non-compliance:
(i) is capable of remedy; and

(ii) is remedied within thirty (30) days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance;

(c) the occurrence of an Insolvency Event in respect of the Issuer;

(d) the Issuer ceasing to be a wholly-owned subsidiary of the Shareholder otherwise than with the consent of the Noteholders;

(e) the Shareholder does not comply with any term of the VAT Letter Agreement unless the non-compliance:

(i) is capable of remedy; and

(ii) is remedied within thirty (30) days of the earlier of the Agent giving notice and the Shareholder becoming aware of the non-compliance; or

(f) the Issuer incurs Swedish corporate tax in excess of SEK 10,000,000 (the “Tax Amount”), unless (i) such tax is neutralized by means of group contributions (koncernbidrag) or (ii) the Shareholder provides additional subordinated funding under the Subordinated Loan Agreement or as a shareholder’s contribution (aktieägartillskott) to the Issuer in an amount sufficient to meet such tax liabilities in full to the extent that they exceed the Tax Amount.

14.2 Upon an Event of Default, the Agent shall notify the Noteholders thereof and consider whether it shall accelerate the Notes (without having to obtain the Noteholders’ prior consent) by notice to the Issuer, on a date determined by the Agent. The Agent shall, within ten (10) Business Days of the date on which the Agent received knowledge of that an Event of Default has occurred, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly obtain the instructions of the Noteholders in accordance with Clause 16 (Noteholders’ consent). If the Noteholders instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable. However, if in the Agent’s reasonable opinion the cost, loss or liability which it may incur in complying with such instructions will not be covered by an expected distribution of Proceeds in accordance with Clause 10 (Distribution of Proceeds), the Agent may refrain from acting in accordance with such instructions until it has received such indemnities (or adequate Security has been provided therefore) as it may reasonably require.

14.3 If the right to accelerate the Notes is based upon a decision of a court of law or a government authority, it is not necessary that the decision has acquired legal force or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.

14.4 In the event of an acceleration in accordance with this Clause 14, the Issuer shall redeem the Notes with an amount equal to (i) the Early Redemption Amount, if acceleration occurs on or before the Step-Up Date, or (ii) the
Stepped-Up Redemption Amount, if acceleration occurs after the Step-Up Date. As set out in Clause 10.3, the Rated Principal Amount shall always be paid in full before any Unrated Redemption Premium is paid.

15. MANAGEMENT, SERVICING AND CUSTODY

15.1 The Manager shall, in accordance with the Management Agreement and the Bank Account Agreement, perform certain cash management and administrative services in respect of the Promissory Notes on behalf of the Issuer and the Agent.

15.2 The Servicer shall, in accordance with the Servicing Agreement, perform certain functions in relation to the servicing of the Promissory Notes on behalf of the Issuer and the Agent.

15.3 The Custodian shall, in accordance with the Custody Agreement, act as custodian in respect of Promissory Notes, the Collateral and other loan documentation on behalf of the Issuer and the Agent.

15.4 If the Agent is entitled to terminate the Management Agreement or the Servicing Agreement (in accordance with the respective terms thereof), as the case may be, prematurely as a result of a breach by the Manager or the Servicer, as the case may be, of the terms thereof, but the Agent decides not to exercise such right, the Agent shall promptly obtain the instructions of the Noteholders in accordance with Clause 16 (Noteholders’ consent). If the Noteholders instruct the Agent to terminate such agreement, the Agent shall promptly do so and appoint a new Manager (the “New Manager”) or a new Servicer (the “New Servicer”), as the case may be. Unless the Noteholders decide otherwise, the Standby Manager shall become New Manager in the place of the Manager, pursuant to the Standby Management Agreement, and the First Standby Servicer or the Second Standby Servicer (if the First Standby Servicer is acting as Servicer at that time, or if the First Standby Servicing Agreement has been terminated or is capable of being terminated at that time) shall become New Servicer in the place of the Servicer, pursuant to the First Standby Servicing Agreement or the Second Standby Servicing Agreement, as the case may be.

15.5 Upon termination of the Management Agreement or the Servicing Agreement, as the case may be, in accordance with Clause 15.4, the Issuer shall use its reasonable endeavours to assist the Agent in appointing a New Manager and/or New Servicer and the Issuer shall execute such documents and take such action as the New Manager and/or New Servicer may reasonably require for the purpose of vesting in such New Manager and/or New Servicer the rights, powers and obligations of the Manager and/or the Servicer.

