

*This base prospectus has been approved by the Swedish Financial Supervisory Authority on 28 February 2022 and is valid for twelve months after the date of the approval. The obligation to supplement this base prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.*

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# Bluestep Bank.

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**BLUESTEP BANK AB (publ)**

**BASE PROSPECTUS**

**SEK 5,000,000,000 MEDIUM TERM NOTE PROGRAMME**

**Arranger**

Skandinaviska Enskilda Banken AB (publ)

**Dealers**

Nordea Bank Abp

Danske Bank A/S, Danmark, Sverige Filial  
Skandinaviska Enskilda Banken AB (publ)

## IMPORTANT INFORMATION AND CERTAIN DEFINITIONS

This base prospectus (this “**Base Prospectus**”) relates to the programme for continuous issuance by Bluestep Bank AB (publ), Reg. No. 556717-5129, (the “**Company**”, “**Bluestep**” or the “**Issuer**”) (and any reference to the “**Group**” shall be a reference to the Company and its subsidiaries) of senior medium term notes and subordinated medium term notes in Swedish kronor (“**SEK**”), euro (“**EUR**”) or Norwegian kroner (“**NOK**”) with a tenor of minimum one (1) year and a nominal amount which may not be lower than EUR 100,000 (or the corresponding amount in SEK or NOK) (the “**MTN-Programme**” and the “**Medium Term Notes**”, respectively).

This Base Prospectus and any offers in accordance herewith are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Base Prospectus.

Words and expressions defined in the Terms and Conditions have the same meanings when used in this Base Prospectus, unless expressly stated otherwise.

This Base 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 Base 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. Subject to certain exemptions, the Medium Term Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. No Medium Term Note has been, and no Medium Term Note will be, registered under the United States Securities Act of 1933.

No person has been authorised to provide any information or make any statements other than those contained in this Base Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Company and the Company assumes no responsibility for such information or statements. Neither the publication of this Base Prospectus nor the offering, sale or delivery of any Medium Term Note implies that the information in this Base Prospectus is correct and current as at any date other than the date of this Base Prospectus or that there have not been any changes in the Company’s or the Group’s business since the date of this Base Prospectus. If the information in this Base 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 Regulation (EU) 2017/ 1129 (as amended, the “**Prospectus Regulation**”).

### **MiFID II Product Governance and PRIIPs**

In respect of each issue of Medium Term Notes, each Issuing Dealer will undertake a target market assessment in respect of such Medium Term Notes and determine the appropriate channels for distribution for such Medium Term Notes. Any person subsequently offering, selling or recommending such Medium Term Notes (a “**distributor**”) should take into consideration the target market assessment. However, a distributor subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of such Medium Term Notes (either by adopting or refining the target market assessment) and determining the appropriate distribution channels. For the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue as to whether any Issuing Dealer participating in the issue of Medium Term Notes is a manufacturer in respect of such Medium Term Notes. Neither the Arranger nor the Dealers nor any of their respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules.

Should certain Medium Term Notes constitute ‘packaged retail investment products’ under Regulation (EU) No 1286/2014 (as amended the “**PRIIPs Regulation**”), such Medium Term Notes may not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). This limitation is a result of the fact that no key information document required under the PRIIPs Regulation has been, or will be, prepared for any Medium Term Notes under the programme, which is required when the Medium Term Notes subject to the PRIIPs Regulation are offered to retail investors. Consequently, the offering or selling of the Medium Term Notes, or otherwise making them available to any retail investor in the EEA, may be unlawful under the PRIIPs Regulation. A retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive 2016/97/EU (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation.

### **Forward-looking statements and market data**

The Base Prospectus contains certain forward-looking statements that reflect the Company’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Company believes that these statements are based on reasonable assumptions and expectations, the Company 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 Company’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 “Risk factors”. The forward-looking statements included in this Base Prospectus apply only to the date of the Base Prospectus. The Company 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 Company and the Group or persons acting on the Company behalf is subject to the reservations in or referred to in this section.

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## DESCRIPTION OF THE MTN-PROGRAMME

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### General information

Bluestep has established the MTN-Programme for the purpose of issuing Medium Term Notes up to a total amount of SEK 5,000,000,000 (five billion) (or corresponding amount in EUR or NOK) or such other amount that the Dealers and the Company may agree. The Medium Term Notes may be issued with a tenor of not less than one (1) year. The Medium Term Notes may be issued in SEK, EUR or NOK with real interest rate, fixed interest rate, floating interest rate or as zero-coupon bonds. The Medium Term Notes may not be issued with a Nominal Amount of less than EUR 100,000 (or corresponding amount in SEK or NOK). Each Medium Term Loan is given a specific loan identification number (ISIN).

Bluestep has appointed Skandinaviska Enskilda Banken AB (publ) as arranger and Nordea Bank Abp, Danske Bank A/S, Danmark, Sverige Filial and Skandinaviska Enskilda Banken AB (publ) as dealers. Further dealers may be appointed. The Dealers have not verified and are not responsible for the contents of the Base Prospectus.

A holder of the Medium Term Notes represents itself in its capacity as Noteholder in all matters relating to the Medium Term Notes and this MTN-Programme. Under the Terms and Conditions, the Administrative Agent has the right to (and shall if requested by the Company, a Dealer or Noteholders holding a certain percentage of a Medium Term Loan) convene a Noteholders' Meeting (please refer to Clause 16 of the Terms and Conditions).

Investing in the Medium Term Notes entails certain risks for the investor (please refer to the section "*Risk Factors*"). An investor resolving to invest in the Medium Term Notes must rely on its own independent assessment of the Company and the relevant Medium Term Notes, including the relevant existing factual circumstances and risks. A potential investor should hire its own professional advisors and carefully examine and assess its investment decision. Investors may only rely on information explicitly set out in this Base Prospectus (including any supplements hereto). The Medium Term Notes are not a suitable investment for all investors. Each potential investor should consider whether the Medium Term Notes is an appropriate investment given the particular circumstances of that investor. In particular, every investor should:

- (a) have sufficient knowledge and experience to be able to adequately evaluate (i) the Medium Term Notes and (ii) the information set out in this Base Prospectus and any supplements hereto;
- (b) have access to, and knowledge of, appropriate analytical tools in order to, in the context of its own financial situation, be able to evaluate an investment in the Medium Term Notes and the effect of such investment on the portfolio of such investor;
- (c) have sufficient financial means and liquidity to carry the risks associated with an investment in the Medium Term Notes, including where the nominal amount and/or interest payments may be made in different currencies or where the currency of the principal amount or interest deviates from the currency of the investor;
- (d) fully understand the terms and conditions of a Medium Term Loan and be familiar with relevant indices and financial markets; and
- (e) be capable of evaluating (itself or with the assistance of financial advisors) possible scenarios for economical, interest rate related or other factors that may affect the investment and the ability of the investor to carry the relevant risks.

### Form of the Medium Term Notes

The Medium Term Notes are issued in dematerialised book-entry form and registered on a Securities Account on behalf of the relevant Noteholder. Hence, no physical notes will be issued. The Medium Term Notes are registered in accordance with the Swedish Financial Instruments Accounts Act (*Sw. lagen*

(1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument) or the Norwegian CSD Act (as applicable) and registration requests relating to the Medium Term Notes shall be directed to an Account Operator. The Medium Term Notes may be freely transferred.

The Company has appointed Skandinaviska Enskilda Banken AB (publ), Oslo Branch as issuing and paying agent to establish and manage the Company's account in the VPS in accordance with Norwegian law, to register the Company's issues of the Medium Term Notes in the VPS and perform payments of interest and principal in respect of such Medium Term Notes.

### **Status of the Medium Term Notes**

The status of the Medium Term Notes will be specified in the relevant Final Terms, by using either of the headings 'Notes' or 'Subordinated Notes'.

The *Notes* constitute senior unsecured obligations of the Company and shall at all times rank at least *pari passu* with all other unsecured and unsubordinated obligations of the Company, except those obligations which are mandatorily preferred by law.

The rights of the Noteholders under the *Subordinated Notes* will, in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Company, be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Company but shall rank at least *pari passu* with all other subordinated indebtedness of the Company (excluding creditors whose rights are expressed to rank in priority to the holders of the Subordinated Notes).

### **Sales**

Sales will take place through the Dealers receiving issue and sale instructions from the Company. Purchase and sale of the Medium Term Notes will be made over the counter or on the market place where the Medium Term Notes are admitted to trading. Payments for and delivery of the Medium Term Notes takes place through the relevant CSD's book-entry system.

### **Pricing of the Medium Term Notes**

The price of the Medium Term Notes cannot be established in advance but is set in connection with the relevant issue on the basis of prevailing market conditions. The Medium Term Notes may be issued at a price corresponding to, below or exceeding the relevant Nominal Amount. The interest (if any) applicable to the Medium Term Notes depends on several factors, one of which is the interest rate applicable to other investments with a corresponding term.

### **Admission to trading on a regulated market**

If stated in the applicable Final Terms for a Medium Term Loan, an application for admission to trading on a regulated market will be made. In relation to a Medium Term Loan which according to its Final Terms will be subject to trading on a regulated market, the Company will apply for listing at Nasdaq Stockholm, Oslo Børs or another regulated market and take such measures as may be required to maintain such listing during the term of that Medium Term Loan. The market place to which the application is made will carry out its own assessment of the application and will approve or reject the registration.

The Company is responsible for all costs associated with admission to trading of Medium Term Loans under this MTN-Programme such as the costs of producing a prospectus, admission to trading, documentation and fees to Euroclear Sweden and VPS.

## **Credit rating**

When investing in the Medium Term Notes, the investor takes a credit risk on the Company. The applicable Final Terms for a Medium Term Loan will stipulate whether the Medium Term Loan shall be assigned a credit rating. Such credit rating reflects the assessment by an independent rating agency of the creditworthiness of the Company with respect to the relevant Medium Term Loan, i.e. its ability to fulfil payment obligations in a timely manner, and may assess the applicable Loan Terms. On 16 June 2020, the credit rating agency Moody's Investors Service (Nordics) AB ("**Moody's Nordics**") assigned a local and foreign currency long term deposit rating of A3 to the Company.

## **Statute of Limitation**

Claims for principal amounts under a Medium Term Loan will be subject to time bar ten years after the relevant Maturity Date. Claims on interest will be subject to time bar three years after each relevant interest payment date. If a claim becomes void due to the time barring of claims, amounts set aside for payment of such claim will fall to the Company. Where a period of limitation is duly interrupted, a new period of ten years (or three years, respectively) will start to run in accordance with the Limitations Act (*Sw. preskriptionslagen (1981:130)*).

## **Governing law**

The Terms and Conditions, the applicable Final Terms and any non-contractual obligations arising out of or in connection therewith are governed by and construed in accordance with the laws of Sweden. The Company submits to the non-exclusive jurisdiction of the District Court of Stockholm (*Sw. Stockholms tingsrätt*). Norwegian law and jurisdiction will be applicable with regards to the registration of Medium Term Notes in VPS.

## **Processing of personal data**

In order to comply with the Loan Terms, the Company and the Administrative Agent, may, acting as data controllers, collect and process personal data. The processing is based on the Company's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the Loan Terms. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the Loan Terms, personal data may be shared with third parties, such as Euroclear, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data the Company and the Administrative Agent processes about them and may request the same in writing at the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable format. Information about the Company's and the Administrative Agent's respective personal data processing can be obtained by requesting the same in writing at the Company's or the Administrative Agent's registered address.

## **PRODUCT DESCRIPTION**

### **Terms and Conditions and Final Terms**

Medium Term Notes issued under the MTN-Programme are governed by the Terms and Conditions together with the applicable Final Terms. The Terms and Conditions apply to all Medium Term Loans issued under the MTN-Programme. Applicable Final Terms are specified in relation to each Medium Term Loan on the basis of the form of final terms set out on page 57 of this Base Prospectus. The applicable Final Terms must be read together with the Terms and Conditions. The Final Terms specify, among other things, Loan Date, the basis for interest calculation, possible rights of early redemption for the Company and Maturity Date. The Final Terms in relation to an offer to invest in the Medium Term Notes or in

relation to Medium Term Notes that are admitted to trading on a regulated market will be submitted for registration by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the “**Swedish FSA**”) as soon as possible and in any event prior to an application is made for admission to trading of the relevant Medium Term Notes on a regulated market. Final Terms in relation to each Medium Term Loan issued under the MTN-Programme will also be made available on the Company’s website, [www.bluestepbank.com](http://www.bluestepbank.com).

## **Repayment and redemption**

The Nominal Amount of a Medium Term Loan (together with accrued interest, if any) falls due for repayment on the Maturity Date as specified in the Final Terms. Should the Maturity Date fall on a date which is not a Business Day, the Medium Term Loan will however be repaid on the following Business Day. The Final Terms for a Medium Term Loan may contain a right or obligation for the Company to repay a Medium Term Loan (together with accrued interest, if any) in whole or in part prior to its stated Maturity Date.

In case of a Change of Control Event (as defined in the Terms and Conditions), a Noteholder will have the right to demand repayment of a Note Loan in accordance with Clause 10 of the Terms and Conditions. If an early redemption option for the Company is specified in the Final Terms for a Medium Term Loan, the Company may in accordance with and subject to such terms repay the Medium Term Loan prior to its Maturity Date.

## **Basis for the calculation of interest on the Medium Term Loans**

### **Fixed Interest Rate**

For Medium Term Loans denominated in SEK or EUR with a fixed interest rate, interest accrues in accordance with the rate specified in the applicable Final Terms from, but excluding, the Loan Date, up to, and including, the Maturity Date. For Medium Term Loans denominated in NOK with a fixed interest rate, interest accrues in accordance with the rate specified in the applicable Final Terms from, and including, the Loan Date, up to, but excluding, the Maturity Date. Accrued interest for Medium Term Loans in SEK, EUR or NOK shall be paid in arrears on each Interest Payment Date and is calculated using the Day Count Convention 30/360.

### **Floating Interest Rate (FRN)**

For Medium Term Loans denominated in SEK or EUR with a floating interest rate, interest accrues at the rate specified in the applicable Final Terms from, but excluding, the Loan Date, up to, and including, the Maturity Date. For Medium Term Loans denominated in NOK with a floating interest rate, interest accrues at the rate specified in the applicable Final Terms from, and including, the Loan Date, up to, but excluding, the Maturity Date. The interest rate for Medium Term Loans in SEK, EUR or NOK is calculated by the relevant Administrative Agent on each Interest Determination Date and is comprised by the Base Rate plus the applicable Margin. Accrued interest for Medium Term Loans denominated in SEK, EUR or NOK shall be paid in arrears on each Interest Payment Date and is calculated using the Day Count Convention Actual/360.

### **European Benchmark Regulation**

Interest payable for Medium Term Notes issued under the MTN-Programme may be calculated by reference to certain benchmarks, being EURIBOR, STIBOR and NIBOR, as defined in the Terms and Conditions. The benchmarks are provided by the European Money Market Institute (EURIBOR), the Swedish Financial Benchmark Facility (a subsidiary of Global Rate Set Systems Ltd.) (STIBOR) and Norske Finansielle Referanser AS (NIBOR). At the date of this Base Prospectus, the Swedish Financial Benchmark Facility AB is not registered as an administrator in the register provided by the European Securities and

Markets Authority (ESMA) pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmark Regulation**”) but has on 27 December 2021 submitted an application with the Swedish FSA to be authorised as an administrator under the Benchmark Regulation. The European Money Market Institute was registered 2 July 2019 and Norske Finansielle Referanser AS was registered on 13 October 2020.

### **Zero Coupon**

Zero Coupon Loans do not bear interest.

### **Real Interest Rate**

For Medium Term Loans where real interest rate applies, inflation protected interest accrues from, but excluding, the Loan Date up to, and including, the Maturity Date. The interest rate may be fixed or floating (as described above) and is multiplied with a factor which is the result of dividing Final Consumer Price Index (“**CPI**”) with Base CPI. The calculation of CPI will be based on statistics which does not necessarily reflect the inflation to which an investor in the Medium Term Notes is exposed. The Company will notify the Noteholders, in accordance with Clause 20 of the Terms and Conditions, of the applicable interest rate as established by the Administrative Agent.

### **Day count conventions**

Unless otherwise specified in the relevant Final Terms, the following day count conventions will be used for the calculation of interest under the MTN-Programme.

**30/360:** The calculation is based on a year of 360 days divided into 12 months of 30 days each and in case of a fraction of a month using the actual number of days of the month that have passed.

**Actual/360:** The calculation is based on the actual number of days elapsed in the relevant Interest Period, divided by 360.

**Interpolation:** Means that interest is calculated based on two known data points in accordance with the Final Terms.



## **RISK FACTORS**

*In this section, material risk factors are illustrated and discussed, including the Company's economic and market risks, risks relating to the Company's business, legal and regulatory risks, risks relating to all Notes, as well as specific risks relating to the Subordinated Notes. The Company's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Base Prospectus.*

*The risk factors are presented in categories where the most material risk factor in a category is presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.*

## **RISKS RELATING TO THE COMPANY**

### **ECONOMIC AND MARKET RISKS**

#### **Macroeconomic factors**

The Company's business is subject to inherent risks arising from general and sector-specific economic conditions. A deterioration in macroeconomic conditions globally or a reduction in GDP in Sweden, Finland or Norway which may be affected by factors such as consumer confidence, unemployment levels, household disposable income and level of debt, the state of the housing market, a general banking crisis, inflation or deflation, the availability and cost of credit, the liquidity of global financial markets or market interest rates, would reduce the level of demand for the products and services of the Company. The Swedish, Norwegian and Finnish regions are the Company's most important markets, and accordingly, the Company is predominantly affected by the economic environment in these regions.

Due to the high level of consumer indebtedness in the Swedish, Norwegian and Finnish regions, primarily related to the fact that mortgage loans, on average, are high, the Company would be affected by fluctuations on the housing market and interest rates in Sweden, Norway and Finland. If any of the above would materialise, there is a risk that the Company's earnings would be adversely affected, volumes of credit issued are reduced, revenues are reduced, and write-offs are increased. In addition, during a period of economic slowdown or recession, there is a risk that the Company experiences an increase in defaults, an increase in credit extension requests, reduced values of collateral or a higher frequency or severity of credit losses. The degree to which this risk may affect the Company is uncertain and presents a highly significant risk to the Company. Conversely, if the economic and market conditions improve, leading to improved financial circumstances of individuals to whom the Company provides loans, there is a risk that borrowers repay or refinance their loans sooner than expected, causing the Company's loan book to become smaller than anticipated, which in turn has an adverse effect on the results of operations.

Since the Company is subject to risks related to the global economy, the Company may be affected by public health epidemics or outbreaks of diseases that negatively affect the global economy such as the global spread of the coronavirus ("COVID-19") during 2020 and 2021, which has had a significant negative impact on the global economy. Unemployment is expected to remain high during 2022, at around 7.60 per cent. on average.<sup>1</sup> As one of the Company's core target groups of customers are persons who do not have a permanent employment, such as persons that are self-employed, temporary workers, substitutes or project employees, such a negative economic development, or positive expectations of the economic development which are not realised, poses a significant risk that the Company's customers are unable to fulfil their obligations under the mortgage loans, having a negative effect on the business of the Company and its ability to fulfil the obligations under the Medium Term Notes. In addition, the Company could be

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<sup>1</sup> The National Institute of Economic Research (Sw. *Konjunkturinstitutet*), Swedish Economy Report September 2021 (29 September 2021)

affected by the COVID-19 outbreak through its direct and indirect impact on, among others, the Company's customers and other counterparties in Norway, Sweden and Finland, as a result of, among others, public health measures, such as business closings and restrictions on travel and gatherings. During 2020 and 2021, Norway, Sweden and Finland imposed restrictions in order to minimise the spread of COVID-19. The extent to which such restrictions may be imposed in the future and during which period such restrictions may be imposed if the impact of the virus is prolonged is unclear, this may result in greater volatility but also in reduced liquidity, widening of credit spreads and lack of price transparency in credit markets. Hence posing a risk to the value of an investor's investment in Medium Term Notes.

The exact nature of the risks faced by the Company in relation to the macroeconomic environment is difficult to predict and guard against, because of (i) difficulties in predicting whether the recovery from a financial crisis will be sustained and at what rate, and (ii) the fact that many of the related risks to the business are completely, or in part, outside the control of the Company. This presents a highly significant risk to the size of the Company's total loan book and the Company's ability to attract and maintain customers in order to generate revenue and profit.

### **Property value fluctuations**

The mortgages granted by the Company consist of loans which are secured by pledges of shares of housing companies in Finland, mortgage certificates (Sw. *pantbrev*) or pledges of tenant-owners' rights (Sw. *bostadsrätt*), in properties located in Sweden, Norway and Finland. Any deterioration in the economic condition of the areas in which the borrowers are located, or any deterioration in the economic condition of other areas that causes an adverse effect on the ability of the borrowers to repay the mortgages, would increase the risk of losses on the mortgages. If the residential real estate market in Sweden, Norway or Finland in general, or in any particular region in the Company's portfolio, should experience a substantial overall decline in property values resulting in the outstanding balances of the mortgages becoming greater than the value of the relevant collateral granted in relation thereto, such a decline could result in the relevant collateral not being sufficient to avoid credit losses. Furthermore, there is a risk that declining property values reduce the general activity level in the housing market, affecting transaction volumes and, therefore, the demand for the Company's mortgage products in general which will affect the Company's ability to meet its financial targets.

Certain mortgages granted by the Company in Sweden are equity release loans (Sw. *kapitalfrigöringskrediter*). When obtaining an equity release loan, the borrower is granted a no-negative equity guarantee which means that, as long as the borrower is not in breach of the terms and conditions of the equity release loan, neither the borrower nor his or her estate is liable for any debt that exceeds the sale proceeds from the property pledged for the equity release loan. A significant fall in property values would therefore materially impact customers' ability to make full repayment which would result in a higher severity of credit losses.

The degree to which negative development of the Swedish, Norwegian and/or Finnish residential real estate market may affect the Company is uncertain and presents a highly significant risk for a negative development on demand for mortgage loans originated by the Company.

### **Concentration risks**

In Sweden, Norway and Finland, the Company's most important markets, an increasing population, urbanisation, low real interest rates, a shortage of residential properties in growth regions have led to rising house prices; and strong increases in disposable household income in certain demographic groups, have led to continued strong growth in demand for household- and other loans, especially in the residential mortgage market. However, specific geographic regions will from time to time experience weaker regional economic conditions and housing markets than other regions.

A deterioration in the development of the housing and residential mortgage markets in Sweden, Norway and Finland in general, and in the Stockholm, Oslo and Helsinki regions in particular, would result in the

Company experiencing higher rates of loss and delinquency on mortgages generally. The degree to which this risk may affect the Company is uncertain and presents a highly significant risk to the Company's operations and profits.

Further, the Swedish, Norwegian and Finnish residential mortgage markets are dominated by a few institutions, consisting of high-street banks and bank-owned mortgage companies with a relatively wide product offering to a large group of customers. The Company's core target group of customers, however, is the relatively small group of persons who cannot obtain a mortgage from these institutions, to whom the Company offers specialised mortgages. This concentration in terms of both size of the customer group and number of products offered, makes the Company especially susceptible to any adverse effect on its target consumers or offered products.

There is a risk that the Company's efforts to manage the concentration risks prove unsuccessful, causing a reduced demand for the Company's offered products, which would in turn have an adverse effect on its business, the growth of the Company's loan portfolio and interest income.

