

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the Prospectus attached to this electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES OF THE ISSUER FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT AND SECTION 20(A) OF REGULATION RR (17 C.F.R PART 246) IMPLEMENTING THE RISK RETENTION REQUIREMENTS OF SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REQUIREMENTS. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuer in such jurisdiction.

By accessing the Prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the Prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of (i) Regulation S under the Securities Act; and (ii) Section 20(a) of Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Risk Retention Rules**")) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, provided that, if you have been invited by Bluestep Bank AB (publ), as sponsor, in this Bluestep Mortgage Securities No. 4 Designated Activity Company transaction, then the representation in (c)(ii) shall not apply; and (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**FPO**") or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer nor the Transaction Parties or any person who controls any such person

or any director, officer, employee or agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, Barclays Bank PLC, BNP Paribas, London Branch or The Royal Bank of Scotland plc (trading as NatWest Markets).

Bluestep Mortgage Securities No. 4 Designated Activity Company

(Incorporated in Ireland with limited liability under registered number 596111)

Notes	Initial Principal Amount	Issue Price	Interest Rate	Margin/ Step-Up Margin	Step-Up Date/Call Option Date	Pre-Enforcement Redemption Profile	Final Maturity Date	Ratings (S&P/Fitch)
Class A	EUR 242,500,000	100%	0.72% margin above 3 month EURIBOR	0.72%/1.08%	10 May 2022	Pass through amortisation	10 August 2066	AAA(sf)/AAAsf
Class B	SEK 238,890,000	100%	1.75% margin above 3 month STIBOR	1.75%/2.63%	10 May 2022	Pass through amortisation	10 August 2066	AA(sf)/AAsf
Class Z	SEK 436,220,000	100%	3.75% margin above 3 month STIBOR	3.75%/5.63%	10 May 2022	Pass through amortisation	10 August 2066	Not Rated/Not Rated

Issue Date	The Issuer expects to issue the Notes in the classes set out above on or about 10 March 2017 (such date, the " Closing Date ").
Underlying Assets	The Issuer will make payments on the Notes from, <i>inter alia</i> , payments of principal and revenue on a portfolio comprising mortgage loans originated by Bluestep Bank AB (publ) and Bluestep Bostadslån AB and secured by Pantbrev Security and Bostadsrätt Security (the " Mortgage Loan Portfolio ") which will be purchased by the Issuer on the Closing Date and in the case of an additional Mortgage Loan made to an existing borrower of a Mortgage Loan comprised in the Mortgage Loan Portfolio on the Closing Date (such mortgage loan, a " Further Advance ") on each subsequent Advance Date. Please refer to the section entitled " <i>The Mortgage Loan Portfolio</i> " for further information.
Credit Enhancement	<u>Credit Enhancement Features:</u> <ul style="list-style-type: none"> • Subordination of junior ranking Notes; * • General Reserve Fund; and • Excess spread <p>* Including the use of excess Available Interest Distribution Amount (on and following the Step-Up Date) to make principal payments on the Rated Notes prior to payment of the Class Z interest.</p> <p>Please refer to sections entitled "<i>Key Structural Features</i>" and "<i>Cashflows and Cash Management</i>".</p>
Liquidity Support	<u>Liquidity Support Features for the Rated Notes:</u> <ul style="list-style-type: none"> • General Reserve Fund; • Liquidity Reserve Fund to make up a Payment Shortfall; and • Available Principal Distribution Amount applied to make up a Payment Shortfall. <p>Please refer to the section entitled "<i>Key Structural Features</i>" for further information.</p>
Redemption Provisions	Information on any optional and mandatory redemption of the Notes is summarised on page 14 (" <i>Transaction Overview – D. Terms and Conditions of the Notes</i> ") and is set out in full in Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).

Arrangers

Barclays BNP Paribas

Joint Lead Managers

Barclays

BNP Paribas

NatWest Markets

Rating Agencies	Fitch Ratings Limited (" Fitch ") and Standard & Poor's Credit Market Services Europe Limited (trading as S&P Global Ratings) (" S&P ") and together with Fitch the " Rating Agencies ". As at the date hereof, each of the Rating Agencies is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended, of the European Parliament and of the council of 16 September 2009 on credit rating agencies (the " CRA Regulation ").
Credit Rating	Ratings are expected to be assigned to the Class A Notes and Class B Notes (the " Rated Notes ") as set out above on or before the Closing Date. The Class Z Notes will not be rated. The ratings assigned by Fitch and S&P address the likelihood of full and timely payment to the Class A Noteholders and Class B Noteholders (i) of interest due on each Interest Payment Date and (ii) of principal on a date that is not later than the Final Maturity Date. The assignment of the ratings to the Rated Notes is not a recommendation to invest in the Class A Notes or Class B Notes and may be suspended, revised or withdrawn at any time by the assigning rating agency.
Listings	This prospectus (the " Prospectus ") comprises a Prospectus for the purpose of Directive 2003/71/EC as subsequently amended (which includes the amendments made by Directive 2010/73/EU to the extent implemented by a relevant Member State of the European Economic Area) (the " Prospectus Directive "). The Prospectus has been approved by the Central Bank of Ireland (the " Central Bank "), as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the " Stock Exchange ") for the Notes to be admitted to the Official List (the " Official List ") and trading on its regulated market. References in this Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the Irish Stock Exchange's regulated market.
Obligations	The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of the Parent Company, the Arrangers, the Joint Lead Managers or any Transaction Party other than the Issuer.
Retention of Net Economic Interest	The Mortgage Loan Seller will retain a material net economic interest of at least 5% in the securitisation in accordance with each of Article 405 of Regulation (EU) No. 575/2013 (the Capital Requirements Regulation (the " CRR ")), Article 51 of Regulation (EU) No. 231/2013, referred to as the Alternative Investment Fund Managers Regulation (" AIFMR ") and Article 254(2) of the Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the " Solvency II Delegated Act ") (which, in each case, does not take into account any corresponding national measures). As at the Closing Date, such interest will be comprised of an interest in the first loss tranche (being the Class Z Notes) as required by Article 405(1)(d) of the CRR, Article 51(1)(d) of the AIFMR and paragraph 2(d) of Article 254 of the Solvency II Delegated Act. Any change to the manner in which such interest is held will be notified to investors. In addition to the information set out herein and forming part of the Prospectus, the Mortgage Loan Seller has undertaken to make available the information as set out in " <i>Certain Regulatory Disclosure</i> ". In reliance on the Foreign Safe Harbour, the Mortgage Loan Seller does not intend to retain a risk retention interest contemplated by the U.S. Risk Retention Rules in connection with this securitisation transaction or the Rated Notes. None of the Trustee, the Arrangers, the Joint Lead Managers or any other party provides any assurances regarding, or assumes any responsibility for, the Mortgage Loan Seller's compliance with the U.S. Risk Retention Rules prior to, on or after the Closing Date. Please refer to the Section entitled " <i>Certain Regulatory Disclosure</i> " for further information.
Language	The language of the Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed by them under applicable law. This Prospectus is drawn up in the English language. In the event that there is any discrepancy between the English text and the Swedish text, the English text stands approved for the purposes of approval under the Prospectus (Directive 2003/71/EC) Regulations 2005.
Significant Investor	Bluestep Bank AB (publ) will, on the Closing Date, purchase all of the Class Z Notes. In holding all of the Class Z Notes, Bluestep Bank AB (publ) will be able to pass, or hold a sufficient number of votes to block, certain Noteholder resolutions.
Volcker Rule	The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulation adopted under Section 13 of the US Bank Holding Company Act 1956, as amended, commonly known as the "Volcker Rule". Although other exclusions may be available to the Issuer, this view is based on the exemption provided in Section 3(c)(5)(C) of the US Investment

	Company Act.
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A "RISK FACTORS" SECTION BEGINNING ON PAGE 38 OF THIS PROSPECTUS CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

The date of this Prospectus is 8 March 2017.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction Party that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval by the Central Bank of this Prospectus as a Prospectus for the purposes of the Prospectus Directive, no action has been or will be taken by any Transaction Party which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer, the Joint Lead Managers and the Arrangers to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of the Notes and distribution of this document (or any part hereof), see the section entitled "*Subscription and Sale*" below.

Neither the delivery of this Prospectus nor any sale or allotment made in connection with any offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained in this Prospectus since the date of this Prospectus.

None of the Joint Lead Managers, the Arrangers or the Trustee makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes. None of the Joint Lead Managers, the Arrangers or the Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Joint Lead Managers, the Arrangers or the Trustee undertakes or shall undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Joint Lead Managers, the Arrangers or the Trustee.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES SECURITIES LAWS AND THEREFORE MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, SUCH REGISTRATION REQUIREMENTS. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER THE GLOBAL NOTES.

None of the Issuer, the Joint Lead Managers, the Arrangers or the Trustee makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

No person has been authorised to give any information or to make any representation other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Trustee, the directors of the Issuer, the Joint Lead Managers or the Arrangers.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus or any part hereof and any offering of the Notes in certain jurisdictions may be restricted by law. No action has been taken by the Issuer, the Joint Lead Managers or the Arrangers that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement or other offering material may be issued, distributed or published in any country or jurisdiction (including Ireland), except in circumstances that will result in compliance with applicable laws, orders, rules and regulations.

In reliance on the Foreign Safe Harbour, the Mortgage Loan Seller does not intend to retain a risk retention interest contemplated by the U.S. Risk Retention Rules in connection with the transaction described in this Prospectus. Consequently, the Rated Notes may not be purchased by, and will not be sold to any person except for persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules. None of the Trustee, the Arrangers, the Joint Lead Managers or any other party provides any assurances regarding, or assumes any responsibility for, the Mortgage Loan Seller's compliance with the U.S. Risk Retention Rules prior to, on or after the Closing Date.

The Notes will be represented by Global Notes which are expected to be deposited with a common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking société anonyme ("**Clearstream, Luxembourg**").

References in this Prospectus to "€", "EUR" or "Euro" are to the currency of the member states of the European Union that adopt the single currency in accordance with the Treaty of Rome of 25 March 1957, establishing the European Community, as amended from time to time.

References in this Prospectus to "SEK" or "Swedish Kronor" are to the lawful currency from time to time of the Kingdom of Sweden.

Forward Looking Statements

Certain matters contained herein are forward looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loans, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in Sweden. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Arrangers and the Joint Lead Managers have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward looking statements. None of the Issuer, the Mortgage Loan Seller, the Joint Lead Managers nor the Arrangers assume any obligation to update these forward looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward looking statements.

CONTENTS

	Page
Transaction Overview	1
Risk Factors.....	38
Certain Regulatory Disclosure	69
Weighted Average Life of the Notes.....	71
Use of Proceeds.....	73
Issuer	74
The Mortgage Loan Seller, Parent Company, Cash Manager and the Subordinated Loan Facility Provider	77
Bluestep Bostadslån AB.....	79
The Mortgage Loan Portfolio.....	80
Historical Amortisation Rates and Delinquency and Loss Experience of Bluestep Mortgage Loans	91
Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement	95
Swedish Residential Mortgage Market.....	104
Regulatory Framework.....	106
The Servicer	111
Standby Servicer.....	118
Key Structural Features.....	119
Cashflows and Cash Management.....	130
Interest Rate Swap Provider and Currency Swap Provider	143
Issuer Accounts Bank.....	145
Standby Cash Manager.....	146
Swap Collateral Custodian	147
Description of the Notes in Global Form	148
Security for the Notes.....	153
Terms and Conditions of the Notes	155
Taxation.....	195
Subscription and Sale	200
Transfer Restrictions	202
Listing and General Information	204
Index of Defined Terms.....	206

TRANSACTION OVERVIEW

The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Prospectus.

A. TRANSACTION PARTIES ON THE CLOSING DATE

Party	Name	Address	Document under which appointed / Further Information
Issuer:	Bluestep Mortgage Securities No. 4 Designated Activity Company	1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	N/A (Please refer to the section entitled " <i>Issuer</i> " for further information on this.)
Parent Company:	Bluestep Bank AB (publ)	Sveavägen 163, Box 23138, SE-10435, Stockholm, Sweden	Share Mortgage
Mortgage Loan Seller:	Bluestep Bank AB (publ)	Sveavägen 163, Box 23138, SE-10435, Stockholm, Sweden	Mortgage Loan Sale Agreement (Please refer to the section entitled " <i>Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement</i> " for further information on this.)
Servicer:	Bluestep Servicing AB	Sveavägen 163, Box 23138, SE-10435, Stockholm, Sweden	Mortgage Loan Servicing Agreement (Please refer to the section entitled " <i>The Servicer</i> " for further information on this.)
Standby Servicer:	Emric Operations AB	Skolgatan 15, Box 100, SE-95232 Kalix, Sweden	Standby Servicing Agreement (Please refer to the sections entitled " <i>The Mortgage Loan Seller, Parent Company, Cash Manager, Standby Servicer and the Subordinated Loan Facility Provider</i> " and " <i>The Standby Servicer</i> " for further information

Party	Name	Address	Document under which appointed / Further Information on this.)
Cash Manager:	Bluestep Bank AB (publ)	Sveavägen 163, Box 23138, SE-10435, Stockholm, Sweden	Cash Management Agreement (Please refer to the sections entitled " <i>Cashflows and Cash Management</i> " for further information on this.)
Standby Cash Manager:	BNP Paribas Securities Services, Luxembourg Branch	60, avenue J.F. Kennedy L-2085 Luxembourg	Standby Cash Management Agreement (Please refer to the sections entitled " <i>Cashflows and Cash Management</i> " for further information on this.)
Subordinated Loan Facility Provider:	Bluestep Bank AB (publ)	Sveavägen 163, Box 23138, SE-10435 Stockholm, Sweden	Subordinated Loan Facility Agreement (Please refer to the section entitled " <i>Key Structural Features</i> " for further information on this.)
Interest Rate Swap Provider:	BNP Paribas	16, Boulevard des Italiens, 75009 Paris, France	Interest Rate Swap Agreement (Please refer to the section entitled " <i>Key Structural Features</i> " for further information on this.)
Currency Swap Provider:	BNP Paribas	16, Boulevard des Italiens, 75009 Paris, France	Currency Swap Agreement (Please refer to the section entitled " <i>Key Structural Features</i> " for further information on this.)

Party	Name	Address	Document under which appointed / Further Information
Trustee:	BNP Paribas Trust Corporation UK Limited	10 Harewood Avenue, London, NW1 6AA	Trust Deed (See the Conditions for further information on this.)
Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch	60, avenue J.F. Kennedy L-2085 Luxembourg	Agency Agreement
Agent Bank:	BNP Paribas Securities Services, Luxembourg Branch	60, avenue J.F. Kennedy L-2085 Luxembourg	Agency Agreement
Registrar:	BNP Paribas Securities Services, Luxembourg Branch	60, avenue J.F. Kennedy L-2085 Luxembourg	Agency Agreement
Issuer Accounts Bank:	Nordea Bank AB (publ)	Smålandsgatan 17, SE-10571 Stockholm, Sweden	Issuer Accounts Agreement
Swap Collateral Custodian:	The Bank of New York, Mellon acting through its London Branch,	One Canada Square, London E14 5AL	Swap Collateral Custody Agreement
Corporate Services Provider:	Intertrust Finance Management (Ireland) Limited	1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Corporate Services Agreement
Arrangers:	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	N/A
	BNP Paribas, London Branch	10 Harewood Avenue, London NW1 6AA	
Joint Lead Managers:	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Subscription Agreement
	BNP Paribas, London	10 Harewood Avenue,	

Party	Name	Address	Document under which appointed / Further Information
	Branch	London NW1 6AA	
	The Royal Bank of Scotland plc (trading as NatWest Markets)	250 Bishopsgate London EC2M 4AA	
Listing Agent:	BNP Paribas Securities Services, Luxembourg Branch	60, avenue J.F. Kennedy L-2085 Luxembourg	N/A

B. MORTGAGE LOAN PORTFOLIO AND ADMINISTRATION

Please refer to the sections entitled "The Mortgage Loan Portfolio – Characteristics of the Mortgage Loans", "The Mortgage Loan Portfolio – Provisional Mortgage Loan Portfolio Information" and "The Servicer – Servicing of the Mortgage Loan Portfolio" for further detail in respect of the characteristics of the Mortgage Loan Portfolio and the sale and the servicing arrangements in respect of the Mortgage Loan Portfolio.

Sale of Mortgage Loan Portfolio:

A "Mortgage Loan" means the aggregate advances made by the Mortgage Loan Seller to the relevant Borrower by way of a loan and from time to time outstanding in accordance with the relevant Mortgage Loan Agreement (including any Further Advance made to a Borrower from the Mortgage Loan Seller and assigned to the Issuer after the Closing Date) together with its Ancillary Mortgage Rights as secured by the relevant Collateral and all as assigned by the Mortgage Loan Seller to the Issuer (and shall include, but shall not be limited to, any BFFAB Mortgage Loans assigned by the Warehouser to the Mortgage Loan Seller on the Closing Date pursuant to the Mortgage Loan Sale Agreement).

The Original Mortgage Loan Portfolio will consist of residential Mortgage Loans secured by Pantbrev Security or Bostadsrätt Security in Sweden, which have been originated by either the Mortgage Loan Seller or Bluestep Bostadslån AB ("**Bluestep Bostadslån**") and which comply with the Loan Warranties as at the Closing Date (including a warranty that the Mortgage Loans were originated by either the Mortgage Loan Seller or Bluestep Bostadslån in accordance with the terms of the Lending Criteria), together with the Ancillary Mortgage Rights in respect of each Mortgage Loan.

Mortgage Loans contained in the Mortgage Loan Portfolio that were originated prior to 31 March 2011 were originated by Bluestep Bostadslån through the introduction of Borrowers to either the Mortgage Loan Seller, the Warehouser or other warehouse vehicles within the Mortgage Loan Seller's or BFHL's group of companies, in each case as lenders and owners of such Mortgage Loans. Such Mortgage Loans were subsequently transferred by such parties to the Mortgage Loan Seller. Following 31 March 2011, all Mortgage Loans were originated by the Mortgage Loan Seller as lender and owner of such Mortgage Loans and some of these were purchased by the Warehouser from the Mortgage Loan Seller.

Under the terms of the Mortgage Loan Sale Agreement (i) the Warehouser will sell and assign certain of the Mortgage Loans (such Mortgage Loans being the BFFAB Mortgage Loans) to the Mortgage Loan Seller and (ii), the Mortgage Loan Seller will sell and assign to the Issuer and the Issuer will, subject to satisfaction of certain conditions precedent, purchase from the Mortgage Loan Seller, the Original Mortgage Loan Portfolio on the Closing Date.

The Original Mortgage Loan Portfolio will consist of Mortgage Loans (including the BFFAB Mortgage Loans) purchased by the Issuer from the Mortgage Loan Seller on the Closing Date.

The Original Mortgage Loan Portfolio was selected on 31 December 2016 and excludes Mortgage Loans under which no receivables remain outstanding, which do not comply with the Loan Warranties as at such date, or which need to be removed to ensure that the Aggregate Principal Outstanding Balance of the Original Mortgage Loan Portfolio is as close as possible to, but does not exceed, the aggregate SEK Equivalent Principal Amount Outstanding of the Notes as at the Closing Date.

"Aggregate Principal Outstanding Balance" means, with respect to all Mortgage Loans at any time, the aggregate amount of the Principal Outstanding Balance of each Mortgage Loan.

Please refer to the section entitled "*Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement*" for further information.

Further Advances in respect of the Mortgage Loans:

At its discretion from (but excluding) the Closing Date the Mortgage Loan Seller may make a Further Advance to an existing Borrower of a Mortgage Loan in the Original Mortgage Loan Portfolio at any time and may offer to sell such Further Advance to the Issuer, and upon such offer the Issuer shall purchase such Further Advance provided that certain conditions are satisfied. The Issuer will pay the Further Advance Purchase Price on the next Interest Payment Date in respect of Further Advances purchased during: (i) the three immediately preceding Collection Periods in respect of an Interest Period other than the first Interest Period; (ii) five immediately preceding Collection Periods in respect of the first Interest Period; (iii) six immediately preceding Collection Periods in respect of any Further Advances for which the Further Advance Purchase Price has not been paid by the Issuer on the previous Interest Payment Date other than the First Interest Payment Date; or (iv) eight immediately preceding Collection Periods in respect of any Further Advances for which the Further Advance Purchase Price has not been paid by the Issuer on the First Interest Payment Date. If there is insufficient Available Principal Distribution Amount on such Interest Payment Date, either the Mortgage Loan Seller may offer to repurchase such Further Advance or the payment of the Further Advance Purchase Price by the Issuer may be deferred until the next successive Interest Payment Date, upon which date either the Further Advance Purchase Price will be paid to the Mortgage Loan Seller by the Issuer or, if there is insufficient Available Principal Distribution Amount, the Mortgage Loan Seller will repurchase such Further Advance.

The **"Further Advance Purchase Price"** means the Principal Outstanding Balance of the relevant Further Advance as at the Advance Date.

See the section entitled "*Sale of the Mortgage Loan Portfolio – Further Advances*" for further information.

Further Advance Warranties:

The Mortgage Loan Seller will make certain representations and warranties to the Issuer in respect of the relevant Further Advance as at the Advance Date, including a representation that the relevant Further Advance complies with the Further Advance Warranties.

Features of Mortgage Loans: Certain features of the Mortgage Loans as at the Cut-off Date are set out in the table below and investors should refer to, and carefully consider, further details in respect of the Mortgage Loans set out in "The Mortgage Loan Portfolio – Provisional Mortgage Loan Portfolio Information".

Type of Borrower	Non-Conforming		
Type of mortgage	Repayment (serial amortisation and straight-line amortisation) and Interest-only		
Number of Mortgage Loans	3,083		
Number of Loan parts	3,473		
Repayment mortgages	99.9%		
Interest-only mortgages	0.1%		
Self-certified Mortgage Loans	36.8%		
Number of Borrowers	3,079		
	Weighted average	Minimum	Maximum
Current Balance (SEK)*	1,018,874	1,671	6,197,500
Original LTV Ratio (%)	75.93%	2.78%	90.00%
Current LTV Ratio (%)	74.91%	0.24%	85.00%
Seasoning (months)	14.3	0.0	120.5
Remaining Term (months)	457.1	1.9	479.9

*Current balance calculated as a simple average

Consideration: In consideration for the assignment of the Mortgage Loan Portfolio on the Closing Date, the Issuer will (i) pay the Mortgage Loan Purchase Price to the Mortgage Loan Seller for the Original Mortgage Loan Portfolio to be assigned to the Issuer and (ii) on each Interest Payment Date, pay the Deferred Consideration to the Mortgage Loan Seller in accordance with the Mortgage Loan Sale Agreement.

"Deferred Consideration" means the consideration (which shall be in addition to the Mortgage Loan Purchase Price) due and payable to the Mortgage Loan Seller pursuant to the Mortgage Loan Sale Agreement in respect of the Mortgage Loan Portfolio, which shall be an amount equal to the net income of the Issuer calculated on each Interest Payment Date in accordance with Irish GAAP after deduction of (i) the items described in Paragraphs (a) to (r) (inclusive) of the Pre-Enforcement Interest Payments Priorities (other than the Issuer Transaction Fee) on each Interest Payment Date; or (ii) the items described in (a) to (m) (inclusive) of the Post-Enforcement Payments Priorities (as applicable).

Any surplus proceeds of the issue of the Notes in excess of the Mortgage Loan Purchase Price will form part of the Available Principal Distribution Amount on the First Interest Payment Date.

"**Irish GAAP**" means the Irish generally accepted accounting practice which is adopted by the Issuer for the purposes of Irish corporation tax which, unless otherwise elected by the Issuer, shall be the Irish generally accepted accounting practice as it applied for the period ending on 31 December 2004.

"**Issuer Transaction Fee**" means SEK 10,000 per annum payable to the Issuer.

Step Down Margin:

A Borrower in respect of a Mortgage Loan will qualify for a step down in margin payable in respect of such Mortgage Loan (the "**Step Down Margin**") to be arranged by the Servicer on the third or fifth anniversary of such Mortgage Loan provided that a number of conditions are met, including that the relevant Borrower has made all payments on time and/or the Servicer has waived any late payments, provided that the Servicer may not arrange any Step Down Margin in respect of which it has waived any late payments where the Borrower is more than 30 days in arrears.

See the section entitled "*The Servicer – Servicing of the Mortgage Loan Portfolio – Step Down Margin*".

Representations and Warranties and Loan Warranties as to the Mortgage Loans:

The Mortgage Loan Seller will make certain representations and warranties to the Issuer in respect of the Mortgage Loans included in the Original Mortgage Loan Portfolio as at the Closing Date, including a representation that the Mortgage Loans comply with the Loan Warranties in respect of the Mortgage Loans.

Breach of Loan Warranties and Further Advance Warranties:

If any of the Loan Warranties or Further Advance Warranties proves to have been untrue at the Closing Date or Advance Date (as applicable), the Issuer or the Servicer (in accordance with the Mortgage Loan Servicing Agreement) shall promptly notify the Mortgage Loan Seller and the Issuer (with a copy to the Trustee) and the Mortgage Loan Seller will have an obligation to rectify the breach (if capable of remedy) within 21 days from becoming aware of such breach or from receiving notice of such breach from the Issuer or the Servicer, whichever is the earlier.

If, in the reasonable opinion of the Servicer, such breach is not capable of remedy, or, if it is capable of remedy, is not remedied within 21 days, the Mortgage Loan Seller shall immediately repurchase or cause a third party to purchase the relevant Mortgage Loan.

The consideration payable by the Mortgage Loan Seller or a third party purchaser, as the case may be, in relation to the repurchase or purchase (as applicable) of any Retired Mortgage Loan will be an amount equal to the aggregate of: (a) the Principal Outstanding Balance of the Retired Mortgage Loan as at the date of the repurchase or purchase (as applicable), (b) an amount equal to all other amounts due in respect of the Retired Mortgage Loan and the other Assigned Rights to the date of repurchase or purchase (as applicable), (c) an amount equal to the interest on the Principal Outstanding Balance of the Retired Mortgage Loan from the date of repurchase or purchase (as applicable) to the immediately succeeding Interest Payment Date and (d) the properly incurred costs and expenses of the Issuer incurred in relation to such repurchase or purchase (as applicable) or, as applicable, the aggregate of the foregoing amounts which would have subsisted but for the breach of the relevant Loan Warranty or the Further Advance Warranty (as applicable) after deducting an amount equal to any interest not yet accrued but paid in advance to the Issuer (which amount paid in advance the Issuer shall keep). If the Issuer has not paid the Further Advance Purchase Price in respect of such Further Advance, the consideration in relation to the repurchase of such Further Advance shall be netted against the unpaid Further Advance Purchase Price and no amount shall be payable by the Mortgage Loan Seller provided that the Issuer shall remain entitled to the benefit of all Collections received on and following the Advance Date to and excluding such date on which such Further Advance is repurchased.

If a Mortgage Loan expressed to be included in the Mortgage Loan Portfolio has ceased to exist on the date on which it is due to be repurchased or purchased (as applicable), the Mortgage Loan Seller shall, on demand, indemnify the Issuer against any Liabilities suffered by the Issuer by reason of the breach of the relevant Loan Warranty or the relevant Further Advance Warranty provided that the amount of any indemnity payable by the Mortgage Loan Seller shall not exceed the aggregate of: (a) the aggregate principal amount that would have been payable by the Borrower in respect of such Mortgage Loan on and after the Closing Date had the Mortgage Loan complied with each of the Loan Warranties or the Further Advance Warranties (as applicable) on the Closing Date or Advance Date (as applicable); and (b) interest on such aggregate principal amount at the rate applicable to such Mortgage Loans from the day each relevant sum comprised in such aggregate principal amount was expressed to fall due and payable under the relevant Mortgage Loan Agreement to the date upon which the relevant payment is made by the Mortgage Loan Seller.

If a Mortgage Loan expressed to be included in the Mortgage Loan Portfolio has never existed, the Mortgage Loan Seller shall pay to the Issuer an amount equal to the aggregate of: (a) the aggregate principal amount that would have been payable by the relevant Borrower had such asset existed and constituted a Mortgage Loan for the purposes of the Mortgage Loan Portfolio and complied with each of the Loan Warranties or the Further Advance Warranties on the Closing Date or Advance Date (as applicable); and (b) interest on such aggregate principal amount at a rate certified by the Mortgage Loan Seller to be equal to the mortgage rate applicable to a Mortgage Loan of comparable tenor, amount and maturity date comprised in the Mortgage Loan Portfolio in which the Mortgage Loan Seller purported to include the non-existent mortgage loan, calculated from the date which each amount comprised in such aggregate principal amount was expressed to fall due and payable to the date upon which the relevant payment is made to the Issuer.

"**Assigned Rights**" means the Benefit of the Mortgage Loans (including, for the avoidance of doubt, the relevant Collateral), the Mortgage Loan Agreements and the Receivables assigned to the Issuer by the Mortgage Loan Seller in accordance with the terms of the Mortgage Loan Sale Agreement.

"**Benefit**" in respect of any asset, agreement, property or right (each a "**Right**" for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Mortgage Rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Mortgage Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Mortgage Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Mortgage Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Mortgage Rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Mortgage Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Mortgage Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Mortgage Rights and all rights to receive damages or obtain other relief in respect of such breach.

See the section entitled "*Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement*" for further information.

Optional Repurchases of Mortgage Loans:

The Mortgage Loan Seller may offer to repurchase a Mortgage Loan (and the Issuer may agree to accept such offer) where: (a) the relevant Mortgage Loan has been accelerated in accordance with the Enforcement Procedures and the Portfolio Credit and Collection Policies; and (b) the Collateral securing the relevant Mortgage Loan has been the subject of a Failed Enforcement Auction.

The Issuer may sell Mortgage Loans in respect of which the Servicer has completed the Enforcement Procedures on behalf of the Issuer to a third party or to the Mortgage Loan Seller. The Mortgage Loan Seller or third party may offer to repurchase or purchase (as applicable) a Mortgage Loan (and the Issuer may agree to accept such offer) provided that: (a) the relevant Mortgage Loan has suffered a loss (in relation to principal, interest and/or fees) and the Servicer has completed the Enforcement Procedures in accordance with the Portfolio Credit and Collection Procedures; and (b) the Cash Manager has confirmed that the repurchase price is equal to or higher than arm's length market price for such Mortgage Loan and has been paid to the Issuer GIC Account.

(Please see the section below entitled "*Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement – Mortgage Loan Sale Agreement - Optional Repurchases of Mortgage Loans*").

Notice to Borrowers of Mortgage Loan transfer:

In connection with the issuance of invoices to Borrowers after the Closing Date (or, in respect of Further Advances, the relevant Advance Date), the Servicer (on behalf of the Mortgage Loan Seller and the Issuer) will give notice to each Borrower of the transfer of the relevant Mortgage Loan from the Mortgage Loan Seller to the Issuer and the creation of security over such Mortgage Loan in favour of the Secured Creditors represented by the Trustee. The notice will require Borrowers to make all future payments in respect of the relevant Mortgage Loan to the Issuer GIC Account. Direct debit instructions from Borrowers will, after the Closing Date (or, in respect of Further Advances, the relevant Advance Date), be redirected to the Issuer GIC Account.

The Issuer GIC Account will be operated by the Cash Manager in accordance with the terms of the Cash Management Agreement, the Issuer Accounts Agreement, the Swedish Security Agreement and the English Deed of Charge.

Borrower Set-Off:

If, in relation to any Assigned Rights included in the Mortgage Loan Portfolio, the exercise or purported exercise by any Borrower of any right of set-off in respect of any debt (present or future, actual or contingent) due or owing by the Mortgage Loan Seller or the Warehouser to such Borrower or alleged to be so due and owing or any other equity, counterclaim or other similar right or action arises which reduces any amount payable by a Borrower in respect of the Assigned Rights, the Mortgage Loan Seller will, on demand, pay to the Issuer an amount equal to such reduction and will indemnify and hold the Issuer harmless against all other costs, damages, claims, losses, expenses, and liabilities which the Issuer may suffer as a result thereof.

Servicing of the Mortgage Loan Portfolio:

Pursuant to the terms of the Mortgage Loan Servicing Agreement, the Servicer will agree to administer and service the Mortgage Loans assigned by the Mortgage Loan Seller to the Issuer on behalf of the Issuer and the Trustee and, in particular, to:

- (a) collect the amounts due in respect thereof;
- (b) set interest rates applicable to the Mortgage Loans;
- (c) administer and enforce the Assigned Rights in relation to the Mortgage Loans;
- (d) administer relationships with Borrowers;

- (e) keep and maintain records on a Mortgage Loan by Mortgage Loan basis;
- (f) store and safe keep any documents relating to the Mortgage Loans and the Ancillary Mortgage Rights in relation to the Mortgage Loans;
- (g) prepare reports for the Issuer in respect of the Mortgage Loans and Monthly Portfolio Reports for the Cash Manager; and
- (h) undertake enforcement proceedings in respect of any Borrowers which default on their obligations under the relevant Mortgage Loans and the related Ancillary Mortgage Rights.

The appointment of the Servicer may be terminated by the Issuer or the Trustee in the event of the occurrence of a Servicer Termination Event.

See the section entitled "*The Servicer – Servicer Termination Events*".

Servicer Reporting:

The Servicer will be required on the second Business Day of each month to provide to the Cash Manager a monthly report (the "**Monthly Portfolio Report**") relating to the Collection Period ending in the preceding month and all other information which the Cash Manager requires and which is available to the Servicer in order to make the necessary calculations and determinations in respect of the amounts to be paid or allocated by the Issuer in accordance with the terms of the Payments Priorities.

No later than the tenth calendar day after the delivery of the Monthly Portfolio Report, the Cash Manager shall (i) deliver copies of the same to the Issuer, the Trustee (if requested), the Rating Agencies, the Currency Swap Provider and the Interest Rate Swap Provider and (ii) prepare the monthly investor report (the "**Investor Report**", and in respect of a month in which an Interest Payment Date occurs, the "**Quarterly Investor Report**"). The Investor Report or the Quarterly Investor Report, as the case may be, will set out information on, among other things, the Mortgage Loans, any variations to the terms of the Mortgage Loans and details of Collections. The Quarterly Investor Report will also set out amounts payable under the Payments Priorities.

Delegation:

The Servicer may, in certain circumstances, delegate or sub-contract some or all of its responsibilities and obligations under the Mortgage Loan Servicing Agreement. However, the Servicer remains liable at all times for servicing the Mortgage Loans and for the acts or omissions of any delegate or sub-contractor. See the section entitled "*The Servicer - Servicing of the Mortgage Loan Portfolio*" for further information.

C. FULL CAPITAL STRUCTURE OF THE NOTES

	Class A Notes	Class B Notes	Class Z Notes
<i>Currency:</i>	EUR	SEK	SEK
<i>Initial Principal Amount:</i>	242,500,000	238,890,000	436,220,000

	Class A Notes	Class B Notes	Class Z Notes
<i>Note Credit Enhancement:</i>	Subordination of Class B Notes,* Subordination of Class Z Notes,* General Reserve Fund and excess spread	Subordination of Class Z Notes,* General Reserve Fund and excess spread	Excess spread
<i>Liquidity Support:</i>	General Reserve Fund, Liquidity Reserve Fund and Available Principal Distribution Amount applied to make up a Payment Shortfall	General Reserve Fund, Liquidity Reserve Fund (subject to the Reallocation Condition being satisfied) and Available Principal Distribution Amount applied to make up a Payment Shortfall	N/A
<i>Issue Price:</i>	100%	100%	100%
<i>Interest Rate:</i>	3 month EURIBOR (interpolated for 3 and 6 month EURIBOR in respect of the First Interest Payment Date) + Relevant Margin	3 month STIBOR (interpolated for 3 and 6 month STIBOR in respect of the First Interest Payment Date) + Relevant Margin	3 month STIBOR (interpolated for 3 and 6 month STIBOR in respect of the First Interest Payment Date) + Relevant Margin
<i>Relevant Margin:</i>	Up to and excluding the Step-Up Date, 0.72% p.a.	Up to and excluding the Step-Up Date, 1.75% p.a.	Up to and excluding the Step-Up Date, 3.75% p.a.
<i>Relevant Margin following Step-Up Date:</i>	From and including the Step-Up Date, 1.08% p.a.	From and including the Step-Up Date, 2.63% p.a.	From and including the Step-Up Date, 5.63% p.a.
<i>Interest Accrual Method:</i>	Actual/360	Actual/360	Actual/360
<i>Calculation Date:</i>	The second Business Day prior to each Interest Payment Date.		
<i>Payment Dates:</i>	<i>Interest and principal will be payable quarterly in arrears on the 10th day of February, May, August and November in each year.</i>		
<i>Business Day Convention:</i>	Modified Following.		
<i>First Payment Date:</i>	10 August 2017		
<i>First Interest Period:</i>	The period from the Closing Date to 10 August 2017		
<i>Call Option / Step-Up Date:</i>	10 May 2022		
<i>Pre-Step-Up Date Redemption profile:</i>	Pass through sequential redemption on each Interest Payment Date. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).		
<i>Post-Step-Up Date Redemption profile:</i>	Pass through redemption on each Interest Payment Date. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).		
<i>Other Early</i>	Tax/illegality/clean up call and from and including the Step-Up Date. Please		

* Including use of excess Available Interest Distribution Amount (on and following the Step-Up Date) to make principal payments on the Rated Notes prior to any payment of the Class Z Notes.

