ANNUAL REPORT
2014

BlueStep

BlueStep is a dedicated, solution oriented challenger in the lending market. We are for the people that want to change their life situation and are prepared to take the necessary steps to ensure a better financial future. BlueStep always focus on each person´s financial possibilities rather than their past and present challenges. We aim to help our customers to fully review their current economic situation and offer an attractive overall solution for their loans. With us customers feel respected, believed in and in good hands to solve their situation.

BlueStep annual report 2014

CEO comments

I am pleased to report that 2014 was another strong year for BlueStep with good growth seen in all of our three businesses areas. All three lending businesses are at very different stages in terms of maturity and market position. Regardless, they all produced good lending growth, stable margins and strong credit quality.

In times of unprecedented change in the Financial Services markets across Europe BlueStep continues to work hard to ensure that all three business areas are built on solid foundations and are sustainable in the long term.

94 % of our lending book is to residential mortgage customers in Sweden and Norway where the majority of customers has been deemed by the big traditional banks as customers not worthy of getting a mortgage loan from them. For BlueStep this lending book performs well with consistently low levels of losses and arrears. This has been delivered consistently since the businesses were established albeit during a period of low interest rates and high house price inflation.

Bluestep operates a robust credit underwriting process underpinning its loan book, utilising excellent credit data, supporting systems and a team of highly experienced credit underwriters in Stockholm and Oslo. Our team has unique experience and knowledge of dealing with customers with challenging and often changing financial situations.

The core of our business strategy has been to focus on understanding every new customer's financial situation in detail, not just relying on historic credit data, but also spending time talking with them, ensuring that they have the capability to repay their loans to us and others, which in turn will ensure an improvement to their financial situation. Retaining and developing a strong credit culture and an ability to understand risk, has been and will be, key to the success of BlueStep. We remain committed to continuing to deliver strong results based on this practice in the coming years.

We do not compete with the big banks in the prime mortgage market as with our cost base and funding costs we cannot compete with the big banks in the mortgage market. Their cost of borrowing money via deposits, paying virtually nothing, and the extremely low cost of issuing covered mortgage bonds has made competition impossible and the increasing amount of regulation is making it even harder as every year passes.

Changing times in the Mortgage Market

Across Europe there has been increased regulatory focus on the wider mortgage markets which are going through a period of considerable change with regulators in Sweden, Norway and the rest of EU, introducing new regulations. Focus on greater transparency in pricing, minimum amortisation proposals and the EU driven Mortgage Credit Directive will change the market over the coming years. These changes will have a material impact on the mortgage markets in both Sweden and Norway, but we remain confident that in totality these changes will be positive for Bluestep. It is a shame that regulation has to be forced on a mature market and that the level of self-regulation has not been at the levels desired.

New regulation will add cost and complexity to the Mortgage market especially for smaller and new market participants and will make it even harder for the old oligopoly-like situation to be broken. Whilst the desire of the regulator is to improve conditions and transparency for the consumers and ensure a more stable market it remains to be seen what impact the various change will have on pricing and a lenders ability to differentiate their product from their peers and innovate.

As already mentioned, I believe these changes will be positive for BlueStep in the long run and as a relatively new, lean and non-complex organisation, implementing the changes is very manageable for us. We hope the wave of new regulation that has been needed due to past excesses

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in local and international markets will come to an end soon as a period of stability will be good for the lenders and consumers after seven years of unprecedented change since the Financial Crisis.

BlueStep do things differently

We like to keep our standard mortgage product broadly in line with the local market but we do need and want to do certain things differently like:

- Unlike the rest of the mortgage market in Sweden BlueStep has promoted and embraced a culture where you amortize your debts, in fact it is a prerequisite to do business with us. Since we started the business back in 2005 only around 1 % of loans granted have been Interest Only (amortisation free) loans and since 2010 we have not granted any new Interest Only loans , so we not only embrace the amortisation culture desired by regulators, our customers are already custom to, and living by it.

- In terms of pricing we have a detailed pricing matrix which is driven by a number of risk factors including Loan to Value, loan size, historic credit history, affordability, security type, location of property and stability of income rather than one price for all.

- We always have robust property valuations to base our decisions on, rather than relying solely on purchase prices and electronic valuations. Getting the risk and return dynamics right through an economic cycle is key for any business especially a Non-Conforming Mortgage lender, and as we have seen over the past 10 years, many banks and Financial Institutions across EU and in other countries, large and small, failed or needed government intervention to remain in business.

Changing mix of business

We have recently passed the 10th anniversary of the launch of BlueStep in Sweden and are approaching the 5th anniversary of the business's launch in Norway. Despite a challenging environment we are in a very strong position to further develop and grow BlueStep going forward. We are committed to service and fully understand the need of the customers the big traditional banks do not wish to lend to, and will do so via new products and when the time is right, in new markets.

Historically the vast majority of our customers in Sweden had payment remarks or debts at KFM (Kronofogdemyndigheten) at the time they apply to BlueStep for a mortgage, but this has changed to a minority of our new customers over the past year.

We are delighted to see our offering expanding into this area but at the same time, remain fully focused on trying to help all individuals in Sweden and Norway where the big banks reject them.

We are confident that we will continue to benefit from the approach of the big banks that rely largely on automated decisions and do not have the time or desire to understand each individual's situation in detail. The regulatory pressure appears to be causing them to reject more customers than ever before.

In terms of Credit performance our loan books have always performed well and ahead of our initial expectations. Performance improved again in 2014 with 90+ arrears at less than 2 % in Sweden for the first time in many years and just over 2 % for the entire business.

We know the performance at BlueStep and other lenders has been positively impacted by exceptionally low interest rates, increasing property prices and a relatively strong economy. This will not last forever and we are determined to ensure that our business model is solid and sustainable through a full economic cycle.

Around the turn of the year we completed 3 important steps in the ongoing strategic development of BlueStep when we:

- Agreed to acquire the loan and deposit administration platform and staff from Cerdo Bankpartner.

- Agreed to sell our Non-Performing loans in Sweden

- Applied for a banking license

All these strategic steps are important developments for the business and will allow us to continue to grow and develop whilst ensuring we have the control and stability we desire.

We are fully committed on continuing to build the best alternative lender in the Nordic market and are working hard on many initiatives to improve our business further to ensure our customers get better service, accessibility and new products in the future.

Stockholm 3 juni 2015

David Torpey

CEO

Bluestep Finans AB

The annual report includes:

The Board of Directors and the CEO of Bluestep Finans AB, org no 556717-5129 with registered offices in Stockholm, Sweden, hereby present the Annual accounts and Group accounts for the financial year 2014-01-01--2014-12-31. The Group accounts include the wholly owned subsidiaries Bluestep Finans Funding No 1 AB, org no 556791-6928 with registered offices in Stockholm, Sweden, Bluestep Mortgage Securities No 2 Limited, org no 522186 with registered offices in Dublin, Ireland and Bluestep Servicing AB, org no 556955-3927 with registered offices in Stockholm.

Administration report

Organisation and operations
Bluestep Finans AB, ("the Company") is a credit market company under the supervision of the Swedish Financial Supervisory Authority. The Company has its principal office at Sveavägen 163, 104 35 Stockholm.

The Company is Sweden's largest non-conforming residential mortgage lender and its core business is to engage in lending activities, which are funded by deposits from the public, equity, issuance of asset backed securities within its wholly owned subsidiary Bluestep Mortgage Securities No 2 Limited and a short term credit facility in its wholly owned subsidiary Bluestep Finans Funding No 1 AB. The Company also operates in Norway through its branch, Bluestep Finans AB, filial Oslo.

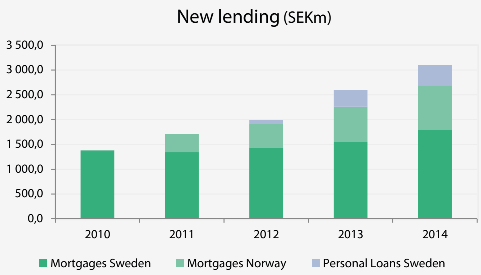
The Company's operations include the design of lending and deposit products, marketing, loan processing and approval of all loans, bond investments and related services.

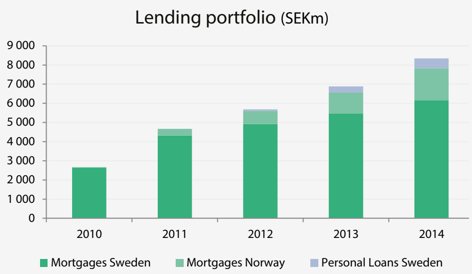
The day to day administration of the loan portfolios and deposit accounts in Sweden are outsourced to third parties, while administration of both loan and deposit products in Norway are handled in-house.

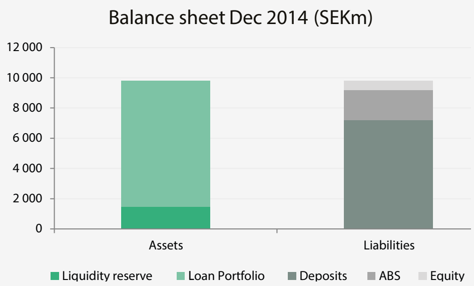
Ownership
The Company is a wholly owned subsidiary of Bluestep Bostadslån AB, organizational number 556668-9575 with registered offices in Stockholm, Sweden. Bluestep Bostadslån AB, Bluestep Finans AB, Bluestep Finans AB, filial Oslo ("the Branch"), Bluestep Finans Funding No 1 AB, Bluestep Mortgage Securities No 2 Limited and Bluestep Servicing AB are all part of a Group where Bluestep Capital Holdings Limited is the ultimate parent, and prepares the consolidated Annual Group accounts for the entire Group.

Events during the financial year

Lending
The mortgage lending portfolio continues to grow and amounted to SEK 8 307.9m as of year-end (SEK 6 882.7m). The outstanding balance of lending in Norway at year-end amounted to SEK 1 662.3m (SEK 1 095.1m).







The unsecured loan portfolio balance as of year-end amounted to SEK 525.5m (SEK 331.0m). In December 2014, the Company signed an agreement with an external party to sell non-performing loans related to the unsecured loan portfolio.

Deposits

The deposits business focuses on providing customers with competitive interest rates on both short and long-term savings through a number of deposit products with different features and maturities. The balance of deposits as at year end amounted to SEK 7 201.0m (SEK 6 601.3m), of which the deposit business in Norway amounted to SEK 1 590.3m (SEK 1 066.9m).

All deposit products are covered by the Swedish government deposit guarantee scheme, which amounts to EUR 100 000 in Sweden and Norway, and the amount up to NOK 2 000 000 in Norway through Bankenes Sikringsfond.

Warehouse funding

Bluestep Finans Funding No 1 AB is financed through a committed line of credit where the limit amounts to SEK 750.0m. The credit facility expires on 7 June 2015. As at balance sheet date the utilised amount on the credit facility was SEK 375m. Furthermore, Bluestep Finans Funding No 1 AB is also financed through an internal loan from the Company.

Liquidity reserve

As at year end, the Group's excess liquidity placed with credit institutions amounted to SEK 847.4m (SEK 1 512.7m), covered bonds issued by Swedish credit institutions amounted to SEK 446.3m (SEK 437.0m) and bonds issued by the Swedish goverment amounted to 30.8m (0m).

Staff

The average number of employees in the company during the year amounts to 153 (134), of which 27 (23) are employed by the Company's Norwegian branch. The increase in number of employees is mainly related to the Company's operational growth in mortgage and unsecured lending during the year.

Operating income and profit

The Group's net interest income increased to SEK 449.4m (SEK 356.4m), and the operating income amounted to SEK 405.3m (SEK 395.1m). The comprehensive profit for the year was SEK 112.7m (SEK 94.6m). The 2014 result was impacted by the following material events:

- General administration expenses increased to SEK 274.4m from SEK 240.4m which is related to the increase of staff and operational growth in the business.

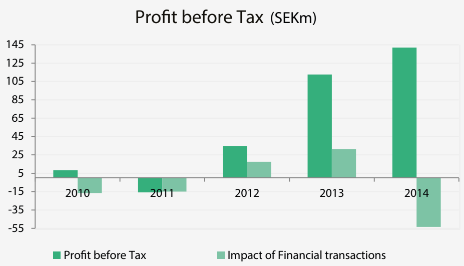
- Financial transactions during the year resulted in a loss of SEK -53.5m (SEK 31.3m). The loss was linked to the reduced mark to market values of various short and medium term interest rate caps and swaps due to the reduced interest rate outlook in Sweden and Norway.

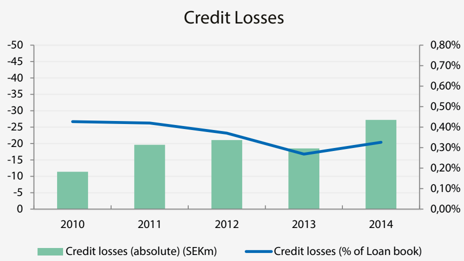
- The result in the Norwegian branch, Bluestep Finans AB, filial Oslo increased to SEK 19.1m (SEK -8.1m).

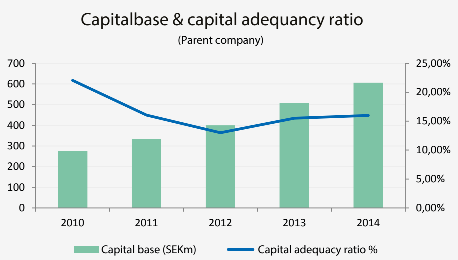
The increase in the Group's net interest income and operating income is driven by the increased lending to the public.

The Company has received a group contribution from its' subsidiary Bluestep Finans Funding No 1 AB of SEK 5.9m (SEK 29.1m), which is accounted for in the Company's income statement.