### **Interest rate risks**

The Company is affected by interest rate fluctuations and is exposed to changes in the difference between the interest rates payable by the Company on its funding, and the interest rates that the Company charges on loans to its customers, as well as the interest rates that are applicable to its other assets; this difference is also known as the interest margin. Changes in interest rate levels, yield curves and spreads could affect the interest margin. A part of both the interest rates payable by the Company on deposits and other funding and the interest rates charged by the Company on its loans to customers is variable. There is a risk that the Company's use of hedging instruments for the mismatch in the different terms in funding and investing interest rates does not perfectly offset the impact of interest rate changes. There is also a risk that the Company will not be able to re-price its variable rate assets and liabilities at the same time, resulting in a reduction of the interest margin in the short and/or medium term. Such delays in re-pricing loans extended to its customer may, *inter alia*, occur due to the Company having an obligation to notify customers in advance of increases in interest rates. For example, the notice period in Norway is six weeks in connection with interest rate changes on loans, and notice periods apply for reductions in deposit rates in Sweden, Norway and Finland. In Finland, it is required that the interest payable by the consumer can only be unilaterally changed during the term of the loan due to a corresponding change in the reference rate, and the notice shall be given to the consumer before the change enters into force. Changes in the competitive environment could also affect spreads on the Company's lending and deposits. If the Company's funding costs were to significantly increase due to material increases in market interest rates or other reasons and the Company were unable to sufficiently increase the interest rates on its loan products in a timely manner, or at all, the Company's interest margin will be adversely affected, causing an adverse effect on the Company's net earnings.

Interest rates are sensitive to several factors that are outside of the Company's control, including fiscal and monetary policies of governments and central banks, as well as domestic and international political conditions. The interest rate levels in Sweden, Norway and Finland have been at historically low levels in recent years. A higher interest rate environment could reduce demand for the Company's loan products, as individuals may be less likely or less able to borrow when interest rates are higher. Higher interest rates would also lead to higher interest costs for existing borrowers, which could affect their ability to repay their borrowings and lead to an increased rate of defaults.

A material increase in the interest rate levels in Sweden could also, due to the no-negative equity guarantee given to borrowers granted an equity release loan, result in a higher severity of credit losses. This is because the interest rate that accrues on the loan could increase more than anticipated when the loan was granted, resulting in the total debt, at the time of sale of the property, exceeding the market value of the property pledged for the loan.

In 2021, the Company's interest payments received totalled SEK 1.09 billion and interest expenses paid totalled SEK 255 million, respectively. Accordingly, the Company is to a significant extent exposed to variation in interest rates affecting its interest payments received and interest expenses paid, respectively and interest rate risks thus present a significant risk to the Company's cost levels, financial position and results of operations.

## **RISKS RELATING TO THE COMPANY'S BUSINESS**

### **Decline in the credit quality of the customers**

The Company's credit policies and credit underwriting process may not be sufficient to prevent the Company from incurring higher credit losses due to external changes beyond its control, including declines in general macroeconomic conditions. Even though the Company's credit underwriting process may deem an applicant to be creditworthy at the time of application, the applicant's creditworthiness may deteriorate due to changes in his or her personal circumstances or other factors, where unemployment poses one of the most severe risks. This could be exacerbated during periods of economic slowdown or recession, such as during the COVID-19 pandemic, and the Company could experience higher frequency of defaults and an increase in the severity of credit losses in its existing loan portfolio as its borrowers' ability to repay their loans could be adversely affected.

Furthermore, high unemployment levels in the markets where the Company operates would reduce the number of customers who qualify for the Company's loan and credit products and result in increased credit losses, which would in turn adversely affect the Company's ability to maintain the size of its loan portfolio and to improve loan performance with respect to new loans. Accordingly, a severe deterioration in global or regional economic conditions would adversely affect demand for the products and services offered by the Company.

Adverse changes to the credit quality of the Company's customers would cause an increase in the level of credit losses, and therefore presents a highly significant risk to and could adversely affect the Company's cost of risk, financial condition and results of operations.

### **Liquidity and financing risks**

The Company is subject to liquidity risk. Liquidity risk is the risk that the Company will not be able to meet its payment obligations at maturity without significant cost increases or at all. The Company's funding policy is to maintain a diverse funding base for its lending operations through a combination of retail deposits in Sweden and Norway, long-term debt securitisation through residential mortgage-backed securities ("RMBS"), credit facilities and the issuance of unsecured bonds and covered bonds. Funding risks can be exacerbated by enterprise-specific factors, such as over-reliance on a particular source of funding, or by market-wide phenomena, such as market dislocation or a major disaster. The Company's ability to access funding sources on satisfactory economic terms is subject to a variety of factors, a number of them which are outside of the Company's control. If access to funding were to be constrained for a prolonged period of time, competition for retail deposits and the cost of accessing the capital markets could similarly increase. There is a risk that this will increase the Company's cost of funding or result in the Company not getting access to sufficient funding and, therefore, poses a highly significant risk to the Company's net interest margin and financial position.

Retail deposits are the most significant source of funding for the Company. As of 31 December 2021, the Company's total liabilities amounted to SEK 19.2 billion out of which retail deposits comprised the largest part, totalling SEK 10.4 billion. Should the Company experience an unusually high and/or unforeseen level of withdrawals, this would adversely affect the Company's liquidity since it will be required to repay a significant amount on demand. Further, it will require increased funding from other sources in the future, which are not available on acceptable terms or at all, which could have a material adverse effect on the Company's financial position and results.

The availability of RMBS and funding through credit facilities depends on a variety of factors, including the credit quality of the Company's assets, market conditions, the general availability of credit, the Company's ability to raise funding through other sources, the volume of trading activities, and rating agencies' assessment of the Company's RMBSs. There is a risk that these and other factors limit the Company's ability to obtain funding through RMBSs and funding through credit facilities, which, in turn, adversely affect the Company's ability to maintain or grow its loan portfolio as well as its net interest margin.

The Company's ability to issue bonds (senior unsecured, subordinated and covered bonds), depends on a variety of factors, including the credit quality of the Company and its assets, market conditions, the general availability of credit and rating agencies' assessment of the Company. There is a risk that these and other factors limit the Company's ability to issue bonds, which, in turn, adversely affect the Company's ability to maintain or grow its loan portfolio as well as its net interest margin.

### **IT failures**

The Company's operations rely heavily on the secure processing, storage and transmission of customer information and other confidential information in its IT systems and networks. The Company's IT systems, software and networks could be vulnerable to breaches, unauthorised access, misuse, computer viruses or other malicious code that could result in disruption to its business or the loss or theft of confidential information, including customer information subject to bank secrecy laws. There is a risk that any failure, interruption or breach in the Company's IT security, including any failure of its back-up systems or failure to maintain adequate security surrounding customer information, results in reputational harm, disruption in the management of the Company's customer relationships, the inability to originate, process and service loans or depositors not being able to access their funds. In relation to deposits in particular, the risk of IT related problems or failures constitutes one of the most severe risks, which may result in the Company being unable to service its depositors for a short or long period of time. If any IT security or IT operational risks would materialise, it could result in a loss of customer business, loss of income, damaged reputation and possibly a large number of customers making withdrawals of deposits rapidly, thereby adversely affecting the Company's funding and liquidity situation. The Company could further be subject to additional regulatory scrutiny or be exposed to lawsuits by customers for identity theft or other loss resulting from the misuse of their personal information and possible financial liability. Regulators may also impose penalties or require remedial action if they identify weaknesses in the Company's security systems and the Company could be required to incur significant costs to increase its IT security to address any vulnerabilities that may be discovered or to remediate the harm caused by any security breaches. The degree to which IT failures could affect the Company is uncertain and presents a highly significant risk to the Company's operations and financial situation.

As part of its business, and pursuant to applicable law, the Company will share confidential customer information and proprietary information on an aggregated basis with referral partners, brokers, service and business process partners and other outsourcing parties. The information systems of these third parties may be vulnerable to security breaches, and there is a risk that the Company's methods and procedures for overseeing how outsourcing partners and other third parties operate their businesses may be inadequate or that the Company may not be able to ensure that these third parties have appropriate security controls in place to protect the information that the Company shares with them. Furthermore, such third parties may misuse data provided by the Company. If the Company's proprietary or confidential customer information is intercepted, stolen, misused or mishandled while in the possession of a third party, there is a risk that it will result in reputational harm to the Company, loss of customer business, loss of income, and possibly a large number of customers making withdrawals of deposits rapidly, thereby adversely affecting the Company's funding situation, and additional regulatory scrutiny, and that it will expose the Company to civil litigation and possible financial liability, adversely affecting the Company's operations and financial situation.

## **Marketing and public relations activities**

The Company's primary source of revenue is interest income from its mortgage loan portfolio. In order to maintain and grow the size of its mortgage loan portfolio, the Company must attract new customers or sell further products to existing customers. To do so, the Company is to a large extent dependent on the effectiveness of its marketing and public relations activities, especially to increase brand awareness, brand perception and to attract customer leads.

The Company has developed a multi-channel origination platform, consisting of a number of channels both directly and indirectly targeting customers. Direct channels include direct origination through advertisement via TV, radio, digital channels and direct mail, through customer relations-based additional sales to existing customers, public relations activities and through referral partners such as real estate agents and debt collectors, whilst indirect channels include loan and mortgage brokers. For further information on the particular risks associated with the Company's external origination channels such as referrals partners and brokers, see "*Partners and brokers*".

The majority of the Company's new lending is originated from direct channels. Therefore, the Company's future development of its loan portfolio is to a high degree dependent on the Company's ability to maintain and strengthen brand recognition and its good perception amongst customers and the general public. There is a risk that the Company's marketing and public relations activities prove to be less effective in the future, resulting for example in lower brand awareness and perception amongst the general public, which in turn risks resulting in reduced origination of new customers. Further, even if the Company would increase its marketing expenses in order to maintain or increase its marketing effectiveness as compared to today, there is a risk that such increased marketing costs do not generate new lending. Both reduced marketing effectiveness and increased marketing expenses not resulting in new lending presents a risk to the growth of the Company's loan portfolio and the Company's ability to attract and maintain customers in order to generate revenue and profit.

Moreover, if the Company's ability to market its products would be restricted, for example, due to changes in data protection laws, marketing laws or other regulations, the Company could be required to focus on other, less effective or more costly marketing channels, and as a result risking a decline in the Company's new loan volumes. As the cost and effectiveness of marketing channels and communication differ, any significant changes in the Company's multi-channel origination platform also presents a significant risk to, and could adversely affect, the growth of the Company's loan portfolio and the Company's ability to attract and maintain customers in order to generate interest revenue and profit.

## **Competition**

The mortgage market in the Nordic region is in general dominated by a small group of mainly high-street banks with limited risk appetite and which are focused on individuals with standard credit profiles. The specialist mortgage segment, which is the Company's primary market, is relatively small and undeveloped but is growing continuously, largely due to the Company's achievements to date. The Company faces the risk that competitors, for example high-street banks, which offer a broad range of products and services through widespread retail office networks and online, may start to focus on the specialist mortgage segment. Almost all of the Company's customers have a relationship with at least one of the high-street banks through current accounts or other banking products and services. Accordingly, if the high-street banks expand to the Company's markets they could have competitive advantages over the Company, such as a lower cost of funds and a larger existing customer base. Correspondingly, there is a risk that new players, for example financial technology start-up companies, successfully enter the market with new or improved technical solutions for the delivery of financial services. If there are more competitors in the specialist mortgage markets, there is a risk that the Company loses market shares and that demand for the Company's products decreases, or that the Company is required to reduce the interest rates that it charges on its loan products in order to maintain demand, which would have a material adverse effect on the Company's net interest margin.

Furthermore, the Company uses brokers to source a portion of new loans and is hence exposed to broker-related risks. For a description of risks associated with the Company's current relationships with brokers, see "*Partners and brokers.*". Brokers benchmark competing loan products against each other. Therefore, the Company could experience an increase in competition by other lenders should an increased percentage of potential borrowers use brokers to seek out loans. Also, if the brokers with which the Company cooperates are unable to successfully compete with other brokers, it would have an adverse effect on the number of potential borrowers referred to the Company by brokers. This will in turn have an adverse effect on the Company's total loan book and the Company's ability to attract customers in order to generate interest revenue.

### **Foreign exchange rates**

Changes in foreign exchange rates between SEK (the Company's reporting currency and the currency in which its capital base is denominated), NOK and EUR affect the Company's results of operations. The Company's loan portfolio is denominated in SEK, NOK and EUR. The Company's funding, which consists of retail deposits, covered bonds, Medium Term Notes, long-term debt securitisation through RMBS, and, at times, credit facilities are denominated in SEK, NOK and EUR. The most significant effect of changes in foreign exchange rates arises in the translation of assets and liabilities denominated in a foreign currency into SEK. There is a risk that the Company is not able to fully match assets and liabilities in the same currency and the derivative instruments that the Company uses not fully mitigate the exposure or otherwise do not have the intended effect. As of 31 December 2021, the Company's exchange rate exposure amounted to SEK 513 million. Further, a 10 per cent. fluctuation between SEK and the respective currencies listed below would have the following effect on the net income of the year before tax (SEK million):

- NOK: 47.5
- EUR: 3.7

Fluctuations in currencies, particularly the SEK/NOK exchange rate, thus have a significant impact on the Company's operating profits and cash flows.

The Company is also exposed to the risk that the book values of the Company's portfolios translated into SEK will change due to changes in foreign exchange rates. Even if the book values of portfolios in local currencies remain unchanged, there is a risk that an increase in book value when translated into SEK impacts the Company's capital adequacy position in a negative way. From a capital adequacy perspective, there is risk that a sustained and/or significant weakening of the SEK, while other relevant currencies remain unchanged, negatively impacts the Company's capital adequacy position and leads to a requirement for a capital increase.

### **Unsuccessful long-term growth strategy implementation**

The Company sees substantial opportunities in continuing to strengthen and expand its position in the Swedish, Norwegian and Finnish markets for specialised mortgages, complemented by its equity release mortgage offerings. The Company aims to deliver on several aspects in order to ensure its long-term growth strategy, out of which a key factor will be to grow the Company's reach in relevant customer segments through building stronger brand awareness and perception, personalised communication and product acceptance. The Company also aims to continue to invest in scalable IT infrastructure to be able to further optimise its operations. Furthermore, the Company sees strategic value in diversifying its funding sources to support and enhance growth. Finally, the continued development of the Company's staff, culture and leadership also provides a key aspect of the Company's strategy going forward.

The growth targets may require significant time and involve significant costs. There is a risk that the Company is not successful in executing its growth strategy due to lack of market acceptance, higher than forecasted costs or a variety of other factors, many of which are outside of the Company's control, which

results in the Company not receiving a return on its investments. Further, in order to pursue its long-term growth objectives, the Company must remain flexible and be adaptive to changes in its current and prospective markets, and continuously be prepared to adjust its strategic plans. Risks associated to the Company not being sufficiently adaptive to meet such changing conditions and a growth strategy proven to be insufficient could have an adverse effect on the Company's forecasted net income.

Furthermore, the Company's ability to accurately assess the creditworthiness of loan applicants is partly dependent on the availability of historical credit performance data. Credit performance information can vary by market and in respect of marketing channel, product and product feature. Therefore, for example, a potential targeting of additional unserved customer groups and an introduction of new markets, marketing channels, products and product features could entail a higher risk of credit losses until sufficient credit performance data is available to tailor the credit assessment. If the Company's potential investments in developing new customer groups, new markets, new products or new product features are not profitable, or if the credit quality of the Company's loan portfolio decreases, the Company would experience increased costs and higher credit losses due to such strategic initiatives, which would in turn have a significant adverse effect on the Company's financial condition and results of operations.

### **Outsourcing risks**

The Company outsources some of its business-related activities, and therefore relies on certain service and business process partners and other third parties. For example, the Company has outsourcing agreements with third parties regarding certain IT operations. There is a risk that it will be difficult for the Company to replace these relationships on commercially reasonable or similar terms, or at all. Seeking alternate relationships also risks being time consuming and result in interruptions to the Company's business. The Company's use of business outsourcing partners also exposes the Company to reputational risks. See "*Reputational risks*".

Further, the Company is exposed to the risk that its outsourcing or other partners commit fraud with respect to the services that the Company has outsourced to them, that they fail to comply with applicable laws and regulations, such as data protection requirements, or fail to otherwise provide their agreed services to the Company. If these third parties, to a significant extent, violate laws, other regulatory requirements or important contractual obligations to the Company, or otherwise act inappropriately in the conduct of their business, the Company's business and reputation would be negatively affected. In such cases, the Company also faces the risk of penalties being imposed. Further, some of the Company's agreements with third parties contain provisions that limit the liability of such third parties, and the Company may in such cases not be able to recover the full amount of a loss even if it is the result of the third party breaching the agreement. There is also a risk that the Company's methods and procedures for overseeing how outsourcing and other partners operate their businesses does not detect the occurrence of any violations for a substantial period of time, exacerbating the effect of such violations. The degree to which any negative consequences related to third-party providers may affect the Company is uncertain and present a significant risk to the Company's reputation and business.

### **Partners and brokers**

External parties such as referral partners and brokers are important marketing and origination channels for a loan provider such as the Company. As a consequence, the Company is exposed to certain specific risks associated with its relationship with referral partners and brokers.

Overall, there is a risk that the Company's methods and procedures for overseeing how its different referral partners (such as real estate agents and debt collectors) and brokers interact with prospective customers are inadequate. The Company does, to some extent, use external referral partners as intermediaries who refer loan applicants to the Company. There is a risk that the incentives of the Company's referral partners do not always align with those of the Company, adversely affecting the volume and type of loan applicants that are referred to the Company from these partners. The Company's agreements with referral partners and brokers do not require them to offer the Company's loan products



or refer loan applicants to the Company, and the referral partners and brokers could promote or offer the loan products of the Company's competitors.

On the Swedish, Finnish and Norwegian market, the Company's mortgage brokers must comply with applicable Swedish FSA regulations and regulations from the Norwegian Financial Supervisory Authority (No. *Finanstilsynet*) (the "**Norwegian FSA**") and the Finnish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**Finnish FSA**"), respectively, including obtaining and maintaining an authorisation. Finnish mortgage brokers shall register as intermediaries of consumer credits relating to residential immovable property in accordance with the Finnish Act on Intermediaries of Consumer Credits Relating to Residential Immovable Property (852/2016) (Sw. *Lag om förmedlare av konsumentkrediter som har samband med bostadsegendom*). Norwegian mortgage brokers will typically qualify for an exemption as registered brokers, however a new act regarding loan broking was proposed 5 July 2019 (the "**Proposed Norwegian Loan Broking Act**", under consideration by the Ministry of Finance) which will likely introduce authorisation requirements and stricter conduct of business requirements for loan brokers. If one or more of the Company's brokers were to reduce or suspend its relationship with the Company, or if the Company was obligated to suspend its relationship with one or more brokers as a result of such brokers not being granted, or unable to maintain, authorisation by the applicable authority to mediate mortgage loans, there is a risk that the Company would be required to seek a replacement for such broker, which in turn would affect the Company's ability to maintain or grow its loan portfolio. In addition, the Company's ability to cooperate with brokers may be adversely affected by changes in the regulatory framework relating to credit mediation, including the Swedish Act on residential mortgage business (Sw. *lag (2016:1024) om verksamhet med bostadskrediter*) (the "**Mortgage Act**"), the Finnish Act on Intermediaries of Consumer Credits Relating to Residential Immovable Property and the Act on the Registration of Certain Credit Providers and Credit Intermediaries (853/2016) (Sw. *Lag om registrering av vissa kreditgivare och kreditförmedlare*) as well as the Norwegian Financial Undertakings Act (No. *Lov 10. april 2015 nr. 17 om finansforetak og finanskonsern*), the Proposed Norwegian Loan Broking Act as well as other related regulations, which set forth the requirements for operating as a credit intermediary in Sweden, Finland and Norway, respectively.

Should any of the above risks materialise, there is a risk that it will have an adverse effect on the Company's ability to maintain or grow its loan portfolio, which will in turn have an adverse effect on the Company's interest revenue.

### **Reputational risks**

The Company's reputation is important for maintaining and developing relationships with its existing and potential customers, owners, employees, authorities and other third parties with whom it does business. The Company's employees or service and business process outsourcing partners could engage in misconduct that adversely affects the Company's business. Even allegations of misconduct by the Company's employees, or actual or alleged misconduct by other financial services companies, could adversely affect the Company's reputation. There is a risk that employee or third-party misconduct prompt regulators to allege or to determine, based upon such misconduct, that the Company has not established adequate supervisory systems and procedures to inform employees of applicable rules or to detect and deter violations of such rules, resulting in monetary fines and other sanctions. There is also a risk that precautions taken by the Company to detect and prevent misconduct prove to be inadequate.

Furthermore, threatened or actual legal proceedings, regulatory sanctions, actual or alleged misconduct, operational failures, negative publicity and press speculation, whether or not valid, risk harming the Company's reputation and create disproportionate negative media coverage of the Company or some or all of its employees, directors or external cooperation partners. There is also a risk that the Company's reputation will be adversely affected by the conduct of third parties over whom it has no control, including customers, referral partners and brokers. Negative publicity could also result from failure in the Company's or third-party partners' information technology systems, loss or theft of customer data or confidential information, failure in its risk management or internal control procedures, legal proceedings,

failure or alleged failure in the Company's obligations, or fraud or misconduct committed by customers or one or more of the Company's employees, directors or external cooperation partners.

Reputational risk can be substantially damaging to the Company's operations since the Company is a well-established brand, and if such risk materialises to such an extent that existing and potential customers chose competitors of the Company, it would materially adversely affect the Company's ability to generate new sales and growth, which in turn would adversely affect its results of operations and financial condition of the Company. There is further a risk that damage to the Company's reputation will impair its ability to attract and retain relevant competence and skills, maintain relationships with third parties, maintain trust from regulators and other authorities and obtain funding and, therefore, will have an adverse effect on the Company's business, financial condition and results of operations. The degree to which reputational risks may affect the Company is uncertain and present a significant risk to the Company's business and results of operations.

### **Disputes and claims**

The Company may from time to time become involved in disputes and is exposed to risks associated with the potential for customers, suppliers, partners or other parties to take legal action against the Company. Major and complicated disputes can be costly, time- and resource-consuming and may disrupt normal business operations. There is further a risk that the results of any investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments are difficult for the Company to predict. In addition, the degree to which an unfavourable decision against the Company, significant fines, damages and/or negative publicity may affect the Company is uncertain and presents a significant risk to the Company. The outcomes of any future potential proceedings, claims and disputes may vary and are uncertain, and presents a significant risk to the Company's costs and reputation.

### **Incurrence of losses not covered by insurance**

The Company's insurance coverage is designed to protect it from material losses associated with certain events such as, for example, data processing system failures, internal or external fraud, and losses resulting from any associated business interruption. However, there is a risk that the actual losses suffered by the Company would exceed the Company's insurance coverage and could be material. Specifically, the mortgage loan portfolios in Sweden are reliant upon the borrowers having comprehensive household insurances (Sw. *heltäckande hemförsäkring*) in place in accordance with the terms and conditions of the loan, and the Company has no block policy to cover any loss as a result of breaches of this obligation. There is a risk that realisation of one or more damaging events for which the Company has no, or insufficient, insurance coverage will have an adverse effect on the Company's financial condition.

## **LEGAL AND REGULATORY RISKS**

### **The Swedish legislation implementing the EU Covered Bond Directive 2019/2162**

On 18 December 2019, Directive 2019/2162/EU on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU (the "**Covered Bond Directive**") was published in the Official Journal of the European Union. Member States shall adopt and publish, by 8 July 2021, the laws, regulations and administrative provisions necessary to comply with the Covered Bond Directive and they shall apply those measures at the latest from 8 July 2022.

On 20 December 2021 a government bill was published by the Swedish Government (Sw. *Prop. 2021/22:76 Ändrade regler om säkerställda obligationer*) containing, *inter alia*, proposals of the legislative amendments needed to implement the Covered Bond Directive in Sweden (the "**Covered Bond Proposal**"). The Covered Bond Proposal constitutes the final proposal on the implementation of the Covered Bond Directive but has not yet been accepted by the Swedish Parliament. Hence, it is still unclear how the Covered Bond Directive will affect the Swedish legislation governing covered bonds and the

Company's operations. However, any failure by the Company to comply with the Swedish legislation governing covered bonds may have a material adverse effect on the Company.

### **Contingency upon the banking license issued by the Swedish FSA**

The Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*) requires all Swedish banking companies to operate under a license granted by the Swedish FSA. Swedish banks are subject to supervision by the Swedish FSA and a banking license granted by the Swedish FSA may, following a notification procedure, be passported for operations conducted within other EEA states, by way of secondary establishment or of cross-border operations.