	Class A Notes	Class B Notes	Class Z Notes
<i>Redemption in Full Events</i>	refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).		
<i>Final Maturity Date:</i>	10 August 2066		
<i>Form of the Notes:</i>	Registered		
<i>Application for Listing:</i>	Irish Stock Exchange plc		
<i>ISIN:</i>	XS1572746607	XS1572747167	XS1572747324
<i>Common Code:</i>	157274660	157274716	157274732
<i>Minimum Denomination:</i>	EUR100,000 and EUR1,000 thereafter	SEK1,000,000 and SEK10,000 thereafter	SEK1,000,000 and SEK10,000 thereafter
<i>Expected Rating: (S&P/Fitch)</i>	AAA(sf)/AAAsf	AA(sf)/AAsf	Not Rated/Not Rated

Please refer to the section entitled "**Terms and Conditions of the Notes**" for further detail in respect of the terms of the Notes.

D. TERMS AND CONDITIONS OF THE NOTES

Ranking of Payments of Interest:

Payments of interest on the Class A Notes, Class B Notes and the Class Z Notes will be paid in Sequential Order. Payments of interest on the Class Z Notes rank behind payments made to replenish the General Reserve Fund and Liquidity Reserve Fund and payments to reduce the debit balance (if any) on the Class A Principal Deficiency Sub-Ledger, the Class B Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger. In addition, on and after the Step-Up Date, payments of interest on the Class Z Notes will not be made until the Rated Notes have been redeemed in full.

Any reference to a "**Class**" of Notes or Noteholders shall be a reference to a class of Notes being the Class A Notes, the Class B Notes or the Class Z Notes, as the case may be, or to the respective holders thereof.

For a more detailed summary of the Payments Priorities please refer to the section entitled "*Cashflows and Cash Management*".

Ranking of Payments of Principal:

Payments of principal on the Class A Notes, Class B Notes and the Class Z Notes will be paid in Sequential Order.

The Notes within each individual Class will rank *pro rata* and *pari passu* and rateably among themselves at all times in respect of payments of principal to be made to such individual Class.

For a more detailed summary of the Payments Priorities please refer to the section entitled "*Cashflows and Cash Management*".

Most Senior Class:

The Class A Notes whilst they remain outstanding and thereafter the Class B Notes whilst they remain outstanding and thereafter the Class Z Notes.

Sequential Order:

In respect of payments of interest and principal to be made to the Class A Notes, the Class B Notes and the Class Z Notes: firstly, the Class A Notes and secondly, to the Class B Notes and thirdly, to the Class Z Notes.

Security:	<p>The Notes will be secured by and the Noteholders, together with the other Secured Creditors, will share in (i) the Issuer Security and (ii) the Parent Company Security, in accordance with the applicable Payments Priorities. Some of the other Secured Amounts rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the applicable Payments Priorities.</p> <p>The Issuer Security for the Notes will be granted pursuant to the Irish Security Deed, the Swedish Security Agreement and the English Deed of Charge. The Parent Company Security for the Notes will be granted pursuant to the Share Mortgage.</p> <p>"Issuer Security" means any mortgage, sub-mortgage, charge, sub-charge, assignment or assignation by way of security, pledge, lien, right of set-off, retention of title or other encumbrance or security interest created by the Issuer in favour of the Trustee (for itself and as trustee on behalf of the other Secured Creditors) under or pursuant to the English Deed of Charge and the Irish Security Deed or to the Secured Creditors as represented by the Trustee under the Swedish Security Agreement.</p> <p>"Parent Company Security" means any security interest created by the Parent Company over the shares in the Issuer in favour of the Trustee (for itself and as trustee on behalf of the other Secured Creditors) pursuant to the Share Mortgage.</p> <p>Amounts that remain standing to the credit of the Expenses Account and the Elevated Interest Account are not included in the Security Assets. However, upon the service of an Enforcement Notice on the Issuer, the Cash Manager shall transfer the funds standing to the credit of the Expenses Account (but not the Elevated Interest Account) to the Issuer GIC Account in accordance with the terms of the Cash Management Agreement.</p>
Interest payable on the Notes:	<p>The interest rates applicable to each Class of Notes are described in the sections entitled "<i>Transaction Overview - C. Full Capital Structure of the Notes</i>" and "<i>D. Terms and Conditions of the Notes</i>".</p>
Interest Deferral:	<p>Interest due and payable on the Notes (other than the Most Senior Class of Notes) may be deferred in accordance with Condition 8.11 (<i>Interest Accrual</i>). Interest due and payable on the Most Senior Class of Notes may not be deferred.</p>
Gross-up:	<p>None of the Issuer, the Trustee or any other person will be obliged to pay any additional amounts to the Noteholders if there is any withholding or deduction for or on account of taxes from a payment made under the Notes.</p>
Redemption:	<p>The Notes are subject to the following optional or mandatory redemption events:</p> <ul style="list-style-type: none"> (a) mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 9.1 (<i>Final Redemption</i>); (b) mandatory redemption in part on any Interest Payment Date prior to the delivery of an Enforcement Notice subject to availability of Available Principal Distribution Amount, as fully set out in Condition 9.2 (<i>Sequential Mandatory Redemption in part of Class A to Class Z Notes</i>); (c) optional redemption exercisable by the Issuer in whole on any Interest Payment Date where the SEK Equivalent

Principal Amount Outstanding of all the Notes is equal to or less than 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the Notes as at the Closing Date, as fully set out in Condition 9.3(a) (*Optional Redemption in whole*);

- (d) optional redemption exercisable by the Issuer in whole on or after the Step-Up Date, as fully set out in Condition 9.3(b) (*Optional Redemption in whole*); and
- (e) optional redemption exercisable by the Issuer in whole for tax reasons, as fully set out in Condition 9.4 (*Optional Redemption in whole for taxation reasons*).

Subject to the Issuer having sufficient funds available for this purpose, each Note redeemed will be redeemed in an amount equal to the Principal Amount Outstanding of the relevant Note together with accrued (and unpaid) interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption.

Events of Default:

As fully set out in Condition 13 (*Events of Default*), which broadly includes:

- non-payment by the Issuer of principal in respect of the Most Senior Class of Notes within 5 days following the due date or non-payment by the Issuer of interest in respect of the Most Senior Class of Notes within 10 days following the due date (provided that, for the avoidance of doubt, a deferral of interest in respect of the Notes (other than the Most Senior Class of Notes) in accordance with Condition 8.11 (*Interest Accrual*) shall not constitute a default in the payment of such interest);
- breach of contractual obligations by the Issuer under or, in respect of the Most Senior Class of Notes or any Transaction Documents to which it is a party which is (in the Trustee's opinion) materially prejudicial to the interests of the holders of the Most Senior Class of Notes (subject to a 30 day remedy period);
- misrepresentation by the Issuer in respect of any Issuer Warranty which is (in the Trustee's opinion) materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding (subject to a 30 day remedy period unless such breach is (in the Trustee's opinion) incapable of remedy);
- Insolvency Event in relation to the Issuer; or
- it being illegal for the Issuer to perform or comply with its obligations under or in respect of the Notes, or Trust Documents or any other Transaction Document to which it is a party.

Limited Recourse:

All the Notes are ultimately limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts in full, amounts outstanding will cease to be due and payable as described in more detail in Condition 10 (*Limited Recourse*).

Governing Law of the Notes:

English law.

E. RIGHTS OF NOTEHOLDERS AND RELATIONSHIP WITH OTHER SECURED CREDITORS

Please refer to the section entitled "*Terms and Conditions of the Notes*" for further details in respect of the rights of Noteholders, conditions for exercising such rights and Noteholders relationship with other Secured Creditors.

Prior to an Event of Default:

Noteholders holding not less than 10 per cent. of the SEK Equivalent Principal Amount Outstanding of the Notes then outstanding of the relevant Class are entitled to convene a Noteholders' meeting and all Noteholders of each Class are entitled to participate in a Noteholders' meeting convened by the Issuer or Trustee or the Noteholders to consider any matter affecting their interests.

However, so long as no Event of Default has occurred and is continuing the Noteholders are not entitled to instruct or direct the Issuer to take any actions, either directly or through the Trustee, without the consent of the Issuer and, if applicable, certain other Transaction Parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

Following an Event of Default:

Following the occurrence of an Event of Default which is continuing, the holders of the Most Senior Class of Notes may, if they hold not less than 25 per cent. of the SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if they pass an Extraordinary Resolution, direct the Trustee to give an Enforcement Notice to the Issuer that all Classes of the Notes are immediately due and repayable at their respective SEK Equivalent Principal Amount Outstanding provided that the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

Noteholders Meeting provisions:

Notice period:	21 clear days for the initial meeting.	14 clear days for the adjourned meeting.
Quorum:	One or more persons holding or representing a majority of the SEK Equivalent Principal Amount Outstanding of the relevant Class or Classes of Notes outstanding for the initial meeting (other than a Reserved Matter (which must be proposed separately to each Class of Noteholders), which requires one or more persons holding or representing in the aggregate not less than 75 per cent. of the SEK Equivalent Principal Amount Outstanding of the relevant Class or Classes of Notes then outstanding).	At an adjourned meeting one or more persons being or representing Noteholders of that Class or those Classes, whatever the SEK Equivalent Principal Amount Outstanding of the Notes then outstanding held or represented by them (other than a Reserved Matter (which must be proposed separately to each Class of Noteholders), which requires one or more persons holding or representing not less than in aggregate 25 per cent. of the SEK Equivalent Principal Amount Outstanding of the relevant Class or Classes of Notes then

outstanding).

Required majority for Extraordinary Resolution: Not less than 75 per cent. of votes cast. Not less than 75 per cent. of votes cast.

Written Resolution: 100 per cent. of the SEK Equivalent Principal Amount Outstanding of the relevant Class of Notes outstanding. A Written Resolution has the same effect as an Extraordinary Resolution.

Electronic Consents: Noteholders may also pass an Extraordinary Resolution by way of electronic consents communicated through the electronic communications systems of the clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant clearing system(s) ("**Electronic Consents**"). Such consents are required from Noteholders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes then outstanding for matters requiring Extraordinary Resolutions. A resolution passed by such means has the same effect as an Extraordinary Resolution.

Reserved Matters:

Broadly speaking, the following matters are Reserved Matters:

Changes to payments (timing, method of calculation, reduction in amounts due and currency), to effect the exchange, conversion or substitution of the Notes, changes to Payments Priorities and changes to quorum and majority requirements and amendments to the definition of Reserved Matter.

Relationship between Classes of Noteholders:

Subject to the provisions governing a Reserved Matter, an Extraordinary Resolution of Noteholders of the Most Senior Class of Notes shall be binding on all other Classes and would override any resolutions to the contrary of the Classes ranking behind such Class.

A Reserved Matter requires an Extraordinary Resolution of each Class of Notes then outstanding.

Mortgage Loan Seller as Noteholder:

For the purpose of, *inter alia*, the right to attend and vote at any meeting of Noteholders, any Extraordinary Resolution in writing and any direction made by Noteholders, those Notes (if any) which are held by or on behalf of or for the benefit of the Mortgage Loan Seller, the Servicer or Bluestep Bostadslån or any holding company of the Mortgage Loan Seller, the Servicer or Bluestep Bostadslån or any other subsidiary of such holding company, in each case as beneficial owner, shall (unless and until ceasing to be held) be deemed not to be outstanding, provided that if all the Notes of a particular Class are held by the Mortgage Loan Seller, the Servicer or Bluestep Bostadslån, any holding company of the Mortgage Loan Seller, the Servicer or Bluestep Bostadslån or any other subsidiary of such holding company (the "**Relevant Class of Notes**") (and no other Classes of Notes exist that rank junior or *pari passu* to the Relevant Class of Notes, in respect of which the Notes are held by persons other than the Mortgage Loan Seller, the Servicer or Bluestep Bostadslån, any holding company of the Mortgage Loan Seller, the Servicer or Bluestep Bostadslån or any other subsidiary of such holding company), the Notes

of the Relevant Class of Notes will be deemed to be outstanding.

Relationship between Noteholders and other Secured Creditors:

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of each of the Secured Creditors as regards all of its powers, trusts, authorities, duties and discretions, but requiring the Trustee, in the event of a conflict between the interests of the Noteholders and any other Secured Creditors, to have regard only (except where expressly provided otherwise) to the interests of the Noteholders (and in the event of a conflict between the interests of the three Classes of Noteholders, to have regard only (except where expressly provided otherwise) to the interest of the Most Senior Class of Notes.

Modifications

Notwithstanding the provisions of Condition 17.1 (*Modification*) the Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions and/or any other Transaction Document that the Issuer considers necessary for the purpose of: (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time; (ii) enabling the Issuer and/or the Swap Providers to comply with (x) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("**EMIR**") or (y) any other obligation which applies to it under EMIR; (iii) complying with certain risk retention legislation, regulations or official guidance in relation thereto; (iv) enabling the Notes to be (or to remain) listed on the Stock Exchange; (v) enabling the Issuer or any other Transaction Party to comply with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto); (vi) complying with any changes in the requirements of the CRA Regulation and the Commission Delegated Regulation 2015/3 (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**CRA3 Requirements**"), including any requirements imposed by any regulation laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation (the "**STS Regulation**") proposed by the European Commission or any other obligation which applies under the CRA3 Requirements, the STS Regulation and / or any new regulatory requirements, provided that, in each case, the Issuer (or the Servicer on its behalf) certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect, (each of (i) to (vi) above, a "**Proposed Amendment**"), without the consent of Noteholders.

In the case of a Proposed Amendment, the Issuer (or the Servicer on its behalf) shall certify to the Trustee in writing that such modification is required solely for such purpose provided that (a) at least 30 calendar days' prior written notice of any such proposed modification has been

given to the Trustee; (b) such certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect; and (c) the consent of each Secured Creditor (other than any Noteholder) which is party to the relevant Transaction Document has been obtained.

Noteholders should be aware that, in relation to each such Proposed Amendment, if Noteholders representing at least 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Principal Paying Agent or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the relevant notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If in respect of a Proposed Amendment (other than (ii)(x) or (ii)(y) as specified above) Noteholders representing at least 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Principal Paying Agent or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the relevant notification period that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*).

Please refer to Condition 17.2 (*Additional Right of Modification*).

Provision of Information to the Noteholders:

The Cash Manager will publish each final Investor Report (including each Quarterly Investor Report) on the website www.bluestepbank.com/investor-relations/debt-investors/content/debt-investors/ in accordance with the provisions of the Cash Management Agreement.

F. CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections entitled "Key Structural Features" and "Cashflows and Cash Management" for further detail in respect of the credit structure and cash flow of the transaction.

Available Funds of the Issuer:

The Cash Manager will apply the Available Interest Distribution Amount and the Available Principal Distribution Amount on each Interest Payment Date prior to the delivery of an Enforcement Notice in accordance with the Pre-Enforcement Interest Payments Priorities and the Pre-Enforcement Principal Payments Priorities respectively and after the delivery of an Enforcement Notice all proceeds from the Security Assets and Trust Proceeds, in accordance with the Post-Enforcement Payments Priorities, as set out below (in each case, only if and to the extent that payments of a higher priority have been made in full).

"**Available Interest Distribution Amount**" means, in respect of any Interest Payment Date, the amount calculated by the Cash Manager on the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

- (a) all Revenue Collections received by the Issuer during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (b) amounts received or to be received on such Interest Payment Date by the Issuer under the relevant Swap Agreement (other than (i) any early termination amount received by the Issuer under the relevant Swap Agreement on the applicable Interest Payment Date which is to be applied in acquiring a replacement swap, (ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of a Swap Transaction under the relevant Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the relevant Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap, (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the relevant Swap Provider, (iv) amounts in respect of Swap Tax Credits and (v) any amounts received or to be received under the Currency Swap Agreement relating to principal in respect of the Class A Notes);
- (c) all amounts standing to the credit of the General Reserve Fund on such Calculation Date (including all interest credited thereto);
- (d) the balance standing to the credit of the Expenses Account on such Calculation Date (including all interest credited thereto);
- (e) all Repurchase Proceeds or indemnity payments made by the Mortgage Loan Seller or a third party purchaser to the Issuer pursuant to the Mortgage Loan Sale Agreement arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) to the extent such proceeds or payments are attributable to interest or fees;
- (f) all Revenue Recoveries arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (g) all Liquidation Proceeds arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) to the extent such proceeds are attributable to interest or fees;
- (h) interest accrued and credited to the Issuer GIC Account during the three immediately preceding

Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);

- (i) any portion of the Available Principal Distribution Amount to be applied on such Interest Payment Date as a credit to the Revenue Surplus Ledger in accordance with item (e) of the Pre Enforcement Principal Payments Priorities;
- (j) any portion of the Available Principal Distribution Amount remaining on such Interest Payment Date after redemption in full of the Notes;
- (k) any Swap Collateral Account Surplus;
- (l) any amount standing to the credit of the Liquidity Reserve in excess of the Liquidity Reserve Fund Required Amount as at the immediately preceding Calculation Date,
- (m) if there is a Payment Shortfall on such Interest Payment Date, then a drawing from the Liquidity Reserve Fund in an amount equal to the lesser of (i) such Payment Shortfall and (ii) the balance of the Liquidity Reserve Fund; and
- (n) if there is a Payment Shortfall on such Interest Payment Date, any Available Principal Distribution Amount in an amount equal to such Payment Shortfall (after the application of the Liquidity Reserve Fund pursuant to paragraph (m) above).

"Available Principal Distribution Amount" means, in respect of any Interest Payment Date, the amount calculated by the Cash Manager on the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

- (a) on the First Interest Payment Date, the difference between the proceeds of issue of the Notes on the Closing Date and the Mortgage Loan Purchase Price;
- (b) all Principal Collections received by the Issuer during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (c) such portion of the Available Interest Distribution Amount to be applied on such Interest Payment Date in reducing the debit balance of the Principal Deficiency Ledger;
- (d) such portion of the Available Interest Distribution Amount to be applied on such Interest Payment Date as Available Principal Distribution Amount in accordance with item (n) of the Pre-Enforcement Interest Payments Priorities;
- (e) all Principal Recoveries arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect

of the first Interest Period);

- (f) all Liquidation Proceeds arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) (excluding amounts attributable to interest or fees);
- (g) all Repurchase Proceeds or indemnity payments made by the Mortgage Loan Seller or a third party purchaser to the Issuer pursuant to the Mortgage Loan Sale Agreement arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) (excluding amounts attributable to interest or fees); and
- (h) amounts received or to be received on such Interim Exchange Date and/or Final Exchange Date (as defined in the Currency Swap) by the Issuer under the Currency Swap Agreement relating to principal in respect of the Class A Notes.

Summary of Payments Priorities:

Below is a summary of the Payments Priorities. Please refer to the section entitled "*Cashflows and Cash Management*" for further information. In addition, please refer to "*Limited Recourse*" in the section entitled "*Transaction Overview - D. Terms and Conditions of the Notes*".

Pre-Enforcement Interest Payments Priorities	Pre-Enforcement Principal Payments Priorities	Post-Enforcement Payments Priorities
<ul style="list-style-type: none"> (a) Issuer tax liabilities; (b) Trustee fees and liabilities; (c) Agent Bank, Registrar, Paying Agents and Swap Collateral Custodian fees and liabilities; (d) Issuer Expenses (other than those paid elsewhere) comprising but not limited to <i>pro rata</i> and <i>pari passu</i> fees and liabilities due and payable: (a) to the Cash Manager; (b) to the Servicer; and (c) to the Issuer Accounts Bank; (d) to the Corporate Services Provider; (e) to the Standby Servicer; (f) to the Standby Cash Manager; and (g) to the Issuer, the Issuer Transaction Fee; (e) to credit the Expenses Account with an amount up to the Float Amount; 	<ul style="list-style-type: none"> (a) Available Principal Distribution Amount used as Available Interest Distribution Amount to fund any Payment Shortfall subject to satisfying the Reallocation Condition in the case of the Class B Notes; (b) Aggregate principal amount of Further Advances made by the Mortgage Loan Seller and purchased by the Issuer during the previous three Collection Periods (or during the previous six Collection Periods in respect of any Further Advances for which the Further Advance Purchase Price has not been paid by the Issuer); (c) payment to the Currency Swap Provider in respect of the Currency Swap relating to the principal on the Class A Notes (including any termination payment payable but excluding Subordinated Termination Amounts) and payment of, <i>pari passu</i>, the Principal Amount Outstanding on the Class A Notes; (d) to redeem the Class B Notes; (e) Available Principal Distribution Amount used to eliminate any debit on the Revenue Surplus Ledger; 	<ul style="list-style-type: none"> (a) Issuer tax liabilities; (b) Costs and expenses of the Trustee (and any Receiver appointed by the Trustee); (c) Agent Bank, Registrar, Paying Agents and Swap Collateral Custodian fees and liabilities; (d) Issuer Expenses comprising but not limited to <i>pro rata</i> and <i>pari passu</i> fees and liabilities due and payable: (a) to the Cash Manager; (b) to the Servicer; (c) to the Issuer Accounts Bank; (d) to the Swap Collateral Custodian; (e) to the Corporate Services Provider; (f) to the Standby Servicer; (g) to the Standby Cash Manager; (e) any amounts due to the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreement (including any termination payment payable but excluding Subordinated Termination Amounts); (f) payment to the Currency Swap Provider in respect of the Currency Swap relating to the interest on the Class A Notes (including any termination payment payable but excluding Subordinated Termination Amounts) and payment of, <i>pari passu</i>,

Pre-Enforcement Interest Payments Priorities	Pre-Enforcement Principal Payments Priorities	Post-Enforcement Payments Priorities
(g) Termination Amounts); payment to the Currency Swap Provider in respect of the Currency Swap relating to the interest on the Class A Notes (including any termination payment payable but excluding Subordinated Termination Amounts) and payment of, <i>pari passu</i> , interest on the Class A Notes;	(f) to redeem the Class Z Notes; and (g) to be allocated as Available Interest Distribution Amounts.	interest on the Class A Notes; (g) to redeem the Class A Notes/payments to the Currency Swap Provider (for the purpose of redeeming the Class A Notes);
(h) an amount sufficient to eliminate any debit on the Class A Principal Deficiency Sub-Ledger;		(h) Class B Interest;
(i) Class B interest;		(i) to redeem the Class B Notes;
(j) an amount sufficient to eliminate any debit on the Class B Principal Deficiency Sub-Ledger;		(j) Class Z interest;
(k) to credit the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;		(k) to redeem the Class Z Notes;
(l) to credit the General Reserve Fund up to the General Reserve Fund Required Amount;		(l) payment of interest and principal to the Subordinated Loan Facility Provider;
(m) an amount sufficient to eliminate any debit on the Class Z Principal Deficiency Sub-Ledger;		(m) Subordinated Termination Amounts in respect of the Swap Agreements; and
(n) on and following the Step-Up Date, if the Rated Notes are not redeemed in full, to be applied as Available Principal Distribution Amount, up to the Revenue Surplus Required Amount (which causes a debit on the Revenue Surplus Ledger);		(n) Deferred Consideration to the Mortgage Loan Seller.
(o) Class Z interest;		

Pre-Enforcement Interest Payments Priorities	Pre-Enforcement Principal Payments Priorities	Post-Enforcement Payments Priorities
(p) Interest payments to the Subordinated Loan Facility Provider;		
(q) Principal payments to the Subordinated Loan Facility Provider (if the Issuer and the Subordinated Loan Facility Provider so agree);		
(r) Subordinated Termination Amounts in respect of the Swap Agreements; and		
(s) Deferred Consideration to the Mortgage Loan Seller.		

Key Structural Features: The general credit and liquidity structure of the transaction includes, broadly, the following elements:

- Availability of the General Reserve Fund, funded on the Closing Date from part of the proceeds of the Subordinated Loan Facility pursuant to the Subordinated Loan Facility Agreement and deposited in the Reserve Account. Monies standing to the credit of the General Reserve Fund will be applied as Available Interest Distribution Amount on each Interest Payment Date. After the Closing Date, the General Reserve Fund will be replenished up to the General Reserve Fund Required Amount on each Interest Payment Date from Available Interest Distribution Amount in accordance with the Pre-Enforcement Interest Payments Priorities;
- Availability of the Liquidity Reserve Fund which will be applied in accordance with item (m) of the definition of Available Interest Distribution Amount to make up any Payment Shortfall provided that, in the case of any payment of interest on the Class B Notes, the Reallocation Condition is satisfied. The Liquidity Reserve Fund will be funded initially from part of the proceeds of the Subordinated Loan Facility pursuant to the Subordinated Loan Facility Agreement and deposited in the Reserve Account and subsequently from Available Interest Distribution Amount up to the Liquidity Reserve Fund Required Amount in accordance with the Pre-Enforcement Interest Payments Priorities;
- Availability of Available Principal Distribution Amount to make up any Payment Shortfall (taking into account any prior application of the Liquidity Reserve Fund) provided that, in the case of any payment of interest on the Class B Notes, the Reallocation Condition is satisfied;
- The Issuer will establish the Issuer GIC Account denominated in SEK in its name at the Issuer Accounts Bank. The Issuer GIC Account will be operated by the Cash Manager in accordance with

the terms of the Cash Management Agreement, the Issuer Accounts Agreement, the Swedish Security Agreement and the English Deed of Charge. All Collections received by the Issuer from a Borrower pursuant to a Mortgage Loan Agreement will be credited by the Issuer to the Issuer GIC Account. Interest is payable on the Issuer GIC Account by the Issuer Accounts Bank at the Issuer Accounts Rate (which may be a negative rate).

- On and following the Step-Up Date, excess Available Interest Distribution Amount, following the elimination of any debit on the Class Z Principal Deficiency Sub-Ledger, will be applied as Available Principal Distribution Amount in order to make principal payments on the Rated Notes in accordance with the relevant Payments Priorities. Available Interest Distribution Amount applied in this manner will be reflected by a debit entry in the Revenue Surplus Ledger. Available Principal Distribution Amount, following redemption in full of the Rated Notes, shall be applied as Available Interest Distribution Amount, to the extent there is a debit on the Revenue Surplus Ledger (following such application, the debit balance on the Revenue Surplus Ledger will be reduced by such amount);
- payments of principal and interest on the Class B Notes will be subordinated to payments on the Class A Notes;
- payments of principal and interest on the Class Z Notes will be subordinated to payments on the Class A Notes and the Class B Notes;
- availability of an Interest Rate Swap provided by the Interest Rate Swap Provider to hedge against the possible variance between the fixed interest rates payable in respect of the Fixed Rate Mortgage Loans and the floating STIBOR based interest rates payable in respect of the Class A, Class B and Class Z Notes;
- availability of a Currency Swap provided by the Currency Swap Provider to swap: (i) the SEK STIBOR based amounts received under the Interest Rate Swap and the SEK based interest amounts received from the Borrowers on the Standard Variable Mortgage Loans for the EURIBOR based interest payable in Euros on the Class A Notes and (ii) the SEK principal amounts received from the Borrowers on the Mortgage Loans for principal repayable in Euros on the Class A Notes;
- it is expected that during the life of the Notes, the Available Interest Distribution Amount will, assuming that all the Mortgage Loans are fully performing, be sufficient to pay the interest amounts payable in respect of the Rated Notes and the Issuer Expenses of the structure.

See the section entitled "*Key Structural Features*" for further information on this.

Use of Issuer's funds to reduce or eliminate a Payment Shortfall:

If, in respect of an Interest Payment Date, the Cash Manager determines as at the Calculation Date immediately preceding such Interest Payment Date, that a Payment Shortfall will exist on such Interest Payment Date, the Cash Manager will, on such Interest Payment Date and on behalf of the Issuer, pay such Payment Shortfall by:

first, applying amounts standing to the credit of the Liquidity Reserve Fund towards curing any Payment Shortfall provided that in the case of any payment of interest on the Class B Notes, the Reallocation Condition is satisfied; and

second, applying Available Principal Distribution Amounts towards curing any residual Payment Shortfall (taking into account the prior application of funds, if any, from the Liquidity Reserve Fund) provided that in the case of any payment of interest on the Class B Notes, the Reallocation Condition is satisfied.

Payment Shortfall: "Payment Shortfall" means, as at any Interest Payment Date, an amount equal to the greater of:

- (a) zero; and
- (b) the aggregate of the amounts required to pay or provide in full on such Interest Payment Date for the items falling in items (a) to (g) and (i) of the Pre-Enforcement Interest Payments Priorities less the amount of the Available Interest Distribution Amount calculated in respect of such Interest Period but before taking into account any amount added thereto from the Liquidity Reserve Fund or Available Principal Distribution Amounts (other than as a result of the application of item (e) of the Pre-Enforcement Principal Payments Priorities).

Principal Deficiency Ledger: The Issuer will establish in its books a principal deficiency ledger comprising three sub-ledgers (the "**Class A Principal Deficiency Sub-Ledger**", the "**Class B Principal Deficiency Sub-Ledger**" and the "**Class Z Principal Deficiency Sub-Ledger**" and together, the "**Principal Deficiency Ledger**") and, on each Interest Payment Date, the Cash Manager shall record any Principal Losses in relation to the Mortgage Loans that have occurred in the three previous Collection Periods and/or the use of any Available Principal Distribution Amount to fund a Payment Shortfall (such amounts together the "**Principal Deficiency**") by debiting the Principal Deficiency Ledger as set out below.

Any Principal Deficiency will be debited to the Class Z Principal Deficiency Sub-Ledger so long as the debit balance on the Class Z Principal Deficiency Sub-Ledger is not greater than the Principal Amount Outstanding of the Class Z Notes.

Thereafter, any Principal Deficiency will be debited to the Class B Principal Deficiency Sub-Ledger so long as the debit balance on the Class B Principal Deficiency Sub-Ledger is not greater than the Principal Amount outstanding of the Class B Notes.

Thereafter, any Principal Deficiency will be debited to the Class A Principal Deficiency Sub-Ledger.

Debit balances on the Principal Deficiency Ledger will be reduced or eliminated on each Interest Payment Date by use of the Available Interest Distribution Amount in accordance with the Pre-Enforcement Payments Priorities commencing with the Class A Principal Deficiency Sub-Ledger, then the Class B Principal Deficiency Sub-Ledger and then the Class Z Principal Deficiency Sub-Ledger.

Expenses Account: Pursuant to the Subordinated Loan Facility Agreement, an amount equal to SEK18,000,000 will be deposited in the Expenses Account on the Closing Date and used by the Issuer to pay in full the Initial Issuer

Expenses on the Closing Date.

The Issuer will be permitted to make further drawings under the Subordinated Loan Facility during the first Interest Period in order to pay Initial Issuer Expenses (as agreed between the Issuer and the Subordinated Loan Facility Provider) which were not capable of being determined on the Closing Date.

On and following the First Interest Payment Date, the Float Amount shall be funded from Available Interest Distribution Amount on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payments Priorities and credited to the Expenses Account.

On each Business Day, funds standing to the credit of the Expenses Account and recorded in the Expenses Account Ledger will be applied by the Cash Manager, on behalf of the Issuer, in making the following payments or provisions (but in no order of priority):

- (a) in or towards *pari passu* on a *pro rata* basis payment of an amount equal to any Incorrect Payments to the Mortgage Loan Seller due on such Business Day; and
- (b) in or towards *pari passu* on a *pro rata* basis payment of the Issuer Expenses due on such Business Day.

The parties to the Issuer Accounts Agreement will agree that payments from the Expenses Account and recorded to the Expenses Account Ledger may only be made out of amounts standing to the credit of such account and recorded to such ledger to the extent that such payment does not cause the account or such ledger to become overdrawn and the Cash Manager undertakes not to cause the Expenses Account or the Expenses Account Ledger to become overdrawn.

If any Issuer Expenses (other than, for the avoidance of doubt, any payments of interest and/or principal by the Issuer in respect of the Class A Notes) are denominated in a currency other than SEK, the Cash Manager on behalf of the Issuer will arrange to spot exchange an appropriate amount of SEK on the required date for such other currency in order to effect such payment.

On each Interest Payment Date, funds standing to the credit of the Expenses Account will be transferred to the Issuer GIC Account, for allocation in accordance with the relevant Payments Priorities.

"Float Amount" means an amount not exceeding SEK500,000 which shall be funded on and following the First Interest Payment Date from Available Interest Distribution Amount on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payments Priorities and credited to the Expenses Account and is available to for repayment of Incorrect Payments and the payment of Issuer Expenses between Interest Payment Dates.

"Initial Issuer Expenses" means the Issuer Expenses that become due and payable on or after the Closing Date until (but excluding) the First Interest Payment Date.

Summary of key Swap Agreements terms:

The Issuer will enter into an interest rate swap transaction with the Interest Rate Swap Provider pursuant to the Interest Rate Swap Agreement under which following payments will be made on each Interest Payment Date:

Issuer pays to the Interest Rate Swap Provider: the Fixed Interest

Period Issuer Amount in respect of the applicable Calculation Period.

Interest Rate Swap Provider pays to the Issuer: the Fixed Interest Period Swap Provider Amount in respect of the applicable Calculation Period.

The Issuer will enter into a balance guaranteed cross-currency swap transactions with the Currency Swap Provider pursuant to the Currency Swap Agreement under which following payments will be made:

Issuer pays: an amount in SEK equal to the Party B Floating Amount (as defined in the Currency Swap Agreement).

Currency Swap Provider pays: an amount in Euro equal to the Party A Floating Amount (as defined in the Currency Swap Agreement).

The Swap Agreements may be terminated in certain circumstances, including but not limited to:

- (a) a failure to pay by one party of amounts due and payable to the other;
- (b) the service of an Enforcement Notice by the Trustee pursuant to Condition 13 (*Events of Default*);
- (c) the bankruptcy of the relevant Swap Provider;
- (d) the occurrence of a Tax Event, Tax Event Upon Merger or Illegality (as defined in the relevant Swap Agreement);
- (e) the failure by the relevant Swap Provider to comply with ratings downgrade provisions in the relevant Swap Agreement following a downgrade;
- (f) irrevocable notice being given by the Issuer that a redemption of the Notes will occur pursuant to Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.3 (*Optional Redemption in whole*) (save, in the case of the Currency Swap Agreement, if the Class A Notes are redeemed pursuant to Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*));
- (g) the amendment of the Pre-Enforcement Payments Priorities or the Post Enforcement Payments Priorities other than in accordance with the Cash Management Agreement or English Deed of Charge or with the consent of the relevant Swap Provider; and
- (h) any Transaction Document is amended without the consent of the relevant Swap Provider.

Please see "*Key Structural Features –Swap Agreements - Termination of the Swap Agreements*" on page 119 for further information on this.

G. TRIGGERS TABLES

Rating Triggers Table

Transaction Party	Required Rating on the Closing Date	Possible effects of Rating Trigger being breached include the following
Interest Rate Swap Provider:	Short-term issuer default rating by Fitch must be at least F1; or the long-term issuer default rating by Fitch must be at least A; and either (1) A by S&P with respect to the long term issuer credit rating of the Interest Rate Swap Provider (if the short term issuer credit rating of the Interest Rate Swap Provider is also rated at least as high as A-1 by S&P) or (2) A+ by S&P with respect to the long term issuer credit rating of the Interest Rate Swap Provider (if the short term, issuer credit rating of the Interest Rate Swap Provider is not rated or are rated below A-1 by S&P).	The consequences of breach may include the requirement to provide collateral to the Issuer in accordance with the terms of the Credit Support Annex, replacement of the Interest Rate Swap Provider or guarantee of such Interest Rate Swap Provider's obligations by an entity with the rating required by the Rating Agencies or taking such other action (which may include inaction) necessary so that the rating of the Class A Notes following such action or inaction will be rated no lower than the Class A Note would have been rated had the ratings trigger not been breached.
Currency Swap Provider:	Short-term issuer default rating by Fitch must be at least F1; or the long-term issuer default rating by Fitch must be at least A; and either (1) A by S&P with respect to the long term issuer credit rating of the Currency Swap Provider (if the short term issuer credit rating of the Currency Swap Provider is also rated at least as high as A-1 by S&P) or (2) A+ by S&P with respect to the long term issuer credit rating of the Currency Swap Provider (if the short term issuer credit rating of the Currency Swap Provider is not rated or are rated below A-1 by S&P).	The consequences of breach may include the requirement to provide collateral to the Issuer in accordance with the terms of the Credit Support Annex, replacement of the Currency Swap Provider or guarantee of such Currency Swap Provider's obligations by an entity with the rating required by the Rating Agencies or taking such other action (which may include inaction) necessary so that the rating of the Class A Notes following such action or inaction will be rated no lower than the Class A Note would have been rated had the ratings trigger not been breached.
Issuer Accounts Bank:	(i) short-term issuer default rating by Fitch must be at least F1 or the long-term issuer default rating by Fitch must be at least A; and long-term issuer credit rating must be rated at least (1) A by S&P (if its short term issuer credit rating is also rated at least as high as A-1 by S&P) or (2) A+ by S&P (if its short term issuer credit rating is not rated or are rated below A-1 by S&P); or	The consequences of the breach may include replacement of Issuer Accounts Bank or guarantee of the Issuer Accounts Bank's obligations.