In total, the changes in provisions for bad debts had an impact of SEK 20.8m (SEK -13.5m) on earnings for 2014. During 2014, the Company sold receivables that were past due to an external party, which resulted in an income of SEK 35.9m. Actual losses have had an impact on the result by SEK -42.3 m (SEK -27.2m).







Key figures - Group (SEKm)

	2014	2013	2012	2011	2010
Net Profit after Tax	113,0	88,2	28,8	-15,9	5,6
Gross Income / ANR	8,8%	8,9%	8,7%	9,7%	9,3%
Cost of Funds / Av dep book	-3,5%	-3,4%	-4,1%	-4,8%	-3,5%
Operating Income / ANR	5,3%	6,3%	5,1%	4,6%	3,6%
Net Income Pre BDC / ANR	1,5%	2,3%	1,1%	0,3%	1,0%
Net Income Post BDC / ANR	1,9%	1,8%	0,7%	-0,4%	0,4%
ROE	18,3%	17,4%	6,9%	-4,7%	2,2%
Loan Book	8 307,9	6 882,7	5 680,1	4 669,8	2 670,0
Liquidity Reserve*	1 222,4	1 512,7	1 462,1	762,7	1 076,9
Deposits from the public	7 201,0	6 601,3	7 029,0	4 762,0	3 374,9
External Funding	1 971,7	1 763,3	290,0	800,5	319,5
Leverage Ratio	6,1%	5,6%	5,1%	5,6%	6,8%
Average number of employees	153	134	111	75	19

* The 2014 amount includes undrawn short term Warehouse Facility amounting to SEK 375m.

Capital Adequacy - Parent (SEKm)

	2014-12-31	2013-12-31	2012-12-31	2011-12-31	2010-12-31
Regulatory Capital	605,9	508 ,3	399,9	335,2	275,0
Tier 1 Capital Ratio	16,0%	13,7%	11,7%	12,8%	17,2%
Total Capital Ratio	16,0%	13,7%	11,7%	14,0%	19,0%
LCR	1,15	-	-	-	-
NSFR	1,98	1,82	-	-	-

Risks and uncertainties

The Company actively takes risks related to its lending and borrowing business and the following principles underpin risk management within the institution:

- risk is taken with a defined risk appetite;
- taken risks are approved within the risk management framework;
- risks are continuously monitored; and,
- a strong risk management culture helps reinforcing the institution's resilience.

The nature of the business requires the Company to identify, measure and manage risk effectively, and allocate capital appropriately. Risk policies and risk management systems are reviewed regularly to ensure that these are closely aligned with the activities of the business.

The Company's risks are further detailed in Note 2 Risk management.

Subsidiaries

Bluestep Mortgage Securities No 2 Limited, Bluestep Finans Funding No 1 Limited and Bluestep Servicing AB are wholly owned subsidiaries of the Company. During the year, the Company sold mortgage assets of SEK 1 457.9m to Bluestep Finans Funding No 1 Limited. Bluestep Finans Funding No 1 Limited held a mortgage portfolio totaling SEK 1 401.6m (SEK 0m) as at year-end.

Branches

The Company operates in Norway through its' Norwegian branch. The mortgage lending portfolio in the Branch continues to grow and totaled SEK 1 662.3m as at the year-end (SEK 1 095.1m). Deposits from the public have increased during the year to SEK 1 590.3m (SEK 1 066.9m).

The Company plans to maintain its position as one of the leading lenders in the specialist residential mortgage market in Norway and will fund the business principally via retail deposits raised in Norway.

Future development

Going in to 2015 the business is confident that growth will continue in its three lending businesses with lending margins and credit quality maintained.

Subsequent events

In February 2015, Bluestep Finans Funding No 1's credit facility was extended to SEK 950m. Furthermore, the expiry date of the credit facility was extended to 31 July 2015.
Furthermore, the Company signed an agreement with an external party to sell non-performing loans related to the mortgage loan portfolio.

In March 2015, Bluestep Servicing AB acquired the loan and deposit administration operations from Cerdo Bankpartner AB along with 16 staff situated in Helsingborg. The loan and deposit administration is handled inhouse post acquisition.

In May 2015, the Company completed a SEK 3 339.8m securitisation transaction through the wholly owned subsidiary Bluestep Mortgage Securities No 3 Limited. Mortgage loans totaling a value of SEK 3 339.8 m were sold from the Company and Bluestep Finans Funding No 1 Limited to Bluestep Mortgage Securities No 3 Limited. The purchase of loans was funded by issuance of notes by Bluestep Mortgage Securities No 3 Limited, which comprise of Class Aa, Class Ab, Class B and Class Z notes, denominated in both EUR and SEK, totaling an equivalent of SEK 3 339.8m. The Company holds SEK 367.4m of Class Z notes. The Group's credit facility was repaid and cancelled when the securitisation transaction was completed.

Proposal for the appropriation of profits

The following profits are available for appropriation at the annual general meeting	
Non-restricted equity from previous years	433 830 640
Result of the year	97 449 113
Exchange differences, foreign operations	-342 795
	530 936 958
The Board propose that	
the following be carried forward	530 936 958
	530 936 958

The Company's capital base as of end of year end exceeded the capital requirement by SEK 304 125 159 (SEK 211 348 449). Unrestricted equity which is not distributable with respect to the rules on capital protection amounts at year end to SEK 319 601 553 (SEK 232 150 582).

The Board and CEO's assessment is that the Company's equity as stated in the annual report is sufficient in relation to the Company's size and risk.

Please refer to the following income statement, balance sheet, cash flow statement and additional information regarding the Company's profits and financial position in general. All amounts are in Swedish kronor unless otherwise indicated.

Income statement

		Group		Parent company	
		2014-01-01	2013-01-01	2014-01-01	2013-01-01
	Not	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Operating income					
Interest income		691 079 134	587 583 464	669 822 501	553 029 824
Interest expense		-241 688 703	-231 107 562	-327 444 097	-237 661 218
Net interest income	3	**449 390 431**	**356 475 902**	**342 378 404**	**315 368 606**
Group contributions				5 884 437	29 090 462
Commission income	4	284 000	273 000	284 000	273 000
Net result of financial transactions	5	-53 525 448	31 238 100	-6 261 115	72 895 007
Other operating income	6	9 192 225	7 068 721	9 107 380	5 834 799
Total operating income		**405 341 208**	**395 055 723**	**351 393 106**	**423 461 874**
Operating expense					
General administration expenses	7, 8, 9	-274 424 817	-240 427 224	-248 234 137	-237 004 969
Depreciation on fixed assets	10,11	-13 886 786	-9 908 478	-9 512 572	-9 210 758
Total expenses		**-288 311 603**	**-250 335 702**	**-257 746 709**	**-246 215 727**
Result pre credit losses		**117 029 605**	**144 720 021**	**93 646 397**	**177 246 147**
Credit losses, net	12	24 955 443	-32 044 796	24 955 443	-30 424 452
Operating profit/loss		**141 985 048**	**112 675 225**	**118 601 840**	**146 821 695**
Tax	13	-28 983 144	-24 524 216	-21 152 727	-24 454 180
Net profit/loss for the year		**113 001 904**	**88 151 009**	**97 449 113**	**122 367 515**

Statement of comprehensive income

Net income	**113 001 904**	**88 151 009**	**97 449 113**	**122 367 515**
Exchange differences, foreign operations	-342 795	6 482 214	-342 795	6 482 214
Comprehensive profit/loss	**112 659 109**	**94 633 223**	**97 106 318**	**128 849 729**

Balance sheet

	Not	Group		Parent company	
		2014-12-31	2013-12-31	2014-12-31	2013-12-31
Assets					
Lending to credit institutions	14	847 361 326	1 512 656 099	629 316 257	1 280 442 394
Lending to the public	15	8 307 878 041	6 882 651 486	6 906 286 492	6 882 651 486
Derivatives	16	62 914 689	38 945 423	7 939 696	23 409 336
Bonds and other interest-bearing securities	17	529 703 580	489 849 720	529 703 580	489 849 720
Shares and participations in associated companies	18			8 650 000	3 100 000
Intangible assets	10	41 980 983	46 297 006	25 088 561	25 561 424
Tangible assets	11	4 539 902	4 770 475	4 539 902	4 770 475
Other assets	19	164 338 518	69 090 923	1 343 925 260	174 776 473
Prepaid expenses and accrued income	20	18 010 587	20 950 585	23 037 693	21 523 801
Total assets		**9 976 727 626**	**9 065 211 717**	**9 748 486 441**	**8 906 085 109**
Liabilities					
Liabilities to credit institutions	21	1 971 706 082	1 763 339 767	1 479 563 932	1 650 318 545
Deposits from the public	22	7 201 005 653	6 601 263 001	7 201 005 653	6 601 263 001
Derivatives	16	45 233 753	51 171 437	45 233 753	14 181 482
Current tax liability	13	27 574 878	26 342 027	26 157 967	21 727 198
Accrued expenses and prepaid income	23	72 140 496	72 841 062	54 810 519	48 102 795
Other liabilities	24	41 015 779	44 875 618	40 764 596	36 661 448
Total liabilities		**9 358 676 641**	**8 559 832 912**	**8 847 536 420**	**8 372 254 469**
Equity					
Shareholders' equity		618 050 985	505 378 805		
Share capital				100 000 000	100 000 000
Profit and loss account reserve brought forward				433 500 908	311 463 125
Result for this year				97 449 113	122 367 515
Total equity		**618 050 985**	**505 378 805**	**630 950 021**	**533 830 640**
Total equity and liabilities		**9 976 727 626**	**9 065 211 717**	**9 478 486 441**	**8 906 085 109**
Pledged assets		**1 448 658 328**	**None**	**None**	**None**
Contingent liabilities		**None**	**None**	**None**	**None**

Changes in equity

Group

	Share Capital	Shareholder contributions*	Retained earnings	Total equity
Opening balance 2013-01-01	**100 000 000**	**332 408 655**	**-13 262 906**	**419 145 749**
Result for the year reported via income statement			88 151 009	88 151 009
Group contribution		-12 395 373		-12 395 373
Tax Group contribution		2 726 982		2 726 982
Exchange differences, foreign operations			6 482 214	6 482 214
Untaxed reserves			1 268 224	1 268 224
Ending balance 2013-12-31	**100 000 000**	**322 740 264**	**82 638 541**	**505 378 805**
Opening balance 2014-01-01	**100 000 000**	**322 740 264**	**82 638 541**	**505 378 805**
Result for the year reported via income statement			113 001 904	113 001 904
Exchange differences, foreign operations			-329 724	-329 724
Ending balance 2014-12-31	**100 000 000**	**322 740 264**	**195 310 721**	**618 050 985**

* Conditional shareholder contributions. Repayment of the conditional shareholder contributions is subject to a decision made by the annual shareholders' meeting of the Company.

Parent company

	Share capital	Restricted equity	Shareholder contributions*	Retained earnings	Non-restricted equity	Total equity
Opening balance 2013-01-01	**100 000 000**	**100 000 000**	**339 739 060**	**-25 089 752**	**314 649 308**	**414 649 308**
Result for the year reported via income statement				122 367 515	122 367 515	122 367 515
Group contribution			-12 395 373		-12 395 373	-12 395 373
Tax Group contribution			2 726 982		2 726 982	2 726 982
Exchange differences, foreign operations				6 482 208	6 482 208	6 482 208
Ending balance 2013-12-31	**100 000 000**	**100 000 000**	**330 070 669**	**103 759 971**	**433 830 640**	**533 830 640**
Opening balance 2014-01-01	**100 000 000**	**100 000 000**	**330 070 669**	**103 759 971**	**433 830 640**	**533 830 640**
Result for the year reported via income statement				97 449 113	97 449 113	97 449 113
Exchange differences, foreign operations				-329 732	-329 732	-329 732
Ending balance 2014-12-31	**100 000 000**	**100 000 000**	**330 070 669**	**200 879 352**	**530 950 021**	**630 950 021**

* Conditional shareholder contributions. Repayment of the conditional shareholder contributions is subject to a decision made by the annual shareholders' meeting of the Company.

Cash flow statement

		Group		Parent company	
		2014-01-01	2013-01-01	2014-01-01	2013-01-01
	Not	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Operating activities					
Pre tax income		141 985 048	112 675 225	118 601 840	146 821 695
Total operating activities		**141 985 048**	**112 675 225**	**118 601 840**	**146 821 695**
Adjustments for items not included in cash flow					
Depreciation	10, 11	13 886 786	9 908 478	9 512 572	9 210 758
Credit losses	12	-24 955 443	32 044 796	-24 955 443	30 424 452
Taxes paid		1 232 851	21 793 703		
Untaxed reserves			1 268 227		
Group contribution			2 726 982		
Total – Items not included in cash flow		**-9 835 806**	**67 742 186**	**-15 442 871**	**39 635 210**
Cash flow from current operations before changes to operating capital		**132 149 242**	**180 417 411**	**103 158 969**	**186 456 905**
Cash flow from changes to operating capital					
Increase (-)/decrease (+) of lending to the public		-1 400 271 112	-1 234 637 440	1 320 437	-2 381 526 367
Increase (-)/decrease (+) of change in receivables		-116 263 792	-83 810 908	-1 154 959 785	676 664 493
Increase (+)/decrease (-) of deposits from the public		599 742 652	-427 751 092	599 742 652	-427 751 092
Increase (+)/decrease (-) of change in short term liabilities		-39 481 233	27 287 217	41 863 143	4 814 962
Cash flow from operating activities		**-824 124 243**	**-1 538 494 812**	**-408 874 584**	**-1 941 341 099**
Investing activities					
Investments in intangible assets	10	-8 408 233	-40 325 638	-7 877 179	-18 892 336
Acquisition of fixed assets	11	-931 957	-1 469 385	-931 957	-1 469 385
Increase (-)/decrease (+) of financial assets	17	-39 853 860	151 053 464	-39 853 860	151 053 464
Cash flow from investing activities		**-49 194 050**	**109 258 441**	**-48 662 996**	**130 691 743**
Financing activities					
Liabilities to credit institutions	21	208 366 315	1 473 339 767	-170 754 613	1 650 318 545
Shareholders' contribution				-5 550 000	
Group contribution				-16 941 149	
Cash flow from financing activities		**208 366 315**	**1 473 339 767**	**-193 245 762**	**1 650 318 545**
Net cash flow for this year		**-664 951 978**	**44 103 396**	**-650 783 342**	**-160 330 811**
Liquid funds at beginning of the year		**1 512 656 099**	**1 462 070 489**	**1 280 442 394**	**1 434 290 991**
Currency differences		**-342 795**	**6 482 214**	**-342 795**	**6 482 214**
Liquid funds end of year		**847 361 326**	**1 512 656 099**	**629 316 257**	**1 280 442 394**
Cash flow includes interest receipts of		**720 375 431**	**590 709 760**	**700 393 804**	**553 818 059**
Cash flow includes interest payments of		**-319 649 486**	**-214 733 469**	**-322 015 720**	**-221 209 362**

Contents disclosures

Note 1 Accounting principles

General information

The consolidated financial statements and the annual report for Bluestep Finans for the financial year 2014 were approved by the Board of Directors and the CEO for publication on 3 June 2015. The consolidated financial statements and the annual report will ultimately be adopted by Bluestep Finans' Annual General Meeting on 3 June 2015.

