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**SVENSK HYPOTEKSPENSION FOND 3 AB (PUBL)**

**Prospectus regarding SEK 2,000,000,000 Mortgage Backed Notes**

**Offering and Admission to Trading on NASDAQ Stockholm  
of a maximum amount of SEK 2,000,000,000 Mortgage Backed  
Fixed Rate Notes due 2061**

**ISIN: SE0007691621**

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Approved by the Swedish Financial Supervisory Authority on 2 May 2016

*Barclays  
and  
DNB Markets*



## Important information

In this prospectus, the **“Issuer”** means Svensk Hypotekspension Fond 3 AB (publ), Swedish corporate Reg. No. 559017-2440, and the **“Parent”** means Svensk Hypotekspension AB, Swedish corporate Reg. No. 556630-4985, **“Seller”** means Svensk Hypotekspension Fond 2 AB, Swedish corporate Reg. No. 556788-8200. The **“Group”** means the Parent with all its subsidiaries from time to time (each a **“Group Company”**). The **“Arrangers”** means Barclays Bank PLC (**“Barclays”**) and DNB Bank ASA, Sweden Branch (**“DNB”**).

**“Euroclear Sweden”** refers to Euroclear Sweden AB. **“NASDAQ”** refers to NASDAQ Stockholm AB. **“SEK”** refers to Swedish kronor. **“M”** refers to million(s) and **“K”** refers to thousand(s).

Words and expressions defined in the Terms and Conditions, included in section 13 *“Terms and conditions of the Notes”*, have the same meanings when used in this prospectus (the **“Prospectus”**). Capitalised terms used in this Prospectus but not defined in the Terms and Conditions are defined in section 11 *“Prospectus definitions”*.

### Notice to investors

The Issuer will issue a total of 2,000 secured notes (the **“Notes”**) in the Total Nominal Amount of SEK 2,000,000,000 on or around 9 February 2016 (the **“Issue Date”**) pursuant to the Terms and Conditions. This Prospectus has been prepared for the listing of the Notes on NASDAQ. This Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell Notes.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the **“SFSA”**) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (Sw. *lagen (1991:980) om handel med finansiella instrument*) (the **“Trading Act”**). Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Prospectus is correct and 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.

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. This Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. 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. 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. Subject to certain exemptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the **“Securities Act”**) or the securities laws of any state or other jurisdiction outside Sweden.

No person has been authorised to provide any information or make any statements other than those contained in this Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Note implies that the information in this Prospectus is correct and current as at any date other than the date of this Prospectus or that there have not been any changes in the Issuer’s or the Group’s business since the date of this Prospectus. If the information in this Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in the Trading Act.

Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor. In making an investment decision, investors are advised to read carefully, and should rely solely on, the detailed information in this Prospectus and related documents referred to herein. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of the investment in the Notes.

### Forward-looking statements and market data

The Prospectus contains certain forward-looking statements that reflect the Issuer’s current views or expectations with respect to future events and financial and operational performance. The words *“intend”*, *“estimate”*, *“expect”*, *“may”*, *“anticipate”* or similar expressions regarding indications or forecasts of future developments, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause the Issuer’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in section 1 *“Risk factors”*. The forward-looking statements included in this Prospectus apply only to the date of the Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer and the Group or persons acting on the Issuer behalf is subject to the reservations in or referred to in this section.

The Prospectus contains market data, including information related to the Borrowers. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in the Prospectus is also derived from estimates made by the Issuer.

### Presentation of financial information

Certain financial and other information presented in this Prospectus has been rounded off for the purpose of making this Prospectus more easily accessible for the reader. As a result, the figures in tables may not tally with the stated totals.

No information in this Prospectus has been audited or reviewed by the Issuer’s auditor. Financial data in this Prospectus stem from internal accounting and reporting systems.

## TABLE OF CONTENTS

1.	RISK FACTORS .....	4
2.	OVERVIEW .....	11
3.	THE ISSUER.....	15
4.	BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS .....	19
5.	THE PORTFOLIO.....	21
6.	THE NOTES AND USE OF PROCEEDS .....	36
7.	EXPECTED REDEMPTION PROFILES OF THE NOTES .....	47
8.	SECURITY STRUCTURE.....	55
9.	THE TRANSACTION DOCUMENTS.....	57
10.	LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION .....	61
11.	PROSPECTUS DEFINITIONS.....	62
12.	ADDRESSES .....	63
13.	TERMS AND CONDITIONS OF THE NOTES.....	64

## **1. RISK FACTORS**

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*Investments in corporate bonds always entail a certain degree of risk, including the risk of losing the value of the entire investment. A number of factors affect and may come to affect the Issuer's operations, result, financial position and the Notes. In this section a number of risk factors are described, including general risks attributable to the Issuer's operations and key risks linked to the Notes in their capacity as financial instruments. The intention is to describe risks that are linked to the Issuer's operations and thus also the Issuer's ability to fulfil its obligations in accordance with the terms and conditions regulating the rights and obligations with respect to the Notes (the "Terms and Conditions").*

### **1.1. Risks relating to the Notes**

#### **1.1.1. Notes obligations of Issuer only**

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, the Parent, the Seller, the Arrangers or any of the transaction parties (other than the Issuer) and no person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### **1.1.2. The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential 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 the Notes 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 of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic 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 its overall investment portfolio.

The Issuer believes that the risks described below are the principal risks inherent in the transaction for the Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer does not represent that the below statements regarding the risks of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus may mitigate some of these risks for Noteholders, there is a risk that these elements will not be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.

#### **1.1.3. There has been no active trading market for the Notes, the market price of the Notes may fluctuate and may decline below the Nominal Amount**

Although application has been made for the Notes to be admitted to trading on the corporate bonds list of NASDAQ's regulated market, there is a risk that such application will not be accepted or that the Notes will not be admitted. Further, prior to any admission to trading, there has been no public market for the Notes. There is a risk that an active trading market for the Notes will not develop or, if developed, not will be sustained. There is also a risk that the Initial Nominal Amount may not be indicative of the market price for the Notes following the admission to trading of the Notes on NASDAQ. In addition, 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 that periodic market volatility may lead to an increased lack of liquidity. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resale even if there is no decline in the performance of the Portfolio.

#### **1.1.4. Interest rate risk**

The Notes' value depends on several factors, one of the most significant over time being the level of market interest rates. Investments in the Notes involve a risk that the market value of the Notes may be adversely affected by changes in market interest rates.

Changes in the general level of interest rates, in particular STIBOR, may adversely affect the value of the Notes. Changes in the expected interest rate level for different categories of risks in investments may also affect the value the Notes.

The Issuer's obligation to pay Senior Interest on the Notes on an Interest Payment Date is conditional upon the Issuer having sufficient funds and any non-payment on an Interest Payment Date (except the Final Maturity Date) will not constitute an Event of Default unless funds are available for the Issuer to make such payment. Payment of the shortfall (Deferred Interest) will be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer. Such Deferred Interest will accrue interest (Additional Interest) at the rate of Senior Interest applicable from time to time. The only obligation to be rated by Fitch is the Issuer's ability to ultimately pay Senior Interest (including Deferred Interest and Additional Interest) at this level and to repay the Nominal Amount. The Issuer's obligation to pay the Excess Consideration (if any) is always subordinated to the obligation to pay the Total Nominal Amount and the Senior Interest (including Deferred Interest and Additional Interest) in full.

#### **1.1.5. Credit risk**

Investors investing in the Notes take a credit risk on the Issuer. Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss is not covered by the Collateral). Although security is provided pursuant to the Security Documents, the Notes are not guaranteed by any person. If the Issuer's financial position should decline, there is a risk that the Issuer will not be able to fulfil its obligations under the Notes. A decrease in the Issuer's creditworthiness could also lead to a decrease in the market value of the Notes.

#### **1.1.6. Timing of payments**

The 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 is a risk that there will not be sufficient receipts from the Portfolio alone to enable payments owing to the Noteholders.

#### **1.1.7. Rating**

The Notes are expected, on issue, to be assigned an Asf rating by Fitch, see section 6.16 "*Rating*". 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. Thus, there is a risk that particular ratings will not continue for any period of time or that they will be reviewed, revised, suspended or withdrawn entirely by Fitch as a result of changes in or unavailability of information or of, in the judgement of Fitch, circumstances so warrant. At any time, Fitch may revise its rating methodology, with the result that the rating assigned to the Notes may be lowered. A qualification, downgrade or withdrawal of the rating mentioned above may adversely impact the market value of the Notes.

#### **1.1.8. Certain material interests**

Certain advisors and other parties of 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 the Parent in the ordinary course of business. Further, parties to the Transaction may perform multiple roles, including the Parent 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 will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. The parties to the Transaction may pursuant to the

Transaction Documents also be replaced by one or more new parties. There is a risk that such a new party also could have a potential conflicting interest.

#### **1.1.9. 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.

#### **1.1.10. Noteholder representation**

In accordance with the Terms and Conditions, the Agent represents the Noteholders in all matters relating to the Notes, the Transaction Documents and the Transaction Security. A Noteholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Transaction Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Transaction Documents. Such steps may only be taken by the Agent. However, there is a risk that a Noteholder, in certain situations, could bring its 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 the 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 impact the enforcement of the Transaction Security or other proceedings before a court.

Under the Terms and Conditions the Agent has the right in some cases 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 the Noteholders' rights under the Transaction Documents in a manner that would be undesirable for some of the Noteholders.

#### **1.1.11. 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 is a risk that the Issuer or the Agent, as the case may be, will not 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. As a result, the Noteholders may not recover any or full value of the Notes in the case of an enforcement sale.

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 13 (*Distribution of Proceeds*) of the Terms and Conditions. To the extent that the Noteholders do not have secured claims, under bankruptcy law, certain debts and claims must be paid in priority to other debts and claims (for example, costs and expenses of a bankruptcy administrator).

#### **1.1.12. Legal and regulatory risk**

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory position for certain investors in structured finance exposures and/or on the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arrangers or the Parent makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Issue Date or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Prospective investors should also note the provisions of the CRA Regulation. Failure to comply with one or more of the requirements may result in various penalties.

The EU risk retention and due diligence requirements described above and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

There is a risk that the Notes will not satisfy all or any of the requirements for use as collateral in any transaction with the Swedish Central Bank and no investigation has been undertaken in relation thereto.

#### **1.1.13. Refinancing risk**

The Notes extend to the first Interest Payment Date falling after the forty-fifth (45<sup>th</sup>) anniversary of the Issue Date, with an option for the Issuer to redeem the Notes, subject to certain conditions, on or after the Interest Payment Date falling immediately before the fourth (4<sup>th</sup>) anniversary of the Issue Date (the First Call Date) or, if earlier, when the total Nominal Amount is less than twenty (20) per cent. of the total Initial Nominal Amount. The market for asset-backed financing is limited, hence there is a risk that the Issuer will not be able to access the finance required to redeem the notes, leading the notes to extend, potentially up to forty-five (45) years after the Issue Date.

#### **1.1.14. 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 the Parent 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 the Parent 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.

#### **1.1.15. Clearing and settlement**

The Notes are affiliated to Euroclear Sweden's account-based system. Clearing and settlement as well as payment of Interest and the repayment of principal are carried out within the said system. Investors are therefore dependent on the functionality of Euroclear Sweden's system subject to the terms set out in Clause 7 (*Payments in respect of the Notes*) of the Terms and Conditions.

#### **1.1.16. Representations and warranties in respect of the transfer of the Portfolio**

Pursuant to the Mortgage Sale Agreement, the Parent and the Seller have each made certain representations and warranties in respect of each Promissory Note forming part of the Initial Portfolio and each Promissory Note which will be transferred on a certain Purchase Date. 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 the Parent and the Seller. There is a risk that the Parent will not have the financial resources to meet its obligation to make any purchases of Transferred Promissory Notes or make any payments in the future, in respect a misrepresentation or a breach of warranty given by it.

#### **1.1.17. No-Negative-Equity Guarantee**

Each of the Promissory Notes in the Portfolio incorporates the No-Negative-Equity Guarantee as long as the relevant Borrower is not in breach of the loan terms and conditions, please see section 5.4 "*The Portfolio – The No-Negative-Equity-Guarantee*" for further description. 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 negative effect on the Issuer.

#### **1.1.18. Losses pertaining to declining value of property**

The Transaction Security consists of, amongst other things, the Issuer's interest in the Transferred Promissory Notes as secured by the Collateral. The Transaction Security may be affected by, amongst other things, a decline in property values. There is a risk that values of the Collateral have not remained or will not remain at the level

at which it was as at the relevant origination date of the related Transferred 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 Transferred 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 Transferred Promissory Note. In order to secure against any decreasing value of the Collateral and the event that a Borrower has failed to insure the Collateral, the Issuer has subscribed to an insurance with the Bank Insurance Authority (Sw. *Bankförsäkringsnämnden*). Such insurance is subordinated to a Borrower's insurance of the Collateral and may only be called in the event that the primary insurance by a Borrower is missing or has been terminated.

Inheritors of the Borrower's estate could choose to pay-off the loan without sale of the Collateral, but they are likely to do so only if the loan amount is less than the open market value of the Collateral, less any sales costs. If the total amount to be paid on the loan exceeded the property value, the inheritors are more likely to sell the Collateral (given the No-Negative Equity Guarantee). It is therefore essential that the Collateral is adequately maintained and does not fall into disrepair, which could decrease the value of the Collateral. Thus, there is a risk that some Collateral could suffer a bigger fall in value relative to other Collateral because of disrepair, resulting in a loss to the Noteholders.

#### **1.1.19. Legal and regulatory risks**

The consumer loans of the Portfolio granted since 1 January 2011 are regulated by the Consumer Credit Act of 2010 (Sw. *konsumentkreditlagen (2010:1846)*) and consumer loans of the Portfolio granted prior to 1 January 2011 are regulated by the Consumer Credit Act of 1992 (Sw. *konsumentkreditlagen (1992:830)*). The requirement under these statutes to take into account good credit practice in the Swedish consumer market 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 (Sw. *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 (Sw. *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 (Sw. *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 (Sw. *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.

#### **1.1.20. Consumer disputes**

The consumer loans of the Portfolio are granted to individuals of at least sixty years of age. Accordingly, the Issuer operates within a market where borrowers more commonly may suffer from certain age related conditions. There is a risk that, although the Parent and the Seller have each made certain representations and warranties in respect of the validity of the Promissory Notes to be transferred to the Issuer pursuant to the Mortgage Sale Agreement, upon death of a borrower, relatives of the deceased may claim that the deceased did not have presence of mind or was misled at the entry of the contract and, on such ground, legally challenge the contract (see Act on Contracts Concluded Under the Influence of a Mental Disorder (Sw. *lag (1924:323) om verkan av avtal, som slutits under påverkan av en psykisk störning*) and the Swedish Contracts Act (Sw. *avtalslagen (1915:218)*). Thus, there is a risk that the Issuer will, from time to time, become involved in judicial and administrative proceedings in relation to the above, or similar practices, and such proceedings could, if not merely relating to isolated incidents, prove to be time-consuming, disrupt normal operations, involve large



amounts and result in significant costs, which could adversely affect the Issuer's operations, financial position and results.

#### **1.1.21. Early amortisation by the Borrowers**

The Promissory Notes are due in an event of default of a Promissory Note and shall be repaid at such event and no amortisation shall be made during the life time of the Promissory Note. However, since the Borrowers have a contractual right to make amortisation, there is a risk that certain Borrowers may make early amortisations, which would decrease the value of the Portfolio and eventually force the Issuer to use these excess fund to partially redeem the Notes.

### **1.2. Risks relating to the Issuer**

#### **1.2.1. The Issuer has been and will continue to be controlled by one shareholder**

The Parent owns one-hundred (100) per cent. of the shares in the Issuer and will continue to retain this stake. The Parent 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. There is a risk that the Parent's interest may conflict with those of the Noteholders.

#### **1.2.2. 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, there is a risk that the value of the Notes may be adversely affected.

If any third party on which the Issuer relies ceases to fulfil its obligations or satisfy any applicable criteria, including the ratings criteria detailed herein, then the rights and obligations of that party may be required to be transferred to another entity which satisfies the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. There is thus a risk that this may reduce amounts available to the Issuer to make payments on the Notes.

Investors should also be aware that third parties on which the Issuer relies can be adversely impacted by the general economic climate. At the date of this Prospectus, global markets are negatively impacted by prevailing economic conditions, including by market perceptions regarding the ability of certain EU member states in the Eurozone to service their sovereign debt obligations. There is a risk that these prevailing economic conditions, as well as future developments in the areas of underlying market concern, may continue to have material adverse impacts on financial markets throughout the world up to and beyond the maturity of the Notes. Moreover, the anticipation by the financial markets of these impacts could also have a material adverse effect on the business, financial condition and liquidity position of certain of the parties to the transaction, on which the Issuer relies. As a result, these factors, affecting transaction parties specifically as well as market conditions generally, could adversely affect the performance of the Notes.

#### **1.2.3. Limited resources and limited recourse**

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 the receipt of funds from the Portfolio to the Collection Account and the Minimum Reserve Amount.

Other than the foregoing, 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.

The Notes will be limited recourse obligations of the Issuer. On enforcement of the Transaction Security, recourse in respect of all of the Issuer's obligations (including the obligation to pay principal and interest on the Notes) will be limited to the proceeds of realisation of the Transaction Security and, to the extent the proceeds of enforcement are insufficient to satisfy the obligations of the Issuer in respect of the Secured Obligations (including amounts due in respect of the Notes) following distribution of all of such proceeds, the Secured Parties shall have no further claims against the Issuer in respect of amounts owing to them which remains unpaid (including, for the avoidance of doubt, all amounts due in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment shall be deemed to cease.

**1.2.4. Credit risk**

The business risk principally pertains to credit risks on the Borrowers. Since the property of the Borrower acts as Collateral, there is a risk that 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.

**1.2.5. Tax and VAT**

It is not expected that the Issuer will have more than an insignificant amount of taxable profit before the Nominal 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 in excess of the Tax Amount by means of group contributions (Sw. *koncernbidrag*) or fund the payment of such taxes by way of shareholder's contribution (Sw. *aktieägartillskott*). If the Issuer incurs tax liabilities in excess of the Tax Amount that are not neutralised by the Parent pursuant the above, there is a risk that 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 the Parent and thus, services provided by the Parent 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 twenty-five (25) per cent. of VAT unless covered by an exemption or if the agreed fees are inclusive of any VAT.

**1.2.6. Legal and regulatory risks**

Both the Parent and the Issuer are registered with, but not supervised by, the SFSA and obliged to follow relevant laws and regulations for their respective businesses. At the time of the issuance of the Notes, the Mortgage Credit Directive is in the process of being implemented in Sweden. Although the implementation of the Mortgage Credit Directive has not yet been finalised, there is a risk that, as of the date hereof, the current form of the Swedish legislation implementing the Mortgage Credit Directive may, among other things, require both the Parent and the Issuer to obtain a license as from 1 March 2016. Such requirement, and other potential requirements imposed by the Mortgage Credit Directive, may thus necessitate changes to the conduct of the business of the Issuer and the Parent and increased compliance costs.

There is a risk that the changes in legislation or regulation, or the interpretation thereof, will adversely affect the ability of the Issuer to make payments to the Noteholders. Further, changes in legislation or regulation may prevent the Issuer from acquiring Further Advance Promissory Notes, Revolving Portfolio Promissory Notes and New Promissory Notes which may result in the Issuer having to use the resulting excess funds to partially redeem the Notes.

## 2. OVERVIEW

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### 2.1. General information

#### 2.1.1. Introduction and warnings

This overview should be read as an outline of the offering. Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole by the investor. In making an investment decision, investors are advised to read carefully, and should rely solely on, the detailed information in this Prospectus and related documents referred to herein. Each investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of the investment in the Notes.

Where a claim relating to the information in this Prospectus is brought before a court, the plaintiff investor might, under the applicable national legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability may attach to those persons who produced the overview, including any translation thereof, only if the overview is misleading, inaccurate or inconsistent with other parts of the Prospectus or if, together with other parts of the Prospectus, it fails to provide key information to help investors when considering investing in such securities.

#### 2.1.2. Use of the prospectus

The Issuer does not give consent to the use of the Prospectus for subsequent resale or final placement of securities by financial intermediaries.

#### 2.1.3. General outline

Svensk Hypotekspension AB (the Parent) has originated a portfolio of mortgage loans documented by Promissory Notes (the Portfolio). The Portfolio will be sold to Svensk Hypotekspension Fond 3 AB (publ) (the Issuer), a newly established subsidiary and a special purpose vehicle that shall only hold the Portfolio and service the Notes.

The Issuer will initially purchase the Initial Portfolio. The Issuer's acquisition of the Initial Portfolio is financed by the proceeds from the issue of the Notes. Subsequently, the Issuer shall use its best effort to purchase, from time to time, (i) Revolving Portfolio Promissory Notes, which meet the Initial and Revolving Eligibility Criteria, from the Revolving Portfolio, and (ii) when no more Revolving Portfolio Promissory Notes are available for purchase from the Revolving Portfolio, purchase New Promissory Notes which meet the New Eligibility Criteria.

If the Issuer receives a request from a Borrower to make a Further Advance in respect of a Transferred Promissory Note, the Issuer may, and only in accordance with Clause 12.2 (*Further Advances*) of the Terms and Conditions, the Mortgage Sale Agreement, any applicable law and the Credit Policy, request the Originator to agree to a Further Advance under such Transferred Promissory Note. Such a request may only be made by the Issuer provided that, immediately following such Further Advance having been made, (i) the Issuer purchases the relevant Further Advance Promissory Note from the Originator pursuant to Clause 12.2.3 of the Terms and Conditions or (ii) the Originator purchases the Transferred Promissory Note in respect of which the Further Advance was made from the Issuer, in each case in accordance with the Mortgage Sale Agreement. For the avoidance of doubt, the Issuer is not permitted to make any Further Advances in respect of a Transferred Promissory Note in its own name.

Prior to the First Call Date and provided that the Revolving Conditions are satisfied and the aggregate amount of the Further Advance Promissory Notes purchased by the Issuer during the preceding twelve (12) months does not exceed SEK 32,000,000, the Issuer shall use its best efforts to purchase from the Originator the Further Advance Promissory Notes.

The Noteholders are given security over the Transferred Promissory Notes, certain of the Issuer's bank accounts and the shares in the Issuer. This security is also given to certain other creditors of the Issuer. The security is held by Intertrust CN (Sweden) AB as Agent for all Secured Parties.

The Issuer does not have any employees and has to rely on different service providers. The Parent provides management and operational services in the roles of Servicer and Manager. Bluestep Servicing AB will act as Custodian of the Transferred Promissory Notes on behalf of the Issuer and the Agent.

The Issuer's bank accounts are held with DNB Bank ASA, Sweden Branch (Account Bank) and operated by the Parent 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, the Senior Additional Purchase Price, the Subordinated Additional Purchase Price 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 Revolving Account is used to purchase Further Advance Promissory Notes, Revolving Portfolio Promissory Notes or New Promissory Notes. The Interest Account is a pledged account used to set aside an amount on each Waterfall Date to cover accrued and unpaid Senior Interest to be paid on the next Interest Payment Date. The Equity Account is used to set aside SEK 250,000, an amount equal to half of the Issuer's registered share capital, in order to avoid a compulsory liquidation of the Issuer in case there is a decline in asset value.

Should the aggregate amount standing to the credit of the Issuer Bank Accounts at any time exceed an amount corresponding to the lower of (i) SEK 60,000,000 and (ii) the difference between the Guaranteed Issuer Bank Account Amount and SEK 10,000,000 (Cash Limit), the Issuer shall be obliged to use an amount equal to the difference between the amount standing to the credit of the Issuer Bank Accounts and the Cash Limit to purchase Eligible Securities, which shall be kept on the Custodial Account.

## **2.2. The offering**

### **2.2.1. The Issuer**

The Issuer, Svensk Hypotekspension Fond 3 AB (publ), with Swedish corporate Reg. No. 559017-2440, is a public limited company incorporated under the laws of Sweden with its registered office 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 other business operations than holding the Portfolio and issuing the Notes.

The Issuer was incorporated on 9 June 2015 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 12 June 2015. Thus, there has been no financial statement since the Issuer was established.

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

The share capital of the Issuer amounts to SEK 500,000 and is divided into 500,000 shares, each with a quota value of SEK 1. The share capital is fully paid. All of the Issuer's shares are held by the Parent.

The Issuer's Board of Directors consists of Erik Åsbrink (chairman), Lennart Grabe and Anders Larsson. Lennart Grabe is also Managing Director of the Issuer.

Öhrlings PricewaterhouseCoopers AB, represented by Ulf Westerberg as principal auditor, is the Issuer's independent auditor.