Transaction Party	Required Rating on the Closing Date	Possible effects of Rating Trigger being breached include the following
	(ii) such other short-term or long-term ratings by the relevant Rating Agency which the relevant Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Most Senior Class of Rated Notes.	
Swap Collateral Custodian	<p>(i) short-term issuer default rating by Fitch must be at least F1 or the long-term issuer default rating by Fitch must be at least A; and long-term issuer credit rating must be rated at least (1) A by S&P (if its short term issuer credit rating is also rated at least as high as A-1 by S&P) or (2) A+ by S&P (if its short term issuer credit rating are not rated or are rated below A-1 by S&P); or</p> <p>(ii) such other short-term or long-term ratings by the relevant Rating Agency which the relevant Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Most Senior Class of Rated Notes.</p>	The consequences of breach may include replacement of the Swap Collateral Custodian's obligations or guarantee of Swap Collateral Custodian's obligations.

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Cash Manager Events	<ul style="list-style-type: none"> (i) Cash Manager payment default; (ii) Failure to comply with any of its other covenants or obligations (subject to a remedy period) or any warranty by it proves to be untrue (subject to a remedy period); (iii) it becomes unlawful to comply with its obligations under the Cash Management Agreement; (iv) a force majeure event occurs; or (v) Cash Manager Insolvency Event. 	The Issuer (with the consent of the Trustee) or (following the delivery of an Enforcement Notice) the Trustee may appoint the Standby Cash Manager as successor Cash Manager to provide the cash management services in accordance with the terms of the Replacement Cash Management Agreement.
Servicer Termination Events See the section entitled " <i>The Servicer</i> " for further information on this.	<ul style="list-style-type: none"> (i) Failure to comply with any of its covenants or obligations (subject to a remedy period) or any warranty by it proves to be untrue (subject to a remedy period); (ii) Servicer Insolvency Event; (iii) it becomes unlawful to perform a material part of the services. 	The Issuer (with the consent of the Trustee) or (following the delivery of an Enforcement Notice) the Trustee may appoint the Standby Servicer as successor servicer.

Nature of Trigger	Description of Trigger	Consequence of Trigger
Termination events in respect of the Standby Servicer See the section entitled " <i>The Servicer – Standby Servicer</i> " for further information on this.	<ul style="list-style-type: none"> <li data-bbox="638 237 984 447">(i) Failure to comply with any of its covenants or obligations (subject to a remedy period) or any warranty by it proves to be untrue (subject to a remedy period); <li data-bbox="638 464 984 520">(ii) Standby Servicer Insolvency Event; or <li data-bbox="638 537 984 632">(iii) it becomes unlawful to perform a material part of the standby services. 	The Issuer (with the consent of the Trustee) or (following the delivery of an Enforcement Notice), the Trustee may terminate the appointment of the Standby Servicer.

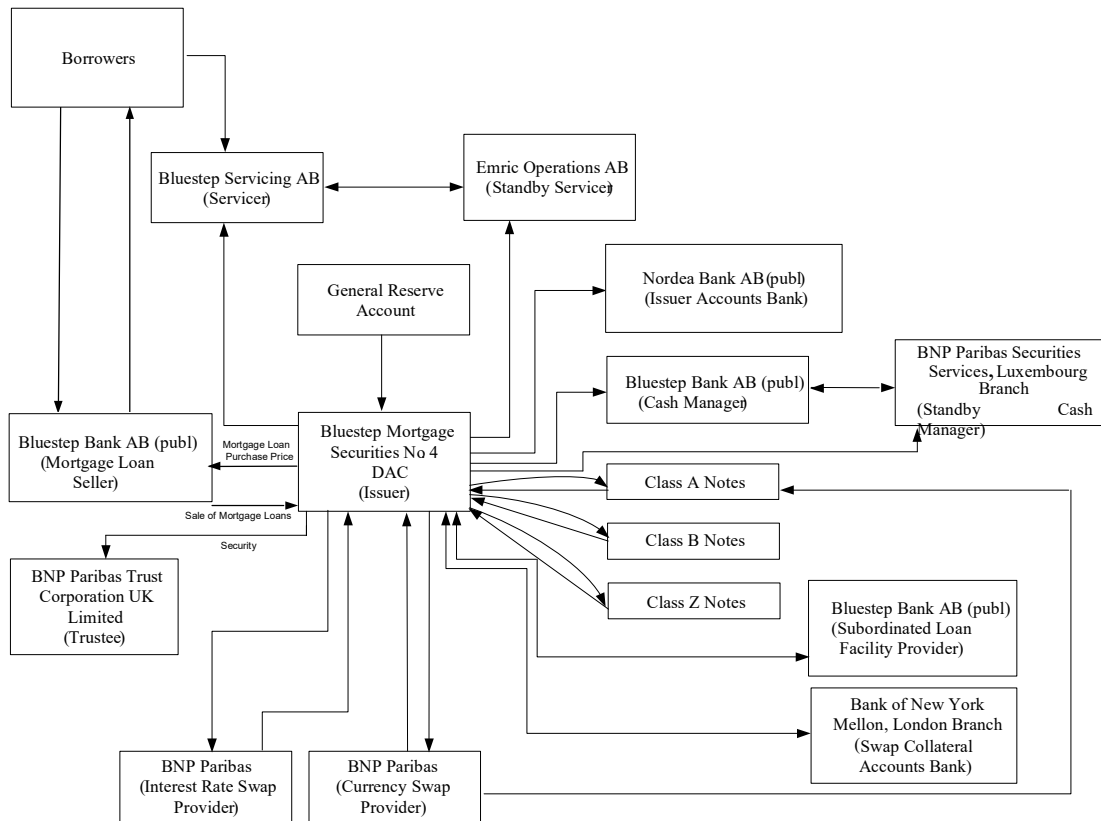
H. FEES

The following table sets out the estimated on-going fees to be paid by the Issuer to the specified Transaction Parties and other service providers.

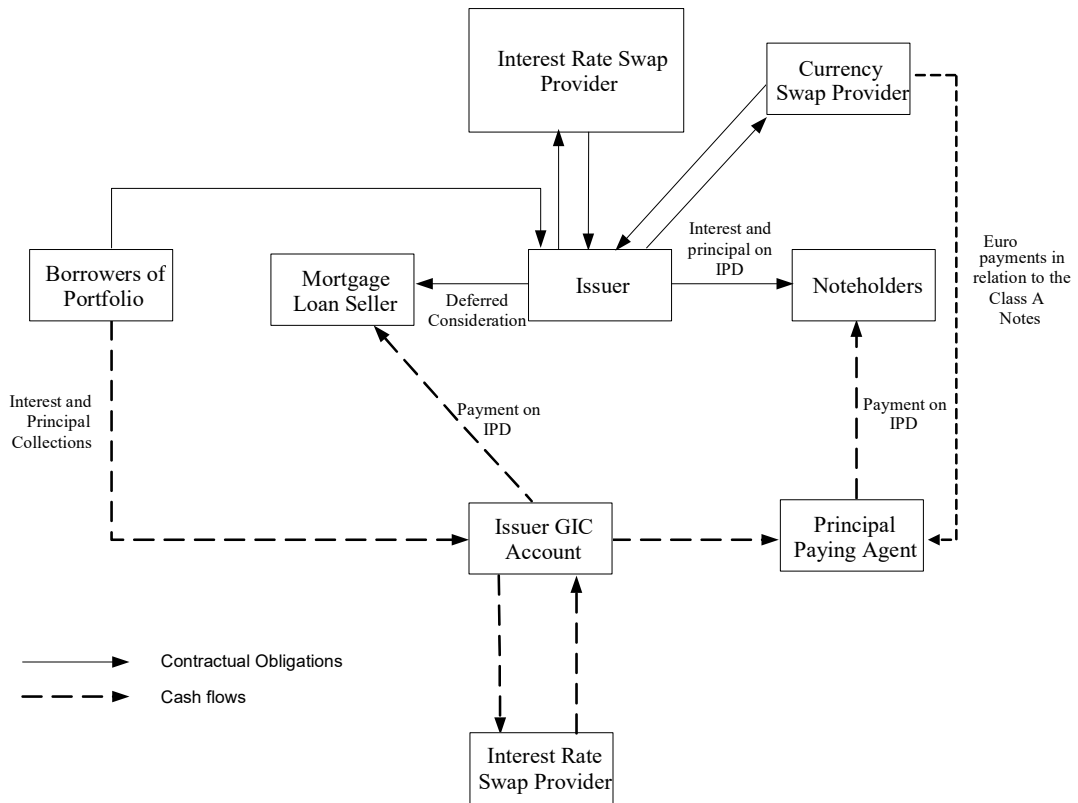
<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicing Fees	Quarterly in arrears on each Interest Payment Date in the amount (exclusive of any VAT) calculated by: (a) multiplying 0.12 per cent. per annum by the Aggregate Principal Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period prior to the relevant Interest Payment Date; and (b) then multiplying the amount so calculated in paragraph (a) above by: (x) the number of days from and excluding the last day of the immediately preceding Collection Period prior to the previous Interest Payment Date to and including the last day of the immediately preceding Collection Period prior to the relevant Interest Payment Date, divided by (y) 360 days (the number of days to be	Ahead of all outstanding Notes	Quarterly in arrears on each Interest Payment Date and the Closing Date

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
	calculated on the basis of a year of 360 days with 12 30-day months)		
Standby Servicing Fees	Start-up fee of SEK80,000 (exclusive of any VAT)	Ahead of all outstanding Notes	On the Closing Date
	SEK370,000 for the first year and SEK 370,000 per annum for subsequent years (exclusive of any VAT)	Ahead of all outstanding Notes	Annually in advance in May of each year (but with the first payment being made on the Closing Date)
Other fees and expenses of the Issuer	Estimated at SEK 1,200,000 each year (exclusive of any applicable VAT)	Ahead of all outstanding Notes	Quarterly in arrears on each Interest Payment Date or, during an Interest Period from the Float Amount credited to the Expenses Account
Expenses related to the admission to trading of the Notes	Estimated at EUR 4,841.20 (exclusive of any applicable VAT)		On or about the Closing Date

DIAGRAMMATIC OVERVIEW OF TRANSACTION



DIAGRAMMATIC OVERVIEW OF ON GOING CASHFLOWS



RISK FACTORS

The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes and in the Issuer. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.

An investment in the Notes is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.

The Issuer believes that the risks described below are the material risks inherent in the transaction for Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks relating to the Notes are exhaustive. Additional risks or uncertainties not presently known to the Issuer or that the Issuer currently considers immaterial may also have an adverse effect on the Issuer's ability to pay interest, principal or other amounts in respect of the Notes. Prospective Noteholders should read the detailed information set out in this Prospectus and reach their own views, together with their own professional advisers, prior to making any investment decision.

Credit Structure

Notes obligations of Issuer only

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

Limited source of funds

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on Revenue Receivables and Principal Receivables in respect of the Mortgage Loans in the Mortgage Loan Portfolio, amounts standing to the credit of the Issuer Accounts and interest earned on such accounts (unless the Issuer Accounts Rate is a negative rate), the receipts under the Swap Agreements and amounts standing to the credit of the General Reserve Fund and the Liquidity Reserve Fund at the Closing Date (the "**Reserve Funds**"). Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes under the applicable Payments Priorities. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Payments Priorities. The Issuer will have no recourse to the Mortgage Loan Seller, save as provided in the Mortgage Loan Sale Agreement (see further the section entitled "*Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement*").

Limited Recourse Nature of the Notes

The Notes will be limited recourse obligations solely of the Issuer and therefore the Noteholders will have a claim under the Notes against the Issuer only to the extent of the assets which are derived from cashflows generated by the Mortgage Loan Portfolio and any other amounts paid to the Issuer pursuant to the Transaction Documents (including payments due from the Swap Counterparty and any interest earned on the Issuer Accounts), subject to the payment of amounts ranking in priority to payment of amounts due in respect of the Notes. If there are insufficient assets available to the Issuer to pay in full all principal, interest and other amounts due in respect of the Notes at the Final Maturity Date or upon acceleration following delivery of an Enforcement Notice or upon mandatory early redemption in part or in whole as permitted under the Conditions, then the Noteholders will have no further claim against the Issuer in respect of any such unpaid amounts. No recourse may be made for any amount due in respect of any Notes or any other obligations of the Issuer against any officer, member, director, security holder or incorporator of the Issuer or their respective successors or assigns.

None of the Transaction Parties or any other person has assumed any obligation if the Issuer fails to make a payment due under any of the Notes.

Enforcement and Credit Structure

Upon enforcement of the Issuer Security and the Parent Company Security, the Secured Creditors, represented by the Trustee, will have recourse only to the Security Assets of the Issuer (comprising, principally, the Mortgage Loans) and the Parent Company (comprising, the shares in the Issuer only). Neither the Issuer nor the Trustee will have any recourse to the Mortgage Loan Seller or the Servicer or (if applicable) the Standby Servicer.

If following an enforcement of the Issuer Security and the Parent Company Security there are insufficient amounts available from the Security Assets and the Trust Proceeds to pay in full, in accordance with the provisions of the relevant Transaction Documents, the Secured Amounts, then the Secured Creditors shall have no further claim against the Issuer in respect of any amounts owing to them which remains unpaid and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights against the Issuer shall be deemed to cease.

For the avoidance of doubt, the Issuer Security will not include the Expenses Account, the Elevated Interest Account or the amounts which remain standing to the credit of that accounts. Pursuant to the terms of the Cash Management Agreement, all amounts standing to the credit of the Expenses Account (but not the Elevated Interest Account) shall be transferred by the Cash Manager to the Issuer GIC Account upon the service of an Enforcement Notice on the Issuer.

The terms of the Transaction Documents will, however, provide for the Issuer to be a "special purpose entity", with no business operations other than the issue of the Notes, the entering into of the Transaction Documents and the transactions ancillary thereto.

The ability of the Issuer to redeem all the Notes in full, including after the occurrence of a Event of Default, while any of the Mortgage Loans are still outstanding may depend upon whether the Issuer's interest in the Mortgage Loans and the other Security Assets can be realised to obtain an amount sufficient to redeem the Notes. There can be no assurance that the Issuer or the Trustee, as the case may be, will realise such an amount.

Although the Trustee will hold the Issuer Security and the Parent Company Security on behalf of the Noteholders, the Issuer Security and the Parent Company Security will also be held for certain third parties that will rank ahead of the Noteholders, including, amongst others, other Secured Creditors in respect of certain amounts owed to them under the Transaction Documents.

Non-Petition

None of the Noteholders or other Secured Creditors (nor any other person acting on behalf of any of them other than the Trustee where appropriate) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, winding up, examinership, arrangement, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations relating to the Notes, the Trust Deed or the other documents relating to the issue of the Notes for two years after the Final Discharge Date.

Deferral of interest payments on the Notes

If, on any Interest Payment Date the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Notes (other than the Most Senior Class of Notes), after having paid or provided for items of higher priority in the Pre-Enforcement Interest Payments Priorities, then that amount shall not be due and payable and the Issuer will be entitled under Condition 8.11 (*Interest Accrual*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as interest in respect of such Class of Notes becomes immediately due and repayable in accordance with the Conditions and it shall not constitute an Event of Default. To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date as interest in respect of such Class of Notes is scheduled to be paid in accordance with the Conditions, the deferral of interest shall continue until the Final Maturity Date or such earlier date on which each respective class of Notes falls to be redeemed in accordance with Condition 9 (*Final Redemption, Mandatory Redemption in part, Option Redemption and Cancellation*).

Credit risk

The Issuer is subject to the risk of default in payment by the Borrowers and the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds under the arrears and default procedures in respect of the relevant Mortgage Loan and the Collateral in order to discharge all amounts due and owing by the relevant Borrowers under the relevant Mortgage Loans and its related Ancillary Mortgage Rights, which may adversely affect payments on the Notes. This risk is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Key Structural Features*". However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit enhancement features will protect the Noteholders from all risk of loss.

Subordination of interest and principal payments on the Class B Notes and the Class Z Notes

The payments of interest and principal on the Class B Notes and the Class Z Notes are subordinated as follows (as set out in "*Key Structural Features*") (i) the Class Z Notes are subordinated in right of payment of interest and principal to the Class A Notes and the Class B Notes; and (ii) the Class B Notes are subordinated in right of payment of interest and principal to the Class A Notes.

Further, Available Interest Distribution Amount will be applied to credit the General Reserve Fund and the Liquidity Reserve Fund prior to payment of interest on the Class Z Notes. There is no assurance that these subordination provisions will protect the holders of Class A Notes from all risk of loss.

Interest rate and currency risk

The Issuer is subject to:

- the risk of the contractual interest rates on the Mortgage Loans being lower than that required by the Issuer in order to meet its commitments under the Notes and its other obligations, which risk is mitigated (but not obviated) by the fixed-floating swap under the Interest Rate Swap Agreement in respect of Fixed Rate Mortgage Loans;
- the risk of fluctuations in relation to the exchange rate between Swedish Kronor and Euro, such that amounts received in Swedish Kronor in respect of the Mortgage Loans and available for application in satisfaction of payment obligations in respect of the Class A Notes may, following conversion into Euro, be insufficient to meet such payment obligations, which risk is mitigated (but not eradicated) by the Currency Swap;
- the risk that any cash held by or on behalf of the Issuer may earn a rate of return below the rate of interest payable on the Notes, which risk may be mitigated by the Issuer GIC Account (if the Issuer Accounts Rate is positive rate), which pays interest at a rate which is set at a fixed margin by reference to 1 week STIBOR on funds standing to the credit thereof.

Liquidity Risk

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of payments being made late by Borrowers after the end of the Calculation Period immediately preceding each relevant Interest Payment Date. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources as described in the section entitled "*Key Structural Features – Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such alternative sources of liquidity, or that such alternative sources of liquidity will protect the Noteholders from all risk of loss.

Swap Provider Risk

In the event that any Swap Provider does not pay any amount payable under the relevant Swap Agreement when due, available funds of the Issuer may be less than would otherwise be the case and this could result in reduced payments to Noteholders. In addition, if a Swap Agreement is terminated, the Cash Manager (on behalf of the Issuer) may be obliged to use available funds of the Issuer to pay a termination payment under such Swap Agreement to the relevant Swap Provider.

Except where the Interest Rate Swap Provider has caused the Interest Rate Swap Agreement to terminate by its own default, any termination payment in respect of such Interest Rate Swap Agreement that is due

by the Issuer to the Interest Rate Swap Provider will rank in priority to payments of interest due and payable on the Notes. Any additional amount required to be paid by the Issuer following termination of any such Interest Rate Swap Agreement will also generally rank ahead of payments due on the relevant classes of Notes. Any termination payment or additional amount following termination payable by the Issuer in respect of the Currency Swap Agreement will, save where the Currency Swap Provider has caused the Currency Swap Agreement to terminate by its own default, rank *pari passu* with payment of interest due to the holders of the Class A Notes to which the relevant Currency Swap relates. If the Issuer is obliged to make a termination payment to a Swap Provider or to pay any other additional amount as a result of the termination of a Swap Agreement, this may reduce or adversely affect the amount of funds which the Issuer has available to make payments on the Notes of any Class. There can be no assurance that the Issuer will have sufficient funds available to make any termination payment under the relevant Swap Agreement or that the Issuer will have sufficient funds to make subsequent payments to the Noteholders in respect of the relevant Class of Notes.

Furthermore, if any Swap Provider were to default in respect of its obligations under a Swap Agreement so as to result in a termination of such Swap Agreement, the Issuer may enter into a replacement arrangement with another appropriately rated entity, which may require the Issuer to make a payment. A failure to enter into such a replacement arrangement may result in a downgrading on the rating of the Rated Notes, and may reduce the amount of funds available to make payments on the Notes.

In the event of the insolvency of a Swap Provider, the Issuer will be treated as an unsecured creditor of such Swap Provider. Consequently, the Issuer will be subject to the credit risk of such Swap Provider, as well as the interest rate risk of the Mortgage Loans.

To mitigate this risk, under the terms of the Swap Agreements, in the event that the relevant rating of a Swap Provider fails to meet the required rating set out in the relevant Swap Agreement, such Swap Provider will, in accordance with the terms of the relevant Swap Agreement, be required to take certain remedial measures within the time frame stipulated in the relevant Swap Agreement and at its own cost which may include providing collateral for its obligations under the relevant Swap Agreement, arranging for its obligations under the relevant Swap Agreement to be transferred to an entity with the required rating, procuring another entity with the required rating to become co-obligor or guarantor, as applicable, in respect of its obligations under the relevant Swap Agreement or such other action or inaction that would result in the Rating Agencies continuing the then current rating of the Rated Notes or restoring such rating of the Rated Notes to the level prior to the downgrade event if such rating of the Notes was reduced solely as a result of the downgrade. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the relevant Swap Provider or that another entity with the required rating will be available or willing to become a replacement swap provider, co-obligor or guarantor.

Priority of Payments

The validity of contractual priorities of payments such as those contemplated in this transaction has been challenged in the English and U.S. courts. The hearings have arisen due to the insolvency of a secured creditor (in that case a swap provider) and have considered whether such payment priorities breach the "anti deprivation" principle under English and U.S. insolvency law. This principle prevents a party from agreeing to a provision that deprives its creditors of an asset upon its insolvency. It was argued that where a secured creditor subordinates itself to noteholders in the event of its insolvency, that secured creditor effectively deprives its own creditors. The Supreme Court of the United Kingdom in *Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc* [2011] UKSC 38 unanimously upheld the decision of the Court of Appeal in dismissing this argument and upholding the validity of the relevant payments priorities, stating that, provided that such provisions form part of a commercial transaction entered into in good faith which does not have, as its predominant purpose or one of its main purposes, the deprivation of the property of one of the parties on bankruptcy, the anti deprivation principle was not breached by such provisions.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Financing Inc.'s ("LBSF") motion for summary judgement on the basis that the effect was that the provisions infringed the anti deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". In New York, whilst leave to appeal was granted, the case was settled before an appeal was heard. Therefore concerns still remain that the English

and U.S. courts will diverge from each other in their approach which, in the case of an unfavourable decision in New York, may adversely affect the Issuer's ability to make payments on the Notes. There remains the issue whether in respect of foreign insolvency proceedings relating to a creditor located in a foreign jurisdiction, an English court will exercise its discretion to recognise the effects of the foreign insolvency proceedings, whether under the Cross Border Insolvency Regulations 2006 or any similar common law principles. Given the current state of U.S. law, this is likely to be an area of continued judicial focus in respect of multi jurisdictional insolvencies.

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Mortgage Loan and repurchases of Mortgage Loans required to be made under the Mortgage Loan Sale Agreement) on the Mortgage Loans and the price paid by the holders of the Notes of each Class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. The Swedish Consumer Credit Act (*Sw. konsumentkreditlag* (2010:1846), as amended) ("**Swedish Consumer Credit Act**") provides that a consumer shall be entitled to repay its debt to a creditor prior to the agreed date of maturity. In compliance therewith, a Borrower may repay any Mortgage Loan on any date without any penalty fee. Where the interest rate applicable to a prepaid Mortgage Loan is fixed for a certain period (as is the case in respect of the Fixed Rate Loans and the Standard Variable Mortgage Loans in the Mortgage Loan Portfolio), an interest compensation amount (*Sw. ränteskillnadsersättning*) for the remainder of the fixed interest period may be charged to the Borrower. Such compensation must be in compliance with good lending practice and the maximum amount that may be charged equals the difference between the interest rate on the Mortgage Loan and the interest rate prevailing at the time of repayment for covered bonds (*Sw. bostadsobligationer*) with a term corresponding to the remaining fixed interest period, plus one percentage point.

In addition to the Borrowers' right to repay their debt in accordance with the Swedish Consumer Credit Act, the Mortgage Loan Agreements also provide the Borrowers a right to cancel and repay the debt without paying for any interest rate loss, on the last day of the relevant fixed interest period by sending a notice by registered letter to the lender no later than 14 days prior to such date and provided that the fixed interest period is at least three months. No assurance can be given as to the level of prepayments that the Mortgage Loan Portfolio will experience. See also the section entitled "*Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement*".

Following enforcement of the Security Assets, there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full.

On any Interest Payment Date from and including the Step-Up Date or Interest Payment Date on which the aggregate SEK Equivalent Principal Amount Outstanding of all the Notes is less than 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of all such Notes on the Closing Date, the Issuer may, subject to certain conditions, redeem all of the Notes. In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer or a Swap Provider being required to make a Tax Deduction in respect of any payment in respect of the Notes or the relevant Swap Agreement, respectively. See Condition 9.4 (*Optional Redemption in whole for taxation reasons*) for further information.

Early redemption of the Notes may adversely affect the yield on the Notes.

Ratings of the Rated Notes

A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any particular ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any one or more of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. At any time, a Rating Agency may revise its relevant rating methodology, with the result that any rating

assigned to the Notes may be lowered. A qualification, downgrade or withdrawal of the rating mentioned above may adversely impact the market value of the Rated Notes. The Class Z Notes will not be rated by the Rating Agencies.

Agencies other than the Rating Agencies could seek to rate the Rated Notes and if such "unsolicited ratings" are lower than the comparable rating assigned to the Rated Notes by the Rating Agencies, those unsolicited ratings could have an adverse effect on the market value of the Rated Notes. For the avoidance of doubt and unless the context otherwise requires, any reference to "ratings" or "rating" in this Prospectus is to the rating assigned by the specified Rating Agencies only.

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by Fitch and S&P, each of which is a credit rating agency established in the European Community and registered under the CRA Regulation.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

CRA Regulation

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings. In this context, prospective investors should note the provisions of the CRA Regulation. The CRA Regulation requires, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other. Additionally, the CRA Regulation requires certain additional disclosure of information to be made in respect of structured finance transactions. The scope, extent and manner in which such disclosure should be made is detailed in the Commission Delegated Regulation 2015/3 on disclosure requirements for structured finance instruments that was published in the Official Journal on 6 January 2015 (see the risk factor entitled "*Certain Regulatory Considerations – CRA Regulation*" below).

Rating Agency Confirmation

The Conditions provide that if a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer and (i) (A) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response or (B) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and (ii) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts, then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be deemed modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Cash Manager on behalf of the Issuer provides to the Trustee a certificate signed by two directors certifying and confirming that each of the events in subparagraphs (i) (A) or (B) and (ii) has occurred following the delivery by or on behalf of the Issuer of a written request to each Rating Agency. Where a Rating Agency Confirmation is a condition to any action or step under any Transaction Document and it is deemed to be modified as a result of a Non-Responsive Rating Agency not having responded to the relevant request from the Issuer within 30 days, there remains a risk that such Non-Responsive Rating Agency may subsequently downgrade, qualify or withdraw the then current ratings of the Rated Notes as a result of the action or step. Such a downgrade, qualification or withdrawal to the then current ratings of the Rated Notes may have an adverse effect on the value of the Rated Notes.

The Trustee shall be entitled to rely, without Liability to any person, on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to Condition 23 (Non-Responsive Rating Agency). The Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating Agency and shall treat the applicable condition or requirement to receive a Rating Agency Confirmation or response from each Rating Agency as having been modified with the consent of all Noteholders and all parties to the relevant Transaction Documents so that there shall be no requirement for such Rating Agency Confirmation or response from a Non-Responsive Rating Agency.

Absence of secondary market; Lack of liquidity in the secondary market may adversely affect the market value of the Notes

There can be no assurance provided that there is an active and liquid secondary market for the Notes, and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment for the life of the Notes. Any investor in the Notes must be prepared to hold their Notes for an indefinite period of time or until their Final Maturity Date or alternatively such investor may only be able to sell the Notes at a discount to the original purchase price of those Notes.

The secondary market for mortgage-backed securities has experienced disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing limited liquidity. In the future, limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. It is not known whether such market conditions will recur.

Whilst central bank schemes such as the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, such as mortgage-backed securities, the eligibility criteria have become and may continue to become more restrictive, which is likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities for the purpose of such facilities.

Swedish Central Bank operations

Neither the Issuer nor any other party gives any representation, warranty, confirmation or guarantee to any investor in any Class of Notes that such Class will, either upon issue or at any time prior to redemption in full, satisfy all or any of the requirements for use as collateral in any transactions with the Swedish Central Bank and no investigation has been undertaken in relation thereto. Any potential investor in any Class of Notes should make their own conclusions and seek their own advice with respect to whether or not such Class constitutes eligible collateral for the Swedish Central Bank's operations.

UK Referendum on membership of the EU

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the EU. The UK vote was to leave the EU. There are a number of uncertainties in connection with the future of the UK and its relationship with the EU. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the EU and/or any related matters may have on the EU markets. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

Rights of Noteholders and Secured Creditors

Conflict between Noteholders

The Trust Deed and the Security Documents contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class Z Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the opinion of the Trustee, there is a conflict between the interests of holders of different classes of Notes, the Trustee shall give priority to the interests of holders of the Most Senior Class of Notes then outstanding whose interests shall prevail.

The Mortgage Loan Seller will be the initial purchaser of all of the Class Z Notes. If the Mortgage Loan Seller, the Servicer or Bluestep Bostadslån are the beneficial owners of the Notes, they will not be entitled to vote in respect of them, unless they (or any holding company of any of them or any other subsidiary of such holding company) hold all the Notes of a Class (and no other Classes exist that rank junior or *pari passu* to such Class, in respect of which persons other than the Mortgage Loan Seller, the Servicer, Bluestep Bostadslån or any holding company of any of them or any other subsidiary of such holding company are Noteholders), in which case they will be entitled to vote in respect of the Notes in such Class.

Conflict between Noteholders and other Secured Creditors

The Trust Deed contains provisions requiring the Trustee to have regard to the interest of each of the Secured Creditors as regards all of its powers, trusts, authorities, duties and discretions, but requiring the Trustee, in the event of a conflict between the interests of the Noteholders and any other Secured Creditors, to have regard only (except where expressly provided otherwise) to the interests of the Noteholders.

The Issuer will be controlled by its sole shareholder, whose interest may conflict with those of the Noteholders

Bluestep Bank AB (publ) in its capacity as the Parent Company wholly owns 100 per cent of the shares in the Issuer and will continue to retain this stake. The Parent Company will have the power to control most matters to be decided by vote at a shareholder's meeting. Such matters include the election of directors. Such shares in the Issuer are charged in favour of the Trustee (on behalf of itself and all other Secured Creditors). On the Closing Date, all directors of the Issuer are employees of the Corporate Services Provider. In addition, the constitution of the Issuer includes a requirement that the Issuer's board of directors will include a majority of independent directors and a further requirement for the Parent Company, being the sole shareholder of the Issuer, to promptly appoint new independent directors at its earliest convenience if any independent director provided by the Corporate Services Provider resigns or is terminated. An undertaking in favour of the Trustee from the Parent Company to the same effect is also included in the Share Mortgage. Moreover, the bankruptcy of the Parent Company would not, as such, result in the bankruptcy of the Issuer or the assets of the Issuer being consolidated with the assets of the Parent Company.

Certain material interests

Certain of the advisors and other parties to the Transaction have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Mortgage Loan Seller in the ordinary course of business. Other parties to the Transaction may also perform multiple roles. Accordingly, conflicts of interest may exist or may arise as a result of parties having previously engaged or in the future engaging in transactions with other parties, having multiple roles or carrying out other transactions for third parties. The parties to the Transaction may pursuant to the Transaction Documents be replaced by one or more new parties. It cannot be excluded that such a new party also could have a potential conflicting interest.

Noteholder and Secured Creditor representation

The Trustee will act as the trustee on behalf of the Noteholders and as such is able to claim and enforce or procure the enforcement of the rights of all the Noteholders, subject to the terms of the Conditions and the Trust Deed. A Noteholder will not contractually have an individual right to pursue and enforce its rights under the Conditions against the Issuer.

To enable the Trustee to represent the Secured Creditors, in Swedish courts, the Secured Creditors may have to submit a written power of attorney in favour of the Trustee for legal proceedings. The failure to submit such a power of attorney could negatively affect the enforcement of the Security.

Each Secured Creditor (excluding the Noteholders and the Trustee) will agree in the Closing Arrangements Deed to provide the Trustee with such necessary power of attorney if requested by the Trustee.

In accordance with Condition 14.3 (*Appointment of Trustee*), each Noteholder, by subscribing for or purchasing the relevant Notes, shall be deemed to have appointed the Trustee as its attorney for the purposes of enforcement of the security created under the Swedish Security Agreement in Swedish courts and before Swedish authorities, however it cannot be ruled out that any Noteholder will have to submit a written power of attorney in favour of the Trustee for legal proceedings and that the Secured Creditors, in certain situations, could bring their own action against the Issuer, which could negatively impact the chances of an effective sale of the Security Assets.

Under the Conditions, in some cases the Trustee has the right to make decisions and take measures that bind all Secured Creditors. In addition, certain majorities of Secured Creditors are permitted to bind all the Secured Creditors (as applicable) in relation to certain decisions, including those who vote in a manner contrary to the majority. Consequently, the actions of the majority and the Trustee in such matters could impact a Secured Creditor's rights under the Transaction Documents in a manner that may be undesirable for some of the Secured Creditors.

The Mortgage Loans

Income and Principal Deficiency

Principal Losses in relation to Mortgage Loans in respect of which Liquidation Proceeds have been realised and/or the application of any Available Principal Distribution Amount to meet any Payment Shortfall, will in each case be recorded in the Principal Deficiency Ledger.

Entries in the Principal Deficiency Ledger will be made in Swedish Kronor and will be made in the following order:

- (i) first, to the Class Z Principal Deficiency Sub-Ledger;
- (ii) second, when the debit balance of the Class Z Principal Deficiency Sub-Ledger is equal to the Principal Amount Outstanding of the Class Z Notes, then to the Class B Principal Deficiency Sub-Ledger; and
- (iii) third, when the debit balance of the Class B Principal Deficiency Sub-Ledger is equal to the Principal Amount Outstanding of the Class B Notes, then to the Class A Principal Deficiency Sub-Ledger.

The principal deficiencies so arising may be made good from the Available Interest Distribution Amount applied pursuant to items (h), (j) and (m) of the Pre-Enforcement Interest Payments Priorities.

If there are insufficient funds available as a result of such revenue or principal deficiencies, then one or more of the following consequences may ensue:

- (a) the Issuer's interest and other net income may not be sufficient, after making the payments to be made in priority thereto, to pay, in full or at all, interest due to holders of, firstly, the Class Z Notes, secondly, the Class B Notes and thirdly, the Class A Notes; and/or
- (b) there may be insufficient funds to repay the Notes on or prior to the Final Maturity Date of the Notes unless the other net income of the Issuer is sufficient, after making other payments to be made in priority thereto, to reduce to nil the balance on the Principal Deficiency Ledger.

Increases in prevailing market interest rates may adversely affect the performance and market value of the Notes

The Mortgage Loans are subject to a variable rate of interest as the Bluestep Variable Reference Rate applicable to Standard Variable Mortgage Loans may be reset on a Quarterly Reset Date and the Bluestep Fixed Reference Rate applicable to Fixed Rate Mortgage Loans may be adjusted at any time. Therefore Borrowers may be exposed to increased monthly payments if the related variable interest rate adjusts

upward. This increase in Borrowers' monthly payments ultimately may result in higher delinquency rates and losses in the future.

Borrowers seeking to avoid increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their property to permit them to refinance. These events, alone or in combination, may contribute to higher delinquency rates, slower prepayment rate and higher losses on the Mortgage Loan Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

Further Advances

The Mortgage Loan Seller may offer a Borrower a Further Advance from time to time and may offer to sell such Further Advance to the Issuer, and upon such offer the Issuer shall purchase such Further Advance from the Mortgage Loan Seller, subject to certain conditions being satisfied. The number of Further Advances made by the Mortgage Loan Seller and purchased by the Issuer will affect the timing of principal amounts received by the Issuer and hence payments of principal and (in the event of a shortfall) interest on the Notes.

Servicer and Third Party Risk

Issuer reliance on other third parties

The Issuer is also party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer, the Subordinated Loan Facility Provider has agreed to grant a Subordinated Loan Facility to the Issuer, the Issuer Accounts Bank has agreed to provide the Issuer Accounts to the Issuer, the Servicer has agreed to service the Mortgage Loan Portfolio, the Standby Servicer has agreed to act as successor servicer following the occurrence of a Servicer Termination Event, the Cash Manager has agreed to provide cash management services, the Standby Cash Manager has agreed to act as successor Cash Manager following the occurrence of certain trigger events in respect of the Cash Manager, the Swap Collateral Custodian has agreed to provide and maintain the Swap Collateral Accounts for the Issuer (and act as custodian in respect of any collateral held by the Issuer) and the Paying Agents, the Registrar and the Agent Bank have all agreed to provide services with respect to the Notes.