Compliance with standards and regulations

The financial reports and the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and interpretations of them and regulations and general advice of the swedish Financial supervisory Authority, FFFS 2008:25. The consolidated financial statements also apply recommendation RFR 1 Complementary accounting rules for groups, issued by the Swedish Financial Reporting Board, the pronouncements of the Swedish Financial Reporting Board and certain complementary rules in the Annual Accounts Act.

The Company applies the so-called ”limited IFRS” which means that the Company has adopted the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the accounting principles that are applied in the consolidated financial statements. The parent company's financial statements are prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies (ÅRKL) and FSA regulations and general advice on the Annual Report of banks and securities companies (FFFS 2008:25) in accordance with amended regulations and the Council of Financial Reporting Recommendation RFR 2 Accounting for legal entities.

The below mentioned accounting principles have been consequently applied on all periods presented in the financial report, unless otherwise stated.

Changes in accounting principles

Consolidated financial statements (IFRS 10)
The new standard defines when a reporting company should consolidate another company. Consolidation will be required when the reporting company has control over the other company. Control means that the reporting company is capable of managing the company, is exposed and entitled to a variable return, and is able to use its power over the company to affect the return. The basic principle to determine whether control exists or not remains the same, but the new standard provides additional guidance in cases that are difficult to assess.
The standard replaces the rules on consolidation in IAS 27 Consolidated and separate financial statements and SIC 12 Consolidation - Special Purposes Entities. The new standard does not affect the Company, since all subsidiaries in the Group are wholly owned.

New and amended standards and interpretations that are not yet in force

A number of new or amended standards published by the International Accounting Standards Board (IASB) will be effective from financial year 2015 and has not been applied in the preparation of these financial statements. New standards or modifications that will be applicable from the fiscal year of 2015 or beyond are not planned to be applied in advance.
The following describes the expected effects on the financial statements that the application of the new or amended standards are expected to have on the Company's financial statements. In addition to those, no other news are deemed to have any effect on the Company's financial statements.

Financial instruments (IFRS 9)
IFRS 9 Financial Instruments includes requirements for recognition and measurement, derecognition and hedge

accounting. The standard was issued in phases and the 2014 version replaces all previous versions . The standard will replace the current standard IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 Financial Instruments is mandatorily effective from 1 January 2018. The standard has not yet been approved by the EU and there is no current timetable on when endorsement is expected. Management will undertake a detailed analysis of the effects of application of IFRS 9 during next year.

Other changes to IFRS standards and interpretations are not expected to have any material impact on the Company's financial statements.

Significant judgments and estimates

Presentation of Financial Statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, costs and revenues.

Management makes certain judgments and estimates to determine the value of certain financial assets and liabilities. These are linked to the Lending to the public and Asset Backed Securities. Estimates and assumptions are based on historical experience and a number of other factors that appear reasonable in the circumstances in question.

For Loans to the public estimates are driven by the estimated average life, average yield and expected credit losses. Historic performance is continuously reviewed and anticipated market conditions assessed to ensure that the estimates are up to date. When estimating these cash flows, an assessment is carried out of the customer's financial situation and the value of the underlying security. For the Asset Backed Securities estimates are driven by the estimated average life and average yields which are based on historic performance, anticipated prepayment cash flows and interest rates.

Foreign currency

The Company's functional currency is Swedish Krona. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. Exchange differences arising on translation are recognised in the income statement as net income from financial transactions. Non-monetary assets and liabilities accounted for at fair value are translated into the functional currency at the exchange rate on the date of valuation.

Accounting for revenue

Revenues are recognised when the income can be calculated reliably and it is probable that the economic benefits will flow to the Company.

Net interest income

Interest income and expenses (including interest income on impaired assets) are accounted for using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the expected term of the financial instrument, or where appropriate, a shorter period, to the financial asset or financial liability's net worth.

The calculation of the effective interest includes all fees paid or received, including transaction costs. At early redemption of a loan the customer may pay an interest-rate compensation which is intended to cover the cost incurred for the Company. The compensation is accounted for under interest income.

Commission income and commission expenses

Commission income and commission expenses are accounted for in the income statement on an on-going basis in accordance with set terms.

Net income from financial transactions

Net income from financial transactions includes the realised and unrealised changes in value arising on account of financial transactions classified as held for trading and foreign currency gains and losses on financial assets and financial liabilities.

Financial instruments

A significant part of the Company's balance sheet items refers to financial instruments. Financial instruments include assets such as loans to the public and to credit institutions, bonds and other interest-bearing securities and derivatives. Among the liabilities are deposits and borrowing from the public, subordinated liabilities, liabilities to credit institutions and accounts payable. Financial instruments are recognised and measured in accordance with IAS 32 and 39. A financial instrument is any contract that gives rise to a financial asset in a company and a financial liability or equity instrument in another.

Financial instruments are recognised in the balance sheet on the transaction date when an acquisition agreement has been entered into, with the exception of loan receivables and liabilities to credit institutions, which are recognised on the settlement date. Accounts receivable are recognised in the balance sheet when an invoice is issued. Liabilities are recognised when the counterparty has performed and a contractual obligation to pay exists, even if no invoice has yet been received. Accounts payable are recognised when an invoice is received. A financial asset is derecognised when the contractual rights of the agreement are realised, expired or the company loses control over them. A financial liability is derecognised when the contractual obligation is discharged or otherwise extinguished.

Financial assets and liabilities are offset and reported on a net basis in the balance sheet only when there is a legal right to offset and when the intention is to settle with a net amount or to simultaneously realise the asset and settle the liability. The Company enters into derivative contracts under the International Swaps and Derivatives Association's (ISDA) master netting agreement, which means that when a counterparty cannot settle their obligations, the agreement is cancelled and all outstanding dealings between the parties shall be regulated by a net amount. ISDA agreements do not meet the criteria for offsetting in the balance sheet since offsetting is only permitted due to a party's inability to regulate, and also that the intention to reach a net settlement exists. The Company does not have any offset assets and liabilities as of year-end 2014.

Financial instruments are initially recognised at cost, which is the instrument's fair value plus transaction costs, for all financial instruments except those belonging to the category of financial assets and liabilities carried at fair value through profit or loss. Subsequent measurement depends on how the financial instruments are classified according to the categories specified in IAS 39, as follows:

- Financial assets and liabilities at fair value through profit or loss
- Loans and receivables
- Financial assets available for sale
- Financial assets held-to-maturity
- Other financial liabilities

The Company has not classified any assets as ”Financial assets held-to-maturity”.

Financial assets and liabilities at fair value through the income statement

The category of Financial assets and liabilities at fair value through profit or loss is divided in two sub-categories:
- Financial assets or financial liabilities held for trading . All of the Company’s assets in this sub-category refer to derivative instruments which automatically are classified as held for trading.
- Designated as at financial assets or financial liabilities at fair value through profit or loss on initial recognition. Assets in this sub-category relate to Swedish Covered Bonds.

Assets and liabilities in this category are initially recognised at fair value, while transaction costs are recognised in the income statement. Changes in fair value and realised gains or losses of these assets is recognised directly in profit or loss, under the heading ”Net income from financial transactions”, while accrued interest and received interest is recorded as interest income or expense.

Fair value is the amount at which an asset could be exchanged or a liability settled, between knowledgeable, willing parties who are independent of each other and who have an interest in the transaction. Fair value of financial instruments, which is traded in an active market, such as Swedish Mortgage Covered Bonds that are listed on stock/securities exchange, are based on quoted prices. For financial instruments not traded in an active market, such as interest rate and foreign exchange derivatives the fair value is determined based on generally accepted valuation techniques. The valuation techniques are based on independent third party valuations.

The Company’s financial assets and liabilities measured at fair value consist of derivatives and bonds and other interest bearing securities. All bonds are listed, and therefore valuated in accordance with level 1 in IFRS 13. The Company has one bond that is listed, but not traded on an active market. The bond is therefore valuated in accordance with level 2 in IFRS 13 and classified as loans and receivables. The derivatives are not listed, and therefore valued using mark to model valuations in accordance with level 2 in IFRS 13. No changes between the levels have occurred.

Level 1: Quoted prices (unadjusted) on active markets for identical assets or liabilities.

Level 2: Valuation model based on other observable data for the asset or liability than the prices included in level 1, either direct (prices) or indirect (derivatives) prices.

Level 3: Valuation model where essential data is based on non-observable data.

Derivatives

Derivatives are used to eliminate or reduce the interest rate and currency risks in the Company’s assets and liabilities. The Company does not apply hedge accounting under IAS 39. Derivatives are carried at fair value through profit or loss.

Loans and receivables

Loans and receivables are financial assets that are not derivatives, have fixed or determinable payments and that are not quoted in an active market. These assets are valued at amortised cost. Amortised cost is calculated using the effective interest method, which means that any premiums or discounts and directly attributable costs or benefits are accrued over the expected term using the estimated effective rate. The effective interest rate is the rate that gives the instrument’s cost as a result of discounted future cash flows.

Loans and receivables are carried at the amounts expected to be received, i.e. after deduction of bad debts. The Company’s lending and accounts receivable consists of loans to credit institutions and to the public, bonds and other interest-bearing securities and other financial assets as accounts receivable, in the balance sheet.

Loans to credit institutions
Lending to credit institutions consist of cash deposits with banks

Lending to the public
Lending to the public consists of loans to individuals secured on residential property and unsecured personal loans. Impairment losses and reversals of impairment losses are expensed as loan losses; net interest income is recognized using the effective interest method.

Bonds and other interest-bearing securities
The Company has invested part of the surplus funds in Asset Backed Securities (”ABS”). These assets have determinable payments. Gains or losses and changes in value due to changes in exchange rates are recognized as net income from financial transactions. Interest income is recognized using the effective interest method. Impairment losses and reversals of impairment losses are expensed as impairment of financial assets.

Accounts receivable
The expected duration of accounts receivables is short, and therefore the carrying amount is at the nominal amount without discounting. Doubtful receivables are assessed individually and impairment losses are recognized as operating expenses.

Impairment of financial assets carried at amortised cost
On the balance sheet date an assessment of whether there is objective evidence of impairment of an individual claim or group of claims. This occurs as a result of events occurring after the asset was recorded for the first time and has affected the estimated future cash flows of the relevant claim or group of claims. Events that may affect the need for impairment are for example suspension of payments, agreements and injunction to pay.

The impairment is calculated as the difference between the loans booked value and the loans estimated present value. Cash flows attributable to the borrower or issuer, and the possible utilization of collateral is considered when assessing impairment. Any costs associated with the realization of collateral are included in cash flow projections. Calculation of probable loan losses, or impairment of other financial assets are gross and in cases where there is a guarantee equivalent it is reported as a claim on the counterparty. If the present value of future cash flows exceeds the asset's carrying value, no impairment loss is recorded and the claim is deemed not to be doubtful. Impairment is recognized in the income statement as ”Loan losses, net” or ”Impairment of financial assets,” according to the type of loan receivable.

An impairment loss is reversed if there is evidence that the impairment no longer exists and there has been a change in the assumptions underlying the calculation of the impairment.

Other financial liabilities

Financial liabilities which are not derivatives and classified as ”Liabilities at fair value through profit or loss” are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

Shareholders' contribution and group contribution
”Group contributions and shareholder contributions are reported in accordance with RFR 2. Group contributions received from subsidiaries are recognised through profit and loss.

Group contributions are recorded in relation to substance. This means that group contributions from parent company to a subsidiary, shall in the parent company accounted for as an investment or, depending on the relationship between accounting and taxation, the income statement. Group contributions from subsidiaries to the parent company, shall follow the same principles as ordinary dividends from subsidiaries, that is, as a financial income. Group contributions from subsidiaries to parent companies that are not paid by the reporting date can be accounted for as a liability, even if the decision was made after the reporting period.

Intangible assets

Intangible assets are reported as an asset on the balance sheet if it is probable that future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are carried at cost less accumulated depreciation.

The carrying value of an intangible asset is derecognised upon disposal, scrapping or when no future economic benefits expected from the use or disposal of the asset.

Gains or losses arising on the disposal of an asset is the difference between the sale price and the asset's carrying value, net of direct selling costs. Profit/loss is recorded as other operating income/expense.
Depreciation is made on a straight-line basis over the asset's estimated useful life. The amortisation period for intangible assets is 3-5 years.

