

Interim Report

January-June 2016



BlueStep

Content

Administration report	2
Income Statement	4
Balance sheet	5
Changes in equity	6
Cash flow statement	7
Disclosures	9

Administration report

Bluestep Finans AB, org no 556717-5129 with registered offices in Stockholm, Sweden, hereby presents the interim accounts and group accounts for the period 2016-01-01-2016-06-30. 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, org no 522186 with registered offices in Dublin, Ireland, Bluestep Mortgage Securities No 3 Limited, org no 550839, with registered offices in Dublin, Ireland and Bluestep Servicing AB, org no 556955-3927, with registered offices in Stockholm, Sweden.

Organisation and operations

Bluestep Finans AB (publ) 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, Sweden.

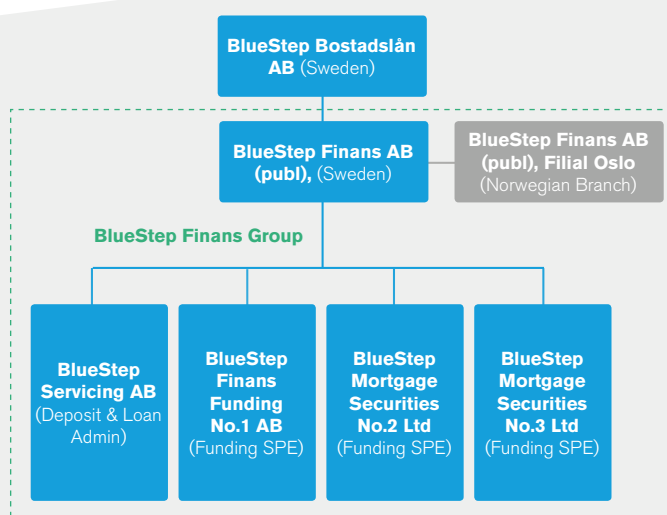
Ownership and definitions

The ownership structure and its definitions used is detailed below:

- Bluestep Bostadslån AB ("BBAB")
100% owner of BlueStep Finans AB
- BlueStep Finans AB (publ) (the "Company" also called the "Parent company")
Parent company of the Bluestep Finans Group (the "Group")
- Bluestep Finans AB, filial Oslo (the "Branch")
Norwegian branch for the Norwegian deposit and lending business

- Bluestep Finans Funding No 1 AB ("BFF1")
Warehouse Company (currently dormant). Ownership 100%.
- Bluestep Mortgage Securities No 2 Limited ("Step 2")
Special Purpose Entity. Ownership 100%.
- Bluestep Mortgage Securities No 3 Limited ("Step 3")
Special Purpose Entity. Ownership 100%.
- Bluestep Servicing AB ("BSAB")
Deposit and Loan Administration. Ownership 100%.

(1) All financial information is provided for the Group of BlueStep Finans unless stated otherwise, while regulatory information are for the legal entity BlueStep Finans AB or the Consolidated situation of which BlueStep reports to the Swedish Financial Services Authority (FSA). The consolidated situation consist of Luxblue Holdings I Sarl, Luxblue Holdings II Sarl, Engblue Holdings Ltd, BlueStep Capital Holdings Ltd, BBAB, BFAB, BSAB, BFF1, Step 2, Step 3



Bluestep operates in Sweden and Norway, where the Norwegian operation is run through the Branch. The Group is Sweden's and Norway's largest non-conforming residential mortgage lender and its core business is to engage in lending activities. The business is funded by deposits from the public, equity, and issuance of residential mortgage backed securities within the wholly owned subsidiaries Step 2 and Step 3.

Significant events during the period

Lending

The Group's total loan portfolio increased by 10.7 % during the first six months and as of period end amounted to SEK 10 731.8m (SEK 9 692.1m as of 2015-12-31). The loan portfolio in Norway increased by 23.4 % during the first six months and as of period end amounted to SEK 2 649.3m (SEK 2 147.0m as of 2015-12-31).

Deposits

The deposit operations are focused on offering customers competitive return on long and short term savings through a number of deposit products with different maturities. Deposits to the public at the period end amounted to SEK 8 896.0m (SEK 7 186.8m as of 2015-12-31), an increase of 23.8%, of which the operations in Norway amounted to SEK 3 641.4m (SEK 2 093.0m as of 2015-12-31).

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

Liquidity reserve

As at the period end, the Group's excess liquidity amounted to SEK 2 140.8m (SEK 1 801.9m as of 2015-12-31). This amount

consists of deposits at credit institutions of SEK 1 304.1m (SEK 1 084.9m as of 2015-12-31), investments in Swedish and Norwegian covered bonds of SEK 695.6m (SEK 627.0m as of 2015-12-31), and bonds issued by the Swedish government and other European governments of SEK 141.1m (90.0m as of 2015-12-31).