In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party (including as a result of insolvency of such parties), payments on the Notes may be adversely affected.

The Issuer will enter into hedging transactions and investors should be aware that, pursuant to Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("**EMIR**"), the Issuer is subject to certain regulatory requirements including, but not limited to, various compliance requirements for non-cleared "over-the-counter" derivative transactions (known as the 'risk mitigation techniques') and the requirement to report derivative transactions to a trade repository or to the European Securities and Markets Authority ("**ESMA**") which may result in future amendments by the Issuer to the Transaction Documents (see the risk factor above entitled "*Meetings of Noteholders, modification and waiver*"), in particular where Noteholder consent will not be required for such amendments. In addition, such regulatory requirements may give rise to additional costs and expenses for the Issuer which would be payable prior to making payments on the Notes and, to the extent not adhered to, result in the Issuer being in breach of such regulatory requirements.

The Issuer will delegate its obligations under EMIR to report derivative transactions to a trade repository or the ESMA and comply with the portfolio reconciliation and dispute resolution "risk mitigation technique" requirements set out in EMIR. If any such delegate fails to carry out such above mentioned roles on behalf of the Issuer, the Issuer will be in breach of its regulatory obligations, unless the Issuer undertakes such obligations itself or arranges for another third party to do so on its behalf. However, Article 12(3) of EMIR provides that any infringement of the rules under Title II of EMIR "shall not affect the validity of an OTC derivative contract or the possibility for the parties to enforce the provisions of an

OTC derivative contract". Consequently any failure by the Issuer to so comply should not make the Swap Agreements invalid or unenforceable, but rather may lead to a fine being imposed on the Issuer.

The Issuer must comply with all applicable obligations under EMIR and all applicable laws and regulations that support EMIR, including the European Union (European Markets Infrastructure) Regulations 2014 (SI 443 of 2014) of Ireland (the "**EMIR Regulations**"). It should be noted that pursuant to the EMIR Regulations and in respect of counterparties that enter into derivative contracts or that are otherwise subject to EMIR, the Central Bank may:

- (a) issue directions to such counterparties to take or refrain from taking or to prohibit such counterparties from taking specified actions (including a prohibition on entering into derivative contracts) for the purposes of ensuring the stability and integrity of the financial system of Ireland or another EU Member State;
- (b) issue directions to financial counterparties (as defined in EMIR) to take or refrain from taking actions, or to prohibit such financial counterparties from taking actions, for the purposes of (i) ensuring compliance by the relevant financial counterparty with EMIR; or (ii) preventing any person from contravening or continuing to contravene EMIR or the EMIR Regulations; and
- (c) issue contravention notices to non-financial counterparties (as defined in EMIR) requiring them, not later than the date specified in the notice, to take or refrain from taking specified actions (including entering into derivative contracts) for the purposes of (i) ensuring compliance by the relevant non-financial counterparty with EMIR or the EMIR Regulations; or (ii) preventing any person from contravening or continuing to contravene EMIR or the EMIR Regulations.

Investors should also be aware that third parties on which the Issuer relies can be adversely impacted by the general economic climate. At the date of this Prospectus, global markets are negatively impacted by prevailing economic conditions, including by market perceptions regarding the ability of certain EU member states in the eurozone to service their sovereign debt obligations. These prevailing economic conditions as well as future developments in the areas of underlying market concern, such as the ability of certain eurozone sovereign members to service their debt, could continue to have material adverse impacts on financial markets throughout the world up to and beyond the maturity of the Notes. Moreover, the anticipation by the financial markets of these impacts could also have a material adverse effect on the business, financial condition and liquidity position of certain of the parties to the transaction, on which the Issuer relies. As a result these factors, affecting transaction parties specifically as well as market conditions generally, could adversely affect the performance of the Notes. In addition there can be no assurance that governmental or other actions will improve market conditions in the future.

The Servicer

The Servicer will be appointed by the Issuer and the Trustee to administer the Mortgage Loans. The Servicer will have the right to determine the interest rates to be charged under the Mortgage Loans on behalf of the Issuer subject to and in accordance with the Mortgage Loan Servicing Agreement. The Issuer will be dependent upon the performance by the Servicer of its obligations under the Mortgage Loan Servicing Agreement in order to receive amounts due from Borrowers under the Mortgage Loans and the related Ancillary Mortgage Rights.

Any failure or delay in collection of payments on the relevant Mortgage Loans and/or calculation of the payments to be made by the Issuer on an Interest Payment Date resulting from the Servicer failing to perform the administration services in accordance with the terms of the Mortgage Loan Servicing Agreement may cause a disruption in the administration of the Mortgage Loans and/or the payments required to be made by the Issuer on an Interest Payment Date that could ultimately adversely affect payments of interest and principal on the Notes. Such risk is mitigated by the provisions of the Standby Servicing Agreement pursuant to which the Standby Servicer has agreed to act as Servicer upon the occurrence of a Servicer Termination Event under the Mortgage Loan Servicing Agreement.

The Servicer, by giving not less than 30 days' notice to the Issuer and the Trustee, may assign and transfer subcontract or delegate all of its rights and obligations under the Mortgage Loan Servicing Agreement to an Affiliate, provided that such Affiliate agrees to become a Party as a "**Servicer**" and assumes all obligations of the Servicer.

If the appointment of the Servicer is terminated and the Standby Servicer is required to perform the duties of the Servicer under the Mortgage Loan Servicing Agreement (subject to and in accordance with the terms of the Standby Servicing Agreement), the collection of payments on the Mortgage Loans and/or calculation of the payments to be made by the Issuer on an Interest Payment Date could be disrupted during the transitional period in which the performance of the administration services in respect of the Mortgage Loans is transferred to the Standby Servicer.

The failure of the Standby Servicer to perform its obligations under the Standby Servicing Agreement and/or assume performance of the administration services following the occurrence of a Servicer Termination Event could result in the failure or delay in collection of payments on the relevant Mortgage Loans and/or calculation of the payments to be made by the Issuer on the relevant Interest Payment Date that could ultimately adversely affect payments of interest and principal on the Notes. The Standby Servicer does not have an obligation itself to advance payments that Borrowers fail to make in a timely fashion.

The Trustee is not obliged to act in certain circumstances

The Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of the Notes or the Trust Documents (including the Conditions) or of the other Transaction Documents to which it is a party and at any time after the service of an Enforcement Notice, the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 13 (*Events of Default*)) unless it shall have been directed to do so by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or in writing by the holders of at least 25 per cent. in SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding and it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

Change of counterparties

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Issuer Accounts Bank, the Swap Collateral Custodian and the Swap Providers) are required to satisfy certain criteria in order to remain a counterparty to the Issuer.

These criteria include requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

The Mortgage Loan Portfolio

Borrowers

General economic conditions and other factors (which may not affect property values) may have an impact on the ability of Borrowers to meet their repayment obligations under the Mortgage Loans. Loss of earnings, unemployment, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers, which may lead to a reduction in payments by such Borrowers on their Mortgage Loans and could reduce the Issuer's ability to service payments on the Notes. The Mortgage Loan Portfolio will include Mortgage Loans to Borrowers who may previously have been subject to payment remarks, have unpaid debts, are self-employed, have self-certified their incomes

or are otherwise considered by banks to be non-prime borrowers (such borrowers, "**Non-Conforming Borrowers**"). Mortgage Loans made to Non-Conforming Borrowers may experience higher rates of delinquency, write-offs, enforcement and bankruptcy than have historically been experienced by mortgage loans made to prime borrowers and therefore carry a higher degree of risk. The Mortgage Loans have been underwritten generally in accordance with the lending criteria described in the section entitled "The Mortgage Loan Portfolio" below. The lending criteria take into account, *inter alia*, a potential Borrower's credit history, employment history and status and repayment ability and are utilised with a view, in part, to mitigate the risks in lending to such a Borrower.

Risk of Losses arising from declining Property Values and Geographical Concentration of the Mortgage Loans

The security for the Notes consisting of a Pantbrev Security or a Bostadsrätt Security relating to the Mortgage Loans may be affected by, among other things a decline in real estate values. A Bostadsrätt Security means a pledge over the interest in a housing co-operative located in Sweden (together with the right to reside in the apartment which is subject to the arrangements of such co-operative) (*Sw. bostadsrätt*) and a Pantbrev Security means a mortgage evidenced either by one or more mortgage certificates (*Sw. pantbrev*) or by registration in the mortgage certificate registry (*Sw. datapantbrev*) on a single family property or properties located in Sweden. Certain geographic regions will from time to time experience weaker regional economic conditions and housing markets than will other regions and, consequently, may experience higher rates of loss and delinquency on Mortgage Loans generally. Although the Borrowers are located throughout Sweden, the Borrowers may be concentrated in certain locations, such as densely populated areas (see "*The Mortgage Loan Portfolio - Provisional Mortgage Loan Portfolio Information – Distribution of Mortgage Loans by Geographic Location*"). The Stockholm region represents approximately 43.5 per cent. of the total balance of Mortgage Loans in the Provisional Mortgage Loan Portfolio.

Any deterioration in the economic condition of the areas in which the Borrowers are located, or any deterioration in the economic condition of other areas that causes an adverse effect on the ability of the Borrowers to repay the Mortgage Loans could increase the risk of losses on the Mortgage Loans. A concentration of Borrowers in such areas may therefore result in a greater risk of loss than would be the case if such concentration had not been present. Such losses, if they occur, could have an adverse effect on the yield to maturity of the Notes as well as on the repayment of principal and interest due on the Notes. Certain areas of Sweden may from time to time experience declines in real estate values. No assurance can be given that values of the Properties or Bostadsrätt (as applicable) have remained or will remain at their levels on the dates of origination of the related Mortgage Loans. If the residential real estate market in Sweden in general, or in any particular region, should experience an overall decline in property values such that the outstanding balances of the Mortgage Loans become equal to or greater than the value of the Properties or Bostadsrätt (as applicable), such a decline could in certain circumstances result in the value of the interest in the Property or Bostadsrätt (as applicable) secured by the relevant Collateral being significantly reduced and, ultimately, may affect the repayment of the Notes.

Interest Only Mortgage Loans

Approximately 0.1 per cent. of the Mortgage Loans by value in the Provisional Mortgage Loan Portfolio constitute Mortgage Loans in relation to which Borrowers may, on each anniversary of such Mortgage Loan, opt not to repay any principal amount before maturity and which may have no collateral, such as an endowment or life policy, other than the relevant Property or Bostadsrätt (as applicable) ("**Interest Only Mortgage Loans**"). Thus, Interest Only Mortgage Loans are originated with a requirement that for so long as the Borrower opts to continue the interest-only period, the Borrower pays scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest Only Mortgage Loan in respect of which the Borrower has opted to continue the interest-only period for the entire life of the Mortgage Loan, the Borrower will be required to make a "bullet" repayment that will represent the entirety of the principal amount outstanding thereof. The ability of a Borrower to repay an Interest Only Mortgage Loan at maturity may often depend on such Borrower's ability to refinance the Mortgage Loan or obtain funds from another source such as pension policies, personal equity plans or endowment policies. The ability of a Borrower to refinance the Mortgage Loan will be affected by a number of factors, including the value of the relevant Property or Bostadsrätt (as applicable), the Borrower's equity in the relevant Property or Bostadsrätt (as applicable), the financial condition of the Borrower, tax laws and general economic conditions at the time.

Risks Associated with Self Certified Mortgage Loans

Approximately 36.8 per cent. of the Mortgage Loans in the Provisional Mortgage Loan Portfolio by value constitute Mortgage Loans in respect of which income details of the Borrower are only partially substantiated by supporting documentation, such as credit reference agency reports, tax records, financial statements, bank statements and records relating to other loans. The rate of delinquencies, enforcements and losses on such Mortgage Loans may differ from those in respect of Mortgage Loans where full supporting documentation has been provided in respect of the income or employment details of the Borrower.

Insurance

Although Borrowers are required under the terms of the Lending Criteria to maintain full value insurance in respect of the relevant Property or Bostadsrätt over which the Mortgage Loan is secured (and this includes cover for risk of fire) the Mortgage Loan Seller has no interest in such policies and will not transfer any such interest to the Issuer on the Closing Date and accordingly, the Issuer will not have an insurable interest under the relevant policies and will not be able to make a claim under such policies.

Even though lack of proper insurance cover is reserved as a ground for accelerating a Mortgage Loan, it cannot be ruled out that a court would reject such grounds for acceleration if disputed by a Borrower. However, as the Servicer (on behalf of the Issuer and the Trustee) also has a right to insure un-insured property which forms part of the security provided by Borrowers, the Servicer's general approach is not to accelerate any Mortgage Loans due to lack of proper insurance coverage.

No independent investigations; reliance on warranties in relation to the Mortgage Loans

The Mortgage Loan Seller will give certain warranties to the Issuer regarding its respective Mortgage Loans to be sold to the Issuer on the Closing Date or relevant Advance Date (see "*Sale of the Mortgage Loan Portfolio under the Mortgage Loan Sale Agreement*" below for a summary of these).

Neither the Trustee, the Arrangers, the Joint Lead Managers nor the Issuer has undertaken, or will undertake, any investigations, searches or other actions of any nature whatsoever in respect of any Mortgage Loan or its related Collateral in the Mortgage Loan Portfolio and each of them relies instead on the warranties given in the Mortgage Loan Sale Agreement by the Mortgage Loan Seller. Mortgage Loans which have undergone such a limited investigation may be subject to matters which would have been revealed by a full investigation of the title of the relevant property and which may have been remedied or, if incapable of remedy, may have resulted in the related Collateral not being accepted as security for a Mortgage Loan had such matters been revealed. The primary remedy of the Issuer against the Mortgage Loan Seller if any of the Loan Warranties made by the Mortgage Loan Seller proves to be materially untrue as at the Closing Date or Advance Date and is not remedied (if capable of remedy) within 21 days of receipt by the relevant Mortgage Loan Seller of a notice from the Issuer, the Servicer or the Cash Manager (or if earlier, the day it became aware of such breach), shall be to require the Mortgage Loan Seller to repurchase any relevant Mortgage Loan.

The Mortgage Loan Seller is also liable for any losses or damages suffered by the Issuer as a result of any breach or inaccuracy of the representations and warranties given in relation to itself or its entering into any of the Transaction Documents. The Issuer's rights arising out of breach or inaccuracy of the representations and warranties are however unsecured and, consequently, a risk of loss exists if a Loan Warranty is breached and the Mortgage Loan Seller is unable to repurchase the relevant Mortgage Loan.

There can be no assurance that the Mortgage Loan Seller will have the financial resources to honour such obligations under the Mortgage Loan Sale Agreement. This may affect the quality of the Mortgage Loans in the Mortgage Loan Portfolio and accordingly the ability of the Issuer to make payments due on the Notes.

Enforcement Outside Bankruptcy

The Swedish Enforcement Authority (*Sw. Kronofogdemyndigheten*) is the body responsible for carrying out enforcement orders over assets in Sweden, including those for the collection of unpaid debts, whether secured or unsecured. After obtaining an enforcement order, a lender can apply for enforcement of its claim. The Swedish Enforcement Authority will notify the owner of the relevant property as well as notifying all of the known secured creditors. Disposal of the relevant property by the Swedish

Enforcement Authority is usually conducted by advertised public auction held in the district in which the property is located, though sale by other means (such as through a real estate agent) is also possible. The consequences of a private sale by the Swedish Enforcement Agency are broadly the same as a sale through an auction.

In accordance with the Swedish Debt Enforcement Code (*Sw. Utsökningsbalk* (1981: 774), as amended), the proceeds from the sale of a Property are applied first to satisfy the costs of the Swedish Enforcement Authority and then in satisfaction of the claims of the secured creditors holding the Pantbrev, in order of their priority. The priority of the Pantbrev relating to a single Property is ranked according to the date of application to the Swedish Land Registry (*Sw. Inskrivningsmyndigheten*). As regards Mortgage Loans secured by a pledge over a Bostadsrätt, the proceeds received under sale by public auction or a private sale are applied in the following order of priority:

- (a) first, to satisfy the housing co-operative's claim for any unpaid charges (to the extent the pledgees have been notified of such unpaid charges);
- (b) second, to satisfy the claim of any pledgee with a pledge ranking prior to that of the applicant for enforcement;
- (c) third, to satisfy the costs of enforcement (including the costs of the Swedish Enforcement Authority);
- (d) fourth, to satisfy the claim of the pledgee applying for enforcement;
- (e) fifth, to satisfy the claims of any junior ranking pledgees in order of their priority; and
- (f) sixth, to satisfy the housing co-operative for any unpaid charges that have not been notified to the pledgees.

Due to deterioration of the property, the absence of the normal seller's representations and warranties as to such property's freedom from undisclosed defects and the limited participation of buyers in the auction process, the prices realised on the sale of the Property or Bostadsrätt at auction are typically less than would be realised in a sale of property in other circumstances. There is a risk that insufficient sums will be realised on the enforced sale to discharge all amounts due and owing under the Mortgage Loan. A shortfall in the proceeds from the sale may adversely affect the Issuer's ability to meet its obligations in respect of the Notes.

Limited Liquidity of the Mortgage Loans on event of default

If an Event of Default occurs, the Issuer's assets may be disposed of by the Trustee at a value agreed between the Trustee and the relevant purchaser of such assets. The Issuer may not be able to sell its assets to a third party as there is not, at present, an active and liquid secondary market for residential mortgage loans of this type in Sweden.

Housing co-operatives may go bankrupt

The holders of Bostadsrätt have strong incentives to prevent a housing co-operative from going bankrupt by providing additional equity and whilst such bankruptcies are relatively rare, housing co-operatives may go bankrupt. In such situations, the property containing the apartment to which a Bostadsrätt relates may be sold by the Swedish Enforcement Authority and the housing co-operative will be dissolved. The holder of Bostadsrätt Security will not have any right to refuse such sale. In accordance with the Swedish housing co-operatives act (*Sw. bostadsrättslag* (1991:614, as amended)), the apartments will be transformed into apartments with right of tenancy only and the holder of a pledge over a Bostadsrätt will lose its priority interest when the property has been sold.

The proceeds received from the sale of the property would be distributed among the housing co-operative's creditors in accordance with regular bankruptcy rules and the Borrower would only receive payment if there is a surplus left after all of the housing co-operative's creditors are paid in full. It is generally held that where a Bostadsrätt is subject to a pledge, the holder of the pledge will be able to request that any amounts due to the Borrower following the bankruptcy should be paid out to the holder of the pledge directly.

Set-off claims from Borrowers

The Swedish Consumer Credit Act provides that where a creditor's rights under a consumer credit agreement are sold to a third party, the debtor is entitled to raise against such third party any defence which the consumer would have been entitled to raise against the original creditor before the sale (but not any that has arisen thereafter), including any rights of set-off. Any payments made to the transferor prior to the debtor having been notified of the transfer will be valid payments under the loan agreement and cannot be reclaimed from the debtor by the transferee. This would apply also to payments made before the due date. After the debtor has been notified of the transfer, the debtor cannot validly make further payments to the transferor (unless so instructed). In line with statements in the preparatory works relevant to the Swedish Consumer Credit Act, the above would, however, not be applicable to consumer loans documented in the form of negotiable promissory notes (*Sw. löpande skuldebrev*) such as the Mortgage Loans. In recent case law the negotiable character of negotiable promissory notes has nevertheless not been upheld in transfers between financial institutions. In light of this, it cannot be ruled out that Borrowers are entitled to raise set-off claims against the Issuer relating to claims towards, and payments made to, the Mortgage Loan Seller, the Warehouse or any other party that, at any time, has held the relevant Mortgage Loan.

The Mortgage Loan Seller has undertaken to indemnify the Issuer for any such objections and defences which were available against the Mortgage Loan Seller or any other previous holder of a Mortgage Loan included in the Mortgage Loan Portfolio invoked by any Borrower. However, any failure by the Mortgage Loan Seller to fulfil its obligations under such indemnity may result in the Issuer having insufficient funds to meet its obligations under the Notes.

Modification of contracts under the Contracts Act

Pursuant to the Swedish Contracts Act (*Sw. lag (1915:218) om avtal och andra rättshandlingar på förmögenhetsrättens område*, as amended), the terms of an agreement may be modified or set aside by a court to the extent that such terms are held to create unreasonable results, even if the circumstances giving rise thereto have arisen after the agreement was entered into. When applying the relevant provisions of the Swedish Contracts Act, special consideration shall be given to the need for protection for consumers or parties who otherwise occupy an inferior position in the contractual relationship. It is also clear from the preparatory works that the provisions are aimed especially at unfair terms in standard contracts.

If any condition in a Mortgage Loan Agreement is contested based on the Swedish Contracts Act, the Issuer's rights according to the Mortgage Loan Agreement could be affected in a manner that might also have an effect on the Issuer's ability to meet its obligations under the Notes.

Cash collection procedures

All payments from Borrowers are paid into the Issuer GIC Account, primarily by direct debit from the Borrowers' bank accounts. The direct debit system is an application of the Swedish giro system for transfer of monies between Swedish financial institutions. An interruption in the direct debit system or the giro system could have a serious impact on the Servicer's ability to collect payments from the Borrowers and on the Issuer's ability to make timely payments under the Notes.

Certain Regulatory Considerations

Consumer Protection

General

The Swedish Consumer Credit Act (which implements the Mortgage Credit Directive 2014/17/EU) applies to all credits extended by businessmen to consumers and which are primarily intended for the consumers' private use. The provisions in the Swedish Consumer Credit Act are designed to protect Swedish consumers and are mandatory. There is no exemption for credits below a certain level. Contractual provisions in conflict with the provisions of the Swedish Consumer Credit Act will not be upheld.

Under the Swedish Consumer Credit Act, the creditor shall observe good business practice when granting credit to a consumer and in doing so adequately safeguard the consumer's interests. Credits may only be

granted if the creditor has due cause to believe that the consumer will fulfil the loan obligation. A thorough investigation of the financial viability of the consumer by the creditor is mandatory.

When marketing the credit, information regarding the effective interest for the credit shall be provided. Before a credit agreement is concluded, the consumer shall be provided with a binding offer containing all the terms and conditions for the credit. A copy of the credit agreement shall also be given to the consumer.

Interest rate changes

Changes in the interest rate on a consumer credit are only allowed if certain criteria are fulfilled. The conditions for amendments to the rate of interest shall be stated in the agreement. Amendments to the disadvantage of the consumer may only be made to the extent justified by official credit policy decisions, increased funding costs for the creditor or other increase in costs which the creditor could not reasonably have foreseen when the agreement was concluded. However, the interest rate may be amended in certain ways related to changes in a base interest rate over which the creditor has no significant influence. Moreover, interest rates can also be changed on credits which (i) are mortgage loans (broadly, loans secured by a pledge of real property, site leasehold rights or Bostadsrätt), (ii) have an aggregate term of at least 10 years (prior to 1 January 2017, 30 years), and, (iii) have an interest rate which is fixed for interest periods not shorter than three months. For such mortgage loans, the creditor may, upon the expiry of such interest periods, adjust the interest rate so that it corresponds to the interest rate which the creditor generally applies to new comparable credits at such time, provided that the right to make such adjustments has been reserved in the agreement. It should be noted that the creditor must apply a term in the credit agreement regarding changes in the interest rate to the consumer's advantage as well as to his disadvantage.

Limitation on acceleration

The Servicer (on the Issuer's behalf) is entitled to accelerate a Mortgage Loan if the value of the security has depreciated significantly. However, pursuant to a new rule in Section 33 of the Swedish Consumer Credit Act, the Servicer will only be entitled to accelerate if this is due to a cause other than general weakening prices on the relevant market.

Potential effects of any additional regulatory changes

No assurance can be given that changes will not be made to the regulatory regime, the mortgage market in Sweden generally or in any jurisdiction, the Mortgage Loan Seller's particular sector in Sweden or any other jurisdiction or specifically in relation to the Mortgage Loan Seller or in respect of the market for asset-backed securities (and any investment in respect thereof). Any such action or developments, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Mortgage Loan Seller, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

Preferred Creditors under Irish Law and Floating Charges

Under Irish law, upon the insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts. (See the risk factor entitled "*Examinership*" below).

The holder of a fixed security over the book debts of an Irish tax resident company (which would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

The essence of a fixed charge is that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer any charge constituted by the English Deed of Charge, the Irish Security Deed or the Swedish Security Agreement may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the chargor to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the chargor from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security over the Issuer Accounts (excluding the Expenses Account and the Elevated Interest Account) and the Swap Collateral Accounts would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

- (i) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;
- (ii) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;
- (iii) they rank after certain insolvency remuneration expenses and liabilities;
- (iv) the examiner of a company has certain rights to deal with the property covered by the floating charge; and
- (v) they rank after fixed charges.

Examinership

Examinership is a court procedure available under the Irish Companies Act 2014 to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were appointed to the Issuer are as follows:

- the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of the debt due by the Issuer to the Noteholders as secured by the Security Documents;
- the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Secured Creditors under the Notes or the Transaction Documents.

Irish taxation position of the Issuer

The Issuer has been advised that it should fall within the Irish regime for the taxation of qualifying companies as set out in Section 110 of the Taxes Consolidation Act 1997 ("**Section 110**"), and as such should be taxed only on the amount of its retained profit after deducting all amounts of interest and other revenue expenses due to be paid by the Issuer. If, for any reason, the Issuer is not or ceases to be entitled to the benefits of Section 110, then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cashflows for the transaction and as such adversely affect the tax treatment of the Issuer and consequently the payments on the Notes.

Not a Bank Deposit

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of the deposit protection scheme operated by the Central Bank of Ireland. The Issuer is not regulated by the Central Bank of Ireland by virtue of the issue of the Notes.

Regulatory initiatives may result in increased regulatory capital requirements for certain investors and/or decreased liquidity in respect of the Notes

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

In particular, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Amongst other things, such requirements restrict a relevant investor from investing in asset-backed securities unless: (i) that investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters including its note position, the underlying assets and (in the case of certain types of investors) the relevant sponsor or

originator; and (ii) the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures. Failure to comply with one or more of the requirements may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the notes acquired by the relevant investor.

The risk retention and due diligence requirements described above apply, or are expected to apply, in respect of the Notes. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. With respect to the commitment of the Mortgage Loan Seller to retain a material net economic interest in the securitisation and with respect to the information to be made available by the Mortgage Loan Seller or another relevant party, please see the statements set out in the section entitled "*Certain Regulatory Disclosure*". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with any relevant requirements and none of the Issuer, the Mortgage Loan Seller, the Arrangers, the Joint Lead Managers nor any other party to the transaction makes any representation that the information described above is sufficient in all circumstances for such purposes or any other purpose or that the structure of the Notes and the transactions described herein are compliant with the EU risk retention and due diligence requirements described above or any other applicable legal, regulatory or other requirements and no such person shall have any liability to any prospective investor or any other person with respect to any deficiency in such information or any failure of the transactions or structure contemplated hereby to comply with or otherwise satisfy such requirements. Any relevant regulator's views with regard to the EU risk retention requirements may not be based exclusively on technical standards, guidance or other information known at this time.

In particular, investors should note that the EBA published a report on 22 December 2014 (the "**EBA Report**"). Following the EBA Report, on 30 September 2015, the European Commission published a proposal for a new regulation to re-cast the EU risk retention rules as part of wider changes to establish a "Capital Markets Union" in Europe (the "**Securitisation Regulation**"). Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by the Basel Committee and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are differences between the legislative proposals and the current requirements, including but not limited to additional requirements with respect to the application approach under the EU risk retention requirements.

At this time, the Securitisation Regulation is in draft form and is subject to the negotiation and subsequent adoption by the European Council of Ministers and the European Parliament. It is therefore uncertain at this time whether the Securitisation Regulation will be adopted in the form proposed by the European Commission. As at the date hereof, the draft Securitisation Regulation does grandfather transactions which have been issued prior to the effective date of the final Securitisation Regulation and thus at this time, the re-cast risk retention rules would not apply to the transaction described herein if the Securitisation Regulation were to be adopted in its current form. There can be no assurances that the Securitisation Regulation, and in particular the grandfathering provisions, will be adopted in the form submitted by the European Commission.

Aspects of the risk retention and due diligence requirements described above and what is required to demonstrate compliance to national regulators remain unclear. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non-compliance or to avoid being required to take corrective action should seek guidance from their regulator.

The EU risk retention and due diligence requirements described above and any other changes in the law, regulation, interpretation or application of any law or regulation or changes to the regulatory capital treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market. Such requirement may also change over time, such that there can be no assurance that investors' holdings of Notes will be, or will remain, compliant with relevant requirements or changes thereto.

U.S. Risk Retention

Pursuant to the credit risk retention regulations issued under Section 15G of the U.S. Securities Exchange Act of 1934, as amended (the “**U.S. Risk Retention Rules**”), the “sponsor” of a securitisation transaction (or majority-owned affiliate of the sponsor) is required, absent an available exemption, to retain at least 5% of the credit risk to the assets collateralising the asset-backed securities issued in such transaction for the period of time required by the U.S. Risk Retention Rules and is generally prohibited from directly or indirectly eliminating or reducing such credit risk by hedging or otherwise transferring the retained credit risk for such period. The U.S. Risk Retention Rules became effective for residential mortgage-backed securitisations (RMBS) on 24 December 2015 and apply to securitisation transactions of the type contemplated by this Prospectus.

In reliance on the safe harbour for certain foreign-related securitisation transactions (the “**Foreign Safe Harbour**”) set forth at 17 Code of Federal Regulations §246.20, the Mortgage Loan Seller, as the “sponsor” for the purposes of this securitisation, intends that the requirements of such Foreign Safe Harbour will be satisfied in connection with the issuance of the Rated Notes. None of the Trustee, the Arrangers, the Joint Lead Managers or any other party provides any assurances regarding, or assumes any responsibility for, the Mortgage Loan Seller’s compliance with the U.S. Risk Retention Rules prior to, on or after the Closing Date.

Prospective investors should note that the definition of “U.S. person” in the U.S. Risk Retention Rules (as defined under Section 20(a) of Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended) is substantially similar to, but not identical to, the definition of “U.S. person” under Regulation S. The material difference between such definitions is that (1) a “U.S. person” under Regulation S includes any partnership, corporation, limited liability company or other organisation or entity that is organised under the laws of any foreign jurisdiction formed by one or more “U.S. persons” (as defined in Regulation S) principally for the purpose of investing in securities that are otherwise offered within the United States pursuant to an applicable exemption under the Securities Act unless such organisation or entity is organised and owned by accredited investors (as defined in Rule 502 of Regulation D under the Securities Act) who are not natural persons, estates or trusts, while (2) any organisation or entity described in clause (1) is treated as a “U.S. person” under the U.S. Risk Retention Rules, regardless of whether it is so organised and owned by accredited investors (as defined in Rule 502 of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

Non-compliance with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action which may adversely affect the Rated Notes. Furthermore, such non-compliance could negatively affect the value and secondary market liquidity of the Rated Notes.

Implementation of, and/or amendments to, the Basel III framework may affect the regulatory capital and liquidity treatment of the Notes

The Basel III reform package (a regulatory capital and liquidity framework approved by the Basel Committee on Banking Supervision (the “**Basel Committee**”)) has been implemented in the European Economic Area (the “**EEA**”) through a regulation (the Capital Requirements Regulation (the “**CRR**”)) and an associated directive (the recast Capital Requirements Directive (the “**CRD**” and together with the CRR, “**CRD IV**”)), which was published in the Official Journal of the European Union on 27 June 2013. The CRR established a single set of harmonised prudential rules for financial institutions and certain minimum liquidity standards (referred to as the liquidity coverage ratio (the “**LCR**”) and the net stable funding ratio) which apply directly to all credit institutions in the EEA, with the CRD containing less prescriptive provisions which are required to be transposed into national law. Together the CRR and the CRD reinforce capital standards and establish a leverage ratio “backstop” for financial institutions. Full implementation began from 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for phase-in until 2024). The minimum LCR requirements of 60 per cent. as of October 2015 will reach 100 per cent. as of 1 January 2018. The net stable funding ratio is intended to apply from January 2018. As CRD IV allows certain national discretions, the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

The changes under CRD IV and Basel III as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes, therefore impacting investors

that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

The Basel Committee has also published certain proposed revisions to the securitisation framework, including changes to the approaches to calculating risk weights and a new risk weight floor of 15 per cent. In this respect it should also be noted that the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**Swedish FSA**") increased the risk weight floor in relation to Swedish mortgage loans from 15 per cent. to 25 per cent. in May 2014.

On 11 July 2016, the Basel Committee on Banking Supervision published an updated standard for the regulatory capital treatment of securitisation exposures which amends the Basel Committee's 2014 capital standards for securitisations by including the regulatory capital treatment for "simple, transparent and comparable" (STC) securitisations. The standard builds on the 2015 STC criteria published by the Basel Committee and the International Organisation of Securities Commissions and sets out additional criteria for differentiating the capital treatment of STC securitisations from that of other securitisation transactions. The additional criteria, for example, exclude transactions in which the standardised risk weights for the underlying assets exceed certain levels. This ensures that securitisations with higher-risk underlying exposures do not qualify for the same capital treatment as STC-compliant transactions.

Compliance with the expanded set of STC criteria should provide additional confidence in the performance of securitisation transactions, and thereby warrants a modest reduction in minimum capital for STC securitisations. The Committee consulted in November 2015 on a proposed treatment of STC securitisations. Compared to the consultative version, the final standard has scaled down the risk weights for STC securitisation exposures, and has reduced the risk weight floor for senior exposures from 15 per cent. to 10 per cent.

The Issuer considers it unlikely that the Notes will comply with the STC criteria when they are finalised.

In general, investors should consult their own advisers as they deem necessary in relation to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

CRA Regulation

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings. In this context, prospective investors should note the provisions of the CRA Regulation which require, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument ("**SFI**") to appoint at least two credit rating agencies to provide credit ratings independently of each other. Additionally, the CRA Regulation requires certain additional disclosure to be made in respect of structured finance transactions.

The scope, extent and manner in which such disclosure should be made is detailed in Commission Delegated Regulation 2015/3 (the "**Delegated Regulation**") on disclosure requirements for SFIs that was published in the Official Journal on 6 January 2015. The Delegated Regulation is stated to apply from 1 January 2017 to SFIs issued after the entry into force of the Delegated Regulation on 26 January 2015.

The Delegated Regulation requires that, to comply with Article 8b of the CRA Regulation, the reporting entities must submit data files in accordance with the reporting system of a website (the "**SFI website**") on which information concerning SFIs would be published and the technical Instructions to be provided by ESMA on such website. ESMA was to have been responsible for setting up the SFI website and to issue technical instructions for publication by 1 July 2016.

However, on 27 April 2016, ESMA published a press release in which it acknowledged that it would not be in a position to set up the SFI website or receive the information related to the SFIs.

In its press release, ESMA stated that it expected that the proposed Securitisation Regulation, which is currently being considered by the European Parliament and the Council of the EU, will provide clarity on the future obligation regarding reporting on SFIs.

Legal considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor of the Notes should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Dodd Frank

Similar to EMIR in the EU, the United States adopted the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"), which, among other things, provides for new regulation of the derivatives market and its participants subject to the Dodd-Frank Act's jurisdiction. The Dodd-Frank Act divides regulatory authority over swap agreements between the Commodity Futures Trading Commission (the "**CFTC**") and the U.S. Securities and Exchange Commission (the "**SEC**") (although prudential regulators, such as the Board of Governors of the Federal Reserve System, also have an important role in setting capital and margin for swap entities that are banks). The SEC has regulatory authority over "security-based swaps" which are defined as swaps based on a single security or loan or a narrow-based group or index of securities (including any interest therein or the value thereof), or events relating to a single issuer or issuers of securities in a narrow-based security index. The CFTC has primary regulatory authority over all other swaps, such as interest rate, foreign exchange and commodity swaps. The CFTC and SEC share authority over "mixed swaps" which are security-based swaps that also have a commodity component. In addition, the SEC has anti-fraud enforcement authority over swaps that relate to securities, but that do not come within the definition of "security-based swap". These are called "security-based swap agreements". The Dodd-Frank Act provides the SEC with access to information relating to security-based swap agreements in the possession of the CFTC and certain CFTC-regulated entities, such as derivatives clearing organisations, designated contract markets and swap data repositories. Limited categories of physically settled foreign exchange swaps and forwards are exempt from the clearing and exchange trading requirements of the Dodd-Frank Act. However, these exemptions will not apply to any Swap Agreement entered into by the Issuer. Although the CFTC has adopted final rules implementing a substantial portion of the Dodd-Frank Act's requirements with respect to swaps, CFTC regulation and its interpretation continues to evolve and uncertainties remain, particularly with regard to the extraterritorial application of CFTC regulations. The SEC has finalised a more limited portion of its Dodd-Frank Act rulemaking with respect to security based swaps, and generally is finalising rules on extraterritorial application in tandem with each particular area of substantive regulation. Accordingly, it is uncertain how the further development of regulation of the derivatives market under the Dodd-Frank Act will affect derivative instruments such as the Swap Agreements entered into by the Issuer.