On a yearly basis, the Company performs an impairment test on the intangible assets to ensure that the value has not decreased.

Tangible assets

Tangible assets are carried at cost less depreciation according to plan. Depreciation is reported in the income statement on a linear basis over the anticipated useful life. The profit or loss that arises upon disposal or retirement of an asset is calculated as the difference between the sales revenue and the asset's carrying amount, and is reported in the income statement. The amortisation period for intangible assets is 3-5 years.

Leasing

All lease agreements are operational. Lease payments are reported as other operating costs.

Pensions

All pension plans are defined benefit plans and premiums are expensed throughout the year. The Company has no further obligations once the premiums are paid.

Taxes

Total tax comprises current and deferred tax. Current tax is the tax to be received or paid for the current year. This also includes adjustments to previous years of assessment.

Cash flow statement and cash equivalents

The cash flow statement has been prepared in accordance with IAS 7, using the indirect method in accounting for cash flows from operating activities. The indirect method means that the operating profit is adjusted for transactions that do not involve receipts and disbursements, such as depreciation and loan losses.

Cash and cash equivalents

Cash and cash equivalents consists of cash from credit institutions and short-term liquidity investments with a maturity from the date of acquisition of less than three months, which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at their nominal amounts.

Securitisations

When a financial asset is transferred, the Company needs to evaluate to what extent the risks and advantages that comes with the transfer are tied to the financial asset. If the Company still accounts for risks and advantages that are tied to the financial asset, the Company continues to account for the financial asset in the financial reports. In 2013, the Company completed a securitisation transaction that is accounted for in accordance with the above.

Note 2 Risk management

The nature of the business requires the Company to identify, to measure, to aggregate and to manage its risks effectively, and allocate its capital appropriately. Risk and capital are managed via a framework of principles, organizational structures, and measurement and monitoring processes that are closely aligned with the activities of the business: (i) The Board and the CEO provide overall risk and capital management supervision; (ii) BFAB operates a three lines of defence risk management model whereby risk management oversight and assurance roles are played by functions independent of one another; (iii) Risk strategy and risk appetite are defined based on strategic plans in order to align risk, capital, and performance targets; (iv) All major risks are managed via risk management processes, including: credit risk, market risk, operational risk, liquidity risk, and interest rate risk; (v) Where applicable, modelling and measurement approaches for quantifying risk and capital demand are implemented across the major risk classes; and, (vi) Effective processes and policies are a critical component of our risk management capability.

The Board of Directors has the ultimate responsibility for the Company's level of risk and determination of its capital requirement. The Board stipulates guidelines for the CEO with respect to risk governance and risk management, risk control, reporting and issuing policies and instructions. The Board is the ultimate owner of the Company's risk management system and is responsible for ensuring that the Company has good internal control.

The Board has appointed the Risk Manager as the responsible for identification, assessment, management, and reporting of risks of operations arising within operations across all businesses and risk types within the organization. The Risk manager reports directly to the CEO and the Board.

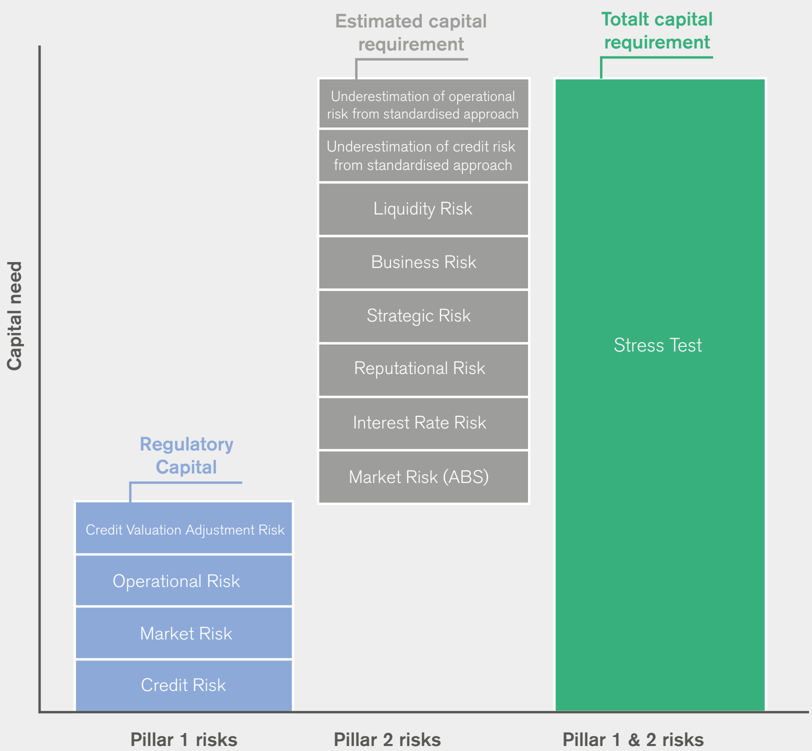
A large part of the Board's work is conducted in the various committees, which are established in order to examine certain areas, such as Risk Management (RMC, "Risk Management Committee") and New Products and Processes (NPPC, "New Product and Process Committee"), and for conducting preparatory work in these areas ahead of board meetings. These two committees are chaired by the Risk Manager. The Risk Manager is responsible for identification, assessment, management and reporting of risks of operations arising within operations across all business areas and risk types within the organisation.

The Compliance Manager is responsible to report all market, legal and compliance risks to the CEO and the Board on an aggregated level. The management of ethical risks is divided between the Risk Manager and the Compliance Manager. The Board is responsible for the planning of internal audits. Internal audit assignments are outsourced to a third party auditor.

Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Assessment Process
The ICAAP is part of the Pillar 2 assessment undertaken by the Company. It allows the Company to assess the level of capital that adequately supports all relevant current and future risks in the business. The Company ensures it has appropriate processes in place to ensure compliance with current and upcoming regulations.

Similar to ICAAP, the ILAAP is an exercise in which the Company thoroughly evaluates its liquidity risk management according to current and future regulations."

Delegation of risk and control responsibility - three lines of defense
The Company's risk management is based on three lines of



Risk

Material risks in the Business
The Company has identified the following material risks to be managed:

- Credit risk (incl. Concentration risk),
- Market risk,
- Operational risk,
- Credit valuation adjustment risk ("CVA risk"),
- Interest rate risk
- Reputational risk,
- Strategic risk,
- Business risk,
- Liquidity risk,
- Underestimation of credit risk from standardised approach, and
- Underestimation of operational risk from standardised approach.

For further information on capital adequacy and pillars 1 and 2, see Note 27.

defense, which are the foundation for the Company's model for risk management, risk control and compliance. The model is based on a division of responsibility for risk and compliance within the Company. It also distinguishes between the functions that own and manage risks and compliance (the first line), the functions that monitor and independently control risks and compliance (the second line), and the functions for independent review and oversight (the third line).

Credit rating agencies

Finansinspektionen has approved the following companies to provide the external rating according to the Capital Adequacy Act: Moody's Investors Services; DBRS; Fitch Ratings; and, Standard and Poor's (see http://www.fi.se/Regler/Kapitaltackning/Grundlaggande-kapitalkrav-pelare-1/Godkanda-kreditvarderingsforetag/)

The relation between the credit quality steps and the rating provided by thoise companies are displayed below:

Capital requirements according to Pillar 1
The minimum capital requirements are calculated for the following risks: credit risk, market risk, operational risk, and credit valuation adjustment risk.

The valuation methods used are: standardised approach for credit risk and market risk; the basic indicator approach for operational risk; and, the standardised method for credit valuation adjustment risk.

Credit risk

Credit risk is the main risk that the BFAB Group faces. Credit risk is mainly managed through the Credit Instructions in which risk appetite is defined.

Prudent client selection is achieved through the Company's Credit department, who acts as a first line of defense. Active management is also achieved through the Arrears Management department. The performance of the mortgage books is continuously monitored, and risk drivers analyzed, allowing for a better understanding of the underlying risk.

Concentration risk
Concentration risk is defined as the risk of suffering losses from lack of diversification, investing too heavily in one industry, one geographic area or one type of security. As the Company's main investments are retail lending (mortgages and personal loans), concentration risk could arise from lending heavily in one geographic area. Because of the nature of the Company's lending, concentration risk is measured by deviations in the distribution of lending and population across regions.

Credit Quality Step	Moody's	Fitch	S&P's
1	Aaa - Aa3	AAA - AA-	AAA - AA-
2	A1 - A3	A+ - A-	A+ - A-
3	Baa1 - Baa3	BBB+ - BBB-	BBB+ - BBB-
4	Ba1 - Ba3	BB+ - BB-	BB+ - BB-
5	B1 - B3	B+ - B-	B+ - B-
6	worse than B3	worse than B-	CCC+ and worse

Maximum Credit Risk Exposure	Group 2014-12-31	Group 2013-12-31	Parent 2014-12-31	Parent 2013-12-31
Governments or central banks				
- Credit Quality Step 1	30 783 900		30 783 900	
Total Governments or central banks	**30 783 900**	**0**	**30 783 900**	**0**
Lending to credit institutions				
- Credit Quality Step 1	1 000 308 052	1 512 656 099	719 856 459	1 319 912 669
Total lending to the general public	**1 000 308 052**	**1 512 656 099**	**719 856 459**	**1 319 912 669**
Corporates				
- No rating	4 248 126		132 178 943	107 529 104
- Internal exposure			1 060 177 294	
Total corporates	**4 248 126**	**0**	**1 192 356 237**	**107 529 104**
Lending to the general public				
- Unsecured loans	517 848 791	331 047 383	517 848 791	331 047 383
- Loans secured by residential property	7 769 778 786	6 551 604 103	6 388 437 701	6 551 604 103
Total lending to the general public	**8 287 627 577**	**6 882 651 486**	**6 906 286 492**	**6 882 651 486**
Bonds and other interest-bearing securities				
- Credit Quality Step 1	446 338 830	436 950 470	446 338 830	436 950 470
- Credit Quality Step 2	52 580 850	52 899 250	52 580 850	52 899 250
Total bonds and other interest-bearing securities	**498 919 680**	**489 849 720**	**498 919 680**	**489 849 720**
Derivatives				
- Credit Quality Step 2	85 154 355	38 945 423	7 939 696	23 409 336
- No rating				
Total derivatives	**85 154 355**	**38 945 423**	**7 939 696**	**23 409 336**
Other assets				
- No rating	89 859 561	94 811 983	97 255 407	57 171 370
Total other assets	**89 859 561**	**94 811 983**	**97 255 407**	**57 171 370**
Total	**9 996 901 251**	**9 018 914 711**	**9 453 397 871**	**8 880 523 685**

Credit risk

Receivables from private individuals	Group 2014-12-31	Group 2013-12-31	Parent 2014-12-31	Parent 2013-12-31
Performing	7 778 741 525	6 411 614 189	6 397 400 440	6 411 614 189
Due 30-60 days	188 489 425	173 706 392	188 489 425	173 706 392
Due 60-90 days	78 984 024	42 715 555	78 984 024	42 715 555
Due over 90 days	241 412 603	196 756 849	241 412 603	196 756 849
Impaired assets	-	739 201	-	739 201
Total	**8 287 627 577**	**6 825 532 186**	**6 906 286 492**	**6 825 532 186**
Provisions	**32 722 442**	**54 243 630**	**32 722 442**	**54 243 630**

Other financial assets	Group 2014-12-31	Group 2013-12-31	Parent 2014-12-31	Parent 2013-12-31
Performing	**1 709 273 674**	**2 193 382 525**	**2 547 111 379**	**2 054 991 499**
- Credit Quality Step 1	1 477 430 782	1 949 606 569	1 196 979 189	1 756 863 139
- Credit Quality Step 2	137 735 205	91 844 673	60 520 546	76 308 586
- No rating	94 107 687	151 931 283	1 289 611 644	221 819 774
Non performing	-	-	-	-
Total	**1 709 273 674**	**2 193 382 525**	**2 547 111 379**	**2 054 991 499**

Financial instruments that have been offset in the balance sheet or are subject to netting agreement

The Company enters into derivative contracts under the International Swaps and Derivatives Association's (ISDA) master netting agreement, which means that when a counterparty cannot settle their obligations, the agreement is cancelled and all outstanding dealings between the parties shall be regulated by a net amount. ISDA agreements do not meet the criteria for offsetting in the balance sheet since offsetting is only permitted due to a party's inability to regulate, and also that the intention to reach a net settlement exists. The Company does not have any offset assets and liabilities as of year-end 2014.

Amounts not offset in the balance sheet	Group 2014-12-31 Gross value	Offsetting in the balance sheet	Net in the balance sheet
Derivatives	62 914 689	-	-
Total financial assets	**62 914 689**	**0**	**0**
Derivatives	45 233 753	-	-
Total financial assets	**45 233 753**	**0**	**0**

Provisions

Market risk

Market risk is defined as the risk of financial losses arising from adverse movements in the market.

The Company's market risk exposures are mainly related to foreign exchange rates and are hedged with derivatives to ensure that investments generate the expected level of income over the life of the assets.

Sensitivity analysis with an instantaneous decrease in currency with 10%

The table below shows the Group's net position in foreign currencies as at the balance sheet date.

	Total position 2014-12-31	Value change -100 bps	Value change +100 bps
EUR positions	38 298	-3 830	3 830
GBP positions	201 816	-20 182	20 182
NOK positions	42 243 048	-4 224 305	4 224 305
Impact on earnings		**-4 248 317**	**4 248 317**

A change in relevant exchange rates in relation to the Swedish krona of -10% would at the balance sheet date show an instantaneous net impact on earnings of SEK -4.2m (SEK -15.0m). A change in relevant exchange rates in relation to the Swedish krona of +10% would at the balance sheet date show an instantaneous net impact on earnings of SEK 4.2m (SEK 15.0m).