15.6 The New Manager or the New Servicer, as the case may be, shall take instructions from the Agent and be given all necessary powers of attorney and other support from the Issuer to be able to perform its duties. The New Manager shall be entitled to the Manager Fee and the New Servicer shall be entitled to the Servicer Fee, as the case may be.
16. **NOTEHOLDERS’ CONSENT**

16.1 The following actions require the consent of Noteholders representing at least 66\(\frac{2}{3}\) per cent of the total Nominal Amount:

(a) any transactions or agreements relating to matters in which the Manager, the Servicer or the Shareholder (or another parent company of the Issuer) or any of their respective Affiliates has a conflicting interest with the Issuer;

(b) any transactions or agreements between the Issuer on the one side and the Manager, the Servicer or the Shareholder (or another parent company of the Issuer) or any of their respective Affiliates on the other side, except as contemplated by the Transaction Documents;

(c) changes to the Eligibility Criteria, the Credit Policy and the Collection Policy, which in the Agent’s opinion are materially prejudicial to the interest of the Noteholders;

(d) appointment of a new Manager (other than the Standby Manager) or a new Servicer (other than the First Standby Servicer or the Second Standby Servicer) on terms to be approved by the Noteholders (unless the terms of the new Management Agreement or new Servicing Agreement, as the case may be, are on substantially the same terms as in the Management Agreement or the Servicing Agreement, as the case may be, existing on the Issue Date), except in the case of an appointment of new Manager or new Servicer in accordance with Clause 15.4;

(e) replacement of the Account Bank other than as permitted by the Transaction Documents; and

(f) any change to, or waiver of, the Transaction Documents that does not require a higher majority.

16.2 The following actions require the consent of all Noteholders:

(a) changes to the Articles of Association of the Issuer, including a change to the business of the Issuer;

(b) transfer of ownership of shares in the Issuer;

(c) issue of further Notes (except, for the avoidance of doubt, issue of Unrated Notes in accordance with Clause 11.5.1);

(d) a change to the terms for the distribution of proceeds set out in Clause 10 (Distribution of Proceeds);

(e) release of any Transaction Security on behalf of the Noteholders, except in connection with (i) the repayment of any Promissory Note, (ii) a repurchase of any Promissory Note by the Originator in accordance with the Mortgage Sale Agreement and with the consent of the Agent, (iii) a substitution of Borrower or Collateral under the
loans evidenced by the Promissory Notes made in accordance with the Servicing Agreement and with the consent of the Agent, or (iv) a redemption of the Notes in accordance with Clause 11 (Redemption of Notes);

(f) a change to the terms dealing with the requirements for Noteholder consent;

(g) an extension of the term of the Notes; and

(h) early redemption of the Notes, other than as permitted by these Terms and Conditions.

16.3 Any matter not covered by Clauses 16.1 and 16.2 shall require the consent of Noteholders representing more than 50 per cent of the total Nominal Amount of the votes cast at the Noteholders’ Meeting or of answers received, as the case may be.

16.4 Notes held by the Issuer, the Shareholder or their Affiliates (if any) shall not entitle to participation in decisions in respect of matters requiring Noteholders consent or any voting rights at a Noteholders’ Meeting, and such Notes shall not be considered when calculating if necessary majority has been achieved for a consent in accordance with these Terms and Conditions.

16.5 A request by the Issuer or the Agent for consent, approval or agreement by the Noteholders shall be decided upon by way of direct communication with each Noteholder or at a Noteholders’ Meeting.

(a) If by way of direct communication, a Noteholder shall be deemed to have given its consent or approval, or agreed to the proposal, if such Noteholder has not replied to a request from the Issuer or the Agent within ten (10) Business Days from when the request was made, provided that such request was made by registered mail and in accordance with Clause 25 (Notices).

(b) If at a Noteholders’ Meeting, the provisions in Clause 17 (Noteholders’ Meeting) shall apply and the requirements for a certain majority among the Noteholders set out in this Clause 16, shall only apply in relation to the Noteholders attending the Noteholders’ Meeting.

16.6 A matter decided by way of direct communication with each Noteholder or by a resolution passed at a duly convened and held Noteholders’ Meeting is binding on the Issuer, all Noteholders and the Shareholder, irrespective of them responding to a communication or being present or represented at the Noteholders’ Meeting. Any decision which extends or increases the obligations of the Issuer and/or the Shareholder shall be subject to the Issuer’s or the Shareholder’s consent.

16.7 All decisions regarding the transactions contemplated by, and taken in accordance with, these Terms and Conditions shall be deemed approved and consented to by the Shareholder in its capacity as the sole shareholder of the
Issuer (unless the Shareholder is under a legal or similar obligation to act otherwise).