Staff

The average number of employees in the Group during the period amounted to 191 (176 for 2015) of which 37 (32 for 2015) are employed by the Norwegian Branch. The increase in number of employees is mainly related to organic growth.

The Board of the Company appointed a new CEO in June 2016.

Operating income and profit

The Group's net interest income amounted to SEK 288.4m (SEK 270.2m), and the operating income increased by 17.3% to SEK 300.4m (SEK 256.0m). Comprehensive profit for the period increased by 41.3% to SEK 74.1m (SEK 52.5m). This period's result was impacted by the following material events:

- The increase in the Group's net interest income and other operating income is due to the increased lending to the public.
- General administration expenses increased to SEK 180.5m (SEK 160.6m), which is related to the organic growth.
- Financial transactions during the period amounted to a gain of SEK 5.6m (SEK -20.9m).

In total, the changes in provisions for bad debts had an impact of SEK -1.3m (SEK -0.4m). Actual losses have had an impact of SEK -14.5m (SEK -19.0m).

Key figures - The group	2016 H1*	2015	2014	2013	2012	2011
Net Profit after Tax (SEK m)	74,2	115,6	113,0	88,2	28,8	-15,9
Gross Income / Average Net Receivables	8,2%	8,5%	8,7%	8,8%	8,7%	9,6%
Cost of Funds / Funding balance	-1,8%	-2,3%	-2,5%	-2,5%	-3,2%	-3,5%
Operating Income / Average Net Receivables	6,1%	5,7%	5,3%	6,3%	5,1%	4,6%
Net Income Pre bad debt charge / Average Net Receivables	2,3%	2,0%	1,5%	2,3%	1,1%	0,3%
Net Income Postbad debt charge / Average Net Receivables	2,0%	1,7%	1,9%	1,8%	0,7%	-0,4%
Return on equity	18,7%	16,8%	20,1%	19,1%	7,6%	-9,5%
Cost / Income Ratio	62,7%	64,7%	67,5%	68,8%	84,1%	87,3%
Liquidity Reserve (SEK m)	2 140,8	1 803,3	1 699,5	1 512,7	1 462,1	762,7
Deposits from the public (SEK m)	8 896,1	7 186,8	7 201,0	6 601,3	7 029,0	4 762,0
External Funding (SEK m)	3 214,3	3 675,6	1 971,7	1 763,3	290,0	800,5
Leverage Ratio	6,2%	6,3%	6,1%	5,6%	5,1%	5,6%
Average number of employees	191	176	153	134	111	75

*Key figures related to 2016 H1 are recalculated to full year numbers.

Branches

The Company operates in Norway through its Norwegian branch. 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.

Income Statement

	Group			Parent		
	2016-01-01 2016-06-30	2015-01-01 2015-06-30	2015-01-01 2015-12-31	2016-01-01 2016-06-30	2015-01-01 2015-06-30	2015-01-01 2015-12-31
Operating income						
Interest income	413 951 215	369 649 353	783 614 477	432 126 421	338 049 970	779 277 995
Interest expense	-125 526 925	-99 414 102	-293 789 262	-200 142 259	-165 598 073	-426 408 076
Net interest income	288 424 290	270 235 251	489 825 215	231 984 162	172 451 897	352 869 919
Group contributions	-	-	-	-	-	24 000 000
Commission income	142 000	1 127 529	284 000	142 000	142 000	284 000
Net result of financial transactions	5 617 847	-20 911 072	11 648 658	4 799 487	10 781 890	10 589 953
Other operating income	6 246 790	5 549 619	12 229 792	4 708 599	5 311 536	9 618 104
Total operating income	300 430 927	256 001 327	513 987 665	241 634 248	188 687 323	397 361 976
Operating expense						
General administration expenses	-180 463 067	-160 611 330	-321 122 150	-121 736 672	-122 954 950	-208 101 926
Depreciation on tangible and intangible fixed assets	-7 814 163	-8 055 185	-11 622 875	-7 452 769	-5 068 306	-11 231 043
Total expenses	-188 277 230	-168 666 515	-332 745 025	-129 189 441	-128 023 256	-219 332 969
Result pre credit losses	112 153 697	87 334 812	181 242 640	112 444 807	60 664 067	178 029 007
Credit losses, net	-14 512 874	-19 043 863	-30 647 540	-14 512 874	-17 731 184	-29 334 861
Operating profit/loss	97 640 823	68 290 949	150 595 100	97 931 933	42 932 883	148 694 146
Tax	-23 456 899	-15 323 138	-34 978 013	-22 670 422	-14 595 804	-32 850 933
Net profit/loss for the period	74 183 924	52 967 811	115 617 087	75 261 511	28 337 079	115 843 213
Statement of comprehensive income						
Net income	74 183 924	52 967 811	115 617 087	75 261 511	28 337 079	115 843 213
Exchange differences, foreign operations	-7 390	-469 642	764 742	-7 390	-469 642	764 742
Comprehensive profit/loss	74 176 534	52 498 169	116 381 829	75 254 121	27 867 437	116 607 955