The Issuer will enter into the Mortgage Sale Agreement, the Agency Agreement, the Servicing Agreement, the Standby Servicing Agreement, the Management Agreement, the Standby Management Agreement, the Custody Agreement, the Standby Custody Agreement, the Intercreditor Agreement, the Bank Account Agreement, the Promissory Notes Pledge Agreement, the Account Pledge Agreement and subscription undertakings for the subscription of the Notes.

### **2.2.2. The Portfolio**

On the Issue Date, the Issuer will acquire the Initial Portfolio from the Seller. As at 30 September 2015, the Initial Portfolio and the Revolving Portfolio comprised 4,202 Promissory Notes, with an aggregate outstanding balance of SEK 2,368,376,645. Since 30 September 2015 to 31 December 2015, further Promissory Notes have been issued to the Parent for loans granted by it in accordance with the Initial and Revolving Eligibility Criteria and the Credit Policy and which will be included in the Initial Portfolio and the Revolving Portfolio. The Parent and the Issuer will determine the Initial Portfolio to be acquired by the Issuer seven (7) 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 Initial Portfolio so determined. Since 30 September 2015, outstanding principal balances in respect of the Promissory Notes comprising the Initial Portfolio and Revolving Portfolio have continued and will continue to accrue interest and be subject to repayments of principal and interest. However, at the Issue Date, the aggregate outstanding balance in respect of the Promissory Notes to be included

in the Initial Portfolio will nevertheless not exceed SEK 2,000,000,000. The Promissory Notes representing the remaining balance will constitute the Revolving Portfolio.

All amounts received by the Parent or the Seller 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.

Each Promissory Note in the Portfolio is documented as such and secured by mortgage certificates (Sw. *pantbrev*) over real estate or by a pledge of rights to a cooperative flat (Sw. *bostadsrätt*). Approximately 23.6 per cent. of the Promissory Notes in the Initial Portfolio and Revolving Portfolio are secured by mortgage certificates and 76.4 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 are 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 the Parent 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 in the Initial Portfolio are granted at a fixed margin of 3.10 – 4.50 per cent. *per annum* over STIBOR 3 months with the weighted average margin being approximately 3.90 per cent. *per annum*.

The Mortgage Sale Agreement will include certain representations and warranties by the Parent and the Seller in respect of each Promissory Note to be transferred to the Issuer, see section 5.2 “*The Portfolio – Representations and warranties*” and section 9.1 “*The Transaction Documents – The Mortgage Sale Agreement*”.

### **2.2.3. The Agent**

Intertrust CN (Sweden) AB (the Agent) 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.

### **2.2.4. The Arrangers**

Barclays Bank PLC and DNB, acting through its division DNB Markets, will act as Arrangers and will thus undertake to market the Notes.

### **2.2.5. The Notes**

The Notes are mortgage backed fixed rate Notes due 2061, but may be called by the Issuer at any time following the First Call Date.

The Notes are denominated in Swedish kronor (SEK). Interest and any other amount payable on redemption will be in Swedish kronor.

In total, 2,000 Notes will be issued. Each Note shall have an Initial Nominal Amount of SEK 1,000,000. The aggregate amount of the Notes will be the lower of SEK 2,000,000,000 and the Purchase Price for the Initial Portfolio under the Mortgage Sale Agreement, rounded down to the nearest SEK 1,000,000.

The Notes are governed by Swedish law.

The Notes are freely transferable, without any restrictions in transferability, but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject.

The Notes are expected to be issued on or about 9 February 2016 and will be issued on a fully paid basis. All Notes will be registered in book-entry form for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act.

The Parent has agreed to purchase, on the same terms as applies to third party investors, any residual Notes not subscribed for by any third party investor prior to the Issue Date. If the Parent or any other Group Company is the beneficial owner of such Notes, they will not be entitled to vote in respect of them.

**2.2.6. Admission to trading**

The Issuer has applied for listing of the Notes on the corporate bond list of NASDAQ Stockholm AB. The Notes are expected to be admitted to trading on or about 9 May 2016 and trading of the Notes is expected to commence on or about 9 May 2016.

The Issuer's costs in conjunction with the admission to trading is estimated to be no higher than SEK 17,000,000. Such costs will be paid by the Parent and contributed to the Issuer by means of shareholder contributions.

**2.2.7. Identification codes**

The Notes are uniquely identified by its ISIN and common code.

The Notes will have ISIN SE0007691621 and common code [●].

**2.2.8. Rating and Interest**

Fitch has presented a presale report which is available on Fitch Rating's webpage <http://www.fitchratings.com> as well as distributed to investors, and is expected to assign the Notes an Asf rating.

From (but excluding) the Issue Date up to (and including) the Step-up Date falling on the First Call Date or (if earlier) the relevant Redemption Date, the Notes will carry interest at the Fixed Interest Rate (being 2 per cent. *per annum*).

Interest on the Notes shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).

Senior Interest accrues during an Interest Period and shall be paid to the Noteholders on each Interest Payment Date for the preceding Interest Period. Excess Consideration accrues during an Interest Period and is capitalised on each Interest Payment Date. Payment of any accrued Excess Consideration will be made when the Total Nominal Amount and accrued Senior Interest has been repaid in full.

The payment of Senior Interest will be made on each Interest Payment Date being the 27th day of each of January, April, July and October, or to the extent such day is not a Business Day, the immediately succeeding Business Day. The first Interest Payment Date will be 27 April 2016 and the last Interest Payment Date will be the Final Maturity Date falling after the forty-fifth (45th) anniversary of the Issue Date.

Excess Consideration will accrue on the Notes at an interest rate *per annum* equal to (i) 3.74 per cent. plus (ii) an interest rate equal to the average between the bid and offer rates for thirty (30) year STIBOR 3 month interest-rate swaps in Swedish Kronor, as shown on ICAP plc's website at or about 11.00 a.m. on the fifth (5) Business Day before the Step-up Date, rounded up to two decimal places minus (iii) the Fixed Interest Rate.

The Issuer's obligation to pay Senior Interest on the Notes on an Interest Payment Date is conditional upon the Issuer having sufficient funds. Payment of the shortfall (Deferred Interest) will be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer. Such Deferred Interest will accrue interest (Additional Interest) at the rate of Senior Interest applicable from time to time. The only obligation to be rated by Fitch is the Issuer's ability to ultimately pay Senior Interest (including Deferred Interest and Additional Interest) at this level and to repay the Nominal Amount. The Issuer's obligation to pay the Excess Consideration (if any) is always subordinated to the obligation to pay the Total Nominal Amount and the Senior Interest (including Deferred Interest and Additional Interest) in full. If the Notes are redeemed for any reason, the Issuer shall repay the Nominal Amount outstanding under the Notes plus any accrued and unpaid Senior Interest (including Deferred Interest and Additional Interest) and accrued and unpaid Excess Consideration.

**2.2.9. Redemption, repurchase and acceleration**

The Issuer shall redeem all outstanding Notes in full on the first Interest Payment Date falling after the forty-fifth (45<sup>th</sup>) anniversary of the Issue Date (the Final Maturity Date). All Notes may however be redeemed in full by the Issuer on or after the first Interest Payment Date falling immediately before the fourth (4<sup>th</sup>) anniversary of the Issue Date (the First Call Date) or, if earlier, when the total Nominal Amount is less than twenty (20) per cent. of the Initial Nominal Amount, by giving the Agent and the Noteholders not less than twenty (20) and not more than forty (40) Business Days' notice.

The Issuer shall on each Interest Payment Date, apply all or part of the funds available for such purpose following application of Clause 13 (*Distributions of proceeds*) of the Terms and Conditions in repayment of the

Nominal Amount outstanding under the Notes in which case all outstanding Notes shall be partially repaid by way of reducing the Nominal Amount of each Note *pro rata*.

Should it be or become unlawful for the Issuer to perform its obligations under the Transaction Documents, the Issuer may redeem all Notes, and should the Issuer incur or suffer, or will incur or suffer, a substantial decrease in revenue or a substantial additional or increased cost (and any obligation to pay such additional or increased cost cannot be avoided by reasonable measures available to the Issuer), as a result of any change in, or amendment to, laws or regulations in Sweden, or any change in the interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date, the Issuer may repurchase the relevant Notes on a date determined by the Issuer, by giving the Agent and the Noteholders notice no later than twenty (20) Business Days after having received actual knowledge of any such event.

Upon the occurrence of an Event of Default, the Agent is entitled to, on behalf of the Noteholders, declare all of the outstanding Notes due for payment immediately or at such later date as the Agent determines by notice to the Issuer as set out in Clause 17 (*Acceleration of the Notes*) of the Terms and Conditions.

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

#### **2.2.10. Security**

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

#### **2.2.11. Structural Enhancements**

The structure is supported by the Minimum Reserve Amount, which may consist of cash or the amount available under the Liquidity Guarantee, restrictions on distributions, a negative pledge provision, the Equity Account and a financial indebtedness restriction pursuant to the Terms and Conditions.

#### **2.2.12. Account Guarantee and Back-up Guarantee**

DNB is not a rated institution by Fitch. As a consequence, its obligations as Account Bank under the Bank Account Agreement will be guaranteed by an on demand guarantee (Account Guarantee) provided by Société Générale, which has a A and F1 rating by Fitch, up to a current amount of SEK 70,000,000. Further, DNB’s obligations as provider of the Liquidity Guarantee is guaranteed by Société Générale under an on demand guarantee (Back-up Guarantee) up to a current amount of SEK 30,000,000.

The Account Guarantee or Back-up Guarantee may be replaced at any time by new guarantees substantially in the form of the current Account Guarantee or Back-up Guarantee (as applicable).

#### **2.2.13. Distribution of information**

Information regarding the Issuer and the Notes, including this Prospectus, will be published at the Issuers webpage <http://www.shpfond3.se>. This Prospectus will also be published at the Issuing Agent’s webpage <http://www.dnb.se>.

See further information on available documentation under section 10.7 “*Legal considerations and supplementary information – Documents on display*”.

### **3. THE ISSUER**

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#### **3.1. General corporate information of the Issuer**

##### **3.1.1. Establishment and domicile**

The Issuer’s legal and commercial name is Svensk Hypotekspension Fond 3 AB (publ). Its corporate Reg. No. is 559017-2440 and the registered office of the Board is located at Medborgarplatsen 3, 118 72, Stockholm, Sweden. The Issuer was incorporated in Sweden on 9 June 2015 and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 12 June 2015. The Issuer is a Swedish public limited liability company (Sw. *publikt aktiebolag*) regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

The registered address of the Issuer is Svensk Hypotekspension Fond 3 AB, c/o Svensk Hypotekspension AB, Medborgarplatsen 3, 118 72 Stockholm, Sweden. The Issuer’s telephone number is +46 (0)8-586 160 00. The



Issuer is registered as a financial institute (Sw. *finansiellt institut*) with the SFSA, but it is not under the SFSA's supervision.

### **3.1.2. Share capital**

Under its current Articles of Association, the Issuer's share capital shall be not less than SEK 500,000 and not more than SEK 2,000,000, divided into not fewer than 500,000 shares and not more than 2,000,000 shares. The Issuer has only one class of shares so all shares carry equal votes at the general meetings. The Issuer's registered share capital is SEK 500,000 represented by 500,000 shares, so each share has a quota value of SEK 1. The share capital is fully paid.

## **3.2. Business overview**

### **3.2.1. The Issuer**

The Issuer is a special purpose vehicle established for the sole purpose of holding the Portfolio as well as issuing, and making payments on, the mortgage backed Notes. Pursuant to article 3 of the Issuer's Articles of Association, its business purpose is to acquire, hold and manage loans secured by real estate and flat cooperatives originated by the Parent as well as issuing bonds and taking up other debt to finance its business operations. The Issuer shall not enter into any agreements or commitments not contemplated in the Transaction Documents and shall not have any employees.

### **3.2.2. Relevant legislation**

The Issuer is a limited liability company and is governed by, inter alia, the Swedish Companies Act (Sw. *Aktiebolagslagen* (2005:551)), the Swedish Money Laundering and Terrorist Financing (Prevention) Act (Sw. *lag* (2009:62) *om åtgärder mot penningtvätt och finansiering av terrorism*), the Swedish Certain Financial Operations (Reporting Duty) Act (Sw. *lag* (1996:1006) *om anmälningsplikt avseende viss finansiell verksamhet*), the Swedish Securities Market Act (Sw. *lag* (2007:528) *om värdepappersmarknaden*) and the Financial Instruments Trading Act (Sw. *lag* (1991:980) *om handel med finansiella instrument*).

Under the Swedish Certain Financial Operations (Reporting Duty) Act, the business conducted by the Issuer requires the Issuer to be registered as a financial institute with the SFSA. However, as discussed above, the Issuer, as a financial institute, will not be subject to the supervision of the SFSA. The SFSA does however monitor the Issuer's compliance with money laundering regulations and conducts an annual review of the management of the Issuer. Any changes in the ownership or management of the Issuer shall be reported to the SFSA.

### **3.2.3. Transaction obligations**

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. Clause 13 (*Distribution of proceeds*) 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 13 (*Distribution of proceeds*) of the Terms and Conditions. There is consequently limited need for liquidity support. The only liquidity support available to the Issuer is the Minimum Reserve Amount retained on the Collection Account, which may consist of cash or the amount available under the Liquidity Guarantee.

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.

## **3.3. Tax position**

The Issuer is liable to pay income tax on any profit incurred (currently at a rate of twenty-two (22) per cent.). Profit for tax purposes is based on the accounting of the Issuer with certain modifications.

Taking into account the on-going 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 Nominal 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 in excess of the Tax Amount by means of group contributions (Sw. *koncernbidrag*) or fund the payment of such taxes by way of shareholder's contribution (Sw. *aktieägartillskott*).

The Issuer will be included in a VAT group with the Parent and thus services provided by the Parent 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 twenty-five (25) per cent. of VAT unless covered by an exemption or if the agreed fees are inclusive of any VAT.

### 3.4. Capitalisation and indebtedness

The anticipated capitalisation and indebtedness of the Issuer as at the date of this Prospectus, adjusted to include the Notes, is set out in the table below.

This financial information is based on information provided by the Issuer. The actual capitalisation and indebtedness of the Issuer will depend of a number of adjustments and determinations as described elsewhere in this Prospectus. The auditor has not reviewed the below anticipated capitalisation and indebtedness.

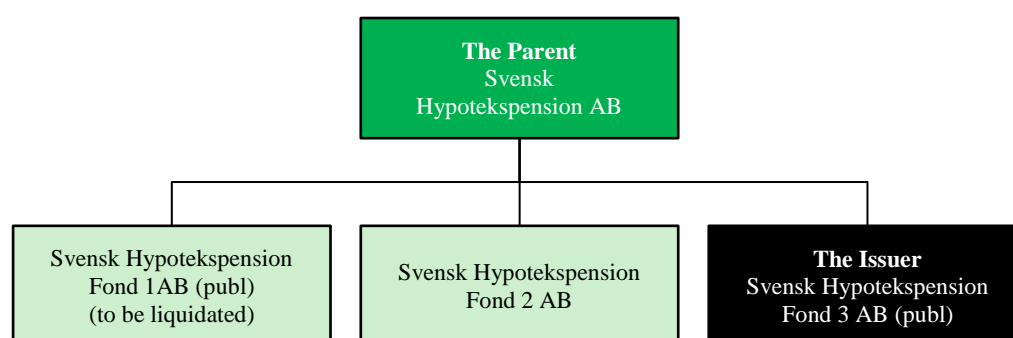
Capitalisation and indebtedness	Amount in SEK
<b>Share capital</b>	
500,000 ordinary shares of SEK 1.00 each	SEK 500,000
Shareholders contributions	SEK 20,000,000
<b>Loan capitalisation</b>	
Fixed Rate Notes	SEK 2,000,000,000
<b>Total capitalisation and indebtedness</b>	SEK 2,020,500,000

### 3.5. Historical financial information

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

### 3.6. Legal Group structure

The Issuer is part of a corporate group in which Svensk Hypotekspension AB is the ultimate Parent. The Group structure as at the date of this Prospectus is illustrated in the chart below.



### 3.7. Ownership

The Issuer is wholly-owned by the Parent. The direct and indirect control over the Issuer is further described below.

#### 3.7.1. The Parent

The Parent of the Issuer is Svensk Hypotekspension AB with corporate Reg. No. 556630-4985. It is a private limited liability company (Sw. *privat aktiebolag*) incorporated under the laws of Sweden. The Parent was established on 21 May 2002 and incorporated and registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 5 August 2002. The Parent has its registered office at Medborgarplatsen 3, 118 72

Stockholm, Sweden. The Parent is registered as a financial institute (Sw. *finansiellt institut*) with the SFSA, but is not under the SFSA's supervision.

### 3.7.2. The Parent's management and principal shareholders

The Parent's Board of Directors consists of Erik Åsbrink (chairman), Lennart Grabe (managing director/CEO), Per Hesselmark, Stefan Källström, Göran Lundqvist and Peter Thurell.

The Parent's share capital amounts to SEK 1,481,017.50 divided into 14,810,175.00 ordinary shares, each with a quota value of SEK 0.10. There are forty-eight (48) shareholders in total in the Parent. The five (5) largest shareholders together holds 64.09 per cent. of the total number of shares and votes. The allocation of shares in the Parent is set out in the following table.

Shareholder	Number of shares and votes	Per cent. of total number of shares and votes
Item Development AB	3,871,227	26.14
R12 Kapital Fond 1 AB	2,540,096	17.15
Lennart Grabe	1,475,724	9.96
Ramberg Invest AB	963,010	6.50
Truchot Direct Investment AB	642,857	4.34
Others (a total of 43 shareholder)	5,317,261	35.91
<b>Total</b>	<b>14,810,175</b>	<b>100.00</b>

## 4. BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

### 4.1. Board of directors and management

The Issuer's Board of Directors consists of three (3) members elected by the General Meeting of Shareholders. The table below sets forth the name and current position of each Board member.

Name	Position
Erik Åsbrink	Chairman
Lennart Grabe	Member, President & CEO
Anders Larsson	Member

#### Erik Åsbrink

*Born 1947. Board member and Chairman of the Board of the Issuer since 1 July 2015.*

**Principal education:** M.Sc. Economics.

**Other on-going principal assignments:** Chairman of the board of directors of the Parent, Svensk Hypotekspension Fond 1 AB, Svensk Hypotekspension Fond 2 AB, Alecta Pensionsförsäkring, ömsesidigt, Fasticon Holding AB, Handelshögskolan i Stockholm (Stockholm School of Economics) and Åsbrink & Far AB, and director of the boards of Wallenstam AB, Bilspeditions Transportörförening, Bilspedition Transportörer Service AB, Bilspedition Transportörer Förvaltnings AB, Bilspedition Transportörer Bilspedition Logistik AB and Bilspedition Transport Operatons Limited.

**Holdings in the Parent:** 41,257 shares representing 0.28 per cent. of the votes and share capital, 22,500 warrants and 0 convertibles (all held indirectly).

#### Lennart Grabe

*Born 1946. Board member, president and CEO of the Issuer since 1 July 2015.*

**Principal education:** Master of Law.

**Other on-going principal assignments:** Member of the board of directors and CEO of the Parent, Svensk Hypotekspension Fond 1 AB, and Svensk Hypotekspension Fond 2. Chairman of the board of directors of Mantum Holding AB, Ymba International AB and Sibilla Invest AB. Member of the board of directors of Comintelli AB.

**Holdings in the Parent:** 1,475,724 shares representing 9.96 per cent. of the votes and share capital, 0 warrants and 0 convertibles.

#### Anders Larsson

*Born 1964. Board member of the Issuer since 1 July 2015.*

**Principal education:** M.Sc. Economics and Finance.

**Other on-going principal assignments:** Chairman of the board of directors of Nordic Whisky Capital AB, and director of the boards of Svensk Hypotekspension Fond 1 AB, Centrim Konsult AB, Kärrtorps Tennishall AB, deputy director of the board of Whisky i Arboga AB and special company signatory of Svensk Hypotekspension Fond 2 AB.

**Holdings in the Parent:** 0 shares representing 0 per cent. of the votes and share capital, 0 warrants and 0 convertibles.

### 4.2. Auditors

PricewaterhouseCoopers AB with Swedish corporate Reg. No. 556067-4276 and registered office at 113 97 Stockholm, Sweden, is the Issuer's auditor since 1 July 2015. Ulf Westerberg is the auditor in charge since 1 July 2015. Ulf Westerberg is an authorised public accountant and member of FAR professional institute for accountants in Sweden (Sw. *auktoriserad revisor*).

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

#### **4.3. Business address**

The address in respect of the directors of Svensk Hypotekspension Fond 3 AB (publ), c/o Svensk Hypotekspension AB, Medborgarplatsen 3, 118 72 Stockholm, Sweden.

#### **4.4. Conflicts of interest**

Other than as described below, no board member has any personal interests that could conflict with the interests of the Issuer. Certain board members have a financial interest in the Group as a consequence of being shareholders in the Parent. Part of the proceeds from the issuance of the Notes will be used by Group Companies to pay or repay the Parent. The board members Erik Åsbrink and Lennart Grabe are affiliated with the Parent in their capacity as board members of it.

## 5. THE PORTFOLIO

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*On the Issue Date, the mortgages backing the issue of the Notes, taking into account the Minimum Reserve Amount, 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 Prospectus, including, without limitation, section 1 “Risk factors” and section 8 “Security structure”.*

### 5.1. General information

The Parent first launched its equity release products in September 2005. As at 30 September 2015, the Group had a total of 4,202 Promissory Notes outstanding with an aggregate outstanding balance of approximately SEK 2,368,376,645.

The Promissory Notes included in the Portfolio are governed by the laws of Sweden. Pursuant to the terms set out in the Mortgage Sale Agreement, the Issuer will initially purchase the Initial Portfolio, originated by the Parent, from Svensk Hypotekspension Fond 2 AB. As at 30 September 2015, the Initial Portfolio and the Revolving Portfolio comprised 4,202 Promissory Notes. From 30 September 2015 to 31 December 2015, further Promissory Notes have been issued to the Parent for loans granted by it in accordance with the Initial and Revolving Eligibility Criteria and the Credit Policy and which will be included in the Initial Portfolio and the Revolving Portfolio. The acquisition will be financed by proceeds from the issue of the Notes. If the Issuer receives a request from a Borrower to make a Further Advance in respect of a Transferred Promissory Note, the Issuer may, and only in accordance with Clause 12.2 (*Further Advances*) of the Terms and Conditions, the Mortgage Sale Agreement, any applicable law and the Credit Policy, request the Originator to agree to a Further Advance under such Transferred Promissory Note. Such a request may only be made by the Issuer provided that, immediately following such Further Advance having been made, (i) the Issuer purchases the relevant Further Advance Promissory Note from the Originator pursuant to Clause 12.2.3 of the Terms and Conditions or (ii) the Originator purchases the Transferred Promissory Note in respect of which the Further Advance was made from the Issuer, in each case in accordance with the Mortgage Sale Agreement. For the avoidance of doubt, the Issuer is not permitted to make any Further Advances in respect of a Transferred Promissory Note in its own name.

Prior to the First Call Date and provided that the Revolving Conditions are satisfied and the aggregate amount of the Further Advance Promissory Notes purchased by the Issuer during the preceding twelve (12) months does not exceed SEK 32,000,000, the Issuer shall use its best efforts to purchase from the Originator the Further Advance Promissory Notes.

The Issuer shall also, from time to time, use its best efforts to purchase Revolving Portfolio Promissory Notes and New Promissory Notes from the Seller, financed by proceeds obtained by the Issuer from the Initial Portfolio and which are standing to the credit of the Revolving Account following application of Clause 13 (*Distribution of proceeds*) of the Terms and Conditions. Such purchases shall be made on the terms and subject to the conditions set out in the Mortgage Sale Agreement and the Terms and Conditions.

Since 30 September 2015, outstanding principal balances in respect of the Promissory Notes comprising the Initial Portfolio and the Revolving Portfolio have continued and will continue to accrue interest and be subject to repayments of principal and interest. However, at the Issue Date, the aggregate outstanding balance in respect of the Promissory Notes in the Initial Portfolio will not exceed SEK 2,000,000,000. The Promissory Notes representing the remaining balance will constitute the Revolving Portfolio. As at 30 September 2015, the weighted average loan-to-value ratio of the aggregated Promissory Notes in the Initial Portfolio and the Revolving Portfolio together was 32 per cent., with the loan-to-value of the Promissory Note(s) encumbering the same Collateral calculated by dividing the amount of the outstanding balance of such Promissory Note(s) by the Property Value on which the Promissory Note(s) is secured as at the date of the last advance to the Borrower (being 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 190), 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 the Parent (see section 5.5 “*The Portfolio – Lending criteria for Promissory Notes in the Portfolio*” below) 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 high age. This means that it is not feasible to offer the product to a Borrower who has not reached a certain age, and for this reason the product has not been offered to Borrowers below the age of sixty (60).