Operational risk

Operational risk is defined as the risk of loss resulting from inadequate internal processes, people and systems.

Operational risks are managed through well exercised internal controls, routines and instructions for all transactions. The Company's policies ensure that personnel have the proper competence, training and work experience to prevent the occurrence of operational risks.

IT related risks are mitigated through the deployment of reliable IT-systems with built-in controls, reconciliations, backup procedures and business continuity plans.

The day to day administration of the loan portfolios in Sweden and Norway and the management of deposit accounts in Sweden are outsourced to third parties for the majority of the year. In order to manage operational risk, the Company performs regular audits of third party business operations and internal controls, as well as their business continuity plans.

The calculation of operational risk capital is based on the Basic Indicator Approach whereby the capital requirement is 15% of the average net operating income for the last 3 fiscal years.

Capital requirements according to Pillar 2

As part of the supervisory review and evaluation process (SREP), the Company performs an internal capital adequacy assessment (ICAAP). This consists on an assessment and quantification of all identified risks that affect the Company. As a result of aggregating risks in terms of capital, the Company is able to allocate capital efficiently taking into account not only the current period but the next five years, as well as planned business developments. The ICAAP includes upcoming and/or potential regulatory changes that may impact the Company.

Similar to Pillar 1 risks, the Company identifies, monitors and quantifies Pillar 2 risks and their capital demands. Active management of Pillar 2 risks is achieved through internal policies and periodical assessment of the risks.

An internal liquidity adequacy assessment (ILAAP) is also conducted within the SREP in which liquidity needs and available funding is assessed for the next five years.

Liquidity risk

Liquidity risk is the risk of not being able to meet payment obligations on their due dates without the cost of obtaining the funds increasing considerably. The day to day handling of liquidity risk is managed through the Treasury function within the Company. The Company's Risk Manager acts as the central function for independent control of liquidity and reports to the Board and the CEO.

The liquidity risk appetite of the Company shall be low and the Liquidity Policy states that the Company shall retain material amounts of excess liquidity in a liquidity reserve. The liquidity reserve will only be invested in highly rated securities and liquid investments according to the Company's Liquidity Policy.

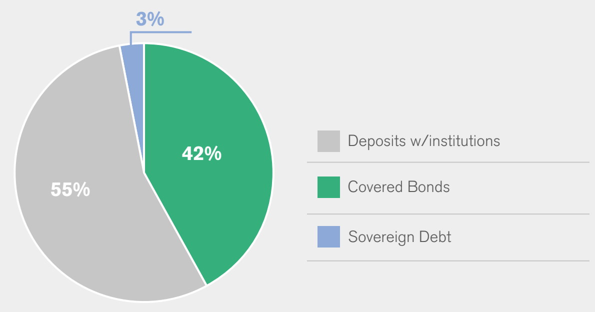
On a daily basis the company measures liquidity reserves in expected and stressed scenarios in order to make sure that the minimum required liquidity is maintained. This measurement is reported on a daily basis to the Senior Management and monthly to the Board. The reports show key figures on liquidity risk as liquidity reserve, liquidity coverage ratio and net stable funding ratio among others. Stress tests are carried out to ensure that the size of the liquidity reserve is sufficient under stressed scenarios.

Measurement and reporting of liquidity risk is performed on a daily basis and reported to senior management. Liquidity risk is reported monthly to the Board. The reports show key figures on liquidity risk as liquidity reserve, liquidity coverage ratio and net stable funding ratio among others. Furthermore, liquidity risk is measured under different scenarios, including stress scenarios.

The Company is mainly exposed to liquidity risk related to funds it raises from retail deposits. Product features and pricing is designed to encourage long-term deposits. However, the legal maturity of the Company's lending products are significantly longer than the legal maturity of the deposit. In order to mitigate this risk, it is the Company's policy to hold a material liquidity reserve in order to meet any unforeseen deposit outflows. More than 90 % of the lending consists of mortgages and are funded by deposits and RMBS. All deposit products are covered by the government deposit guarantee scheme and the Company strategically offers different deposit products depending on the needs of the Company and market prices.

The Company has established a funding strategy that provides effective diversification in the sources and tenor of funding as access to retail deposits and wholesale funding.

The Company's liquidity reserve consists of deposits in other institutions, sovereign debt and covered bonds. The distribution between institutions, sovereign debt and covered bonds is shown below.



A contingency plan that addresses liquidity shortfalls in emergency situations is established.

	Consolidated situation		Parent	
Liquidity Reserve	**2014-12-31**	**2013-12-31**	**2014-12-31**	**2013-12-31**
Cash and balances with central banks	7 760	9 661	7 760	9 661
Deposits in other banks	909 428 296	1 548 423 162	629 076 143	1 280 227 959
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	30 783 900	-	30 783 900	-
Covered bonds (issued by other institutions)	454 629 449	445 241 019	454 629 449	445 241 019
Total	**1 394 849 405**	**1 993 673 842**	**1 114 497 252**	**1 725 478 639**

Risk measurement

In addition to the liquidity risk measures explained above, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) are calculated and monitored every month.

The purpose of the LCR is to ensure that Bluestep has enough high quality assets to meet its liquidity needs in stressed situations in the next 30 days. NSFR ensures that the institution's long-term assets are funded with a minimum level of stable long-term funding.

Liquidity Coverage Ratio	2014-12-31	2013-12-31
Liquidity Coverage Ratio	**115**	**0**
Liquid Assets Level 1	102 638 867	-
Liquidity Reserve	**102 638 867**	**0**
Customer deposits	353 310 981	-
Other outflows	3 621 959	-
Cash Outflows	**356 932 940**	**0**
Inflows from retail customers, lending activities	94 941 898	-
Other inflows	909 836 014	-
Cash Inflows (cap)	**267 699 705**	**0**
Net Stable Funding Ratio	**198**	**0**
Available Stable Funding (thousands SEK)	7 667 417	-
Required Stable Funding (thousands SEK)	3 871 361	-

Business risk

Business risks are risks related to the Company's short-term and long-term ability to generate profits. The Company has identified business risks that may cause financial results to fall short of projections. Each risk is analysed with a qualitative approach and the expected loss for each risk is calculated. The net expected loss for all the identified risks are summed and reduced by the expected pre-tax profit for the year. The identified risk scenarios are assumed to occur simultaneously across both the Swedish and Norwegian businesses.

Strategic risk

Strategic risks are defined as risks that have a long term effect on the business or risks that are related to certain actions taken by the Company such as geographic expansion or the introduction of new products.

Strategic risks are analysed using a qualitative approach. Specifically, risks are listed and evaluated to determine the potential impact of each. The expected loss caused by the risk is calculated and compared to the estimated profit for that time period.

Strategic risks are assumed to be uncorrelated with other risks unless a particular risk cannot arise on a standalone basis. Where correlations do exist, strategic capital requirement will be adjusted to reflect changes in other categories of capital requirement. For example, the Company may calculate strategic capital requirement under the scenario that a portion of its lending operation requires closure. Under this scenario, total credit capital requirement would decrease, thereby, creating an offset to the calculated requirement for strategic capital requirement.
For each identified strategic risk, the Company has identified offsetting capital requirement reductions. As such, no additional capital is held against potential strategic risk.

Reputational risk

Reputational risk is defined as the risk of potential loss due to damage to the reputation of the Company or any of its individual entities, affiliates or operations. Reputational capital requirement is determined using a qualitative method whereby material reputational risks are evaluated by probability and financial impact.

Identified impacts of reputational risk include unexpected large deposit outflows, a reduced inflow of new deposits and increased cost of funding. Since capital requirement related to these risks is captured by other capital requirement calculations, the Company does not hold specific capital requirement for reputational risk.

Interest rate risk from non-trading activities

Interest rate risk is the exposure of a Company's financial condition to adverse movements in interest rates. Changes in interest rates affect a company's earnings by changing its net interest income and the level of other interest sensitive income and operating expenses. Changes in interest rates also affect the underlying value of the company's assets and liabilities because the economic value of future cash flows change when interest rates change.

A number of stress scenarios are run and the interest rate risk exposure calculated. If the exposures breach the limits imposed in the policy or they are close to breach them, new hedging instruments are entered into. Interest rate risk is measured both under the economic value analysis and the net interest income analysis.

Sensitivity analysis in case of market rate increase with 100bps

The Company has no financial assets valued to fair value apart from the derivatives and covered bonds. From a valuation perspective, these are the only financial assets which directly affect the income statement as a value change (price risk) if there is a change in the market interest rate. Additionally, the company is exposed to risk in the net interest income.

ABS market risk

	Change	Absolute risk	Risk, % of capital base
Increased interest rates	+100bp	3 060 420	0,51%
Decreased interest rates	-100bp	-2 530 880	-0,42%

The calculation assumes that market rates increase/decrease by 100 bps and states the instantaneous change in the economic value of the Company.

The Company holds a portfolio of Nordic ABS bonds which are classified as Loans and Receivables and hold credit rating A according to Standard & Poor's. The Company plans to hold the bonds to maturity and believes the assets provide attractive risk adjusted returns. In addition to credit risk capital (see credit risk section), the Company has chosen to hold additional market risk capital against these assets.

Note 3 Net interest income

	Group		Parent	
	2014	2013	2014	2013
Interest income				
Lending to credit institutions	9 396 358	14 737 610	8 708 381	14 313 071
Lending to the public	661 161 160	550 193 708	635 890 624	494 969 906
Covered bonds	16 735 026	16 735 000	16 735 026	16 735 000
Other interest-bearing securities	3 662 809	5 879 192	3 662 809	5 879 192
Intercompany loans	12 720	-	4 714 600	21 094 701
Other	111 061	37 954	111 061	37 954
	691 079 134	**587 583 464**	**669 822 501**	**553 029 824**
Of which:				
Interest income from financial items not measured at fair value through profit or loss	674 331 388	570 848 464	648 372 875	515 200 123
Interest expense				
Liabilities to credit institutions	-362 664	-	-	-
Deposits from the public	-233 310 927	-222 944 664	-325 270 068	-229 498 320
Other	-8 015 112	-8 162 898	-2 174 029	-8 162 898
	-241 688 703	**-231 107 562**	**-327 444 097**	**-237 661 218**
Of which:				
Interest expense from financial items not measured at fair value through profit or loss	-241 688 703	-231 107 562	-327 444 097	-237 661 218
Total net interest income	**449 390 431**	**356 475 902**	**342 378 404**	**315 368 606**

Geographical distributio

	Group			
	2014-12-31		2013-12-31	
	Sweden	Norway	Sweden	Norway
Interest income	542 803 645	148 275 489	491 884 581	95 698 883
Commission income	284 000	-	273 000	-
Net result of financial transactions	-45 807 872	-7 717 576	38 358 018	-7 119 918
Other operating income	7 501 204	1 691 021	5 836 506	1 232 215
Total	**504 780 977**	**142 248 934**	**536 352 105**	**89 811 180**

	Parent			
	2014-12-31		2013-12-31	
	Sweden	Norway	Sweden	Norway
Interest income	521 547 012	148 275 489	457 330 941	95 698 883
Commission income	284 000	-	273 000	-
Net result of financial transactions	1 456 461	-7 717 576	80 014 925	-7 119 918
Other operating income	7 416 359	1 691 021	4 602 584	1 232 215
Total	**530 703 832**	**142 248 934**	**542 221 450**	**89 811 180**

Note 4 Commission income

	Group		Parent	
	2014	2013	2014	2013
Other commission income	284 000	273 000	284 000	273 000
Total	**284 000**	**273 000**	**284 000**	**273 000**

The commission income relates to administration services rendered to Bluestep Capital Holdings Limited.

Note 5 Net result of financial transactions

	Group		Parent	
	2014	2013	2014	2013
Covered bonds - realised changes	-4 684 026	-2 972 905	-4 684 026	-2 972 905
Covered bonds - unrealised changes	-5 241 344	-4 063 722	18 030 155	1 886 322
Other interest-bearing securities and related derivatives - realised changes	-4 250 585	66 895 661	-4 250 585	66 895 661
Other interest-bearing securities and related derivatives - unrealised changes	-	-2 995 817	-	-2 995 817
Mortgage book derivates - unrealised changes	57 301 603	-7 873 174	-18 696 946	21 683 879
Unrealised exchange rate changes: loans and receivables and other debts and related derivatives - unrealised changes	-96 651 096	-17 751 943	3 340 287	-11 602 133
Total	**-53 525 448**	**31 238 100**	**-6 261 115**	**72 895 007**

The Company's financial assets and liabilities measured at fair value consist of covered bonds and derivative instruments.

Unrealised changes in market value relate to changes in the fair value of derivative instruments. Revaluation takes place on a monthly basis. Exchange rate changes relate to currency adjustments of assets (bank and bonds) and liabilities in foreign currency. At the end of the year, the adjustment is made using 'spot rates'.