Balance sheet

	Group			Parent		
	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
Assets						
Lending to credit institutions	1 304 112 128	1 944 032 735	1 084 957 248	979 202 665	1 471 407 464	714 424 095
Lending to the public	10 731 854 296	8 921 456 263	9 692 109 927	10 731 854 296	8 921 456 262	9 692 109 927
Derivatives	97 715 031	53 764 613	104 172 355	47 206 754	11 343 569	61 875 835
Bonds and other interest-bearing securities	836 717 363	548 115 230	739 719 317	836 717 363	548 115 230	739 719 317
Shares and participations in associated companies	-	-	-	8 650 000	11 150 000	11 150 000
Intangible assets	46 363 986	37 077 495	41 725 066	44 124 033	34 165 194	39 148 941
Tangible assets	8 445 045	4 925 000	4 872 762	7 847 173	4 868 183	4 811 381
Other assets	184 429 481	212 814 825	195 077 183	164 856 744	487 637 550	166 579 057
Prepaid expenses and accrued income	31 951 482	15 999 009	22 016 968	30 886 822	23 189 065	33 221 831
Total assets	13 241 588 812	11 738 185 170	11 884 650 826	12 851 345 850	11 513 332 517	11 463 040 384
Liabilities						
Liabilities to credit institutions and bond holders	3 214 330 094	4 262 803 066	3 675 575 988	2 842 688 624	4 107 530 970	3 305 836 483
Deposits from the public	8 896 062 644	6 570 140 039	7 186 758 694	8 896 062 644	6 570 140 039	7 186 758 694
Derivatives	87 522 838	59 274 454	86 971 343	63 749 600	33 355 450	42 897 373
Current tax liability	35 845 469	41 605 149	39 897 740	35 457 832	40 753 771	38 009 572
Deferred tax liabilities	-	1 268 227	-	-	-	-
Accrued expenses and prepaid income	92 520 815	76 965 400	92 574 317	79 502 460	53 935 772	72 242 215
Other liabilities	82 693 853	55 575 506	44 440 083	87 068 825	48 807 611	45 738 209
Total liabilities	12 408 975 713	11 067 631 841	11 126 218 165	12 004 529 985	10 854 523 613	10 691 482 546
Equity						
Shareholders' equity	832 613 099	670 553 329	758 432 661	-	-	-
Share capital	-	-	-	100 000 000	100 000 000	100 000 000
Shareholder contributions	-	-	-	-	-	24 000 000
Profit and loss account reserve brought forward	-	-	-	671 554 354	530 471 825	531 714 625
Result for this period	-	-	-	75 261 511	28 337 079	115 843 213
Total equity	832 613 099	670 553 329	758 432 661	846 815 865	658 808 904	771 557 838
Total equity and liabilities	13 241 588 812	11 738 185 170	11 884 650 826	12 851 345 850	11 513 332 517	11 463 040 384
Pledged assets	94 990 400	90 540 200	130 890 400	94 990 400	90 540 200	130 890 400
Contingent liabilities	None	None	None	None	None	None

Changes in equity

Group

	Shareholders' equity			
	Share capital	Shareholder contributions*	Retained earnings	Total equity
Opening balance 2015-01-01	100 000 000	322 740 264	195 310 721	618 050 985
Transactions with shareholders				
Shareholder contributions*		24 000 000		24 000 000
Result for the period reported via income statement			115 617 087	115 617 087
Exchange differences, foreign operations			764 589	764 589
Ending balance 2015-12-31	100 000 000	346 740 264	311 692 397	758 432 661
Opening balance 2016-01-01	100 000 000	346 740 264	311 692 397	758 432 661
Result for the period reported via income statement			74 183 924	74 183 924
Exchange differences, foreign operations			-3 486	-3 486
Ending balance 2016-06-30	100 000 000	346 740 264	385 872 835	832 613 099

* All shareholder contributions are conditional shareholders contributions.