Each Promissory Note in the Portfolio is documented as such and secured by mortgage certificate(s) (Sw. *pantbrev*) over real estate or by a pledge of rights to a cooperative flat (Sw. *bostadsrätt*). Approximately 23.6 per cent. of the number of Promissory Notes in the Initial Portfolio and the Revolving Portfolio and 35 per cent. of the outstanding balance are secured by mortgage certificates, and 76.4 per cent. of the number of Promissory Notes in the Initial Portfolio and the Revolving Portfolio and 65 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 5.5 “*The Portfolio – Lending criteria for Promissory Notes in the Portfolio*” below.

## 5.2. Representations and warranties

Pursuant to the Mortgage Sale Agreement, the Seller and the Parent, as applicable, 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 each Purchase Date immediately before the sale of Promissory Notes, it is the sole legal owner of the Promissory Notes to be transferred to the Issuer on such Purchase Date and is entitled to sell such Promissory Notes and no creditor of the Parent or the Seller will, after completion of the transactions contemplated in the Mortgage Sale Agreement, have any rights as against any of the Transferred Promissory Notes or the Collateral;
- (b) *Promissory Notes*: the Transferred Promissory Notes and the Collateral will, on the relevant Purchase Date, be deposited with the Custodian;
- (c) *Security*: the Transferred Promissory Notes are sold to the Issuer free and clear of any Security;
- (d) *Solvency*: no step has been taken or is intended by it or, so far as it is aware, by any other person for the winding-up, liquidation, bankruptcy, company reorganisation, dissolution or administration of it, or for the appointment of a receiver or administrator or liquidator or administrative receiver of it;
- (e) *Filing*: it is not necessary for the legality, validity, enforceability or admissibility in evidence of the Mortgage Sale Agreement that the Mortgage Sale Agreement or any other document be filed or recorded with any court or other authority in Sweden or that any stamp or similar tax be paid or in respect of the Mortgage Sale Agreement, save in the case of enforcement, for submission of the Mortgage Sale Agreement and related documents with the court and payment of nominal filing fees in Sweden; and
- (f) *Eligibility Criteria*: (i) on the Issue Date, each Promissory Note forming part of the Initial Portfolio and the Revolving Portfolio complies with the Initial and Revolving Eligibility Criteria and (ii) on each Purchase Date following the Issue Date, each Promissory Note which will be transferred to the Issuer on such Purchase Date complies with the Initial and Revolving Eligibility Criteria or New Eligibility Criteria (as applicable).

“**Initial and Revolving Eligibility Criteria**” shall mean that, on the Issue Date and each relevant Purchase Date (if later), each Promissory Note in the Initial Portfolio and Revolving Portfolio on such date 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 – 4.50 (as applicable) 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 the Parent;
- (c) *Collateral*: the Promissory Note is secured by mortgage certificate(s) (Sw. *pantbrev*) over real estate or by a pledge of rights in a cooperative flat (Sw. *bostadsrätt*), in either case owned by the Borrower;

- (d) *Original LTV Limit*: the outstanding amount of principal and capitalised interest for the loan together with the outstanding amount of principal and capitalised interest of all loans granted to the relevant Borrower did not exceed the loan-to-value ratio set out in section 5.5.3 (*The Promissory Notes*) at the later of (i) the time of the original disbursement and (ii) the time of the latest additional loan advance (if any);
- (e) *Property*: the property (in case of real estate with a building larger than forty (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 the Parent is not aware of any other material breach by the Borrower of the terms;
- (h) *No litigation*: the Parent 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 the Parent's ability to enforce the terms of the Promissory Note and the related documents;
- (i) *No misrepresentation*: the Parent 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 the Parent or a member of the Group;
- (k) *Originals*: the Custodian will at the relevant Purchase Date have 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*: the Parent 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*: the Parent and the Custodian on behalf of the Parent 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 of 1992 (Sw. *konsumentkreditlagen (1992:830)*), and/or (as the case may be) the Consumer Credit Act of 2010 (Sw. *konsumentkreditlagen (2010:1846)*) and other similar regulation under Swedish law including the rules and regulations of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

“**New Eligibility Criteria**” shall mean that, on each relevant Purchase Date, the New Promissory Note(s) to be transferred on such date 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 at least 3.90 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 the Parent;
- (c) *Collateral*: the Promissory Note is secured by mortgage certificate(s) (Sw. *pantbrev*) over real estate or by a pledge of rights in a cooperative flat (Sw. *bostadsrätt*), in either case owned by the Borrower;

- (d) *Reduced LTV Limit*: the Borrower had turned sixty-five (65) and the outstanding amount of principal and capitalised interest for the loan together with the outstanding amount of principal and capitalised interest of all loans granted to the relevant Borrower did not exceed the loan-to-value ratio set out in section 5.5.3 (*The Promissory Notes*) at the later of (i) the time of the original disbursement and (ii) the time of the latest additional loan advance (if any);
- (e) *Property*: the property (in case of real estate with a building larger than forty (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 the Parent is not aware of any other material breach by the Borrower of the terms;
- (h) *No litigation*: the Parent 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 the Parent's ability to enforce the terms of the Promissory Note and the related documents;
- (i) *No misrepresentation*: the Parent 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 the Parent or a member of the Group;
- (k) *Originals*: the Custodian will at the relevant Purchase Date have 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*: the Parent 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*: the Parent and the Custodian on behalf of the Parent 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 of 2010 (Sw. *konsumentkreditlagen (2010:1846)*) and other similar regulation under Swedish law including the rules and regulations of the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

### 5.3. Characteristics of the Promissory Notes in the Portfolio

No principal or interest is payable by the Borrower to the Issuer 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 in the Portfolio are granted at a fixed margin of 3.10 – 4.50 per cent (as applicable) *per annum* over STIBOR 3 months with the weighted average margin being approximately 3.90 per cent. *per annum*. In addition, the Borrowers pay an administrative fee at SEK 190 *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 interest adjustment date. However, a Promissory Note shall be repaid following the occurrence of an event of default in respect of such Note, that is:

- (a) the death of the Borrower;
- (b) the Borrower permanently moves from the property; or
- (c) 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 relevant 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 (1) month in arrears in payment of an amount exceeding ten (10) per cent. of the outstanding debt;
- (b) the Borrower is more than one (1) month in arrears in payment of an amount exceeding five (5) 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;
- (e) the cooperative association that includes the cooperative flat has declared bankruptcy or gone into liquidation; or
- (f) 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.

The information contained in the tables below derives from the Issuer and/or the Parent (as applicable) and the tables show the historic volume of repayments made in relation to all the Promissory Notes issued by the Parent since 2006 and the reasons for such repayments, respectively. Please note that the below tables are included for information purposes only and are not intended to be a prediction of the expected rate of repayment of the Transferred Promissory Notes included in the Portfolio from time to time.

Financial Quarter	Aggregate amount of repayments
Q2 2006	SEK 511,571
Q3 2006	SEK 1,450,564
Q4 2006	SEK 1,513,847
Q1 2007	SEK 785,493
Q2 2007	SEK 7,736,257
Q3 2007	SEK 2,206,488
Q4 2007	SEK 8,445,799
Q1 2008	SEK 9,870,313
Q2 2008	SEK 10,198,113
Q3 2008	SEK 13,780,823
Q4 2008	SEK 12,467,789
Q1 2009	SEK 18,440,303
Q2 2009	SEK 25,456,459

Financial Quarter	Aggregate amount of repayments
Q3 2009	SEK 20,091,136
Q4 2009	SEK 23,412,461
Q1 2010	SEK 19,630,864
Q2 2010	SEK 21,524,147
Q3 2010	SEK 19,134,200
Q4 2010	SEK 20,182,388
Q1 2011	SEK 20,158,553
Q2 2011	SEK 18,453,931
Q3 2011	SEK 12,550,775
Q4 2011	SEK 20,702,828
Q1 2012	SEK 21,953,342
Q2 2012	SEK 23,648,534
Q3 2012	SEK 29,092,112

Financial Quarter	Aggregate amount of repayments
Q4 2012	SEK 28,935,578
Q1 2013	SEK 28,009,481
Q2 2013	SEK 32,004,251
Q3 2013	SEK 40,766,275
Q4 2013	SEK 24,871,107
Q1 2014	SEK 35,098,037
Q2 2014	SEK 44,018,583
Q3 2014	SEK 45,334,833
Q4 2014	SEK 52,414,336
Q1 2015	SEK 47,653,543
Q2 2015	SEK 50,395,830
Q3 2015	SEK 46,410,447
<b>Total</b>	<b>SEK 859,311,391</b>

Repayment reason	Percentage
Deceased	28 %
Sold the property	21 %
Other reason	39 %

Repayment reason	Percentage
Sold and moved to care	6 %
Loan moved to Hypotekspension Fond 2 AB	6 %

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 allowed according to the Collection Policy or Credit Policy;
- (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.

#### 5.4. 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 risk relating to the No-Negative-Equity Guarantee under section 1.1.17 “*Risk factors – Risks relating to the Portfolio – No-Negative-Equity Guarantee*”.

#### 5.5. Lending criteria for the Promissory Notes in the Portfolio

The following is a summary of the lending criteria as set out in the 2014 Credit Policy. Credit Policies predating the 2014 Credit Policy have also been applied by the Parent when originating the Promissory Notes in the Initial Portfolio and the Revolving Portfolio. Such earlier Credit Policies were in certain respects more restrictive than the 2014 Credit Policy, except as regards the minimum market value of the real estate (which was raised from SEK 500,000 to SEK 900,000 in 2014), but otherwise substantially correspond to the 2014 Credit Policy. Any deviation from the Credit Policy needs to be approved by the board of directors of the Parent.

##### 5.5.1. 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 rot fungus and regular inspections of the property. Prior to a disbursement of a credit relating to real estate (with a building larger than forty (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 is SEK 900,000

(raised from SEK 500,000 in 2014) and for cooperative flat 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 the Parent 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 regularly taken place in geographically adjacent areas.

A second home 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 a second home is SEK 900,000 (raised from SEK 500,000 in 2014).

The Borrower shall maintain a full value insurance against fire and shall also enter into a security contract with Anticimex or the equivalent that covers regular inspection and insurance against dry rot and damp if running water and drain are installed.

### 5.5.2. Borrowers

A Borrower must be aged sixty (60) or over in order to be granted a loan and identification with an approved identity document is needed. The Parent 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 both cohabitees according to the Cohabitee Act (Sw. *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 applicable 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.

### 5.5.3. The Promissory Notes

Pursuant to the Credit Policy, the minimum amount of a Promissory Note is SEK 100,000 and the maximum amount is SEK 4,000,000, although the maximum amount for properties outside the main target area, as set out above, is SEK 3,000,000. Since the start of the business in 2005 the board of directors has approved a higher loan amount than stated above in one case.

Further Advances, subject to section 5.7 “*The Portfolio – Further Advances*”, can be granted within the limits set out below. However, each Further Advance must be at least SEK 30,000.

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(s) encumbering the same Collateral by the Property Value on which the Promissory Note(s) is secured as at the date on which it is originated or a Further Advance is made.

Age of the Borrower	Maximum Loan-to-value for Initial and Revolving Portfolio Promissory Notes	Maximum Loan-to-value for New Promissory Notes
60 years	15%	N/A
61 years	16%	N/A
62 years	17%	N/A
63 years	18%	N/A
64 years	20%	N/A
65 years	22%	20%
66 years	24%	22%
67 years	26%	24%

Age of the Borrower	Maximum Loan-to-value for Initial and Revolving Portfolio Promissory Notes	Maximum Loan-to-value for New Promissory Notes
74 years	36%	34%
75 years	37%	35%
76 years	38%	36%
77 years	39%	37%
78 years	40%	38%
79 years	41%	39%
80 years	42%	40%
81 years	42%	40%

Age of the Borrower	Maximum Loan-to-value for Initial and Revolving Portfolio Promissory Notes	Maximum Loan-to-value for New Promissory Notes
68 years	28%	26%
69 years	30%	28%
70 years	32%	30%
71 years	33%	31%
72 years	34%	32%
73 years	35%	33%

Age of the Borrower	Maximum Loan-to-value for Initial and Revolving Portfolio Promissory Notes	Maximum Loan-to-value for New Promissory Notes
82 years	43%	41%
83 years	43%	41%
84 years	44%	42%
85 years	44%	42%
≥ 86 years	45%	43%

#### 5.5.4. 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 (10) years after the date of originating the Promissory Note, currently calculated at an interest rate of 6.60 per cent *per annum*. 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 (3) years. Costs for this will be added to the debt, unless otherwise agreed. For cooperative flats, a general unlimited first priority pledge is granted.

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 applicable 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.

### 5.6. Servicing of the Portfolio

The Parent will continue to service the Portfolio and collect payments in its role as Servicer. Bluestep Servicing AB will act as sub-servicer to the Parent (for the time being) for certain parts of the administrative tasks. Emric Operations AB has, as Standby Servicer, agreed to take over Bluestep Servicing AB’s role if the appointment of Bluestep Servicing AB as sub-servicer is terminated (other than following a voluntary termination by the Parent) and to take over the appointment of the Parent as Servicer if the appointment is terminated pursuant to the Servicing Agreement.

### 5.7. Revolving Conditions

The Issuer may only purchase Further Advance Promissory Notes or Revolving Portfolio Promissory Notes or New Promissory Notes, provided that the following conditions (Revolving Conditions) are satisfied at the relevant Purchase Date:

- (a) no Event of Default is continuing;
- (b) the Parent has not failed to purchase any Non-Eligible Promissory Note from the Issuer;

- (c) the aggregate amount of the recovery shortfall (i.e. the amount that has not been repaid) for Transferred Promissory Notes under which the related Collateral has been enforced does not exceed SEK 100,000,000;
- (d) the Parent has not been fined or otherwise found guilty by any governmental authority or court of law of engaging in mis-selling (Sw. *vilseledande marknadsföring*) or similar practices, provided that the relevant conduct does not relate to an isolated incident and that such decision or ruling can reasonably be expected to affect the validity or effectiveness of the Transferred Promissory Notes;
- (e) the relevant Purchase Price for the purchased Promissory Note is funded from balances standing to the credit of the Revolving Account; and
- (f) security is granted over the Promissory Note and the related Collateral pursuant to the Security Documents.

## 5.8. Further Advances

The Issuer is not permitted to make any Further Advances in respect of a Transferred Promissory Note in its own name. If the Issuer receives a request from a Borrower to make a Further Advance in respect of a Transferred Promissory Note, the Issuer may, and only in accordance with Clause 12.2 (*Further Advances*) of the Terms and Conditions, the Mortgage Sale Agreement, any applicable law and the Credit Policy, request the Originator to agree to a Further Advance under such Transferred Promissory Note. Such a request may only be made by the Issuer provided that, immediately following such Further Advance having been made, (i) the Issuer purchases the relevant Further Advance Promissory Note from the Originator pursuant to Clause 12.2.3 of the Terms and Conditions or (ii) the Originator purchases the Transferred Promissory Note in respect of which the Further Advance was made from the Issuer, in each case in accordance with the Mortgage Sale Agreement.

Prior to the First Call Date and provided that the Revolving Conditions are satisfied, the Issuer shall use its best efforts, in accordance with the terms of the Mortgage Sale Agreement, to purchase from the Originator the Further Advance Promissory Notes requested to be issued by the Originator pursuant to Clause 12.2.1 of the Terms and Conditions, provided that, at the relevant Purchase Date:

- (a) the aggregate amount of the Further Advance Promissory Notes purchased by the Issuer during the preceding twelve (12) months does not exceed SEK 32,000,000; and
- (b) if the Transferred Promissory Note in respect of which the Further Advance is made originally formed part of the Initial Portfolio or was purchased from the Revolving Portfolio, the Initial and Revolving Eligibility Criteria are met in respect of such Transferred Promissory Note together with the Further Advance having been made; or
- (c) if the Transferred Promissory Note in respect of which the Further Advance is made was originally a New Promissory Note purchased by the Issuer, the New Eligibility Criteria is met in respect of such Transferred Promissory Note together with the Further Advance having been made.

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

## 5.9. Purchases of Revolving Portfolio Promissory Notes and New Promissory Notes

Prior to the First Call Date and provided that the Revolving Conditions are satisfied, the Issuer shall use its best efforts to, pursuant to the terms of the Mortgage Sale Agreement:

- (a) purchase Revolving Portfolio Promissory Notes, which meet the Initial and Revolving Eligibility Criteria, from the Revolving Portfolio; and
- (b) when no more Revolving Portfolio Promissory Notes are available for purchase from the Revolving Portfolio, purchase New Promissory Notes which meet the New Eligibility Criteria.

## 5.10. Voluntary purchases of Promissory Notes by the Parent

The Parent may, with the consent of the Issuer and the Agent, purchase Transferred Promissory Notes included in the Portfolio. Any such purchase must include all Transferred Promissory Notes secured by the same Collateral. The Agent's consent, granted in the Agent's own discretion, is always required for a purchase of a Transferred Promissory Note by the Parent. The Agent may, without consulting the Noteholders, give its consent for a purchase of a Transferred Promissory Note by the Parent if the following conditions are met:

- (a) the Voluntary Purchase Notice includes all of the Transferred Promissory Notes relating to each relevant Borrower(s);
- (b) such purchase is made of a Transferred Promissory Note in respect of which a Further Advance has been made by the Parent upon request of the Issuer but the Issuer was not able to purchase the relevant Further Advance Promissory Note from the Parent immediately following such Further Advance having been made;
- (c) such purchase is made of a Transferred Promissory Note in respect of which the Issuer is unable to (i) agree to a substitution of Borrower, (ii) agree to a substitution of Collateral, (iii) agree to any other amendment of the terms, or (iv) grant a waiver, in each case as requested by the relevant Borrower;
- (d) the total number of Transferred Promissory Notes purchased by the Parent does not exceed forty (40) during a period of twelve (12) months (when calculating the total number of Transferred Promissory Notes, such Transferred Promissory Notes which are secured by the same Collateral shall be counted once and as a unit);
- (e) no Event of Default is continuing; and
- (f) the Agent does not have reason to believe that the purchase would be prejudicial to the interest of the Secured Parties.

The purchase price payable for purchased Transferred Promissory Notes by the Parent shall equal to the outstanding principal amount of such Transferred Promissory Notes together with accrued interest and other amounts outstanding thereunder as at the date of the purchase.

If the Issuer is unable to purchase from the Parent a Further Advance Promissory Note, the Parent is obliged pursuant to the Mortgage Sale Agreement to purchase from the Issuer the Transferred Promissory Note to which the Further Advance pertains.

## 5.11. Initial Portfolio and Revolving Portfolio profile

The following statistical analysis gives historical information on the Promissory Notes included in the Initial Portfolio and Revolving Portfolio as at 30 September 2015. All numbers refer to Swedish kronor.

### 5.11.1. Current age of youngest Borrower

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 as at 30 September 2015.

Age group	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
60-64 years	48,580,241	2.1%	121	2.9%
65-69 years	248,899,134	10.5%	556	13.2%
70-74 years	583,851,429	24.7%	1040	24.8%
75-79 years	545,200,358	23%	980	23.3%
80-84 years	502,947,742	21.2%	822	19.6%
85-89 years	292,181,343	12.3%	483	11.5%
≥90	121,150,926	5.1%	157	3.7%
Deceased	25,565,472	1.1%	43	1%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

### 5.11.2. Age of youngest Borrower at origination

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the age of the Borrower at the date for origination of the Promissory Note.

Age group	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
60-64 years	158,819,915	6.7%	359	8.5%
65-69 years	482,641,151	20.4%	1,011	24.1%
70-74 years	712,180,492	30.1%	1227	29.2%
75-79 years	544,290,263	23%	884	21%
80-84 years	319,143,765	13.5%	521	12.4%
85-89 years	113,200,620	4.8%	158	3.8%
≥90	38,100,439	1.6%	42	1%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

### 5.11.3. 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) as at 30 September 2015.

Gender group	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
Female	1,048,591,298	44.3%	2003	47.7%
Male	500,925,419	21.2%	919	21.9%
Female/male	787,399,291	33.2%	1229	29.2%
Female/female	4,206,585	0.2%	6	0.1%
Male/male	1,688,580	0.1%	2	0.0%
Deceased	25,565,472	1.1%	43	1.0%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

### 5.11.4. Original loan-to-value

The following table shows the volume and aggregate outstanding balance of the Promissory Notes as at the origination of the Promissory Note, 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.

Loan-to-value ratio in per cent.	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
0 – 9.99%	105,689,048	4.5%	289	6.9%
10.00 – 19.99%	571,019,570	24.1%	1250	29.7%



Loan-to-value ratio in per cent.	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
20.00 – 29.99%	882,400,209	37.3%	1580	37.6%
30.00 – 39.99%	648,817,452	27.4%	893	21.3%
≥ 40.00	160,450,366	6.8%	190	4.5%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

#### 5.11.5. Current loan-to-value

The following table shows the volume and aggregate outstanding balance of the Promissory Notes as at 30 September 2015, 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.

Loan-to-value ratio in per cent.	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
0 – 9.99%	33,992,465	1.4%	147	3.5%
10.00 – 19.99%	252,931,002	10.7%	702	16.7%
20.00 – 29.99%	644,470,190	27.2%	1312	31.2%
30.00 – 39.99%	897,383,611	37.9%	1376	32.7%
40.00 – 49.99 %	472,796,106	20%	595	14.2%
50.00 – 59.99 %	54,944,824	2.3%	62	1.5%
≥ 60%	11,858,447	0.5%	8	0.2%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

#### 5.11.6. Current Loan-to-value (indexed)

The following table shows the volume and aggregate outstanding balance of the Promissory Notes as at 30 September 2015, measured by reference to the ratio (expressed as a percentage) calculated by dividing the amount of the outstanding balance of such Promissory Note by Index adjusted property value as at 30th September 2015.

Loan-to-value ratio in per cent.	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
0 – 9.99%	86,065,265	3.6%	360	8.6%
10.00 – 19.99%	583,451,809	24.6%	1394	33.2%
20.00 – 29.99%	901,465,962	38.1%	1456	34.7%
30.00 – 39.99%	637,335,532	26.9%	792	18.8%
40.00 – 49.99 %	143,687,741	6.1%	180	4.3%
50.00 – 59.99 %	13,132,969	0.6%	15	0.4%
≥ 60%	3,237,367	0.1%	5	0.1%



Loan-to-value ratio in per cent.	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

#### 5.11.7. Geographic 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, as at 30 September 2015.

Region	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
Blekinge	7,814,291	0.3%	18	0.4%
Dalarna	6,825,660	0.3%	20	0.5%
Gävleborg	13,482,123	0.6%	38	0.9%
Gotland	23,388,619	1.0%	52	1.2%
Halland	72,735,349	3.1%	125	3.0%
Jönköping	11,415,936	0.5%	38	0.9%
Kalmar	3,976,040	0.2%	12	0.3%
Kronoberg	8,613,721	0.4%	26	0.6%
Skåne	317,671,709	13.4%	767	18.3%
Södermanland	1,272,262	1.8%	88	2.1%
Stockholm	1,346,807,900	56.9%	1876	44.6%
Uppsala	109,308,467	4.6%	239	5.7%
Värmland	7,987,484	0.3%	21	0.5%
Västerbotten	3,095,055	0.1%	7	0.2%
Västernorrland	4,634,558	0.2%	15	0.4%
Västmanland	31,534,795	1.3%	89	2.1%
Västra Götaland	280,677,222	11.8%	576	13.7%
Örebro	13,531,273	0.6%	27	0.6%
Östergötland	57,057,791	2.4%	150	3.6%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

**5.11.8. 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 as at 30 September 2015.

Loan amount in SEK	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
< 250,000	171,932,426	7.3%	934	22.2%
≥ 250,000 – 499,999	576,640,657	24.3%	1,593	37.9%
≥ 500,000 – 749,999	490,075,589	20.7%	803	19.1%
≥ 750,000 – 999,999	298,414,599	12.6%	346	8.2%
≥ 1,000,000 – 1,249,999	227,500,186	9.6%	204	4.9%
≥ 1,250,000 – 1,499,999	159,957,007	6.8%	118	2.8%
≥ 1,500,000 – 1,749,999	101,803,426	4.3%	63	1.5%
≥ 1,750,000 – 1,999,999	87,040,649	3.7%	47	1.1%
≥ 2,000,000 – 2,249,999	71,891,262	3.0%	34	0.8%
≥ 2,250,000 – 2,499,999	35,276,677	1.5%	15	0.4%
≥ 2,500,000 – 2,749,999	34,440,301	1.5%	13	0.3%
≥ 2,750,000 – 2,999,999	17,033,981	0.7%	6	0.1%
≥ 3,000,000	96,369,885	4.1%	26	0.6%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4,202</b>	<b>100.00%</b>

**5.11.9. Original 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.

Loan amount in SEK	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
< 250,000	350,639,984	14.8%	1443	34.3%
≥ 250,000 – 499,999	664,309,391	28%	1501	35.7%
≥ 500,000 – 749,999	483,870,530	20.4%	657	15.6%
≥ 750,000 – 999,999	258,206,811	10.9%	251	6%
≥ 1,000,000 – 1,249,999	189,479,573	8%	145	3.5%
≥ 1,250,000 – 1,499,999	115,589,975	4.9%	75	1.8%
≥ 1,500,000 – 1,749,999	108,225,523	4.6%	57	1.4%
≥ 1,750,000 – 1,999,999	53,817,169	2.3%	24	0.6%
≥ 2,000,000 – 2,249,999	39,421,112	1.7%	17	0.4%
≥ 2,250,000 – 2,499,999	26,114,972	1.1%	10	0.2%
≥ 2,500,000 – 2,749,999	23,624,341	1%	8	0.2%

Loan amount in SEK	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
≥ 2,750,000 – 2,999,999	0	0%	0	0%
≥ 3,000,000	55,077,264	2.3%	14	0.3 %
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4,202</b>	<b>100.00%</b>

#### 5.11.10. Promissory Notes by range of margins

The following table shows the volume and aggregate outstanding balance of the Promissory Notes, measured by the range of margin for the Promissory Note as at 30 September 2015.