17. **NOTEHOLDERS’ MEETING**

17.1 Each of (i) the Issuer, (ii) the Agent, (iii) the Shareholder and (iv) a Noteholder (or Noteholders) representing at least ten (10) per cent of the total Nominal Amount, may at any time call for a meeting among the Noteholders, the Issuer, the Agent and the Shareholder (a “Noteholders’ Meeting”). Such request shall be made in writing to the Issuer.

17.2 The Noteholders’ Meeting may, subject to the requirements set out in Clause 16 (Noteholders’ consent), decide upon any issue or matter in relation to these Terms and Conditions.

17.3 The Issuer or the Agent shall convene a Noteholders’ Meeting by sending a notice thereof to each Noteholder, no later than ten (10) Business Days after receipt of a meeting request from the Agent (or such later date as may be necessary for technical or administrative reasons), the Shareholder or the Noteholder(s). The notice shall include (i) time for the meeting, (ii) place for the meeting (being in Stockholm, as notified by the Issuer), (iii) agenda for the meeting (including any request by the Issuer or the Agent for consent, approval or agreement by the Noteholders) and (iv) a form of power of attorney. The Noteholders’ Meeting shall be held no later than ten (10) Business Days from the Issuer’s notice.

17.4 Quorum only exists if Noteholders representing at least twenty (20) per cent of the total Nominal Amount attend the meeting in person or by telephone conference (or appear through duly authorised representatives).

18. **REPLACEMENT OF THE AGENT**

18.1 Following the Step-Up Date (but not before), the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders may appoint a successor Agent. The Noteholders may, by notice to the Agent, require it to resign in accordance with this Clause 18.1.

18.2 If the Noteholders have not appointed a successor Agent in accordance with Clause 18.1 above within ninety (90) days after the notice of resignation was given, the Agent may appoint a reputable party as successor Agent.

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

18.4 The Agent’s resignation notice shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the Agent.
18.5 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Transaction Documents but shall remain entitled to the benefit of the Transaction Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer, the Shareholder and each of the Noteholders shall have the same rights and obligations amongst themselves as they would have had if such successor had been the original Agent.

18.6 In the event that there is a change in the identity of the Agent in accordance with this Clause 18, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Transaction Documents.

19. REPLACEMENT OF THE ISSUING AGENT

The Issuing Agent may retire from its assignment according to these Terms and Conditions provided that the Issuer has approved that a business bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the retiring Issuing Agent retires. If the Issuing Agent is subject to bankruptcy or financial reconstruction according to law or regulations from a supervising authority, the Issuer shall immediately appoint a new Issuing Agent which immediately shall replace the retiring Issuing Agent as issuing agent in accordance with these Terms and Conditions.

20. AMENDMENTS BY THE AGENT TO THE TRANSACTION DOCUMENTS

20.1 Notwithstanding Clause 16 (Noteholders’ consent), the Agent may, without the prior consent of the Noteholders, agree to amend or modify the Transaction Documents, provided that such amendment does not adversely affect the interest of the Noteholders or is made solely for the purpose of rectifying obvious errors and mistakes.

20.2 The Issuer shall promptly notify the Noteholders of any amendments made in accordance with Clause 20.1, setting out the date from which the amendments will be effective.

21. NO PETITION

21.1 A Noteholder may not take any steps whatsoever to recover any amount due or owing to it pursuant to the Transaction Documents, or procure the winding-up, bankruptcy, or liquidation of the Issuer or the making of an administration order in relation to the Issuer or the filing of documents with the court in relation to the Issuer or the service of a notice of intention to appoint an administrator in relation to the Issuer in respect of any of the liabilities of the Issuer whatsoever, other than to the extent expressly permitted under the Transaction Documents.
21.2 The provisions of Clause 21.1 are in addition to and without prejudice to a Noteholder’s rights as a Secured Party.

22. LIMITED RECOURSE

Notwithstanding any other provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the Transaction Security provided by the Issuer. If:

(a) there is no Transaction Security provided by the Issuer remaining which is capable of being realised or otherwise converted into cash;

(b) all amounts available from the Transaction Security provided by the Issuer have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Transaction Documents; and

(c) there are insufficient amounts available from the Transaction Security provided by the Issuer to pay in full, in accordance with the provisions of the Transaction Documents,

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid, and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease. For the avoidance of doubt, amounts standing to the credit on the Equity Account shall not be included in the Transaction Security and the Noteholders shall have no recourse to such amounts.

23. RANKING IN BANKRUPTCY

In the event of bankruptcy of the Issuer, the Noteholders’ right to payment shall (including but not limited to for the purpose of Chapter 5 Section 10 of the Swedish Bankruptcy Act) be subject to the condition that claims with better priority pursuant to Clause 10.3 have been, or will be, fully paid as a result of payments or distributions in connection with the bankruptcy.