Parent

	Sharecapital	Restricted equity	Shareholder contributions*	Retained earnings	Non-restricted equity	Total equity
Opening balance 2015-01-01	100 000 000	100 000 000	330 070 669	200 879 352	530 950 021	630 950 021
Transactions with shareholders						
Shareholder contributions*			24 000 000		24 000 000	24 000 000
Result for the period reported via income statement				115 843 213	115 843 213	115 843 213
Exchange differences, foreign operations				764 604	764 604	764 604
Ending balance 2015-12-31	100 000 000	100 000 000	354 070 669	317 487 169	671 557 838	771 557 838
Opening balance 2016-01-01	100 000 000	100 000 000	354 070 669	317 487 169	671 557 838	771 557 838
Result for the period reported via income statement				75 261 511	75 261 511	75 261 511
Exchange differences, foreign operations				-3 484	-3 484	-3 484
Ending balance 2016-06-30	100 000 000	100 000 000	354 070 669	392 745 196	746 815 865	846 815 865

* All shareholder contributions are conditional shareholders contributions.

Cash flow statement

	Group		
	2016-01-01 2016-06-30	2015-01-01 2015-06-30	2015-01-01 2015-12-31
Operating activities			
Pre tax income	97 640 823	68 290 949	150 595 100
Total – Income after financial items	97 640 823	68 290 949	150 595 100
Adjustments for items not included in cash flow			
Depreciation	7 814 163	8 055 185	11 622 875
Credit losses	14 512 874	19 043 863	30 647 540
Taxes paid	-4 052 271	14 030 271	45 854 707
Other adjustment items	-	123 042	-
Total – Items not included in cash flow	18 274 766	41 252 361	88 125 122
Cash flow from current operations before changes to operating capital	115 915 589	109 543 310	238 720 222
Cash flow from changes to operating capital			
Increase (-)/decrease (+) of lending to the public	-1 054 257 243	-632 622 085	-1 414 879 426
Increase (-)/decrease (+) of change in receivables	6 184 983	-38 300 182	-93 468 713
Increase (+)/decrease (-) of deposits from the public	1 709 303 950	-630 865 614	-14 246 959
Increase (+)/decrease (-) of change in short term liabilities	16 208 700	19 370 421	29 927 988
Cash flow from operating activities	793 355 979	-1 172 874 150	-1 253 946 888
Investing activities			
Investments in intangible assets	-11 936 724	-14 318 661	-25 502 254
Acquisition of fixed assets	-4 013 045	-930 317	-1 573 847
Increase (-)/decrease (+) of financial assets	-96 998 046	-18 411 650	-210 015 737
Cash flow from investing activities	-112 947 815	-33 660 628	-237 091 838
Financing activities			
Issued securities	-	2 303 675 829	1 703 869 906
Shareholders' contribution	-	-	24 000 000
Refund issued securities	-461 245 894	-	-
Cash flow from financing activities	-461 245 894	2 303 675 829	1 727 869 906
Net cash flow for the period	219 162 270	1 097 141 051	236 831 180
Liquid funds at beginning of year	1 084 957 248	847 361 326	847 361 326
Currency difference in liquidity	-7 390	-469 642	764 742
Liquid funds end of period	1 304 112 128	1 944 032 735	1 084 957 248
Cash flow includes interest receipts of	417 391 960	352 642 704	804 997 002
Cash flow includes interest payments of	-103 971 460	-163 320 335	-307 651 480

Cash flow statement

	Parent		
	2016-01-01 2016-06-30	2015-01-01 2015-06-30	2015-01-01 2015-12-31
Operating activities			
Pre tax income	97 931 933	42 932 883	148 694 146
Total – Income after financial items	97 931 933	42 932 883	148 694 146
Adjustments for items not included in cash flow			
Depreciation	7 452 769	5 068 306	11 231 043
Credit losses	14 512 874	-13 554 526	29 334 861
Total – Items not included in cash flow	21 965 643	-8 486 220	40 565 904
Cash flow from current operations before changes to operating capital	119 897 576	34 446 663	189 260 050
Cash flow from changes to operating capital			
Increase (-)/decrease (+) of lending to the public	-1 039 744 369	-2 032 900 954	-2 815 158 296
Increase (-)/decrease (+) of change in receivables	18 726 403	852 731 465	1 088 868 251
Increase (+)/decrease (-) of deposits from the public	1 709 303 950	-630 865 614	-14 246 959
Increase (+)/decrease (-) of change in short term liabilities	32 698 074	23 942 517	20 068 929
Cash flow from operating activities	840 881 634	-1 752 645 923	-1 531 208 025
Investing activities			
Investments in intangible assets	-11 936 724	-13 479 174	-23 204 556
Acquisition of fixed assets	-4 013 045	-869 442	-1 501 137
Acquisition of financial assets	-96 998 046	-18 411 650	-210 015 737
Cash flow from investing activities	-112 947 815	-32 760 266	-234 721 430
Financing activities			
Issued securities	-	2 627 967 038	1 826 272 551
Shareholders' contribution	-	-	24 000 000
Refund issued securities	-463 147 859	-	-
Cash flow from financing activities	-463 147 859	2 627 967 038	1 850 272 551
Net cash flow for the period	264 785 960	842 560 849	84 343 096
Liquid funds at beginning of period	714 424 095	629 316 257	629 316 257
Currency difference in liquidity	-7 390	-469 642	764 742
Liquid funds end of period	979 202 665	1 471 407 464	714 424 095
Cash flow includes interest receipts of	435 567 166	341 353 643	799 570 016
Cash flow includes interest payments of	-178 586 794	-150 131 095	-440 270 294