Margin	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
≥ 3.00 – 3.49 %	664,367,844	28.1%	1187	28.2%
3.50 – 3.99 %	81,929,980	3.5%	100	2.4%
4.00 – 4.49%	1,182,370,299	49.9%	2164	51.5%
≥ 4.50%	439,708,522	18.6%	751	17.9%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

#### 5.11.11. 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 as at 30 September 2015.

Property	Outstanding balance in SEK	Outstanding balance in per cent.	Number of Promissory Notes in Initial and Revolving Portfolio	Promissory Notes in per cent. in Initial and Revolving Portfolio
Real estate or second homes	830,896,078	35%	992	23.6%
Cooperative flats	1,537,480,567	64.9%	3210	76.4%
<b>Total</b>	<b>2,368,376,645</b>	<b>100.00%</b>	<b>4202</b>	<b>100.00%</b>

## 6. THE NOTES AND USE OF PROCEEDS

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*The following is a summarized description of the terms and conditions of the Notes. It is qualified in its entirety by the full Terms and Conditions included in section 13 “Terms and conditions of the Notes”. Any decision to invest in the Notes should be based on consideration of the Prospectus as a whole, including the documents references herein.*

### 6.1. General information

The issuance of the Notes was authorised by an extraordinary general meeting of the Issuer on 22 January 2016 and a resolution of the Board of the Issuer on 22 January 2016. The Notes are expected to be issued on or about 9 February 2016 and will be issued on a fully paid basis.

The Notes are mortgage backed notes issued in accordance with the Terms and Conditions. The Notes are denominated in Swedish kronor (SEK). The Notes will have an Initial Nominal Amount of SEK 1,000,000 each. The Notes will be issued on a fully paid basis and at an issue price representing 100 per cent. of the Initial Nominal Amount.

The maximum Total Nominal Amount of the Notes on the Issue Date will be the lower of (i) SEK 2,000,000,000 and (ii) the Purchase Price for the Initial Portfolio under the Mortgage Sale Agreement rounded down to the nearest SEK 1,000,000.

In total, 2,000 Notes will be issued.

The Notes are freely transferable, without any restrictions in transferability, but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject.

The Issuer has applied for listing of the Notes on the corporate bond list of NASDAQ. The Notes are expected to be admitted to trading on or about 9 May 2016 and trading of the Notes is expected to commence on or about 9 May 2016. It is estimated that the Issuer's costs in conjunction with the admission to trading will be no higher than SEK 17,000,000. Such costs will be paid by the Parent and contributed to the Issuer by means of shareholder contributions.

### 6.2. ISIN and common code

The Notes have been allocated the International Security Identification Number (ISIN) SE0007691621 and the common code [●].

The Notes will also be allocated a common code upon admission to trading. Such common code has not been allocated at the date of this Prospectus.

### 6.3. Form of the Notes and CSD

The Notes will be issued in dematerialised book-entry form and be registered on a Securities Account on behalf of the relevant Noteholder. Hence, no physical notes or certificates will be issued in respect of the Notes. The Notes will be registered in accordance with the Financial Instruments Accounts Act.

Euroclear Sweden AB, Swedish corporate Reg. No. 556112-8074, with its registered address at Box 7822, 103 97, Stockholm, Sweden is the Issuer's central securities depository (CSD) and registrar in respect of the Notes.

### 6.4. Status of the Notes

The Notes constitute direct, general, secured and, subject to Clause 3 (*Limited Recourse*) and 8.3 (*Deferred Interest*) of the Terms and Conditions, unconditional obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them and at least *pari passu* with all other direct, general, secured and unconditional obligations of the Issuer.

Each Note will be constituted by the Terms and Conditions which are governed by and construed in accordance with the laws of Sweden.

### 6.5. Security

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

The security arrangements are further described under section 8 “*Security structure*”.

## **6.6. Issuance, repurchase and redemption**

### **6.6.1. Issue Date and Final Maturity Date**

The Notes will be issued on or about 9 February 2016. Unless previously redeemed or repurchased and cancelled in accordance with the Terms and Conditions, the Issuer shall redeem all of the outstanding Notes in full with an amount per Note equal to the Nominal Amount together with accrued but unpaid Senior Interest (including Deferred Interest and Additional interest) and accrued but unpaid Excess Consideration on the Final Maturity Date falling on the first Interest Payment Date falling after forty-five (45) years from the Issue Date, i.e. on or about 9 February 2061.

The Parent has agreed to purchase, on the same terms as applies to third party investors, any residual Notes not subscribed for by any third party investor prior to the Issue Date. If the Parent or any other Group Company is the beneficial owner of such Notes, they will not be entitled to vote in respect of them. Subject to applicable law, any Group Company (other than the Issuer) may at any time and at any price purchase further Notes on the market or in any other way. Notes held by a Group Company may at such Group Company’s discretion be retained or sold.

### **6.6.2. Voluntary total redemption (call option)**

The Issuer may, at its own discretion, redeem all, but not only some, of the outstanding Notes in full on or after the Interest Payment Date falling immediately before the fourth (4<sup>th</sup>) anniversary of the Issue Date (the First Call Date), or, if earlier, when the Nominal Amount is less than twenty (20) per cent. of the Initial Nominal Amount. The Issuer can exercise this option of total redemption by giving the Noteholders and the Agent not less than twenty (20) and not more than forty (40) Business Days’ notice in accordance with the Terms and Conditions.

### **6.6.3. Partial redemption**

The Issuer shall on each Interest Payment Date apply the funds available for this purpose following application of Clause 13 (*Distribution of Proceeds*) as at such date in repayment of the Nominal Amount outstanding under the Notes in which case all outstanding Notes shall be partially repaid by way of reducing the Nominal Amount of each Note *pro rata*.

### **6.6.4. Early redemption due to illegality (call option)**

The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with any accrued and unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Transaction Documents.

The Issuer may redeem the relevant Notes if, as a result of any change in, or amendment to, laws or regulations in Sweden, or any change in the interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date, the Issuer has incurred or suffered or will incur or suffer (i) a substantial decrease in revenue or (ii) a substantial additional or increased cost (and any obligation to pay such additional or increased cost cannot be avoided by reasonable measures available to the Issuer). The Notes shall be redeemed at an amount per Note equal to the Nominal Amount together with any accrued and unpaid Interest.

The Issuer can exercise these options of redemption by giving the Noteholders and the Agent not less than twenty (20) Business Days’ notice in accordance with the Terms and Conditions.

### **6.6.5. Redemption and repurchase amounts**

The amount for which each Note shall be redeemed in any of the situations mentioned above, is described in section 6.7 “*The Notes and use of proceeds – Interest on the Notes and effective yield for the Noteholders*” below and in the Terms and Conditions.

## **6.7. Interest on the Notes and effective yield for the Noteholders**

From (but excluding) the Issue Date up to (and including) the Step-up Date or, if earlier, the relevant Redemption Date, the Notes will carry interest at the Fixed Interest Rate (being 2 per cent. *per annum*).

From (but excluding) the Step-up Date up to (and including) the relevant Redemption Date, the Notes will carry interest at the Fixed Interest Rate plus the Excess Consideration, being the interest rate per annum that is equal to (i) 3.74 per cent. plus (ii) an interest rate equal to the average between the bid and offer rates for thirty (30) year STIBOR 3 month interest-rate swaps in Swedish Kronor, as shown on ICAP plc's website at our about 11.00 a.m. on the fifth (5) Business Day before the Step-up Date, rounded up to two decimal places minus (iii) the Fixed Interest Rate.

The Issuer's obligation to pay Senior Interest on the Notes on an Interest Payment Date is conditional upon the Issuer having sufficient funds and the other criteria set out in the Terms and Conditions. Payment of the shortfall (Deferred Interest) will be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer. Such Deferred Interest will accrue Interest (Additional Interest) at the rate of Senior Interest. The only obligation to be rated by Fitch is the Issuer's ability to ultimately pay Senior Interest (including Deferred Interest and Additional Interest) at this level and to repay the Nominal Amount. The Issuer's obligation to pay the Excess Consideration (if any) is always subordinated to the obligation to pay the Total Nominal Amount and the Senior Interest in full.

Excess Consideration accrues during an Interest Period and is capitalised on each Interest Payment Date. Any capitalised Excess Consideration will thereafter carry interest at the Fixed Interest Rate plus the Excess Consideration. Payment of any accrued Excess Consideration, including any interest accrued on capitalised Excess Consideration pursuant to the above, will be made immediately after the Total Nominal Amount and accrued Senior Interest have been repaid in full.

Fitch has presented a presale report which is available on Fitch Rating's homepage <http://www.fitchratings.com> as well as distributed to investors, and is expected to assign the Notes an Asf rating. For information on Fitch's rating scale, please refer to section 6.16 "*The Notes and use of proceeds – Rating*".

## **6.8. Use of issue proceeds**

The Initial Portfolio is currently held by the Seller. At the Issue Date, the Issuer will use the proceeds from the issue of the Notes for payment of the Purchase Price of the Initial Portfolio under the Mortgage Sale Agreement, as described in section 9.1 "*The Transaction Documents – The Mortgage Sale Agreement*". Subsequently, the Issuer may use the proceeds obtained by the Issuer from the Initial Portfolio to purchase Revolving Portfolio Promissory Notes, Further Advance Promissory Notes and New Promissory Notes, on the terms and subject to the conditions set out in the Mortgage Sale Agreement.

## **6.9. Payments of interest to Noteholders**

The payment of Senior Interest in respect of the Notes will be made on each Interest Payment Date for the preceding Interest Period, being the 27<sup>th</sup> day of each of January, April, July and October, or to the extent such day is not a Business Day, the immediately succeeding Business Day. The first Interest Payment Date will be 27 April 2016 and the last Interest Payment Date will be the Final Maturity Date. Senior Interest will only be paid to the extent the cash flow so permits subject to Clause 13 (*Distribution of Proceeds*) of the Terms and Conditions and otherwise be deferred on each Interest Payment Date. The Issuer will provide Noteholders with, *inter alia*, a specification of the Total Nominal Amount for the next Interest Payment Date, a specification of the Senior Interest (including Deferred Interest and Additional Interest) and the Excess Consideration (if any), calculated for the next Interest Payment Date no later than five (5) Business Days before an Interest Payment Date.

Any payment or repayment under the Transaction Documents shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

## **6.10. Distribution of proceeds and senior expenses**

Payments to the Noteholders on each Interest Payment Date are subordinated to certain senior expenses such as Agency Fee, Servicer Fee, Standby Servicer Fee, Manager Fee, Standby Manager Fee, Custodian Fee, Standby Custodian Fee, Senior Additional Purchase Price and other permitted expenses pursuant to Clause 13 (*Distribution of Proceeds*) of the Terms and Conditions.

The Servicer Fee is the aggregate of (i) sixteen (16) basis points per annum on the originated loan amount under the Promissory Notes (excluding any interest, whether capitalised or not) and (ii) 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 fee shall be calculated for each Waterfall Date on the Portfolio and the Notes, respectively, at the expiry of the immediately preceding Collection Period.

The Manager Fee is the aggregate of (i) SEK 700 per annum per outstanding Promissory Note in the Portfolio, and (ii) ten (10) basis points per annum on the Total Nominal Amount of the Notes. The fee shall be calculated for each Waterfall Date on the Portfolio and the Notes, respectively, at the expiry of the immediately preceding Collection Period.

The Custodian Fee is two (2) basis points per annum on the originated loan amount under the Promissory Notes (excluding any interest, whether capitalised or not). The Custodian Fee shall be calculated for each Waterfall Date on the Portfolio at the expiry of the immediately preceding Collection Period.

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.

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

Following the payment of the fees and permitted expenses set out above, the payment of accrued and unpaid Senior Interest, the Senior Additional Purchase Price (see below) and certain other payments to be made pursuant to Clause 13 (*Distribution of Proceeds*) of the Terms and Conditions, the Issuer may, until the Step-up Date, credit the Revolving Account with an amount equivalent to the sum of (i) the amount which will be used to purchase Further Advance Promissory Notes, Revolving Portfolio Promissory Notes and New Promissory Notes before the next Waterfall Date and (ii) the amount equivalent to the difference between the Revolving Cash Amount and the value of the Eligible Securities standing on the Custodial Account as at the relevant Waterfall Date.

Further, pursuant to the Mortgage Sale Agreement, the Originator is, until the Step-up Date, entitled to receive a Senior Additional Purchase Price in the amount of 0.80 per cent of the purchase price for the Initial Portfolio per annum and a Subordinated Additional Purchase Price in the amount of 0.75 per cent of the purchase price for the Initial Portfolio per annum, which shall be payable on each Waterfall Date to the extent funds are available for this purpose and provided that the Revolving Conditions are satisfied, following application of Clause 13 (*Distribution of Proceeds*). Following an Acceleration of the Notes, the Senior Additional Purchase Price and the Subordinated Additional Purchase Price will be subordinated to all other payment obligations of the Issuer. The Issuer or the Agent may decide that the Senior Additional Purchase Price and Subordinated Additional Purchase Price (or part thereof, as the case may be) shall be utilised in meeting losses of the Issuer by irrevocably reducing the amount of the Senior Additional Purchase Price and Subordinated Additional Purchase Price. The Originator may elect to designate such reduction as a conditional shareholder's contribution (*villkorat aktieägartillskott*) by promptly after having received such notice sending a confirmation thereof to the Issuer.

Following the above payments and certain other payments to be made pursuant to Clause 13 (*Distribution of Proceeds*) of the Terms and Conditions, the Issuer shall apply any remaining funds in repayment of all or part of the Total Nominal Amount. After the Total Nominal Amount has been repaid in full, the Issuer shall use any remaining funds to pay any accrued and unpaid Excess Consideration.

## **6.11. Purchase of Eligible Securities**

Should the aggregate amount standing to the credit of the Issuer Bank Accounts at any time exceed an amount corresponding to the difference between the lower of (i) SEK 60,000,000 and (ii) the difference between the Guaranteed Issuer Bank Account Amount and SEK 10,000,000 (Cash Limit), the Issuer shall be obliged to use an amount equal to the difference between the amount standing to the credit of the Issuer Bank Accounts and the Cash Limit to purchase Eligible Securities which shall be kept on the Custodial Account. Any yield and other proceeds obtained from holding or selling Eligible Securities shall be used to purchase Eligible Securities or, provided that the Cash Limit is not exceeded following such deposit and that no Insolvency Event has occurred in respect of the Account Bank, be deposited on the Revolving Account. Should the Account Bank become a Rated Institution, the Cash Limit shall, until the Account Bank ceases to be a Rated Institution, be equivalent to the amount standing to the credit of the Issuer Bank Accounts from time to time.

## **6.12. Undertakings**

The Issuer makes certain undertakings in the Terms and Conditions. These include undertakings and limitations relating to:

- (a) information undertakings;
- (b) authorisations;
- (c) restriction on activities;
- (d) financial indebtedness;
- (e) conversions;
- (f) dealings with related parties;
- (g) negative pledge;
- (h) distributions;
- (i) Equity Account; and
- (j) admission to trading,

some of which are elaborated on below. The undertakings are subject to qualifications. See Clauses 15 (*Information to Noteholders*) and 16 (*General Undertakings*) of the Terms and Conditions in section 13 “*Terms and conditions of the Notes*”.

#### **6.12.1. Financial Indebtedness**

The Issuer shall not incur or allow to remain outstanding any Financial Indebtedness other than Financial Indebtedness:

- (a) incurred under the Notes;
- (b) incurred under the Transaction Documents; and
- (c) arising as a result of a refinancing of the Notes in full.

#### **6.12.2. Negative pledge**

The Issuer shall not create or permit to subsist any Security over any of its present or future assets or revenues or enter into any other preferential arrangement having a similar effect, other than:

- (a) any Transaction Security;
- (b) any security provided in the form of a pledge over an escrow account to which the proceeds incurred in relation to a Refinancing are intended to be received; or
- (c) any Security agreed to be provided for the benefit of the financing providers in relation to a Refinancing, however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Notes in full.

#### **6.12.3. 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.

#### **6.12.4. Admission to trading**

The Issuer shall use its best efforts to ensure that the Notes are admitted to trading on the Regulated Market of NASDAQ within three (3) months after issuance, and that it remains admitted, or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market. Trading of the Notes is expected to commence on NASDAQ on or about 9 May 2016.

Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long as any Notes are outstanding, but not longer than up to and including the last day on which the admission reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

#### **6.12.5. Information undertakings**

The Issuer will make certain information available to the Noteholders by way of press release and publication on the Issuer’s website pursuant to Clause 15 (*Information to Noteholders*) of the Terms and Conditions, including, but not limited to, its audited financial statements, its financial statements or the year-end report after the end of each interim half of its financial year, and other information required by the Securities Markets Act.



The Issuer will also no later than five (5) Business Days before each Interest Payment Date provide the Noteholders with, *inter alia*, an Investor Report and a specification of payments to be made to the Noteholders on the next Interest Payment Date.

As a standard measure required by NASDAQ's Issuer Rules, the Issuer will towards NASDAQ 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.

Information regarding the Issuer, the Notes and the Transaction Documents, including this Prospectus, will be published at the Issuer's webpage <http://www.shpfond3.se>. This Prospectus will also be published at the Issuing Agent's webpage <http://www.dnb.se>.

### 6.13. Decisions by Noteholders

Each of the Issuer, the Agent and a Noteholder (or several Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount, may at any time call for a decision by the Noteholders to be dealt with at a Noteholders' Meeting or by way of a Written Procedure, as determined by the Agent, pursuant to Clauses 18-20 of the Terms and Conditions.

The Noteholders may at a Noteholders' Meeting or through a Written Procedure decide upon any issue or matter in relation to the Transaction Documents. Provided that the matter does not require consent from a certain majority of the Noteholders as set out in Clauses 18.7 and 18.8 of the Terms and Conditions, quorum exists if a Noteholder (or Noteholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount attend a Noteholders' Meeting in person, by telephone conference or appear through duly authorised representatives, or participate in a Written Procedure by reply to the request. As set out in the Terms and Conditions, different majority rules apply depending on the matter to be resolved on.

Only a person who is, or who has been provided with, a power of attorney or other proof of authorisation in accordance with the Terms and Conditions from a person who is registered as a Noteholder:

- (a) on the Business Day specified in the notice pursuant to Clause 18.2 of the Terms and Conditions, in respect of a Noteholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 19.2 of the Terms and Conditions, in respect of a Written Procedure,

may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Nominal Amount.

A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.

Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

### 6.14. No direct action by Noteholders

Subject to certain exemptions set out in 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 against the Issuer or with respect to the Transaction Security in order to enforce or recover any amount due or owing to it pursuant to the Transaction Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Transaction Documents, other than to the extent expressly permitted under the Transaction Documents.

## 6.15. 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 (Sw. *konkurslagen (1987:672)*)) be subject to the condition that claims with better priority, pursuant to Clause 13 (*Distribution of Proceeds*) of the Terms and Condition, have been, or will be, fully paid as a result of payments or distributions in connection with the bankruptcy.

## 6.16. Rating

In connection with the issuance of the Notes, Fitch will act as credit rating agency and assign the Notes an official credit rating. Fitch is expected to assign the Notes an Asf rating and has presented its rating of the Notes in a presale report which is available on Fitch Rating's webpage <http://www.fitchratings.com> as well as distributed to investors.

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.

### 6.16.1. The rating scale

*AAAsf – Highest credit quality:* The lowest expectation of default risk, 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:* Expectations of very low default risk, indicating very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

*Asf – High credit quality:* 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.

*BBBsf – Good credit quality:* 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:* Elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.

*Bsf – Highly speculative:* 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.

### 6.16.2. Supplementary 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'.

### 6.16.3. 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 articulate an opinion on discrete and specific areas of risk. The information provided above is not exhaustive.

### **6.17. Prescription**

The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any 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.

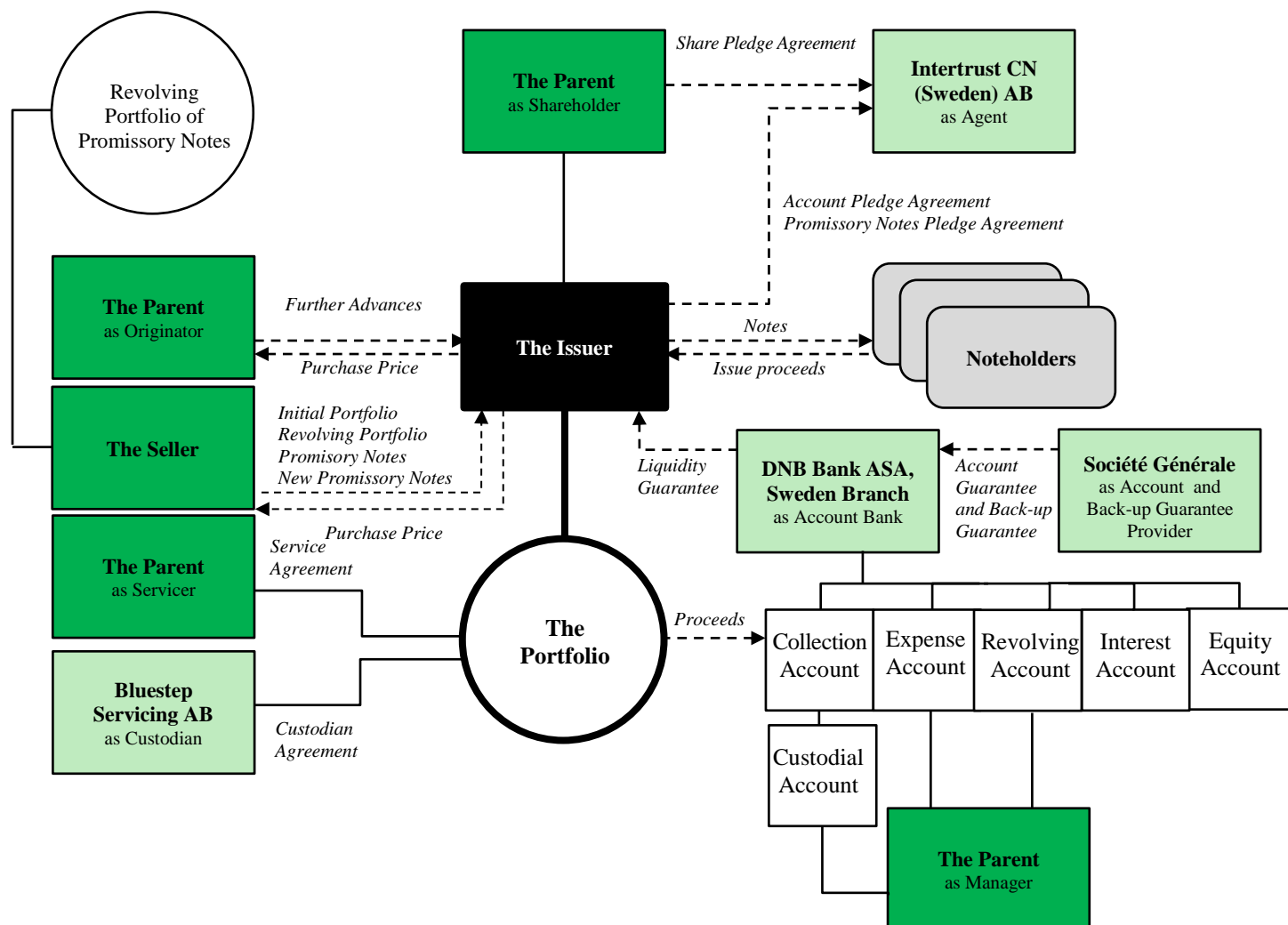
If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslagen (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment 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.