Note 6 Other operating income

	Group		Parent	
	2014	2013	2014	2013
Billing fees	7 182 933	5 124 410	7 098 083	3 890 482
Valuation fees	1 983 341	1 932 567	1 983 341	1 932 567
Other operating income	25 951	11 744	25 956	11 750
Total	**9 192 225**	**7 068 721**	**9 107 380**	**5 834 799**

Note 7 General administration expenses

	Group		Parent	
	2014	2013	2014	2013
Personnel costs				
Salaries and emoluments	-78 890 632	-68 706 055	-78 890 632	-68 706 055
Variable performance benefit	-10 969 058	-10 027 237	-10 969 058	-10 027 237
Social security charges	-16 885 973	-20 921 522	-16 885 973	-20 921 522
Pension expenses	-2 571 184	-2 162 842	-2 571 184	-2 162 842
Other personnel costs	-6 036 110	-6 543 010	-6 036 110	-6 543 010
	-115 352 957	**-108 360 666**	**-115 352 957**	**-108 360 666**
Administration expenses deposits from the public	-6 962 881	-6 999 478	-6 962 881	-6 999 478
Administration expenses lending to the public	-46 047 949	-40 387 580	-46 047 949	-38 831 221
Professional fees	-16 133 215	-8 222 049	-14 591 837	-8 007 203
Other administration expenses	-89 927 815	-76 457 451	-65 278 513	-74 806 401
Total	**-274 424 817**	**-240 427 224**	**-248 234 137**	**-237 004 969**

Note 8 Auditors remuneration and expenses

	Group		Parent	
	2014	2013	2014	2013
Deloitte AB				
Audit assignment	1 385 547	1 283 168	1 081 250	1 064 318
Audit activities in addition to audit assignment	544 625	1 162 770	544 625	1 031 520
Tax advice				
Other assignments				
PwC				
Audit assignment				
Audit activities in addition to audit assignment				
Tax advice				
Other assignments	163 839	62 500	136 839	62 500
Total	**2 094 011**	**2 508 438**	**1 762 714**	**2 158 338**

Audit assignments refer to audit of the annual report and accounts and other tasks that are incumbent on the Company's auditors to perform as well as counseling or other assistance as a result of observations during the audit or implementation of other tasks. Everything else relates to audit activities in addition of audit assignment, tax advice or other assignments.

Note 9 Salaries and remuneration

The Board

The Board's fees are determined by the Company's annual general meeting. At the end of the year the Board consisted of eight members.

The Board has compensated two of the members in the Company for their Board work between the Annual General Meeting on 16 May 2013 up until the Annual General Meeting on 23 May 2014 with a total of 620 000 SEK. Two board members are employed by the Company and have received salary during the year. No other compensation has been made for the remaining Board members.

Senior officials

Compensation to the CEO and other individuals identified as Remuneration Code Staff is proposed by the Company's Remuneration committee and determined by the Board. Compensation to other senior officials is determined by the CEO, and in some cases in consultation with members of the Board. Compensation to the CEO and senior officials consists of a basic salary, variable pay in the form of bonus and pension contributions. The period of notice for the CEO is twelve months. Agreements on severance pay with the CEO or any other Senior Executives are determined by individual contracts. Information on compensation according to the Financial Supervisory Authority's regulations and general guidelines on compensation policies (FFFS 2011:1) is published on the Company's website.

Pension commitments

In Sweden, the Company has a pension plan implemented for all employees whereby 2.5 % of the employee's gross monthly wage is invested in to an eligible plan. Additionally, an optional plan is in place whereby the employee contributes 2 % of their gross monthly wage and receive an additional 1 % from the Company. In the Branch, 3.5 % of the employee's gross monthly wage is invested in to an eligible plan unconditionally.

Salaries and remuneration - Members of the Board and CEO

	Salary		Bonus*		Pension		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
CEO/Board member (David Torpey)	5 034 438	4 628 852	1 293 000	1 375 000	151 610	137 980	6 479 048	6 141 832
Chairman of the Board (Per Otto Hyland)	320 000	310 000	-	-	-	-	320 000	310 000
Board member - Carl Sundvik	320 000	310 000	-	-	-	-	320 000	310 000
Board member - Rolf Stub	4 011 596	3 894 778	1 443 000	1 292 000	55 328	53 717	5 509 924	5 240 495
Board member - Peter Gertman	1 757 000	1 533 000	639 000	550 000	50 477	42 619	2 446 477	2 125 619
Total	**11 443 034**	**10 676 630**	**3 375 000**	**3 217 000**	**257 415**	**234 316**	**15 075 449**	**14 127 946**

* 60% of that amount is deferred and payable in equal amount over five years under the Company's remuneration policy.

	Parent	
Salaries and remuneration - Other employees	**2014**	**2013**
Salaries and remuneration	75 041 656	64 839 662
Social security contributions	12 230 147	17 599 822
Pension costs	2 313 769	1 928 526
Total salaries, remuneration, social security contributions and pensions	**89 585 572**	**84 368 010**

	Parent	
Distribution by gender in board and management	**2014**	**2013**
The Board		
Women	-	-
Men	8	6
Management team including CEO		
Women	1	1
Men	6	4

Average number of employees	Group and Parent 2014	2013
Sweden		
Women	73	62
Men	53	49
Norway		
Women	10	8
Men	17	15
Totalt	**153**	**134**

Information above concerns both the Group and the company since no salaries and remuneration have been paid by the subsidiary BlueStep Finans Funding No 1 AB.

Note 10 Intangible assets

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Acquisition value brought forward	71 012 247	30 686 609	49 578 945	30 686 609
Investments for the year	8 408 233	40 325 638	7 877 179	18 892 336
Acquisition value carried forward	**79 420 480**	**71 012 247**	**57 456 124**	**49 578 945**
Depreciation brought forward	-24 715 241	-15 937 036	-24 017 521	-15 937 036
Depreciation for the year	-12 724 256	-8 778 205	-8 350 042	-8 080 485
Depreciation carried forward	**-37 439 497**	**-24 715 241**	**-32 367 563**	**-24 017 521**
Residual value at the end of the accounting period	**41 980 983**	**46 297 006**	**25 088 561**	**25 561 424**

FX revaluation of foreign operations result in an exchange difference amounting to SEK 511 669 as at balance sheet date. Exchange difference is the difference between the year's depreciation on the balance sheet and depreciation in the income statement.

Note 11 Tangible assets

	Group and Parent	
	2014-12-31	2013-12-31
Acquisition value brought forward	8 549 431	7 080 046
Investments for the year	931 957	1 469 385
Acquisition value carried forward	**9 481 388**	**8 549 431**
Depreciation brought forward	-3 778 956	-2 648 682
Depreciation for the year	-1 162 530	-1 130 274
Depreciation carried forward	**-4 941 486**	**-3 778 956**
Residual value at the end of the accounting period	**4 539 902**	**4 770 475**

FX revaluation of foreign operations result in an exchange difference amounting to SEK 111 369 as at balance sheet date. Exchange difference is the difference between the year's depreciation on the balance sheet and depreciation in the income statement.

Note 12 Credit losses

	Group		Parent	
	2014	2013	2014	2013
Actual losses	-37 782 247	-27 241 000	-34 776 965	-11 459 084
Recoveries previous losses	10 573 263	8 747 955	7 567 981	5 831 162
Sale of non-performing loans	31 382 441	-	31 382 441	-
Net change in provisions	20 781 986	-13 551 751	20 781 986	-24 796 530
Total	**24 955 443**	**-32 044 796**	**24 955 443**	**-30 424 452**

Actual losses includes principle losses, interest and fees net of recoveries. Recoveries amounts to SEK 3 703 659 (SEK 3 703 659) for the Parent Company and to SEK 7 567 981 (SEK 6 877 594) for the group.

Note 13 Note 13 Tax on net result

The current tax rate is the tax rate for income tax of the Company. The tax rate for 2013 in Sweden is 22.0% (26.3%). The tax rate for 2013 in Norway is 28.0% (28.0%).

	Group		Parent	
	2014	2013	2014	2013
Current tax	-27 688 568	-21 797 234	-21 152 727	-21 727 198
Tax Group contribution	-1 294 576	-2 726 982	-	-2 726 982
Total tax cost	**-28 983 144**	**-24 524 216**	**- 21 152 727**	**-24 454 180**

	Group		Parent	
	2014	2013	2014	2013
Net profit before tax	141 642 253	112 675 225	118 259 045	146 821 695
Tax based on current tax rate	-27 427 962	-32 369 028	-26 016 990	-32 300 773
Tax effect of:				
Non taxable income	24 433	8 465	24 433	8 465
Non deductible items	-130 995	-114 105	-125 056	-112 324
Utilization of previously cumulative losses	-	7 950 452	-	7 950 452
Deferred tax	-1 448 620	-	4 964 886	-
Total tax cost	**-28 983 144**	**-24 524 216**	**-21 152 727**	**-24 454 180**

The Company's taxable losses carried forward as at 2013-12-31 amounts to SEK 36 138 413 (SEK 31 141 743).

Note 14 Lending to credit institutions

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Swedish banks	847 351 898	1 512 647 482	629 306 829	1 280 433 777
Foreign banks	9 428	8 617	9 428	8 617
Total	**847 361 326**	**1 512 656 099**	**629 316 257**	**1 280 442 394**

Note 15 Lending to the public

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Loan assets	8 340 600 483	6 936 155 914	6 939 008 934	6 936 155 914
Provisions for losses	-32 722 442	-53 504 428	-32 722 442	-53 504 428
Total	**8 307 878 041**	**6 882 651 486**	**6 906 286 492**	**6 882 651 486**
Specification provision for losses				
Provisions for losses at beginning of year	-53 504 428	-39 952 677	-53 504 428	-28 707 898
Net movement during the year	20 781 986	-13 551 751	20 781 986	-24 796 530
Provisions for losses at end of year	**-32 722 442**	**-53 504 428**	**-32 722 442**	**-53 504 428**

Note 16 Derivatives

The derivative instruments consist of hedging instruments covering the mortgage lending, currency, ABS assets and covered bonds. A breakdown of the instruments is specified below:

	Group					
	2014-12-31			2013-12-31		
Assets	Notional amount	Purchase value	Recoqnised value	Notional amount	Purchase value	Recoqnised value
Swedish financial institutes	954 155 845	-	7 939 696	1 890 292 909	-	23 409 336
Foreign financial institutes	2 479 943 766	4 695 951	54 974 993	4 645 713 956	4 695 951	15 536 087
Total	**3 434 099 611**	**4 695 951**	**62 914 689**	**6 536 006 865**	**4 695 951**	**38 945 423**

	Parent					
	2014-12-31			2012-12-31		
Assets	Notional amount	Purchase value	Recoqnised value	Notional amount	Purchase value	Recoqnised value
Swedish financial institutes	954 155 845	-	7 939 696	1 890 292 909	-	2 101 172
Foreign financial institutes	-	-	-	479 480 983	4 695 951	21 308 164
Total	**954 155 845**	**0**	**7 939 696**	**2 369 773 892**	**4 695 951**	**23 409 336**

	Group					
	2014-12-31			2013-12-31		
Liabilities	Notional amount	Purchase value	Recoqnised value	Notional amount	Purchase value	Recoqnised value
Swedish financial institutes	2 600 112 283	-	29 690 219	676 399 380	-	14 181 482
Foreign financial institutes	3 338 515 275	-	15 543 534	55 839 276	-	36 989 955
Total	**5 938 627 558**	**0**	**45 233 753**	**732 238 656**	**0**	**51 171 437**

	Parent					
	2014-12-31			2013-12-31		
Liabilities	Notional amount	Purchase value	Recoqnised value	Notional amount	Purchase value	Recoqnised value
Swedish financial institutes	2 600 112 283	-	29 690 219	676 399 380	-	14 181 482
Foreign financial institutes	3 338 515 275	-	15 543 534	55 839 276	-	-
Total	**5 938 627 558**	**0**	**45 233 753**	**732 238 656**	**0**	**14 181 482**

Note 17 Bonds and other interest-bearing securities

	Group and Parent			
	2014-12-31		2013-12-31	
	Purchase value	Recoqnised value	Purchase value	Recoqnised value
Swedish issuers - Bonds issued by the Swedish government	30 819 900	30 783 900	-	-
Swedish issuers - Covered bonds (listed) issued by Swedish credit institutions	437 713 850	446 338 830	437 713 850	436 950 470
Swedish issuers - Other listed interest-bearing securities issued by Swedish credit institutions	52 580 850	52 580 850	52 899 250	52 899 250
Total	**521 114 600**	**529 703 580**	**490 613 100**	**489 849 720**

. Note 18 Note 18 Shares in associated companies

Company name	Number of shares	Share %	Reg. No.	Domicile	Equity	Recognised value	Net profit
Bluestep Finans Funding No 1 AB	100 000	100%	556791-6928	Stockholm	8 600 000	8 600 000	-1 416 911
Bluestep Mortgage Securities No 2 Limited	1	100%	522186	Dublin	-	-	16 969 703
Bluestep Servicing AB	50 000	100%	556955-3927	Stockholm	50 000	50 000	0

Note 19 Other assets

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accounts receivable	24 694 302	18 671 191	17 431 552	17 643 505
Intercompany receivables	97 354	107 354	1 163 362 384	106 809 338
Other assets	139 546 862	50 312 378	163 130 324	50 323 630
Total	**164 338 518**	**69 090 923**	**1 343 924 260**	**174 776 473**

Note 20 Prepaid expenses and accrued income

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Prepaid expenses	987 092	913 814	987 092	913 814
Accrued interest	11 177 658	14 692 540	16 588 053	15 401 056
Other prepaid expenses and accrued income	5 845 837	5 344 231	5 462 548	5 208 931
Summa	**18 010 587**	**20 950 585**	**23 037 693**	**21 523 801**

Note 21 Liabilities to credit institutions

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Foreign banks	375 000 000	-	-	-
Bond investors	1 596 706 082	1 763 339 767	1 479 563 932	1 650 318 545*
Total	**1 971 706 082**	**1 763 339 767**	**1 479 563 932**	**1 650 318 545**

* The amount is attributable to the secvritisation transaction complited in November 2013.