The Company was previously, since October 2007, registered as a credit market company (Sw. *kreditmarknadsbolag*) under the name Bluestep Finans AB (publ). On 7 October 2016, the Company was granted a banking license by the Swedish FSA and changed its name to Bluestep Bank AB (publ). The Company also conducts operations in Norway and Finland through branches and thus passports its banking license to Norway and Finland. The banking license has indefinite duration but could be revoked by the Swedish FSA. Further, the authorities could intervene by, for example, issuing an injunction, a remark (Sw. *anmärkning*), a warning (each of the two latter can be combined with a fine), or an order to limit or reduce the risks of the operations, restrict or prohibit payment of dividends or interest, restrict the Company's right to dispose of its assets or altogether prohibit it from disposing of its assets, or appoint a special representative to run all or parts of the Company's business.

Moreover, the Company is subject to the supervision of several regulators and the Company could experience difficulties if there are conflicts between laws and regulations or the different regulators' interpretations of a law or regulation. If the Company was subject to material remarks or warnings and/or fines, it would cause significant, and potentially irreparable, damage to the Company's reputation and, as a result, the Company's business, financial condition and results of operations could be materially adversely affected. The Company's operations are also contingent upon the Company's banking license. The loss or suspension of the banking license will require the Company to cease its banking operations which will have a material adverse effect on the Company's business, financial condition and results of operations.

### **Capital adequacy and liquidity regulations**

The Company is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted the Company and are expected to continue to impact the Company include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU ("**CRD IV**"), as amended by Directive (EU) 2019/878 ("**CRD V**"), and the EU Capital Requirements Regulation 11(99) (EU) No. 575/2013 ("**CRR**"), as amended by Regulation (EU) 2019/876 ("**CRR II**") and, as a response to the COVID-19 pandemic, by Regulation (EU) 2020/873. CRR and CRD IV are supported by a set of binding technical standards developed by the European Banking Authority ("**EBA**"). The Company is also subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The Swedish FSA has issued regulations on liquidity, such as FFFS 2014:21 and FFFS 2010:7, which the Company needs to comply with.

The capital adequacy framework includes, *inter alia*, minimum capital requirements for the components in the capital base with the highest quality, common equity tier 1 ("**CET1**") capital, additional tier 1 capital and tier 2 capital. CRR II also introduces a binding leverage ratio requirement (i.e. a capital requirement independent from the risk of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to CRR. In addition to the minimum capital requirements, CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to the Company as determined by the Swedish FSA. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by the Company

for example, dividend and coupon payments on CET1 and tier 1 capital instruments. However, the Company is currently not considered a systemically important institution and is thus not subject to the buffer requirement for systemically important institutions, nor subject to the systemic risk buffer requirements. There can, however, be no assurance that the Company will not be designated a systemically important institution or subject to systemic risk buffer requirements in the future. By way of example, on 8 December 2020 the Norwegian government adopted an increase in the Norwegian systemic risk buffer requirement from 3 per cent. to 4,5 per cent. applicable to Norwegian banks (not directly applicable to the Company) from year-end 2020. Smaller banks (those using the Standardised Approach or the Foundation IRB Approach) are still subject to a two-year transitional rule, where the current systemic risk buffer requirement at 3 per cent. for all exposures will continue to apply.

On 2 February 2021, the Norwegian government requested the European Systemic Risk Board ("ESRB") to issue a recommendation to other EEA states to reciprocate the Norwegian systemic risk buffer requirement with respect to exposures in Norway for institutions above certain materiality thresholds. The request also included reciprocity of certain average risk weight floors for credit institutions authorised to use an internal ratings-based approach (which will not impact the Company as the Company is not using such approach). For the systemic risk buffer rate, the materiality threshold is set at a risk-weighted exposure amount of NOK 32 billion (thus currently not impacting the Company). The ESRB issued its recommendation on 30 April 2021. The Swedish FSA passed a decision to reciprocate the average risk weight floors 21 June 2021, but has postponed deciding whether to reciprocate the Norwegian systemic risk buffer. The extent of reciprocation with respect to the system risk (if any) is not yet decided. If the Company's home state, Sweden, reciprocates the Norwegian systemic risk buffer requirement with applicability for the Company, this will impact the Company's capital requirements.

The Company is subject to countercyclical capital buffers. With respect to exposures in Norway, the countercyclical capital buffer is currently 1%, but will be increased to 1,5% with effect from 30 June 2022.

The conditions of the Company's business as well as external conditions are constantly changing and the full set of capital adequacy rules applicable to Swedish financial institutions continues to evolve. For the foregoing reasons, the Company and/or its consolidated situation can be required to raise regulatory capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, is not always available on attractive terms, or at all.

Serious or systematic deviations by the Company from the above regulations would most likely lead to the Swedish FSA determining that the Company's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions on the Company. Further, any increase in the capital and liquidity requirements could have a negative effect on the Company's liquidity (should its revenue streams not cover continuous payment to be made under its issued capital), funding (should it not be able to raise funding on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase). The degree to which regulatory capital and liquidity requirements risks may affect the Company is uncertain and presents a highly significant risk to the Company's funding and liquidity position.

### **Compliance with regulations**

The Company's operations are subject to legislation, regulations, codes of conduct and general recommendations in the jurisdictions in which it operates and in relation to the products it markets and sells. As a Swedish bank, the Company is subject to supervision by the Swedish FSA with regard to, among other things, capital adequacy and liquidity as well as rules on internal governance and control. In addition, the Swedish Consumer Agency (Sw. *Konsumentverket*) safeguard the interests of consumers in Sweden and monitor consumer interests within the EU, with the Finnish Consumer Ombudsman (Sw. *Konsumentombudsman*) and Finnish Competition and Consumer Authority (Sw. *Konkurrens- och konsumentverket*) as well as the Norwegian Consumer Council (No. *Forbrukerrådet*) and the Norwegian Consumer Authority (No. *Forbrukertilsynet*) safeguarding the interests of customers in Finland and Norway, respectively, and the Swedish Authority for Privacy Protection

(Sw. *Integritetsskyddsmyndigheten*) works to protect individuals' privacy. As a result of conducting operations through a branch in Norway and Finland, Norwegian and Finnish regulators, data protection agencies, consumer agencies and councils have or will have jurisdiction over certain aspects of the Company's business, including marketing and selling practices, advertising, transfer pricing aspects, general terms of business and legal debt collection operations. Further, in relation to equity release mortgages, the Company is a tied insurance intermediary for a supplementary insurance in addition to the traditional homeowner's insurance required for all borrowers. Such insurance mediation subjects the Company to insurance-related laws and regulations, such as the Swedish insurance distribution act (2018:1219) (Sw. *Lag (2018:1219) om försäkringsdistribution*).

There is a risk that failure to comply with applicable laws and regulations would subject the Company to monetary fines and other penalties, which will have an adverse effect on the Company's reputation and results of operations.

Many initiatives for regulatory changes have been taken in the past and the Company is unable to predict with certainty what regulatory changes will be imposed in the future as a result of regulatory initiatives in the EU, by the Swedish FSA, the Norwegian FSA, the Finnish FSA or by other authorities and agencies. Such changes risk having a material adverse effect on, among other things, the Company's product range and activities, the sales and pricing of the Company's products, and the Company's profitability, solvency and capital adequacy, and give rise to increased costs of compliance.

There is a risk that the measures that the Company takes to ensure compliance with new laws and regulations are not adequate. In addition, the Company could misunderstand or misapply new or amended laws, especially due to the increasing quantity and complexity of the legislation, which could lead to adverse consequences for the Company. Furthermore, since the Company is a niche specialist mortgage loan provider, there is a risk that adverse changes in the regulatory environment would have a greater impact on the Company's business, financial condition and results of operations as compared to, for example, high-street banks, which have a more diversified product offering. The Company incurs, and expects to continue to incur, significant costs and expenditures to comply with the increasingly complex regulatory environment. Such costs can have a negative impact on the Company's earnings and profit.

#### **Bank Recovery and Resolution Directive**

As a bank, the Company is subject to the Bank Recovery and Resolution Directive (2014/59/EU) ("**BRRD**") (which was amended by Directive (EU) 2019/879 ("**BRRD II**") on 27 June 2019 where most of the new rules in BRRD II started to apply mid-2021). The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions (such as the Company) to produce and maintain recovery plans setting out the arrangements that are to be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial condition. The BRRD and subsequent amendments, including BRRD II, are implemented in Sweden through the Act on Resolution (Sw. *lag (2015:1016) om resolution*) (the "**Resolutions Act**").

The BRRD and the Resolutions Act contain a number of resolution tools and powers which may be applied by resolution authorities (in Sweden, the Swedish National Debt Office (Sw. *Riksgäldskontoret*) is the resolution authority) upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, which securities could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD and the Resolutions Act provide for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly

controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder (or other) approval.

It is not possible to predict exactly how the powers and tools of the Swedish National Debt Office described in the BRRD and the Resolutions Act will affect the Company. The powers and tools given to the Swedish National Debt Office are numerous and may, if they are used, have a material adverse effect on the Company. Accordingly, the degree to which amendments to BRRD or application of BRRD may affect the Company is uncertain and presents a significant risk to the Company's funding and compliance costs.

### **Data protection laws and regulations**

As a bank aimed primarily at individuals, the Company processes large quantities of personal data on its customers. The Company's processing of personal data is subject to extensive regulation and scrutiny, including, for example, that personal data may only be collected for specified, explicit and legitimate purposes, and may only be processed in a manner consistent with these purposes. Further, the collected personal data must be adequate, relevant and not excessive in relation to the purposes for which it is collected and/or processed, and it must not be kept for a longer period of time than necessary for the purposes of the collection. The Company's security controls over personal data and other data protection practices may not prevent the improper disclosure or processing of personal data in breach of applicable laws and contracts. Insufficient routines for data retention may for example lead to excessive processing of personal data and lacking separation routines for personal data may cause the Company to process personal data, in its capacity of data processor, in violation of data processor agreements.

The Company's compliance with applicable data protection laws and regulations is primarily subject to supervision by the Swedish Authority for Privacy Protection, the Norwegian Data Protection Authority (No. *Datatilsynet*) and the Finnish Office of the Data Protection Ombudsman (Sw. *Dataombudsmannens byrå*). These authorities may, from time to time, review or audit the Company's data protection practices and require the Company to change its prevailing practices, which may result in additional costs and administration for the Company. There is risk that any material failure to protect or process customer data, or other personal data, in compliance with applicable laws and regulations result in monetary fines, e.g. if the Company's policies or procedures are deemed not to be in compliance or are deemed not to have previously been in compliance, with applicable data protection laws and regulations, criminal charges and breach of contractual arrangements, and/or reputational damages which, in turn, will have an adverse effect on the Company's financial condition.

In 2018, Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("**GDPR**") entered into force in the EU and in Norway after a two-year transition, replacing the national laws and regulations based on the 1995 EU Data Protection Directive. The regulation sets strict requirements for companies and organisations that collect, process and store personal data. The regulation includes principles with uncertain consequences, such as a stricter concept of consent, a requirement for data portability and a "right to erase". Also, the regulation puts great emphasis on the obligation for personal data controllers to demonstrate compliance with the regulation, which may result in demands for increased documentation. It is also possible for the supervisory authority, in certain cases, to impose an administrative penalty of up to EUR 20 million or 4 per cent. of an enterprise's worldwide turnover, whichever is greater, when an enterprise neglects the appropriate treatment of personal data. Although the Company has made efforts in transitioning to GDPR compliance, projects of such size, importance and technical complexity entail risks of adverse implications and there is a risk that the Company is not fully compliant with the GDPR. There is also a risk that the impact of GDPR, as well as any other changes in data protection legislation in any of the markets in which the Company operates, especially if resulting in restrictions on use of personal data, will have an adverse effect on the Company's business. Any administrative and monetary sanctions (including administrative fines of up to the greater of EUR 20 million or 4 per cent. of the Company's total global annual turnover) or reputational damage due to incorrect implementation or breach of the GDPR would also adversely impact the Company's financial condition. The degree to which non-compliance with applicable

requirements could affect the Company is uncertain and presents a highly significant risk to the Company's operations and reputation.

#### **Changes in the national deposit guarantee schemes**

The Company is able to offer retail deposits to the general public that are covered by the Swedish and Norwegian deposit guarantee schemes, which generally guarantee amounts of SEK 1,050,000 and NOK 2,000,000 respectively, for each depositor. As such, the Company is required to establish internal processes to handle operational risk related to the deposits, including managing and securing the data systems utilised to host the deposits. Any failure by the Company to comply with these requirements could result in intervention by regulators or the imposition of sanctions, including a decision that the Company's deposits shall no longer be covered by the deposit guarantee scheme. There is a risk that the loss of coverage by the deposit guarantee scheme could result in the Company discontinuing its offering of deposit savings accounts to the general public, which would adversely affect the Company's liquidity position and impair the Company's ability to fund its business and potentially also impair or terminate the Company's ability to continue its business as currently conducted.

Furthermore, with respect to deposits in Norway, the implementation of directive 2014/49/EC into the EEA Agreement, may result in a total harmonisation of the maximum coverage under deposit guarantee schemes within the EEA. There is therefore a risk that the current Norwegian guarantee amount of NOK 2,000,000 is reduced to a sum in NOK equivalent to EUR 100,000.

In recent years, the relevant regulatory authorities in Sweden and Europe have proposed (and in some cases have commenced implementation of) changes to many aspects of the banking sector, including, among others, deposit guarantee schemes. While the impact of these regulatory developments remains uncertain, there is a risk that the evolution of these and future initiatives will impact the Company's business, including by imposing greater administrative and financial burdens on the Company. Increased costs could result from, for example, increases in fee contributions to the schemes by covered financial institutions, which would have an adverse effect on the Company's business, results of operations or financial condition. There is a risk that regulatory changes which decrease the maximum compensation amount or change the deposit guarantee schemes are implemented, which would have a negative effect on the amount of customer savings deposit currently held with the Company. This is likely to have a negative effect on the Company's business and liquidity, funding and financial condition and results of operations. The degree to which changes to the deposit guarantee schemes may affect the Company is uncertain and presents a significant risk to the Company's business and liquidity.

#### **Changes in laws regarding debt collection, debt restructuring and personal bankruptcy**

According to the Company's collection strategy, delinquent loans are handled by applying to the national enforcement agencies (or courts) in Sweden, Norway and Finland for collection. The national enforcement agencies (or courts) issue verdicts (Sw. *utslag*), demand payment and enforces recovery of the loan. In Finland, verdicts are issued by the court and not by the national enforcement agency (Sw. *utsökningsverket*). As a last resort, the national enforcement agencies will enforce the loan by a foreclosure of assets, income and, for mortgages, by selling the property. In Sweden, the Company has chosen to sell any remaining shortfall, i.e. outstanding amount after proceeds from foreclosure have been received, to third party debt collection agencies. In Norway, the debt remains on the books of the Company. In Finland, the recovering of any outstanding debt (including any shortfall) is either handled by the national enforcement agency or third-party debt collection agencies, meaning that the debt remains on the books of the Company.

The Company's recoveries on overdue and written-down loans depend primarily on the effectiveness of legal debt collection systems, including laws regarding debt collection, debt restructuring and personal bankruptcy, in Sweden, Norway and Finland. There is a risk that the Company's ability to collect on overdue loans will be adversely affected by changes in debt collection laws or bankruptcy laws if, for example, the enforcement process gets more complicated or other creditors are granted priority over the

Company in restructurings or bankruptcies. The degree to which the aforementioned legislation changes may affect the Company is uncertain and presents a highly significant risk to the Company's cost levels and results of operations. For example, in Finland and Norway, debt collection fees were significantly reduced in 2020 which has affected debt collectors and may in turn impact the value of and the profitability of collecting the Company's defaulted debt. Further, an expert group proposed a new Norwegian debt collection act in 2020. The Norwegian government is currently considering the proposal and is preparing a draft bill. The current government programme of Finland includes a goal to act efficiently to reduce over-indebtedness and problems connected to it, pursuant to which the Finnish government has drafted some significant legislative amendments in 2021, among which are measures to limit household indebtedness, introduction of a positive credit register, and shortening of the retention period of bad credit records. The Government Proposals on the positive credit register and limitations of household indebtedness are scheduled to be presented before Parliament from January 2022 onwards. Moreover, the government is taking steps to strengthen the authorities' prerequisites to intervene with collection activity that is contrary to the law or good creditor practice. The government is investigating amendments to be made to the laws on the adjustment of the debts of a private individual, restructuring of enterprises as well as debt enforcement, with their goal being, on one hand, to improve the extent of procedures, and the other, to increase the consumer's protected income in recovery proceedings at least to the level of the guaranteed pension.

The Company's business could also be adversely affected by changes in laws regarding statutes of limitations on debt collection. In Finland, the statute of limitation for debt collection is three years or five years, if the creditor seeks judgment on enforcement. In Sweden, the statute of limitation for debt collection is ten years and it can be renewed through acknowledgement of the debt by the customer (usually through payment), the creditor making a claim in writing or otherwise notifying the debtor in writing, or through legal action. In Norway, the statute of limitation for debt collection of promissory notes is ten years and it can be renewed through acknowledgement of the debt by the customer (usually through payment) or through legal action. There is a risk that the statute of limitations on debt collection can be shortened, or the ability to extend the statute of limitations can be restricted or abolished, in Sweden, Norway or Finland, which would adversely affect the Company's ability to collect from defaulting customers.

### **Consumer protection and marketing laws**

The Company is subject to a number of consumer protection and marketing laws and regulations in Sweden, Norway and Finland, concerning, for example, sound credit assessments, advertising and other marketing practices, fair contract terms and information requirements. Consumer protection and marketing laws and regulations include, for example, requirements to provide specific information, requirements regarding marketing materials, specific rights for consumers, such as rights of withdrawal (Sw. *ångerrätt*), and various restrictions on how consumer lending activities may be conducted. Violations of consumer protection laws could lead to fines or other sanctions by regulatory agencies as well as damage the Company's reputation.

In recent years, the Swedish FSA as well as the Swedish Consumer Agency, the Finnish government together with the Finnish FSA and the Finnish Consumer Ombudsman and the Norwegian government together with the Norwegian FSA and the Norwegian Consumer Authority, have shown increased focus on the monitoring and enforcement of consumer laws and regulation for the benefit of consumers and new stricter regulations are under discussion in Sweden, Finland and Norway.

In 2016, Finland adopted chapter 7a to the Consumer Protection Act (38/1978) relating to loans secured in immovable residential property both as mortgages and secured consumer loans as a way to implement directive 2014/17/EU and separate general provisions on consumer credit and those setting forth requirements for loans secured in residential property. The chapter includes, *inter alia*, requirements relating to debt servicing capacity, the creditor's obligation to assess a consumer's creditworthiness and assessment of the property to be accepted as security. The amendments deriving from implementation of the directive 2014/17/EU entered into force on 1 January 2017. General provisions on the creditor's



obligation to act in a responsible manner were enacted in 2013 and supplemented with additional provisions in 2016.

A credit institution may grant a residential housing loan which is subject to a Loan-to-Value Ratio cap of 90 per cent. pursuant to the Finnish Act on Credit Institutions (610/2014; sw. *Kreditinstitutslag*), calculated between the loan amount and the current value of the security for the loan at the time of granting of the loan. If a first home is involved, a housing loan granted may be no more than 95 per cent. of the current value of the security provided for the loan. Finnish mortgage loans may have a fixed or variable rate of interest, although loans with variable rates of interest are the most commonly originated at the date of this Base Prospectus. Interest rates for fixed loans are typically set for a period of 3 or 5, or occasionally 10 or 15 years.

Moreover, the Act on Debt Information of 2007 (527/2007; Sw. *Kreditupplysningslag*) has facilitated the establishment of private debt registries. Several debt registries have been established, and financial institutions are required to report information on consumer loans to debt registries.

Credit agreement terms differing from the provisions of the Finnish Consumer Protection Act to the detriment of the consumer are null and void, a company (including a bank) that violates may, if this is necessary for consumer protection, be prevented from continuing such measures or repeating these or comparable measures. A company (including a bank) that violates the provisions of the Finnish Consumer Protection Act may, if this is necessary for consumer protection, be prevented from continuing such measures or repeating these or comparable measures.

In Norway, a regulation on marketing of consumer credit entered into force on 1 July 2017. The regulation prohibits, for example, door-to-door marketing of credit and marketing that emphasises how fast the credit may be granted. In 2016, the Norwegian government adopted an administrative regulation relating to loans secured in immovable residential property. The administrative regulation included, *inter alia*, requirements relating to a loan-to-income ratio, a loan-to-asset ratio as well as requirements relating to debt servicing capacity. Further, an administrative regulation on prudent consumer lending practices with regards to unsecured loans was adopted in February 2019 and financial institutions were required to comply with the administrative regulation by 15 May 2019. The administrative regulation on prudent consumer lending practices included, *inter alia*, new rules relating to a loan-to-income ratio, a requirement to have monthly instalment payments in an amount which entails that the loan is repaid within 5 years and requirements relating to debt servicing capacity. The two administrative regulations relating to lending practices in immovable residential property and unsecured consumer loans were consolidated into one single regulation on lending practices with effect from 1 January 2021. The consolidated lending regulation for the most part continued existing rules, and entailed only minor adjustments. Further, the act on debt information of 2017 has facilitated the establishment of private debt registries. Several debt registries have been established, and financial institutions are required to report information on consumer loans to debt registries.

Furthermore, financial institutions such as the Company are subject to mandatory pre-contractual disclosures and content requirements for credit contracts pursuant to the Norwegian Act on Credit Contracts when furnishing credit to Norwegian consumers and to the Finnish Consumer Protection Act as well as the general provisions contained the Finnish Contracts Act (228/1929) when furnishing credits to Finnish consumers. On 18 December 2020, the Norwegian parliament adopted a new Norwegian Act on Financial Contracts (the "**NAFC**"), which will probably enter into force during 2022. The Norwegian government is also expected to adopt detailed regulations to accompany the NAFC, but such regulations have not yet been published or adopted. The purpose of the NAFC is partly to transpose the EU Payment Services Directive II ((EU) 2015/2366), the EU Payment Account Directive (2014/92/EU) and the EU Consumer Mortgage Directive (2014/17/EU), but it also strengthens consumers' rights generally. While the key elements of the present Norwegian Act on Credit Contracts are continued, the new NAFC includes several new provisions intended to increase consumer protection, such as statutory liability for losses incurred by the consumer as a result of a financial institution's non-compliance with the standard of good business practice, liability for losses incurred by the consumer in case of misuse of the consumer's

electronic signature, a duty to reject certain customers, a prohibition on usury rates as well as new rules regarding co-debtors.

Failure to comply with consumer protection legislation and marketing laws risk to harm the Company's reputation and result in fees and other sanctions which will have an adverse effect on the Company's reputation and results of operation. Furthermore, changes in such laws and regulations could require the Company to change its business practices.

#### **Anti-money laundering, financing of terrorism and trade sanctions**

The Company is subject to laws and regulations regarding anti-money laundering, know your customer, financing of terrorism and trade sanctions in all countries which the Company operates in. Counteracting money laundering and terrorist financing is also a highly prioritised area within the EU and the regulatory framework is continuously updated to prevent the financial system from being used for money laundering and terrorist financing. There is a risk that the Company's policies or procedures are not sufficient or adequate to ensure that the Company complies with the regulatory framework regarding anti-money laundering, know your customer-information, financing of terrorism and trade sanctions. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties, which risk resulting in a failure to comply with the regulatory framework.

The risk of exposure to money laundering or financing of terrorism or violating trade sanctions has increased worldwide. If a regulator would view the Company's policies and compliance procedures as being insufficient to comply with local rules and standards in any single jurisdiction, sanctions in the form of a reprimand or warning, fines or revocation of licenses are at risk for the Company. This would cause significant, and potentially irreparable, damage to the Company's business relationships and reputation. The Company's operations are contingent upon the banking licence, thus making a revocation a significant risk for the Company. The degree to which non-compliance with laws and regulations regarding anti-money laundering, know your customer, financing of terrorism and trade sanctions may affect the Company is uncertain and presents a highly significant risk to the Company's reputation, financial condition and results of operations.