24. MISCELLANEOUS

24.1 Conflict of Interest

24.1.1 Any transactions or agreements between the Issuer and the Shareholder or any of its Affiliates (except for the Transaction Documents) will be on an arm’s length basis and requires the prior consent of the Noteholders.

24.1.2 The Issuer will provide the Noteholders adequate disclosure with respect to all actual or potential conflict of interest situations in relation to transactions and/or agreements with any party. The Noteholders’ consent is required for such transactions and/or agreements.
24.2 Money Laundering

24.2.1 The Issuer is, and will continue to be, in compliance with any applicable money-laundering laws of Sweden.

24.2.2 Notwithstanding any provision of these Terms and Conditions to the contrary, the Issuer shall be authorised to take such action as it determines to be necessary or advisable for it to comply with the applicable anti-money-laundering and anti-terrorist laws of Sweden.

24.3 Prescription

24.3.1 The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Final Redemption Date. The right to receive payment of Interest (excluding capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders’ right to receive payment has been prescribed and has become void.

24.3.2 If such term of limitation periods are duly interrupted, in accordance with the Swedish Act on Limitations (Preskriptionslag 1981:130), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of Interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period as such date is determined pursuant with the provisions of the Swedish Act on Limitations.

25. NOTICES

25.1 Notices from the Issuer shall be given to the Agent at the address, fax number or e-mail address set forth in Clause 1 (Definitions and interpretation) or any substitute address, fax number or e-mail address as the Agent may notify to the Issuer, and to the Noteholders at their addresses as registered with the CSD.

25.2 Notices from the Noteholders to the Issuer shall be given to the Issuer at the address, fax number or e-mail address set forth in Clause 1 (Definitions and interpretation) or any substitute address, fax number or e-mail address as the Issuer may notify to the Noteholders by not less than five (5) Business Days’ notice.

25.3 Any communication or document made or delivered by one person to another under or in connection with these Terms and Conditions will only be effective:

(a) if by way of fax, when a receipt confirming the successful transmission is received;

(b) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or
(c) if by way of e-mail, when a receipt confirming the successful transmission is received,

and, if a particular department or officer is specified as part of its address details, if addressed to that department or officer.

25.4 Any notice received on a day which is not a Business Day or after 6 p.m. in the place of receipt will only be deemed to be given on the next Business Day in that place.

26. NOMINEE REGISTRATION

In respect of Notes registered with authorised nominees in accordance with the Financial Instruments Accounts Act, the authorised nominee shall be deemed to be the Noteholder for the purpose of applying these Terms and Conditions.

27. FORCE MAJEURE AND LIMITATION OF LIABILITY

27.1 The Issuer, the Agent, the Issuing Agent, the Manager, the Servicer, the Standby Manager, the First Standby Servicer and the Second Standby Servicer (each a “Relevant Party”) shall not be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if a Relevant Party itself takes such measures, or is subject to such measures.

27.2 Damage that may arise for a Noteholder shall not be indemnified by a Relevant Party if it has observed normal care. A Relevant Party shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct. For the Agent, Clause 7.3.1 shall apply instead of this Clause 27.2.

27.3 Should an obstacle described above arise which prevents a Relevant Party from taking any action required to comply with the terms and conditions for the Notes, such action may be postponed until the obstacle has been removed.

27.4 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

28. GOVERNING LAW AND JURISDICTION

28.1 These Terms and Conditions shall be governed by and construed in accordance with the laws of Sweden.

28.2 Any dispute or claim arising in relation to these Terms and Conditions shall be determined by Swedish courts, with the City Court of Stockholm (Stockholms tingsrätt) to be the court of first instance.
We hereby certify that the above terms and conditions are binding upon ourselves.

Place: [ ]
Date: [ ] August 2010

SVENSK HYPOTEKSPENSION FOND 1 AB (PUBL)

________________________ _______________________
Name: Name:

We hereby undertake to act in accordance with Clause 13.12 (Tax) in these Terms and Conditions.

Place: [ ]
Date: [ ] August 2010

SVENSK HYPOTEKSPENSION AB

________________________ _______________________
Name: Name:
We hereby undertake to act in accordance with these Terms and Conditions to the extent they refer to us.

Place: [ ]
Date: [ ] August 2010

CORPNORDIC SWEDEN AB

____________________________________  ____________________________________
Name:                                               Name:
ISSUER

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SERVICER AND MANAGER

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FIRST STANDBY SERVICER, STANDBY MANAGER AND CUSTODIAN

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SECOND STANDBY SERVICER

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ISSUING AGENT

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