Disclosures

Note 1 | Accounting principles

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 the regulations and general advice issued by the Swedish FSA, 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 the Swedish Annual Accounts Act. This interim report is prepared according to IAS 34, Interim Financial reporting.

The accounting principles for the Parent Company is prepared according to the law (1995:1559), 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 in FFFS 2009:11, FFFS 2014:18, and the council of Financial Reporting Recommendation RFR 2, Accounting for legal entities.

Note 2 | Risk management

The Company identifies, measures, aggregates, and manages its risks effectively and, consequently, allocates its capital appropriately. The Company has set up a risk and capital management framework through principles, organisational structures, and measurement and monitoring processes that are closely aligned with the activities of the business. The framework is based on the following:

- (i) The Board of Directors (the "Board") provide overall risk and capital management supervision;
- (ii) The Company operates a three lines of defense risk management model;
- (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 demands are implemented across the major risk classes; and,
- (vi) effective processes and policies are critical components of the Company's risk management capability.

The ultimate responsibility for the Company's level of risk and determination of its capital requirement lies on the Board. 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 appropriate internal controls in place.

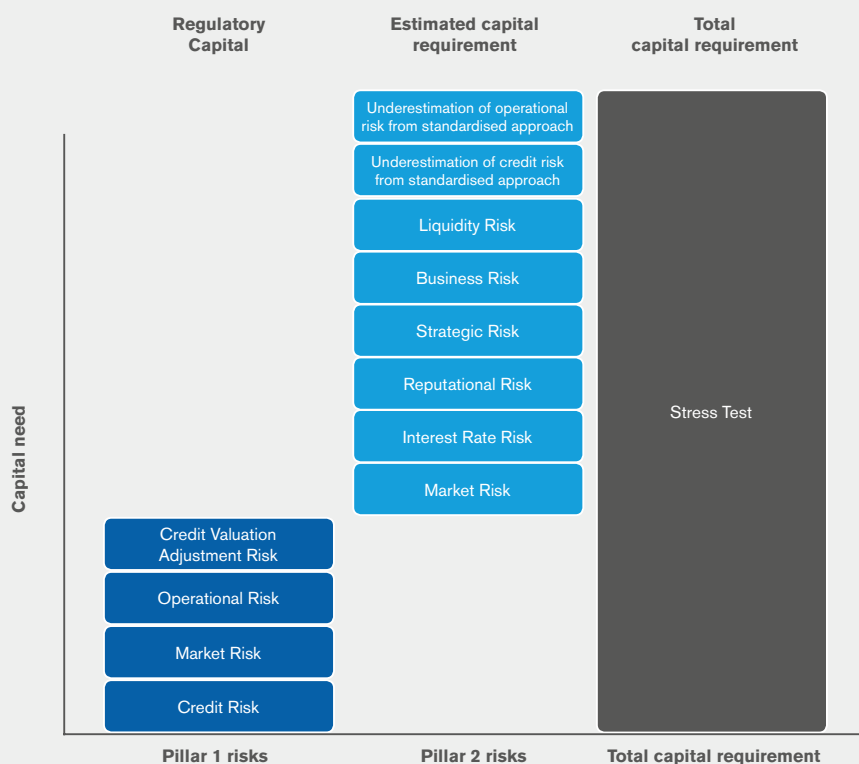
The Board has appointed the Risk Manager as the person responsible for identification, assessment, management, and reporting of risks of operations arising within operations across all businesses and risk types within the organisation. The Risk Manager reports directly to the CEO and the Board.