#### **Accounting rules**

From time to time, the International Accounting Standards Board (the "**IASB**") and/or the EU amend IFRS, which governs the preparation of the Company's financial statements. These changes can be difficult to predict and materially affect how the Company records and reports its financial condition and results of operations. In some cases, the Company could be required to apply a new or revised standard retrospectively, resulting in restating prior periods' financial statements.

For example, in July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (Financial Instruments) ("**IFRS 9**"), which became effective from 1 January 2018 and replaced IAS 39. IFRS 9 provides principles for classification of financial instruments, and provisioning for expected credit losses which are mandatory, and therefore fully implemented by the Company, as of 1 January 2018. Furthermore, IFRS 9 provides a new general hedge accounting model which is not yet mandatory, and it is currently not possible to determine the extent of the impact that the implementation of the hedge accounting model will have on CET 1 capital as the new rules for the transition, and its impact on capital ratios, are not yet final. As a consequence of the new general hedge accounting model under IFRS 9, and the uncertainty regarding its implementation, the Company may need to obtain additional capital in the future and may not be able to obtain new equity capital or debt financing qualifying as regulatory capital on attractive terms, or at all. Any such difficulties to obtain additional capital would have an adverse effect on the Company's results of operations and financial position.

The IASB may make other changes to the financial accounting and reporting standards that govern the preparation of the Company's financial statements, which the Company may adopt prior to the date on

which such changes become mandatory if determined to be appropriate, or which the Company may be required to adopt. There is a risk that any such change in the Company's accounting policies or accounting standards will have an adverse effect on the Company's results of operations and financial position.

#### **Changes to tax rules and the tax authorities' interpretations of applicable rules**

The Company's business and transactions are conducted in accordance with the Company's interpretations of applicable laws, tax treaties, regulations and requirements of the tax authorities. There is a risk that the Company's interpretation of applicable rules and administrative practice is incorrect. In addition, the rules and practice may change, possibly with retroactive effect. For example, on 28 October 2021, the Swedish government submitted a proposal on new rules regarding risk tax (Sw. *riskskatt*) for credit institutions with debt exceeding certain thresholds. For financial years commencing in 2022, the threshold has been set to SEK 150 billion. Thereafter, the threshold will be indexed on a yearly basis. The new rules entered into force on 1 January 2022 and the risk tax rate amounts to 0.05 per cent of a credit institution's debt (computed in a certain way). The risk tax rate will be increased to 0.06 per cent as of 1 January 2023. According to the Company, the Company's debt is below the threshold for qualifying for the risk tax as of the date of this Base Prospectus.

In 2021, the Company's reported tax on profit totalled SEK 68.9 million and its effective tax rate was 21.2 per cent. The Company's tax situation for previous, current and future years may change as a result of legislative changes such as the one mentioned, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. Such decisions or changes could have an adverse effect on the Company's tax position, financial condition and results of operations.

## **RISKS RELATING TO ALL MEDIUM TERM NOTES**

### **Credit risk**

An investor in the Medium Term Notes must assess the credit risk associated with the Company and the Medium Term Notes. In case the financial position or prospects for the Company should deteriorate, there is a risk that the Company would not be able to fulfil its payment obligations under the Medium Term Notes. There is also a risk that a deterioration of the Company's financial position or prospects adversely affect the market price of the Medium Term Notes. Another aspect of the credit risk is if a deteriorated financial position results in a lower credit worthiness, which affects the Company's ability to refinance the Medium Term Notes and other existing debt, which in turn adversely affects the Company's operations, result and financial position.

### **Credit rating**

On 16 June 2020, the credit rating agency Moody's Nordics assigned a local and foreign currency long term deposit rating of A3 to the Company. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time. Any downgrade of the Company's credit rating is likely to increase the Company's borrowing costs, limit its access to the debt capital markets, undermine the competitive position of the Company and/or limit the range of counterparties willing to enter into transactions with the Company. A rating downgrade could also adversely affect the Company's liquidity position and undermine confidence in the Company.

In addition, there is a risk that a credit rating relating to the Company does not reflect all risks associated with an investment in the Medium Term Notes. Should a Loan be assigned a credit rating that is lower than expected there is a risk that the market value and liquidity of the Medium Term Notes are adversely affected. Hence posing a risk that an investor doesn't recover its full investment in the Medium Term Notes.

### **Noteholders' meeting and lack of Noteholders' representation**

The Terms and Conditions include certain provisions regarding Noteholders' meetings which may be held in order to resolve on matters relating to the Noteholders' interests. Such provisions allow for designated majorities to bind all Noteholders, including Noteholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Noteholders' meeting. Therefore, the decisions of the majority in such matters can impact the Noteholders' rights under Notes in a manner that can be undesirable for some of the Noteholders. The degree to which any such decisions may affect the Noteholders is uncertain and presents a significant risk that the actions of the majority in such matters can impact the Noteholders' rights in a manner that adversely affects an investor's investment in Medium Term Notes.

It is the Administrative Agent that shall convene a Noteholders' meeting pursuant to the Terms and Conditions. Other than that, the Noteholders' do not have any representative in relation to the Medium Term Notes. As a consequence, each Noteholder can bring their own action against the Company. A Noteholder may for example submit an application for bankruptcy against the Company. There is therefore a risk that a Noteholder takes actions in relation to the Medium Term Notes which are not desirable by certain other Noteholders and which have an adverse effect on market value and liquidity of the Medium Term Notes. Such action thus poses a risk that the investors lose some or all of its investment in Medium Term Notes.

### **Market and tenor risks**

The market risks between the different series of Medium Term Notes varies depending on the debt construction and tenor of the relevant series. The risks associated with an investment in Medium Term Notes increases with the length of the tenor of the Medium Term Notes, as the credit risk of the Medium

Term Notes with a longer tenor is more difficult to assess compared to the Medium Term Notes with a shorter tenor. In addition, the market risks increase with the tenor of the Medium Term Notes as fluctuations in the market value of the Medium Term Notes is greater for the Medium Term Notes with a longer tenor than the Medium Term Notes with a shorter tenor. Hence an investment in Medium Term Notes with a longer tenor poses an increased risk that the investor loses all or part of its investment.

#### **Structural subordination and dependence on upstream funding**

The Company's principal activity is residential mortgage lending. The Company, from time to time, sells Swedish mortgages in its loan portfolio to special purpose vehicles ("SPVs") within the Group, and such loans are used as security for the Company's collateralised funding in the form of RMBS and warehouse financing. Since the Company uses funding subsidiaries (through securitisation) to finance part of its operations, part of the Company's Swedish mortgages is held by the Company's subsidiaries (the "Subsidiaries"). The Company is therefore reliant on the financial performance of the Subsidiaries and their ability to make dividend distributions and other payments, to enable it to meet its payment obligations (including making payments under the Medium Term Notes). All Subsidiaries are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments or to make funds available for such payments. No present or future Subsidiary will guarantee or provide any security for the Company's obligations under the Medium Term Notes. Should the Subsidiaries be unable to make dividend distributions to the Company, there is a significant risk that the Company cannot fulfil its obligations under the Medium Term Notes which in turn poses a risk to the value of the Medium Term Notes.

#### **No limitation on incurring debt**

There is no restriction on the amount of debt which the Company may incur or issue which ranks senior to the Medium Term Notes or on the amount of securities which the Company may issue which ranks *pari passu* with the Medium Term Notes. There is therefore a risk that such issuance reduces the amount recoverable by the Noteholders in the event of bankruptcy (Sw. *konkurs*) or liquidation (Sw. *likvidation*) of the Company.

#### **The Company may provide collateral for other debt**

The Terms and Conditions do not contain any negative pledge undertaking and, consequently, the Company may issue secured market loans (including covered bonds) in the future. Therefore, the Company may retain, provide or renew security over its current or future assets to secure existing or additional bank loans or other debt instruments. Amongst other things, the Company can issue covered bonds (Sw. *säkerställda obligationer*) under the Act (2003:1223) on issuance of Covered Bonds (Sw. *lag (2003:1223) om utgivning av säkerställda obligationer*) under its programme for issuance of covered bonds (the "MTCN programme").

A Medium Term Note represents an unsecured obligation of the Company. This means that in the event of the Company's liquidation or bankruptcy the Noteholders normally receive payment after any creditors with security over certain assets have been paid in full. There is a risk that the remaining assets would not be sufficient to satisfy all unsecured claims on the Company in full or that no such assets will exist. Every investor should thus be aware that by investing in the Medium Term Notes, it risks losing the entire or parts of its investment in the event of the Company's liquidation, company re-organisation or bankruptcy. In relation to Subordinated Notes, please see the risk factors under the heading 'Specific risks relating to the Subordinated Notes'.

#### **Benchmark Regulation**

In order to ensure the reliability of reference rates, legislative action at EU level has been taken. Hence, the Benchmark Regulation which regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. There is a risk that the benchmark regulation

may affect how certain reference rates are calculated. These reforms may cause STIBOR, EURIBOR or NIBOR to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on floating interest rate Notes and poses a risk to the value of and return on the investments of the Noteholders.

The Benchmark Regulation could have a material impact on any floating interest Notes, in particular, if the methodology or other terms of STIBOR, EURIBOR or NIBOR (as applicable) are changed in order to comply with the terms of the Benchmark Regulation. Such changes could (amongst other things) have the effect of reducing or increasing the rate or level, or affecting the volatility of the published rate or level, of the benchmark. Any such change of the methodology presents a significant risk to the return on a Noteholder's investment.

The potential elimination of STIBOR, EURIBOR, NIBOR or any other benchmark, or changes in the manner of administration of any benchmark could require or result in an adjustment to the interest provisions of the Loan Terms. The outcome of such adjustment may be detrimental to the value of the relevant Medium Term Notes. Hence, any amendment of the interest provisions of the Loan Terms presents a significant risk to the value of a Noteholder's investment.

### **Secondary market**

The Medium Term Notes which have been issued under the MTN-Programme may not necessarily be held by multiple Noteholders nor traded in a significant volume. Therefore, there is a risk that a secondary market for the Medium Term Notes will not arise or persist. Following a listing, the price of the Medium Term Notes may be affected by a number of factors of which only a few are mentioned in this section (*Risk Factors*). The transaction costs for trading with the Medium Term Notes may also prove to be high. Noteholders therefore risk, in the view of the Noteholders, not being able to trade the Medium Term Notes to acceptable terms. An investment in the Medium Term Notes shall therefore only be made by investors who can bear the risk of there not arising a secondary market and therefore need to hold the Medium Term Notes until the Maturity Date.

### **Medium Term Notes with fixed interest rate**

Notes with a fixed interest rate bear interest at a fixed rate until the Maturity Date for such Notes. During that time, holders of Notes with fixed interest rate are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of Notes with fixed interest rate is fixed until the Maturity Date for such Notes, the market yield typically changes on a daily basis. As the market yield changes, the price of Notes with fixed interest rate changes in the opposite direction, i.e. if the market yield increases, the price of such Notes falls and if the market yield falls, the price of such Notes increases. There is a risk that the price of Notes with fixed interest rate is adversely affected by movements of the market yield, which, if a Noteholder decides to sell Notes in the secondary market, will result in such Noteholder losing a significant part of their investment in such Notes.

### **Medium Term Notes with floating interest rate**

There is risk that a decrease in the general interest rate level decreases the return of the Medium Term Notes bearing floating interest rate. Furthermore, the fact that the applicable base interest rate in accordance with the Terms and Conditions may have a value lower than zero creates a risk that an investor in the Medium Term Notes is not guaranteed a return corresponding to the applicable margin.

### **Medium Term Notes without interest**

Investments in the Medium Term Notes not bearing interest (zero coupon) implies a risk that the market value of the Medium Term Notes is adversely affected by changes in the market interest rate. There is a risk that an increase in the general interest rate level decreases the value of a Medium Term Note not

bearing interest. Such a value decrease poses a risk that an investor loses part of their investment in such Notes.

#### **Medium Term Notes with real interest rate**

For Medium Term Notes bearing real interest rate, the return, and sometimes also the repayment of Nominal Amount, are affected by consumer price index. There is therefore a risk that the value of Medium Term Notes bearing real interest rate, in the view of the investor, is affected both positively and negatively. It is important for each investor in the Medium Term Notes to note that a calculation of the inflation protection with the use of consumer price index is made on the basis of statistics which do not necessarily reflect the inflation to which the individual investor is exposed. It is also important to note that the interest rate of Medium Term Notes bearing real interest rate based on a floating interest rate, always is zero if the sum of the applicable base rate and margin is less than zero. This means that the interest rate on Medium Term Notes bearing real interest rate based on a floating interest rate is not inflation protected if the sum of the applicable base rate and margin is less than zero.

### **SPECIFIC RISKS RELATING TO THE SUBORDINATED NOTES**

#### **Subordination in right of payments in the event of the Company's bankruptcy or insolvency**

The rights of the Noteholders related to Subordinated Notes will, in the event of the liquidation (Sw. *likvidation*) or bankruptcy (Sw. *konkurs*) of the Company, be subordinated in right of payment to the claims of depositors and other unsubordinated creditors of the Company but shall rank at least *pari passu* with all other subordinated indebtedness of the Company (excluding creditors whose rights are expressed to rank in priority to the holders of the Subordinated Notes).

In the event of a shortfall of funds in a bankruptcy or liquidation of the Company, there is a risk that an investor in the Subordinated Notes will lose all or most of its investment and will not receive any return of the principal amount. An investor may therefore recover less than an investor in unsubordinated or other subordinated liabilities of the Company that are senior to the Subordinated Notes.

#### **The Company may redeem the Subordinated Notes on the occurrence of a Capital Event or Tax Event**

The Company may in certain circumstances, at its option, but in each case subject to obtaining the prior consent of the Swedish FSA, redeem the Subordinated Notes upon the occurrence of a Capital Event or Tax Event at par together with accrued interest on any Interest Payment Date.

Should the Company redeem the Subordinated Notes, there is a risk that the Noteholders will not be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the Subordinated Notes.

#### **The General Terms and Conditions do not contain any right on the Noteholders to accelerate the Subordinated Notes prior to the Company's bankruptcy or liquidation**

Subordinated Notes are intended to constitute Tier 2 Instruments of the Company. Consequently, the General Terms and Conditions do not include any obligations or undertakings binding on the Company which if breached would give rise to a right of the Noteholders to accelerate the Subordinated Notes, and the Subordinated Notes may only be accelerated upon the Company's bankruptcy or liquidation. There is therefore a risk that the investors that hold Subordinated Notes will not regain their investment should the Company breach the General Terms and Conditions.

#### **Call options in respect of Subordinated Notes are subject to the prior consent of the Swedish FSA**

The market risk with an investment in notes increases the longer the term of said notes is, since it is more difficult to overview how market interest rates will develop with a longer term. The market risk also

increases with a longer term since the fluctuation in the price of a note is greater for a note with a longer term than for a note with a shorter term.

Under the Final Terms for Subordinated Notes, the Company may have the option to redeem Subordinated Notes prior to their stated Maturity Date. If the Company considers it favourable to exercise such a call option, the Company must obtain the prior consent of the Swedish FSA.

Noteholders have no rights to call for the redemption of Subordinated Notes and should not invest in such Notes with the expectation that such a call will be exercised by the Company. The Swedish FSA will base its evaluation of the regulatory capital position of the Company and certain other factors at the relevant time. There is a risk that the Swedish FSA will not permit such a call or that the Company will not exercise such a call. Noteholders should be aware that they may be required to bear the financial risks of an investment in Subordinated Notes for a period of time in excess of the minimum period.



# TERMS AND CONDITIONS

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## TERMS AND CONDITIONS FOR BLUESTEP BANK AB (PUBL) MEDIUM TERM NOTES

These general terms and conditions (the “**Terms and Conditions**”) shall apply to any and all loans that Bluestep Bank AB (publ) (Reg. No. 556717-5129) (the “**Issuer**”) raises on the Swedish or Norwegian capital market under an agreement with the Dealers (as defined below) in respect of a Swedish medium term note programme (the “**MTN-Programme**”) by issuing notes in SEK, NOK or EUR with terms of not less than one year, so called notes or subordinated notes.

For each Medium Term Loan, final terms are prepared in accordance with Appendix 1 (Form of Final Terms) that include supplementary terms and conditions (the “**Final Terms**”), which together with these Terms and Conditions constitute the complete terms and conditions for the relevant Medium Term Loan (the “**Loan Terms**”). Final Terms for Medium Term Notes that are offered to the public will be published on the Issuer’s website (www. bluestepbank.com) and made available at the office of the Issuer. For as long as any Medium Term Notes are outstanding, the Issuer will keep the Terms and Conditions and the Final Terms for such Medium Term Notes available on its website.

### 1 Definitions

1.1 In addition to the definitions set forth above, the following terms shall have the meaning given below.

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator (Sw. *kontoförande institut*) pursuant to (a) the Swedish Financial Instruments Accounts Act or (b) the Norwegian CSD Act, as applicable, and through which a Noteholder has opened a Securities Account in respect of its Medium Term Notes.

“**Additional Tier 1 Instruments**” means Additional Tier 1 instruments (Sw. *primärkapitaltillskott*) as defined in Part Two, Title 1, Chapter 3 of the Capital Requirements Regulation.

“**Adjusted Loan Amount**” means, with respect to a specific Medium Term Loan, the Loan Amount less the amount of all Medium Term Notes owned by the Issuer, another Group Company or EQT VII, whether the Issuer, that Group Company or EQT VII is directly registered as owner of such Medium Term Notes or not.

“**Administrative Agent**” means (i) if a Medium Term Loan has been raised through two or more Issuing Dealers, the Issuing Dealer designated by the Issuer to be responsible for certain administrative tasks regarding the Medium Term Loan in accordance with the Final Terms; and (ii) if a Medium Term Loan has been raised through only one Issuing Dealer, the Issuing Dealer.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Arranger**” means Skandinaviska Enskilda Banken AB (publ) or any Dealer replacing it as Arranger.

“**Base CPI**” means the relevant rate of inflation determined at the date specified in the Final Terms.

“**Base Rate**” means in regards to Loans with Floating Rate, the base rate STIBOR, EURIBOR or NIBOR as described in the Final Terms or any reference rate replacing STIBOR, EURIBOR or NIBOR in accordance with Clause 7 (*Replacement of Base Rate*).

**“Business Day”** means:

- (a) in respect of Euroclear Notes, a day other than a Sunday or other public holiday in Sweden on which commercial banks are open for general business in Stockholm. Saturdays, Midsummer’s Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays in Sweden; and
- (b) in respect of VPS Notes, a day other than a Saturday, Sunday or other public holiday in Norway on which banks are open for general business in Oslo and Stockholm and in relation to payments of Medium Term Notes, also a day on which the Norwegian Central Bank’s (No. *Norges Bank*) and the VPS’s settlement system are operating.

**“Capital Disqualification Event”** means that, at any time after the relevant Loan Date, there is a change in the Capital Regulations of the Subordinated Notes that would be likely to result in the exclusion of the Subordinated Notes from the Tier 2 Instruments of the Issuer or reclassification of the Subordinated Notes as a lower quality form of regulatory capital, provided that:

- (a) the Swedish FSA considers such a change to be sufficiently certain; and
- (b) the Issuer demonstrates to the satisfaction of the Swedish FSA that the regulatory reclassification of the Subordinated Notes was not reasonably foreseeable at the Loan Date.

**“Capital Regulations”** means, at any time, regulations, directives, guidelines or similar of the EU and its institutions and any delegated act adopted by the European Commission thereunder, as well as the legal acts, regulations, requirements, guidelines and policies relating to capital adequacy of credit institutes issued by the Swedish Parliament, the Swedish Government, the Swedish FSA and/or any European successor then in effect in Sweden, including (but not limited to):

- (a) the Capital Buffer Act (Sw. *lag (2014:966) om kapitalbuffertar*);
- (b) the Special Supervision of Credit Institutions and Investment Firms Act (Sw. *lag (2014:968) om särskild tillsyn av kreditinstitut och värdepappersbolag*);
- (c) the Capital Requirements Regulation;
- (d) the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; and
- (e) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council.

**“Capital Requirements Regulation”** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

**“Change of Control Event”** means an event or series of events (other than an IPO Event) resulting in a natural or legal person, other than EQT VII, alone or together with a person (or several persons who either (i) are, in respect of individuals, related; (ii) are, in respect of legal entities, members of the same group; or (iii) who act or have agreed to act in concert for the

purposes of and prior to the acquisition of, or the establishment of control over, shares in the Issuer):

- (i) control more than 50 per cent. of the total outstanding shares or votes in the Issuer; or
- (ii) through agreement, or in any other way, alone (or together with such closely associated person as stated above) have the power to appoint a majority of the members of the board of directors of the Issuer,

except where the Noteholders have approved such event or series of events in accordance with Clause 16.11.

**“Code on Parents and Children”** means the Swedish Code on Parents and Children (Sw. *föräldrabalken (1949:381)*).

**“Common Equity Tier 1 Instruments”** means Common Equity Tier 1 instruments (Sw. *kärnprimärkapitalinstrument*) as defined in Part Two, Title 1, Chapter 2 of the Capital Requirements Regulation.

**“Companies Act”** means the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

**“CPI”** means consumer price index or – if CPI has ceased to be determined or published – an equivalent index with respect to consumer prices in Sweden as determined or published by Statistics Sweden (SCB) or the body which, in SCB’s place, determines or publishes such index. In the event an index series is changed, the new index shall be recalculated to the index series on which the Base CPI is based.

**“CSD”** means the central securities depository and registrar in which the Medium Term Notes are registered as stated in the Final Terms and is (i) Euroclear Sweden in respect of Euroclear Notes and (ii) VPS in respect of VPS Notes.

**“Currency”** has the meaning set out in the Final Terms.

**“Day Count Convention”** means, when calculating an amount for a certain reference period, the stated basis of calculation and which:

- (a) if the calculation method “30/360” is specified as applicable, means that the amount is to be calculated based on a year with 360 days consisting of twelve months each consisting of 30 days and in the case of a fraction of a month using the actual number of days of the month that have passed; and
- (b) if the calculation method “actual/360” is specified as applicable, means that the amount is to be calculated on the actual number of days elapsed in the relevant period divided by 360.

**“Dealers”** means Skandinaviska Enskilda Banken AB (publ), Nordea Bank Abp, Danske Bank A/S, Danmark, Sverige Filial and such other dealer (Sw. *emissionsinstitut*) appointed for this MTN-Programme in accordance with Clause 18.4, but only for so long as such dealer has not withdrawn as a dealer.

**“Debt Register”** means the register, held by (i) Euroclear Sweden in respect of Euroclear Notes and (ii) VPS in respect of VPS Notes, of Noteholders in relation to a Medium Term Loan.

**“EQT VII”** means EQT VII, being comprised of EQT VII (No.1) Limited Partnership and EQT VII (No. 2) Limited Partnership (in each case acting by its manager, EQT Fund Management S.à r.l.) or any other person managed by EQT Fund Management S.à r.l., or by any successor

as manager of such partnerships or person, provided that such successor is an Affiliate of EQT AB.

**“EUR”** means euro, the single currency of the participating member states in accordance with the European Union’s framework for the Economic and Monetary Union (EMU).

**“EURIBOR”** means:

- (a) the interest rate as displayed as of or around 11.00 a.m. on the relevant day on page EURIBOR01 of the Refinitiv screen (or through such other system or on such other page as replaces the said system or page) for EUR for a period comparable to the relevant Interest Period; or
- (b) if no such interest rate is available for the relevant Interest Period as described in paragraph (a), the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request quoted by the European Reference Banks for deposits of EUR 10,000,000 for the relevant Interest Period; or
- (c) if no interest rate as described in paragraph (a) or (b) is available, the interest rate which, according to the reasonable assessment of the Administrative Agent, best reflects the interest rate for deposits in EUR offered for the relevant Interest Period.