Note 22 Deposits from the public

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Deposits from the public	7 201 005 653	6 601 263 001	7 201 005 653	6 601 263 001
Total	**7 201 005 653**	**6 601 263 001**	**7 201 005 653**	**6 601 263 001**

Note 23 Accrued expenses and prepaid income

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Accrued salaries and remunerations	20 821 611	18 752 554	20 821 611	18 752 554
Accrued social costs	4 841 995	5 030 732	4 841 995	5 030 732
Accrued interest	29 088 231	26 061 511	25 320 581	21 508 428
Other accrued expenses and prepaid income	17 388 659	22 996 265	3 826 332	2 811 081
Total	**72 140 496**	**72 841 062**	**54 810 519**	**48 102 795**

Note 24 Other liabilities

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Trade creditors	16 700 005	12 967 028	16 462 385	12 693 404
Intercompany liabilities	-	7 326 129	-	-
Social costs	2 958 963	4 100 295	2 958 963	4 100 295
Other	21 356 811	20 482 166	21 343 248	19 867 749
Total	**41 015 779**	**44 875 618**	**40 764 596**	**36 661 448**

The intercompany liability relates to group contributions from Bluestep Finans Funding No 1 AB to Bluestep Finans AB.

Not 25 Asset duration information

	Group						
	Non discounted contractual cash flows						
Remaining duration 2014-12-31	**Payable on demand**	**< 3 mth**	**3 mth - 1 yr**	**1-5 yr**	**>5 yr**	**No duration/ cash flow**	**Total**
Assets							
Lending to credit institutions	847 361 326						847 361 326
Lending to the public		56 761 036	115 371 847	633 161 509	7 502 583 649		8 307 878 041
Derivatives		7 575 441	6 982 106	12 321 724	36 035 418		62 914 689
Interest bearing securities			30 783 900	446 338 830	52 580 850		529 703 580
Intangible assets						41 980 983	41 980 983
Tangible assets						4 539 902	4 539 902
Other financial assets		163 837 095					163 837 095
Other non financial assets		18 512 010					18 512 010
Total	**847 361 326**	**246 685 582**	**153 137 853**	**1 091 822 063**	**7 591 199 917**	**46 520 885**	**9 976 727 626**
Liabilities							
Liabilities to credit institutions			375 000 000		1 596 706 082		1 971 706 082
Deposits from the public	2 899 130 730	1 478 617 618	1 521 510 692	1 243 927 618	57 818 994		7 201 005 652
Derivatives		10 255 795	6 530 744	50 899 523	-22 452 309		45 233 753
Tax liability				27 574 878			27 574 878
Other financial liabilities		35 798 338	44 722 527				80 520 865
Other non financial liabilities		32 635 411					32 635 411
Total	**2 899 130 730**	**1 557 307 167**	**1 947 763 963**	**1 322 402 019**	**1 632 072 767**	**0**	**9 358 676 641**

Remaining duration 2013-12-31	Group						
	Non discounted contractual cash flows						
	Payable on demand	< 3 mth	3 mth - 1 yr	1-5 yr	>5 yr	No duration/ cash flow	Total
Assets							
Lending to credit institutions	1 512 656 099						1 512 656 099
Lending to the public		43 694 071	92 881 092	477 091 449	6 268 984 874		6 882 651 486
Derivatives		-8 614 338	-802 438	-7 554 219	55 916 418		38 945 423
Interest bearing securities				363 551 160	126 298 560		489 849 720
Intangible assets						46 297 006	46 297 006
Tangible assets						4 770 475	4 770 475
Other financial assets		76 058 532					76 058 532
Other non financial assets		13 982 976					13 982 976
Total	**1 512 656 099**	**125 121 241**	**92 078 654**	**833 088 390**	**6 451 199 852**	**51 067 481**	**9 065 211 717**
Liabilities							
Liabilities to credit institutions					1 763 339 767		1 763 339 767
Deposits from the public	1 870 248 440	2 062 884 726	1 488 772 816	1 005 844 548	173 512 471		6 601 263 001
Derivatives				4 226 166	46 945 271		51 171 437
Tax liability				26 342 027			26 342 027
Deferred tax liabilities							
Other financial liabilities		45 734 711	28 080 956				73 815 667
Other non financial liabilities		43 901 013					43 901 013
Total	**1 870 248 440**	**2 152 520 450**	**1 516 853 772**	**1 036 412 741**	**1 983 797 509**	**0**	**8 559 832 912**

	Parent						
	Non discounted contractual cash flow						
Remaining duration 2014-12-31	**Payable on demand**	**< 3 mth**	**3 mth - 1 yr**	**1-5 yr**	**>5 yr**	**No duration/ cash flow**	**Total**
Assets							
Lending to credit institutions	629 316 257						629 316 257
Lending to the public		53 825 393	105 910 011	567 707 156	6 178 843 932		6 906 286 492
Derivatives		957 590	6 982 106				7 939 696
Interest bearing securities			30 783 900	446 338 830	52 580 850		529 703 580
Shares and participations in associated companies						8 650 000	8 650 000
Intangible assets						25 088 561	25 088 561
Tangible assets						4 539 902	4 539 902
Other financial assets		156 574 349					156 574 349
Other non financial assets		1 210 387 604					1 210 387 604
Total	**629 316 257**	**1 421 744 936**	**143 676 017**	**1 014 045 986**	**6 231 424 782**	**38 278 463**	**9 478 486 441**
Liabilities							
Liabilities to credit institutions				1 479 563 932			1 479 563 932
Deposits from the public	2 899 130 730	1 478 617 618	1 521 510 692	1 243 927 618	57 818 994		7 201 005 652
Derivatives		10 255 795	6 530 744	50 899 523	-22 452 309		45 233 753
Tax liability				26 157 967			26 157 967
Other financial liabilities		28 409 013	44 722 527				73 131 540
Other non financial liabilities		22 443 576					22 443 576
Total	**2 899 130 730**	**1 539 726 006**	**1 572 763 963**	**2 800 549 040**	**35 366 685**	**0**	**8 847 536 420**

	Parent						
	Non discounted contractual cash flows						
Remaining duration 2013-12-31	**Payable on demand**	**< 3 mth**	**3 mth - 1 yr**	**1-5 yr**	**>5 yr**	**No duration/ cash flow**	**Total**
Assets							
Lending to credit institutions	1 280 442 394						1 280 442 394
Lending to the public		43 694 071	92 881 092	477 091 449	6 268 984 874		6 882 651 486
Derivatives		-8 614 338	-802 438	-7 554 219	40 380 331		23 409 336
Interest bearing securities				363 551 160	126 298 560		489 849 720
Shares and participations in associated companies						3 100 000	3 100 000
Intangible assets						25 561 424	25 561 424
Tangible assets						4 770 475	4 770 475
Other financial assets		172 791 854					172 791 854
Other non financial assets		23 508 420					23 508 420
Total	**1 280 442 394**	**231 380 007**	**92 078 654**	**833 088 390**	**6 435 663 765**	**33 431 899**	**8 906 085 109**
Skulder							
Deposits from the public				1 650 318 545			1 650 318 545
Derivatives	1 870 248 440	2 062 884 726	1 488 772 816	1 005 844 548	173 512 471		6 601 263 001
Other financial liabilities				4 226 167	9 955 315		14 181 482
Other non financial liabilities				21 727 198			21 727 198
Other financial liabilities		25 582 322	28 080 956				53 663 278
Debenture loan		31 100 965					31 100 965
Total	**1 870 248 440**	**2 119 568 013**	**1 516 853 772**	**2 682 116 458**	**183 467 786**	**0**	**8 372 254 469**

Note 26 Financial assets and liabilities

	Group					
	Financial assets/ liabilities valued at fair value through profit or loss	**Loans and receivables**	**Other financial liabilities**	**Financial assets**	**Non financial assets and liabilities**	**Carrying value**
2014-12-31	*Fair value*	*Amortised cost*	*Amortised cost*	*Carrying value*	*Carrying value*	*Carrying value*
Assets						
Lending to credit institutions		847 361 326				847 361 326
Lending to the public		8 307 878 041				8 307 878 041
Derivatives	62 914 689					62 914 689
Interest bearing securities	477 122 730	52 580 850				529 703 580
Intangible assets					41 980 983	41 980 983
Tangible assets					4 539 902	4 539 902
Other assets		24 791 656		1 623 194	137 923 668	164 338 518
Prepaid expenses and accrued income				11 177 658	6 832 929	18 010 587
Total	**540 037 419**	**9 232 611 873**	**0**	**12 800 852**	**191 277 482**	**9 976 727 626**
Liabilities						
Liabilities to credit institutions			1 971 706 082			1 971 706 082
Deposits from the public			7 201 005 653			7 201 005 653
Derivatives	45 233 753					45 233 753
Current tax liability					27 574 878	27 574 878
Accrued expenses and prepaid income			72 140 496			72 140 496
Other liabilities			38 056 816		2 958 963	41 015 779
Total	**45 233 753**	**0**	**9 282 909 047**	**0**	**30 533 841**	**9 358 676 641**

	Group					
	Financial assets/ liabilities valued at fair value through profit or loss	**Loans and receivables**	**Other financial liabilities**	**Financial assets**	**Non finan-cial assets**	**Carrying value**
2013-12-31	*Fair value*	*Amortised cost*	*Amortised cost*	*Carrying value*	*Carrying value*	*Carrying value*
Assets						
Lending to credit institutions		1 512 656 099				1 512 656 099
Lending to the public		6 882 651 486				6 882 651 486
Derivatives	38 945 423					38 945 423
Interest bearing securities	436 950 470	52 899 250				489 849 720
Intangible assets					46 297 006	46 297 006
Tangible assets					4 770 475	4 770 475
Other assets		18 778 545		3 161 689	47 150 689	69 090 923
Prepaid expenses and accrued income				14 692 540	6 258 045	20 950 585
Total	**475 895 893**	**8 466 985 380**	**0**	**17 854 229**	**104 476 215**	**9 065 211 717**
Liabilities						
Liabilities to credit institutions			1 763 339 767			1 763 339 767
Deposits from the public			6 601 263 001			6 601 263 001
Derivatives	51 171 437					51 171 437
Current tax liability					26 342 027	26 342 027
Accrued expenses and prepaid income			72 841 062			72 841 062
Other liabilities			40 775 323		4 100 295	44 875 618
Total	**51 171 437**	**0**	**8 478 219 153**	**0**	**30 442 322**	**8 559 832 912**

	Parent					
	Financial assets/ liabilities valued at fair value through profit or loss	**Loans and receivables**	**Other financial liabilities**	**Financial assets**	**Non finan-cial assets**	**Carrying value**
2014-12-31	*Fair value*	*Amortised cost*	*Amortised cost*	*Carrying value*	*Carrying value*	*Carrying value*
Assets						
Lending to credit institutions		629 316 257				629 316 257
Lending to the public		6 906 286 492				6 906 286 492
Derivatives	7 939 696					7 939 696
Interest bearing securities	477 122 730	52 580 850				529 703 580
Shares and participation in as-sociated companies					8 650 000	8 650 000
Intangible assets					25 088 561	25 088 561
Tangible assets					4 539 902	4 539 902
Other assets		1 180 793 936		1 623 194	161 507 130	1 343 924 260
Prepaid expenses and accrued income				16 588 053	6 449 640	23 037 693
Total	**485 062 426**	**8 768 977 535**	**0**	**18 211 247**	**206 235 233**	**9 478 486 441**
Liabilities						
Liabilities to credit institutions			1 479 563 932			1 479 563 932
Deposits from the public			7 201 005 653			7 201 005 653
Derivatives	45 233 753					45 233 753
Accrued expenses and prepaid income			54 810 519			54 810 519
Other liabilities			37 805 633		2 958 963	40 764 596
Current tax liability					26 157 967	26 157 967
Total	**45 233 753**	**0**	**8 773 185 737**	**0**	**29 116 930**	**8 847 536 420**

	Parent					
	Financial assets/ liabilities valued at fair value through profit or loss	**Loans and receivables**	**Other financial liabilities**	**Financial assets**	**Non finan-cial assets**	**Carrying value**
2013-12-31	*Fair value*	*Amortised cost*	*Amortised cost*	*Carrying value*	*Carrying value*	*Carrying value*
Assets						
Lending to credit institutions		1 280 442 394				1 280 442 394
Lending to the public		6 882 651 486				6 882 651 486
Derivatives	23 409 336					23 409 336
Interest bearing securities	436 950 470	52 899 250				489 849 720
Shares and participation in associated companies					3 100 000	3 100 000
Intangible assets					25 561 424	25 561 424
Tangible assets					4 770 475	4 770 475
Other assets		124 452 843		3 161 689	47 161 941	174 776 473
Prepaid expenses and accrued income				15 401 056	6 122 745	21 523 801
Total	**460 359 806**	**8 340 445 973**	**0**	**18 562 745**	**86 716 585**	**8 906 085 109**
Liabilities						
Lending to credit institutions			1 650 318 545			1 650 318 545
Deposits from the public			6 601 263 001			6 601 263 001
Derivatives	14 181 482					14 181 482
Accrued expenses and prepaid income			48 102 795			48 102 795
Other liabilities			32 561 153		4 100 295	36 661 448
Tax liabilities					21 727 198	21 727 198
Total	**14 181 482**	**0**	**8 332 245 494**	**0**	**4 100 295**	**8 372 254 469**

Regarding lending to credit institutions, the carrying value is considered consistent with the fair value. The same is applied on short-term financial receivables and liabilities. Lending to the public is showed as amortised cost using the effective interest method. The Bonds and other interest bearing securities that are quoted on an active market are considered consitent with fair value. The Bonds that are not quoted on an active market are valued with the effective interest method. Method for determining the fair value of derivatives is described in the accounting principles.