Based on the cross-border guidance which has been finalised by the CFTC with respect to "swaps", the Dodd-Frank Act requirements apply to transactions that are entered into by or with counterparties that are "**U.S. persons**" (as defined under the applicable CFTC guidance) and, in certain circumstances, certain requirements may apply even when neither party is a U.S. person. In many instances, regulations under the Dodd-Frank Act, although intended to address similar underlying statutory goals, may impose requirements that are materially different from or even incompatible with those under EMIR. Thus, compliance with both regulatory schemes may not be possible or may create difficulty or challenges for counterparties that find themselves subject to both regulatory schemes. As a result, the Issuer may find it easier and more efficient, or in certain cases may be compelled, to enter into swap agreements only with parties subject to the same regulatory scheme. Accordingly, it may be more difficult, more expensive or riskier (from a credit and/or diversification perspective) for the Issuer to replace, novate or amend the terms of a Swap Agreement entered into on the Closing Date in the event that this becomes necessary in the future. In addition, future regulatory actions could cause a Swap Agreement entered into on the Closing Date to become subject to clearing, margin or other regulatory requirements that were not applicable on the Closing Date.

Volcker Rule

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a "covered fund" as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the "Volcker Rule". Although other exclusions may be available to the Issuer, this conclusion is based on the

exemption from the definition of "investment company" in the U.S. Investment Company Act of 1940 provided by Section 3(c)(5) thereunder. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

FATCA withholding may affect payments on the Notes

In certain circumstances payments made on or with respect to the Notes may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA").

While the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once the Principal Paying Agent has paid the clearing systems and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the clearing systems and custodians or intermediaries. Potential investors should be aware that no additional amounts will be payable if any payments in relation to the Notes are subject to withholding or deduction under FATCA. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

On 10 October 2016 a meeting on the margins of a Eurogroup session in Luxembourg, amongst 10 of the participating Member States (excluding Estonia) agreed to push ahead with FTT. The European Commission has finally been instructed to draft an EU directive authorising an EU FTT which would apply to the 10 participating Member States.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Withholding Tax under the Notes

In the event that withholding taxes are imposed by or in any jurisdiction in respect of payments to Noteholders of amounts due pursuant to the Notes, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of such withholding taxes.

Taxation — Issuer

A withholding or deduction for or on account of tax other than Irish Tax may be required to be made in circumstances other than those set out above under the law of countries other than Ireland (including countries that are Member States of the EU). The outline in this Prospectus of certain key Irish taxation issues does not include consideration of any such requirements.

Action Plan on Base Erosion and Profit Shifting

At a meeting in Paris on 29 May 2013, the Organisation for Economic Co-operation and Development (“**OECD**”) Council at Ministerial Level adopted a declaration on base erosion and profit shifting urging the OECD’s Committee on Fiscal Affairs to develop an action plan to address base erosion and profit shifting in a comprehensive manner. In July 2013, the OECD launched an Action Plan on Base Erosion and Profit Shifting (“**BEPS**”), identifying fifteen specific actions to achieve this. Subsequently, the OECD published discussion papers and held public consultations in relation to those actions, also publishing interim reports, analyses and sets of recommendations in September 2014 for seven of the actions. On 5 October 2015, the OECD published final reports, analyses and sets of recommendations for all of the fifteen actions it identified as part of its Action Plan, which G20 finance ministers then endorsed during a meeting on 8 October 2015 in Lima, Peru (the “**Final Report**”). The Final Report was endorsed by G20 Leaders during their annual summit on 15-16 November 2015 in Antalya, Turkey.

Action 4

In the Final Report relating to Action 4, the OECD recommends as a best practice that countries introduce a general limitation on tax deductions for net interest and economically equivalent payments under which, broadly speaking, a company would be denied those deductions to the extent they exceeded a particular percentage of the company’s EBITDA ranging from 10 to 30 per cent.

The OECD recommends that, as a minimum, countries would apply this restriction to companies that form part of domestic and multinational groups only, or to companies that form part of multinational groups. However, the OECD acknowledges that countries may also apply such restriction more broadly to include companies in a domestic group and standalone companies which are not part of a domestic group.

However, the restriction recommended would only apply to tax deductions for net interest and economically equivalent payments. As a result, since the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under the Mortgage Loan Portfolio (that is, such that Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if Ireland chose to apply such a restriction to companies such as the Issuer.

Action 6

The focus of one of the actions (Action 6) is the prevention of treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. The Final Report recommends, as a minimum, that countries should include in their tax treaties: (i) an express statement that the common intention of each contracting state which is party to such treaties is to eliminate double taxation without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance; and one, or both, of (ii) a “limitation-on-benefits” (“**LOB**”) rule; and (iii) a “principal purposes test” (“**PPT**”) rule.

The PPT rule could deny a treaty benefit (such as a reduced rate of withholding tax) if it is reasonable to conclude, having regard to all facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and

purpose of the relevant provisions of the treaty. It is unclear how a PPT, if adopted, would be applied by the tax authorities of those jurisdictions from which payments are made to the Issuer.

In contrast, the LOB rule has a more objective focus. More particularly, the OECD has included both a detailed and simplified version of the LOB rule in its Final Report relating to Action 6, albeit recommending in the related commentary to the LOB rule that the simplified version of the LOB rule should be included in a double tax treaty in combination with a PPT rule. The more detailed version of the LOB provision would limit the benefits of treaties, in the case of companies and in broad terms, to: (i) certain publicly listed companies and their affiliates; (ii) certain not-for-profit organisations and companies which carry on a pensions business; (iii) companies owned by a majority of persons who would be eligible for treaty benefits provided that the majority of the company's gross income is not paid to a third country in a tax deductible form; (iv) companies engaged in the active conduct of a trade or business (other than of making or managing investments); (v) companies which were not established in a particular jurisdiction with a principal purpose of obtaining treaty benefits; and (vi) certain collective investment vehicles ("CIVs"). The simplified version of the LOB provision would limit these benefits to companies in similar but, generally speaking, less prescriptive circumstances. The ability to claim treaty benefits under (v) above, however, would be included in both versions, albeit that it would require a company to apply to the tax authorities of the other contracting state for the granting of that benefit. The OECD adopted the multilateral instrument (including both a detailed and simplified LOB rule) on 24-25 November 2016.

In addition, whilst the Final Report makes provision for the inclusion of a CIV as a "qualified person" for the purposes of the LOB rule, the Final Report does not include specific provision for non-CIVs, such as the Issuer. In the Final Report, the OECD acknowledges the economic importance of non-CIV funds and the need to grant such vehicles treaty benefits where appropriate. Further work on the treaty benefits to be afforded to non-CIV funds has continued to be undertaken, including the publication on 24 March 2016 by OECD of a public discussion draft document on the entitlement of non-CIV funds to treaty benefits and the publication on 6 January 2017 of a further public discussion draft document containing three draft examples under consideration by the Working Party for inclusion in the Commentary on the PPT rule.

Action 7

The focus of another action point (Action 7) was to develop changes to the treaty definition of a permanent establishment and the scope of the exemption for an "agent of independent status" to prevent the artificial avoidance of having a permanent establishment in a particular jurisdiction. The Final Report on Action 7 sets out the changes that will be made to the definition of a "permanent establishment" in Article 5 of the OECD Model Convention and the OECD Model Commentary. Among other recommendations, the Final Report on Action 7 recommended two specific changes to the OECD Model Convention: (i) the expansion of the circumstances in which a "permanent establishment" is created to include the negotiation of contracts where certain conditions are satisfied; and (ii) narrowing the exemption for agents of independent status where contracts are concluded by an "independent agent" and that agent is connected to the foreign enterprise on behalf of which it is acting.

As noted above, whether the Issuer will be subject to Swedish corporation tax may depend on, among other things, whether the Servicer (or the Standby Servicer, as the case may be) is regarded as an agent of independent status acting in the ordinary course of its business for the purpose of Article 5(7) of the Sweden-Ireland double tax treaty. As at the date of this Prospectus, it is expected that, taking into account the nature of the Servicer's business and the terms of its appointment and its role under the Mortgage Loan Servicing Agreement (or, in the case of the Standby Servicer, the Standby Servicing Agreement), the Servicer will be regarded as an agent of independent status, acting in the ordinary course of its business. However, it is not clear what impact the Final Report relating to Action 7 will have on the Sweden/Ireland double tax treaty and the above analysis, principally because it is not clear to what extent (and on what timeframe) particular jurisdictions (such as Sweden and Ireland) will decide to adopt any of the Final Report's recommendations.

Implementation of the recommendations in the Final Report

The OECD Action Plan noted the need for a swift implementation of any measures which are finally decided upon and suggested that Action 6, amongst others, could be implemented by way of multilateral instrument, rather than by way of negotiation and amendment of individual tax treaties. However, the Final Report on Action 6 acknowledges that the proposed changes will require a degree of negotiation

between treaty jurisdictions and observes that there are various reasons as to why OECD member states may not implement the proposed amendments to the OECD Model Convention in an identical manner and/or to the same extent. Whilst the multilateral instrument was adopted by the OECD on 24 - 25 November 2016, with a signing ceremony to be held in June 2017 in Paris, it is still not clear whether, when, how and to what extent particular jurisdictions will decide to adopt any of the recommendations that the OECD has published in its Final Reports for the fifteen actions relating to its BEPS project and what further recommendations, if any, will follow.

It also remains to be seen what specific changes will be made to the Sweden/Ireland double tax treaty and any other double tax treaty on which the Issuer may rely (for example, in receiving interest from an overseas borrower at a potentially reduced rate of withholding tax under an applicable double tax treaty). A change in the application or interpretation of these double tax treaties (as a result of the adoption of the recommendations of the Final Report or otherwise) might result in the Issuer being treated as having a taxable permanent establishment outside Ireland, in denying the Issuer the benefit of Ireland's network of double tax treaties or in other tax consequences for the Issuer. In each case, this could have a material adverse effect on the Issuer's business, tax and financial position.

EU Anti-Tax Avoidance Directive

As part of its anti-tax avoidance package the EU Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 (the "**Anti-Tax Avoidance Directive**"). The Anti-Tax Avoidance Directive must be implemented by each Member State by 2019, subject to derogations for Member States which have equivalent measures in their domestic law. Amongst the measures contained in the Anti-Tax Avoidance Directive is an interest deductibility limitation rule similar to the recommendation contained in the BEPS Action 4 proposals. The Anti-Tax Avoidance Directive provides that interest costs in excess of the higher of (a) EUR 3,000,000 or (b) 30% of an entity's earnings before interest, tax, depreciation and amortisation will not be deductible in the year in which they are incurred but would remain available for carry forward. However, the restriction on interest deductibility would only be in respect of the amount by which the borrowing costs exceed "interest revenues and other equivalent taxable revenues from financial assets". Accordingly, as the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under the Mortgage Loan Portfolio (that is such that the Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if the Anti-Tax Avoidance Directive were implemented as originally published. There is also a carve out in the Anti-Tax Avoidance Directive for financial undertakings, although as currently drafted the Issuer would not be treated as a financial undertaking.

Book-Entry Interests

Unless and until Definitive Notes are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Trust Deed.

A nominee for the Common Depositary will be considered the registered holder of the Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Notes under the Trust Deed while the Notes are represented by the Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to a nominee of the Common Depositary for Euroclear and Clearstream, Luxembourg. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the

Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under "*Terms and Conditions of the Notes*" below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, any Paying Agent, the Registrar or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to recall such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements.

Meetings of Noteholders, modification and waiver

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Trust Deed provides that, without the consent or sanction of the Noteholders or any of the other Secured Creditors, the Trustee may:

- (a) concur with the Issuer and/or any other person, in making any modification to the Conditions, the Notes, or the Transaction Documents:
 - (i) which, in the opinion of the Trustee, is of a formal, minor or technical nature, or is to correct a manifest error;
 - (ii) (other than a Reserved Matter) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding; or
- (b) authorise or waive, on such terms and conditions (if any) as it may decide, any proposed breach or breach of any Transaction Document, if in the Trustee's opinion, the interests of the holders of the Most Senior Class of Notes then outstanding will not be materially prejudiced thereby, and
- (c) determine that any Event of Default or Potential Event of Default shall not be treated as such, if in the Trustee's opinion, the interests of the holders of the Most Senior Class of Notes then outstanding will not be materially prejudiced thereby,

provided always that the Trustee shall not exercise any powers under paragraphs (b) or (c) in contravention of any express direction given by an Extraordinary Resolution of the holders of the Most

Senior Class of Notes then outstanding or a request or direction in writing made by the holders of not less than 25 per cent. in aggregate SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding (but no such direction or request shall affect (i) any authorisation, waiver or determination previously given or made; or (ii) shall authorise or waive any proposed breach or breach relating to a Reserved Matter unless each Class of Notes then outstanding, has by Extraordinary Resolution, so authorised its exercise).

The Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions and/or any other Transaction Document that the Issuer considers necessary for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) enabling the Issuer and/or the Interest Rate Swap Provider and/or the Currency Swap Provider to comply with (x) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("EMIR") or (y) any other obligation which applies to it under EMIR, (iii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iv) enabling the Notes to be (or to remain) listed on the Stock Exchange, (v) enabling the Issuer or any other Transaction Party to comply with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto), (vi) complying with any changes in the requirements of the CRA Regulation and the Delegated Regulation (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**CRA3 Requirements**"), including any requirements imposed by any regulation laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation (the "**STS Regulation**") proposed by the European Commission or any other obligation which applies under the CRA3 Requirements, the STS Regulation and / or any new regulatory requirements, **provided that**, in each case, the Issuer (or the Servicer on its behalf) certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect and that the conditions for such transfer stipulated in the Trust Deed have been satisfied, (each of (i) to (vi) above, a "**Proposed Amendment**"), without the consent of Noteholders.

In the case of a Proposed Amendment, the Issuer (or the Servicer on its behalf) shall certify to the Trustee in writing that such modification is required solely for such purpose provided that (a) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee; (b) such certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect; and (c) the consent of each Secured Creditor (other than any Noteholder) which is party to the Transaction Document has been obtained.

In relation to any such Proposed Amendment (other than (ii)(x) or (ii)(y) as specified above), the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 22 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that, in relation to each such Proposed Amendment, if Noteholders representing at least 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the most senior Class of Notes then outstanding have not contacted the Principal Paying Agent or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If in respect of a Proposed Amendment (other than (ii)(x) or (ii)(y) as specified above) Noteholders representing at least 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the most senior Class of Notes then outstanding have notified the Principal Paying Agent or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system

through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the most senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*).

Other than where specifically provided in Condition 17.2 (*Additional Right of Modification*) or any Transaction Document:

- (a) when implementing any modification pursuant to Condition 17.2 (*Additional Right of Modification*) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Condition 17.2 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or the Conditions.

The full requirements in relation to the modifications discussed above are set out in Condition 17.2 (*Additional Right of Modification*).

There can be no assurance that the effect of such modifications to the Transaction Documents will not adversely affect the interests of the holders of one or more or all Classes of Notes.

In addition, the Issuer shall not seek the Trustee's prior written consent to any variation, novation, amendment, modification or waiver of any Transaction Documents unless the Issuer has obtained written confirmation from the Swap Providers that in each respective Swap Provider's reasonable opinion: (i) such variation, novation, amendment, modification or waiver would not, after implementation thereof, result in it being reasonably required to pay more or receive less if it were to replace itself as swap counterparty under the relevant Swap Agreement than it would otherwise have been required to pay or receive prior to such variation, novation, amendment, modification or waiver; and (ii) there are no modifications proposed to the Pre-Enforcement Payments Priorities or the Post-Enforcement Payments Priorities that would result in the Issuer's obligations to it under the relevant Swap Agreement being further contractually subordinated to the Issuer's obligations to any other Secured Creditor than as at the date of the relevant Swap Agreement and provides evidence to the satisfaction of the Trustee that such confirmation has been obtained.

The Trustee may also, without the consent of any of the Noteholders or other Secured Creditors, concur with the Issuer in substituting in place of the Issuer a Substituted Obligor as the principal debtor in respect of the Transaction Documents provided that certain conditions as set out in the Trust Deed are satisfied.

Risks relating to negative consent of Noteholders in respect of amendments to the Transaction Documents as a result of a change in the criteria of the Rating Agencies

The Trustee shall be obliged, without any consent or sanction of the Noteholders, or (subject to the receipt of consent from any of the Secured Creditors party to the Transaction Document being modified or which, as a result of the relevant amendment, would be further contractually subordinated to any Secured Creditor than would otherwise have been the case prior to such amendment) any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to the Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary, for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time.

In relation to any such proposed amendment, the Issuer is required to give at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 22 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Notes. However, Noteholders should be aware that in relation to such amendments, if Noteholders representing at least 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Trustee that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

If Noteholders representing at least 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer or the Principal Paying Agent in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*).

The full requirements in relation to any modification for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time are set out in Condition 17.2 (*Additional Right of Modification*).

Change of law

The structure of the transaction as described in this Prospectus and, *inter alia*, the issue of the Notes and the ratings which are to be assigned to the Rated Notes are based on the law and administrative practice in effect as at the date of this Prospectus as it affects the parties to the transaction and the Mortgage Loan Portfolio, and having regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given as to the impact of any possible change to such law (including any change in regulation which may occur without a change in primary legislation) and practice or tax treatment after the date of this Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes.

CERTAIN REGULATORY DISCLOSURE

Article 405-409 of the Capital Requirements Regulation

The Mortgage Loan Seller will retain on an on-going basis from the Closing Date until the maturity of the Notes a material net economic interest of not less than 5 per cent. of the nominal value of the securitised exposures in accordance with Article 405(1)(d) of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26th June 2013 on prudential requirements for credit institutions and investment firms referred to as the Capital Requirements Regulation (the "CRR"), amending Regulation (EU) No 648/2012, Article 51(1)(d) of Regulation (EU) No 231/2013, referred to as the Alternative Investment Fund Managers Directive ("AIFMR") and Article 254(2) of the Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the "Solvency II Delegated Act"), subject to any requirement of law (in each case as such provisions are interpreted and applied on the Closing Date), to the extent the regulations above continue to apply. Such retention requirement will be satisfied on the Closing Date by Bluestep Bank AB (publ) as Mortgage Loan Seller, holding the Class Z Notes. Bluestep Bank AB (publ) as Mortgage Loan Seller will confirm its ongoing retention of the net economic interest described above in the quarterly investor reports. Any change to the manner in which such interest is held will be notified to the Noteholders.

For a description of the information to be made available after the Closing Date by the Issuer and the Cash Manager, please see "*Listing and General Information*". Further information in respect of individual loan level data may be obtained via the following website: www.bluestepbank.com/investor-relations/debt-investors/content/debt-investors/. The website and the contents thereof do not form part of this Prospectus.

The Mortgage Loan Seller will provide a corresponding undertaking with respect to (a) the provision of such investor information specified in the paragraph above and (b) the interest to be retained by the Mortgage Loan Seller (i) to the Joint Lead Managers in the Subscription Agreement and (ii) to the Issuer in the Mortgage Loan Sale Agreement.

Each prospective investor is required independently to assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Articles 405 and 409 of CRR, Article 51 of AIFMR and Article 254 of the Solvency II Delegated Act and none of the Issuer, the Arrangers, the Joint Lead Managers or any party to a Transaction Document makes any representation that the information described above or in this Prospectus is sufficient in all circumstances for such purposes. In addition, each prospective Noteholder should ensure that it complies with the relevant implementing provisions in respect of Articles 405 and 409 of the CRR, Article 51 of AIFMR and Article 254 of the Solvency II Delegated Act in their relevant jurisdiction (including any regulatory technical standards, implementing technical standards and any other implementing provisions in their jurisdiction). Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

For further information please refer to the Risk Factor entitled "*Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes*".

CRA Regulation

The credit ratings included or referred to in this Prospectus have been issued by Fitch and S&P, each of which is established in the European Union and is registered under the CRA Regulation.

Information regarding the Policies and Procedures of Bluestep Bostadslån and the Mortgage Loan Seller

Investors should note that Bluestep Bostadslån had, and the Mortgage Loan Seller has, internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation, which broadly include: (a) in respect of Bluestep Bostadslån and the Mortgage Loan Seller, criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits; (b) in respect of the Mortgage Loan Seller, systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (the Mortgage Loans will be serviced in line with the usual servicing procedures of the Servicer); (c) in respect of Bluestep Bostadslån and the Mortgage

Loan Seller, diversification of credit portfolios corresponding to Bluestep Bostadslån and the Mortgage Loan Seller's target market and overall credit strategy; and (d) in respect of the Mortgage Loan Seller, policies and procedures in relation to risk mitigation techniques.

WEIGHTED AVERAGE LIFE OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average lives of the Class A Notes and the Class B Notes will be influenced by, among other things, the actual rate of redemption of the Mortgage Loans.

The actual rate of redemption of the Mortgages Loans and a number of other relevant factors are unknown. However, calculations of the possible average lives of the Class A Notes and the Class B Notes can be made based on certain assumptions. For example, based on the assumptions that:

- (a) the Issuer does not exercise its option to redeem the Notes: (i) pursuant to Condition 9.3(a), when, on the related Calculation Date, the aggregate of the SEK Equivalent Principal Amount Outstanding of the outstanding Notes is less than 10 per cent. of the SEK Equivalent Principal Amount Outstanding of all of the Notes as at the Closing Date; and (ii) pursuant to Condition 9.3(b), on or following the Step-Up Date;
- (b) the Mortgage Loans are subject to a constant annual rate of repayment (inclusive of scheduled and unscheduled principal redemptions) of between 5 per cent. and 35 per cent. per annum as shown on the table below;
- (c) there are no arrears or enforcements;
- (d) no Mortgage Loan is sold by the Issuer;
- (e) no Further Advance is sold by the Issuer;
- (f) no Principal Deficiency arises;
- (g) no Mortgage Loan is repurchased by the Mortgage Loan Seller;
- (h) there are no excess Available Interest Distribution Amounts applied as Available Principal Distribution Amounts as per item (n) of the Pre-Enforcement Interest Payments Priorities;
- (i) the portfolio mix of loan characteristics remain the same throughout the life of the Notes;
- (j) no Enforcement Notice has been served and no Event of Default has occurred;
- (k) the Day Count Fraction for the Mortgage Loans and the Notes is Actual/360;
- (l) the ratio of the Principal Amount Outstanding of the Class A Notes to the Current Balance of the Mortgage Loan Portfolio as at the Closing Date is 77.5 per cent.;
- (m) the ratio of the Principal Amount Outstanding of the Class B Notes to the Current Balance of the Mortgage Loan Portfolio as at the Closing Date is 8.0 per cent.; and
- (n) the Class A Notes and Class B Notes are issued on or about 10 March 2017 and there are 153 days between the Closing Date and the First Interest Payment Date.

Class A Notes

Constant Annual Rate of Repayment of the Loans	(Assuming Issuer call on Step-up Date) Possible Average Life of Class A Notes (years)
5%	4.45
10%	3.75
15%	3.13
20%	2.59
25%	2.11
30%	1.74
35%	1.47

Constant Annual Rate of Repayment of the Loans	(Assuming no Issuer call on Step-up Date) Possible Average Life of Class A Notes (years)
5%	11.18
10%	5.51
15%	3.63
20%	2.68
25%	2.11
30%	1.74
35%	1.47

Class B Notes

Constant Annual Rate of Repayment of the Loans	(Assuming Issuer call on Step-up Date) Possible Average Life of Class B Notes (years)
5%	5.24
10%	5.24
15%	5.24
20%	5.24
25%	5.24
30%	4.85
35%	4.06

Constant Annual Rate of Repayment of the Loans	(Assuming no Issuer call on Step-up Date) Possible Average Life of Class B Notes (years)
5%	33.18
10%	16.22
15%	10.56
20%	7.73
25%	6.02
30%	4.88
35%	4.06

Assumption (a) reflects the current intention of the Issuer but no assurance can be given that such assumption will occur as described.

Assumption (b) is stated as an average annualised repayment rate as the repayment rate for one Interest Period may be substantially different from that for another. The constant repayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant repayment rates.

Assumptions (b) to (j) (inclusive) relate to circumstances which are not predictable.

The average lives of the Class A Notes and the Class B Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic. They must therefore be viewed with considerable caution.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes will amount to SEK 2,986,135,000 (in respect of Class A Notes exchanged at the Relevant Exchange Rate under the Currency Swap) and such amounts will be used by the Issuer solely towards payment to the Mortgage Loan Seller of the Mortgage Loan Purchase Price for the acquisition of the Original Mortgage Loan Portfolio pursuant to the Mortgage Loan Sale Agreement on the Closing Date.

ISSUER

Incorporation and Registered Office

The Issuer is a designated activity company registered and incorporated in Ireland on 10 January 2017 (registered number 596111) under the Irish Companies Act 2014 and having its registered office at 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland. The Issuer has no subsidiaries or affiliates. The Issuer's telephone no. is + 353 (0) 1697 5350.

Business Activity

The principal activities of the Issuer are, *inter alia*, the issuance of the Notes which are asset-backed securities, the entering into of the Transaction Documents, the purchase of the Mortgage Loans and the related Ancillary Mortgage Rights. The Issuer has been established as a special purpose vehicle for these purposes.

The Issuer will covenant to observe certain restrictions on its activities which are detailed in the Incorporated Terms Memorandum until the Final Discharge Date, including (but not limited to), covenants not to (a) carry on any business or enter into any documents other than those contemplated by the Transaction Documents other than any actions required to change the name of the Issuer pursuant to the Irish Companies Act 2014; (b) except as contemplated by the Transaction Documents, sell, convey, transfer, lease, assign or otherwise dispose of or use, invest or otherwise deal with any of its properties, assets or undertaking or grant any option or right to acquire the same; (c) grant, create or permit to exist any encumbrance other than permitted encumbrances over the Mortgage Loans; (d) pay dividends or make other distributions to its members out of profits available for distribution and then only in the manner permitted by its constitution and by applicable laws; (e) incur any indebtedness; (f) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability in respect of any obligation of any other person; (g) consolidate or merge with any other person; (h) surrender any losses to any other company; (i) have any employees or premises or have any subsidiary undertaking or become a director of any company; (j) have an interest in any bank account other than the Issuer Accounts and the Swap Collateral Accounts (and any account established by the Issuer for the payment of Tax by the Issuer pursuant to Irish Tax legislation) unless the account or interest is charged to the Trustee on terms acceptable to it; and (k) amend, supplement, replace or otherwise modify its constitution (other than as required by applicable law) save to the extent permitted by the Transaction Documents or with the prior consent of the Trustee.

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the authorisation and issue of the Notes and the purchase of the Mortgage Loans and the related Ancillary Mortgage Rights and activities incidental to the exercise of its rights and compliance with its obligations under the Transaction Documents and the other documents and agreements entered into in connection with the issue of the Notes, the purchase of the Mortgage Loans and the related Ancillary Mortgage Rights and the entry into the Transaction Documents. The Incorporated Terms Memorandum contains non petition and limited recourse provisions for bankruptcy remoteness purposes in respect of the Issuer.

Constitution

In accordance with its constitution, a majority of the directors of the Issuer must at all times be independent directors and the Parent Company, being the sole shareholder of the Issuer, is required to promptly appoint new independent directors at its earliest convenience if any independent director provided by the Corporate Services Provider resigns or their appointment is terminated.

Capital and Shares

The authorised share capital of the Issuer is EUR 100,000,000 divided into 100,000,000 ordinary shares of EUR 1 each. The paid up share capital of the Issuer is EUR 1.

The entire share capital of the Issuer is held by Bluestep Bank AB (publ), in its capacity as the Parent Company.

Capitalisation

The capitalisation of the Issuer as at the date of this Prospectus, adjusted for the issue of the Notes is as follows:

	SEK
Share Capital	
Issued and fully called up shares of EUR 1 each (converted into SEK at the relevant exchange rate)	9.53
Loan Capital	
Class A Notes (converted into SEK at the Relevant Exchange Rate under the Currency Swap).....	2,311,025,000
Class B Notes.....	238,890,000
Class Z Notes.....	436,220,000
Subordinated Loan Facility.....	107,585,853.53
Total Capitalisation	<u>3,093,720,863.06</u>

Indebtedness

The Issuer has no indebtedness as at the date of this Prospectus other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

Directors

The directors of the Issuer and their respective business addresses and their principal occupations are:

Name	Business Address	Principal Occupation
Ian Garvan	1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Director
Jonathan Hanly	1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland	Director

The directors of the Issuer have, collectively, appropriate expertise and experience for the management of its business.

Secretary

The Secretary of the Issuer is Intertrust Finance Management (Ireland) Limited whose registered office is at 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, Ireland.

There are no potential conflicts of interest between any duties of the persons listed above to the Issuer and their private interests.

Employees

The Issuer has no employees. The directors are employees of the Corporate Services Provider. The Secretary of the Issuer is the Corporate Services Provider with offices at the same address as the Corporate Services Provider.

Auditors

Audited financial statements of the Issuer will be published on an annual basis. The auditors of the Issuer are Deloitte of Earlsfort Terrace, Dublin 2, Ireland.

Deloitte are chartered accountants and are members of the Institute of Chartered Accountants in Ireland (ICAI) and are qualified to practice as auditors in Ireland.

Financial Information

At the date of this Prospectus, no financial statements of the Issuer have been prepared. The financial year end of the Issuer will generally be 31 December and the Issuer intends to publish its first financial statements in respect of the period ending on 31 December 2017. The Issuer will not prepare interim financial statements. Each year, a copy of the audited profit and loss account and balance sheet of the Issuer together with the report of the directors and the auditors thereon is required to be filed in the Irish Companies Registration Office within 28 days of the annual return date of the Issuer and is available for inspection.

The Issuer must hold its first annual general meeting within 18 months of the date of its incorporation and thereafter the gap between its annual general meetings must not exceed 15 months.

Material Contracts

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts.

No Material Adverse Change

Since the date of the Issuer's incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change in the condition (financial or otherwise) of the Issuer.

Corporate Services Agreement

The Issuer has entered into an agreement (the "**Corporate Services Agreement**") with the Corporate Services Provider pursuant to which the Corporate Services Provider agreed to provide certain corporate administration services to the Issuer. In return for the services so provided, the Corporate Services Provider will receive a fee payable by the Issuer on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payments Priorities or the Post-Enforcement Payments Priorities as the case may be.

The Corporate Services Agreement may be terminated by any of the parties thereto after not less than 30 days' written notice to the other party or at any time forthwith by notice in writing if the other party shall have at any time (a) committed any material breach of the terms of the Corporate Services Agreement or (b) been the subject to a winding up or liquidation.

The Corporate Services Provider will provide corporate administration and secretarial services to the Issuer which will include:

- (a) dispatch of shareholder and board meeting notices;
- (b) handling enquiries and making appropriate filings (or assisting the Issuer's auditors in so doing) with regulatory bodies including the Irish Revenue Commissioners and other authorities and the Irish Stock Exchange;
- (c) keeping and maintaining books and records and procuring that the same are distributed to relevant parties;
- (d) advising on the appointment of company lawyers and auditors; and
- (e) maintaining registrations and licences.

The Corporate Services Agreement is governed by and construed in accordance with Irish law. The courts of Ireland will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

THE MORTGAGE LOAN SELLER, PARENT COMPANY, CASH MANAGER AND THE SUBORDINATED LOAN FACILITY PROVIDER

Incorporation and Registered Office

Bluestep Bank AB (publ) ("**BBAB**") is a public limited liability company registered and incorporated in Sweden (registered number 556717-5129) under the laws of Sweden and having its registered office at Sveavägen 163, Box 23138 SE-10435, Stockholm, Sweden.

Business Activity

BBAB commenced activities in October 2008 and its principal activities, as set out in its Articles of Association, are, *inter alia*, Swedish and Norwegian residential mortgage lending, unsecured lending in Sweden and taking deposits from the general public.

Borrowers are typically those who fall outside the lending criteria applied by prime mortgage lending institutions in Sweden and Norway.

BBAB and its owners from time to time review the corporate strategy of BBAB, changes in BBAB's dividend policy and changes in BBAB's ownership structures. The taking of any such action may affect the business, financial position, capital structure and/or the ownership structure of BBAB.

Capital and Shares

The share capital of BBAB is SEK 100,000,000 divided into 2 ordinary shares of SEK 50,000,000 each.

The entire share capital of BBAB is held by Bluestep Bostadslån.

Shareholder

BBAB is a wholly-owned subsidiary of Bluestep Bostadslån whose ultimate principal shareholders are Adam Barron, Edmund Lazarus and Dwight Cupit; Edmund Lazarus is the Managing Partner of Bregal Capital LLP, Dwight Cupit is the Chief Financial Officer, of Bregal Investments LLP and Adam Barron is the former Joint Managing Partner of Bregal Capital LLP.

Subsidiaries

The Issuer, the Servicer and the Warehouse are wholly-owned subsidiaries of BBAB.

Directors

The directors of BBAB and their respective business addresses and their principal occupations are:

Name	Business Address	Principal Occupation
John Maltby (Chairman)	Priory House, Priory Close Chislehurst, Kent	Non-Executive Director, Bluestep Bank AB (publ)
Carl Sundvik	Sveavägen 163, Box 23138, SE – 10435, Stockholm, Sweden	Non-Executive Director, Bluestep Bank AB (publ)
Toby Franklin	7 Swingate Road, Farnham, Surrey	Private Equity Investor
Patrik Johnson	Lex House, 17 Connaught Place, London	Partner, Bregal Capital LLP
Adam Frahm	Lex House, 17 Connaught Place, London	Investment Manager, Bregal Capital LLP
Öyvind Thomassen	Sveavägen 163, Box 23138, SE 10435, Stockholm, Sweden	Chief Executive Officer, Bluestep Bank AB (publ)
Peter Gertman	Sveavägen 163, Box 23138, SE – 10435, Stockholm, Sweden	Executive Director and Chief Operating Officer, Bluestep Bank AB (publ)
David Torpey	Sveavägen 163, Box 23138, SE 10435, Stockholm, Sweden	Executive Director and Director Strategic Projects, Bluestep Bank AB (publ)
Rolf Stub	Skippergata 31, Postboks 641, NO- 0106, Oslo, Norway	Executive Director and Branch Manager Norway, Bluestep Bank AB (publ)

Employees

As at the date of this Prospectus, BBAB had 136 employees engaged in its business activities at its registered office in Stockholm and 42 employees engaged in its business activities at its branch in Oslo, Norway.

Regulation

BBAB is as a licensed banking company (*Bankaktiebolag*) under the Swedish Banking and Financing Business Act (Lag (2004:297) *om bank- och finansieringsrörelse*), as amended, under the supervision of the Swedish FSA and its mortgage lending is subject to the provisions of the Swedish Consumer Credit Act.

Auditors

Audited financial statements of BBAB are published on an annual basis. The auditors of BBAB are Deloitte of Stockholm having its address at Rehnsgatan 11, SE – 11379, Stockholm, Sweden.

BLUESTEP BOSTADSLÅN AB

Bluestep Bostadslån AB ("**Bluestep Bostadslån**") is a limited liability company registered and incorporated in Sweden (registered number 556668-9575) and having its registered office at Sveavägen 163, Box 23138, SE-10435, Stockholm, Sweden. Bluestep Bostadslån commenced activities in April 2005 and its principal activity was the origination of Swedish residential mortgage loans through the introduction of borrowers to, amongst others, the Mortgage Loan Seller as lender who would act as lender of record in respect of such mortgage loans. On 1 April 2011, all activities and employees of Bluestep Bostadslån were transferred to the Mortgage Loan Seller and its origination role ceased. Bluestep Bostadslån now only operates as a holding company, holding the share capital of BBAB and does not undertake any origination activities. The ultimate principal shareholders are Adam Barron, Edmund Lazarus and Dwight Cupit; Edmund Lazarus is the Managing Partner of Bregal Capital LLP, Dwight Cupit is the Chief Financial Officer of Bregal Investments LLP and Adam Barron is the former Joint Managing Partner of Bregal Capital LLP.

THE MORTGAGE LOAN PORTFOLIO

Introduction

The Mortgage Loan Seller has selected Mortgage Loans that as at 31 December 2016 (the "**Cut-Off Date**") have been provisionally identified to comprise the initial Mortgage Loan Portfolio (the "**Provisional Mortgage Loan Portfolio**").

The Provisional Mortgage Loan Portfolio is made up of Mortgage Loans owned by the Mortgage Loan Seller and the Warehouser.

All the Mortgage Loans upon origination consist of mortgage loans which meet certain lending criteria, and are secured by Pantbrev Security or Bostadsrätt Security located in Sweden governed by Swedish law.