**“Euroclear Notes”** means Medium Term Notes denominated in SEK or EUR.

**“Euroclear Sweden”** means Euroclear Sweden AB (Reg. No. 556112-8074).

**“European Reference Banks”** means four major commercial banks which, at the current time, are quoting EURIBOR and are appointed by the Administrative Agent.

**“Event of Default”** means any event or circumstance specified as such in Clause 14 (*Events of Default in relation to Note Loans*) or Clause 15 (*Events of Default in relation to Subordinated Loans*).

**“Final CPI”** means the relevant rate of inflation determined at the date specified in the Final Terms.

**“Financial Year”** means the annual accounting period of the Group.

**“Fixed Interest Rate”** has the meaning set out in Clause 6 (*Interest*) and as further specified in the Final Terms.

**“Floating Rate”** has the meaning set out in Clause 6 (*Interest*) and as further specified in the Final Terms.

**“Framework Amount”** means SEK 5,000,000,000 or the equivalent in other currencies.

**“Group”** means the Issuer and its Subsidiaries from time to time.

**“Group Company”** means a company which is a part of the Group.

**“Holding Company”** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**“Interest Commencement Date”** means, in accordance with the Final Terms, the date from which interest (if applicable) shall begin to accrue.

**“Interest Determination Date”** means the date specified in the Final Terms.

**“Interest Payment Date”** has the meaning set out in the Final Terms.

**“Interest Period”** has the meaning set out in the Final Terms.

**“Interest Rate”** means the rate of interest applicable to a Medium Term Loan, as specified in the Final Terms.

**“IPA”** and **“Issuing and Paying Agent”** means the issuing and paying agent appointed by the Issuer.

**“IPO Event”** means the occurrence of an event or series of events whereby the shares in the Issuer are admitted to trading on a MTF or Regulated Market.

**“Issuing Dealer”**, means, in accordance with the Final Terms, that or those Dealers through which a particular Medium Term Loan has been raised under this MTN-Programme.

**“Limitations Act”** means the Swedish Limitations Act (*Sw. preskriptionslag (1981:130)*).

**“Loan Amount”** means the aggregate Nominal Amount of Medium Term Notes with regards to a particular Medium Term Loan.

**“Loan Date”** means the date specified in the Final Terms.

**“Margin”** has the meaning specified in the Final Terms.

**“Material Group Company”** means the Issuer and each Group Company representing (on a consolidated basis) more than ten per cent. of the consolidated total assets of the Group, as set out in the most recently published audited financial statements of such Group Company and the Issuer.

**“Maturity Date”** means, in accordance with the Final Terms, the date when the relevant Medium Term Notes shall be repaid.

**“Medium Term Loan”** means each Note Loan and Subordinated Loan.

**“Medium Term Note”** means each Note and Subordinated Note.

**“MTF”** means any multilateral trading facility (as defined in Directive 2014/65/EU on markets in financial instruments).

**“Net Proceeds”** means the gross proceeds from the offering of the relevant Medium Term Notes, minus costs and fees incurred in connection with the issuance thereof.

**“NIBOR”** means the interest rate for a period comparable to the relevant Interest Period (a) based on quotes from the NIBOR panel banks for unsecured money market lending in NOK to another bank which is administered by Norske Finansielle Referenser AS (NoRe) and calculated and published by Global Rate Set Systems Ltd (or any successor to it), at approximately 12:00 (Oslo time) on the Interest Determination Date, or if such quotation does not exist (b) at the mentioned time equivalent to:

- (i) the arithmetic mean of the quoted interest rates (rounded upwards to four decimal places) for deposits of NOK 100,000,000 for the period in question on the Norwegian interbank market as supplied by leading banks in the Norwegian interbank market reasonably selected by the Administrative Agent; or

- (ii) if only one or no such quotation is given, the Administrative Agent's assessment of the interest rate offered by Norwegian commercial banks for lending of NOK 100,000,000 for the period in question on the Norwegian interbank market.

**"NOK"** means Norwegian kroner, the lawful currency of Norway.

**"Nominal Amount"** means the principal amount of each Medium Term Note as stated in the Final Terms (reduced by any repaid amount).

**"Norwegian Act on Credit Contracts"** means the Norwegian Act on Credit Contracts (No. *lov av 25. juni 1999 nr. 46 om finansavtaler og finansoppdrag*).

**"Norwegian CSD Act"** means the Norwegian Act on Securities Settlement and Centralised Securities Depositories Act (No. *lov av 15. March 2020 nr. 6 om verdipapirsentraler og verdipapiroppgjør*).

**"Note"** means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act in respect of Euroclear Notes, or the Norwegian CSD Act in respect of VPS Notes, which represents a part of a Note Loan, which is governed by these Terms and Conditions.

**"Note Loan"** means each unsubordinated and unsecured loan, comprising of one or more Notes, raised by the Issuer under this MTN-Programme.

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

**"Noteholders' Meeting"** means a meeting among the Noteholders, in respect of a Medium Term Loan, held in accordance with Clause 16 (*Noteholders' Meeting*).

**"Record Date"** means:

- (a) in relation to Euroclear Notes, the fifth Business Day (or another Business Day which is market practice on the Swedish bond market), prior to (i) the payment date for interest or principal in accordance with the Loan Terms, (ii) a date on which payments is to be made to Noteholders, (iii) the date of a Noteholders' Meeting, (iv) a date on which a notice is sent or (v) another relevant date; and
- (b) in relation to VPS Notes, (A) the third Business Day (or another Business Day which is market practice on the Norwegian bond market), prior to (i) the payment date for principal in accordance with the Loan Terms, (ii) a date on which payments (other than interest payments) is to be made to Noteholders, (iii) the date of a Noteholders' Meeting, (iv) a date on which a notice is sent or (v) another relevant date; and (B) the fourteenth Business Day (or another Business Day which is market practice on the Norwegian bond market), prior to the payment date for interest in accordance with the Loan Terms.

**"Reference Banks"** means:

- (a) the Dealers (or, if applicable, any relevant branch of any of the Dealers) appointed under this MTN-Programme; or
- (b) if none, or only one, of the Dealers provide a quotation for a relevant Base Rate, such replacing banks who at the relevant time provide a quotation for STIBOR and as appointed by the Administrative Agent.

**“Redemption Date”** means the date on which a Medium Term Loan is repaid in accordance with Clause 10 (*Early redemption on change of control*) or Clause 11 (*Early redemption of Subordinated Notes*).

**“Real Interest Rate”** has the meaning set out in Clause 6 (*Interest*) and as further specified in the Final Terms.

**“Regulated Market”** means a regulated market as defined in Directive 2014/65/EU on markets in financial instruments (or any replacing or supplementing legal act) and stated in the Final Terms as applicable to a Medium Term Loan.

**“Securities Account”** means the account maintained by the relevant CSD 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, in accordance with applicable law of the relevant country.

**“SEK”** means Swedish kronor, the lawful currency of Sweden.

**“STIBOR”** means:

- (a) the interest rate administered, calculated and distributed by the Swedish Financial Benchmark Facility AB (or the replacing administrator or calculation agent) for the relevant day and published on the information system Refinitiv’s page “STIBOR=” (or through such other system or on such other page as replaces the said system or page) for SEK for a period comparable to the relevant Interest Period; or
- (b) if no such interest rate is available for the relevant Interest Period as described in paragraph (a), the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Administrative Agent at its request quoted by the Reference Banks for deposits of SEK 100,000,000 for the relevant Interest Period; or
- (c) if no such interest rate as described in paragraph (a) or (b) is available, the interest rate which, according to the reasonable assessment of the Administrative Agent, best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant Interest Period.

**“Subordinated Loan”** means each subordinated loan, comprising of one or more Subordinated Notes, raised by the Issuer under this MTN-Programme.

**“Subordinated Note”** means a debt instrument for the Nominal Amount, of the type set forth in the Swedish Financial Instruments Accounts Act in respect of Euroclear Notes, or the Norwegian CSD Act in respect of VPS Notes, which represents a part of a Subordinated Loan which is governed by these Terms and Conditions.

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

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

**“Swedish FSA”** means the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*).

**“Tax Event”** means that, at any time after the relevant Loan Date, there is a change in the applicable tax treatment of Subordinated Notes which the Issuer demonstrates to the

satisfaction of the Swedish FSA is material and was not reasonably foreseeable on the relevant Loan Date.

**“Tier 2 Instruments”** means Tier 2 instruments (*Sw. supplementärkapitalinstrument*) as defined in Part Two, Title 1, Chapter 4 of the Capital Requirements Regulation.

**“VPS”** means Verdipapirsentralen ASA (Reg. No. 985 140 421).

**“VPS Notes”** means Medium Term Notes denominated in NOK.

- 1.2 When ascertaining whether a limit or threshold expressed in SEK has been reached or exceeded, an amount in another currency shall be counted on the basis of the rate of exchange on the previous Business Day which is published on Reuters site “SEKFIX=” (or through other such system or on another site which replaces the aforementioned system or site) or, if no such rate is published, the rate of exchange for such currency against SEK for the mentioned date, as published by the Swedish Central Bank (*Sw. Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)).
- 1.3 The definitions set out in these Terms and Conditions shall apply to the Final Terms.
- 1.4 Unless a contrary indication appears, any reference in these Terms and Conditions to any word importing the singular shall include the plural and vice versa.

## **2 STATUS OF THE MEDIUM TERM NOTES**

### **2.1 Notes**

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and without any preference among themselves and shall at all times rank at least *pari passu* with all other present and future direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory law.

### **2.2 Subordinated Notes**

The Subordinated Notes will constitute Tier 2 Instruments of the Issuer. The Subordinated Notes constitute wholly subordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves. In the event of liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer, the claims of the Noteholders shall in respect of the Subordinated Notes be subordinated to the claims of any depositors and other unsubordinated creditors of the Issuer in respect of such obligations, but rank *pari passu* with the claims of any holders of other subordinated indebtedness of the Issuer in respect of such obligations, and rank in priority to the claims of any holders of Common Equity Tier 1 Instruments, any other class of share capital or Additional Tier 1 Instruments of the Issuer in respect of such obligations.

No Noteholder who in the event of the liquidation (*Sw. likvidation*) or bankruptcy (*Sw. konkurs*) of the Issuer is indebted to the Issuer shall be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of the Subordinated Notes held by such Noteholder.

## **3 ISSUE OF MEDIUM TERM NOTES**

- 3.1 Under this MTN-Programme the Issuer may issue Notes and Subordinated Notes, denominated in SEK, NOK or in EUR, with a maturity of at least one year. Under a Medium Term Loan, Medium Term Notes may be issued in multiple tranches without the approval of any Noteholder under the relevant Loan, provided that the terms of such tranches are



identical with the exception of Loan Date, Loan Amount, price per Medium Term Note and Issuing Dealer.

- 3.2 By subscribing to Notes or Subordinated Notes each initial Noteholder approves that its Medium Term Notes shall be governed by the Loan Terms. By acquiring Medium Term Notes each new Noteholder confirms such approval.
- 3.3 The Issuer undertakes to make payments in respect of issued Medium Term Notes in accordance with the Loan Terms and to comply with the Loan Terms for the Medium Term Notes.
- 3.4 If the Issuer wishes to issue Medium Term Notes under this MTN-Programme the Issuer shall enter into a separate agreement for this purpose with one or more Dealers which shall be the Issuing Dealers for such Medium Term Loan. Final Terms shall be prepared in relation to each particular Medium Term Loan, which together with these Terms and Conditions shall constitute the full Loan Terms.

#### **4 REGISTRATION OF MEDIUM TERM NOTES**

- 4.1 Medium Term Notes shall be registered on a Securities Account on behalf of Noteholders and, accordingly, no physical Medium Term Note will be issued. Registration requests relating to Medium Term Notes shall be directed to an Account Operator.
- 4.2 Those who according to assignment, pledge, the provisions of the Code on Parents and Children, conditions of will or deed of gift or otherwise have acquired a right to receive payment in respect of a Medium Term Note shall procure for registration of their right to receive payment.
- 4.3 The Administrative Agent shall, at all times, be entitled to obtain information from the relevant CSD regarding the contents of the Debt Register for purposes of carrying out their duties in accordance with these Terms and Conditions and if the relevant CSD permits, for other purposes, and shall not disclose such information to the Issuer, any Noteholder or third party unless necessary for such purposes. The Administrative Agent shall not be responsible for the content of such excerpt or in any other way be responsible for verifying who is a Noteholder.
- 4.4 The Issuer shall, if necessary for the Administrative Agent to be able to obtain information in accordance with Clause 4.3, issue a power of attorney for individuals employed by the Administrative Agent (as specified by the Administrative Agent) in order for these individuals to independently obtain information from the Debt Register. The Issuer may not revoke such power of attorney except if the Administrative Agent so instructs the Issuer, or gives its approval to the Issuer.
- 4.5 In order to comply with the conditions for a Medium Term Loan, the Issuer and the Administrative Agent, may, acting as a data controller, collect and process personal data. The processing is based on the Issuer's or the Administrative Agent's legitimate interest to fulfil its respective obligations under the conditions. Unless otherwise required or permitted by law, the personal data will not be kept longer than necessary given the purpose of the processing. To the extent permitted under the conditions for a Medium Term Loan, personal data may be shared with third parties, such as the relevant CSD, which will process the personal data further as a separate data controller. Data subjects generally have right to know what personal data the Issuer and the Administrative Agent processes about them and may request the same in writing at the Issuer's or the Administrative Agent's registered address. In addition, data subjects have the right to request that personal data is rectified and have the right to receive personal data provided by themselves in machine-readable

format. Information about the Issuer's and the Administrative Agent's respective personal data processing can be found on their respective websites.

## **5 PAYMENTS**

- 5.1 Payment in respect of Medium Term Notes denominated in SEK shall be made in SEK, payment in respect of Medium Term Notes denominated in NOK shall be made in NOK and payment in respect of Medium Term Notes denominated in EUR shall be made in EUR.
- 5.2 Repayment of principal and payment of interest shall be made to the person who is registered as a Noteholder on the Record Date for the respective payment date or to such person who is registered with the relevant CSD on the Record Date as being entitled to receive such payment.
- 5.3 The Issuer has appointed the IPA to facilitate payments of interest and repayment of principal amounts for VPS Notes. The Issuer undertakes to, for as long as any VPS Notes registered with VPS are outstanding, procure that payments of interest and repayment of principal amounts for such Medium Term Notes may be made by the IPA in accordance with the conditions for the VPS Note, the rules and regulations of VPS and relevant agreements between the Issuer and the IPA.
- 5.4 For as long as VPS Notes are outstanding with VPS, the IPA shall ensure that payments of interest and principal in relation to VPS Notes may be made by the IPA, these Terms and Conditions and the regulations applicable to the IPA from time to time in relation to record keeping, clearing and settlement.
- 5.5 If a Noteholder has registered, through an Account Operator, that principal or interest shall be deposited into a certain bank account, such deposit shall be effected by the relevant CSD on the relevant payment date. In any other case, the relevant CSD shall transfer the amount on the respective payment date to the Noteholder to the address registered with the relevant CSD on the Record Date.
- 5.6 Should the relevant CSD, due to a delay on behalf of the Issuer or due to any other obstacle (other than the obstacle set out in Clause 5.7), not be able to effect payments as aforesaid, the Issuer shall ensure that such payments are made to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed. In the case of such postponement, interest shall accrue in accordance with Clause 8.1.
- 5.7 If the Issuer is unable to carry out its obligations to pay through the IPA or a CSD due to obstacles for the IPA or the relevant CSD, the Issuer shall have a right to postpone the obligation to pay until the obstacle has been removed. In the case of such postponement, interest shall accrue in accordance with Clause 8.2.
- 5.8 If payment is made in accordance with this Clause 5, the Issuer and the relevant CSD shall be deemed to have fulfilled their payment obligations, irrespective of whether such payment was made to a person not entitled to receive such amount. However, this shall not apply if the Issuer or the CSD were aware that payment was made to a person not entitled to receive the payment.
- 5.9 The Issuer is not liable to gross-up any payments under Medium Term Notes by virtue of any withholding tax or otherwise imposed pursuant to any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto, public levy or the similar.

## 6 INTEREST

6.1 Interest (if any) on a particular Medium Term Loan is calculated in accordance with the Final Terms.

6.2 The basis for interest calculation shall be stated in the Final Terms according to one of the following alternatives:

(a) Fixed Rate

If a Medium Term Loan denominated in SEK or EUR is specified as a Medium Term Loan with Fixed Rate the Medium Term Loan will bear interest at the Interest Rate from, but excluding, the Loan Date up to and including the Maturity Date.

If a Medium Term Loan denominated in NOK is specified as a Medium Term Loan with Fixed Rate the Medium Term Loan will bear interest at the Interest Rate from and including the Loan Date up to, but excluding, the Maturity Date.

Interest accrued during each Interest Period is paid in arrears on the relevant Interest Payment Date and shall be calculated using the Day Count Convention 30/360.

(b) Floating Rate (FRN)

If a Medium Term Loan denominated in SEK or EUR is specified as a Medium Term Loan with Floating Rate the Medium Term Loan will bear interest at the Interest Rate from, but excluding, the Loan Date up to and including the Maturity Date. The Interest Rate for the relevant Interest Period shall be calculated by the Administrative Agent on the respective Interest Determination Date and is the sum of the Base Rate and the Margin for the relevant period, adjusted for the application of Clause 7 (*Replacement of Base Rate*).

If a Medium Term Loan denominated in NOK is specified as a Medium Term Loan with Floating Rate the Medium Term Loan will bear interest at the Interest Rate from and including the Loan Date up to, but excluding, the Maturity Date. The Interest Rate for the relevant Interest Period shall be calculated by the Administrative Agent on the respective Interest Determination Date and is the sum of the Base Rate and the Margin for the relevant period.

If the Interest Rate cannot be determined on the Interest Determination Date due to such obstacle as referred to in Clause 21.1, interest shall continue to accrue on the Medium Term Loan at the interest rate applicable to the preceding Interest Period. As soon as the obstacle has been removed, the Administrative Agent (for Euroclear Notes) and the IPA (for VPS Notes) shall calculate a new Interest Rate which shall be effective from the second Business Day following the day of the calculation until the expiration of the current Interest Period.

Interest accrued during each Interest Period will be payable in arrears on the relevant Interest Payment Date and shall be calculated using the Day Count Convention Actual/360, or by using such other method of calculation as is applied for the relevant Base Rate.

(c) Real Interest Rate

A Medium Term Loan with real interest rate bears an inflation-protected interest from, but excluding, the Loan Date up to and including the Maturity Date. The Interest Rate may be fixed or floating and shall be calculated in the same manner as set forth above in Clause 6.2 (a) or (b), and is multiplied with a number which is calculated by

dividing Final CPI with Base CPI. The amount of interest linked to inflation for each Interest Period shall be notified to the Noteholders in accordance with Clause 20 (*Notices*), when the Administrative Agent has determined the amount.

If the Interest Rate cannot be determined on the Interest Determination Date due to such obstacle as referred to in Clause 21.1, interest shall continue to accrue on the Medium Term Loan at the interest rate applicable to the preceding Interest Period. As soon as the obstacle has been removed, the Administrative Agent (in respect of Euroclear Notes) and the IPA (in respect of VPS Notes) shall calculate a new Interest Rate which shall be effective from the second Business Day following the day of the calculation until the expiration of the current Interest Period.

(d) Zero coupon

If the Medium Term Loan is specified as a zero coupon Medium Term Loan it bears no interest. Zero coupon Medium Term Loans may be issued at a discount and redeemed at an amount per Medium Term Note corresponding to the Nominal Amount or a proportion thereof.

6.3 If the Interest Payment Date for a Medium Term Loan bearing a Fixed Interest Rate is not a Business Day, then interest will be paid on the next Business Day. Interest is calculated and accrued only up to and including the Interest Payment Date for Euroclear Notes and up to, but excluding, the Interest Payment Date for VPS Notes.

6.4 If the Interest Payment Date for a Medium Term Loan bearing Floating Rate is not a Business Day, then the next Business Day shall be considered the Interest Payment Date provided that such Business Day does not occur in a new calendar month, in which case the Interest Payment Date shall be the previous Business Day. Interest is calculated and accrued up to and including the Interest Payment Date for Euroclear Notes and up to, but excluding, the Interest Payment Date for VPS Notes.

## 7 REPLACEMENT OF BASE RATE

7.1 If a Base Rate Event as described in Clause 7.2 below has occurred, the Issuer shall, in consultation with the Arranger, initiate the procedure to, as soon as reasonably possible, determine a Successor Base Rate, Adjustment Spread, as well as initiate the procedure to determine upon necessary administrative, technical and operative amendments to the Loan Terms in order to apply, calculate and finally decide the applicable Base Rate. The Arranger is not obligated to participate in such consultation or determination as described above. Should the Arranger not participate in such consultation or determination, the Issuer shall, at the Issuer's expense, as soon as possible appoint an Independent Adviser to initiate the procedure to, as soon as reasonably possible, determine upon the mentioned. Provided that the Successor Base Rate, the Adjustment Spread and other amendments have been finally decided no later than prior to the relevant Interest Determination Date in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the relevant CSD and any calculations methods applicable to such Successor Base Rate.

7.2 A base rate event is an event where one or more of the following events occur ("**Base Rate Event**") which means:

- (a) the Base Rate (for the relevant Interest Period of the relevant Loan) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period of the relevant Loan) ceasing to be calculated or administered;

- (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period of the relevant Loan) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
- (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period of the relevant Loan) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;
- (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer, or the Administrative Agent to calculate any payments due to be made to any Noteholder using the applicable Base Rate (for the relevant Interest Period of the relevant Loan) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period of the relevant Loan);
- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*), or in respect of EURIBOR, from the equivalent entity with insolvency or resolution powers over the Base Rate Administrator, or in respect of NIBOR, from the equivalent entity with insolvency or resolution powers over the Base Rate Administrator, containing the information referred to in (b) above; or
- (f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in (b) to (e) above will occur within six (6) months.

7.3 Upon a Base Rate Event Announcement, the Issuer may (but are not obligated to), if it is possible at such time to determine the Successor Base Rate, Adjustment Spread and other amendments, in consultation with the Arranger or through the appointment of an Independent Adviser, initiate the procedure as described in Clause 7.1 above to finally decide the Successor Base Rate, the Adjustment Spread and other amendments, in order to change to the Successor Base Rate at an earlier time.

7.4 If a Base Rate Event set out in any of the paragraphs (a) to (e) of the Base Rate Event definition has occurred but no Successor Base Rate and Adjustment Spread have been finally decided at the latest prior to the relevant Interest Determination Date or if such Successor Base Rate and Adjustment Spread have been finally decided but due to technical limitations of the relevant CSD, cannot be applied in relation to the relevant Interest Determination Date, the interest applicable to the next succeeding Interest Period shall be:

- (a) if the previous Base Rate is available, determined pursuant to the terms that would apply to the determination of the Base Rate as if no Base Rate Event had occurred; or
- (b) if the previous Base Rate is no longer available or cannot be used in accordance with applicable law or regulation, equal to the interest determined for the immediately preceding Interest Period.

The provisions set out in this clause are applicable on subsequent Interest Periods, provided that all relevant measures have been carried out regarding the application of and the adjustments described in this Clause 7 (*Replacement of Base Rate*) prior to every such subsequent Interest Determination Date, but without success.

7.5 Prior to the Successor Base Rate, Adjustment Spread and any other amendments becoming effective, the Issuer shall promptly, following the final decision by the Issuer in consultation with the Arranger or the Independent Adviser of any Successor Base Rate, Adjustment Spread and any other amendments, give notice thereof to the Noteholders, the Administrative Agent and the relevant CSD in accordance with Clause 20 (*Notices*). The notice shall also include information about the effective date of the amendments. If the Medium Term Notes are admitted to trading on a Regulated Market, the Issuer shall also give notice of the amendments to the relevant Regulated Market.