Financial assets at fair value

Group	Level 1	Level 2	Level 3	Total
		2014-12-31		
Assets				
Derivatives	-	62 914 689	-	62 914 689
Bonds and other interest-bearing securities	477 122 730	-	-	477 122 730
Total	**477 122 730**	**62 914 689**	**0**	**540 037 419**
Liabilities				
Derivatives	-	45 233 753	-	45 233 753
Total	**0**	**45 233 753**	**0**	**45 233 753**

	Level 1	Level 2	Level 3	Total
		2013-12-31		
Assets				
Derivatives	-	38 945 423	-	38 945 423
Bonds and other interest-bearing securities	436 950 470	-	-	436 950 470
Total	**436 950 470**	**38 945 423**	**0**	**475 895 893**
Liabilities				
Derivatives	-	51 171 437	-	51 171 437
Total	**0**	**51 171 437**	**0**	**51 171 437**

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	Level 1	Level 2	Level 3	Total
		2014-12-31		
Assets				
Derivatives	-	7 939 696	-	7 939 696
Bonds and other interest-bearing securities	477 122 730	-	-	477 122 730
Total	**477 122 730**	**7 939 696**	**0**	**485 062 426**
Liabilities				
Derivatives	-	45 233 753	-	45 233 753
Total	**0**	**45 233 753**	**0**	**45 233 753**

	Level 1	Level 2	Level 3	Total
		2013-12-31		
Assets				
Derivatives	-	23 409 336	-	23 409 336
Bonds and other interest-bearing securities	436 950 470	-	-	436 950 470
Total	**436 950 470**	**23 409 336**	**0**	**460 359 806**
Liabilities				
Derivatives	-	14 181 482	-	14 181 482
Total	**0**	**14 181 482**	**0**	**14 181 482**

Note 27 Capital adequacy analysis - Parent company and Consolidated situation

For the establishment of statutory capital requirements, the European Regulation 575/2013 on prudential requirements for credit institutions and investment firms applies; and, European Directive (2013/36/EU) on access to the activity of credit institutions ad the prudential supervision of credit institutions and investment firms transposed into Act 2014:966 on capital buffers and Act (2014:968) on special supervision of credit institutions and securities companies.

The rules state that the Company's own funds (equity, debentures loans, etc.) with margin shall cover both the statutory minimum capital requirements, including capital requirements for credit risk, market risk and operational risk and also should include the estimated capital requirements for additional risks identified in the activity in accordance with company capital adequacy policy.

In this note, the Company discloses information regarding the parent company and the consolidated situation (the financial group). The consolidated situation consists of the parent company including the Branch, Bluestep Finans Funding No 1 AB, Bluestep Mortgage Securities No 2 Limited, Bluestep Servicing AB, Bluestep Bostadslån AB, Bluestep Capital Holdings Limited, Luxblue Holding I S.à.r.l., Luxblue Holding II S.à.r.l. and Engblue Holdings Limited.

The Company has an established capital planning for the next five years based on
- the Company's risk profile,
- identified risks in terms of probability and financial impact,
- stress tests and scenario analysis,
- the expected expansion of lending and financing opportunities, and
- new legislation, actions of competitors and other external changes.

The review of the capital plan is an integral part of the work on the Company's annual business plan (ICAAP). The plan is monitored on a continuous basis and an annual review is done to ensure that risks are properly taken into account and reflect the true risk profile and capital needs.

In this annual report, the Company has chosen to disclose the information required on the capital base and capital adequacy according to Part Eight of the European Regulation 573/2013 and Implementing Regulation (EU) No 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions.

Supplementary capital refers to subordinated liabilities without maturity, which is eligible for the funds as additional capital in accordance with Chapter 3. § 4 of the Act on Capital Adequacy and Large Exposures.

	Consolidated situation		Parent	
Capital base	**2014-12-31**	**2013-12-31**	**2014-12-31**	**2013-12-31**
Share capital	130 826	130 826	100 000 000	100 000 000
Shareholder contributions	521 929 525	521 929 525	330 070 669	330 070 669
Minority interest	-	122 120 478	-	-
Retained earnings	119 134 557	2 215 423	103 773 028	-25 089 752
Verified comprehensive profit/loss*	112 539 877	91 471 628	97 106 318	128 849 729
Deductions from primary capital				
Intangible assets	-206 755 527	-211 071 556	-25 088 561	-25 561 424
Primary capital	**546 979 258**	**526 796 324**	**605 861 454**	**508 269 222**
Supplementary capital	**0**	**0**	**0**	**0**
Total primary and supplementary capital	**546 979 258**	**526 796 324**	**605 861 454**	**508 269 222**
Total capital base	**546 979 258**	**526 796 324**	**605 861 454**	**508 269 222**

Capital requirement for credit risk
Calculation of the capital requirement for credit risk using the standardised method.

Parent Company

Balance sheet items	2014-12-31 Exposure amount before mitigation	2014-12-31 Exposure amount before mitigation	2014-12-31 Risk weight	2014-12-31 Risk weighted amount	2014-12-31 Capital requirement	2013-12-31 Capital requirement
Governments or central banks	30 783 900	30 783 900	0%	-	-	-
Exposures to institutions	98 479 898	98 479 898	20%	19 695 979	1 575 678	21 116 678
Exposures to corporates	1 192 356 237	1 192 356 237	11%	132 178 943	10 574 315	8 602 328
Retail exposures	514 090 814	514 090 814	75%	385 568 110	30 845 449	19 686 709
Exposures to mortgages	6 220 646 679	6 220 646 679	36%	2 240 309 888	179 224 791	171 490 692
Exposures in default	171 548 999	171 548 999	101%	174 091 975	13 927 358	12 792 727
Exposures in the form of covered bonds	446 338 830	446 338 830	10%	44 633 883	3 570 711	3 495 604
Claims on institutions and corporates with a short-term credit assessment	629 316 257	629 316 257	20%	125 863 251	10 069 060	-
Other exposures	97 255 407	97 255 407	100%	97 247 647	7 779 812	6 472 233
Securitisations	52 580 850	52 580 850	50%	26 290 425	2 103 234	2 115 970
Total capital requirement for credit risk	**9 453 397 871**	**9 453 397 871**		**3 245 880 101**	**259 670 408**	**245 772 941**

Consolidated situation

Balance sheet items	2014-12-31 Exposure amount before mitigation	2014-12-31 Exposure amount before mitigation	2014-12-31 Risk weight	2014-12-31 Risk weighted amount	2014-12-31 Capital requirement	2013-12-31 Capital requirement
Governments or central banks	30 783 900	30 783 900	0%	-	-	-
Exposures to institutions	175 694 557	175 694 557	20%	35 138 911	2 811 113	26 370 446
Exposures to corporates	4 248 126	4 248 126	100%	4 248 128	339 850	317 599
Retail exposures	514 090 814	514 090 814	75%	385 568 110	30 845 449	19 686 709
Exposures to mortgages	7 590 933 888	7 590 933 888	36%	2 728 363 309	218 269 065	170 753 718
Exposures in default	182 602 874	182 602 874	101%	185 191 217	14 815 297	12 727 338
Exposures in the form of covered bonds	446 338 830	446 338 830	10%	44 633 883	3 570 711	3 495 604
Claims on institutions and corporates with a short-term credit assessment	909 767 850	909 767 850	20%	181 953 570	14 556 286	-
Other exposures	89 859 561	89 859 561	100%	89 851 801	7 188 144	7 129 487
Securitisations	52 580 850	52 580 850	50%	26 290 425	2 103 234	2 115 970
Total capital requirement for credit risk	**9 996 901 250**	**9 996 901 250**		**3 681 239 354**	**294 499 149**	**242 596 871**

Capital requirement for operational risk
Calculation of the capital requirement for operational risk using the basic indicator approach.

	Consolidated situation		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Income indicator	284 729 907	152 540 815	269 499 708	152 540 815
Of which 15%	42 709 486	22 881 122	40 424 956	22 881 122
Total capital requirement for operational risk	**42 709 486**	**22 881 122**	**40 424 956**	**22 881 122**

Capital requirement for market risk

Calculation of the capital requirement for market risk is performed using the standardised approach.

	Consolidated situation		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Capital requirement for currency risks	232 029	11 982 452	1 704 335	11 982 452
Total capital requirement for market risk	**232 029**	**11 982 452**	**1 704 335**	**11 982 452**

Capital requirements for credit valuation adjustment risk
Calculation of capital requirement for credit valuation adjustment risk using the standardised method

	Consolidated situation		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Capital requirements for credit valuation adjustment risk	19 221 729	-	1 880 030	-
Total capital requirements for credit valuation adjustment risk	**19 221 729**	**0**	**1 880 030**	**0**
Total Pillar 1 capital requirement	**356 662 393**	**277 460 445**	**303 679 729**	**296 920 754**
Capital adequacy ratio	**1,53**	**1,90**	**2,00**	**1,71**

The Company meets the minimal capital ratio which at its lowest level equals the total minimum value.

Capital Adequacy Analysis
This section presents the capital requirements based on current regulations and laws. Capital requirements are based on the size of the risk the institution faces. Bluestep capital requirements are based on the CRR. The table below shows the information to be published according to the SFSA's regulations (FFFS 2014:12), the CRR (EU regulation 573/2013) and EU Regulation 1423/2013.

	Consolidated situation		Parent	
Capital Ratios	2014-12-31	2013-12-31	2014-12-31	2013-12-31
CET1 Capital Ratio	**12,27**	**13,64**	**15,96**	**0,00**
Surplus(+)/Deficit(-) of CET1 capital	346 408 348	353 129 269	435 041 606	-
T1 Capital ratio	**12,27**	**13,64**	**15,96**	**0,00**
Surplus(+)/Deficit(-) of T1 capital	279 534 150	295 175 888	378 101 657	-
Total capital ratio	**12,27**	**13,64**	**15,96**	**0,00**
Surplus(+)/Deficit(-) of total capital	190 368 552	217 904 713	302 181 725	-

Capital Adequacy	Consolidated situation 2014-12-31	Consolidated situation 2013-12-31	Parent 2014-12-31	Parent 2013-12-31
Total capital base	**546 979 258**	**526 796 325**	**605 861 454**	**508 269 215**
Common Equity Tier 1 (CET1) capital	**546 979 258**	**526 796 325**	**605 861 454**	**508 269 215**
Capital instruments and the related share premium accounts	522 060 351	522 060 351	439 739 060	439 739 060
Retained earnings	231 661 351	215 794 447	191 210 952	94 091 579
Ackumulerat övrigt totalresultat	13 083	13 083	-	-
Accumulated other comprenhensive income (and other reserves)	-206 755 527	-211 071 556	-25 088 558	-25 561 424
Additional Tier 1 capital	**-**	**-**	**-**	**-**
Tier 2 Capital	**-**	**-**	**-**	**-**
Risk Exposure Amount	**4 458 279 900**	**3 863 558 743**	**3 795 996 615**	**3 711 509 579**
Risk exposure amount credit risk	3 681 239 354	3 235 089 850	3 245 880 101	3 275 714 761
Risk exposure amount market risk	2 900 364	274 628 593	21 304 191	149 780 655
Risk exposure amount operational risk	533 868 576	353 840 300	505 311 951	286 014 163
Risk exposure amount credit valuation adjustment risk	240 271 607		23 500 372	
Common Equity Tier 1 capital ratio, %	**12,27**	**13,64**	**15,96**	**13,69**
Tier 1 capital ratio, %	**12,27**	**13,64**	**15,96**	**13,69**
Total capital ratio, %	**12,27**	**13,64**	**15,96**	**13,69**

Capital Buffer Requirements	Consolidated situation 2014-12-31	Consolidated situation 2013-12-31	Parent 2014-12-31	Parent 2013-12-31
CET1 capital requirement including buffer requirements	7,0	4,5	7,0	4,5
of which capital conservation buffer	2,5		2,5	
of which countercyclical capital buffer				
of which systemic risk buffer				
CET1 capital available to meet buffer requirement	4,3	5,6	8,0	5,7

Note 28 Related parties

	Group		Parent	
Assets and liabilities	2013-12-31	2012-12-31	2013-12-31	2012-12-31
Intercompany receivables	1 486 020 320	319 041 069	1 509 485 174	318 933 715
Other liabilities	-60 879	-7 326 129	-60 879	-

Income and expenses	2014	2013	2014	2013
Interest income	-	-	4 714 600	21 094 701
Commission income	584 124	584 124	24 882 727	2 097 043
Financial expense	0	1 445	0	1 445
Total	**584 124**	**585 569**	**29 597 327**	**23 193 189**

Related parties

Related parties for the group refers to:

- Bluestep Capital Holdings Limited, organisational number 89093, with domicile in Jersey, and
- Bluestep Bostadslån AB, organisational number 556668-9575, with domicile in Stockholm.

Related parties for the Company refers to:

- Bluestep Capital Holdings Limited, organisational number 89093, with domicile in Jersey,
- Bluestep Bostadslån AB, organisational number 556668-9575, with domicile in Stockholm,
- Bluestep Finans Funding No 1 AB, organisational number 556791-6928, with domicile in Stockholm,
- Blustep Mortgage Securities No 2 Limited, organisational number 522186, with domicile in Dublin and
- Bluestep Servicing AB, organisational number 556955-3927, with domicile in Stockholm.

Senior officials

See Note 9 Salaries and remuneration for details. No other transactions with senior officials have occurred during the fiscal year.

Interest income

The interest income relate to interest income on an internal loan between the Company and the subsidiary Bluestep Finans Funding No 1 AB.

Commission income

Commission income concerns revenues from the Group company Bluestep Capital Holdings Limited.

Note 29 Memorandum items

	Group		Parent	
	2014-12-31	2013-12-31	2014-12-31	2013-12-31
Pledged assets				
Shares and participations in associated companies	None	None	None	None
Assets in Bluestep Finans Funding No 1 AB	1 448 658 328	None	None	None
Contingent liabilities	None	None	None	None
Commitments	None	None	None	None

Bluestep Finans Funding No 1 AB has pledged its' assets as collateral for a loan from a credit institution.

Board of Directors

Per Otto Hyland
Chairman

Adam Frahm

Toby Franklin

Patrik Johnson

Carl Sundvik

David Torpey
CEO

Peter Gertman

Rolf Stub