Mortgage Loans in the Provisional Mortgage Loan Portfolio originated prior to 31 March 2011 were originated by Bluestep Bostadslån pursuant to a mortgage origination agreement dated 30 October 2008 (as amended on 1 June 2009) (the "**Mortgage Origination Agreement**") through the introduction of Borrowers to either the Mortgage Loan Seller, the Warehouser or other warehouse vehicles within the Mortgage Loan Seller's or Bluestep Finance Holdings Limited's ("**BFHL**") group of companies, in each case as lenders and owners of such Mortgage Loans. Such Mortgage Loans were subsequently transferred by such parties to the Mortgage Loan Seller. Following 31 March 2011, all Mortgage Loans have been originated by the Mortgage Loan Seller as lender and owner of such Mortgage Loans (some of these were purchased by the Warehouser from the Mortgage Loan Seller pursuant to a mortgage acquisition agreement dated 8 December 2016 and the Mortgage Origination Agreement is no longer in effect).

The Provisional Mortgage Loan Portfolio comprises 3,083 Mortgage Loans, each of which are secured by Pantbrev Security in respect of single-family houses or by Bostadsrätt Security in respect of multi-family properties in Sweden. Provided that the relevant Borrower has its habitual residence in Sweden, the Mortgage Loans will be governed by Swedish law. There are 3,079 Borrowers and no one Borrower accounts for 0.2 per cent. or more of the Provisional Mortgage Loan Portfolio.

The Aggregate Principal Outstanding Balance of the Provisional Mortgage Loan Portfolio as at the Cut-Off Date was SEK 3,141,189,948.

As at the Cut-Off Date, no Mortgage Loans in the Provisional Mortgage Loan Portfolio were 30 days or more in arrears with respect to their scheduled payments. As at the Closing Date, no Mortgage Loans in the Original Mortgage Loan Portfolio are yet to have any payment made in respect of such Mortgage Loan.

The Original Mortgage Loan Portfolio will be selected from the Provisional Mortgage Loan Portfolio on 28 February 2017 (including Further Advances made to an existing borrower of a Mortgage Loan comprised in the Provisional Mortgage Loan Portfolio between the Cut-Off Date and 28 February 2017) and will comprise Mortgage Loans originated by the Mortgage Loan Seller or Bluestep Bostadslån between December 2006 and December 2016 (including Further Advances made to an existing borrower of a Mortgage Loan comprised in the Provisional Mortgage Loan Portfolio between the Cut-Off Date and 28 February 2017), after excluding Mortgage Loans which (a) have no Receivables remaining due and outstanding from the relevant Borrowers, (b) do not comply with either the Lending Criteria or the Loan Warranties set out in the Mortgage Loan Sale Agreement and (c) need to be removed to ensure that the Aggregate Principal Outstanding Balance of Mortgage Loans comprised in the Original Mortgage Loan Portfolio are as close as possible to, but will not exceed the aggregate SEK Equivalent Principal Amount Outstanding of the Notes.

Purchase of Original Mortgage Loan Portfolio

On the Closing Date, the Issuer will purchase the Original Mortgage Loan Portfolio as at 28 February 2017 (i.e. the portfolio of Mortgage Loans notified by the Mortgage Loan Seller to the Issuer in the Mortgage Loan Portfolio Notice of Sale delivered pursuant to the terms of the Mortgage Loan Sale Agreement between the Issuer, the Mortgage Loan Seller, the Warehouser and the Trustee (the "**Original Mortgage Loan Portfolio**").

Following the purchase by the Issuer of the Original Mortgage Loan Portfolio, the Mortgage Loan Seller or the Servicer (on behalf of the Issuer) will direct the Borrowers to make all payments under the Mortgage Loans, or arrange for payments made by direct debit to be redirected, to the Issuer GIC Account, as appropriate.

The Issuer has not made or caused to be made on its behalf any of the enquiries, searches or investigations which a prudent purchaser of the relevant assets would make and the Trustee has made no such enquiries, searches or investigations and will not be liable for failing to do so but each of them will rely on the Loan Warranties and Further Advance Warranties to be made by the Mortgage Loan Seller and to be contained in the Mortgage Loan Sale Agreement.

Characteristics of the Mortgage Loans

Interest Payments and Interest Rate Resetting

The Provisional Mortgage Loan Portfolio consists of variable rate Mortgage Loans ("**Standard Variable Mortgage Loans**") and fixed rate Mortgage Loans ("**Fixed Rate Mortgage Loans**") granted to individual Borrowers located in Sweden.

Interest on: (a) the Standard Variable Mortgage Loans is charged at a margin (the "**Borrower Margin**") over a variable reference rate (the "**Bluestep Variable Reference Rate**"); and (b) the Fixed Rate Mortgage Loans is charged at the Borrower Margin over a fixed reference rate (the "**Bluestep Fixed Reference Rate**" and together with the Bluestep Variable Reference Rate, the "**Bluestep Reference Rates**"), in either case, in respect of the Mortgage Loans in the Mortgage Loan Portfolio, as set by the Servicer on behalf of the Issuer, subject to certain conditions and undertakings (see the section below entitled "*The Servicer – Servicing of the Mortgage Loan Portfolio – Setting of Interest Rates on the Mortgage Loans*" for further information).

Standard Variable Mortgage Loans

The Bluestep Variable Reference Rate in respect of the Standard Variable Mortgage Loans until the maturity date of such Standard Variable Mortgage Loans is 3 month STIBOR plus or minus a percentage (such percentage the "**Variable Reference Rate Margin**") with 3 month STIBOR being reset on each monthly payment date falling in August, November, February and May (a "**Quarterly Reset Date**").

At any time (subject to 3 month STIBOR being reset on each Quarterly Reset Date), the Bluestep Variable Reference Rate may be changed by the Servicer adjusting the Variable Reference Rate Margin by:

- (a) in the case of certain Standard Variable Mortgage Loans in the Mortgage Loan Portfolio originated pursuant to alternative terms and conditions prior to 1 December 2007 and amounting to 0.6 per cent. of the Provisional Mortgage Loan Portfolio as at the Cut-off Date (such Standard Variable Mortgage Loans, the "**BVR 1 Variable Mortgage Loans**") no more than plus or minus 0.50 per cent. (the "**BVR 1 Variable Reference Rate Margin**") (such Bluestep Variable Reference Rate, "**BVR 1**"); or
- (b) in the case of (x) certain Standard Variable Mortgage Loans in the Mortgage Loan Portfolio originated pursuant to alternative terms and conditions prior to 1 July 2014 and amounting to 0.4 per cent. of the Provisional Mortgage Loan Portfolio as at the Cut-off Date (such Standard Variable Mortgage Loans, the "**BVR 2 Variable Mortgage Loans**"); and (y) the remaining Standard Variable Mortgage Loans in the Mortgage Loan Portfolio originated pursuant to alternative terms and conditions after (but including) 1 July 2014 (such Standard Variable Mortgage Loans, the "**BVR 3 Variable Mortgage Loans**"), no more than plus or minus 3.00 per cent. (the "**BVR2/BVR3 Variable Reference Rate Margin**") (such Bluestep Variable Reference Rate, "**BVR2/3**").

On each Quarterly Reset Date, the Servicer (if so requested by a Borrower) may agree that a Standard Variable Mortgage Loan may be converted to a Fixed Rate Mortgage Loan with a Fixed Rate Period (as described below) of one, three or five years. Alternatively, the Standard Variable Mortgage Loan may continue on the same terms.

Any Standard Variable Mortgage Loans converted to Fixed Rate Mortgage Loans will be subject to the same restrictions on the subsequent adjustment of the Fixed Reference Rate Margin as apply to such Fixed Rate Mortgage Loans (see the section entitled "*Fixed Rate Mortgage Loans*" below).

The ability of the Servicer to convert Standard Variable Mortgage Loans to Fixed Rate Mortgage Loans is subject to certain conditions (see the section below entitled "*The Servicer – Servicing of the Mortgage Loan Portfolio – Conversion to Fixed Rate Mortgage Loans*" for further information).

The ability of the Servicer to change the Bluestep Variable Reference Rate in respect of Mortgage Loans in the Mortgage Loan Portfolio is subject to certain conditions and undertakings (see the section below entitled "*The Servicer – Servicing of the Mortgage Loan Portfolio – Setting of Interest Rates on the Loans*" for further information).

Fixed Rate Mortgage Loans

Fixed Rate Mortgage Loans will continue for a fixed rate period agreed on origination of either one, three or five years (the "**Fixed Rate Period**"). At the expiry of each Fixed Rate Period until the maturity date of such Fixed Rate Mortgage Loans, a Borrower may opt for the Fixed Rate Mortgage Loan to continue with the same Fixed Rate Period or alternatively may opt for a Fixed Rate Period of a different duration if offered by the Mortgage Loan Seller (in each case with the Borrower Margin over the Bluestep Fixed Reference Rate remaining the same).

Fixed Rate Mortgage Loans with differing applicable Fixed Rate Periods will be subject to different Bluestep Fixed Reference Rates, each rate derived from the prevailing market fixed-to-floating swap rate for a tenor equivalent to such Fixed Rate Period plus or minus a percentage (such percentage the "**Fixed Reference Rate Margin**").

Certain of the Fixed Rate Mortgage Loans in the Mortgage Loan Portfolio amounting to 0.4 per cent. of the Provisional Mortgage Loan Portfolio (such Fixed Rate Mortgage Loans, the "**BFR 1 Fixed Mortgage Loans**") were originated pursuant to one set of terms and conditions prior to 1 December 2007, certain of the Fixed Rate Mortgage Loans in the Mortgage Loan Portfolio amounting to 5.6 per cent. of the Provisional Mortgage Loan Portfolio (such Fixed Rate Mortgage Loans, the "**BFR 2 Fixed Mortgage Loans**") were originated pursuant to alternative terms and conditions prior to 1 July 2014 and the remainder of the Fixed Rate Mortgage Loans in the Mortgage Loan Portfolio (such Fixed Rate Mortgage Loans, the "**BFR 3 Fixed Mortgage Loans**") were originated pursuant to alternative terms and conditions after (but including) 1 July 2014 .

The Bluestep Fixed Reference Rate may be adjusted at any time by adjusting the Fixed Reference Rate Margin by no more than plus or minus 3.00 per cent.

On the expiry of the relevant Fixed Rate Period, the Servicer (if so requested by a Borrower) may agree that a Fixed Rate Mortgage Loan may be converted to a Standard Variable Mortgage Loan.

Any BFR 1 Fixed Mortgage Loans converted to Standard Variable Mortgage Loans will be subject to the same restrictions on the subsequent adjustment of the Variable Reference Rate Margin as apply to BVR 1 Variable Mortgage Loans, any BFR 2 Fixed Mortgage Loans converted to Standard Variable Mortgage Loans will be subject to the same restrictions on the subsequent adjustment of the Variable Reference Rate Margin as apply to BVR 2 Variable Mortgage Loans and any BFR 3 Fixed Mortgage Loans converted to Standard Variable Mortgage Loans will be subject to the same restrictions on the subsequent adjustment of the Variable Reference Rate Margin as apply to BVR 3 Variable Mortgage Loans (see the section entitled "*Variable Rate Mortgage Loans*" above).

The Servicer has undertaken that upon the occurrence of certain events, it will convert Fixed Rate Mortgage Loans to Standard Variable Mortgage Loans on the expiry of the relevant Fixed Rate Period (see the section below entitled "*The Servicer – Servicing of the Mortgage Loan Portfolio – Undertakings of the Servicer*" for further information).

The ability of the Servicer to change the Bluestep Fixed Reference Rate in respect of Mortgage Loans in the Mortgage Loan Portfolio is subject to certain conditions and undertakings (see the section below entitled "*The Servicer – Servicing of the Mortgage Loan Portfolio – Setting of Interest Rates on the Mortgage Loans*" for further information).

Borrower Margin

The Borrower Margin above either of the Bluestep Reference Rates is agreed on origination and remains constant over the life of the Mortgage Loan unless a Borrower is eligible to receive (i) a step down in Borrower Margin payable to the lowest available margin offered by the Mortgage Loan Seller (in respect of new loans at that time) after 36 months in respect of the Variable Mortgage Loans and Fixed Mortgage Loans, (ii) (in respect of Mortgage Loans originated after 17 June 2013) a reduction of 2 per cent. (provided that this is not lower than the lowest available margin at that time), after 36 months or (iii) (in respect of Mortgage Loans originated after 18 September 2014) a reduction of 1 per cent. after 36 months and an additional 1 per cent. after 60 months, provided that this is not lower than the lowest available margin at that time (for further information on this, see the section below entitled "*The Servicer – Servicing of the Mortgage Loan Portfolio – Step Down Margin*").

Payment Dates

Interest payments in respect of the Mortgage Loans are made monthly. Payment is made either by direct debit (which is encouraged by charging those who make payments by other means a surcharge per payment), or via bank or bank-giro.

In the case of Mortgage Loans which have outstanding Elevated Interest Amounts, the Relevant Fraction in relation to such Mortgage Loans (including any Further Advances) shall be applied by the Cash Manager, on a monthly basis, towards payment of the Elevated Interest Amounts. After the first year following the origination of such a Mortgage Loan, during which the Relevant Fractions are applied monthly by the Cash Manager, the Retained Amount in relation to that Mortgage Loan will be reduced to zero.

Principal Payments and Early Repayments

The Servicer (on behalf of the Issuer and the Trustee) may serve an enforcement notice for early repayment of a Mortgage Loan only in limited circumstances and as set out in the Portfolio Credit and Collection Policies and in the Mortgage Loan Servicing Agreement.

The Borrower may repay any Mortgage Loan on any date without any penalty fee. Where the interest rate applicable to the prepaid Mortgage Loan is fixed for a certain period, an interest compensation amount for the remainder of the fixed interest period may be charged to the Borrower. Such compensation must be in compliance with good lending practice and the maximum amount that may be charged equals the difference between the interest rate on the Mortgage Loan and the interest rate prevailing at the time of repayment for covered bonds with a term corresponding to the remaining fixed interest period, plus one percentage point.

In addition to the borrowers' right to repay their debt in accordance with the Swedish Consumer Credit Act as set out in the paragraph above, Bluestep has given the borrowers a right to cancel and repay the debt without paying for any interest compensation amount, on the last day of a fixed interest period by sending a notice by registered letter to the applicable lender no later than 14 days prior to such date and provided that the fixed interest period is at least three months in total.

Each Mortgage Loan in the Provisional Mortgage Loan Portfolio has scheduled repayment dates according to one of three amortisation methods. Amortisation payments may be due on the same date as the related interest payment is due.

Amortisation methods available are:

- (a) Interest-only (no amortisation);
- (b) Serial (Serial amortisation achieves a full repayment of principal over the life of the Mortgage Loan by starting with an initial amortisation amount which increases over the life of the Mortgage Loan. The amortisation amount will increase by a specified percentage at different points in the life of Mortgage Loan which are determined by the term of the Mortgage Loan); and
- (c) For Mortgage Loans originated after 1 June 2016 Straight-line amortisation, which gives a fixed amortisation amount that can be the same over the life of the Mortgage Loan. The Mortgage Loans in the Provisional Mortgage Loan Portfolio which have straight-line amortisation

predominantly amortise with a fixed amount of one (1) or two (2) per cent per annum calculated on the original principal amount of the Mortgage Loan, with the effect that a Mortgage Loan may not fully amortise during its term, although in some circumstances the fixed amortisation amount may still be a higher percentage.

The Provisional Mortgage Loan Portfolio comprises both Serial and Straight-line amortising (73.8 per cent. and 26.1 per cent., respectively, of the Mortgage Loans by value as at the Cut-Off Date) and Interest-only Mortgage Loans (0.1 per cent. of the Mortgage Loans by value as at the Cut-Off Date).

Lending Criteria

The following lending criteria (the "**Lending Criteria**") will have been applied in respect of Mortgage Loans comprising the Mortgage Loan Portfolio and originated by the Mortgage Loan Seller or Bluestep Bostadslån, as the case may be.

On origination of each Mortgage Loan subject to the Lending Criteria from time to time comprised in the Mortgage Loan Portfolio, the Lending Criteria may have been applied with certain minor variations to reflect minor changes to the Lending Criteria. The Lending Criteria are governed by the Mortgage Loan Sellers' and historically Bluestep Bostadslån's credit policy and related credit instructions, and are revised at least annually.

The primary Lending Criteria are:

(a) **Property Type and Use**

Mortgage Loans may only be granted in relation to certain types of residential property upon which the repayment of such Mortgage Loan is secured by the corresponding Pantbrev Security (a "**Property**") or Bostadsrätt. All Mortgage Loans have been granted in relation to single-family properties (that are the Borrowers' primary, or in some cases secondary, home) and, in certain cases, in semi-detached or detached properties belonging to housing co-operatives subject to the Swedish Housing Co-Operatives Act.

(b) **Mortgage Loan-to-Value Ratio (LTV)**

Mortgage Loans may not exceed 90 per cent. of the market value of the Property or Bostadsrätt at the time of origination, as determined by reference to the purchase price for the relevant Property or Bostadsrätt (where the Mortgage Loan proceeds have been applied by the Borrower to purchase such Property or Bostadsrätt) or through the standard valuation methodologies adopted by either the Mortgage Loan Seller or in respect of certain Mortgage Loans originated prior to 31 March 2011, Bluestep Bostadslån.

(c) **Mortgage Loan Amount**

Mortgage Loans up to SEK 15,000,000 are permitted under the Lending Criteria.

(d) **Creditworthiness of the Borrower**

Creditworthiness of the Borrower is determined using a broad range of information available to the Mortgage Loan Seller or, in respect of certain Mortgage Loans originated on or prior to 31 March 2011, were available to Bluestep Bostadslån. Credit and financial information concerning the housing co-operatives is obtained through the databases maintained by the National Land Survey, and the Swedish Business and Credit Information Agency database owned by the major Swedish banks and/or a review of the annual report of the housing cooperative. Based on this information, an evaluation is made of the Borrower's financial position, cash flows, ability to service debts in an increasing interest rate environment and general financial stability as well as in the case of Mortgage Loans secured by Bostadsrätt Security, the monthly fees charged to members of the housing co-operative were also considered.

(e) **Property Insurance**

Each Borrower is required to have full value insurance for the Property or Bostadsrätt on which the Mortgage Loan is secured and this includes cover the risk of fire. However, the benefit of

these insurances will not be transferred to the Issuer pursuant to the terms of the Mortgage Loan Sale Agreement. To the best of the Mortgage Loan Seller's knowledge, there is no concentration with any one insurance provider.

(f) **Origination and Ownership of Mortgage Loan**

The Mortgage Loan, if originated on or prior to 31 March 2011 is originated by Bluestep Bostadslån or the Mortgage Loan Seller and following 31 March 2011 is originated by the Mortgage Loan Seller only and is owned by the Mortgage Loan Seller or the Warehouse.

(g) **Term of a Mortgage Loan**

The original maturity of each Mortgage Loan is not less than 5 years or more than 40 years.

(h) **Final Maturity Date**

The terms and conditions of each Mortgage Loan contain a final maturity date.

(i) **Security**

The Mortgage Loan is secured by one or more Pantbrev or a pledge over a Bostadsrätt.

(j) **Property**

The security for each Mortgage Loan is Property or Bostadsrätt located in Sweden.

(k) **Single Properties**

Only one Property or Bostadsrätt provides security for the Mortgage Loan.

(l) **Outstanding Balance secured**

The outstanding balance of each Mortgage Loan (together with all interest, costs and expenses payable to the Mortgage Loan Seller or the Warehouse, as the case may be) is fully secured by the pledge over the Bostadsrätt or the outstanding balance of each Mortgage Loan is equal to or less than the amount of the Pantbrev which provides security for the Mortgage Loan.

(m) **Valuation Date of Property**

The Property or Bostadsrätt which secures each Mortgage Loan has either: been valued on behalf of the Mortgage Loan Seller or Bluestep Bostadslån, as the case may be, within six months of the date that the Mortgage Loan was approved by the Mortgage Loan Seller or Bluestep Bostadslån, as the case may be; or where it has not been valued, due to the Mortgage Loan having an LTV below 75 per cent. and a loan amount below SEK 2,000,0000 at the time of origination, the value is confirmed by a data base valuation or confirmation that the purchase price has been achieved through an open market transaction.

(n) **Title to Property**

The relevant Borrower has good and marketable title to the Property or Bostadsrätt.

Provisional Mortgage Loan Portfolio Information

The following tables have been compiled using data as at the Cut-Off Date (the percentages in the following tables may not equal the totals shown due to rounding). The data set out in the following tables relate to the Provisional Mortgage Loan Portfolio from which the Original Mortgage Loan Portfolio will be selected.

Table 1: Summary Data*Summary Data*

Aggregate Principal Outstanding Balance	SEK3,141,189,948
Average Principal Outstanding Balance	SEK1,018,874
Maximum Principal Outstanding Balance	SEK6,197,500
Number of Mortgage Loans	3,083
Number of Loan parts	3,473
Weighted Average Seasoning	14.3 months
Weighted Average Remaining Term	457.1 months
Maximum Remaining Term	479.9 months

Table 2: Distribution of Mortgage Loans by Original Balance

<u>Original loan size (SEK'000)</u>	<u>No. of Loans</u>	<u>Number %</u>	<u>Current Balance (SEK)</u>	<u>Current balance %</u>
< 200.....	159	5.2%	24,119,871	0.8%
>= 200 and < 300.....	217	7.0%	52,547,520	1.7%
>= 300 and < 400.....	237	7.7%	80,280,606	2.6%
>= 400 and < 500.....	246	8.0%	106,848,861	3.4%
>= 500 and < 750.....	549	17.8%	331,941,055	10.6%
>= 750 and < 1,000.....	382	12.4%	323,730,847	10.3%
>= 1,000 and < 1,500.....	583	18.9%	703,471,260	22.4%
>= 1,500 and < 2,000.....	388	12.6%	657,317,966	20.9%
>= 2,000 and < 2,500.....	157	5.1%	346,320,529	11.0%
>= 2,500 and < 3,000.....	99	3.2%	268,889,551	8.6%
>= 3,000 and < 3,500.....	33	1.1%	105,793,944	3.4%
>= 3,500 and < 4,000.....	15	0.5%	55,938,935	1.8%
>= 4,000 and < 5,000.....	13	0.4%	57,279,896	1.8%
>= 5,000.....	5	0.2%	26,709,108	0.9%
Total.....	3,083	100.0%	3,141,189,948	100.0%

Table 3: Distribution of Mortgage Loans by Current Balance

<u>Current loan size (SEK'000)</u>	<u>No. of Loans</u>	<u>Number %</u>	<u>Current Balance (SEK)</u>	<u>Current balance %</u>
< 200.....	188	6.1%	29,275,014	0.9%
>= 200 and < 300.....	227	7.4%	58,387,053	1.9%
>= 300 and < 400.....	246	8.0%	87,142,582	2.8%
>= 400 and < 500.....	239	7.8%	107,677,544	3.4%
>= 500 and < 750.....	541	17.5%	336,785,977	10.7%
>= 750 and < 1,000.....	386	12.5%	334,950,160	10.7%
>= 1,000 and < 1,500.....	571	18.5%	704,935,109	22.4%
>= 1,500 and < 2,000.....	381	12.4%	656,786,065	20.9%
>= 2,000 and < 2,500.....	145	4.7%	325,588,418	10.4%
>= 2,500 and < 3,000.....	97	3.1%	265,729,078	8.5%
>= 3,000 and < 3,500.....	31	1.0%	100,997,905	3.2%
>= 3,500 and < 4,000.....	15	0.5%	56,920,816	1.8%
>= 4,000 and < 5,000.....	11	0.4%	49,305,120	1.6%
>= 5,000.....	5	0.2%	26,709,108	0.9%
Total.....	3,083	100.0%	3,141,189,948	100.0%

Table 4: Distribution of Mortgage Loans by Current LTV

Current LTV (Loan level LTV)	No. of Loans	Number %	Current Balance (SEK)	Current balance %
< 10%	34	1.1%	5,461,113	0.2%
>= 10% and < 20%	60	1.9%	15,715,104	0.5%
>= 20% and < 30%	114	3.7%	46,435,978	1.5%
>= 30% and < 40%	101	3.3%	48,470,506	1.5%
>= 40% and < 50%	118	3.8%	91,710,503	2.9%
>= 50% and < 60%	185	6.0%	174,409,931	5.6%
>= 60% and < 70%	339	11.0%	358,670,124	11.4%
>= 70% and < 80%	819	26.6%	843,583,856	26.9%
>= 80% and < 90%	1,313	42.6%	1,556,732,833	49.6%
Total.....	3,083	100.0%	3,141,189,948	100.0%
Weighted average Current LTV	74.91%			
Maximum Current LTV	85.00%			
Minimum Current LTV	0.24%			

Current LTV is defined as the current balance of a Mortgage Loan (which for the avoidance of doubt is equal to the sum of the current loan parts where a Mortgage loan has more than one loan part) divided by the most recent property valuation.

Table 5: Distribution of Mortgage Loans by Original LTV

Original LTV (Loan level LTV)	No. of Loans	Number %	Current Balance (SEK)	Current balance %
< 10%	34	1.1%	6,773,767	0.2%
>= 10% and < 20%	57	1.8%	15,484,080	0.5%
>= 20% and < 30%	113	3.7%	46,458,798	1.5%
>= 30% and < 40%	108	3.5%	53,044,071	1.7%
>= 40% and < 50%	110	3.6%	82,000,763	2.6%
>= 50% and < 60%	185	6.0%	180,748,073	5.8%
>= 60% and < 70%	259	8.4%	257,419,049	8.2%
>= 70% and < 80%	608	19.7%	629,702,625	20.0%
>= 80% and < 90%	1,608	52.2%	1,868,941,108	59.5%
>=90%	1	0.0%	617,615	0.0%
Total.....	3,083	100.0%	3,141,189,948	100.0%
Weighted average Original LTV	75.93%			
Maximum Original LTV	90.00%			
Minimum Original LTV	2.78%			

Original LTV is defined as the original advance of the Mortgage Loan divided by the property valuation at the time of the original advance.

Table 6: Distribution of Mortgage Loans by Remaining Term

Remaining Term in months	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
< 240.....	28	0.8%	11,969,149	0.4%
>= 240 and < 300.....	38	1.1%	16,309,095	0.5%
>= 300 and < 360.....	287	8.3%	165,014,443	5.3%
>= 360 and < 420.....	217	6.2%	133,919,667	4.3%
>= 420 and < 480.....	2,903	83.6%	2,813,977,594	89.6%
Total.....	3,473	100.0%	3,141,189,948	100.0%
Weighted average remaining term	457.1			
Maximum remaining term	479.9			
Minimum remaining term	1.9			

Table 7: Distribution of Mortgage Loans by Seasoning

Seasoning (months since completion date)	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
< 12.....	1,763	50.8%	1,717,489,271	54.7%
>= 12 and < 24.....	1,293	37.2%	1,176,808,569	37.5%

Seasoning (months since completion date)	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
>= 24 and < 36.....	88	2.5%	61,010,621	1.9%
>= 36 and < 48.....	73	2.1%	49,005,753	1.6%
>= 48 and < 60.....	41	1.2%	26,592,341	0.8%
>= 60 and < 72.....	38	1.1%	21,191,557	0.7%
>= 72 and < 84.....	35	1.0%	21,329,557	0.7%
>= 84.....	142	4.1%	67,762,279	2.2%
Total.....	3,473	100.0%	3,141,189,948	100.0%
Weighted average seasoning	14.3			
Maximum seasoning	120.5			
Minimum seasoning	0.0			

Table 8: Distribution of Mortgage Loans by Geographic Location

Geographical concentration	No. of Loans	Number %	Current Balance (SEK)	Current balance %
Blekinge.....	58	1.9%	41,465,599	1.3%
Dalarnas.....	88	2.9%	56,186,816	1.8%
Gävleborgs.....	123	4.0%	70,909,983	2.3%
Gotlands.....	11	0.4%	12,854,775	0.4%
Hallands.....	65	2.1%	63,046,236	2.0%
Jämtlands.....	23	0.7%	12,375,889	0.4%
Jönköpings.....	72	2.3%	50,259,817	1.6%
Kalmar.....	63	2.0%	33,131,169	1.1%
Kronobergs.....	43	1.4%	26,758,342	0.9%
Norrbottnens.....	59	1.9%	45,778,619	1.5%
Örebro.....	78	2.5%	54,126,724	1.7%
Östergötlands.....	78	2.5%	63,948,773	2.0%
Skåne.....	398	12.9%	342,444,410	10.9%
Södermanlands.....	93	3.0%	82,830,124	2.6%
Stockholms.....	857	27.8%	1,366,426,237	43.5%
Uppsala.....	131	4.2%	152,651,434	4.9%
Värmlands.....	91	3.0%	60,376,275	1.9%
Västerbottens.....	55	1.8%	33,358,029	1.1%
Västernorrlands.....	110	3.6%	62,807,302	2.0%
Västmanlands.....	131	4.2%	86,931,008	2.8%
Västra Götalands.....	456	14.8%	422,522,388	13.5%
Total.....	3,083	100.0%	3,141,189,948	100.0%

Table 9: Distribution of Mortgage Loans by Amortisation Method

Distribution of mortgage loans by status	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Serial amortisation.....	2,526	72.7%	2,318,230,766	73.8%
Straight-line amortisation.....	938	27.0%	818,554,675	26.1%
Interest only.....	9	0.3%	4,404,508	0.1%
Total.....	3,473	100.0%	3,141,189,948	100.0%

Table 10: Distribution of Mortgage Loans by Interest Type

Distribution of mortgage loans by current interest rate type	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Fixed 1 Year.....	35	1.0%	32,302,948	1.0%
Fixed 3 Year.....	2,883	83.0%	2,576,964,058	82.0%
Fixed 5 Year.....	49	1.4%	46,337,175	1.5%
SVR (BVR 1).....	46	1.3%	18,392,199	0.6%

Distribution of mortgage loans by current interest rate type	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
SVR (BVR 2).....	21	0.6%	12,911,832	0.4%
SVR (BVR 3).....	439	12.6%	454,281,737	14.5%
Total.....	3,473	100.0%	3,141,189,948	100.0%

Table 11: Distribution of Mortgage Loans by Type of Property and Use

Property Type	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Villa – First home	1,833	52.8%	1,630,999,431	51.9%
Bostadsrätt	1,533	44.1%	1,458,071,291	46.4%
Vacation house	107	3.1%	52,119,227	1.7%
Total.....	3,473	100.0%	3,141,189,948	100.0%

Table 12: Distribution of Mortgage Loans by Purpose

Loan purpose	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Purchase.....	1,504	43.3%	1,588,985,767	50.6%
Remortgage.....	1,969	56.7%	1,552,204,181	49.4%
Total.....	3,473	100.0%	3,141,189,948	100.0%

Table 13: Distribution of Mortgage Loans by Months in arrears

Months in arrears	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
0	3,473	100.0%	3,141,189,948	100.0%
Total.....	3,473	100.0%	3,141,189,948	100.0%

Table 14: Distribution of Mortgage Loans by Income Certification

Income Certification	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Certified.....	2,163	62.3%	1,985,437,670	63.2%
Self Certified.....	1,310	37.7%	1,155,752,278	36.8%
Total.....	3,473	100.0%	3,141,189,948	100.0%

Table 15: Distribution of Mortgage Loans by First and Second Charge loans

First and Second Charge loans	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Loans with no prior ranking charges to other entity	3,473	100.0%	3,141,189,948	100.0%
Loans where other entity has prior ranking charge	0	0.0%	-	0.0%
Total.....	3,473	100.0%	3,141,189,948	100.0%

Table 16: Distribution of Mortgage Loans by current interest rate and type (Based on Current Balance)

Distribution of mortgage loans by current interest rate and type (Based on Current Balance)	Fixed 1 year	Fixed 3 year	Fixed 5 year	SVR (BVR 1)	SVR (BVR 2)	SVR (BVR 3)	Total
<2%	-	-	-	1,671	-	-	1,671
>=2% and < 4%	-	5,229,104	-	4,964,412	138,700	-	10,332,216
>=4% and < 6%	17,822,221	1,501,676,311	21,015,680	8,131,034	5,769,998	394,532,405	1,948,947,649
>=6% and < 8%	13,622,270	967,257,501	21,188,560	5,295,082	4,597,548	59,354,409	1,071,315,370
>=8% and < 10%	858,457	102,007,526	4,043,678	-	2,405,586	394,923	109,710,170
>=10% and < 12%	-	793,615	89,257	-	-	-	882,872
Total	32,302,948	2,576,964,058	46,337,175	18,392,199	12,911,832	454,281,737	3,141,189,948
Weighted average interest rate	5.73%						
Maximum interest rate	10.70%						
Minimum interest rate	1.94%						

Table 17: Distribution of Mortgage Loans by current interest rate and type (Based on No. of Loan Parts)

Distribution of mortgage loans by current interest rate and type (Based on No. of Loan Parts)	Fixed 1 year	Fixed 3 year	Fixed 5 year	SVR (BVR 1)	SVR (BVR 2)	SVR (BVR 3)	Total
<2%	-	-	-	1	-	-	1
>=2% and < 4%	-	11	-	15	1	-	27
>=4% and < 6%	21	1,397	22	13	9	361	1,823
>=6% and < 8%	11	1,203	19	17	7	76	1,333
>=8% and < 10%	3	269	7	-	4	2	285
>=10% and < 12%	-	3	1	-	-	-	4
Total	35	2,883	49	46	21	439	3,473

Table 18: Distribution of Mortgage Loans by potential reversionary variable interest type

Distribution of mortgage loans by potential reversionary variable interest type	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Fixed 1 year -> SVR (BVR1)	1	0.0%	484,978	0.0%
Fixed 1 year -> SVR (BVR2)	34	1.0%	31,817,970	1.0%
Fixed 3 year -> SVR (BVR1)	19	0.5%	7,544,823	0.2%
Fixed 3 year -> SVR (BVR2)	232	6.7%	136,731,206	4.4%
Fixed 3 year -> SVR (BVR3)	2,632	75.8%	2,432,688,029	77.4%
Fixed 5 year -> SVR (BVR1)	6	0.2%	3,837,969	0.1%
Fixed 5 year -> SVR (BVR2)	19	0.5%	8,923,976	0.3%
Fixed 5 year -> SVR (BVR3)	24	0.7%	33,575,230	1.1%
SVR (BVR1)	46	1.3%	18,392,199	0.6%
SVR (BVR2)	21	0.6%	12,911,832	0.4%
SVR (BVR3)	439	12.6%	454,281,737	14.5%
Total	3,473	100.0%	3,141,189,948	100.0%

HISTORICAL AMORTISATION RATES AND DELINQUENCY AND LOSS EXPERIENCE OF BLUESTEP MORTGAGE LOANS

Loss Severities

For each Bluestep mortgage loan that has undergone enforcement and for which the collateral was sold between 2006 and 2016 (inclusive) the loss amount was calculated as the greater of zero and the total balance owed by the borrower on the sale date of the collateral (inclusive of any accrued but unpaid interest and charges) minus the net sale proceeds of the collateral. Grouped by year of property sale, weighted average loss severities are presented below using three measures:

- (a) For each loan, the loss severity was calculated as the loss amount divided by the principal balance of the relevant Bluestep mortgage loan on the sale date. The "*Weighted Average Loss Severity as % of Outstanding Principal Balance*" was calculated by weighting the loss severity by the principal balance of the relevant Bluestep mortgage loan on the sale date.
- (b) For each loan, the loss severity was calculated as the loss amount including subsequent recoveries (being such amounts collected following the sale of the property which are pursued from borrowers for at least 10 years following the sale of the property) divided by the principal balance of the relevant Bluestep mortgage loan on the sale date. The "*Weighted Average Loss Severity (incl. recoveries) as % of Outstanding Principal Balance*" was calculated by weighting the loss severity by the principal balance of the relevant Bluestep mortgage loan on the sale date. This loss severity deducts from the initial loss amount on each relevant Bluestep mortgage loan any amounts recovered from the borrower at a later date.
- (c) For each loan, the loss severity was calculated as the loss amount including subsequent recoveries divided by the total outstanding balance (inclusive of any accrued but unpaid interest and charges) of the relevant Bluestep mortgage loan on the sale date. The "*Weighted Average Loss Severity (incl. Recoveries) as % of Total Outstanding Balance*" was calculated by weighting the loss severity by the total outstanding balance of the relevant Bluestep mortgage loan on the sale date. This loss severity deducts from the initial loss amount on each relevant Bluestep mortgage loan any amounts recovered from the borrower at a later date.

Year of Property Sale	No of Properties	Weighted Average Loss Severity as % of Outstanding Principal Balance	Weighted Average Loss Severity (incl. recoveries) as % of Outstanding Principal Balance	Weighted Average Loss Severity (incl. Recoveries) as % of Total Outstanding Balance
2006	1	0.0%	0.0%	0.0%
2007	9	-5.7%	-1.7%	-1.6%
2008	40	-9.7%	-4.5%	-4.1%
2009	144	-22.5%	-17.2%	-14.8%
2010	137	-24.3%	-17.8%	-15.1%
2011	140	-24.2%	-18.2%	-15.9%
2012	112	-28.4%	-22.5%	-19.6%
2013	126	-26.5%	-23.5%	-20.3%
2014	116	-29.8%	-28.4%	-25.2%
2015	93	-30.8%	-28.9%	-25.9%
2016	81	-20.5%	-20.5%	-18.9%

Arrears

For the purposes of calculating these arrears statistics, a mortgage loan is identified as being in arrears when an invoiced monthly payment has not been received in full after 30 days of its respective due date. Arrears classification is determined based on the number of full monthly payments that have been missed. The following data indicates, for the Bluestep Swedish mortgage loan portfolio, and for a given month, the outstanding balance of the loan receivables which are in arrears by greater than or equal to 1 and 3 months respectively, expressed as a percentage of the total outstanding balance of the Bluestep Swedish mortgage loan portfolio.