### **6.18. Governing law and jurisdiction**

The Terms and Conditions of the Notes and any non-contractual obligations arising out of or in connection therewith shall be governed by and construed in accordance with the laws of Sweden. The Notes are thus governed by Swedish law. The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

## 6.19. Principal transaction structure

The principal transaction structure of the offering as at the date of this Prospectus, following the issuance of the Notes, the proceeds of which shall be used as set forth in section 6.8 “*The Notes and use of proceeds – Use of issue proceeds*”, are illustrated in the chart below.



## 6.20. Parties involved in the Transaction

This section provides a short overview of the primary parties described in this Prospectus and their assignments or duties. The Issuer is further described under section 3 “*The Issuer*”.

### 6.20.1. The CSD

Euroclear Sweden AB, Swedish corporate Reg. No. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden, is initially acting as Central Securities Depository (CSD) and registrar in respect of the Notes.

The Issuer and the Agent shall at all times be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Notes.

### 6.20.2. The Originator, Servicer and Manager

Svensk Hypotekspension AB, Swedish corporate Reg. No. 556630-4985, is (i) the parent company of the Issuer, (ii) the Originator of the Promissory Notes in the Portfolio, (iii) the Originator pursuant to the Mortgage Sale Agreement, (iv) the Manager pursuant to the Management Agreement and (v) the Servicer pursuant to the Servicing Agreement. The Parent is in the business of providing equity release mortgage loans to the consumer market in Sweden.

The Parent, as the sole shareholder of the Issuer, exercises its direct 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 the Parent's control over the Issuer, such risks are not completely eliminated.

The Parent is further described under section 3.7 *"The Issuer – Ownership"*.

The Mortgage Sale Agreement, Management Agreement and Servicing Agreement are available on display at the office of the Issuer, see section 10 *"Legal considerations and supplementary information - Documents on display"*.

### **6.20.3. The Agent**

Intertrust CN (Sweden) AB, Swedish Reg. No. 556625-5476, is initially acting as Agent on behalf of the Noteholders in accordance with the Terms and Conditions and pursuant to the Agency Agreement. Intertrust CN (Sweden) AB is a private limited liability company (Sw. *privat aktiebolag*) incorporated under the laws of Sweden with its registered office at Sergels torg 12, 12<sup>th</sup> floor, 111 57 Stockholm, Sweden. The Agent is in the business of handling financial and other administration for companies and foundations.

The Agency Agreement is available to the Noteholders at the office of the Agent during normal business hours and also on display at the office of the Issuer, see section 10 *"Legal considerations and supplementary information - Documents on display"*.

### **6.20.4. The Issuing Agent, Account Bank and Liquidity Guarantee Provider**

DNB is initially acting as Issuing Agent in accordance with the Terms and Conditions of the Notes and its Swedish branch, DNB Bank ASA, Sweden Branch, is acting as the Account Bank pursuant to the Bank Account Agreement.

The Bank Account Agreement is available on display at the office of the Issuer, see section 10 *"Legal considerations and supplementary information - Documents on display"*.

DNB Bank ASA, Sweden Branch will also act as guarantee provider under the Liquidity Guarantee, which will be an unconditional on demand guarantee in the maximum amount of SEK 30,000,000 naming the Issuer as beneficiary. DNB's obligations as provider of the Liquidity Guarantee are guaranteed by Société Générale under the Back-up Guarantee described below in Section 9.10 (*The Account Guarantee and Back-up Guarantee*) up to a current amount of SEK 30,000,000.

### **6.20.5. The Custodian and Sub-Servicer**

Bluestep Servicing AB, Swedish corporate Reg. No. 556955-3927, is initially acting as Custodian pursuant to the Custody Agreement and sub-servicer (at present) pursuant to a sub-servicer agreement with the Servicer. Bluestep Servicing AB is a private limited liability company (Sw. *privat aktiebolag*) incorporated under the laws of Sweden with its registered office at P.O. Box 23138, 104 35 Stockholm, Sweden. It is in the business of providing standardised services, processes, administrative functions and system support for other parties within the banking and finance sector.

The Custody Agreement and the Sub-Servicer Agreement are available on display at the office of the Issuer, see section 10 *"Legal considerations and supplementary information - Documents on display"*.

### **6.20.6. Standby Servicer and Standby Custodian**

Emric Operations AB, Swedish corporate Reg. No. 556520-0630, is initially acting as Standby Servicer pursuant to the Standby Servicing Agreement and Standby Custodian pursuant to the Standby Custody Agreement. It is a private limited liability company (Sw. *privat aktiebolag*) incorporated under the laws of Sweden with its registered office at Box 157, 101 23 Stockholm, Sweden. Emric Operations AB is in the business of offering banks and creditors enterprise competence, outsourcing and system support in respect of the various steps during the credit process.

The Standby Servicing Agreement and Standby Custody Agreement is available on display at the office of the Issuer, see section 10 *"Legal considerations and supplementary information - Documents on display"*.

### **6.20.7. The Arrangers**

Barclays Bank PLC and DNB will act as arrangers of the Transaction .

Barclays is a public limited company registered in England and Wales with Company No. 1026167. It has its registered head office at 1 Churchill Place, London, E14 5HP and the liability of the members of Barclays is limited. Barclays 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 is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group.

For further information about DNB, refer to above section 6.20.4 *“The Notes and use of proceeds – Parties involved in the Transaction – The Issuing Agent and Account Bank”*.

#### **6.20.8. Account Guarantee and Back-Up Guarantee Provider**

Société Générale will act as account guarantee and back-up guarantee provider of the Transaction pursuant to the Account Guarantee and Back-up Guarantee, as described in Section 9.10 below.

Société Générale is a public limited liability company incorporated under the laws of France with its registered office at 29 boulevard Haussmann, 75009 Paris, France. Société Générale will, pursuant to the Account Guarantee and Back-up Guarantee, provide a guarantee for the Account Bank’s obligations as provider of the Issuer Bank Accounts under the Bank Account Agreement and the Liquidity Guarantee in favour of the Issuer.

The Account Guarantee is available on display at the office of the Issuer, see section 10 *“Legal considerations and supplementary information - Documents on display”*.

## 7. EXPECTED REDEMPTION PROFILES OF THE NOTES

*This section illustrates the expected balance of the Notes at annual intervals. The data does not purport to be an historical description of the prepayment experience of the Portfolio or a prediction of the expected rate of prepayment.*

### 7.1. Assumptions

The following tables show (i) the expected outstanding aggregate balance of the Notes with Revolving Conditions not met and (ii) the expected outstanding aggregate balance of the Notes with Revolving Conditions met, at annual intervals on 27 March each year. Each table shows these same values modelled assuming a different constant per annum rate of prepayment (“CPR”) 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 tables have been prepared based on the characteristics of the Promissory Notes in the Initial Portfolio, as described in section 5.7 “*The Portfolio – Initial Portfolio profile*”, and the following additional assumptions:

#### 7.1.1 For Revolving Conditions not met

- (a) The Issue Date is assumed to be 9 February 2016.
- (b) The Fixed Interest Rate for the Notes is assumed to be 2 per cent. *per annum* until the Step-Up Date and an additional 3.74 per cent. *per annum* (Excess Consideration) thereafter.
- (c) 3 month STIBOR rate equals 0 per cent. for life of the model.
- (d) The Cut-off Date of the pool is assumed to be 31 December 2015.
- (e) First Interest Payment Date is 27 April 2016.
- (f) Portfolio aggregate balance is assumed to be exactly SEK 2,500,461,541.
- (g) No Transferred Promissory Notes are sold by the Issuer.
- (h) No Further Advance Promissory Notes are purchased by the Issuer.
- (i) No Revolving Portfolio Promissory Notes are purchased by the Issuer.
- (j) No New Promissory Notes are purchased by the Issuer.
- (k) Permitted Costs and other senior expenses are assumed to be incurred according to the contracts in place with, or quotations gathered by, the Issuer.
- (l) The Issuer is not assumed to incur any VAT or corporation tax expense.
- (m) The rate of interest earned on the Collection Account is assumed to be 0 per cent.
- (n) 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/>.
- (o) Thereafter, house price indexation is assumed at a constant 2 per cent. *per annum*, applied monthly.
- (p) The cost of processing the sale of a property, borne by the Issuer, is assumed to be 0 per cent. of the sales proceeds.
- (q) There are no arrears or enforcements under the terms of the Transferred Promissory Notes.
- (r) The time taken to realise the proceeds of a property sale following the death of the last remaining Borrower is assumed to be twelve (12) months.
- (s) The mortality of joint borrowers are assumed to be uncorrelated.
- (t) The transaction is not called on or after the First Call Date.

- (u) 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, to take the following values:

Age of the Borrower at 30 September 2015	Number of males	Number of females
60 years	92024	84225
61 years	91478	83790
62 years	90877	83330
63 years	90218	82841
64 years	89494	82321
65 years	88698	81766
66 years	87823	81172
67 years	86862	80534
68 years	85808	79849
69 years	84651	79110
70 years	83382	78312
71 years	81994	77450
72 years	80475	76515
73 years	78818	75502
74 years	77012	74403
75 years	75048	73210

Age of the Borrower at 30 September 2015	Number of males	Number of females
76 years	72918	71915
77 years	70615	70509
78 years	68133	68983
79 years	65467	67330
80 years	62616	65539
81 years	59581	63604
82 years	56368	61517
83 years	52987	59272
84 years	49451	56865
85 years	45782	54295
86 years	42006	51561
87 years	38157	48668
88 years	34275	45626
89 years	30404	42447
≥ 90 years	26596	39152

The data presented in assumption (n) from the Swedish property market statistics and the calculations made in assumption (u) in accordance with the 2008 methodology published by the Swedish Pension Authority are accurately presented. Although the Issuer regards these sources as reliable, the information has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading.

#### 7.1.2 For Revolving Conditions met

- (a) The assumptions for revolving conditions not met in Section 7.1.1 apply, excluding assumptions (h), (i) and (j).
- (b) Prior to the First Call Date, no cash will be available to make payments under items twelve (12) (paragraph (l)) and thirteen (13) (paragraph (m)) in Clause 13.1.3 of the Terms and Conditions, and all available cash up to item twelve (12) (paragraph (l)) in Clause 13.1.3 in the Terms and Conditions is used to purchase Further Advance Promissory Notes, Revolving Promissory Notes and New Promissory Notes. For the avoidance of doubt, no part of the Nominal Amount is repaid on the Notes prior to the First Call Date.
- (c) Following the First Call Date, all proceeds available for this purpose pursuant to Clause 13.1.3 of the Terms and Conditions, will be used to repay all or part of the Total Nominal Amount of the Notes. The characteristics of the pool at such time is the same as the characteristics of the pool at the Issue Date, save that each Borrower is then 5 years older.



The actual performance of the Portfolio is likely to differ from the assumptions used in constructing the tables below, which are hypothetical in 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 the Notes, these tables estimate the aggregate balance of the Nominal Amount at annual intervals on 27 April each year.

## 7.2. Expected redemption profile of zero (0) per cent. CPR

		Revolving conditions not met	Revolving conditions met
Year	IPD	SEK	SEK
0	27-apr-16	2,000,000,000	2,000,000,000
1	27-apr-17	1,990,620,675	2,000,000,000
2	27-apr-18	1,955,889,838	2,000,000,000
3	27-apr-19	1,913,767,873	2,000,000,000
4	27-apr-20	1,866,847,899	2,000,000,000
5	27-apr-21	1,814,793,351	1,990,620,675
6	27-apr-22	1,757,767,696	1,935,427,773
7	27-apr-23	1,695,687,715	1,871,854,403
8	27-apr-24	1,628,574,205	1,802,708,283
9	27-apr-25	1,556,569,447	1,728,148,494
10	27-apr-26	1,479,503,827	1,648,984,475
11	27-apr-27	1,397,985,056	1,565,683,444
12	27-apr-28	1,312,410,098	1,478,783,330
13	27-apr-29	1,223,242,990	1,388,876,219
14	27-apr-30	1,131,021,793	1,296,597,261
15	27-apr-31	1,036,357,309	1,187,420,674
16	27-apr-32	939,900,143	1,068,455,343
17	27-apr-33	825,354,287	946,459,983
18	27-apr-34	694,500,682	822,337,620
19	27-apr-35	561,328,943	697,024,594
20	27-apr-36	426,925,733	571,513,035
21	27-apr-37	292,464,666	446,855,467
22	27-apr-38	159,164,400	324,128,028
23	27-apr-39	28,207,868	204,358,705
24	27-apr-40	-	89,325,698
25	27-apr-41	-	-
26	27-apr-42	-	-
27	27-apr-43	-	-

## 7.3. Expected redemption profile of two and a half (2.5) per cent. CPR

		Revolving conditions not met	Revolving conditions met
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Year	IPD	SEK	SEK
0	27-apr-16	2,000,000,000	2,000,000,000
1	27-apr-17	1,960,242,722	2,000,000,000
2	27-apr-18	1,893,101,549	2,000,000,000
3	27-apr-19	1,820,434,732	2,000,000,000
4	27-apr-20	1,744,987,981	2,000,000,000
5	27-apr-21	1,666,723,279	1,960,242,722
6	27-apr-22	1,586,097,920	1,873,306,550
7	27-apr-23	1,503,314,514	1,780,957,522
8	27-apr-24	1,409,617,534	1,680,159,433
9	27-apr-25	1,308,495,914	1,568,950,749
10	27-apr-26	1,203,668,962	1,453,956,237
11	27-apr-27	1,095,735,244	1,336,072,248
12	27-apr-28	985,342,077	1,216,189,756
13	27-apr-29	873,184,178	1,095,203,963
14	27-apr-30	759,987,012	973,996,873
15	27-apr-31	646,500,243	853,425,448
16	27-apr-32	533,467,472	734,297,052
17	27-apr-33	421,585,044	617,330,960
18	27-apr-34	311,512,847	503,175,230
19	27-apr-35	203,926,005	392,434,968
20	27-apr-36	100,553,377	286,566,943
21	27-apr-37	844,400	185,579,632
22	27-apr-38	-	89,605,451
23	27-apr-39	-	-
24	27-apr-40	-	-
25	27-apr-41	-	-
26	27-apr-42	-	-
27	27-apr-43	-	-

#### 7.4. Expected redemption profile of five (5) per cent. CPR

		Revolving conditions not met	Revolving conditions met
Year	IPD	SEK	SEK
0	27-apr-16	2,000,000,000	2,000,000,000
1	27-apr-17	1,926,078,566	2,000,000,000
2	27-apr-18	1,819,775,382	2,000,000,000
3	27-apr-19	1,705,723,469	2,000,000,000
4	27-apr-20	1,590,362,855	2,000,000,000
5	27-apr-21	1,473,790,727	1,926,078,566
6	27-apr-22	1,356,700,897	1,793,819,017
7	27-apr-23	1,239,487,620	1,652,481,127
8	27-apr-24	1,122,587,419	1,511,354,821

9	27-apr-25	1,006,509,158	1,371,087,370
10	27-apr-26	891,779,323	1,232,879,949
11	27-apr-27	778,918,316	1,097,547,385
12	27-apr-28	668,430,884	965,817,897
13	27-apr-29	560,803,635	838,346,207
14	27-apr-30	456,492,216	715,704,315
15	27-apr-31	356,478,148	598,378,343
16	27-apr-32	261,137,991	486,790,999
17	27-apr-33	170,160,094	382,426,080
18	27-apr-34	83,766,484	284,164,938
19	27-apr-35	2,131,745	192,120,110
20	27-apr-36	-	106,355,141
21	27-apr-37	-	26,891,760
22	27-apr-38	-	-
23	27-apr-39	-	-
24	27-apr-40	-	-
25	27-apr-41	-	-
26	27-apr-42	-	-
27	27-apr-43	-	-

### 7.5. Expected redemption profile of seven and a half (7.5) per cent. CPR

		Revolving conditions not met	Revolving conditions met
Year	IPD	SEK	SEK
0	27-apr-16	2,000,000,000	2,000,000,000
1	27-apr-17	1,880,634,125	2,000,000,000
2	27-apr-18	1,727,468,196	2,000,000,000
3	27-apr-19	1,574,502,346	2,000,000,000
4	27-apr-20	1,426,361,626	2,000,000,000
5	27-apr-21	1,282,977,061	1,880,634,125
6	27-apr-22	1,144,842,169	1,702,809,093
7	27-apr-23	1,012,119,660	1,525,264,860
8	27-apr-24	884,977,154	1,355,250,016
9	27-apr-25	763,608,338	1,193,027,941
10	27-apr-26	648,185,566	1,039,343,884
11	27-apr-27	538,842,731	894,502,724
12	27-apr-28	436,738,729	758,682,619
13	27-apr-29	340,982,125	631,958,446
14	27-apr-30	251,397,488	515,024,252
15	27-apr-31	167,944,638	407,697,879
16	27-apr-32	90,532,518	309,037,119
17	27-apr-33	19,010,633	218,748,014

18	27-apr-34	-	136,474,202
19	27-apr-35	-	61,824,455
20	27-apr-36	-	-
21	27-apr-37	-	-
22	27-apr-38	-	-
23	27-apr-39	-	-
24	27-apr-40	-	-
25	27-apr-41	-	-
26	27-apr-42	-	-
27	27-apr-43	-	-

### 7.6. Expected redemption profile of ten (10) per cent. CPR

		Revolving conditions not met	Revolving conditions met
Year	IPD	SEK	SEK
0	27-apr-16	2,000,000,000	2,000,000,000
1	27-apr-17	1,833,509,773	2,000,000,000
2	27-apr-18	1,637,453,863	2,000,000,000
3	27-apr-19	1,450,008,365	2,000,000,000
4	27-apr-20	1,275,021,372	2,000,000,000
5	27-apr-21	1,111,758,212	1,833,509,773
6	27-apr-22	960,057,152	1,614,060,108
7	27-apr-23	819,440,499	1,404,572,428
8	27-apr-24	689,446,627	1,211,203,641
9	27-apr-25	570,000,160	1,033,271,954
10	27-apr-26	461,343,593	870,579,729
11	27-apr-27	361,895,416	722,511,453
12	27-apr-28	271,188,183	588,849,611
13	27-apr-29	188,743,111	469,415,800
14	27-apr-30	114,069,931	362,195,023
15	27-apr-31	46,671,537	266,356,899
16	27-apr-32	-	181,051,377
17	27-apr-33	-	105,413,383
18	27-apr-34	-	38,587,787
19	27-apr-35	-	-
20	27-apr-36	-	-
21	27-apr-37	-	-
22	27-apr-38	-	-
23	27-apr-39	-	-
24	27-apr-40	-	-
25	27-apr-41	-	-
26	27-apr-42	-	-
27	27-apr-43	-	-

### 7.7. Expected redemption profile of twelve and a half (12.5) per cent. CPR

		Revolving conditions not met	Revolving conditions met
Year	IPD	SEK	SEK
0	27-apr-16	2,000,000,000	2,000,000,000
1	27-apr-17	1,786,282,519	2,000,000,000
2	27-apr-18	1,549,737,290	2,000,000,000
3	27-apr-19	1,332,072,906	2,000,000,000
4	27-apr-20	1,135,688,011	2,000,000,000
5	27-apr-21	958,612,654	1,786,282,519
6	27-apr-22	799,555,679	1,527,576,899
7	27-apr-23	657,012,666	1,290,240,291
8	27-apr-24	531,096,867	1,078,592,623
9	27-apr-25	419,001,085	890,397,679
10	27-apr-26	319,398,060	724,033,129
11	27-apr-27	231,159,600	578,733,865
12	27-apr-28	153,220,232	452,079,951
13	27-apr-29	84,578,359	341,546,811
14	27-apr-30	24,293,279	245,469,215
15	27-apr-31	-	162,278,783
16	27-apr-32	-	90,506,746
17	27-apr-33	-	28,782,690
18	27-apr-34	-	-
19	27-apr-35	-	-
20	27-apr-36	-	-
21	27-apr-37	-	-
22	27-apr-38	-	-
23	27-apr-39	-	-
24	27-apr-40	-	-
25	27-apr-41	-	-
26	27-apr-42	-	-
27	27-apr-43	-	-

### 7.8. Expected redemption profile of fifteen (15) per cent. CPR

		Revolving conditions not met	Revolving conditions met
Year	IPD	SEK	SEK
0	27-apr-16	2,000,000,000	2,000,000,000
1	27-apr-17	1,738,949,238	2,000,000,000
2	27-apr-18	1,464,323,782	2,000,000,000
3	27-apr-19	1,220,527,223	2,000,000,000

4	27-apr-20	1,007,724,299	2,000,000,000
5	27-apr-21	822,098,609	1,738,949,238
6	27-apr-22	661,018,422	1,443,364,698
7	27-apr-23	522,962,592	1,182,104,795
8	27-apr-24	403,553,166	956,809,946
9	27-apr-25	300,543,544	763,057,932
10	27-apr-26	211,917,209	598,608,893
11	27-apr-27	135,862,328	459,361,268
12	27-apr-28	70,754,358	341,243,950
13	27-apr-29	15,141,937	241,430,427
14	27-apr-30	-	157,388,004
15	27-apr-31	-	86,861,275
16	27-apr-32	-	27,851,451
17	27-apr-33	-	-
18	27-apr-34	-	-
19	27-apr-35	-	-
20	27-apr-36	-	-
21	27-apr-37	-	-
22	27-apr-38	-	-
23	27-apr-39	-	-
24	27-apr-40	-	-
25	27-apr-41	-	-
26	27-apr-42	-	-
27	27-apr-43	-	-

### 7.9. Calculations of the expected redemption profiles

The hypothetical tables in the above sections 7.2-7.8 have been calculated accurately on the basis of the assumptions stated in section 7.1 above and the relevant CPR.

## 8. SECURITY STRUCTURE

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*The information in this section presents the various arrangements which provide security for the Notes.*

### 8.1. Transaction Security

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

- (a) the Promissory Notes Pledge Agreement; and
- (b) the Account Pledge Agreement.

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

The Agent will hold the Transaction Security on behalf of the Secured Parties and will keep the Transferred 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 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 13.2 (*Distribution of Proceeds following Acceleration of the Notes*) of the Terms and Conditions.

### 8.2. Minimum Reserve Amount

From the Issue Date and until the Final Maturity Date, a Minimum Reserve Amount corresponding to an amount in cash and/or the amount available under the Liquidity Guarantee equal to SEK 12,000,000 on the Issue Date and thereafter increased by SEK 2,000,000 on each Waterfall Date until it amounts to 1.50 per cent of the total Nominal Amount from time to time plus accrued and unpaid Senior Interest shall be maintained by the Issuer. The Minimum Reserve Amount shall however not be higher than SEK 30,000,000 or lower than SEK 12,000,000). The Minimum Reserve Amount will be available to meet the fees, costs and expenses incurred by the Issuer in accordance with the Terms and Conditions.

### 8.3. The Equity Account

Pursuant to Clause 16.5 (*Equity Account*) of 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 an 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 shall have no recourse to the Equity Account.

### 8.4. Distribution restrictions

Under Clause 16.8 (*Distributions*) of the Terms and Conditions, the Issuer is restrained from making any dividend payments, repurchasing its own shares, redeem its share capital or other restricted equity with repayment to shareholders or making similar transfers of value. These restrictions do, however, not apply to group contributions or dividend payments, provided that (i) no cash or other funds are transferred from the Issuer to the Shareholder as a result thereof (i.e. the group contributions or dividends are merely accounting measures) and (ii) any claims on the Issuer are subordinated pursuant to the Intercreditor Agreement. The restrictions also do not apply to the repayment of any conditional shareholders contributions which have been granted by the Shareholder by converting of any part of the Senior Additional Purchase Price or the Subordinated Additional Purchase Price pursuant to the Mortgage Sale Agreement.

### **8.5. No other financial indebtedness**

Pursuant to Clause 16.6 (*Financial Indebtedness*) of the Terms and Conditions, the Issuer will not be permitted to incur any Financial Indebtedness, other than Financial Indebtedness incurred under the Notes, incurred under the Transaction Documents and arising as a result of a refinancing of the Notes in full.

### **8.6. Negative pledge**

Under Clause 16.7 (*Negative pledge*) the Terms and Conditions, the Issuer will not be permitted to create Security over any of its present or future assets, other than any Transaction Security, any security provided in the form of a pledge over an escrow account to which the proceeds incurred in relation to a Refinancing, or Security agreed to be provided for the benefit of the financing providers in relation to a Refinancing, however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Notes in full.

### **8.7. 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 13 (*Distribution of Proceeds*) of the Terms and Conditions, the rights of the Secured Parties to the 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.