The risk management function is complemented with two committees, namely the Risk Management Committee and the New Products and Processes Committee, which are established in order to provide a detailed discussion of the Company's risks and strategies and a forum where new products and their risks are presented and analysed.

Internal Capital and Liquidity Adequacy Assessment Process

The Company allocates capital for its Pillar 1 and Pillar 2 risks. Pillar 2 risks are assessed in the Company's internal capital and liquidity adequacy assessment process ("ICLAAP"). The Company's ICLAAP takes into consideration the capital limits and targets set out in the Company's capital policy, allowing the Company to assess the need for capital that adequately supports all relevant current and future risks in the business for an upcoming period of five years. It is based upon the Company's strategy and business plans which are reviewed and updated at least once a year.

As part of the Company's ICLAAP, the size and composition of the liquidity reserve is regularly analysed and assessed against estimated contingency needs which addresses liquidity shortfalls in emergency situations.



The Company's risk profile

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.

Note 3 | Capital adequacy analysis

- Parent Company and Financial Group

For the establishment of statutory capital requirements, the European Regulation 575/2013 (CRR) on prudential requirements for credit institutions and investment firms applies; and, European Directive (2013/36/EU) on access to the activity of credit institutions and 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 shall cover the statutory minimum capital requirements, including capital requirements for credit risk, market risk and operational risk; the estimated capital requirements for additional risks identified in the activity; and also, the combined capital buffer in accordance with the Company's capital adequacy policy.

In this note, the Company discloses information regarding the Parent Company and the Financial Group. The Financial Group consists of the Parent Company including the Branch, Bluestep Finans Funding No 1 AB, Bluestep Mortgage Securities No 2 Limited, Bluestep Mortgage Securities No 3 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 integrated part of the work on the Company's annual ICLAAP. 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 interim 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 on prudential requirements for credit institutions and investment firms and according to the Supervisory, the Swedish FSA's Regulations on prudential requirements and capital buffers (FFFS 2014:12) and the Regulation (EU) No 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions.

	Consolidated situation			Parent		
Capital base	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
Share capital	130 924	130 924	130 924	100 000 000	100 000 000	100 000 000
Shareholder contributions	601 682 359	601 682 359	601 682 359	363 739 060	339 739 060	354 070 669
Retained earnings	351 005 201	220 807 654	209 405 925	307 822 684	191 210 953	200 879 220
Verified comprehensive profit/loss*	78 041 882	61 719 831	141 595 373	75 254 119	27 871 633	116 607 955
<i>Deductions from primary capital</i>	-	-	-	-	-	-
Intangible assets	-211 138 529	-201 852 042	-206 499 614	-44 124 026	-34 165 193	-39 148 941
CET1	819 721 837	682 488 726	746 314 967	802 691 837	624 656 453	732 408 903
Tier 1	819 721 837	682 488 726	746 314 967	802 691 837	624 656 453	732 408 903
Tier 2	-	-	-	-	-	-
Total own funds	819 721 837	682 488 726	746 314 967	802 691 837	624 656 453	732 408 903

* The Company's profits were verified as of 28 July 2016.

Capital requirement for credit risk

Calculation of the capital requirement for credit risk using the standardised approach.

Consolidated situation						
Balance sheet items	2016-06-30				2015-06-30	2015-12-31
	Exposed amount	Risk weight average	Risk weighted amount	Capital requirement	Capital requirement	Capital requirement
Governments or central banks	181 253 749	0%	-	-	-	-
Exposures to institutions	1 573 083 510	27%	420 126 484	33 610 119	3 232 807	3 996 966
Exposures to corporates	5 780 476	100%	5 780 476	462 438	563 810	659 651
Retail exposures	811 618 718	75%	608 714 038	48 697 123	36 578 107	41 492 230
Exposures to mortgages	9 795 975 116	36%	3 519 149 487	281 531 959	234 438 784	255 311 110
Exposures in default	126 408 542	100%	126 705 704	10 136 456	11 415 927	10 175 302
Exposures in the form of covered bonds	698 392 064	10%	69 839 206	5 587 136	3 526 544	5 090 731
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	32 147 054	19 070 962
Equity exposures	-	-	-	-	-	-
Other exposures	58 327 636	100%	58 319 151	4 665 532	7 395 332	7 076 758
Securitisations	-	-	-	-	2 086 974	853 868
Total capital requirement for credit risk	13 250 839 811		4 808 634 546	384 690 763	331 385 339	343 727 578