"Total Arrears" for any given month is defined as all mortgage loans where there has been at least 1 fully missed monthly payment divided by the total outstanding balance of the Bluestep Swedish mortgage loan portfolio.

"Late Stage Arrears" for any given month is defined as all mortgage loans where there has been at least 3 fully missed monthly payments divided by the total outstanding balance of the Bluestep Swedish mortgage loan portfolio.

Month	Total Arrears	Late Stage Arrears
Sep-05	0.00%	0.00%
Dec-05	1.27%	0.00%
Mar-06	2.36%	0.71%
Jun-06	1.47%	1.06%
Sep-06	2.16%	0.88%
Dec-06	2.61%	0.75%
Mar-07	3.96%	1.32%
Jun-07	4.33%	1.58%
Sep-07	4.06%	1.41%
Dec-07	4.86%	2.01%
Mar-08	6.32%	2.59%
Jun-08	6.40%	3.07%
Sep-08	6.73%	3.60%
Dec-08	8.71%	4.43%
Mar-09	11.54%	5.66%
Jun-09	10.38%	5.84%
Sep-09	8.90%	4.70%
Dec-09	8.59%	4.32%
Mar-10	8.45%	4.02%
Jun-10	7.90%	3.84%
Sep-10	7.51%	3.68%
Dec-10	6.68%	3.01%
Mar-11	6.92%	2.82%
Jun-11	7.72%	3.06%
Sep-11	7.04%	3.33%
Dec-11	7.30%	3.05%
Mar-12	7.01%	3.06%
Jun-12	7.27%	2.90%
Sep-12	6.76%	3.04%
Dec-12	6.77%	2.99%
Mar-13	7.14%	3.13%
Jun-13	6.67%	2.97%
Sep-13	6.50%	2.85%
Dec-13	5.66%	2.63%
Mar-14	6.25%	2.30%
Jun-14	5.97%	2.27%
Sep-14	5.39%	2.14%
Dec-14	4.99%	1.70%
Mar-15	5.06%	1.91%
Jun-15	4.89%	1.46%
Sep-15	4.26%	1.30%
Dec-15	3.70%	1.09%
Mar-16	3.69%	1.15%
Jun-16	3.30%	0.97%
Sep-16	3.15%	0.84%
Dec-16	2.61%	0.80%

Amortisation Rate

The monthly annualised amortisation rate percentage was calculated for the Bluestep Swedish mortgage loan portfolio using the following formula:

$$1 - (1-D)^{(365 / \text{number of days in the month})} \text{ and } D = (A - (B-C)) / A$$

Where:

A = Bluestep Swedish mortgage loan portfolio balance at previous month end

B = Bluestep Swedish mortgage loan portfolio balance at current month end

C = Amount of new Bluestep Swedish mortgage loan originations for current month

Month	Monthly Amortisation Rate (annualised)	3m Moving Avg of Monthly Amortisation Rates	12m Moving Avg of Monthly Amortisation Rates	Annual Avg Amortisation Rate
Apr-05				
May-05	0.68%			
Jun-05	95.87%			
Jul-05	0.56%	32.37%		
Aug-05	35.96%	44.13%		
Sep-05	15.28%	17.27%		
Oct-05	22.75%	24.66%		
Nov-05	2.81%	13.61%		
Dec-05	5.64%	10.40%		22.44%
Jan-06	15.49%	7.98%		
Feb-06	25.52%	15.55%		
Mar-06	11.62%	17.55%		
Apr-06	22.57%	19.91%	21.23%	
May-06	19.81%	18.00%	22.82%	
Jun-06	24.12%	22.17%	16.84%	
Jul-06	15.02%	19.65%	18.05%	
Aug-06	14.27%	17.80%	16.24%	
Sep-06	11.70%	13.67%	15.94%	
Oct-06	19.05%	15.01%	15.64%	
Nov-06	23.79%	18.18%	17.39%	
Dec-06	17.62%	20.15%	18.38%	18.38%
Jan-07	19.53%	20.31%	18.72%	
Feb-07	18.28%	18.48%	18.12%	
Mar-07	21.71%	19.84%	18.96%	
Apr-07	20.64%	20.21%	18.80%	
May-07	22.50%	21.62%	19.02%	
Jun-07	27.16%	23.43%	19.27%	
Jul-07	15.87%	21.84%	19.34%	
Aug-07	23.49%	22.17%	20.11%	
Sep-07	18.19%	19.18%	20.65%	
Oct-07	26.73%	22.80%	21.29%	
Nov-07	24.22%	23.04%	21.33%	
Dec-07	13.10%	21.35%	20.95%	20.95%
Jan-08	22.16%	19.83%	21.17%	
Feb-08	24.94%	20.07%	21.73%	
Mar-08	21.94%	23.01%	21.74%	
Apr-08	28.56%	25.15%	22.40%	
May-08	28.33%	26.28%	22.89%	
Jun-08	22.96%	26.62%	22.54%	
Jul-08	22.54%	24.61%	23.10%	
Aug-08	23.33%	22.94%	23.08%	
Sep-08	18.42%	21.43%	23.10%	
Oct-08	18.35%	20.03%	22.40%	
Nov-08	16.86%	17.88%	21.79%	
Dec-08	17.18%	17.46%	22.13%	22.13%
Jan-09	16.57%	16.87%	21.66%	
Feb-09	23.33%	19.02%	21.53%	
Mar-09	23.64%	21.18%	21.67%	
Apr-09	30.29%	25.75%	21.82%	
May-09	23.42%	25.79%	21.41%	
Jun-09	22.47%	25.40%	21.37%	
Jul-09	22.91%	22.94%	21.40%	
Aug-09	21.01%	22.13%	21.20%	
Sep-09	18.58%	20.83%	21.22%	
Oct-09	21.35%	20.31%	21.47%	
Nov-09	17.09%	19.00%	21.49%	
Dec-09	14.94%	17.79%	21.30%	21.30%
Jan-10	15.94%	15.99%	21.25%	
Feb-10	20.40%	17.09%	21.00%	
Mar-10	21.91%	19.42%	20.86%	
Apr-10	21.78%	21.36%	20.15%	
May-10	28.16%	23.95%	20.54%	
Jun-10	11.18%	20.37%	19.60%	
Jul-10	21.07%	20.13%	19.45%	
Aug-10	19.23%	17.16%	19.30%	
Sep-10	20.01%	20.10%	19.42%	
Oct-10	20.38%	19.87%	19.34%	
Nov-10	20.77%	20.39%	19.65%	
Dec-10	18.39%	19.85%	19.93%	19.93%
Jan-11	16.19%	18.45%	19.95%	
Feb-11	21.76%	18.78%	20.07%	

Month	Monthly Amortisation Rate (annualised)	3m Moving Avg of Monthly Amortisation Rates	12m Moving Avg of Monthly Amortisation Rates	Annual Avg Amortisation Rate
Mar-11	15.18%	17.71%	19.51%	
Apr-11	20.45%	19.13%	19.40%	
May-11	20.52%	18.72%	18.76%	
Jun-11	17.68%	19.55%	19.30%	
Jul-11	11.64%	16.62%	18.52%	
Aug-11	13.17%	14.16%	18.01%	
Sep-11	17.39%	14.07%	17.79%	
Oct-11	16.98%	15.85%	17.51%	
Nov-11	16.38%	16.92%	17.14%	
Dec-11	14.54%	15.97%	16.82%	16.82%
Jan-12	10.50%	13.81%	16.35%	
Feb-12	17.58%	14.21%	16.00%	
Mar-12	16.69%	14.92%	16.13%	
Apr-12	12.97%	15.74%	15.50%	
May-12	17.29%	15.65%	15.23%	
Jun-12	16.42%	15.56%	15.13%	
Jul-12	10.97%	14.89%	15.07%	
Aug-12	15.05%	14.15%	15.23%	
Sep-12	12.42%	12.81%	14.82%	
Oct-12	17.54%	15.00%	14.86%	
Nov-12	17.97%	15.98%	14.99%	
Dec-12	13.44%	16.32%	14.90%	14.90%
Jan-13	12.42%	14.61%	15.06%	
Feb-13	13.01%	12.96%	14.68%	
Mar-13	17.07%	14.17%	14.71%	
Apr-13	19.19%	16.42%	15.23%	
May-13	18.22%	18.16%	15.31%	
Jun-13	15.39%	17.60%	15.22%	
Jul-13	14.92%	16.18%	15.55%	
Aug-13	18.51%	16.27%	15.84%	
Sep-13	12.42%	15.29%	15.84%	
Oct-13	19.50%	16.81%	16.01%	
Nov-13	23.25%	18.39%	16.45%	
Dec-13	13.78%	18.84%	16.47%	16.47%
Jan-14	8.66%	15.23%	16.16%	
Feb-14	14.41%	12.28%	16.28%	
Mar-14	14.66%	12.58%	16.08%	
Apr-14	19.34%	16.14%	16.09%	
May-14	18.40%	17.47%	16.10%	
Jun-14	11.84%	16.53%	15.81%	
Jul-14	21.36%	17.20%	16.35%	
Aug-14	19.12%	17.44%	16.40%	
Sep-14	12.53%	17.67%	16.40%	
Oct-14	15.95%	15.86%	16.11%	
Nov-14	22.76%	17.08%	16.07%	
Dec-14	22.67%	20.46%	16.81%	16.81%
Jan-15	15.14%	20.19%	17.35%	
Feb-15	18.20%	18.67%	17.66%	
Mar-15	18.24%	17.19%	17.96%	
Apr-15	24.58%	20.34%	18.40%	
May-15	20.73%	21.18%	18.59%	
Jun-15	24.30%	23.20%	19.63%	
Jul-15	18.56%	21.20%	19.40%	
Aug-15	15.45%	19.44%	19.09%	
Sep-15	18.82%	17.61%	19.62%	
Oct-15	19.88%	18.05%	19.94%	
Nov-15	20.64%	19.78%	19.77%	
Dec-15	19.97%	20.16%	19.54%	19.54%
Jan-16	16.16%	18.92%	19.63%	
Feb-16	18.97%	18.37%	19.69%	
Mar-16	21.36%	18.83%	19.95%	
Apr-16	19.40%	19.91%	19.52%	
May-16	22.90%	21.22%	19.70%	
Jun-16	20.16%	20.82%	19.35%	
Jul-16	17.18%	20.08%	19.24%	
Aug-16	17.14%	18.16%	19.38%	
Sep-16	22.61%	18.98%	19.70%	
Oct-16	17.27%	19.01%	19.48%	
Nov-16	21.26%	20.38%	19.53%	
Dec-16	19.71%	19.41%	19.51%	19.51%

SALE OF THE MORTGAGE LOAN PORTFOLIO UNDER THE MORTGAGE LOAN SALE AGREEMENT

Mortgage Loan Sale Agreement

The following section contains a summary of the material terms of the Mortgage Loan Sale Agreement. The summary does not purport to be complete and is subject to the provisions of the Mortgage Loan Sale Agreement.

At the date of this Prospectus, certain of the Mortgage Loans are owned by Bluestep Finans Funding No 1 AB, a limited liability company registered and incorporated in Sweden (registered number 556791-6928) under the laws of Sweden and having its registered office at Sveavägen 163, Box 23138, Stockholm, SE – 10435, Sweden (the "**Warehouser**"), such mortgage loans having been previously purchased by the Warehouser from the Mortgage Loan Seller.

The Issuer will enter into the Mortgage Loan Sale Agreement with the Warehouser, the Mortgage Loan Seller and the Trustee on the Closing Date. Under that agreement, the Mortgage Loan Seller will agree (a) to purchase the BFFAB Mortgage Loans from the Warehouser at the Aggregate Principal Outstanding Balance of the BFFAB Mortgage Loans as at 28 February 2017 (the "**BFFAB Loan Purchase Price**") and (b) to sell to the Issuer the Original Mortgage Loan Portfolio (including such BFFAB Mortgage Loans), and the Issuer will agree to purchase the Original Mortgage Loan Portfolio at the Aggregate Principal Outstanding Balance of the Original Mortgage Loan Portfolio as at 28 February 2017 (the "**Mortgage Loan Purchase Price**"). The benefit of the security provided under the Mortgage Loans in the Original Mortgage Loan Portfolio will transfer to the Issuer upon the Issuer's purchase of the Original Mortgage Loan Portfolio.

The Deferred Consideration shall be payable to the Mortgage Loan Seller on each Interest Payment Date subject to and as specified in the applicable Payments Priorities and shall be an amount equal to the remaining balance (if any) of the moneys available on such Interest Payment Date for application in accordance with the Pre-Enforcement Interest Payments Priorities or the Post-Enforcement Payments Priorities, as applicable.

Loan Warranties

As at each date a Mortgage Loan is advanced to a Borrower and as at the date the Mortgage Loans are sold to the Issuer, the relevant Mortgage Loan Agreements will be required to comply with certain eligibility criteria (the "**Lending Criteria**") which are set out under "*The Mortgage Loan Portfolio – Characteristics of the Mortgage Loans - Lending Criteria*". They will also be required to comply with certain representations and warranties (each, a "**Loan Warranty**") given by the Mortgage Loan Seller.

The Loan Warranties to be given by the Mortgage Loan Seller to the Issuer will include (as of the Closing Date):

1. The Mortgage Loan Seller is the absolute owner of the Mortgage Loans and has the benefit of any related Collateral. No Mortgage Loan is subject to any security interest created by the Mortgage Loan Seller or other encumbrance other than the security created by the Swedish Security Agreement.
2. Each Mortgage Loan constitutes a valid and binding obligation of the Borrower.
3. For each Mortgage Loan, its Collateral is valid, binding and first ranking security over the relevant Property or Bostadsrätt and secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower under the related Mortgage Loan. Such security will rank prior to the security over the Collateral securing any Further Advance.
4. No registration or other action is required to perfect or create the security interest of the Mortgage Loan Seller in any Pantbrev or Bostadsrätt other than delivery of the Pantbrev to the pledgee (in the case of a Pantbrev which is not a Datapantbrev), keeping Datapantbrev in the pledgee's electronic archive with the Swedish Land Registry (*Sw. Lantmäteriverket*) (the "**Swedish Land Registry**") or notifying the relevant housing co-operative of the pledge in relation to Bostadsrätt Security.

5. No lien or right of set-off or counterclaim has been created or arisen between the Mortgage Loan Seller and any Borrower other than set-off which is applied in connection with the netting of the Retained Amount against any interest or principal prepayment amounts owed by the Borrower in the event of the Borrower's prepayment of the Mortgage Loan in the first year after origination.
6. Searches of the Swedish Land Registry in respect of the Property proposed to be subject to the Pantbrev and with the Swedish Business and Credit Information Agency (*Sw. Upplysningscentralen UC AB*) in respect of the Borrower have been carried out and the relevant housing co-operative has been contacted in respect of any prior ranking security interests in the relevant Bostadsrätt in accordance with either the Mortgage Loan Seller's (or in the case of certain loans originated on or prior to 31 March 2011) Bluestep Bostadslån's procedures.
7. In relation to each Pantbrev or Bostadsrätt, the Borrower and any other pledgor under such Pantbrev or Bostadsrätt (as applicable) have a good and marketable title to the relevant Property or Bostadsrätt forming security under such Mortgage Loan and the Assigned Rights are capable of being assigned or pledged.
8. The Property or Bostadsrätt in relation to each Mortgage Loan has either: been valued on behalf of either the Mortgage Loan Seller or Bluestep Bostadslån; or where it has not been valued, the value is confirmed by a data base valuation or confirmation that the purchase price has been achieved through an open market transaction.
9. Each Mortgage Loan and its related Collateral has been made on the terms of the standard documentation (so far as applicable) which has not been varied in any material respect.
10. Interest on each Mortgage Loan is: (a) charged in accordance with the provisions of that Mortgage Loan; and (b) calculated by reference to the rate (being the Bluestep Fixed Reference Rate or the Bluestep Variable Reference Rate) applicable to mortgage loans originated by either the Mortgage Loan Seller or (in the case of certain loans originated on or prior to 31 March 2011) Bluestep Bostadslån, as at the date of origination of such Mortgage Loan, or as at its most recent Quarterly Reset Date (in respect of Standard Variable Mortgage Loans) or as reset at the expiry of the current Fixed Rate Period (in respect of the Fixed Rate Mortgage Loans).
11. The Mortgage Loan Seller, Bluestep Bostadslån or the Servicer has procured that full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts and proceedings relating to each Mortgage Loan or its related Collateral.
12. The mortgage rate (including the reference rate and any margin) of each Mortgage Loan is not below 3 month STIBOR.
13. Neither the Mortgage Loan Seller nor Bluestep Bostadslån has received written notice of any litigation or claim calling into question in any material way its title to any Mortgage Loan or its related Collateral.
14. Each Borrower is a natural person residing in Sweden and no Borrower is at present an employee of the Mortgage Loan Seller or any member of the Mortgage Loan Seller's group of companies (including, for the avoidance of doubt, Bluestep Bostadslån).
15. Each Mortgage Loan has a final repayment date and:
 - (a) the Servicer has in its possession or under its control the promissory note relating to each Mortgage Loan; and
 - (b) each Pantbrev is either in the custody of the Servicer (in the case of physical Pantbrev) or registered in an electronic archive managed by the Servicer (in the case of Datapantbrev) and the security interest over each Bostadsrätt has been duly notified to the relevant housing co-operative.
16. The aggregate principal amount of the Pantbrev or the registered security in the Bostadsrätt presently held by the Servicer in relation to each Mortgage Loan is equal to or exceeds the Principal Outstanding Balance under such Mortgage Loan.

17. All Mortgage Loans were originated by the Mortgage Loan Seller or Bluestep Bostadslån in accordance with the terms of the Lending Criteria.
18. Each Mortgage Loan is governed by the law of Sweden.
19. No Borrower has any monies held on deposit by the Mortgage Loan Seller or any member of the Mortgage Loan Seller's group of companies (including, for the avoidance of doubt, Bluestep Bostadslån) other than any Retained Amount in connection with a Mortgage Loan held in the Elevated Interest Account.
20. Each Mortgage Loan and the Ancillary Mortgage Rights relating thereto is duly and validly existing.
21. To the best of the Mortgage Loan Seller's knowledge, no Borrower is in any material breach of any provisions of their relevant Mortgage Loan.
22. The Borrower in respect of each Mortgage Loan has made at least one monthly payment of interest.
23. The Property or Bostadsrätt related to the Mortgage Loan are not the subject of residential letting.
24. As of the Cut-Off Date, no amounts due under any Mortgage Loan were unpaid for more than 30 days.
25. Interest payments and, to the extent applicable, principal payments with respect to each Mortgage Loan are scheduled to be made monthly.
26. The Mortgage Loan documentation is in compliance with applicable law, including but not limited to the Swedish Consumer Credit Act or to the extent that it is not, such non-compliance will not impact the enforceability of the Mortgage Loans.
27. No maturity date in respect of any Mortgage Loan falls later than the date falling three years prior to the Final Maturity Date.
28. As at the Cut-Off Date, the Provisional Mortgage Loan Portfolio contains all of the Further Advances which relate to the Mortgage Loans which are in the Provisional Mortgage Loan Portfolio.

If any of the Loan Warranties proves to have been untrue at the Closing Date, the Issuer or, the Servicer (in accordance with the Mortgage Loan Servicing Agreement) shall promptly notify the Mortgage Loan Seller and the Issuer (with a copy to the Trustee) and the Mortgage Loan Seller will have an obligation to rectify the breach (if capable of remedy) within 21 days from becoming aware of such breach or from receiving notice of such breach from the Issuer or the Servicer, whichever is the earlier.

If in the reasonable opinion of the Servicer, such breach is not capable of remedy, or, if it is capable of remedy, is not remedied within 21 days, the Mortgage Loan Seller shall immediately repurchase or cause a third party to purchase the relevant Mortgage Loan.

The consideration payable by the Mortgage Loan Seller or a third party purchaser, as the case may be, to the Issuer for the repurchase or purchase (as applicable) shall be an amount equal to the aggregate of: (a) the Principal Outstanding Balance of the relevant Retired Mortgage Loan as at the date of repurchase or purchase (as applicable); (b) an amount equal to all other amounts due in respect of the relevant Retired Mortgage Loan and other related Assigned Rights to the date of repurchase or purchase (as applicable); (c) an amount equal to the interest on the Principal Outstanding Balance of the relevant Retired Mortgage Loan from the date of repurchase or purchase (as applicable) to the immediately succeeding Interest Payment Date; and (d) the properly incurred costs and expenses of the Issuer incurred in relation to such repurchase or purchase (as applicable) or, as applicable, the aggregate of the foregoing amounts which would have subsisted but for the breach of the relevant Loan Warranty, after deducting an amount equal to any interest not yet accrued but paid in advance to the Issuer in respect of such Retired Mortgage Loan(s) (which amounts paid in advance the Issuer shall be entitled to keep).

If, in relation to any Assigned Rights included in the Mortgage Loan Portfolio, the exercise or purported exercise by any Borrower of any right of set-off in respect of any debt (present or future, actual or contingent) due or owing by the Mortgage Loan Seller or the Warehouser to such Borrower or alleged to be so due and owing or any other equity, counterclaim or other similar right or action arises which reduces any amount payable by a Borrower in respect of the Assigned Rights, the Mortgage Loan Seller will on demand, pay to the Issuer an amount equal to such reduction and will indemnify and hold the Issuer harmless against all other costs, damages, claims, losses, expenses and liabilities which the Issuer may suffer as a result thereof.

If a Mortgage Loan expressed to be included in the Mortgage Loan Portfolio has ceased to exist on the date on which it is due to be repurchased, the Mortgage Loan Seller shall, on demand, indemnify the Issuer against any Liabilities suffered by the Issuer by reason of the breach of the relevant Loan Warranty or the relevant Further Advance Warranty (as applicable), provided that the amount of any indemnity payable by the Mortgage Loan Seller shall not exceed the aggregate of: (a) the aggregate principal amount that would have been payable by the Borrower in respect of such Mortgage Loan on and after the Closing Date had the Mortgage Loan complied with each of the Loan Warranties or Further Advance Warranties (as applicable) on the Closing Date or the Advance Date (as applicable); and (b) interest on such aggregate principal amount at the rate applicable to the relevant Mortgage Loans from the day each relevant sum comprised in such aggregate principal amount was expressed to fall due and payable under the relevant Mortgage Loan Agreement to the date upon which the relevant payment is made by the Mortgage Loan Seller.

If a Mortgage Loan expressed to be included in the Mortgage Loan Portfolio has never existed, the Mortgage Loan Seller shall pay to the Issuer an amount equal to the aggregate of: (a) the aggregate principal amount that would have been payable by the relevant Borrower had such asset existed and constituted a Mortgage Loan for the purposes of the Mortgage Loan Portfolio and complied with each of the Loan Warranties or the Further Advance Warranties (as applicable) on the Closing Date or the Advance Date (as applicable); and (b) interest on such aggregate principal amount at a rate certified by the Mortgage Loan Seller to be equal to the mortgage rate applicable to a Mortgage Loan of comparable tenor, amount and maturity date comprised in the Mortgage Loan Portfolio in which the Mortgage Loan Seller purported to include the non-existent mortgage loan, calculated from the date which each amount comprised in such aggregate principal amount was expressed to fall due and payable to the date upon which the relevant payment is made to the Issuer.

Further Advances

At its discretion from (but excluding) the Closing Date the Mortgage Loan Seller may make a Further Advance to an existing Borrower of a Mortgage Loan in the Original Mortgage Loan Portfolio at any time and may offer to sell such Further Advance to the Issuer, and the Issuer upon such offer shall purchase such Further Advance provided that (i) the acquisition of such Further Advances does not give rise to a licensing requirement under the Swedish Banking and Financing Business Act (*lag (2004:297) om bankoch finansieringsrörelse*) in respect of the Issuer and (ii) the following conditions are satisfied on such Advance Date in respect of each Further Advance and the Mortgage Loan Seller confirms satisfaction of the following conditions to the Issuer and the Trustee on the Interest Payment Date immediately following such Advance Date:

- (a) the date on which the Further Advance is sold to the Issuer falls before the Step-Up Date;
- (b) no Event of Default has occurred and is continuing;
- (c) no Insolvency Event has occurred in respect of the Mortgage Loan Seller;
- (d) the purchase of the Further Advance will not result in the aggregate principal balance outstanding of all Further Advances purchased by the Issuer exceeding 5% of the aggregate SEK Equivalent Principal Amount Outstanding of the Notes as at the Closing Date;
- (e) the Aggregate Principal Outstanding Balance of the Mortgage Loans comprising the Mortgage Loan Portfolio, which are more than 90 days in arrears, is less than 6% of the Aggregate Principal Outstanding Balance of the Mortgage Loans comprising the Mortgage Loan Portfolio;

- (f) the Further Advance and its related Collateral comply, as at the Advance Date, with the Further Advance Warranties required to be given on each Advance Date;
- (g) the original weighted average LTV ratio of the Mortgage Loan Portfolio does not exceed 77.5 per cent. of the market value of the Property or Bostadsrätt, as determined through the standard valuation methodologies adopted by either the Mortgage Loan Seller, or in respect of certain Mortgage Loans originated prior to 31 March 2011, Bluestep Bostadslån;
- (h) the current LTV ratio for the relevant Borrower (as measured by the Principal Outstanding Balance of such Mortgage Loan plus the relevant Further Advance divided by the latest valuation) is less than 85% of the market value of the Property or Bostadsrätt;
- (i) the Aggregate Principal Outstanding Balance of any Mortgage Loans in the Mortgage Loan Portfolio (including any Further Advance) with an interest only part does not exceed 1% of the Aggregate Principal Outstanding Balance of the Mortgage Loans in the Mortgage Loan Portfolio;
- (j) each fixed rate loan which is the subject of a Further Advance will be included in the calculation of the notional amount in respect of the Swap Transactions which begin in the calendar month immediately following the calendar month in which such Further Advance is transferred to the Issuer; and
- (k) in respect of a Mortgage Loan subject to Pantbrev Security, it will be documented in the promissory note for the Further Advance that the security consist of a new Pantbrev with a second ranking security over the Property in question and a second ranking security interest in the Pantbrev securing the Original Mortgage Loan.

If the Mortgage Loan Seller is unable to provide a confirmation to the Issuer and the Trustee on the Interest Payment Date immediately following the relevant Advance Date that the above conditions are met on such Advance Date in respect of each Further Advance, the Mortgage Loan Seller will repurchase such Further Advance and notify the relevant Borrower(s) and the Servicer of such repurchase, the consideration in relation to the repurchase of such Further Advance shall be netted against the unpaid Further Advance Purchase Price and no amount shall be payable by the Mortgage Loan Seller provided that the Issuer shall remain entitled to the benefit of all Collections received on and following the Advance Date to and excluding such date on which such Further Advance is repurchased.

As security interests in a Bostadsrätt are ranked based on the sequence in which they have been notified to the housing co-operative and all Mortgage Loans have been duly notified to the relevant housing co-operative, any Further Advance made to a Borrower that has provided Bostadsrätt Security will rank junior to the Original Mortgage Loan in the Original Mortgage Loan Portfolio.

The Issuer will pay the Further Advance Purchase Price on the next Interest Payment Date from Available Principal Distribution Amount. If there is insufficient Available Principal Distribution Amount on such Interest Payment Date, either the Mortgage Loan Seller will repurchase such Further Advance or the payment of the Further Advance Purchase Price by the Issuer may be deferred until the next successive Interest Payment Date, upon which date either the Further Advance Purchase Price will be paid to the Mortgage Loan Seller by the Issuer or, if there is insufficient Available Principal Distribution Amount, the Mortgage Loan Seller will repurchase such Further Advance (such repurchase amount shall be netted against the unpaid Further Advance Purchase Price and no amount shall be payable by the Mortgage Loan Seller provided that the Issuer shall remain entitled to the benefit of all Collections received on and following the Advance Date to and excluding such Interest Payment Date on which such Further Advance is repurchased) and notify the relevant Borrower(s) of such repurchase.

A "**Further Advance**" means one, or more, additional mortgage loans granted to a Borrower of a Mortgage Loan in the Original Mortgages Loan Portfolio after the Closing Date.

The "**Further Advance Purchase Price**" means the Principal Outstanding Balance of the relevant Further Advance as at the Advance Date.

Further Advance Warranties

As at each date a Further Advance is advanced to a Borrower and as at the date the Further Advances are sold to the Issuer (an "**Advance Date**"), the relevant Mortgage Loan Agreements will be required to

comply with the Lending Criteria which are set out under "*The Mortgage Loan Portfolio – Characteristics of the Mortgage Loans – Lending Criteria*". They will also be required to comply with certain representations and warranties (each, a "**Further Advance Warranty**") given by the Mortgage Loan Seller.

The Further Advance Warranties to be given by the Mortgage Loan Seller to the Issuer will include (as of the Advance Date):

1. The Mortgage Loan Seller is the absolute owner of the Further Advances and has the benefit of any related Collateral. The Further Advance is not subject to any security interest created by the Mortgage Loan Seller or other encumbrance other than the security created by the Swedish Security Agreement.
2. The Further Advance constitutes a valid and binding obligation of the Borrower.
3. For each Further Advance, its Collateral is valid and binding security over the relevant Property or Bostadsrätt and secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower under the related Further Advance (such security ranking second only to the security over the Collateral securing the Original Mortgage Loan).
4. No registration or other action is required to perfect or create the security interest of the Mortgage Loan Seller in any Pantbrev or Bostadsrätt securing the Further Advance other than delivery of the Pantbrev to the pledgee (in the case of a Pantbrev which is not a Datapantbrev), keeping Datapantbrev in the pledgee's electronic archive with the Swedish Land Registry or notifying the relevant housing co-operative of the pledge in relation to Bostadsrätt Security.
5. No lien or right of set off or counterclaim has been created or arisen between the Mortgage Loan Seller and any Borrower other than the set-off which is applied in connection with the netting of the Retained Amount against any interest or principal prepayment amounts owed by the Borrower in the event of the Borrower's prepayment of the Mortgage Loan in the first year after origination.
6. Searches of the Swedish Land Registry in respect of the Property proposed to be subject to the Pantbrev securing the Further Advance and with the Swedish Business and Credit Information Agency in respect of the Borrower have been carried out and the relevant housing co-operative has been contacted in respect of any prior ranking security interests in the relevant Bostadsrätt in accordance with the Mortgage Loan Seller's procedures.
7. In relation to each Pantbrev or Bostadsrätt securing the Further Advance, the Borrower and any other pledgor under such Pantbrev or Bostadsrätt (as applicable) have a good and marketable title to the relevant Property or Bostadsrätt forming security under such Further Advance and the Assigned Rights are capable of being assigned or pledged.
8. The Property or Bostadsrätt in relation to each Further Advance has either: been valued on behalf of either the Mortgage Loan Seller; or where it has not been valued, the value is confirmed by a data base valuation or confirmation that the purchase price has been achieved through an open market transaction.
9. Each Further Advance and its related Collateral has been made on the terms of the standard documentation (so far as applicable) which has not been varied in any material respect.
10. Interest on each Further Advance is: (a) charged in accordance with the provisions of that Further Advance; and (b) calculated by reference to the rate (being the Bluestep Fixed Reference Rate or the Bluestep Variable Reference Rate) applicable to mortgage loans originated by either the Mortgage Loan Seller, as at the date of origination of such Further Advance, or as at its most recent Quarterly Reset Date (in respect of Standard Variable Mortgage Loans) or as reset at the expiry of the current Fixed Rate Period (in respect of the Fixed Rate Mortgage Loans).
11. The Mortgage Loan Seller or the Servicer has procured that full and proper accounts, books and records have been kept showing clearly all material transactions, payments, receipts and proceedings relating to each Further Advance or its related Collateral.

12. The mortgage rate (including the reference rate and any margin) of each Further Advance is not below 3 month STIBOR.
13. The Mortgage Loan Seller has not received written notice of any litigation or claim calling into question in any material way its title to any Further Advance or its related Collateral.
14. Each Borrower is a natural person residing in Sweden and no Borrower is at present an employee of the Mortgage Loan Seller or any member of the Mortgage Loan Seller's group of companies.
15. Each Further Advance has a final repayment date and:
 - (a) the Servicer has in its possession or under its control the promissory note relating to each Further Advance; and
 - (b) each Pantbrev securing the Further Advance is either in the custody of the Servicer (in the case of physical Pantbrev) or registered in an electronic archive managed by the Servicer (in the case of Datapantbrev) and the security interest over each Bostadsrätt has been duly notified to the relevant housing co-operative.
16. The aggregate principal amount of the Pantbrev or the registered security in the Bostadsrätt presently held by the Servicer in relation to each Further Advance is equal to or exceeds the Principal Outstanding Balance under such Further Advance.
17. The Further Advances were originated by the Mortgage Loan Seller in accordance with the terms of the Lending Criteria.
18. Each Further Advance is governed by the law of Sweden.
19. No Borrower has any monies held on deposit by the Mortgage Loan Seller or any member of the Mortgage Loan Seller's group of companies (including, for the avoidance of doubt, Bluestep Bostadslån) other than any Retained Amount in connection with any Further Advance held in the Elevated Interest Account.
20. Each Further Advance and the Ancillary Mortgage Rights relating thereto is duly and validly existing.
21. To the best of the Mortgage Loan Seller's knowledge, no Borrower is in any material breach of any provisions of their relevant Further Advance.
22. The Property or Bostadsrätt related to the Further Advance is not the subject of residential letting.
23. Interest payments and, to the extent applicable, principal payments with respect to each Further Advance are scheduled to be made monthly.
24. The Mortgage Loan documentation in respect of the Further Advance is in compliance with applicable law, including but not limited to, the Swedish Consumer Act or to the extent that it is not, such non-compliance will not impact the enforceability of the Further Advances.
25. No maturity date in respect of any Further Advance falls later than the date falling three years prior to the Final Maturity Date.

If any of the Further Advance Warranties proves to have been untrue at the Advance Date, the Issuer or, the Servicer shall promptly notify the Mortgage Loan Seller and the Issuer or, as the case may be, the Servicer (with a copy to the Trustee) and the Mortgage Loan Seller will have an obligation to rectify the breach (if capable of remedy) within 21 days from becoming aware of such breach or from receiving notice of such breach from the Issuer or the Servicer, whichever is the earlier.

If in the reasonable opinion of the Servicer, such breach is not capable of remedy, or, if it is capable of remedy, is not remedied within 21 days, the Mortgage Loan Seller shall immediately repurchase or cause a third party to purchase the relevant Further Advance.

The consideration payable by the Mortgage Loan Seller or a third party purchaser, as the case may be, in relation to the repurchase of any Further Advance in this circumstance will be an amount equal to the

aggregate of: (a) the Principal Outstanding Balance of the relevant Retired Mortgage Loan as at the date of repurchase or purchase (as applicable); (b) an amount equal to all other amounts due in respect of the relevant Retired Mortgage Loan and other related Assigned Rights to the date of repurchase or purchase (as applicable); (c) an amount equal to the interest on the Principal Outstanding Balance of the relevant Retired Mortgage Loan from the date of repurchase or purchase (as applicable) to the immediately succeeding Interest Payment Date; and (d) the properly incurred costs and expenses of the Issuer incurred in relation to such repurchase or purchase (as applicable) or, as applicable, the aggregate of the foregoing amounts which would have subsisted but for the breach of the relevant Loan Warranty, after deducting an amount equal to any interest not yet accrued but paid in advance to the Issuer in respect of such Retired Mortgage Loan(s) (which amounts paid in advance the Issuer shall be entitled to keep). If the Issuer has not paid the Further Advance Purchase Price in respect of such Further Advance, the consideration in relation to the repurchase or purchase (as applicable) of such Further Advance shall be netted against the unpaid Further Advance Purchase Price and no amount shall be payable by the Mortgage Loan Seller provided that the Issuer shall remain entitled to the benefit of all Collections received on and following the Advance Date to and excluding such date on which such Further Advance is repurchased.

Optional Repurchases of Mortgage Loans following a Failed Enforcement Auction

The Mortgage Loan Seller may offer to repurchase a Mortgage Loan (and the Issuer may agree to accept such offer) provided that:

- (a) the relevant Mortgage Loan has been accelerated in accordance with the Enforcement Procedures and the Portfolio Credit and Collection Policies;
- (b) the Collateral securing the relevant Mortgage Loan has been the subject of a Failed Enforcement Auction;
- (c) the Optional Repurchase Price is equal to or higher than the Principal Outstanding Balance of the relevant Mortgage Loan together with all unpaid interest accrued and accruing thereon and all other amounts outstanding thereunder; and
- (d) the Optional Repurchase Price has been paid to the Issuer GIC Account.