## 9. THE TRANSACTION DOCUMENTS

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*This section contains summarised information regarding the Transaction Documents, save for the Terms and Conditions included in section 13 “Terms and conditions of the Notes” below, the Security described in section 8.1 “Security structure – Transaction Security” and the Intercreditor Agreement described in section 8.7 “Security structure – The Intercreditor Agreement”. Investors are informed that the Transaction Documents are available for review in their entirety as set out in section 10 “Legal considerations and supplementary information – Documents on display”.*

### 9.1. The Mortgage Sale Agreement

Pursuant to the Mortgage Sale Agreement, the Initial Portfolio is to be sold to the Issuer. The Issuer will initially on the Issue Date acquire the Promissory Notes (including the benefit of all Collateral) constituting the Initial Portfolio, originated by the Parent from the Seller. The Issuer and the Seller will determine the Initial Portfolio to be acquired by the Issuer seven (7) Business Days before the Issue Date (the Cut-off Date). Subsequently, the Issuer may, subject to certain conditions, sell Transferred Promissory Notes to the Parent and purchase, from time to time, Revolving Portfolio Promissory Notes, Further Advance Promissory Notes and New Promissory Notes from the Parent, financed by proceeds obtained by the Issuer from the Initial Portfolio, on the terms and subject to the conditions set out in the Mortgage Sale Agreement.

The purchase price of the Initial Portfolio under the Mortgage Sale Agreement will be the outstanding balance (i.e. the nominal amount plus accrued and unpaid interest) of the Promissory Notes in the Initial Portfolio so determined. On the Issue Date, the aggregate outstanding balance in respect of the Promissory Notes in the Initial Portfolio will not exceed SEK 2,000,000,000. In consideration for the sale of the Initial Portfolio, the Issuer will pay on the Issue Date the applicable Purchase Price to the Seller by bank transfer.

All amounts received by the Parent or the Seller 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 the Seller and the Parent 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 5.2 “The Portfolio – 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 the Parent shall upon receipt of a certain claim from the Issuer be obliged to purchase such Promissory Note, provided that the breach is not capable of or cannot be remedied within thirty (30) days or the earlier of discovering by the Parent or receipt by the Issuer of notice of such breach. The purchase price shall equal the outstanding principal amount of such Promissory Notes together with accrued interest and other amounts outstanding thereunder.

### 9.2. 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 13 (*Distribution of Proceeds*) of the Terms and Conditions.

A copy of the Agency Agreement is available at the Issuer’s office at Medborgarplatsen 3, 118 72 Stockholm, Sweden, during regular office hours.

### 9.3. 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 Transferred Promissory Notes and the Issuer, including services in respect of the Collection Account, the Custodial Account, the Interest Account, the Revolving 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 (12) months' notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute manager shall be appointed and that such appointment to be effective not later than the date of such termination.

The Issuer shall pay to the Manager for the provision of the administration services a Manager Fee payable to the Manager on each Waterfall Date, as set out in the Terms and Conditions and as further described in section 6.10 *"The Notes and use of proceeds – Distribution of proceeds and senior expenses"*.

#### **9.4. 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 the Parent 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 (12) 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.

#### **9.5. 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 Transferred Promissory Notes, including customer support, management of voluntary repayment, management of the Collateral, management of defaults under Transferred 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 a sub-servicer.

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 (12) 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 Waterfall Date, as set out in the Terms and Conditions and as further described in section 6.10 *"The Notes and use of proceeds – Distribution of proceeds and senior expenses"*.

#### **9.6. The Standby Servicing Agreement**

Pursuant to the Standby Servicing Agreement, the Standby Servicer has agreed to take over the administration functions of the Servicer if the appointment of the Parent as Servicer is terminated and the sub-servicer's role if the appointment of the sub-servicer is terminated. The appointment of the Standby Servicer may be terminated by the Agent upon written notice to the Standby Servicer on the occurrence and continuance of certain events.

In addition, the Standby Servicer may voluntarily resign by giving not less than twelve (12) months' notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute standby servicer has been appointed.

#### **9.7. 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 holding in safe custody on behalf of the Agent and the Issuer, the Transferred Promissory Notes including the Collateral from time to time deposited with the Custodian.

In addition, the Custodian may voluntarily resign by giving not less than eighteen (18) months' notice of termination to the Issuer and the Agent.

The Issuer shall pay to the Custodian for the provision of the administration services a Custodian Fee, payable to the Custodian on each Waterfall Date, as set out in the Terms and Conditions and as further described in section 6.10 "*The Notes and use of proceeds – Distribution of proceeds and senior expenses*".

### **9.8. Standby Custody Agreement**

Pursuant to the Standby Custody Agreement, the Standby Custodian has agreed to take over the Custodians role pursuant to the Custody Agreement. The appointment of the Standby Custodian may be terminated by the Agent upon written notice to the Standby Custodian on the occurrence and continuance of certain events.

In addition, the Standby Custodian may voluntarily resign by giving not less than twelve (12) months' notice of termination to the Issuer and the Agent subject to the fulfilment of certain conditions including, without limitation, that a substitute standby custodian has been appointed.

### **9.9. The Bank Account Agreement**

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

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.

### **9.10. The Account Guarantee and Back-up Guarantee**

DNB is not a rated institution by Fitch. As a consequence, its obligations as Account Bank under the Bank Account Agreement will be guaranteed by an on demand guarantee (Account Guarantee) provided by Société Générale, which has a A and F1 rating by Fitch, up to a current amount of SEK 70,000,000. Further, DNB's obligations as provider of the Liquidity Guarantee is guaranteed by Société Générale under an on demand guarantee (Back-up Guarantee) up to a current amount of SEK 30,000,000.

The Account Guarantee is, subject to prolongation, initially valid for a period of three (3) years. Should the Account Guarantee not be extended and in certain other circumstances, the Account Bank shall deposit an amount equivalent to SEK 70,000,000 or such lower amount that the Issuer may request, into an account in the name of the Issuer and pledged to the Secured Parties. Should the Account Guarantee not be extended and should the Account Bank fail to deposit money as described above and in certain other circumstances, the Issuer shall draw down the full amount under the Account Guarantee and direct the payment into an account pledged to the Secured Parties and held with a bank or financial institution having a rating of at least BBB+ and F2 by Fitch.

The Account Guarantee or Back-up Guarantee may be replaced at any time by new guarantees substantially in the form of the current Account Guarantee or Back-up Guarantee (as applicable).

### **9.11. Liquidity Guarantee**

The Liquidity Guarantee will be an unconditional on demand guarantee in the maximum amount of SEK 30,000,000 naming the Issuer as beneficiary provided by the Account Bank and guaranteed by Société Générale. DNB's obligations as provider of the Liquidity Guarantee is guaranteed by Société Générale under the Back-up Guarantee described above in Section 9.10 (*The Account Guarantee and Back-up Guarantee*) up to a current amount of SEK 30,000,000.

### **9.12. The VAT Letter Agreement**

Pursuant to the VAT Letter Agreement, the Parent and the Issuer warrant that the Parent will be the VAT principal of the VAT group comprising the Parent 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, the Parent 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 the Parent, or if the Issuer or the Parent takes steps for the dissolution or reorganisation of the Issuer or the Parent.

Should the Issuer incur Swedish corporate tax in excess of the Tax Amount, the VAT Principal shall (i) neutralise such corporate tax by means of group contributions (Sw. *koncernbidrag*) or (ii) provide additional

conditional shareholder's contributions (Sw. *aktieägartillskott*) to the Issuer in an amount sufficient to meet such corporate tax.

## **10. LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION**

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### **10.1. Authorisations and responsibility**

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Notes and the performance of its obligations relating thereto. The issuance of the Notes on 9 February 2016 was authorised by the Issuer's extraordinary general meeting on 22 January 2016 and a resolution of the Board of the Issuer on 22 January 2016.

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 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.

### **10.2. Material agreements**

Other than the Transaction Documents, the Issuer has not concluded any material agreements.

### **10.3. Legal and arbitration proceedings**

The Issuer has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened which the Issuer is aware of) since its establishment on 9 June 2015 which may have, or have had in the recent past, significant effects on the Issuer's position or profitability.

### **10.4. Certain material interests**

Barclays and DNB are the Arrangers in conjunction with the issuance of the Notes. The Arrangers (and their respective closely related companies) have provided, and may in the future provide, certain investment banking and/or commercial banking and other services to the Issuer and the Group for which they have received, or will receive, remuneration. In particular, it should be noted that DNB Bank ASA, Sweden Branch is the lender under certain credit facilities with certain Group Companies as borrowers and will be partly repaid with the proceeds from the issuance of the Notes. Accordingly, conflicts of interest may exist or may arise as a result of the Arrangers having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

### **10.5. Trend information**

There has been no material adverse change in the prospects of the Issuer since its establishment on 9 June 2015, being the date of the establishment of the Issuer, other than as described in this Prospectus.

### **10.6. Significant changes since the establishment**

There has been no significant changes in the financial or trading position of the Issuer since 9 June 2015, being the date of the establishment of the Issuer, other than as described in this Prospectus.

### **10.7. Documents on display**

Copies of the following documents are electronically available at <http://www.shpfond3.se>. Paper copies of the documents are also available at the Issuer's office at Medborgarplatsen 3, 118 72 Stockholm, Sweden, during the validity period of this Prospectus (regular office hours):

- the Issuer's Certificate of Registration;
- the Issuer's Articles of Association; and
- the Transaction Documents.

## 11. PROSPECTUS DEFINITIONS

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*Capitalised terms used in this Prospectus shall have the same meaning as set out in the Terms and Conditions in section 13 “Terms and conditions of the Notes” below. Capitalised terms used in this Prospectus, but not in the Terms and Conditions, shall have the meaning defined in this section.*

### Definitions

“**Fitch**” means Fitch Ratings Limited. As at the date hereof, Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended, of the European Union and of the council of 16 September 2009 on credit rating agencies (the “**CRA Regulation**”).

“**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.

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

“**VAT**” means value added tax.

“**Mortgage Credit Directive**” means Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending

## 12. ADDRESSES

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### The Issuer

#### **Svensk Hypotekspension Fond 3 AB (publ)**

c/o Svensk Hypotekspension AB  
Medborgarplatsen 3  
118 72 Stockholm  
Telephone: +46 (0)8-586 160 00  
<http://www.shpfond3.se>

### The Arrangers

#### **Barclays Bank PLC**

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom  
<http://www.barclays.co.uk>

#### **DNB Bank ASA, Sweden Branch**

Regeringsgatan 59  
105 88 Stockholm  
Telephone: +46 (0)8-473 41 00  
<http://www.dnb.se>

### Legal Adviser to the Issuer

#### **Mannheimer Swartling Advokatbyrå AB**

Box 1711  
111 87 Stockholm  
Telephone: +46 8 5950 60 00  
<http://www.mannheimerswartling.se>

### Auditor to the Issuer

#### **PricewaterhouseCoopers AB**

113 21 Stockholm  
Telephone: 010-212 40 00  
<http://www.pwc.se>

### **13. TERMS AND CONDITIONS OF THE NOTES**

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*[The Terms and Conditions]*





**TERMS AND CONDITIONS FOR**

**SVENSK HYPOTEKSPENSION FOND 3 AB (PUBL)**

**SEK 2,000,000,000 – MORTGAGE BACKED FIXED RATE  
NOTES**

**ISIN: SE0007691621**

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*No action is being taken that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.*

## TABLE OF CONTENTS

1.	DEFINITIONS AND CONSTRUCTION.....	1
2.	STATUS OF THE NOTES .....	12
3.	LIMITED RECOURSE.....	12
4.	USE OF PROCEEDS .....	13
5.	NOTES IN BOOK-ENTRY FORM.....	13
6.	RIGHT TO ACT ON BEHALF OF A NOTEHOLDER .....	13
7.	PAYMENTS IN RESPECT OF THE NOTES .....	14
8.	INTEREST .....	14
9.	REDEMPTION AND REPURCHASE OF THE NOTES .....	15
10.	TRANSACTION SECURITY .....	17
11.	MANAGEMENT, SERVICING AND CUSTODY .....	17
12.	FURTHER ADVANCES, PURCHASES OF REVOLVING PORTFOLIO PROMISSORY NOTES AND NEW PROMISSORY NOTES .....	18
13.	DISTRIBUTION OF PROCEEDS.....	20
14.	PURCHASE AND SALE OF ELIGIBLE SECURITIES .....	23
15.	INFORMATION TO NOTEHOLDERS.....	24
16.	GENERAL UNDERTAKINGS .....	25
17.	ACCELERATION OF THE NOTES.....	28
18.	DECISIONS BY NOTEHOLDERS.....	29
19.	NOTEHOLDERS' MEETING.....	33
20.	WRITTEN PROCEDURE .....	34
21.	AMENDMENTS AND WAIVERS .....	34
22.	APPOINTMENT AND REPLACEMENT OF THE AGENT .....	35
23.	APPOINTMENT AND REPLACEMENT OF THE CSD.....	38
24.	APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT .....	38
25.	NO DIRECT ACTIONS BY NOTEHOLDERS .....	39
26.	PRESCRIPTION .....	39
27.	NOTICES AND PRESS RELEASES .....	39
28.	FORCE MAJEURE AND LIMITATION OF LIABILITY .....	40
29.	GOVERNING LAW AND JURISDICTION.....	41

## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

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

“**Account Bank**” means DNB Bank ASA, Sweden Branch, or another party replacing it, as Account Bank, in accordance with the Transaction Documents.

“**Account Guarantee**” has the meaning set forth in the Bank Account Agreement.

“**Account Guarantee Provider**” has the meaning set forth in the Bank Account Agreement.

“**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 Securities Account in respect of its Notes.

“**Account Pledge Agreement**” means the 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) and the Custodial Account.

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time) as applied by the Issuer in preparing its annual financial statements.

“**Additional Interest**” has the meaning set forth in Clause 8.3.2.

“**Adjusted Nominal Amount**” means the Total Nominal Amount less the Nominal Amount of all Notes owned by the Issuer or an Affiliate, irrespective of whether such person is directly registered as owner of such Notes.

“**Affiliate**” means (i) an entity controlling or under common control with the Issuer and (ii) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards the Issuer to vote for such Notes in accordance with the instructions given by the Issuer. For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

“**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.

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

“**Agent**” means Intertrust CN (Sweden) AB, Swedish Reg. No. 556625-5476, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

“**Back-up Guarantee**” means the first demand guarantee in the maximum amount equal to the lower of (i) SEK 30,000,000 and (ii) the amount called under the Liquidity Guarantee but unpaid by the Account Bank on the date of the relevant Back-up Guarantee Event (as

defined in the Guarantee Agreement) or the date the Back-up Guarantee is called (whichever is the lowest), naming the Issuer as beneficiary and provided under the Guarantee Agreement or a new guarantee provided by a Rated Institution substantially in the form of the Back-up Guarantee and valid for at least one (1) year from the date of its issuance.

**“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 and the Custodial Account, or another bank account agreement entered into after the Issue Date between the Issuer, the Manager, the Agent and a new Account Bank.

**“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 in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

**“Business Day Convention”** means the first following day that is a Business Day.

**“Cash Limit”** means the lower of (i) SEK 60,000,000 and (ii) the difference between the Guaranteed Issuer Bank Account Amount and SEK 10,000,000.

**“Change of Control Event”** means the Issuer ceasing to be a wholly-owned Subsidiary of the Shareholder otherwise than with the consent of the Noteholders.

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

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

**“Collection Period”** means each calendar month.

**“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 3.3.3 of the Management Agreement that withdrawals from the Collection Account or the Interest 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, being Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden or another party replacing it, as CSD, in accordance with these Terms and Conditions.

**“CSD Regulations”** means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

**“Custodial Account”** has the meaning set forth in the Bank Account Agreement.

**“Custodian”** means Bluestep Servicing AB, Swedish Reg. No. 556955-3927, Box 23138, Sveavägen N163, 104 35, Stockholm, Sweden, 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 Transferred 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.

**“Deferred Interest”** has the meaning set out in Clause 8.3.1.

**“Eligible Securities”** means securities rated at least BBB+ and F2 by Fitch and scheduled to mature before the next Interest Payment Date.

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

**“Enforcement Notice”** has the meaning set out in Clause 17.1.

**“Equity Account”** means the Issuer’s bank account 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 16.5 (*Equity Account*).

**“Event of Default”** means an event or circumstance specified in Clause 17.1.

**“Excess Consideration”** means the interest rate per annum that is equal to (i) 3.74 per cent. plus (ii) an interest rate equal to the average between the bid and offer rates for thirty (30) year STIBOR 3 month interest-rate swaps in Swedish Kronor, as displayed on ICAP plc’s website at our about 11.00 a.m. on the fifth (5) Business Day before the Step-up Date, rounded up to two decimal places minus (iii) the Fixed Interest Rate.

**“Expense Account”** means the Issuer’s bank account with the Account Bank, or another account into which amounts set aside on each Waterfall Date to cover expected fees, taxes and Permitted Costs shall be deposited in accordance with Clause 13.1.2(f).

**“Final Maturity Date”** means the first Interest Payment Date falling after the forty-fifth (45<sup>th</sup>) anniversary of the Issue Date, i.e. 27 April 2061.

**“Financial Indebtedness”** means:

- (a) moneys borrowed (including under any bank financing or debt instrument (*skuldförbindelse*));
- (b) the amount of any liability under any finance leases (a lease which in accordance with the Accounting Principles is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);

- (d) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (e) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (g) without double-counting, liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (f) above.

**“Financial Instruments Accounts Act”** means the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

**“First Call Date”** means the Interest Payment Date falling immediately before the fourth anniversary of the Issue Date.

**“Fixed Interest Rate”** means 2 per cent. per annum.

**“Force Majeure Event”** has the meaning set forth in Clause 28.1.

**“Further Advance”** means additional loan advances made to the Borrowers under the loans in the Portfolio in accordance with Clause 12.2 (*Further Advances*).

**“Further Advance Promissory Note”** means a Promissory Note evidencing a Further Advance made by the Originator and transferred to the Issuer pursuant to the Mortgage Sale Agreement and these Terms and Conditions.

**“Guarantee Agreement”** has the meaning set forth in the Bank Account Agreement.

**“Guaranteed Issuer Bank Account Amount”** means the sum of (i) the amount that may be called by the Issuer under the Account Guarantee pursuant to the terms of the Guarantee Agreement and (ii) the amount standing to the credit of the Pledged Rated Account from time to time.

**“Initial and Revolving Eligibility Criteria”** has the meaning set forth in the Mortgage Sale Agreement.

**“Initial Nominal Amount”** has the meaning set forth in Clause 2.4.

**“Initial Portfolio”** means on the Issue Date the Promissory Notes listed in Schedule 1 (*List of Promissory Notes in the Initial Portfolio*) to the Mortgage Sale Agreement, except for any Repaid Promissory Notes.

**“Insolvency Event”** means, in respect of a party to a Transaction Document:

- (a) the party is, or is deemed for the purposes of any applicable law to be, insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*), suspends making payments on any of its debts;



- (b) by reason of actual financial difficulties the party commences negotiations with all or substantially all of its creditors with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*));
- (c) the party is subject to an involuntary winding-up, dissolution or liquidation;
- (d) any corporate action, legal proceedings or other procedure or step, other than vexatious or frivolous and as disputed in good faith and discharged within twenty (20) Business Days, is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation of the party;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of the party; or
  - (iii) the appointment of a liquidator, administrator or other similar officer in respect of the party or any of its assets; or
- (e) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset of the party and is not discharged within twenty (20) Business Days or any Security over any asset of the party is enforced.

**“Intercreditor Agreement”** means the intercreditor agreement dated on or before the Issue Date between the Shareholder (in its capacity as Manager, Servicer and Originator under the Mortgage Sale Agreement), Svensk Hypotekspension Fond 2 AB (publ) (in its capacity as seller under the Mortgage Sale Agreement), the Standby Manager, the Standby Servicer, the Custodian, the Standby 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 Clauses 8.1 to 8.2.

**“Interest Account”** means the Issuer’s bank account with the Account Bank, or another pledged account into which amounts are set aside on each Waterfall Date to cover Senior Interest accrued and unpaid until the end of the relevant Collection Period shall be deposited in accordance with Clause 13.1.2(i).

**“Interest Payment Date”** means 27 January, 27 April, 27 July and 27 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 27 April 2016 and the last Interest Payment Date shall be the relevant 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 Interest Period that shall be distributed by the Issuer to the Noteholders pursuant to Clause 15.1.2, in the form set out in Schedule 1 to the Management Agreement.

**“Issue Date”** means 9 February 2016.

**“Issuer”** means Svensk Hypotekspension Fond 3 AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 559017-2440.

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

**“Issuing Agent”** means DNB Bank ASA, Sweden Branch, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions and the CSD Regulations.

**“Liquidity Guarantee”** means an unconditional on demand guarantee in the maximum amount of SEK 30,000,000 naming the Issuer as beneficiary provided by the Account Bank or a new guarantee substantially in the form of the Liquidity Guarantee and valid for at least one (1) year from the date of its issuance provided by a Rated Institution and, in the event that the provider of the Liquidity Guarantee is not a Rated Institution, secured by the Back-up Guarantee.

**“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 and the Notes, 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 in cash and/or an amount available under the Liquidity Guarantee equal to SEK 12,000,000 on the Issue Date and thereafter increased by SEK 2,000,000 on each Waterfall Date until it amounts to 1.50 per cent of the total Nominal Amount plus accrued and unpaid Senior Interest (however, such amount not to be higher than SEK 30,000,000 or lower than SEK 12,000,000).

**“Mortgage Sale Agreement”** means the mortgage sale agreement entered into on or before the Issue Date between the Originator, Svensk Hypotekspension Fond 2 AB (publ), the Issuer and the Agent, regarding the sale of the Portfolio.

**“New Custodian”** has the meaning set forth in Clause 11.4.

**“New Manager”** has the meaning set forth in Clause 11.4.

**“New Promissory Note”** means a Promissory Note originated by the Originator and which meets the New Eligibility Criteria.

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

**“New Servicer”** has the meaning set forth in Clause 11.4.



**“Nominal Amount”** means in respect of each Note the Initial Nominal Amount, less the aggregate amount by which that Note has been redeemed in part pursuant to Clause 9.3 (*Voluntary partial redemption*).

**“Non-Eligible Promissory Note”** has the meaning set forth in the Mortgage Sale Agreement.

**“Note Loan”** means the loan constituted by these Terms and Conditions and evidenced by the Notes.

**“Noteholder”** means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

**“Noteholders’ Meeting”** means a meeting among the Noteholders held in accordance with Clause 19 (*Noteholders’ Meeting*).

**“Note”** means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, with ISIN SE0007691621.

**“Originator”** means the Shareholder in its capacity as originator of the Transferred Promissory Notes forming part of the Portfolio.

**“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 and the Custodial Account, (iv) fees payable by the Issuer in respect of the Pledged Rated Account, (v) fees and interest payable by the Issuer in respect of the Account Guarantee, the Back-up Guarantee and the Liquidity Guarantee (vi) fees payable by the Issuer to the CSD, the Issuing Agent, the Swedish Financial Supervisory Authority and listing fees for the Notes, (vii) stamp duty and administration fees for additional mortgage certificates applied for from time to time in respect of any Transferred Promissory Note, (viii) costs incurred in finding a new substitute custodian, manager or servicer or a new standby custodian servicer or manager and costs incurred in relation to transferring the relevant services to such new substitute custodian, manager or servicer, which according to the relevant Transaction Document shall be borne by the Issuer, and (ix) any other sums due to third parties under obligations incurred in the course of the Issuer’s business.

**“Pledged Rated Account”** has the meaning set out in the Bank Account Agreement.

**“Portfolio”** means (i) on the Issue Date the Initial Portfolio and (ii) after the Issue Date any Transferred Promissory Notes from time to time.

**“Proceeds”** means all proceeds resulting from (i) repayments, prepayments, terminations and other collections and fees in respect of the Portfolio, (ii) purchases of Promissory Notes by the Originator in accordance with the Mortgage Sale Agreement, (iii) an enforcement of the Transaction Security and/or (iv) 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.

**“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 Transferred Promissory Notes.

**“Purchase Date”** has the meaning set forth in the Mortgage Sale Agreement.

**“Rated Institution”** means a bank or financial institution having a long term issuer default rating of at least BBB+ by Fitch and a short-term issuer default rating of at least F2 by Fitch.

**“Record Date”** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 13 (*Distribution of proceeds*) or (iv) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

**“Redemption Date”** means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and repurchase of the Notes*).

**“Refinancing”** has the meaning set forth in Clause 16.6.

**“Relevant Party”** has the meaning set forth in Clause 28 (*Force majeure and limitation of liability*).

**“Regulated Market”** means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

**“Repaid Promissory Note”** has the meaning set forth in the Mortgage Sale Agreement.

**“Revolving Account”** means the Issuer’s bank account with the Account Bank, or another pledged account into which the Revolving Cash Amount may be deposited.