7.6 The Arranger, the Independent Adviser and the Administrative Agent that carries out measures in accordance with this Clause 7 shall not be liable whatsoever for any damage or loss caused by any determination, action taken or omitted by it in conjunction with the determination and final decision of the Successor Base Rate, Adjustment Spread and any amendments thereto to the Loan Terms, unless directly caused by its gross negligence or wilful misconduct. The Arranger, the Independent Adviser and the Administrative Agent shall never be responsible for indirect or consequential loss.

7.7 In this Clause 7 the following definitions have the meaning described below:

**“Adjustment Spread”** means a spread or a formula or methodology for calculating a spread to be applied to a Successor Base Rate and that is:

- (a) formally recommended by any Relevant Nominating Body in relation to the replacement of the Base Rate; or
- (b) if (a) is not applicable, the adjustment spread that the Issuer in consultation with the Arranger or the Independent Adviser determines is reasonable to use in order to eliminate, to the extent possible, any transfer of economic value from one party to another as a result of a replacement of the Base Rate and is customarily applied in comparable debt capital market transactions.

**“Base Rate Administrator”** means Swedish Financial Benchmark Facility AB (SFBF) in relation to STIBOR, European Money Markets Institute (EMMI) in relation to EURIBOR and Norske Finansielle Referanser AS (NoRe) in relation to NIBOR or any person replacing it as administrator of the Base Rate.

**“Base Rate Event Announcement”** means a public statement or published information as set out in paragraph 7.2 (b) to 7.2 (e) that any event or circumstance specified therein will occur.

**“Independent Adviser”** means an independent financial institution or adviser of repute in the debt capital markets where the Base Rate is commonly used.

**“Relevant Nominating Body”** means, subject to applicable law, firstly any relevant supervisory authority, secondly any applicable central bank, or any working group or committee of any of them, or thirdly the Financial Stability Council (Sw. *Finansiella stabilitetsrådet*) or any part thereof.

**“Successor Base Rate”** means:

- (a) a screen or benchmark rate, including the methodology for calculating term structure and calculation methods in respect of debt instruments with similar interest rate terms as Medium Term Notes, which is formally recommended as a successor to or replacement of the Base Rate by a Relevant Nominating Body; or
- (b) if there is no such rate as described in paragraph (i), such other rate as the Issuer in consultation with the Arranger or the Independent Adviser determines is most comparable to the Base Rate.

For the avoidance of doubt, in the event that a Successor Base Rate ceases to exist, this definition shall apply mutatis mutandis to such new Successor Base Rate.

## **8 PENALTY INTEREST**

- 8.1 In the event of any delay in payment relating to principal and/or interest, penalty interest shall be payable on the overdue amount from its due date up to and including the date on which payment is made at a rate corresponding to the average of one week STIBOR for Medium Term Notes denominated in SEK, one week EURIBOR for Medium Term Notes denominated in EUR and one week NIBOR for Medium Term Notes denominated in NOK for the duration of the delay, plus two (2) percentage points in each case. STIBOR, EURIBOR and NIBOR shall for this purpose be determined on the first Business Day in each calendar week for the duration of the period of default. Penalty interest, in accordance with this Clause 8.1, for interest-bearing Medium Term Loans shall never be paid at a lower interest rate than the interest rate applicable to the relevant Medium Term Loan on its relevant due date with the addition of two (2) percentage points. Penalty interest shall not be capitalised.
- 8.2 If the delay is due to an obstacle of the kind set out in Clause 21.1 on the part of the Issuing Dealer, the IPA or any relevant CSD, no penalty interest shall apply, in which case the interest rate which applied to the relevant Medium Term Loan on the relevant due date shall apply instead.

## **9 REDEMPTION AND REPURCHASE**

- 9.1 The Medium Term Loan shall be redeemed on the Maturity Date at the amount per Medium Term Note stated in the Final Terms together with accrued and unpaid interest (if any). If the Maturity Date is not a Business Day, redemption shall occur on first following Business Day.
- 9.2 Subject to applicable law, the Final Terms may contain provisions which gives the Issuer a right or obligation to redeem all or part of Medium Term Loans together with accrued but unpaid interest (if any) prior to the Maturity Date.
- 9.3 The Issuer may repurchase Medium Term Notes at any time and at any price in the open market or otherwise provided that this is compatible with applicable law.
- 9.4 Medium Term Notes owned by the Issuer may be retained, resold or cancelled at the Issuer's discretion.

## **10 EARLY REDEMPTION ON CHANGE OF CONTROL**

- 10.1 Each Noteholder has the right to request that its Note under a Note Loan be redeemed prior to its stated Maturity Date upon the occurrence of a Change of Control Event.
- 10.2 The Issuer shall, without undue delay, notify the Noteholders and each Dealer upon becoming aware of the occurrence of a Change of Control Event in accordance with Clause 20 (*Notices*). Such notice may be given in advance of the occurrence of a Change of Control Event and be conditional upon the occurrence thereof, if a definitive agreement is in place providing for such Change of Control Event. The notice shall contain information on (i) how a Noteholder that wishes to exercise its right of redemption pursuant to this Clause 10 shall proceed; and (ii) the Redemption Date. Within ten Business Days after having received such notice, a Noteholder that wishes to redeem its Notes shall give notice to the Issuer. Should any Dealer not receive such information, it is entitled to assume that no Change of Control Event exists or can be expected to occur, provided that such Dealer does not have actual knowledge of such Change of Control Event.

10.3 The Redemption Date shall fall no earlier than 30 Business Days and no later than 40 Business Days after notice of the Change of Control Event has been submitted to the Noteholders and each Dealer in accordance with Clause 10.2, however, if the Redemption Date is not a Business Day the Redemption Date shall be the following Business Day.

10.4 If there is a right of redemption and a Noteholder wishes to redeem its Notes, the Issuer shall redeem the relevant Notes on the Redemption Date at the price per Note equal to the Nominal Amount together with accrued but unpaid interest (if any). For a Note which is a zero coupon Medium Term Loan the amount per Note shall be calculated in accordance with paragraph (b) of Clause 14.5.

## 11 EARLY REDEMPTION OF SUBORDINATED LOANS

The Issuer has the right to redeem Subordinated Notes under Subordinated Loans (at the amount per Subordinated Note equal to the Nominal Amount together with accrued but unpaid interest (if any)):

- (a) on a date (or dates) prior to its stated Maturity Date as set out in the Final Terms; or
- (b) if a Capital Disqualification Event or a Tax Event occurs,

provided that (i) the Issuer notifies the Noteholders in accordance with Clause 20 (*Notices*) no later than ten Business Days prior to the Redemption Date and (ii) the Swedish FSA has given its consent thereto.

## 12 INFORMATION TO NOTEHOLDERS

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

- (a) as soon as the same become available, but in any event within six months after the end of each Financial Year, its audited consolidated financial statements for that Financial Year;
- (b) the Terms and Conditions and the Final Terms for all outstanding Medium Term Loans admitted to trading on a Regulated Market;
- (c) as soon as practicable upon becoming aware of an acquisition or disposal of any Medium Term Loan by a Group Company, information regarding the aggregate Nominal Amount held by Group Companies, and the amount of any Medium Term Loan cancelled by the Issuer; and
- (d) any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:582) om värdepappersmarknaden*) or the Norwegian Securities Trading Act (*No. lov av 29. juni 2007 nr. 75 om verdipapirhandel*), as applicable, and in any event the rules and regulations of the Regulated Market on which any Medium Term Notes are admitted to trading.

## 13 GENERAL UNDERTAKINGS

The Issuer undertakes, as long as any Medium Term Loan is outstanding, to comply with the undertakings set out in this Clause 13.

### 13.1 Status of Note Loans

The Issuer shall ensure that its payment obligations under the Note Loans rank at least *pari passu* with its other unsubordinated and unsecured payment obligations, except for those obligations which are mandatorily preferred by law.



**13.2 Change of business**

The Issuer shall procure that no substantial change is made to the general nature of the business of the Group taken as a whole if such change would adversely affect the Issuer's ability to fulfil its payment obligations to the Noteholders.

**13.3 Admission to trading on a Regulated Market**

The Issuer undertakes to apply for admission to trading on the relevant Regulated Market for Medium Term Loans, which according to the Final Terms shall be admitted to trading on a Regulated Market and to take any measures that may be required to maintain the admission as long as the relevant Medium Term Loan is outstanding, however, no longer than what is possible pursuant to applicable laws and regulations.

**13.4 Compliance with laws**

The Issuer undertakes to comply in all material respect with all laws and regulations to which it is subject.

**13.5 Licence**

The Issuer undertakes to maintain a licence to conduct banking and/or financing business (*Sw. tillstånd att bedriva bankrörelse och/eller finansieringsrörelse*) as required pursuant to the Swedish Banking and Financing Business Act (*Sw. lag (2004:297) om bank och finansieringsrörelse*) or any corresponding licence required pursuant to any legislation replacing the Swedish Banking and Financing Business Act.

**14 EVENTS OF DEFAULT IN RELATION TO NOTE LOANS**

14.1 The Administrative Agent shall (i) following a written demand from a Noteholder (or Noteholders) representing at least one-tenth of the Adjusted Loan Amount of the relevant Note Loan (such a request can only be made by Noteholders registered in the relevant CSD account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution at a Noteholders' Meeting by Noteholders of the relevant Note Loan, on behalf of the Noteholders by notice to the Issuer, declare the whole of the relevant Note Loan (but not in part) together with interest (if any) due for payment immediately or at the date determined by the Administrative Agent or Noteholders' Meeting (if applicable), if:

- (a) the Issuer does not in due time pay principal or interest attributable to the Note Loan, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five Business Days;
- (b) the Issuer does not fulfil its obligations in accordance with the Loan Terms relating to the relevant Note Loan, other than those stated above in (a), provided that:
  - (i) remedy is possible; and
  - (ii) the non-compliance is remedied within 20 Business Days of the earlier of (A) the Administrative Agent giving notice thereof to the Issuer and (B) the Issuer becoming aware of the non-compliance;
- (c) any financial indebtedness of the Issuer or a Material Group Company is not paid when due nor within any applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (c) if the aggregate amount of financial indebtedness referred to herein is less than SEK 50,000,000 (or the equivalent in other currencies);

- (d) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any asset with a value exceeding SEK 50,000,000 of a Group Company and is not discharged within 30 Business Days;
- (e) a Material Group Company suspends its payments;
- (f) a Material Group Company applies for, or approves an application for, company reconstruction or similar proceedings;
- (g) a Material Group Company enters into bankruptcy (Sw. *konkurs*);
- (h) a decision is made that the Issuer shall go into liquidation (Sw. *likvidation*) or that a Material Group Company shall be placed in compulsory liquidation (Sw. *tvångslikvidation*), provided that no Event of Default will occur under this paragraph (h) if a Material Group Company is liquidated following the Material Group Company has repaid or otherwise redeemed in full (excluding after the occurrence of an event of default) all the notes issued by the Material Group Company to finance its purchase of mortgage loans originated by other Group Companies; or
- (i) the Issuer carries out a merger, other than a merger where the Issuer is the surviving entity.

14.2 The Administrative Agent may not declare the relevant Note Loan together with interest (if any) due for payment in accordance with Clause 14.1 by a reference to circumstances constituting an Event of Default if it is no longer continuing or if a Noteholders' Meeting has resolved to waive such circumstances.

14.3 The Issuer shall, without undue delay, notify the Noteholders and each Dealer upon becoming aware of the occurrence of an Event of Default listed in Clause 14.1 in accordance with Clause 20 (*Notices*). Should any Dealer not receive such information, it is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that such Dealer does not have actual knowledge of such event or circumstance. The Administrative Agent and the Dealers are not obliged to monitor whether an Event of Default pursuant to Clause 14.1 is outstanding.

14.4 The Issuer shall, at the times considered necessary by the Administrative Agent, provide the Administrative Agent with a certificate regarding the circumstances set out in Clause 14.1. The Issuer shall further provide the Administrative Agent with any information that the Administrative Agent may request regarding the circumstances in Clause 14.1 and, on the request of the Administrative Agent, provide the Administrative Agent with documentation which may be of importance in this respect.

14.5 In case of a redemption of Note Loans following acceleration in accordance with Clause 14.1:

- (a) interest-bearing Note Loans shall be redeemed at an amount per Note that would have been redeemed on the Maturity Date together with accrued but unpaid interest until and including the date of redemption; and
- (b) non-interest-bearing Note Loans shall be redeemed at an amount per Note determined by the following formula per the date of acceleration of the Note Loan:

$$\frac{\text{Nominal Amount}}{(1 + r)^t}$$

r = the ask rate quoted by the Administrative Agent for Swedish Government Bonds with an outstanding term to maturity corresponding to the remaining term of the relevant Note Loan. In the absence of such ask rate, the bid rate shall instead be used, as reduced by a market bid/ask spread, expressed in percentage points. The calculation shall be based on the closing quotation.

t = the remaining term for the relevant Note Loan, expressed in the Day Count Convention actual/360 for Notes denominated in SEK, EUR or NOK.

## **15 EVENTS OF DEFAULT IN RELATION TO SUBORDINATED LOANS**

15.1 The Administrative Agent shall (i) following a written demand from a Noteholder (or Noteholders) representing at least one-tenth of the Adjusted Loan Amount of the relevant Subordinated Loan (such a request can only be made by Noteholders registered in the relevant CSD account on the Business Day occurring immediately after the date that the request was received by the Administrative Agent and must, if made by several Noteholders, be made jointly), or (ii) following a resolution at a Noteholders' Meeting by Noteholders of the relevant Subordinated Loan, on behalf of the Noteholders by notice to the Issuer, declare the whole of the relevant Subordinated Loan (but not in part) together with interest (if any) due for payment immediately or at the date determined by the Administrative Agent or Noteholders' Meeting (if applicable), if:

- (a) the Issuer enters into (*Sw. konkurs*); or
- (b) a decision is made that the Issuer shall go into liquidation (*Sw. likvidation*).

15.2 The Administrative Agent may not declare the relevant Subordinated Loan together with interest (if any) due for payment in accordance with Clause 15.1 by a reference to circumstances constituting an Event of Default if it is no longer continuing or if a Noteholders' Meeting has resolved to waive such circumstances.

15.3 The Issuer shall, without undue delay, notify the Noteholders and each Dealer upon becoming aware of the occurrence of an Event of Default listed in Clause 15.1 in accordance with Clause 20 (*Notices*). Should any Dealer not receive such information, it is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that such Dealer does not have actual knowledge of such event or circumstance. The Administrative Agent and the Dealers are not obliged to monitor whether an Event of Default pursuant to Clause is outstanding.

## **16 NOTEHOLDERS' MEETING**

16.1 The Administrative Agent is entitled to, and shall at the request of the Issuer, any other Issuing Dealer or Noteholders who at the time of the request represent at least one-tenth of the Adjusted Loan Amount under the relevant Medium Term Loan (such request may only be made by Noteholders who are registered in the Debt Register on the next Business Day after the day the request was received by the Administrative Agent and must, if made by several Noteholders who alone represents less than ten per cent. of the Adjusted Loan Amount, be done together), convene a Noteholders' Meeting for the Noteholders under the relevant Medium Term Loan.

16.2 The Administrative Agent shall convene a Noteholders' Meeting by sending notice in accordance with Clause 20 (*Notices*) to each Noteholder and the Issuer, within five Business Days from the date when a complete request was received in accordance with Clause 16.1 (or such later date as necessary for technical or administrative reasons). The Administrative Agent shall also, without delay, inform each Issuing Dealer and the IPA in writing about such notice.

16.3 The Administrative Agent may refrain from convening a Noteholders' Meeting if (i) the proposed resolution must be approved by a person, in addition to the Noteholders, and this person has notified the Administrative Agent that such approval will not be given; or (ii) the proposed resolution is not compatible with applicable law.

- 16.4 The notice sent by the Administrative Agent in accordance with Clause 16.2, shall contain (i) the time and place of the meeting; (ii) an agenda listing the matters to be addressed at the meeting (including a detailed summary of each proposed decision); (iii) the day on which a person must be Noteholder in order to exercise Noteholders' rights at the Noteholders' Meeting (the "**Voting Record Date**") and (iv) a proxy form. A decision may not be made at the meeting in respect of any matter that is not listed in the notice. The notice shall, if Noteholders are required to announce their intention to participate in the Noteholders' Meeting, contain information of such requirement.
- 16.5 The Noteholders' Meeting shall not be held earlier than 15 Business Days and no later than 30 Business Days after the notice. Noteholders' Meetings for several Medium Term Loans under the MTN-Programme may be held on the same occasion.
- 16.6 The Administrative Agent may, without deviating from the provisions in these Terms and Conditions and as it deems appropriate, stipulate further provisions regarding the convening and holding of the Noteholders' Meeting. Such provisions may include provisions enabling Noteholders to vote without attending the meeting in person.
- 16.7 Only a person who is, or has been issued a power of attorney in accordance with Clause 17 (*Right to act on behalf of a Noteholder*) by someone who is a Noteholder on the Record Date for the Noteholders' Meeting may exercise voting rights at such Noteholders' Meeting, provided that the relevant Medium Term Note is covered by the Adjusted Loan Amount. The Administrative Agent has the right to attend, and shall make sure that an extract from the Debt Register at the Record Date for the Noteholders' Meeting is available at, the Noteholders' Meeting.
- 16.8 The Noteholders may not resolve to make amendments to the Loan Terms if the Issuer considers that, after consultation with the Swedish FSA, a change in the Loan Terms would be likely to result in the exclusion of the Subordinated Notes from the Tier 2 Instruments of the Issuer (an "Tier 2 Exclusion Event"). A resolution by the Noteholders to amend the Loan Terms is not valid if the Issuer considers that, after consultation with the Swedish FSA, such amendment would be likely to result in a Tier 2 Exclusion Event.
- 16.9 The Noteholders and the Administrative Agent, and their respective counsel or representatives, are entitled to attend a Noteholders' Meeting. The Noteholders' Meeting may resolve that other persons may attend. Representatives shall submit a power of attorney to be approved by the chairman of the Noteholders' Meeting. The Noteholders' Meeting shall commence with the appointment of a chairman, recording clerk and attester(s). The chairman shall prepare a list of Noteholders that are present with the right to vote at the meeting, with information on the proportion of the Adjusted Loan amount that is held by each respective Noteholder (the "**Voting Register**"). The Voting Register shall thereafter be approved by the Noteholders' Meeting. When applying these provisions Noteholders who have cast their vote via electronic voting, ballot paper or equivalent shall be deemed present at the Noteholders' Meeting. Only those who, on the Voting Record Date of the Noteholders' Meeting, were Noteholders, or representatives for such Noteholders, and who are covered by the Adjusted Loan Amount, are entitled to vote and shall be included in the Voting Register. The Issuer shall be granted access to relevant voting calculations and the basis for these. The minutes shall be completed as soon as possible and be made available to Noteholders, the Issuer and the Administrative Agent.
- 16.10 Decisions on the following matters require the consent of the Swedish FSA (if required by law or applicable regulations) and the approval of Noteholders representing at least 90 per cent.

of the part of the Adjusted Loan Amount for which Noteholders vote under the relevant Medium Term Loan at the Noteholders' Meeting:

- (a) changing of the Maturity Date, reduction of the Nominal Amount, changing of terms relating to interest or the amount that is to be repaid (other than in accordance with the Loan Terms, including what follows from the application of Clause 7 (*Replacement of Base Rate*)) and changing of the relevant Currency for the Medium Term Loan;
- (b) amending the provisions for the Noteholders' Meeting in this Clause 16;
- (c) mandatory exchange of Medium Term Notes into another security; and
- (d) substitution of debtor.

16.11 Matters which are not covered by Clause 16.10 requires the approval of Noteholders representing more than 50 per cent. of the portion of the Adjusted Loan Amount for which Noteholders vote under the relevant Medium Term Loan at the Noteholders' Meeting. This includes, but is not limited to, amendments and waivers of rights with relation to the Loan Terms which do not require a greater majority (other than changes in accordance with Clause 18 (*Amendment of Loan Terms, Framework Amount etc.*)) and acceleration of Medium Term Loans.

16.12 Quorum at a Noteholders' Meeting requires the presence of Noteholders, in person or via telephone (or by a representative with a power of attorney), representing at least 50 per cent. of the Adjusted Loan Amount for matters listed in Clause 16.10 and for any other matter 20 per cent. of the Adjusted Loan Amount.

16.13 If the Noteholders' Meeting has not met the necessary quorum requirements, the Administrative Agent shall convene a new Noteholders' Meeting (in accordance with Clause 16.2) provided that the relevant proposal has not been withdrawn by the initiator of the Noteholders' Meeting. The quorum requirement in Clause 16.12 is not applicable for such new Noteholders' Meeting.

If the Noteholders' Meeting has met the quorum requirement for certain, but not all, matters which are to be resolved on in the meeting, decisions shall be made on those matters for which a quorum is present and any other matter is to be referred to a new Noteholders' Meeting.

16.14 A decision at a Noteholders' Meeting which extends new obligations to or limits the rights of the Issuer, the Administrative Agent, the Dealers or the Issuing Dealer under the Terms and Conditions requires the approval of the relevant party.

16.15 A Noteholder which holds more than one Medium Term Note does not need to vote for all, or vote in the same way for all Medium Term Notes held.

16.16 The Issuer may not, directly or indirectly, pay or contribute to the payment of any compensation to any Noteholder for its approval under the Loan Terms unless such compensation is offered to all Noteholders at the relevant Noteholders' Meeting.

16.17 A decision made at a Noteholders' Meeting shall be binding on all Noteholders under the relevant Medium Term Loan, whether or not they were present at the Noteholders' Meeting. Noteholders that did not vote in favour of a decision shall not be held liable for any damage that the decision may cause another Noteholder.

16.18 The Issuer shall reimburse the Administrative Agent for costs incurred by it in connection with the Noteholders' Meeting including reasonable compensation for the Administrative Agent.

16.19 The Issuer shall, without delay, at the request of the Administrative Agent, provide the Administrative Agent with a certificate which states the Nominal Amount for each Medium Term Note which is owned by Group Companies on the relevant Voting Record Date before a Noteholders' Meeting, regardless if such Group Company is directly registered as owner of such Medium Term Notes. The Administrative Agent shall not be held responsible for the contents of such certificate or otherwise be responsible for determining if a Medium Term Note is owned by a Group Company.

16.20 Noteholders under the relevant Medium Term Loan shall, without delay, be notified of decisions made at a Noteholders' Meeting in accordance with Clause 20 (*Notices*). The Administrative Agent shall, on the request of a Noteholders or a Dealer, provide them with the minutes from the relevant Noteholders' Meeting. Failure to notify the Noteholders as stated above in this Clause 16.20 does not affect the validity of the decision.

## **17 RIGHT TO ACT ON BEHALF OF A NOTEHOLDER**

17.1 If any person other than a Noteholder wishes to exercise the Noteholder's rights under the Loan Terms or vote at a Noteholders' Meeting, that person must present the Administrative Agent with 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.

17.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some, or all, of the Medium Term Notes held by the Noteholder. Any such representative may act independently and may further delegate its right to represent the Noteholder.

## **18 AMENDMENT OF LOAN TERMS, FRAMEWORK AMOUNT ETC.**

18.1 The Issuer and the Issuing Dealer(s) are entitled to agree upon:

- (a) adjustment of clear and obvious errors in the Loan Terms; and
- (b) changes and amendments to the Loan Terms as required by law, court order or official decision.

18.2 The Issuer and the Dealers may agree to increase or decrease the Framework Amount.

18.3 The Issuer and the Arranger or the Independent Adviser may, without the approval of the Noteholders, agree on and execute amendments to the Loan Terms in accordance with what is described in Clause 7 (*Replacement of Base Rate*) and such amendments will be binding on those covered by the Loan Terms.

18.4 Appointment of a new Dealer may be made through an agreement between the Issuer, the relevant dealer and the Dealers. A Dealer may retire as a Dealer, however, the Administrative Agent under a particular Medium Term Loan may only retire as such if a new Administrative Agent is simultaneously appointed in its place.

18.5 The Issuer may, if resolved upon at a Noteholders' Meeting in accordance with Clause 16 (*Noteholders' Meeting*), make amendments to the Loan Terms in instances other than those set out in Clause 18.1 to Clause 18.3.