Parent						
Balance sheet items	2016-06-30				2015-06-30	2015-12-31
	Exposed amount	Risk weight average	Risk weighted amount	Capital requirement	Capital requirement	Capital requirement
Governments or central banks	180 828 252	0%	-	-	-	-
Exposures to institutions	1 135 195 514	21%	237 917 132	19 033 371	2 381 020	3 175 711
Exposures to corporates	360 372	100%	360 372	28 830	5 302 456	913 022
Retail exposures	811 618 718	75%	608 714 038	48 697 123	36 578 107	41 492 230
Exposures to mortgages	9 808 754 015	36%	3 523 778 105	281 902 248	234 924 569	255 739 052
Exposures in default	126 539 531	100%	126 837 801	10 147 024	11 436 763	10 190 001
Exposures in the form of covered bonds	698 392 064	10%	69 839 206	5 587 136	3 526 544	5 090 731
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	23 542 519	11 454 170
Equity exposures	8 650 000	100%	8 650 000	692 000	-	-
Other exposures	36 969 169	100%	36 960 684	2 956 855	8 017 265	3 874 156
Securitisations	-	-	-	-	2 086 974	853 868
Total capital requirement for credit risk	12 807 307 635		4 613 057 338	369 044 587	327 796 217	332 782 941

Capital requirement for operational risk

Calculation of the capital requirement for operational risk using the standardised approach.

Consolidated situation			
	2016-06-30	2015-06-30	2015-12-31
Relevant indicator	440 680 377	343 694 173	343 694 174
Of which 12% (prior to April 2016 it was 15% in accordance with the Basic Indicator Approach)	52 881 645	51 554 126	51 554 126
Total capital requirement for operational risk	52 881 645	51 554 126	51 554 126

Parent			
	2016-06-30	2015-06-30	2015-12-31
Relevant indicator	422 880 417	333 043 993	333 043 990
Of which 12% (prior to April 2016 it was 15% in accordance with the Basic Indicator Approach)	50 745 650	49 956 599	49 956 599
Total capital requirement for operational risk	50 745 650	49 956 599	49 956 599

Capital requirement for market risk

Calculation of the capital requirement for market risk using the standardised approach

Consolidated situation			
	2016-06-30	2015-06-30	2015-12-31
Capital requirement for currency risks	1 268 806	1 993 981	135 093
Total capital requirement for market risk	1 268 806	1 993 981	135 093

Parent			
	2016-06-30	2015-06-30	2015-12-31
Capital requirement for currency risks	1 357 386	1 993 981	131 532
Total capital requirement for market risk	1 357 386	1 993 981	131 532

Capital requirement for credit valuation adjustment risk

Calculation of the capital requirement for credit valuation adjustment risk is performed using the standardised method.

Consolidated situation			
	2016-06-30	2015-06-30	2015-12-31
Capital requirement for credit valuation adjustment risk	15 962 370	11 154 980	13 947 191
Total capital requirement for credit valuation adjustment risk	15 962 370	11 154 980	13 947 191
Total Pillar 1 capital requirement	454 803 584	396 088 426	409 363 988
Total Risk Weighted Assets	5 685 044 806	4 951 105 325	5 117 049 857

Parent			
	2016-06-30	2015-06-30	2015-12-31
Capital requirement for credit valuation adjustment risk	188 970	1 980 760	3 343 185
Total capital requirement for credit valuation adjustment risk	188 970	1 980 760	3 343 185
Total Pillar 1 capital requirement	421 336 594	381 727 557	386 214 257
Total Risk Weighted Assets	5 266 707 421	4 771 594 463	4 827 678 212

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. The table below shows the information to be published according to the Swedish FSA's regulations regarding prudential requirements and capital buffers (FFFS 2014:12), the European Regulation 573/2013 on prudential requirements for credit institutions and investment firms and the Regulation (EU) No 1423/2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions.

<i>Capital Ratios</i>	Consolidated situation			Parent		
	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
CET1 Capital Ratio	14,42	13,78	14,58	15,24	13,09	15,17
Surplus(+)/Deficit(-) of CET1 capital	563 894 821	459 462 574	515 798 626	565 690 003	409 879 964	515 163 384
T1 Capital ratio	14,42	13,78	14,58	15,24	13,09	15,17
Surplus(+)/Deficit(-) of T1 capital	478 619 149	385 195 994	439 042 878	486 689 392	338 306 047	442 748 210
Total capital ratio	14,42	13,78	14,58	15,24	13,09	15,17
Surplus(+)/Deficit(-) of total capital	364 918 253	286 173 888	336 701 881	381 355 243	242 874 158	346 194 646