**“Revolving Cash Amount”** means (i) up to and including the Step-up Date, an amount not exceeding SEK 25,000,000 or a lower amount determined by the Manager on the relevant Waterfall Date (or the Agent if a Control Notice has been served) and (ii) following the Step-up Date, SEK 0.

**“Revolving Conditions”** has the meaning set forth in Clause 12.1 (*Revolving Conditions*).

**“Revolving Portfolio”** means (i) the Promissory Notes listed in Schedule 2 (*List of Revolving Portfolio Promissory Notes*) to the Mortgage Sale Agreement, and (ii) any additional Promissory Notes which have been executed by a Borrower under a Revolving Portfolio Promissory Note in respect of additional loan advances, except (in the case of each of (i) and (ii)) for any Repaid Promissory Notes.

**“Revolving Portfolio Promissory Note”** means a Promissory Note which is included in the Revolving Portfolio from time to time.

**“Secured Obligations”** means all present and future obligations and liabilities of the Issuer to the relevant Secured Parties under the Transaction Documents (for the avoidance of doubt, the Secured Obligations do not include the obligations and liabilities of the Issuer under or in respect of the Senior Additional Purchase Price and Subordinated Additional Purchase Price).

**“Secured Parties”** means the Noteholders and the Agent (including in its capacity as Agent under the Agency Agreement), the Custodian, the Standby Custodian, the Manager, the Standby Manager, the Servicer and the Standby Servicer.

**“Securities Account”** means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

**“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 Promissory Notes Pledge Agreement and the Account Pledge Agreement.

**“Security Providers”** means the Issuer and the Shareholder.

**“Senior Additional Purchase Price”** has the meaning set forth in the Mortgage Sale Agreement and which may not exceed 0.80 per cent. of the Transfer Purchase Price for the Initial Portfolio per annum.

**“Senior Interest”** means Interest on the Notes calculated at the Fixed Interest Rate (including Deferred Interest and Additional Interest but excluding any Excess Consideration).

**“Servicer”** means the Shareholder in its capacity as servicer appointed under the Servicing Agreement, including any sub-servicer appointed by the Shareholder, or any other party replacing it or the relevant sub-servicer, 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, which shall be paid by the Shareholder and contributed to the Issuer by means of a shareholders contribution.

**“Shareholder”** means Svensk Hypotekspension AB, Swedish Reg. No. 556630-4985, Medborgarplatsen 3, 118 72 Stockholm, Sweden.

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

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

**“Standby Custody Agreement”** means the standby custody agreement entered into on or before the Issue Date between the Issuer, the Standby Custodian and the Agent or another standby custody agreement entered into after the Issue Date between the Issuer, the Agent and a new Standby Custodian.

**“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 or another standby management agreement entered into after the Issue Date between the Issuer, the Agent and a new Standby Manager.

**“Standby Manager”** means Structured Finance Management Limited 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.

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

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

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

**“Step-Up Date”** means the First Call Date.

**“Subordinated Additional Purchase Price”** has the meaning set forth in the Mortgage Sale Agreement and which may not exceed 0.75 per cent. of the Transfer Purchase Price for the Initial Portfolio per annum.

**“Subsidiary”** means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

**“Swedish Kronor”** and **“SEK”** means the lawful currency of Sweden.

**“Tax Amount”** has the meaning set forth in Clause 17.1(f).

**“Total Nominal Amount”** means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

**“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 Custody Agreement, the Standby Management Agreement, the Standby Servicing Agreement, the Bank Account Agreement (including the Guarantee Agreement attached thereto), the Liquidity Guarantee and the VAT Letter Agreement.

**“Transaction Security”** means the Security provided for the Secured Obligations pursuant to the Security Documents.

**“Transferred Promissory Note”** means a Promissory Note which has been transferred to the Issuer under the Mortgage Sale Agreement but excluding any Promissory Notes which have been subsequently purchased by the Originator in accordance with the Mortgage Sale Agreement or which have been repaid in full by the relevant Borrower.

**“Transfer Purchase Price”** has the meaning set forth in the Mortgage Sale Agreement.

**“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.

**“Waterfall Dates”** means the sixth (6<sup>th</sup>) day of each calendar month of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Waterfall Date shall be 6 March 2016.

**“Written Procedure”** means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 20 (*Written Procedure*).

## 1.2 Construction

1.2.1 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 supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a **“regulation”** includes any regulation, rule or official directive, request or guideline (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.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

1.2.5 No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Transaction Documents shall impair or operate as a waiver of any such right or remedy.



## 2. STATUS OF THE NOTES

- 2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. Subject to Clause 2.2, the Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.
- 2.2 Notwithstanding the above payment undertaking, 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 13 (*Distribution of Proceeds*). The Noteholders' right to receive payment of the Excess Consideration (if any) is always subordinated to the right to receive payment in full of the Total Nominal Amount and the Senior Interest.
- 2.3 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Transaction Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- 2.4 The maximum Total Nominal Amount of the Notes on the Issue Date will be the lower of (i) SEK 2,000,000,000 and (ii) the Transfer Purchase Price for the Initial Portfolio under the Mortgage Sale Agreement rounded down to the nearest SEK 1,000,000. The initial nominal amount of each Note is SEK 1,000,000 (the "**Initial Nominal Amount**"). All Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Initial Nominal Amount rounded down to the nearest SEK 1,000,000.
- 2.5 The Notes constitute direct, general, secured and, subject to Clauses 3 (*Limited Recourse*) and 8.3 (*Deferred Interest*), unconditional obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them. The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by the Shareholder or any other person who is a party to a Transaction Document.
- 2.6 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.7 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

## 3. LIMITED RECOURSE

- 3.1 Notwithstanding any other provision of any Transaction Document, all obligations of the Security Providers to the Noteholders are limited in recourse to the Transaction Security and no Noteholder will have any claim, by operation of law or otherwise against, or recourse to, any of the Security Providers' other assets. If:
  - (a) there is no Transaction Security remaining which is capable of being realised or otherwise converted into cash;
  - (b) all amounts available from the Transaction Security have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Transaction Documents; and/or

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

then the Noteholders shall have no further claim against the Security Providers in respect of any amounts owing to them which remain unpaid, and such unpaid amounts shall be deemed to be discharged in full and the claims of the Noteholders (and the obligations of the Security Providers in respect thereof) shall be extinguished.

- 3.2 The provisions of this Clause 3 shall survive the Final Maturity Date.

#### 4. **USE OF PROCEEDS**

The Issuer shall use the proceeds from the issue of the Notes for the purchase of the Initial Portfolio in accordance with the terms of the Mortgage Sale Agreement.

#### 5. **NOTES IN BOOK-ENTRY FORM**

- 5.1 The Notes will be registered for the Noteholders on their respective Securities Accounts 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.
- 5.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 5.3 The Issuer and the Agent shall at all times be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Notes. The Issuer shall further provide the Agent with a power of attorney in order to enable the Agent to access the debt register (*skuldbok*) kept by the CSD in respect of the Notes on behalf of the Issuer. For the purpose of carrying out any administrative procedure that arises out of the Transaction Documents, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.
- 5.4 The Issuer, the Agent and the Issuing Agent may use the information referred to in Clause 5.3 only for the purposes of carrying out their duties and exercising their rights in accordance with the Transaction Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

#### 6. **RIGHT TO ACT ON BEHALF OF A NOTEHOLDER**

- 6.1 If any person other than a Noteholder wishes to exercise any rights of a Noteholder under the Transaction Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.
- 6.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Transaction Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.

- 6.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.

## **7. PAYMENTS IN RESPECT OF THE NOTES**

- 7.1 Subject to and in accordance with Clause 8.3 (*Deferred interest*) and Clause 13 (*Distribution of proceeds*), any payment or repayment under the Terms and Conditions, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 7.2 If a Noteholder has registered, through an Account Operator, that principal, interest or any other payment 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 payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 7.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed.
- 7.4 If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- 7.5 The Issuer is not liable to gross-up any payments under the Transaction Documents by virtue of any withholding tax, public levy or the similar.

## **8. INTEREST**

### **8.1 Accrual of Interest**

- 8.1.1 From (but excluding) the Issue Date up to (and including) the Step-up Date or (if earlier) the relevant Redemption Date, the Notes carry interest at the Fixed Interest Rate.
- 8.1.2 From (but excluding) the Step-up Date up to (and including) the relevant Redemption Date, the Notes carry interest at the Fixed Interest Rate plus the Excess Consideration.
- 8.1.3 Senior Interest accrues during an Interest Period. Subject to Clause 8.3 (*Deferred Interest*) and funds being available on the Interest Account following application of Clause 13 (*Distribution of proceeds*) below, payment of Senior Interest in respect of the Notes shall be made to the Noteholders from the Interest Account on each Interest Payment Date for the preceding Interest Period to the extent of such available funds (split *pro rata* in the case of a partial payment).
- 8.1.4 Excess Consideration accrues during an Interest Period and is capitalised on each Interest Payment Date. Any capitalised Excess Consideration will thereafter carry interest at the



Fixed Interest Rate plus the Excess Consideration. Payment of any accrued Excess Consideration, including any interest accrued on capitalised Excess Consideration pursuant to the above, will be made immediately after the Total Nominal Amount and accrued Senior Interest have been paid in full.

## 8.2 **Calculation of Interest**

Interest on the Notes shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).

## 8.3 **Deferred Interest**

8.3.1 To the extent that funds available to the Issuer to pay Senior Interest on the Notes on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall ("**Deferred Interest**") will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer following application of Clause 13 (*Distribution of proceeds*) to fund the payment of such Deferred Interest to the extent of such available funds (split *pro rata* in the case of a partial payment).

8.3.2 Such Deferred Interest will accrue interest ("**Additional Interest**") at the rate of Senior Interest applicable from time to time to such Notes and payment or application of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available following application of Clause 13 (*Distribution of proceeds*) to the Issuer to pay such Additional Interest to the extent of such available funds (split *pro rata* in the case of a partial payment).

8.3.3 Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which the Notes fall to be redeemed in full in accordance with Clause 9 (*Redemption and Repurchase of the Notes*) and any such amount which has not then been paid in respect of the Notes shall thereupon become due and payable in full.

## 8.4 **Default Interest**

If, subject to Clause 8.3 (*Deferred Interest*) and Clause 13 (*Distribution of proceeds*), the Issuer fails to pay any amount payable by it in respect of the Notes on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the aggregate of the relevant interest rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD or due to insufficient funds being available for distribution in accordance with Clause 13 (*Distribution of proceeds*), in which case the relevant interest rate shall apply instead.

# 9. **REDEMPTION AND REPURCHASE OF THE NOTES**

## 9.1 **Redemption at maturity**

The Issuer shall redeem all, but not some only, of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Nominal Amount plus accrued and unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.

## 9.2 Voluntary total redemption (call option)

9.2.1 On or after the First Call Date or, if earlier, when the Nominal Amount is less than twenty (20) per cent. of the Initial Nominal Amount, the Issuer may redeem all, but not some only, of the outstanding Notes in full at an amount per Note equal to the Nominal Amount plus accrued and unpaid Interest.

9.2.2 Redemption in accordance with Clause 9.2.1 shall be made by the Issuer on a date determined by the Issuer giving not less than twenty (20) and not more than forty (40) Business Days' notice to the Noteholders and the Agent, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Notes in full at the applicable amount on the specified Redemption Date.

## 9.3 Partial redemption

9.3.1 On each Interest Payment Date, the Issuer shall apply all or part of the funds available for this purpose pursuant to Clause 13 (*Distribution of proceeds*) as at such date in repayment of the Nominal Amount outstanding under the Notes in which case all outstanding Notes shall be partially repaid by way of reducing the Nominal Amount of each Note *pro rata*.

9.3.2 Partial redemption of the Notes in accordance with Clause 9.3.1 shall be made by the Issuer on an Interest Payment Date. The applicable amount shall be an even amount in Swedish Kronor rounded down to the nearest SEK 1,000 and paid to the person who is registered as a Noteholder on the Record Date prior to the relevant Redemption Date.

## 9.4 Early redemption due to illegality (call option)

9.4.1 The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with any accrued and unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Transaction Documents.

9.4.2 The Issuer may redeem the relevant Notes if, as a result of any change in, or amendment to, laws or regulations in Sweden, or any change in the interpretation or application of such laws or regulations, which amendment or change is effective on or after the Issue Date, the Issuer has incurred or suffered or will incur or suffer (i) a substantial decrease in revenue or (ii) a substantial additional or increased cost (and any obligation to pay such additional or increased cost cannot be avoided by reasonable measures available to the Issuer). The Notes shall be redeemed at an amount per Note equal to the Nominal Amount together with any accrued and unpaid Interest.

9.4.3 The Issuer may give notice of any redemption pursuant to Clause 9.4.1 and any redemption pursuant to Clause 9.4.2 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The Issuer is bound to redeem the Notes in full at the applicable amount on the specified Redemption Date.

## 10. TRANSACTION SECURITY

- 10.1 As continuing Security for the due and punctual fulfilment of the Secured Obligations the Issuer:
- (a) grants to the Secured Parties as represented by the Agent, on or before the Issue Date, the Transaction Security (other than the Security created under the Share Pledge Agreement); and
  - (b) shall procure that the Shareholder grants to the Secured Parties as represented by the Agent (other than the Manager and/or the Servicer, for as long as the Shareholder is acting in that capacity), on or before the Issue Date, a pledge over all the shares in the Issuer in accordance with the Share Pledge Agreement.
- 10.2 The Transaction Security shall be provided pursuant to, and subject to the terms of, the Security Documents entered into or to be entered into between the Issuer or the Shareholder (as applicable) and the Agent, acting on behalf of the Secured Parties. The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents.
- 10.3 The Agent may (without first having to obtain the Noteholders' consent) consent to a purchase of any Transferred 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 Transferred 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.
- 10.4 Unless and until the Agent has received instructions from the Noteholders in accordance with Clause 18 (*Decisions by Noteholders*), the Agent shall (without first having to obtain the Noteholders' consent) be entitled to enter into agreements with the Issuer, the Shareholder or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Noteholders', the Issuer's or the Shareholder's rights to the Transaction Security, in each case in accordance with the terms of the Transaction Documents.
- 10.5 For the purpose of exercising the rights of the Secured Parties, the Agent may instruct the CSD in the name and on behalf of the Issuer to arrange for payments to the Secured Parties under the Transaction Documents and change the bank account registered with the CSD and from which payments under the Notes are made to another bank account. The Issuer shall immediately upon request by the Agent provide it with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent and the CSD), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under this Clause 10.5.
- 10.6 The Agent shall be entitled to release all Transaction Security upon the full discharge of the Secured Obligations.

## 11. MANAGEMENT, SERVICING AND CUSTODY

- 11.1 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 Transferred Promissory Notes and the Notes on behalf of the Issuer and the Agent.

- 11.2 The Servicer shall, in accordance with the Servicing Agreement, perform certain functions in relation to the servicing of the Transferred Promissory Notes on behalf of the Issuer and the Agent.
- 11.3 The Custodian shall, in accordance with the Custody Agreement, act as custodian in respect of Transferred Promissory Notes, the Collateral and other loan documentation on behalf of the Issuer and the Agent.
- 11.4 If the Agent is entitled to terminate the Custody Agreement, Management Agreement or the Servicing Agreement (in accordance with the respective terms thereof), as the case may be, but if the Agent decides not to exercise such right, the Agent shall promptly obtain the instructions of the Noteholders in accordance with Clause 18 (*Decisions by Noteholders*). If the Agent decides to terminate such agreement, the Agent shall promptly do so and appoint a new Custodian (the “**New Custodian**”), a new Manager (the “**New Manager**”) or a new Servicer (the “**New Servicer**”), as the case may be, and in accordance with the provisions of the Custody Agreement, Management Agreement and the Servicing Agreement.
- 11.5 Upon termination of the Custody Agreement, Management Agreement or the Servicing Agreement, as the case may be, the Issuer shall use its reasonable endeavours to assist the Agent in appointing a New Custodian, New Manager and/or New Servicer in accordance with the provisions of the Custody Agreement, Management Agreement and the Servicing Agreement and the Issuer shall execute such documents and take such action as the New Custodian, New Manager and/or New Servicer may reasonably require for the purpose of vesting in such New Custodian, New Manager and/or New Servicer the same rights, powers and obligations of the Custodian, Manager and/or the Servicer as they have under the Custody Agreement, Management Agreement or the Servicing Agreement, as the case may be. Unless the Agent decides otherwise, the Standby Custodian shall become the New Custodian in the place of the Custodian, pursuant to the Standby Custody Agreement, the Standby Manager shall become New Manager in the place of the Manager, pursuant to the Standby Management Agreement, and the Standby Servicer shall become New Servicer in the place of the Servicer, pursuant to the Standby Servicing Agreement.
- 11.6 The New Custodian, 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 Custodian shall be entitled to the Custodian Fee, 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.

## 12. **FURTHER ADVANCES, PURCHASES OF REVOLVING PORTFOLIO PROMISSORY NOTES AND NEW PROMISSORY NOTES**

### 12.1 **Revolving Conditions**

The Issuer may only purchase Further Advance Promissory Notes pursuant to Clause 12.2.3 or purchase Revolving Portfolio Promissory Notes or New Promissory Notes pursuant to Clause 12.3, provided that the following conditions (the “**Revolving Conditions**”) are satisfied at the relevant Purchase Date:

- (a) no Event of Default is continuing;
- (b) the Originator has not failed to purchase any Non-Eligible Promissory Note from the Issuer pursuant to the Mortgage Sale Agreement;



- (c) the aggregate amount of the recovery shortfall (i.e. the amount that has not been repaid) for Transferred Promissory Notes under which the related Collateral has been enforced does not exceed SEK 100,000,000;
- (d) the Originator has not been fined or otherwise found guilty by any governmental authority or court of law of engaging in misselling (*vilseledande marknadsföring*) or similar practices, provided that the relevant conduct does not relate to an isolated incident and that such decision or ruling can reasonably be expected to affect the validity or effectiveness of a substantial number of Transferred Promissory Notes;
- (e) the relevant Transfer Purchase Price for the purchased Promissory Note is funded from balances standing to the credit of the Revolving Account; and
- (f) Security is granted over the Promissory Note and the related Collateral pursuant to the Security Documents.

## 12.2 Further Advances

- 12.2.1 If the Issuer receives a request from a Borrower to make a Further Advance in respect of a Transferred Promissory Note, the Issuer may, and only in accordance with this Clause 12.2 (*Further Advances*), the Mortgage Sale Agreement, any applicable law and the Credit Policy, request the Originator to agree to a Further Advance in respect of such Transferred Promissory Note. Such a request may only be made by the Issuer provided that, immediately following such Further Advance having been made, (i) the Issuer purchases the relevant Further Advance Promissory Note from the Originator pursuant to Clause 12.2.3 below or (ii) the Originator purchases the Transferred Promissory Note in respect of which the Further Advance was made from the Issuer, in each case in accordance with the Mortgage Sale Agreement.
- 12.2.2 For the avoidance of doubt, the Issuer is not permitted to make any Further Advances in respect of a Transferred Promissory Note in its own name.
- 12.2.3 Prior to the First Call Date and provided that the Revolving Conditions are satisfied, the Issuer shall use its best efforts, in accordance with the terms of the Mortgage Sale Agreement, to purchase from the Originator the Further Advance Promissory Notes requested to be issued by the Originator pursuant to Clause 12.2.1 above, provided that, at the relevant Purchase Date:
- (a) the aggregate amount of the Further Advance Promissory Notes purchased by the Issuer during the preceding twelve (12) months does not exceed SEK 32,000,000; and
  - (b) if the Transferred Promissory Note(s) in respect of which the Further Advance is made originally formed part of the Initial Portfolio or was purchased from the Revolving Portfolio, the Initial and Revolving Eligibility Criteria are met in respect of such Transferred Promissory Note(s) together with the Further Advance having been made; or
  - (c) if the Transferred Promissory Note(s) in respect of which the Further Advance is made was originally a New Promissory Note purchased by the Issuer, the New Eligibility Criteria is met in respect of such Transferred Promissory Note(s) together with the Further Advance having been made.

### 12.3 **Purchases of Revolving Portfolio Promissory Notes and New Promissory Notes**

Prior to the First Call Date and provided that the Revolving Conditions are satisfied, the Issuer shall use its best efforts to, pursuant to the terms of the Mortgage Sale Agreement:

- (a) purchase Revolving Portfolio Promissory Notes, which meet the Initial and Revolving Eligibility Criteria, from the Revolving Portfolio; and
- (b) when no more Revolving Portfolio Promissory Notes are available for purchase from the Revolving Portfolio, purchase New Promissory Notes which meet the New Eligibility Criteria.

## 13. **DISTRIBUTION OF PROCEEDS**

### 13.1 **Distribution of Proceeds prior to Acceleration of the Notes**

13.1.1 The Issuer shall ensure that all Proceeds and any yield and other proceeds obtained from holding or selling Eligible Securities which shall be deposited on the Collection Account pursuant to Clause 14 are paid into the Collection Account.

13.1.2 Should (i) the amount available for distribution pursuant to Clause 13.1.3 not be sufficient to cover the payment obligations set out in paragraphs (a)-(f) of Clause 13.1.3 or (ii) the prolongation of the Liquidity Guarantee or Back-up Guarantee for at least one (1) more year not have been confirmed at least sixty (60) days prior to their respective expiry dates, the Issuer shall, on the relevant Waterfall Date, draw down an amount under the Liquidity Guarantee (or, if payment is not made under the Liquidity Guarantee, under the Back-up Guarantee) equal to the difference between the cash amount held as a Minimum Reserve Amount and the total amount required to be held as a Minimum Reserve Amount at such time and deposit such amount on the Collection Account subject to the terms of the Liquidity Guarantee or as the case may be the Guarantee Agreement.

13.1.3 Unless the Notes have been accelerated in accordance with Clause 17 (*Acceleration of the Notes*), all balances standing to the credit of the Issuer Bank Accounts (other than the Equity Account and the Pledged Rated Account (unless following an application of Clause 13.2 in the Bank Account Agreement)) as at the last day of each Collection Period shall on the following Waterfall Date, be transferred to the Collection Account and distributed in the following order of priority, in accordance with the instructions of the Manager (unless the Agent has served a Control Notice, in which case the Agent shall give such instructions):

- (a) *first*, to pay any Agency Fee and any indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders) that falls due on or about such Waterfall Date;
- (b) *secondly*, to pay the Servicer Fee, the Manager Fee, the Standby Manager Fee, the Standby Servicer Fee, the Custodian Fee and the Standby Custodian Fee, which fall due on or about such Waterfall Date *pro rata*;
- (c) *thirdly*, to pay the Permitted Costs which fall due on or about such Waterfall Date;
- (d) *fourthly*, until the Step-Up Date and provided that the Revolving Conditions are satisfied, to pay the Senior Additional Purchase Price which falls due on or about such Waterfall Date;

- (e) *fifthly*, to pay taxes which fall due on or about such Waterfall Date;
- (f) *sixthly*, to credit the Expense Account with an amount equal to the aggregate of the amount of Agency Fee, Servicer Fee, Manager Fee, Standby Manager Fee, Standby Servicer Fee, Custodian Fee, Standby Custodian Fee, Permitted Costs, Senior Additional Purchase Price and taxes, in each case, expected to be incurred prior to the next Waterfall Date;
- (g) *seventhly*, to repay any amount utilised under the Liquidity Guarantee or the Back-up Guarantee (as applicable);
- (h) *eighthly*, to replenish the Collection Account up to the Minimum Reserve Amount less any amount available under the Liquidity Guarantee;
- (i) *ninthly*, (i) on the Waterfall Dates in January, April, July and October, accrued and unpaid Senior Interest on the Notes to be paid on the next Interest Payment Date plus Deferred Interest and Additional Interest (if any) shall be deposited on the Interest Account, (ii) on the Waterfall Dates in February, May, August and November, the estimated Senior Interest on the Notes for a period of one month plus Deferred Interest and Additional Interest (if any) shall be deposited on the Interest Account, and (iii) on the Waterfall Dates in March, June, September and December, the estimated Senior Interest on the Notes for a period of two months plus Deferred Interest and Additional Interest (if any) shall be deposited on the Interest Account;
- (j) *tenthly*, until the Step-Up Date, to credit the Revolving Account with an amount equivalent to the sum of (i) the amount which will be used to purchase Further Advance Promissory Notes, Revolving Portfolio Promissory Notes and New Promissory Notes before the next Waterfall Date and (ii) the amount equivalent to the difference between the Revolving Cash Amount and the value of the Eligible Securities standing on the Custodial Account as at such Waterfall Date;
- (k) *eleventh*, until the Step-Up Date and provided that the Revolving Conditions are satisfied, to pay the Subordinated Additional Purchase Price which falls due on or about such Waterfall Date;
- (l) *twelfth*, until the Total Nominal Amount has been repaid in full (A) if the Waterfall Date is the last Waterfall Date of an Interest Period, on the next Interest Payment Date, shall be applied *pro rata* in repayment of all or part of the Total Nominal Amount, in accordance with Clause 9.3 (*Partial redemption*) or (B) otherwise be kept on the Collection Account; and
- (m) *thirteenth*, after the Total Nominal Amount has been repaid in full, any remaining funds shall be used pay any accrued and unpaid Excess Consideration.