18.6 A decision made on a Noteholders' Meeting to amend or waive any Loan Term may include only the substance of the amendment and need not contain the specific form of the amendment.

18.7 A decision regarding an amendment to the Loan Terms shall also contain a decision regarding when the amendment shall enter into force and if relevant, any conditions for the amendment to enter into force. No decision shall enter into force before it has been duly registered with the CSD and published on the Issuer's website.

18.8 Information regarding a decision to amend or waive any terms and conditions of a Medium Term Loan in accordance with this Clause 18, shall be submitted to the Noteholders in accordance with Clause 20 (*Notices*). The decision shall also be published on the Issuer's website.

## **19 TIME BARRING OF CLAIMS**

19.1 The right to receive repayment of principal shall be subject to time bar and become void ten years from the Maturity Date. The right to receive payment of interest shall be subject to time bar and become void three years from the relevant Interest Payment Date. The Issuer is entitled to any funds set aside for payments in respect of claims which have become void due to time bar.

19.2 If a period of limitation is duly interrupted (*Sw. preskriptionsavbrott*) in accordance with the Limitations Act, a new limitation period of ten years with respect to the right to receive repayment of the principal, and of three years with respect to the right to receive payment of 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 Limitations Act.

## **20 NOTICES**

20.1 Any notice or other communication to be made under or in connection with the Loan Terms:

- (a) if to the Administrative Agent, the Issuing Dealer or the Dealers (except for Nordea Bank Abp) shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the recipient to the Issuer from time to time;
- (b) if to Nordea Bank Abp, notice shall be given to the address registered in the Swedish Companies Registration Office for Nordea Bank Abp, filial i Sverige, to the attention of Debt Capital Markets, on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the recipient to the Issuer from time to time;
- (c) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Administrative Agent, to the email address notified by the Issuer to the Administrative Agent from time to time; and
- (d) if to the Noteholders, shall be given at their addresses as registered with the relevant CSD, on the Record Date prior to dispatch, and by either courier delivery (if practicably possible) or letter for all Noteholders. A notice to the Noteholders shall also be published on the website of the Issuer and the Administrative Agent.

20.2 Any notice or other communication made by one person to another under or in connection with the Loan Terms shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Administrative 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 20.1 in case of letter, three Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 20.1 or, in case of email, when received in readable form

by the email recipient. Any notice sent to the Noteholders shall also be disclosed by way of a press release and made available on the Issuer's website.

- 20.3 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.

## **21 FORCE MAJEURE AND LIMITATION OF LIABILITY**

- 21.1 With regards to the obligations imposed on the Dealers and the IPA, respectively, the Dealers and the IPA, as applicable, shall not be held liable for any losses arising out of any Swedish or foreign legal enactment, or any measure undertaken by a Swedish or foreign public authority, or war, strike, blockade, boycott, lockout or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the party concerned itself takes such measures or is subject to such measures.

- 21.2 Losses arising in other cases shall not be compensated by a Dealer or the IPA if the relevant entity has exercised due care. In no case shall compensation be paid for indirect losses.

- 21.3 Should a Dealer or the IPA not be able to fulfil its obligations under these Terms and Conditions due to any circumstance set out in Clause 21.1, such action may be postponed until the obstacle has been removed.

- 21.4 The aforesaid shall apply unless otherwise provided in the Swedish Financial Instruments Accounts Act or the Norwegian CSD Act, as applicable.

## **22 GOVERNING LAW AND JURISDICTION**

- 22.1 The Loan Terms, any non-contractual obligations arising out of or in connection herewith, shall be governed by and construed in accordance with the laws of Sweden, save for the registration of VPS Notes in VPS which will be governed by, and construed in accordance with, Norwegian law.

- 22.2 Disputes shall be settled in the courts of Sweden. The Stockholm District Court (Sw. *Stockholms tingsrätt*) shall be court of first instance.

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It is hereby confirmed that the above Terms and Conditions are binding on us.

Stockholm, 28 February 2022

**BLUESTEP BANK AB (publ)**



## FORM OF FINAL TERMS

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[Note Loan]/[Subordinated Loan] no [●]

under the Swedish MTN-Programme of

**Bluestep Bank AB (publ)**

The Terms and Conditions dated [[●]]/[28 February 2022] of the aforementioned MTN-Programme shall apply to this [Note Loan]/[Subordinated Loan], along with the Final Terms set out below.

The Terms and Conditions for the MTN-Programme are set out in the Issuer's base prospectus dated 28 February 2022, together with any supplementary prospectus published from time to time (the "**Base Prospectus**"). Capitalised terms used below shall have the meaning given to them in the Terms and Conditions, or as otherwise set out in the Base Prospectus.

This document constitutes the Final Terms for the purposes of Regulation (EU) 2017/1129 (along with relevant implementing measures under this Regulation in each Member State and in its current wording, referred to as the "**Prospectus Regulation**") and must be read in conjunction with the Base Prospectus and any supplement thereto in order to obtain all the relevant information. The Base Prospectus (and any supplements thereto) and any documents incorporated therein by reference are made available at the Issuer's website [www.bluestepbank.com](http://www.bluestepbank.com).

[These Final Terms replace the Final Terms dated [●] whereby the Loan Amount is increased from [●] [SEK/EUR/NOK] to [●] [SEK/EUR/NOK]].

### GENERAL

1. **Loan number:** [●]
  - (i) Tranche name [●]
2. **Aggregate Nominal Amount:**
  - (i) for the Note Loan]/[Subordinated Loan]: [●]
  - (ii) for tranche [●]: [●]
  - [(iii) previous tranche(s):] [●]
3. **Price per Medium Term Note:** [●] % of the Nominal Amount [plus accrued interest from and including [date] *if applicable*]
4. **Currency:** [SEK]/[EUR]/[NOK]
5. **Nominal Amount per Medium Term Note:** [SEK]/[EUR]/[NOK] [●] (*Minimum [EUR [●]]/[NOK [●]] corresponding value in SEK.*)
6. **Loan Date:** [●]
7. **Interest Commencement Date (if other than Loan Date):** [●]
8. **Maturity Date:** [●]
9. **Basis for calculation of interest:** [Fixed Rate]  
[Floating Rate (FRN)]  
[Zero coupon]

10. **Amount as basis for calculation of interest:** [Real Interest Rate]  
[Nominal Amount]/[●]

#### BASIS FOR CALCULATION OF RETURN

11. **Fixed Interest Rate:** [Applicable]/[Not Applicable]  
*(If not applicable, delete the remaining subheadings under this heading)*
- (i) Interest Rate: [●] % annual interest calculated on [Nominal Amount]/[●].
- (ii) Interest Period: [SEK/EUR: Period from [●] to and including the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date]  
[NOK: Period from and including [●] to the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date]
- (iii) Interest Payment Date(s): [Annually]/[Semi-Annually]/[Quarterly] the [●], the first time the [●] and last time the [●]  
*(The above is adjusted in the event of a shortened or extended Interest Period)*
12. **Floating Rate (FRN):** [Applicable]/[Not Applicable]  
*(If not applicable, delete remaining subheadings under this heading)*
- (i) Base Rate: [●] months [STIBOR]/[EURIBOR]/[NIBOR]  
[The Interest Basis for the first coupon will be a linear interpolation between [●] months [STIBOR]/[EURIBOR]/[NIBOR] and [●] months [STIBOR]/[EURIBOR]/[NIBOR].]
- (ii) Margin: [+]/[-][●] % annual interest calculated on the [Nominal Amount]/[●]
- (iii) Interest Determination Date: [Two] Business Days prior to each Interest Period, first time [●]
- (iv) Interest Period: [SEK/EUR: Period from [●] to and including the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]  
[NOK: Period from and including [●] to the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]
- (v) Interest Payment Date(s): The last day of each Interest Period, [[●], [●], [●] and [●],] the first time on [●] and last time on [●]

13. **Zero coupon [Note Loan]/[Subordinated Loan]:** [Applicable]/[Not Applicable]  
*(If not applicable, delete remaining subheadings under this heading)*
- (i) Terms for [Note Loans]/[Subordinated Loans] without interest: [•]
14. **Additional provisions applicable in relevant cases to [Notes]/[Subordinated Notes] with Real Interest Rate:** [Applicable]/[Not Applicable]  
*(If not applicable, delete remaining subheadings under this heading)*
- (i) Base CPI: [The date of determination of the Base CPI is [•] or Base CPI if fixed before the Loan Date]
- (ii) Final CPI: [The determination date of the Final CPI is [•]]

## REPAYMENT

15. **Amount with [Note]/[Subordinated Note] is to be repaid at the Maturity date:** [•] % of [Nominal Amount]/[•]
16. **Subordinated Note with voluntary early repayment options for the Issuer prior to the Maturity Date:** [Applicable]/[Not Applicable]  
*(If not applicable, delete remaining subheadings under this heading)*
- (i) Terms for early redemption: [The Issuer has the right to redeem (Call) on the following dates; [ ] [and thereafter each Interest Payment Date] provided that the conditions set out in paragraph (a) of Clause 11 are fulfilled.
- The Issuer further has the right to redeem (Call) provided that the conditions set out in paragraph (b) of Clause 11 are fulfilled.]

## OTHER

17. **Admitted to trading on a Regulated Market:** [Applicable]/[Not Applicable]  
*(If not applicable, delete remaining subheadings under this heading)*
- (i) Regulated Market: [Nasdaq Stockholm]/[Oslo Børs]/[Specify other relevant Regulated Market]
- (ii) Estimate of total expenses in connection with admission to trading: [•]
- (iii) Total number of Medium Term Notes admitted to trading: [•]
- (iv) Earliest date of admission to trading: [Specify]/[Not Applicable]

18. **CSD** [Euroclear Sweden]/[VPS]
19. **Interests:** [Specify]/[Not Applicable]  
*(Natural persons involved in the Issue and which may be relevant to individual Medium Term Loans, shall be described)*
20. **Following specific risk factors described in the Base Prospectus apply:** [Medium Term Notes with fixed interest rate]/[Medium Term Notes with floating interest rate]/[Medium Term Notes without interest]/[Medium Term Notes with real interest rate]  
*(Specify relevant interest rate risk for the applicable interest rate pursuant to above)*  
 [Specific risks related to the Subordinated Notes]  
 [The Issuer may redeem the Subordinated Notes on the occurrence of a Capital Event or Tax Event]  
 [Market and tenor risks]
21. **Credit rating for [Note Loan/[Subordinated Loan]:** [Specify]/[Not Applicable]
22. **Resolution as basis for the Issue:** [Specify]/[Not Applicable]
23. **Third party information:** [Information in these Final Terms that comes from a third party has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from a comparison with other information that has been published by the relevant third party, no facts have been omitted in a way that would render the reproduced information inaccurate or misleading/Not Applicable]
24. **Issuing Dealer:**  
 (i) for tranche [●]: [Nordea Bank Abp]/[Danske Bank A/S, Danmark, Sverige Filial]/[Skandinaviska Enskilda Banken AB (publ)]/[●]  
 [(ii) previous tranche(s):] [Nordea Bank Abp]/[Danske Bank A/S, Danmark, Sverige Filial]/[Skandinaviska Enskilda Banken AB (publ)]/[●]
25. **Administrative Agent:** [Nordea Bank Abp]/[Danske Bank A/S, Danmark, Sverige Filial]/[Skandinaviska Enskilda Banken AB (publ)]/[●]
26. **ISIN:** SE[●]
27. **Use of proceeds:** [General financing of the Issuer's and the Group's business activities] [Specify details]
28. **The estimated net amount of the proceeds:** [EUR/SEK/NOK] [●] less customary transaction costs and fees.

The Issuer confirms that the above supplementary terms and conditions are applicable to the [Note Loan/Subordinated Loan] together with the Terms and Conditions and undertakes accordingly to pay principal and (where appropriate) interest. The Issuer also confirms that it has disclosed all material events after the date of this MTN-Programme regarding the Base Prospectus that could affect the market's perception of the Issuer.

Stockholm [*Date*]

**BLUESTEP BANK AB (publ)**

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## DESCRIPTION OF BLUESTEP

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### General corporate information

The Company, Bluestep Bank AB (publ), incorporated under the laws of Sweden with registration number 556717-5129 and Legal Entity Identifier 5493004FETDD2Z2FY510, is a public limited liability bank company (Sw. *Bankaktiebolag*). The Company has its principal office at Sveavägen 163, 104 35 Stockholm. As a public limited liability bank company, it is under the supervision of the Swedish FSA and is regulated by, *inter alia*, the Swedish Banking and Financing Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*) and the Swedish Deposit Insurance Act (Sw. *lag (1995:1571) om insättningsgaranti*). The Company was registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 13 December 2006.

The Company's website is [www.bluestepbank.com](http://www.bluestepbank.com). The information on the Company's website or any other website is not part of this Base Prospectus and has not been scrutinised or approved by the Swedish FSA unless that information is incorporated by reference into this Base Prospectus.

Pursuant to the Company's articles of association, the object of the Company's business shall be to conduct banking business in accordance with Chapter 1, Section 3 of the Swedish Banking and Financing Act and to issue covered bonds in accordance with the Covered Bonds Act (Sw. *lag (2003:1223) om utgivande av säkerställda obligationer*). The Company may also conduct financial business and other related business which is naturally related thereto in accordance with Chapter 7, Section 1 of the Swedish Banking and Financing Act. Furthermore, the Company may conduct collection business, insurance mediation and other business which is compatible with the above-mentioned business.

Bluestep is a dedicated and solution-oriented lender that offers specialist mortgages in Sweden, Norway and Finland. The goal is to be the preferred and best option for those who have difficulties obtaining a mortgage loan from a traditional bank in Sweden, Norway, Finland and other, potential, suitable markets. The Company's focus is to provide mortgage loans to people with the ability to improve and change their life situation and thereby successfully manage their finances in a sustainable way going forward. The focus is primarily on borrowers' future financial capabilities rather than the historic challenges that they may have experienced.

Bluestep is funded by deposits from the public, covered bonds, Medium Term Notes, RMBS, equity and, from time-to-time, complemented by credit facilities in collateralised- or uncollateralised form.

Under its current articles of association, the Company's share capital shall be not less than SEK 100,000,000 and not more than SEK 400,000,000, divided into not fewer than 2 shares and not more than 8 shares. As at the date of this Base Prospectus, the Company's registered share capital is SEK 100,000,000 represented by 2 shares. Each share has a quota value of SEK 50,000,000.

### History

The business was originally established in Stockholm late 2004 through Bluestep Holding AB (at the time named Bluestep Bostadslån AB), in order to provide mortgages to property owners rejected by the traditional banks. The business was later transferred from Bluestep Holding AB to the Company.

In 2010, the Company entered the Norwegian market through its Oslo branch and in 2011 it launched unsecured loans in Sweden, to complement the mortgage business. In 2015, the Company acquired, through its wholly owned subsidiary Bluestep Servicing AB, part of its former loan and deposit administrator in Sweden (Cerdo Bankpartner AB), allowing the Group to develop its loan and deposit administration platform for Sweden in-house.

The Swedish FSA granted the Company a financing business license in 2007 and its banking license in 2016.

In 2017, the Company was also granted a license to conduct insurance mediation, however, the Company has revoked its license to conduct insurance mediation. This as the Company has ceased to mediate payment protection insurances (“PPI”), an insurance product that was part of the Company’s historic personal loans offering.

In November 2017, Bluestep Holding AB and the Group were acquired by the private equity fund EQT VII.

In November 2019, the Company received its license to issue covered bonds (Sw. *säkerställda obligationer*) from the Swedish FSA.

In 2020, Bluestep launched the brand 60plusbanken under which the business markets its equity release product in Sweden.

A branch office was established in Finland in January 2020 and Bluestep started to offer specialist mortgages in Finland in June 2020.

In February 2020, Bluestep decided to focus its offering on specialist mortgages and discontinued its personal loans offering.

On 27 November 2020, the Company entered into an agreement to divest its portfolio of unsecured personal loans. The divestment of the portfolio was completed on 1 January 2021.

In 2021, the Company centralised its back-office functions and the administration for the Swedish, Norwegian and Finnish mortgages and the Swedish and Norwegian deposit portfolios are now performed from Stockholm.

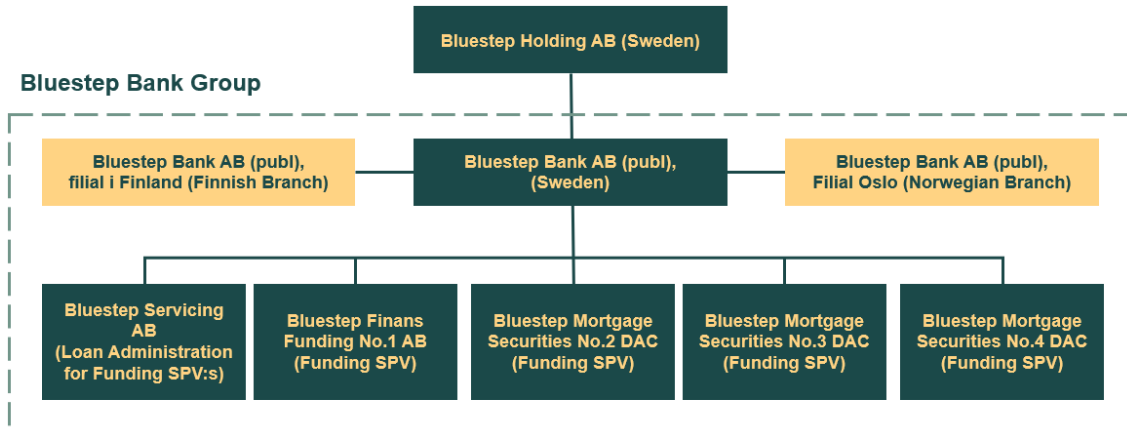
## **Ownership and organisational structure of the Group**

The Company is the main operating company of the Group. The Company is wholly owned by Bluestep Holding AB and then indirectly by Butterfly Holdco Pte Limited (Singapore), Butterfly Topco Pty Limited (Singapore) and ultimately by the private equity fund EQT VII, including certain of its co-investment schemes. The Company and its owner comply with applicable rules and regulation, such as the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*), to ensure that the control over the Company is not abused. Furthermore, the Company is subject to provisions under the Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*) which prohibits the Company from entering into unfavourable transactions with its owner.

The Company owns four on-balance-sheet funding subsidiaries, which are used for issuing RMBS and obtaining warehouse funding. The Company also owns one subsidiary that handles the administration for the Swedish mortgages that are held by the funding subsidiaries. It is therefore dependent upon dividend distributions and other payments from its subsidiaries.

The EQT VII fund, the indirect majority shareholder in Bluestep, has initiated a review to explore strategic alternatives for its holding in Bluestep group, including, but not limited to, a potential public listing. No decision has yet been made related to any strategic alternative, nor as to the timetable. Further updates to the market will be provided if and when appropriate.

The picture below illustrates the Company, its principal active subsidiaries and branch as well as its direct ownership as at the date of this Base Prospectus. The intention is that the subsidiary Bluestep Mortgage Securities No. 2 DAC shall be wound up during 2022 and that subsidiary Bluestep Mortgage Securities No. 3 DAC shall be wound up during 2023.



## Business of the Group

### Introduction

The Company targets consumers and currently offers residential mortgage loans in Sweden, Norway and Finland. The majority of the Company's mortgage customers live in, or close to, urban areas. The collateral mainly consists of detached houses and tenant owners' rights. Up until February 2020, the Company also offered personal loans in Sweden but is now solely focusing on providing residential mortgage loans.

The Company's mortgage offering targets five main customer segments with different characteristics that make them unable or unlikely to be approved by a traditional bank for a mortgage. These segments are: (i) individuals with need of debt consolidation; individuals with full-time employment but with a high level of unsecured debt obligations, (ii) individuals that are credit impaired; typically individuals that for different reasons have credit remarks, (iii) individuals with insufficient credit history; customers with limited credit history; typically part time employed, recent graduates, recent immigrants, and returning expats, (iv) individuals with modern employment forms or self-employed; non-traditionally employed, often entrepreneurs or those conducting freelance work with short-term employment contracts, and (v) retirees; retired individuals often with low income, but with retirement benefits or significant equity in property. For retired individuals, the Company offers equity release mortgages as an alternative to standard mortgages. This part of the mortgage portfolio constitutes, at the time of this Base Prospectus, a small part of the total mortgage portfolio. It is expected to grow, but to remain a minor part for the next three years.

Historically, the Company mainly focused its offering towards customers with credit remarks. Over time, the share of customers with few or no credit remarks has increased. The development of the Company's lending, with regards to performance, has naturally been influenced by macro-economic factors, similarly to most banks. For instance, credit losses increased in the aftermath of the financial crisis of 2007-2008 but has gradually decreased since then. The aggregated credit performance is also influenced by the total loan book composition (the respective shares of Swedish and Norwegian residential mortgage lending and Swedish personal loans lending), as personal loans exhibit different credit-characteristics compared to residential mortgage loans. Loss levels have for example naturally been higher in personal loans lending compared to residential mortgage lending.

As of 1 January 2021, the Company's lending only consists of residential mortgage lending, hence there will be little, or no, impact from the personal loans lending on loss levels during 2021 onwards.

### Strategy

The core strategy of the Company is to understand each new borrower's financial situation in detail, not just relying on historic data, but also ensuring that they, going forward, have the capability to afford the loan from the Company together with all other financial obligations they may have. When refinancing



other financial obligations, the aim is to decrease the monthly payment for financial debts for the borrower.

Retaining and developing a strong credit culture and an ability to understand risk have been, and will be, the core focus areas for the Company. This includes an individual credit assessment before a loan is granted, which includes assessments by internal valuers of all properties as well as on-site valuation of properties (by independent valuers or real estate agents), in cases where market values based on statistical data is deemed insufficient or the internal valuer, for other reasons, require an on-site valuation to determine the market value. In the case where customers want to purchase a property, the reliance on a purchase price is only accepted if the purchase is an open market transaction which is handled by a real estate agent. Given that borrowers might have an adverse credit history, the Company only grants loans based on a thorough, manual, credit assessment of the individual borrower and within the current amortisation regulation (from which equity release loans are exempt). Risk grade, income type, loan to value, loan size, type of property and affordability dictates if a loan can be granted, the product offered, as well as the cost to the borrower.

Due to customer risk being highest during the first couple of years, the Company can charge a higher interest rate during the first years for its borrowers. The borrower can in turn be offered a reduced interest rate later on, subject to having exhibited a clean payment history with the Company. For equity release loans, which have a lower risk during the first years, there is no higher interest rate charged during these years nor is any interest rate reduction offered.

As to the mortgage loan security, the Company has a first ranking pledge in Sweden. In Norway, the Company predominantly offers first charge mortgages but may in respect of certain customers also accept a second charge pledge, for example, in the property in which a first ranking pledge has been obtained by another mortgage provider or as an additional collateral to the property in which the Company has obtained a first ranking pledge. In Finland, the Company also, predominantly, offer first charge mortgages but can, in certain circumstances, accept a second charge pledge as an additional collateral to the property in which the Company has obtained a first ranking pledge.

### **Insurance mediation**

In the Swedish mortgage business, borrowers obtaining an equity release loan which is secured by mortgage certificates in real property are required to have a supplementary insurance in addition to the traditional homeowner's insurance required for all borrowers. The Company, as a tied insurance intermediary to Anticimex Försäkringar AB, offers this kind of supplementary insurance.

### **Collection process**

Loan and interest payments are made monthly and the majority of all customers have direct debit as payment solution when the loan is paid out. If a payment is late, or direct debit attempts are unsuccessful, the internal collection process at the Company commences immediately.

For equity release loans, the repayment of all outstanding amounts including principal, accrued interest and any fees and expenses are made when the property pledged for the loan is sold, or the customer is no longer officially registered as residing in the property.