<i>Capital Adequacy</i>	Consolidated situation			Parent		
	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
Total capital base	819 721 837	682 488 726	746 314 967	802 691 837	624 656 453	732 408 903
Common Equity Tier 1 (CET1) capital	819 721 837	682 488 726	746 314 967	802 691 837	624 656 453	732 408 903
Capital instruments and the related share premium accounts	601 813 283	601 813 283	601 813 283	463 739 060	439 739 060	454 070 669
Retained earnings	429 047 083	282 527 485	351 001 298	383 076 803	219 082 586	317 487 175
Accumulated other comprehensive income	-	-	-	-	-	-
Intangible assets (net of related tax liability)	-211 138 529	-201 852 042	-206 499 614	-44 124 026	-34 165 193	-39 148 941
Additional Tier 1 capital	-	-	-	-	-	-
Tier 2 Capital	-	-	-	-	-	-
Risk Exposure Amount	5 685 044 806	4 951 105 325	5 117 049 857	5 266 707 421	4 771 594 463	4 827 678 212
Risk exposure amount credit risk	4 808 634 546	4 142 316 738	4 296 594 732	4 613 057 338	4 097 452 713	4 159 786 767
Risk exposure amount market risk	15 860 069	24 924 763	1 688 658	16 967 330	24 924 763	1 644 149
Risk exposure amount operational risk	661 020 566	644 426 575	644 426 575	634 320 625	624 457 488	624 457 482
Risk exposure amount credit valuation adjustment risk	199 529 625	139 437 250	174 339 892	2 362 128	24 759 500	41 789 814
Common Equity Tier 1 capital ratio, %	14,42	13,78	14,58	15,24	13,09	15,17
Tier 1 capital ratio, %	14,42	13,78	14,58	15,24	13,09	15,17
Total capital ratio, %	14,42	13,78	14,58	15,24	13,09	15,17

<i>Capital Buffer Requirements %</i>	Consolidated situation			Parent		
	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
CET1 capital requirement including buffer requirements	8,5	7,2	8,0	8,5	7,2	8,0
of which capital conservation buffer	2,5	2,5	2,5	2,5	2,5	2,5
of which countercyclical capital buffer	1,5	0,2	1,0	1,5	0,2	1,0
of which systemic risk buffer	-	-	-	-	-	-
CET1 capital available to meet buffer requirement	6,4	5,8	6,6	7,2	5,1	7,2

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 operational day to day handling of liquidity risk is managed through the Company's Treasury function. 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.

Note 4 | Related parties

Assets and liabilities	Group			Parent		
	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
Intercompany receivables	471 496	97 354	-	385 472	76 076 734	377 883 450
Intercompany liabilities	-12 445 181	-12 395 373	-12 151 989	-18 130 665	-14 140 423	-12 395 374
Interest income	2016-01-01 2016-06-30	2015-01-01 2015-06-30	2015-01-01 2015-12-31	2016-01-01 2016-06-30	2015-01-01 2015-06-30	2015-01-01 2015-12-31
Commission income	-	-	-	-	2 640 400	4 714 600
Financial expense	142 000	422 060	584 124	142 000	39 199 432	24 882 727
Total	142 000	422 060	584 124	142 000	41 839 832	29 597 327

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,
- Bluestep Mortgage Securities No 2 Limited, organisational number 522186, with domicile in Dublin,
- Bluestep Mortgage Securities No 3 Limited, organisational number 550839, with domicile in Dublin, and
- Bluestep Servicing AB, organisational number 556955-3927, with domicile in Stockholm.

Senior officials

See Note 9 Salaries and remuneration in the annual report for 2015 for details. No other transactions with senior officials has occurred during the period.

Commission income

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

Note 5 | Memorandum items

	Group			Parent		
	2016-06-30	2015-06-30	2015-12-31	2016-06-30	2015-06-30	2015-12-31
Pledged assets						
Shares and participations in associated companies	None	None	None	None	None	None
Assets in subsidiary	None	None	None	None	None	None
Assets pledged for financial instruments	94 990 400	137 470 200	130 890 400	94 990 400	137 470 200	130 890 400
Contingent liabilities	None	None	None	None	None	None
Commitments	None	None	None	None	None	None

Note 6 | Parent company information

Bluestep Finans AB is a wholly owned subsidiary of Bluestep Bostadslån AB, 556668-9575, Stockholm where consolidated group accounts are prepared. Bluestep Bostadslån AB is part of a group where Bluestep Capital Holdings Limited, 89093, with registered office in Jersey, is the parent company and prepares consolidated group accounts for the largest group of which the Bluestep Finans AB is a subsidiary.



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