13.1.4 The obligation to make payments pursuant to Clause 13.1.3 above shall include any amounts which have been deferred (including any amounts owing under conditional shareholders contributions which have been granted by the Shareholder by converting any part of the Senior Additional Purchase Price or the Subordinated Additional Purchase Price).

## 13.2 Distribution of Proceeds following Acceleration of the Notes

13.2.1 If and when the Notes have been accelerated in accordance with Clause 17 (*Acceleration of the Notes*), all balances standing to the credit of the Issuer Bank Accounts (other than the Pledged Rated Account (unless following an application of Clause 13.2 in the Bank Account Agreement), the amount under the Liquidity Guarantee (or, if payment is not made under the Liquidity Guarantee, under the Back-up Guarantee) equal to the difference between the cash amount held as a Minimum Reserve Amount and the total amount required to be held as a Minimum Reserve Amount at such time, all other Proceeds and any yield and other proceeds obtained from holding or selling Eligible Securities shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, the enforcement of the Transaction Security or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 22.2.5, and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 18.17, together with default interest in accordance with Clause 8.4 (*Default Interest*) on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer;
- (b) *secondly*, in or towards payment *pro rata* of all unpaid Servicer Fee, the Manager Fee, the Standby Manager Fee, the Standby Servicer Fee, the Custodian Fee, Standby Custodian Fee, together with default interest in accordance with Clause 8.4 (*Default Interest*) on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer;
- (c) *thirdly*, in or towards payment of all unpaid Permitted Costs due to the Secured Parties in respect of the Secured Obligations;
- (d) *fourthly*, to repay any amount utilised under the Liquidity Guarantee or Back-up Guarantee (as applicable);
- (e) *fifthly*, in or towards payment *pro rata* of any accrued but unpaid Senior Interest, Deferred Interest and any Additional Interest;
- (f) *sixthly*, in or towards payment *pro rata* of any unpaid Nominal Amount;
- (g) *seventhly*, in or towards payment of all unpaid Permitted Costs not included in paragraph (c) above;
- (h) *eighthly*, in or towards payment of any accrued and unpaid Excess Consideration; and
- (i) *ninthly*, in or towards payment *pro rata* of all unpaid Senior Additional Purchase Prices and Subordinated Additional Purchase Prices (including any amounts owing under conditional shareholders contributions which have been granted by the Shareholder by converting any part of the Senior Additional Purchase Price or the Subordinated Additional Purchase Price).



Any excess funds after the application of proceeds in accordance with paragraphs (a) to (i) above shall be kept by the Issuer.

- 13.2.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 13.2.1(a), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.2.1(a).
- 13.2.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes or the enforcement of the Transaction Security constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 13.2 as soon as reasonably practicable.
- 13.2.4 If the Issuer or the Agent shall make any payment under this Clause 13.2, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply and for any partial redemption in accordance with Clause 9.3 (*Voluntary partial redemption (call option)*) due but not made, the Record Date specified in Clause 9.3.2 shall apply.
- 13.2.5 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 this Clause 13.2 have been, or will be, fully paid as a result of payments or distributions in connection with the bankruptcy.

#### **14. PURCHASE AND SALE OF ELIGIBLE SECURITIES**

- 14.1 Should the aggregate amount standing to the credit of the Issuer Bank Accounts (excluding the Pledged Rated Account), at any time during which the Account Bank is not a Rated Institution, exceed the Cash Limit, the Issuer shall be obliged to use an amount equal to the difference between the amount standing to the credit of the Issuer Bank Accounts (excluding the Pledged Rated Account) and the Cash Limit to purchase Eligible Securities.
- 14.2 The Eligible Securities purchased pursuant to Clause 14.1 shall be kept on the Custodial Account.
- 14.3 Provided that the Cash Limit is not exceeded following such deposit, all, or such part of the Eligible Securities which generate sufficient sales proceeds in order for the Issuer to be able to make the payments under paragraphs (a) – (i) of Clause 13.1.3, shall be sold immediately prior to each Waterfall Date and the proceeds deposited on the Collection Account.
- 14.4 Except as provided for in Clause 14.3, any yield and other proceeds obtained from holding or selling Eligible Securities shall:
  - (a) be used to purchase Eligible Securities;
  - (b) provided that the Cash Limit is not exceeded following such deposit and that no event specified in paragraphs (a) - (f) of Clause 13.1 in the Bank Account Agreement has occurred, be deposited:

- (i) until the Step-up Date and in an amount which, together with the cash portion of the Revolving Cash Amount set aside pursuant to paragraph (j) of Clause 13.1.3 and all previous deposits made hereunder during the relevant Collection Period, does not exceed the Revolving Cash Amount for the most recent Waterfall Date, on the Revolving Account; or
- (ii) following the Step-up Date or for any amount exceeding the amount set forth in paragraph (i) above, on the Collection Account;
- (c) following the occurrence of an event specified in paragraphs (a) - (f) of Clause 13.1 in the Bank Account Agreement, be deposited on the Pledged Rated Account; or
- (d) if and when the Notes have been accelerated in accordance with Clause 17 (*Acceleration of the Notes*), be distributed pursuant to Clause 13.2 (*Distribution of Proceeds following Acceleration of the Notes*).

## **15. INFORMATION TO NOTEHOLDERS**

### **15.1 Information from the Issuer**

15.1.1 The Issuer shall make the following information available to the Noteholders by way of press release and by publication on the website of the Issuer:

- (a) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited financial statements for that financial year prepared in accordance with the Accounting Principles;
- (b) as soon as the same become available, but in any event within two (2) months after the end of each interim half of its financial year, its financial statements or the year-end report (*bokslutskommuniké*) (as applicable) for such period prepared in accordance with the Accounting Principles; and
- (c) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.

15.1.2 The Issuer shall provide to the Noteholders 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 Total Nominal Amount, calculated for the next Interest Payment Date and (iii) a specification of the Senior Interest and Excess Consideration (if any), calculated for the next Interest Payment Date.

15.1.3 When the financial statements and other information are made available to the Noteholders pursuant to Clauses 15.1.1 - 15.1.2, the Issuer shall send copies of such financial statements and other information to the Agent. Together with the financial statements, the Issuer shall submit to the Agent copies of any notices sent to the Regulated Market on which the Note Loan is admitted to trading.

### **15.2 Information from the Agent**

15.2.1 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 15.2.2, the Agent is entitled to disclose to the Noteholders any

event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

- 15.2.2 If a committee representing the Noteholders' interests under the Transaction Documents has been appointed by the Noteholders in accordance with Clause 18 (*Decisions by Noteholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Noteholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

### 15.3 **Information among the Noteholders**

Upon request by a Noteholder, the Agent shall promptly distribute to the Noteholders any information from such Noteholder which relates to the Notes. The Agent may require that the requesting Noteholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

### 15.4 **Publication of Transaction Documents**

- 15.4.1 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.
- 15.4.2 The latest versions of the Transaction Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

## 16. **GENERAL UNDERTAKINGS**

### 16.1 **Authorisations**

The Issuer shall obtain, maintain, and comply with the terms of any authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration required for the conduct of its business.

### 16.2 **Restrictions on activities:**

The Issuer shall not:

- (a) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage in;
- (b) enter into any agreements or commitments not contemplated in the Transaction Documents;
- (c) have any subsidiary undertakings (*Dotterföretag*, as defined in Section 1:11 of the Swedish Companies Act (2005:551)); or
- (d) have any employees or hire any consultants (other than, for the avoidance of doubt, external advisers or experts).

**16.3 Dealings with related parties**

The Issuer shall conduct all dealings with the Shareholder and any of its Affiliates on arms' length terms and with the prior consent of the Noteholders, save for any transaction contemplated by the terms of any Transaction Document.

**16.4 Expense Account**

For as long as no Event of Default is continuing, the balance standing to the credit of the Expense Account may be used by the Manager to pay any Agency Fee, Servicer Fee, Manager Fee, Standby Manager Fee, Standby Servicer Fee, Custodian Fee, Senior Additional Purchase Price, Standby Custodian Fee, taxes or Permitted Costs that become due and payable between any two successive Waterfall Dates.

**16.5 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 on each Waterfall Date.

**16.6 Financial indebtedness**

The Issuer shall not incur or allow to remain outstanding any Financial Indebtedness other than Financial Indebtedness:

- (a) incurred under the Notes;
- (b) incurred under the Transaction Documents; and
- (c) arising as a result of a refinancing of the Notes in full (a "**Refinancing**").

**16.7 Negative pledge**

The Issuer shall not create or permit to subsist, any Security over any of its present or future assets or revenues (including, but not limited to, the Portfolio or any part thereof) or enter into any other preferential arrangement having a similar effect, other than:

- (a) any Transaction Security;
- (b) any security provided in the form of a pledge over an escrow account to which the proceeds incurred in relation to a Refinancing are intended to be received; or
- (c) any Security agreed to be provided for the benefit of the financing providers in relation to a Refinancing, however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Notes in full.

**16.8 Distributions****16.8.1 The Issuer shall not:**

- (a) make any dividend payments;
- (b) repurchase its shares;

- (c) redeem its share capital or other restricted equity with repayment to shareholders; or
- (d) make other similar distributions or transfers of value.

16.8.2 Notwithstanding Clause 16.8.1, the Issuer shall be entitled to:

- (a) give group contribution (*koncernbidrag*) by way of distributions to the Shareholder and make dividend payments provided that in each case (i) no cash or other funds are transferred from the Issuer to the Shareholder as a result thereof (i.e. the group contributions or dividends are merely accounting measures) and (ii) any claims on the Issuer are subordinated pursuant to the Intercreditor Agreement; and
- (b) repay any conditional shareholders contributions which have been granted by the Shareholder by converting of any part of the Senior Additional Purchase Price or the Subordinated Additional Purchase Price pursuant to the Mortgage Sale Agreement.

#### 16.9 Admission to trading

16.9.1 The Issuer shall use its best efforts to ensure that the Note Loan is admitted to trading on the Regulated Market of NASDAQ Stockholm within three (3) months after issuance, and that it remains admitted or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.

16.9.2 Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long as any Notes are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

#### 16.10 Undertakings relating to the Agency Agreement

16.10.1 The Issuer shall, in accordance with the Agency Agreement:

- (a) pay fees to the Agent;
- (b) indemnify the Agent for costs, losses and liabilities;
- (c) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.

16.10.2 The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Noteholders if the amendment would be detrimental to the interests of the Noteholders.

#### 16.11 CSD related undertakings

The Issuer shall keep the Notes affiliated with a CSD and comply with all applicable CSD Regulations.



## 17. ACCELERATION OF THE NOTES

17.1 The Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Noteholders, be made by them jointly) or following an instruction given pursuant to Clause 17.5, on behalf of the Noteholders (i) by notice to the Issuer (an “**Enforcement Notice**”), declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Transaction Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Transaction Documents, if:

- (a) the Issuer does not pay on the due date any amount payable by it under these Terms and Conditions (subject to Clause 8.3 (*Deferred interest*) and despite funds being available for distribution in accordance with Clause 13 (*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 (i) does not comply with any terms of or acts in violation of any Transaction Document to which it is a party (other than those terms referred to in paragraph (a) above) and (ii) such non-compliance is materially prejudicial to the interests of the Noteholders (as determined by the Agent (acting reasonably)), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within thirty (30) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance;
- (c) the Shareholder does not comply with any term of the VAT Letter Agreement or the Share Pledge 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;
- (d) an Insolvency Event occurs, in respect of the Issuer;
- (e) a Change of Control Event occurs;
- (f) the Issuer incurs Swedish corporate tax in excess of SEK 10,000,000 (the “**Tax Amount**”), unless (i) such tax is neutralised by means of group contributions (*koncernbidrag*) or (ii) the Shareholder provides additional subordinated funding 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; or
- (g) any Transaction Document becomes invalid, ineffective or varied (other than in accordance with the provisions of the Transaction Documents), and such

invalidity, ineffectiveness or variation is materially prejudicial to the interests of the Noteholders.

- 17.2 The Agent may not accelerate the Notes in accordance with Clause 17.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Noteholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 17.3 The Issuer shall immediately notify the Agent (with full particulars, including, but not limited to, what steps have been taken to remedy it) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- 17.4 The Agent shall notify the Noteholders of the occurrence of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly seek instructions from the Noteholders in accordance with Clause 18 (*Decisions by Noteholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 17.5 If the Noteholders instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Noteholders under the Transaction Document, unless the relevant Event of Default is no longer continuing.
- 17.6 If the right to accelerate the Notes is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 17.7 In the event of an acceleration of the Notes in accordance with this Clause 17, the Issuer shall redeem all Notes at an amount per Note equal to the Nominal Amount plus accrued and unpaid Interest.

## **18. DECISIONS BY NOTEHOLDERS**

- 18.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Transaction Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 18.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Transaction Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by

way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.

- 18.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 18.4 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 18.3 being applicable, the Issuer or the Noteholder(s) requesting a decision by the Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall upon request provide the convening Noteholder(s) with the information available in the debt register (*skuldbok*) kept by the CSD in respect of the Notes in order to convene and hold the Noteholders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- 18.5 Should the Issuer want to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 19.1 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 20.1, in both cases with a copy to the Agent. After a request from the Noteholders pursuant to Clause 22.4.3, the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 19.1. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the a notice or the communication.
- 18.6 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Noteholder*) from a person who is, registered as a Noteholder:
- (a) on the Business Day specified in the notice pursuant to Clause 19.2, in respect of a Noteholders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 20.2, in respect of a Written Procedure,
- may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Nominal Amount.
- 18.7 The following matters shall require the consent of Noteholders representing at least sixty-six and two thirds (66⅔) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 20.2:
- (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 Custodian (other than the Standby Custodian), appointment of a New Manager (other than the Standby Manager) or a New Servicer (other than the Standby Servicer) on terms to be approved by the Noteholders (unless the terms of the new Custody Agreement, new Management Agreement or new Servicing Agreement, as the case may be, are on substantially the same terms as in the Custody Agreement, Management Agreement or the Servicing Agreement, as the case may be, existing on the Issue Date, in which case the Agent may appoint itself or any other appropriate third party as such New Custodian, New Manager or New Servicer);
- (e) replacement of the Account Bank other than as permitted by the Transaction Documents; and
- (f) transfer of ownership of shares in the Issuer.

18.8 The following matters shall require the consent of Noteholders representing at least eighty (80) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 20.2:

- (a) the issue of any Notes after the Issue Date (for the avoidance of doubt, for which consent shall be required at each occasion such Notes are issued);
- (b) a change to the terms of any of Clause 2.1, and Clauses 2.5 to 2.7;
- (c) a change to the Interest Rate, Excess Consideration or the Nominal Amount (other than as a result of an application of Clause 9.3 (*Voluntary partial redemption*));
- (d) a change to the terms for the distribution of proceeds set out in Clause 13 (*Distribution of proceeds*);
- (e) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 18;
- (f) a change of Issuer, an extension of the tenor of the Notes or any delay of the due date for payment of any Nominal Amount or Interest on the Notes;
- (g) a release of the Transaction Security, except in connection with (i) the repayment of any Transferred Promissory Note, (ii) a purchase of any Transferred 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 Transferred 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 9 (*Redemption and Repurchase of the Notes*);

- (h) a mandatory exchange of the Notes for other securities;
- (i) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 17 (*Acceleration of the Notes*) or as otherwise permitted or required by these Terms and Conditions; and
- (j) changes to the Articles of Association of the Issuer, including a change to the business of the Issuer;

18.9 Any matter not covered by Clauses 18.7 and 18.8 shall require the consent of Noteholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 20.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Transaction Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 21.1(a) or (b)), an acceleration of the Notes, or the enforcement of any Transaction Security.

18.10 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).

18.11 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clauses 18.7 and 18.8 and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:

- (a) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
- (b) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

18.12 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 19.1) or initiate a second Written Procedure (in accordance with Clause 20.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of this Clause 18.12, the date of request of the second Noteholders' Meeting pursuant to Clause 19.1 or second Written Procedure pursuant to Clause 20.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 18.11 shall not apply to such second Noteholders' Meeting or Written Procedure.

18.13 Any decision which extends or increases the obligations of the Issuer or the Agent or any third party which is a party under the Transaction Documents, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent or any third party which is a party under the Transaction Documents, under the Transaction Documents shall be subject to the Issuer's or the Agent's or the relevant third party's consent, as applicable.

- 18.14 A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 18.15 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 18.16 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- 18.17 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 18.18 If a decision is to be taken by the Noteholders on a matter relating to the Transaction Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by the Issuer or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by the Issuer or an Affiliate.
- 18.19 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered as a Noteholder on the date referred to in Clause 18.6(a) or 18.6(b), as the case may be, and also be published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

## **19. NOTEHOLDERS' MEETING**

- 19.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each person who is registered as a Noteholder on a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the notice is sent.
- 19.2 Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 19.1 with a copy to the Agent. After a request from the Noteholders pursuant to Clause 22.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 19.1.
- 19.3 The notice pursuant to Clause 19.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the

Noteholders), (iv) the Business Day on which a person must be a Noteholder in order to exercise Noteholders' rights at the Noteholder's Meeting, which must fall no earlier than one (1) Business Day after the effective date of the notice and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.

- 19.4 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 19.5 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

## **20. WRITTEN PROCEDURE**

- 20.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each person who is registered as a Noteholder on a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the communication is sent.
- 20.2 A communication pursuant to Clause 20.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, which must fall no earlier than one (1) Business Day after the effective date of the communication, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 20.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.
- 20.3 When consents from Noteholders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 18.7, 18.8, and 18.9 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clauses 18.7, 18.8, or 18.9, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **21. AMENDMENTS AND WAIVERS**

- 21.1 The Issuer and the Agent (acting on behalf of the Noteholders) may, with the prior consent of any third party which is a party to such Transaction Document (if any) and, in case of the Terms and Conditions, the Account Guarantee provider, agree to amend the Transaction Documents or waive any provision in a Transaction Document, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Noteholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or



- (c) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 18 (*Decisions by Noteholders*).

- 21.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Transaction Documents. It is sufficient if such consent approves the substance of the amendment.
- 21.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 21.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Transaction Documents are published in the manner stipulated in Clause 15.3 (*Publication of Transaction Documents*). The Issuer shall ensure that any amendments to the Transaction Documents are duly registered with the CSD and each other relevant organisation or authority.
- 21.4 An amendment to the Transaction Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **22. APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **22.1 Appointment of the Agent**

- 22.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes, the Transaction Security and the Transaction Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder including the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer and any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 22.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or 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.
- 22.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Transaction Documents.
- 22.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Transaction Documents or the Agency Agreement and the Agent's obligations as Agent under the Transaction Documents are conditioned upon the due payment of such fees and indemnifications.
- 22.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## 22.2 Duties of the Agent

- 22.2.1 The Agent shall represent the Noteholders in accordance with the Transaction Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents on behalf of the Noteholders and, where relevant, enforcing the Transaction Security on behalf of the Noteholders. However, the Agent is not responsible for the execution or enforceability of the Transaction Documents or the perfection of the Transaction Security.
- 22.2.2 When acting in accordance with the Transaction Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall act in the best interests of the Noteholders as a group and carry out its duties under the Transaction Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 22.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Transaction Documents.
- 22.2.4 The Agent shall treat all Noteholders equally and, when acting pursuant to the Transaction Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Transaction Documents.
- 22.2.5 The Agent is entitled to engage external experts when carrying out its duties under the Transaction Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or the Transaction Security which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Transaction Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Transaction Documents shall be distributed in accordance with Clause 13 (*Distribution of proceeds*).
- 22.2.6 The Agent shall, as applicable, enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Transaction Documents.
- 22.2.7 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.
- 22.2.8 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by an expected distribution of Proceeds in accordance with Clause 13 (*Distribution of proceeds*), the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require save that the Agent shall always notify the Noteholders about the occurrence of an Event of Default in accordance with Clause 17.3.
- 22.2.9 The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Transaction Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Transaction Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 22.2.8.

### 22.3 **Limited liability for the Agent**

- 22.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Transaction Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 22.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- 22.3.3 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 to the Noteholders, 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.
- 22.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with Clause 18 (*Decisions by Noteholders*) or a demand by Noteholders given pursuant to Clause 17.1.
- 22.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Transaction Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Transaction Documents.

### 22.4 **Replacement of the Agent**

- 22.4.1 Following the Step-Up Date and subject to Clause 22.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 22.4.2 Subject to Clause 22.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 22.4.3 A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- 22.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- 22.4.5 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.
- 22.4.6 The Agent's resignation or dismissal 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 retiring Agent.
- 22.4.7 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 and remain liable under the Transaction Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Transaction Documents as they would have had if such successor had been the original Agent.
- 22.4.8 In the event that there is a change of the Agent in accordance with this Clause 22.4, 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 and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **23. APPOINTMENT AND REPLACEMENT OF THE CSD**

- 23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.
- 23.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Noteholder or the listing of the Notes on the Regulated Market. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

## **24. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 24.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes.
- 24.2 The Issuing Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties under the Transaction Documents.
- 24.3 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new



Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **25. NO DIRECT ACTIONS BY NOTEHOLDERS**

- 25.1 A Noteholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Transaction Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the obligations and liabilities of the Issuer under the Transaction Documents. Such steps may only be taken by the Agent.
- 25.2 Clause 25.1 shall not apply if the Agent has been instructed by the Noteholders in accordance with the Transaction Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Noteholder to provide documents in accordance with Clause 22.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Transaction Documents or the Agency Agreement or by any reason described in Clause 22.2.8, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 22.2.9 before a Noteholder may take any action referred to in Clause 25.1.
- 25.3 The provisions of Clause 25.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due by the Issuer to some but not all Noteholders.

## **26. PRESCRIPTION**

- 26.1 The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any 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.
- 26.2 If a limitation period is 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 to the provisions of the Swedish Act on Limitations.

## **27. NOTICES AND PRESS RELEASES**

### **27.1 Notices**

- 27.1.1 Any notice or other communication to be made under or in connection with the Transaction Documents:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;

- (b) if to the Issuer, shall be given at the address specified on its website <http://www.shpfond3.se> on the Business Day prior to dispatch or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
- (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order to receive the communication and by either courier delivery or letter for all Noteholders. A Notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.

27.1.2 Any notice or other communication made by one person to another under or in connection with the Transaction Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, by email, and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 27.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 27.1.1, or, in case of email, when received in readable form by the email recipient.

27.1.3 Any notice pursuant to the Transaction Documents shall be in English.

27.1.4 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

## 27.2 Press releases

27.2.1 Any notice that the Issuer or the Agent shall send to the Noteholders pursuant to Clauses 9.2 (*Voluntary total redemption (Call option)*), 9.3 (*Voluntary partial redemption*), 9.4 (*Early redemption due to illegality*), 17.3, 18.19, 19.1, 20.1 and 21.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.

27.2.2 In addition to Clause 27.2.1, if any information relating to the Notes or the Issuer contained in a notice the Agent may send to the Noteholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Noteholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Noteholders, the Agent shall be entitled to issue such press release.

## 28. FORCE MAJEURE AND LIMITATION OF LIABILITY

28.1 Neither the Agent nor the Issuing Agent (each a “**Relevant Party**”) shall 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, natural disaster, insurrection, civil commotion, terrorism or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

28.2 A Relevant Party shall have no liability to the Noteholders if it has observed reasonable care. A Relevant Party shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

28.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

28.4 The provisions in this Clause 28 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

**29. GOVERNING LAW AND JURISDICTION**

29.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

29.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).

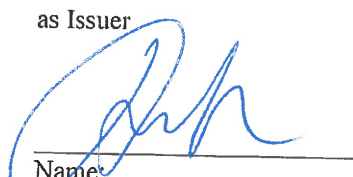
We hereby certify that the above terms and conditions are binding upon ourselves.


Place: *Stockholm*

Date: *9 February 2016*

SVENSK HYPOTEKSPENSION FOND 3 AB (PUBL)

as Issuer

  
Name: \_\_\_\_\_  
*Anders Larsson*

  
*Kenneth Grabe*

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place: *Stockholm*

Date: *9 February 2016*

INTERTRUST CN (SWEDEN) AB  
as Agent



Name:

**Kristofer Nivenius**



**Anna Litewka**