Kronofogdemyndigheten (Sweden), Namsmannen and the courts (Norway) and Utsökningsverket (Finland) are the governmental bodies responsible for carrying out enforcement orders over assets in Sweden, Norway and Finland, respectively, including the collection of unpaid debts, whether secured or unsecured. This means that all enforced sales of pledged collateral in Sweden, Norway and Finland are being handled by one of these responsible, national, governmental bodies. Until an enforcement process is started, the collection activity is handled in-house, and in the case of the Norwegian business, in cooperation with a reputable third-party debt collection agency. The above collection processes are governed by the Company's Collection Instruction, the Swedish Debt Enforcement Code (Sw.

*Utsökningsbalk (1981:774)*), the Norwegian Debt Collection Act 1988 (No. *Inkassoloven av 13.mai 1988 no. 26*), the Norwegian Enforcement Act 1992 (No. *Tvangsfullbyrdelsesloven av 26. juni 1992 no. 86*) and the Finnish Debt Enforcement Code (Sw. *Utsökningsbalk 15.6.2007/705*).

### **Customer sourcing**

The Company uses a multi-channel platform for finding and attracting target customer segments as well as building brand awareness and positive perception, leading to positive word of mouth. The platform includes direct channels like TV, radio, digital channels, direct mail, e-mail and indirect channels like brokers, real estate agents and debt collection agencies.

### **Funding**

The Company has developed a funding platform with access to a diverse funding mix, including deposits, Medium Term Notes, RMBS, covered bonds, warehouse funding and unsecured credit facilities.

The Company has been using retail deposits as a funding source since 2008 in Sweden and 2010 in Norway. In 2022, the Company will also assess to start raising deposits, covered by the Swedish Deposit Insurance Act, in one or several euro countries. Retail deposits is a flexible source of funding as the Company is able to adjust inflows and outflows and the maturity profile of the deposit book by adjusting rates offered on deposits. Daily changes in deposit flows have historically been very limited (less than 1 per cent.) when put in relation to the total deposit portfolio.

The Company offers deposit products ranging from instant access to longer term savings products. All products are competitively priced, providing customers with a competitive return on their short and long-term savings.

All deposits in Sweden and Norway are covered by the Swedish Deposit Insurance Act (up to SEK 1,050,000). In addition, for Norwegian deposits, the Norwegian Banks' Guarantee Fund covers the difference up to the Norwegian guaranteed limit (currently up to NOK 2,000,000).

Historically, the Company has issued RMBS and used the proceeds to repay retail deposit funding, warehouse facilities and to support increased lending. Warehouse facility funding is used as a complement to other types of funding.

The Company's RMBS funding has maturity profiles of 45 years from issuance. However, the transactions do contain a call option after 5 years from issuance, which the Company has exercised for its two first public RMBS (Bluestep Mortgage Securities No. 2 DAC and Bluestep Mortgage Securities No. 3 DAC) and intends to exercise for the remaining RMBS outstanding (Bluestep Mortgage Securities No. 4 DAC).

The Company has also issued and intends to issue Medium Term Notes under this MTN-Programme.

Furthermore, in order to obtain a diverse funding mix, the Company has also issued covered bonds under its MTCN programme.

### **Credit rating**

On 16 June 2020, the credit rating agency Moody's upgraded the Company's local and foreign currency long term deposit rating to A3. Moody's has not assigned any credit rating to the MTN-Programme or to any Medium Term Loan issued under the MTN-Programme. For more information on credit ratings, please refer to the credit rating agency's website: [www.moody.com](http://www.moody.com). Moody's is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

The table below shows Moody's long-term rating scale:

Aaa	Baa1	B2
Aa1	Baa2	B3
Aa2	Baa3	Caa
Aa3	Ba1	Ca
A1	Ba2	C
A2	Ba3	
A3	B1	

## Competitors

### *Sweden*

In Sweden, the four largest traditional banks, Nordea, SEB, Handelsbanken and Swedbank dominate the traditional mortgage market. The Company sees itself as a complement to these traditional banks, helping customers they reject but who are credit worthy based on a thorough underwriting process.

In 2020, the Company had, pursuant to the Company's own calculations, approximately 70 per cent market share in its niche in Sweden and is the only provider with specialist mortgages as its core business.<sup>2</sup> Marginalen Bank, Svea Ekonomi and Nordax Bank also offer specialist mortgages as part of their business model.

### *Norway*

In 2010, the Company was the second specialist mortgage provider to enter the Norwegian market and is now the largest provider (based on the Company's own calculations of outstanding lending volumes for known specialised mortgage providers on the Norwegian market). The traditional banks in Norway processing standard mortgages are similar to the Swedish landscape, with DNB, Sparebank 1 Group, Nordea, Handelsbanken and Danske Bank as the largest providers.

In 2020, the Company had, pursuant to the Company's own calculations, approximately 50 per cent market share in its niche in Norway and is the only large provider with specialist mortgages as core business.<sup>3</sup> The relevant Norwegian peers are Svea Ekonomi, Bank 2, Kraft Bank, MyBank, Instabank and Nordax Bank. In light of the foregoing, the Company believes that it holds a strong position within its niche in Norway.

### *Finland*

Similar to Sweden and Norway, the mortgage market in Finland is dominated by a few traditional banks, OP Financial Group, Nordea Bank and Danske Bank. In 2020, the Company entered the Finnish specialist mortgage market as a complement to these traditional banks as the first specialist mortgage provider in

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<sup>2</sup> The calculation of market shares relates to the outstanding lending volumes, excluding equity release mortgages, for known specialised mortgage providers in the market (i.e. in addition to the Company - Marginalen Bank, Svea Ekonomi and Nordax Bank). The data used for the calculations are based on official year-end figures for 2020 where available and otherwise based on Bluestep's assessment.

<sup>3</sup> The calculation of market shares relates to the outstanding lending volumes, excluding equity release mortgages, for known specialised mortgage providers in the market (i.e. in addition to the Company - Svea Ekonomi, Bank 2, Kraft Bank, MyBank, Instabank and Nordax Bank). The data used for the calculations are based on official year-end figures for 2020 where available and otherwise based on Bluestep's assessment, and the comparison is made as of year-end 2020.

the country. As the first mover into the specialist mortgage market in Finland, the Company is, at the date of this Base Prospectus, the only large provider with specialist mortgages as core business.

## Relevant legislation

The Company is a public limited liability bank company and regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and its articles of association. As a bank, the Company is subject to the supervision of the Swedish FSA and regulated by, *inter alia*, the Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*), the Act (2003:1223) on issuance of Covered Bonds (Sw. *lag (2003:1223) om utgivande av säkerställda obligationer*) and the Swedish Deposit Insurance Act (Sw. *lag (1995:1571) om insättningsgaranti*). The Company is also subject to the Norwegian Financial Undertakings Act (No. *Lov 10. april 2015 nr. 17 om finansforetak og finanskonsern*) with respect to its branch in Norway, which is also a member of the Norwegian Banks' Guarantee Fund (No. *Bankenes sikringsfond*), and subject to the Act on Financial Institutions 2014 (Fi. *Laki luottolaitostoiminnasta*) with respect to its branch in Finland.

The Company is further subject to the provisions set forth in the CRR, the Swedish Supervision of Credit and Investment Firms Act (Sw. *lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag*) and the Swedish Act on Capital Buffers (Sw. *lag (2014:966) om kapitalbuffertar*), which implement CRD IV.

The capital adequacy requirements are measured both on the level of the Company and on the consolidated situation which the Company reports to the Swedish FSA.

In addition to laws and official regulations, the Company has a number of internal documents that govern the day-to-day management of the Company. These are adopted by the Board of Directors or the CEO and include, *inter alia*, the rules of procedures for the Board of Directors, instructions for the CEO, the risk management policy, the credit policies, the remuneration policy, the outsourcing policy, the anti-money laundering policy, information policy, the liquidity risk policy, the data protection policy and the customer protection policy.

## **BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS**

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### **Board of Directors**

Pursuant to the Company's articles of association, the board of directors shall consist of no less than five and no more than ten members, with no more than three deputy members, elected by the general meeting of the shareholders. The board of directors was elected by the general meeting of the shareholders (elected until the annual general meeting in 2022). Below are the names and current positions of the members of the board of directors of the Company.

#### **Per-Arne Blomquist**

Born 1962. Board member and chairman of the board since 2018.

*Principal education:* B.Sc. in Business Administration and Economics from Stockholm School of Economics.

*Other on-going principal assignments:* Chairman of the board of Bluestep Holding AB, board member of C-Rad AB, board member of BUFAB, CEO of Qarlbo AB.

#### **Sofia Arhall Bergendorff**

Born 1969. Board member since 2018.

*Principal education:* B.A. University of Oregon, MBA INSEAD.

*Other on-going principal assignments:* Managing Director Partnerships Northern Europe at Google, Vice-Chairman of Nuuday A/S, board member of Bluestep Holding AB.

#### **Julia Ehrhardt**

Born 1980. Board member since 2021.

*Principal education:* Engineering Physics Majoring in Financial Mathematics at Royal Institute of Technology (KTH).

*Other on-going principal assignments:* CFO Ark Kapital AB, board member of Nystart Finans AB, board member of Corpia Group AB, Vice Chairman of the Board at DNA (non-profit organization).

#### **Toby Franklin**

Born 1972. Board member since 2008.

*Principal education:* University of Warwick, BSc Hons, First Class, Maths Operational Research Statistics and Economics. Tuck School of Business at Dartmouth College, NH USA, MBA.

*Other on-going principal assignments:* Partner, Acuity Investments LLP, UK, Chairman of the board of Tower Leasing Ltd, UK, board member of the board of Pro Global Holdings Ltd, UK, board member of Carfico Ltd, board member of Bluestep Holding AB.

#### **Albert Gustafsson**

Born 1977. Board member since 2017.

*Principal education:* B.Sc. Business Administration from University of Gothenburg, School of Economics and Law.

*Other on-going principal assignments:* Board member of Bluestep Holding AB, partner at EQT Partners AB, Chairman of the board of Green Water AB, board member of Eton Group AB, board member of Beijer Ref AB.

**Rolf Stub**

Born 1963. Board member since 2020.

*Principal education:* Bachelor of Business Administration from the University of San Francisco, Master of International Management from American Graduate School of International Management, Arizona – USA.

*Other on-going principal assignments:* Board member of Bluestep Holding AB, board member of Uno Finans AS, board member of Nystart Finans Sverige AB.

**Simon Tillmo**

Born 1991. Board member since 2020.

*Principal education:* B.Sc. in Economics from University of Gothenburg, Industrial Engineering and Management from Chalmers University of Technology, Master of Finance from University of Cambridge.

*Other on-going principal assignments:* Board member of Bluestep Holding AB, Director at EQT Partners GmbH.

**Lars Wollung**

Born 1961. Board member since 2018.

*Principal education:* M.Sc Royal Institute of Technology (KTH), B.Sc in Business Administration from Stockholm School of Economics.

*Other on-going principal assignments:* Chairman of the board of Hoist Finance AB (publ), Chairman of the board of Dignisia AB, Chairman of the board of RaySearch Laboratories AB (publ), Chairman of the board of TPS Investment AB, board member of TPS Advisory AB, board member of Bluestep Holding AB.

**Senior Management**

The section below sets forth the name and current position of each member of the senior management of the Company.

**Björn Lander, CEO**

Born 1975. With Bluestep since 2019.

*Other on-going principal assignments:* Chairman of the board of Bluestep Finans Funding No 1 AB, chairman of the board of Bluestep Servicing AB.

**Pontus Sardal, CFO**

Born 1967. With Bluestep since 2021.

*Other on-going principal assignments:* Board member of Collectius AG.

**Sarmad Jawady, CCO Sweden**

Born 1984. With Bluestep since 2007.

*Other on-going principal assignments:* None.

**Erik Walberg Olstad, Branch Manager and CCO Norway**

Born 1987. With Bluestep since 2012.

*Other on-going principal assignments:* None.

**Petri Matikainen, Branch Manager and CCO Finland**

Born 1976. With Bluestep since 2019.

*Other on-going principal assignments:* None.

**Christian Marker, Chief Legal Officer**

Born 1979. With Bluestep since 2005.

*Other on-going principal assignments:* Board member of Bluestep Finans Funding No 1 AB and Bluestep Servicing AB.

**Karin Jenner**, Chief Human Resource Officer

Born 1982. With Bluestep since 2014.

*Other on-going principal assignments:* None.

**Max Fischer**, Chief Information Officer

Born 1974. With Bluestep since 2020.

*Other on-going principal assignments:* None.

**Mia Lund Hanusek**, Chief Marketing Officer

Born 1975. With Bluestep since 2020.

*Other on-going principal assignments:* Board member of Silva Group AB.

### **Business address**

The address for all board members and members of the senior management is c/o Bluestep Bank AB (publ), Box 23138, 104 35 Stockholm, Sweden.

### **Conflicts of interest**

No board member or member of senior management has any personal interests that could conflict with the interests of the Company. Several board members and members of the senior management have a long-term financial interest in the Group as indirect shareholders in the Company.

### **Auditors**

The Company's auditor is currently the accounting firm Ernst & Young AB (P.O. Box 7850, 103 99 Stockholm, Sweden) with Daniel Eriksson, born 1973, as auditor in charge (the "**Current Auditor**"). The Current Auditor was re-elected at the annual general meeting 2021 for the time until the end of the annual general meeting 2022. The Current Auditor has audited the Company's annual report for the financial years 2020 and 2019 and is an authorised public accountant and member of FAR, the professional institute for accountants in Sweden.

## ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures, APMs, are financial measures other than those defined in the applicable financial reporting framework (International Financial Reporting Standards, IFRS) or in Regulation (EU) No 575/2013 (CRR). APMs are used by the Group as a complement to assess the financial performance of the Group. The Group's APMs may not be comparable to other similarly titled measures presented by other companies.

All alternative performance measures in this prospectus have been derived from the Company's annual report for 2020 and 2019 and the Company's year-end report for 2021. The Company's year-end report for 2021 has not been audited nor reviewed by Company's auditor.

Group	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019
Operating profit (SEKm)	325.2	215.5	274.5
Net Credit Losses Sweden Mortgage Loans in %	0.01	0.11	0.11
Net Credit Losses Norway Mortgage Loans in %	0.08	0.24	0.10
Net Credit Losses Finland Mortgage Loans in %	0.16	0.21	-
Net Credit Losses Sweden Personal Loans in %	n.a.	1.88	4.25
Return on Equity in %	14.6	10.1	14.1

### Definitions

Measure	Definition	Reason for use
Operating profit in SEKm	Profit before taxes.	This measure shows the Group's profit earned from its ongoing core business, but before any tax and is used as an indicator of the business's profitability.
Net Credit Losses in %	Net credit losses (actual losses and net change in provisions, less recoveries) as a percentage of the closing balance of lending to the general public.	This measure shows credit losses compared to the lending to the general public and is used to measure the Group's cost of risk.
Return on Equity in %	Operating profit after tax of 20.6% (21.4% for previous periods) in relation to average shareholders' equity (the average of the total equity at the beginning of the period and the total equity at the end of the period).	This measure shows the Group's profitability in relation to the shareholders' equity and is used to assess the Group's ability to generate profits.



*Reconciliation of Net Credit Losses*

	Sweden mortgage loans	Norway mortgage loans	Finland mortgage loans	Sweden personal loans
<b>Jan-Dec 2021</b>				
Net credit losses	0.6	5.9	0.3	0.0
Closing balance, lending to the general public	10 483.8	7 629.8	219.4	n.a.
Net credit losses in %	0.01	0.08	0.16	n.a.
<b>Jan-Dec 2020</b>				
Net credit losses	10.6	16.0	0.1	13.4
Closing balance, lending to the general public <sup>4</sup>	9416.1	6651.7	47.7	714.6
Net credit losses in %	0.11	0.24	0.21	1.88
<b>Jan-Dec 2019</b>				
Net credit losses	9.6	7.0	-	43.1
Closing balance, lending to the general public	8394.5	6741.4	-	1014.1
Net credit losses in %	0.11	0.10	-	4.25

<sup>4</sup> Sweden Personal loans-portfolio reported as "Assets held for sale" in Dec-2020 (instead of "Lending to the public" previously) but included in this table for comparison reasons. The divestment of the portfolio was completed on 1 January 2021.

## **LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION**

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### **Swedish Financial Supervisory Authority Approval**

The Base Prospectus has been approved by the Swedish Financial Supervisory Authority as competent authority under the Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). The Swedish Financial Supervisory Authority only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority’s approval should not be considered as an endorsement of the Company that is the subject of this Base Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

### **Authorisations and responsibility**

The Company has obtained all necessary resolutions, authorisations and approvals required in conjunction with the MTN-Programme and the performance of its obligations relating thereto. The MTN-Programme was authorised by a resolution of the Board of Directors of the Company on 23 February 2022.

The Company accepts responsibility for the information contained in this Base Prospectus and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and the Base Prospectus makes no omission likely to affect its import. The Board of Directors of the Company is, to the extent provided by law, responsible for the information contained in this Base Prospectus and declares that, to the best of its knowledge, the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

### **Information from third parties**

The Base Prospectus contains data from third parties. This information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Company has not independently verified the information and therefore, the accuracy and completeness cannot be guaranteed.

### **Material agreements**

Neither the Company nor any other Group Company has concluded any material agreements not entered into in the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to the Company’s ability to meet its obligations to the Noteholders.

### **Shareholders’ agreement**

As far as the Board of Directors of the Company is aware, there are no shareholders’ agreements or other agreements that could result in a change of control of the Company (however, please refer to the section “*Ownership and organisational structure of the Group*” above).

### **Legal and arbitration proceedings**

The Group is currently and may from time to time be subject to disputes, claims and administrative proceedings as a part of the ordinary course of business. However, the Group is not now and has not been party to any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened which the Company is aware of) during the previous 12 months

preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Company's and/or the Group's result or financial position.

### **Certain material interests**

The Arranger and/or the Dealers (and closely related companies) may have provided, and may in the future provide, certain investment banking and/or commercial banking and other services to the Company and the Group for which they have received, or will receive, remuneration. Accordingly, conflicts of interest may exist or may arise as a result of the Arranger and/or the Dealers having previously engaged, or in the future engaging, in transactions with other parties, having multiple roles or carrying out other transactions for third parties.

### **Trend information**

During at least the first half of 2022, the effects of the spread of COVID-19 are expected to continue to create significant uncertainty and have a dampening effect on the world economy, including the markets in which the Company operates. Except for the above, there has been no material adverse change in the prospects of the Company since 23 April 2021, being the date of the publication of the last audited financial statements. Furthermore, there has been no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published.

### **Significant changes since 31 December 2021**

There have been no significant changes in the financial or trading position of the Company since 31 December 2021, being the end of the last financial period for which interim financial information has been published.

### **Incorporation by reference**

The following information has been incorporated into this Base Prospectus by reference and is available for the term of this Base Prospectus on the Company's website at <https://www.bluestepbank.com/investor-relations/financial-reports/>. The incorporated information should be read as part of the Base Prospectus.

**Annual report for the financial year 2019**, in respect of the audited consolidated financial information and the audit report on the following pages:

- 23 (Consolidated income statement and the Company's income statement)
- 24 (Consolidated balance sheet and the Company's balance sheet)
- 25 (Consolidated statement of changes in equity and the Company's statement of changes in equity)
- 26 (Consolidated statement of cash flows and the Company's statement of cash flows)
- 27 - 89 (Notes to the financial statements)
- 101 - 105 (Auditor's report)

**Annual report for the financial year 2020**, in respect of the audited consolidated financial information and the audit report on the following pages:

- 24 (Consolidated income statement)
- 25 (Consolidated balance sheet)
- 26 (Consolidated statement of changes in equity)
- 27 (Consolidated statement of cash flows)
- 32 - 100 (Notes to the financial statements)

- 130 - 135 (Auditor's report)

**Interim report for the period January to December 2021**, in respect of the unaudited consolidated financial information on the following pages:

- 14 (Consolidated income statement)
- 15 (Consolidated balance sheet)
- 16 (Consolidated statement of changes in equity)
- 17 (Consolidated statement of cash flows)
- 18 (The Company's income statement)
- 19 (The Company's balance sheet)
- 20 (The Company's statement of changes in equity)
- 21 (The Company's statement of cash flows)
- 22 – 42 (Notes to the interim report)

Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Medium Term Notes or is covered elsewhere in the Base Prospectus.

The Company's annual reports for the financial years 2019 and 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Swedish Annual Report Act (Sw. *årsredovisningslag (1995:1554)*). With the exception of the annual reports, no information in this Base Prospectus has been audited by the Company's auditor.

In addition to the above and in order to enable further tap issuances under previous prospectuses, the following information has been incorporated into this Base Prospectus by reference and is available for the term of this Base Prospectus on the Company's website at <https://www.bluestepbank.com/investor-relations/mtn-programme/base-prospectus/>, are incorporated in, and form part of this Base Prospectus.

**Base prospectus dated 5 June 2020 (Swedish FSA reference no. 20-10749)**, in respect of the general terms and conditions as of 12 November 2018 (including the form of final terms) on the following pages:

- 30 – 50 (*Terms and conditions*)
- 51 – 55 (*Form of final terms*)

**Base prospectus dated 18 March 2021 (Swedish FSA reference no. 21-2418)**, in respect of the general terms and conditions as of 27 August 2020 (including the form of final terms) on the following pages:

- 30 – 50 (*Terms and conditions*)
- 51 – 55 (*Form of final terms*)

## **Financial information for the financial year 2021**

All financial information in this prospectus relating to the period 1 January to 31 December 2021 or with the reference date 31 December 2021 has been derived from the Company's year-end report for 2021. The Company's year-end report for 2021 has not been audited nor reviewed by Company's auditor.

## **Documents available**

The Company's Certificate of Registration and Articles of Association are electronically available for the term of this Base Prospectus at <https://www.bluestepbank.com/about-bluestep/corporate-governance/>.

The information at <https://www.bluestepbank.com/about-bluestep/corporate-governance/> is not part of this Base Prospectus and has not been scrutinised or approved by the Swedish FSA.

## ADDRESSES

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### **The Company**

Bluestep Bank AB (publ)  
*Postal address*  
P.O Box 23138, 104 35 Stockholm, Sweden  
*Visiting address*  
Sveavägen 163, Stockholm, Sweden  
Telephone: +46 (0)8 501 004 00  
[www.bluestepbank.com](http://www.bluestepbank.com)

### **The Arranger**

Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8  
106 40 Stockholm, Sweden  
Telephone: +46 (0)8 506 232 19  
+46 (0)8 506 230 61  
[www.seb.se](http://www.seb.se)

### **Dealers (for purchase and sales)**

Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8  
106 40 Stockholm, Sweden  
Telephone: +46 (0)8 506 232 19  
+46 (0)8 506 230 61  
[www.seb.se](http://www.seb.se)

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Norrholmstorg 1  
103 92 Stockholm  
Telephone: +46 752 48 45 42  
[www.danskebank.se](http://www.danskebank.se)

Nordea Bank Abp  
Nordea Markets  
Smålandsgatan 17  
105 71 Stockholm  
Telephone: +46 (0)8 407 90 85  
+46 (0)8407 91 11  
+46 (0)8-407 92 03  
[www.nordeamarkets.com](http://www.nordeamarkets.com)

### **Auditor to the Company**

Ernst & Young AB  
*Postal address*  
Box 7850, 103 99 Stockholm, Sweden  
*Visiting address*  
Jakobsbergsgatan 24, 111 44, Stockholm, Sweden  
Telephone: +46 (0)8 520 590 00  
[www.ey.com/se/sv/home](http://www.ey.com/se/sv/home)

### **Central Securities Depositories**

Euroclear Sweden AB  
*Postal address*  
P.O. Box 191, 101 23 Stockholm  
*Visiting address*  
Klarabergsviadukten 63, 111 64 Stockholm  
Telephone: + 46 (0)8 402 90 00  
[www.euroclear.com/sweden/sv.html](http://www.euroclear.com/sweden/sv.html)

### **Verdipapirsentralen ASA**

*Postal address*  
P.O. Box 1174 Sentrum, NO-0107 Oslo, Norway  
*Visiting address*  
Fred. Olsens gate 1, 0152 Oslo, Norway  
Telephone: +47 22 63 53 00  
[www.vps.no](http://www.vps.no)