In the case of any optional repurchase by the Mortgage Loan Seller of Mortgage Loans, the repurchase price shall be an amount equal to the aggregate Principal Outstanding Balance of the relevant Mortgage Loans together with all unpaid interest accrued and accruing thereon and all other amounts outstanding thereunder as at the date specified in an optional repurchase notice as the date on which a repurchase of a Mortgage Loan shall be completed and title to the Mortgage Loan shall pass to the Mortgage Loan Seller (the "**Optional Repurchase Price**").

"**Failed Enforcement Auction**" means any auction or attempted sale by the Swedish Enforcement Authority of a Collateral that has not resulted in the sale of such Collateral.

Optional Repurchases of Mortgage Loans subject to completion of Enforcement Procedures

The Issuer may sell Mortgage Loans in respect of which the Servicer has completed the Enforcement Procedures on behalf of the Issuer to a third party or to the Mortgage Loan Seller. The Mortgage Loan Seller or a third party may offer to repurchase or purchase (as applicable) a Mortgage Loan (and the Issuer may agree to accept such offer) provided that:

- (a) the relevant Mortgage Loan has suffered a loss (in relation to principal, interest and/or fees) and the Servicer has completed the Enforcement Procedures in accordance with the Portfolio Credit and Collection Procedures; and
- (b) the Cash Manager has confirmed that the repurchase price or purchase price (as applicable) is equal to or higher than arm's length market price for such Mortgage Loan and has been paid to the Issuer GIC Account.

Applicable law and jurisdiction

The Mortgage Loan Sale Agreement will be governed by and construed in accordance with the laws of Sweden. The judicial courts of Sweden will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

SWEDISH RESIDENTIAL MORTGAGE MARKET

All the information provided under "Market Overview" and "Mortgage Lenders in Sweden" below has been derived from publicly available information on the Swedish mortgage industry or from information provided by the Mortgage Loan Seller. Such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither Barclays Bank PLC, BNP Paribas, London Branch nor The Royal Bank of Scotland plc (trading as NatWest Markets) makes any representation as to the accuracy of the information or has any liability whatsoever to you in connection with that information. Anyone relying on the information does so at their own risk.

Market Overview

The Swedish residential mortgage market has been characterised in recent years by restructuring and increased competition. Banks have increased their market share by taking over specialist mortgage lenders or merging their mortgage lending subsidiaries with those of other banks. Banks now own four of the five biggest specialist mortgage lenders. At the same time, insurance companies and lenders relying, for the distribution of their products, on the internet, telephone or other means of telecommunications (as opposed to a branch network) have entered the market as well as a number of new operators, such as the Mortgage Loan Seller, which to a certain extent offer less restrictive terms and hence a wider/more open market.

Mortgage lenders typically provide mortgages with up to 85 per cent. loan to value ("LTV") (which since 2010 has been the maximum LTV allowed by the Swedish FSA for new or further advanced mortgage loans) secured by mortgage certificates ("Pantbrev") on residential property or the interest in a Swedish housing co-operative association ("Bostadsrätt"). In addition, the banks generally offer unsecured top-up financing. The Mortgage Loan Seller provides mortgages with up to 85 per cent. LTV for niche segments of the mortgage market. Swedish mortgage loans may have fixed or variable rates of interest.

The Swedish Consumer Credit Act imposes certain conditions on mortgage loans which have resulted in the development of a fairly standardised mortgage loan product. Loans must have a legal maturity of at least 10 years (prior to 1 January 2017, 30 years) for the lender to be able to make any adjustments to the margin included in the interest rate during the term. Most loans with a long legal maturity have a fixed interest rate for a certain period of time, normally between three months and ten years, which is adjusted at the end of the interest period.

Mortgage Lenders in Sweden

The Swedish residential housing market can be broken into three types of housing: rented apartments, single-family homes (i.e. residential property), and Bostadsrätt. The breakdown for major cities in Sweden, such as Stockholm, Göteborg, Uppsala, Lund, and Malmö shows that Bostadsrätt occupy a much larger share of the housing market in urban areas than they do in Sweden as a whole.

Mortgage lenders in Sweden provide a range of financing for multi-family properties and single-family houses, tenant-owner apartments as well as business and office properties. Aggregate outstanding loans from mortgage lenders secured on Swedish residential properties totalled approximately SEK 2,902 billion as at December 2016 (source: Statistics Sweden) (EUR 309 billion at an exchange rate of EUR 1 = SEK 9.4).

The Swedish mortgage market is dominated by banks and their housing mortgage divisions. As at June 2016 banks held a market share for residential mortgages of approximately 91 per cent. The relative market share is outlined in the table below.

Market share for Swedish residential mortgage institutions as at June 2016

<i>Institution</i>	<i>Share</i>
Swedbank Hypotek.....	24%
Stadshypotek (Handelsbanken).....	23%
Nordea Hypotek.....	15%
SEB.....	15%

SBAB.....	8%
Länsförsäkringar	6%
Others (including Bluestep Bank AB (publ)).....	9%
Total	100%

Source: Compiled using figures from Statistics Sweden.

House Price Trends

The graph below (based on statistics published by Statistics Sweden) shows the Real Estate Price Index for one and two family houses in Sweden from 1981 through to 2015:

Year	Real-Estate Price Index
1981	100
1982	101
1983	101
1984	105
1985	109
1986	115
1987	130
1988	154
1989	181
1990	203
1991	217
1992	197
1993	175
1994	183
1995	184
1996	185
1997	198
1998	217
1999	237
2000	263
2001	284
2002	302
2003	322
2004	353
2005	387
2006	431
2007	477
2008	491
2009	501
2010	538
2011	542
2012	535
2013	554
2014	592
2015	656

Source: Statistics Sweden

REGULATORY FRAMEWORK

Swedish mortgage lenders are normally established as limited liability companies under the Swedish Companies Act (*Sw. aktiebolagslag* (2005:551), as amended). Licensed as credit market companies (*Sw. kreditmarknadsbolag*) or banks (*Sw. bankaktiebolag*), each mortgage lender operates under the Swedish Banking and Financing Business Act and is licensed by and subject to the supervision of the Swedish FSA. Bluestep Bank AB (publ) is licensed as a bank.

To obtain a licence, a bank is required to have its articles of association approved by the Swedish FSA and to meet a number of criteria relating to, among other things, the maintenance of sufficient capital reserves.

Pursuant to the Swedish Consumer Credit Act, consumer borrowers are given certain minimum rights. For example, consumer borrowers are entitled to prepay loans, in part or in full, at any time without any penalty fee. Where the interest rate applicable to a prepaid loan is fixed for a certain period, an interest compensation amount for the remainder of the fixed interest period may be charged to the consumer borrower where an agreement to that effect has been made. Such compensation must be in compliance with good lending practice and the maximum amount that may be charged equals the difference between the interest on the credit and the interest rate prevailing at the time of repayment for covered bonds with a term corresponding to the remaining fixed interest period, plus one percentage point.

Creating a Security Interest

Pantbrev

The Swedish Land Code (*Sw. Jordabalk* (1970:994), as amended), governs the creation of mortgages over real property (*Sw. inteckningar*) under Swedish law. A Pantbrev is a bearer document (which is usually replaced by an entry on a computerised register, i.e. a mortgage certificate in computerised form ("**Datapantbrev**")) with a face amount specified by the title holder of the property. Pantbrev are issued by the Swedish Land Registration Authority and are registered in the National Real Property Register (*Sw. Fastighetsregistret*) kept by the Swedish Land Authority. The title holder in relation to a property is the person who is registered as such with the Land Registry or has applied for registration to the Swedish Land Registry after having purchased the property.

The priority of a specific Pantbrev is ranked based on the date of application to the Swedish Land Registry for its issuance. A Pantbrev is a perpetual document and cannot be terminated (except with permission from the holder of the Pantbrev).

A registration tax of 2.0 per cent. of the face value of a new Pantbrev is payable at the time of issuance. The tax is, in effect, a fee payable for having the Pantbrev issued.

Security interests in real property are granted by the title holders pledging one or more Pantbrev to the relevant creditor and are perfected either by physically delivering the Pantbrev to the creditor (in the case of a Pantbrev) or delivering to the creditor's electronic archive kept by the Swedish Land Registry (in the case of a Datapantbrev).

The amount of the secured liabilities

The aggregate amount to which a creditor holding a first ranking Pantbrev is secured if a borrower is placed into bankruptcy or becomes the subject of enforcement proceedings is equal to the lowest of the results of three calculations set out in sections A, B and C below. These calculations are made by either the borrower's administrator-in-bankruptcy or the Swedish Enforcement Agency (as discussed below under "*Enforcement of the Security - the Swedish Enforcement Authority*").

A. Loan entitlement

- (a) the principal amount of the entire loan plus any fees and charges applicable to the loan; plus
- (b) interest at the rate applicable to the relevant loan (including any applicable default rate) up to the date of the dividend proposal in the bankruptcy or, if advance payments are

made, up to the date of such payments (or, in the case of enforcement, the date on which a new owner takes possession of the estate (*Sw. tillträdesdagen*)).

B. Pantbrev entitlement

- (a) the amount shown in the Pantbrev as being its nominal amount; plus
- (b) 15 per cent. of the nominal amount of the Pantbrev; plus
- (c) interest accrued from the date of the application for bankruptcy (or, as the case may be, the enforcement decision) to the date of payment to the lender calculated on the nominal amount of the Pantbrev at a rate per annum equal to the official discount rate (as set from time to time by the Central Bank of Sweden) plus four per cent.

C. Realisation proceeds

- (a) the amounts realised on the sale or auction of the property; plus
- (b) the income deriving from the property from the date of the bankruptcy decision (or, as the case may be, the enforcement decision if the lender has requested that the income be collected by the Swedish Enforcement Authority or an administrator) to the date on which a new owner takes possession of the property; less
- (c) expenses incurred in respect of the property from the date of the bankruptcy decision (or, as the case may be, the enforcement decision); and less
- (d) costs incurred and fees charged by the administrator-in-bankruptcy and/or the Swedish Enforcement Authority for the administration and sale or auction of the property (and, to a limited extent, certain creditors preferred by law).

In the event several creditors hold Pantbrev relating to the same property, holders of lower ranking Pantbrev are only entitled to the respective amount secured by such Pantbrev out of proceeds remaining after the claims of holders of prior ranking Pantbrev have been satisfied. If the claims of a creditor holding a higher priority Pantbrev are not fully covered by the Pantbrev, excess claims will be secured by any lower ranking Pantbrev held by such creditor. Accordingly, if the holder of a first ranking Pantbrev also holds a third ranking Pantbrev, it is entitled to proceeds to satisfy its first ranking Pantbrev up to the full value, then the holder of the second ranking Pantbrev is entitled to proceeds up to the full value of the second ranking Pantbrev, before satisfaction of the remaining claim of the holder of the third ranking Pantbrev up to its full value.

Pledge over Excess Security

A Pantbrev can be subject to a non-primary (e.g. a secondary, tertiary, etc.) pledge over excess security (*Sw. överhypotek*). Thus, a creditor holding a Pantbrev with a low ranking priority can obtain a non-primary pledge on the excess security of a Pantbrev with a higher-ranking priority. To obtain a non-primary pledge, the creditor must apply to the owner of the real property. The non-primary pledge is perfected when the owner of the real property approves the non-primary pledge and the holder of the Pantbrev is notified of the granting of the non-primary pledge. Different entitlement provisions apply to primary and non-primary pledges. See the "Pantbrev" section above. The priority between competing non-primary pledges is determined by the order in which the holder of the primary pledge was notified.

Bostadsrätt

Many Swedes own their homes in the form of Bostadsrätt and this market is a well-established sector of the Swedish housing market. Bostadsrätt are part of housing co-operatives (*Sw. bostadsrättsförening*). Housing co-operatives are incorporated, non-profit associations with limited liability which own residential property, found in the form of multi-family property, semi-detached, or detached housing (all of which are considered Bostadsrätt in this context). The residents of the properties are the members of the housing co-operative, which in turn owns the property. The housing co-operative member does not technically own an apartment in the co-operative in a legal sense, but instead owns a share of the co-operative broadly corresponding to the size of the apartment (*Sw. andelstal*) he or she occupies as compared to the size of the total habitable space owned by the co-operative. This confers on the co-

operative member an exclusive perpetual right to use the apartment. Thus when a person buys a Bostadsrätt within a housing co-operative, he or she in effect is purchasing a share in a housing co-operative, and a perpetual right of use to a specific apartment.

Any housing co-operative member has the right to sell its Bostadsrätt or pass it on by way of inheritance, provided that the recipient is eligible to become a member of the housing co-operative. An application for membership of the housing co-operative by a recipient of a Bostadsrätt cannot be refused if the applicant satisfies all the requirements for membership as stated in the articles of association of the housing co-operative.

Housing co-operatives are run by a board elected by members of the housing co-operative from housing co-operative members to manage the property. In many cases, a management company is appointed and paid for by the housing co-operative.

When a housing co-operative is established, a prospective member must pay the equity, or investment capital (*Sw. insatskapital*) necessary to establish the housing co-operative and purchase the property in the first place. The housing co-operative member has no right to reclaim his or her share of the investment capital upon leaving the housing co-operative, but recoups the investment by receiving the market value of the Bostadsrätt upon its transfer or sale to another individual.

A pledge over a Bostadsrätt is perfected by either the pledgor or pledgee giving notice of the pledge to the housing co-operative. The housing co-operative must in turn promptly upon receiving such notice, according to the Act on Housing Co-operatives, duly register the pledge of the housing co-operative's apartment register (*Sw. Lägenhetsförteckning*), which each housing co-operative is required to keep. However, entry into the register of members is not a requirement to perfect a pledge over a Bostadsrätt. If there is more than one pledge over a Bostadsrätt, the relative priority of the pledges is determined by the order in which they were notified to the housing co-operative.

Acceleration of Mortgage Loans

It follows from Section 33 of the Swedish Consumer Credit Act that a creditor is only entitled to accelerate a Mortgage Loan provided to a consumer in advance of the maturity date where such right has been reserved in the credit agreement, and provided that either:

- (a) the consumer is more than one month late in payment of an amount which exceeds 10 per cent of the original credit;
- (b) the consumer is more than one month late in payment of an amount which exceeds 5 per cent of the original credit and the delay pertains to two or more instalments which fell due at different times;
- (c) the consumer is otherwise materially late with payment;
- (d) the value of security lodged for the credit has decreased significantly (provided however that the creditor may only accelerate consumer credits secured by a pledge of real property, site leasehold, housing co-operative apartments or similar right if the decrease in value of the security is due to a cause other than general weakening prices on the relevant market); or
- (e) it is clear that the consumer, either by absconding, concealing property, or by any other means avoids to pay its debt.

If an acceleration of a Mortgage Loan is based on any of grounds (a) to (c) above, the consumer must be given four weeks' notice, during which he/she may avoid acceleration by paying the overdue amount and penalty interest or lodge acceptable security for the claim.

In addition to what is stated above, a creditor is entitled to request the prepayment of the credit in whole on the last day of a fixed interest rate period, provided that:

- (a) the credit:
 - (i) is linked to a pledge of real property, site leasehold, housing co-operative apartments or similar right, or a right which is linked to a comparable right in a building which is not part of the real property; and
 - (ii) has an interest rate that is fixed for all or part of the credit term, however, not less than three months.
- (b) an extraordinary situation is at hand (for example severe funding problems for the creditor); and such right has been reserved in the credit agreement.

Amortisation requirement

On 20 April 2016 the Swedish FSA published a consultation paper with a proposal for amortisation requirements. The amortisation requirement was enforced on 1 June 2016 as a regulation (*föreskrift*) and obliges households to amortise their mortgage loans down to a loan-to-value (LTV) ratio of fifty (50) per cent, with the value component being equivalent to the market value of the underlying security at the relevant valuation date. The minimum amortisation rate is two (2) per cent per annum until an LTV ratio of seventy (70) per cent has been reached and thereafter one (1) per cent per annum until an LTV ratio of fifty (50) per cent has been reached. The market value of the underlying security may be revalued every fifth (5th) year or earlier if there has been a substantial value change of the underlying security that is not a result of the general price development on the housing market. The amortisation requirement only applies to new mortgage loans (meaning new credits, credit increases or change of underlying security). However, if a borrower transfers his/her mortgage loan to a new lender without increasing the credit, this will not be considered a new mortgage loan.

Enforcement of the Security

Enforcement outside bankruptcy - the Swedish Enforcement Authority

The Swedish Enforcement Authority is the body responsible for enforcing judgments against assets in Sweden, including those for the collection of unpaid debts, whether secured or unsecured. The enforcement process is initiated by the creditor applying to obtain a decision from the Swedish Enforcement Authority in summary proceedings, or by a judgment from a court. Upon registering an application for enforcement against a particular property, the Swedish Enforcement Authority takes steps to determine from the owner of the property and other sources the identity of all secured creditors and to notify them accordingly.

Any forced sale of property by the Swedish Enforcement Authority must normally be conducted by advertised public auction held in the district where the property is located. In certain circumstances the sale may be conducted by other means if considered more expedient and it is clear what claims and other encumbrances there are on the property. The creditor may (save for certain situations in which a Bostadsrätt is sold on request of the housing co-operative) veto any price which does not satisfy the lender's claim and any prior ranking claims.

In relation to loans secured by Pantbrev, proceeds received under a forced sale are applied in each case, first, to satisfy the costs of the Swedish Enforcement Authority and then, in satisfaction of the claims in order of their priority.

As regards loans secured by a pledge over a Bostadsrätt, the proceeds received under sale by public auction or a private sale are applied in the following order of priority:

- (a) first, to satisfy the housing co-operative's claim for any unpaid charges (to the extent the pledgees have been notified of such unpaid charges);
- (b) second, to satisfy the claim of any pledgee with a pledge ranking prior to that of the applicant for enforcement;

- (c) third, to satisfy the costs of enforcement (including the costs of the Swedish Enforcement Authority);
- (d) fourth, to satisfy the claim of the pledgee applying for enforcement;
- (e) fifth, to satisfy the claims of any junior ranking pledgees in order of their priority; and
- (f) sixth, to satisfy the housing co-operative for any unpaid charges that have not been notified to the pledgees.

If a creditor's claim exceeds the amount distributable to him in accordance with the above, the borrower will generally remain liable for the deficiency and the excess claim may be sought from the borrower as an unsecured obligation.

As mentioned above, the Swedish Enforcement Authority's sales are often conducted by way of public auction. Due to deterioration of the property (including fixtures and fittings), the absence of the normal seller's representations and warranties as to such property's freedom from undisclosed defects and the limited participation of buyers in the auction process, the price realised on the sale of the property at auction is typically less than would be realised in a sale of a property in other circumstances.

Enforcement in Bankruptcy

Upon commencement of bankruptcy proceedings, an administrator-in-bankruptcy is appointed by the court. The Swedish Bankruptcy Act (Sw: *Konkurslagen* (1987:672) or the "**Bankruptcy Act**") provides that the administrator-in-bankruptcy is obliged to administer the bankruptcy estate in the manner most beneficial to both secured and unsecured creditors of the bankrupt debtor and to take all measures to further a swift and advantageous disposal of the bankrupt debtor's assets.

Where real property forms the security for secured creditors, decisions on these matters are taken on a property-by-property basis.

The administrator-in-bankruptcy is deliberately given broadly defined powers under the Bankruptcy Act. The intention behind this is that the administrator-in-bankruptcy should act in a commercial manner consistent, with his statutory obligations to liquidate the real property in the way most advantageous to creditors. Additionally, to the extent that the creditors suffer a loss as a result of steps taken negligently by the administrator-in-bankruptcy, the administrator-in-bankruptcy will be personally liable for this loss.

Before a property can be sold by means of a private sale, and the Pantbrev released, all holders of Pantbrev should agree to the sale. However, a Bostadsrätt may be sold by means of a private sale without the consent of any creditors holding security in it, but only if it is deemed to be probable (Sw. *sannolikt*) that such sale would bring a higher sale price than if it were to be sold at a public auction. No similar rights exist in favour of unsecured creditors. An unsecured creditor cannot interfere with a sale. The unsecured creditor's only remedy is to sue the administrator-in-bankruptcy for damages after the sale on the basis that the sale price was below market value if he has incurred a loss thereby. The validity of the sale, however, would not be affected. Following a sale, all of the administrator-in-bankruptcy's outstanding costs and expenses attributable to the relevant property are deducted prior to distribution of proceeds.

If a private sale is not conducted by the administrator-in-bankruptcy, then such administrator-in-bankruptcy may request that the property is sold by the Swedish Enforcement Authority by way of a public auction or a private sale as described above. In such a sale or auction, the costs and fees of the administrator-in-bankruptcy attributable to the property rank ahead of the other secured parties.

THE SERVICER

Bluestep Servicing AB

Bluestep Servicing AB is a subsidiary of the Parent Company. It is incorporated and organised under the laws of Sweden, with registration number 556955-3927. On 1 March 2015, it acquired certain assets relating to the loan and deposit servicing business of Cerdo Bankpartner AB ("**Cerdo**"), including staff, the loan and deposit administration system, IT and service contracts. As at the date of this Prospectus Bluestep Servicing AB has 23 employees, the majority of whom have previously worked within Cerdo and have serviced the Bluestep group's mortgage loans and deposits as well as other third party clients mortgage loans. Bluestep group provides IT, Accounting, HR, Legal, Compliance and other Administrative services to Bluestep Servicing AB.

SERVICING OF THE MORTGAGE LOAN PORTFOLIO

All Mortgage Loans are administered and serviced by the Servicer on behalf of the Issuer and the Trustee under and in accordance with the terms of the Mortgage Loan Servicing Agreement. The Servicer also services mortgage loans which will not be included in the Mortgage Loan Portfolio.

The duties of the Servicer under the Mortgage Loan Servicing Agreement include:

- (a) conducting all communications and dealings with each Borrower in relation to all matters concerning the Mortgage Loan and the Assigned Rights;
- (b) keeping in safe custody:
 - (i) the Mortgage Loan Records including, but not limited to, the promissory notes (*Sw. skuldebrev*) evidencing the Mortgage Loans;
 - (ii) any Collateral held in physical bearer forms, including, but not limited to, any mortgage certificates which is not a Datapantbrev; and
 - (iii) the notice of sale including information relating to the Mortgage Loans and the Collateral to be made available to the Issuer pursuant to the Mortgage Loan Sale Agreement;
- (c) keeping and maintaining records on a Mortgage Loan by Mortgage Loan basis for the purpose of identifying amounts paid by a Borrower, amounts due by a Borrower and the balance from time to time outstanding on each Mortgage Loan;
- (d) keeping the Datapantbrev in its electronic archive kept by the Swedish Land Registry on behalf of the Issuer as the owner of the Assigned Rights and on behalf of the Secured Creditors represented by the Trustee as pledgees pursuant to the Swedish Security Agreement;
- (e) invoicing the Borrowers in respect of collecting payments on the Mortgage Loans;
- (f) taking all such steps as are necessary to ensure that all and any amounts to be received from a Borrower are promptly paid into the Issuer GIC Account directly by or on behalf of the Borrower;
- (g) upon pre-payment or maturity of a Mortgage Loan, releasing and/or deregistering and/or reducing the Collateral in relation to Mortgage Loans upon repayment in full;
- (h) taking all other action and doing all other things in relation to the Mortgage Loans and the Collateral which a reasonably prudent mortgage lender in Sweden would undertake with a view to preserving the value of the Mortgage Loans and their Collateral, or otherwise either as prescribed by the Portfolio Credit and Collection Policies or as directed by the Trustee;
- (i) if deemed necessary in relation to a particular Mortgage Loan secured by Bostadsrätt Security (and if so directed by the Trustee), on behalf of the Issuer as owner of the Assigned Rights and on behalf of the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors, notify the relevant housing co-operative of the Issuer's security interest; and
- (j) arranging any Step Down Margin in respect of an eligible Borrower.

"Mortgage Loan Records" means, in respect of a Mortgage Loan, the original and/or copies of the Mortgage Loan Agreement, all information maintained in electronic form including tapes and discs relating to the Mortgage Loan and any original public documentation evidencing the Mortgage Loan including the Collateral.

Arrears Notification and Mortgage Loans Enforcement

The Servicer is required to follow the procedures for managing Mortgage Loans that are in arrears and default as set out in the Portfolio Credit and Collection Policies which are as follows:

- (a) *Payment reminders:* the Servicer shall send out a first payment reminder on the 10th calendar day following the day on which the payment was due. In case payment is not received after the first reminder, a second reminder shall be sent by the Servicer to the Borrower on the 20th calendar day following the day at which the payment was due;
- (b) *Mortgage Loan foreclosure:* If payment is overdue by more than 35 calendar days, the Servicer shall send a notice of acceleration to the Borrower by registered mail;
- (c) *Mortgage Loan enforcement:* Ancillary to its administration and collection role and its role in notifying Borrowers of arrears, to proceed to enforce the Mortgage Loan in accordance with the Portfolio Credit and Collection Policies and all applicable laws and regulations in Sweden from time to time. The decision to file for enforcement shall be taken by the Servicer after consultation with the Mortgage Loan Seller. Subject to any decision regarding enforcement of the Mortgage Loan, the following actions will be taken by the Servicer:
 - (i) to send the appropriate application for the enforcement to the Swedish Enforcement Authority;
 - (ii) to register the decision received from the Swedish Enforcement Authority;
 - (iii) unless advised otherwise by the Mortgage Loan Seller, immediately demand execution of the decision from the Swedish Enforcement Authority;
 - (iv) as soon as the decision has gained legal force apply for a public auction of the Property or Bostadsrätt forming part of the Collateral;
 - (v) to complete all steps in the legal process of selling the Property or Bostadsrätt forming part of the Collateral; and
 - (vi) to direct that all amounts received from such sale are credited to the Issuer GIC Account.

If the amounts received in accordance with paragraph (c) above do not cover the Principal Outstanding Balance and any unpaid fees and interest of a Mortgage Loan, the Servicer shall record in the Mortgage Loan Records or other applicable accounts and ledgers that all and any amounts received were applied in the following order of priority:

- (i) fees;
- (ii) penalty interest;
- (iii) interest; and
- (iv) principal.

As part of its arrears handling process, the Servicer may offer respite of payment to Borrowers:

- (i) who have been granted payment plans;
- (ii) whose income is temporarily late; or
- (iii) whose Collateral is for sale through the aid of a real estate agent.

However, such respite of payment may not extend the final maturity date of any Mortgage Loan.

Setting of Interest Rates on the Mortgage Loans

The Servicer has undertaken in the Mortgage Loan Servicing Agreement to determine and calculate the rate or rates of interest chargeable to Borrowers under the Mortgage Loans in accordance with their terms and conditions. When so determining and calculating the rate of interest, the Servicer shall do so:

- (a) by using the relevant Bluestep Reference Rate and Borrower Margin notified to it by the Mortgage Loan Seller for the purpose of such calculation at such time; or (in the absence of such notification)
- (b)
 - (i) in the case of the Standard Variable Mortgage Loans (including any Fixed Rate Mortgage Loans that have been converted to Standard Variable Mortgage Loans pursuant to the terms of the Mortgage Loan Servicing Agreement), by using:
 - (x) BVR 1 in respect of the BVR 1 Variable Mortgage Loans; or
 - (y) BVR 2/3 in respect of the BVR 2 Variable Mortgage Loans and BVR3 Variable Mortgage Loans; plusin the case of (x) and (y) above, the applicable Borrower Margin for the relevant Borrower; and
 - (ii) in the case of the Fixed Rate Mortgage Loans, by using the Bluestep Fixed Reference Rate last notified to it by the Mortgage Loan Seller plus the applicable Borrower Margin until expiry of the relevant Fixed Rate Period upon which the Servicer shall convert all Fixed Rate Mortgage Loans remaining in the Mortgage Loan Portfolio to Standard Variable Mortgage Loans pursuant to the terms of the Mortgage Loan Servicing Agreement unless the Interest Rate Swap Provider consents otherwise, following the occurrence of a Back Swap Termination Event (see the section entitled "*Undertakings of the Servicer*" below),

provided that:

- (1) from the period from (and including) the Closing Date to (and including) the Variable Reference Rate Conversion Date:
 - (x) BVR 1 will be set at no less than 0.45 per cent. over 3 month STIBOR; and
 - (y) BVR 2/3 will be set at no less than 1.00 per cent. over 3 month STIBOR; and
- (2) from (but excluding) the Variable Reference Rate Conversion Date to (and including) the Final Maturity Date:
 - (x) BVR 1 will be set at no less than 0.45 per cent. over 3 month STIBOR; and
 - (y) BVR 2/3 will be set at no less than 2.00 per cent. over 3 month STIBOR.

"Back-to-Back Swap" means in respect of the Interest Rate Swap, an agreement between BNP Paribas and Bluestep Bank AB (publ) under which the Interest Rate Swap Provider hedges its exposure under the Interest Rate Swap.

"Back Swap Termination Event" means the designation of an Early Termination Date (as defined under the Back-to-Back Swap) under the Back-to-Back Swap in relation to the Interest Rate Swap.

"Variable Reference Rate Conversion Date" means the earlier of (A) the date falling 62 months after the Closing Date or (B) the date falling 6 months after a Back Swap Termination Event.

Conversion to Fixed Rate Mortgage Loans

The Servicer may (if a Borrower so requests) agree that a Standard Variable Mortgage Loan may at any time be converted to a Fixed Rate Mortgage Loan with a Fixed Rate Period of one, three or five years provided that neither a Back Swap Termination Event nor the Step-Up Date has occurred and the Servicer is not in breach of the undertaking described in (b) in (*Undertakings of the Servicer*) below.

Undertakings of the Servicer

In addition to the undertakings described above in respect of the setting of the Bluestep Variable Reference Rate, the Servicer has also undertaken, among other things, to:

- (a) At no time on or following the expiry of the then Fixed Rate Period occurring prior to the occurrence of a Back Swap Termination Event or the Step-Up Date in respect of any Fixed Rate Mortgage Loan and provided that any offers of new Fixed Rate Periods are subject always to paragraph (f) below, offer a new Fixed Rate Period in respect of such Mortgage Loan in excess of 5 years;
- (b) Following the earlier to occur of: (i) (unless the Interest Rate Swap Provider consents otherwise) a Back Swap Termination Event; or (ii) the Step-Up Date, on or following the expiry of the then Fixed Rate Period in respect of any Fixed Rate Mortgage Loan, not offer a new Fixed Rate Period in respect of such Mortgage Loan and immediately arrange for the conversion of such Fixed Rate Mortgage Loan to a Standard Variable Mortgage Loan;
- (c) At no time (including, but not limited to, on or following the expiry of the then Fixed Rate Period in respect of any Fixed Rate Mortgage Loan or at the time of granting any Step Down Margin), offer or grant to any Borrower a rate of interest (inclusive of any Borrower Margin) on any Mortgage Loan which is less than the sum of 2.5 per cent. (the "**Minimum Required Rate**") and the Bluestep Reference Rate applicable to such Mortgage Loan on such date (other than those Mortgage Loans notified to the Issuer and the Trustee by the Servicer on the Closing Date);
- (d) Ensure that at all times the Mortgage Loan Portfolio passes the Minimum Floating Weighted Average Margin Test calculated on the Mortgage Loan Portfolio;
- (e) If the Mortgage Loan Seller fails to notify the Servicer of interest rates applicable to the Mortgage Loans as set out above in the section entitled "*Setting of Interest Rates on the Mortgage Loans*", recalculate 3 month STIBOR on each Quarterly Reset Date; and
- (f) If the Mortgage Loan Seller fails to notify the Servicer of interest rates applicable to the Mortgage Loans as set out above in the section entitled "*Setting of Interest Rates on the Mortgage Loans*", on the expiry of the relevant Fixed Rate Period, convert all Fixed Rate Mortgage Loans remaining in the Mortgage Loan Portfolio to Standard Variable Mortgage Loans.

"**Minimum Floating Weighted Average Margin Test**" means, on any date, that the weighted average Applicable Rate on the Standard Variable Mortgage Loans in the Mortgage Loan Portfolio is not less than 3 months STIBOR plus 4.25 per cent.

"**Applicable Rate**" means, in respect of a Standard Variable Mortgage Loan at any time, the rate of interest (inclusive of the Borrower Margin) applicable to that Standard Variable Mortgage Loan at such time.

In the Provisional Mortgage Loan Portfolio there are 0.06 per cent of Mortgage Loans (by reference to principal outstanding balance) which have a rate of interest (inclusive of any Borrower Margin) below the Minimum Required Rate.

Step Down Margin

A Borrower in respect of a Mortgage Loan will qualify for a Step Down Margin to be arranged by the Servicer on the third or fifth anniversary of such Mortgage Loan provided that:

- (a) the relevant Borrower has made all payments on time or the Servicer has waived any late payments, provided that the Servicer may not arrange any Step Down Margin in respect of which it has waived any late payments where the Borrower is more than 30 days in arrears;
- (b) the Borrower in respect of such Mortgage Loan remains the same as when originated; and
- (c) the variation must otherwise comply with the Lending Criteria and does not result in the Servicer breaching any of its obligations under the Transaction Documents.

Servicing Fee

The Servicer will, on each Interest Payment Date, be paid a servicing fee quarterly in arrears by the Issuer in the amount (exclusive of VAT) calculated by: (a) multiplying 0.12 per cent. per annum by the Aggregate Principal Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period prior to the relevant Interest Payment Date; and (b) then multiplying the amount so calculated in paragraph (a) above by: (x) the number of days from and excluding the last day of the immediately preceding Collection Period prior to the last Interest Payment Date to and including the last day of the immediately preceding Collection Period prior to the relevant Interest Payment Date, divided by (y) 360 days (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months).

Representations and Warranties

The Servicer will make certain representations and warranties to the Issuer in accordance with the terms of the Mortgage Loan Servicing Agreement relating to itself and any subcontracted servicer and its entering into the relevant Transaction Documents to which it is a party.

Covenants of the Servicer

The Servicer will be required to make positive and negative covenants in favour of the Issuer and the Trustee in accordance with the terms of the Mortgage Loan Servicing Agreement relating to itself and any delegated or subcontracted servicer and its entering into the relevant Transaction Documents to which it is a party.

Servicer Termination Events

The appointment of the Servicer will continue (unless otherwise terminated by the Issuer) until the Final Discharge Date when the obligations of the Issuer with respect to and under the Notes and the Transaction Documents will be discharged in full. The Issuer may, with the Trustee's consent, terminate the Servicer's appointment and appoint a successor servicer, including but not limited to the Standby Servicer, upon the occurrence of a Servicer Termination Event by delivering a Servicer Termination Notice in accordance with the provisions of the Mortgage Loan Servicing Agreement.

The occurrence of a Servicer Termination Event leading to the replacement of the Servicer will not, of itself, constitute an Event of Default under the Conditions, the Swap Agreements or the Subordinated Loan Facility.

The following events will be "**Servicer Termination Events**" under the Mortgage Loan Servicing Agreement, the occurrence of which will entitle the Issuer (with the consent of the Trustee) or (following the delivery of an Enforcement Notice), the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors, to serve a notice on the Servicer (a "**Servicer Termination Notice**"):

- (a) (x) default is made by the Servicer in the performance or observance of any of its covenants and obligations under the Mortgage Loan Servicing Agreement or (y) any of the warranties given by the Servicer proves to be untrue, incomplete or incorrect, which, in the sole opinion of the Trustee, is materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding and (except where such default is, in the sole opinion of the Trustee, incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned shall be required) such default continues unremedied for a period of 30 Business Days after the earlier of (A) receipt by the Servicer of written notice from the Issuer or the Trustee requiring the same to be remedied and (B) the Servicer becoming aware of such default;

- (b) an Insolvency Event occurs in respect of the Servicer; or
- (c) if it becomes unlawful under the laws of Sweden (including for the avoidance of doubt any treaties to which Sweden is a party) for the Servicer to perform any material part of the services.

Following the occurrence of a Servicer Termination Event, the Issuer (with the consent of the Trustee) or (following the delivery of an Enforcement Notice), the Trustee may: (i) by delivery of a notice in accordance with the Standby Servicing Agreement, appoint the Standby Servicer as new Servicer; or (ii) if the Standby Servicer is not appointed under the Standby Servicing Agreement at such time, appoint a successor servicer as new Servicer.

On and after termination of the appointment of the Servicer under the Mortgage Loan Servicing Agreement, all authority and power of the Servicer under the Mortgage Loan Servicing Agreement shall be terminated and of no further effect and the Servicer shall not thereafter hold itself out in any way as the agent of the Issuer or the Trustee.

Assignment by the Servicer prior to a Servicer Termination Event

The Servicer, by giving not less than 30 days' notice to the Issuer and the Trustee, may assign and transfer, subcontract or delegate all of its rights and obligations under the Mortgage Loan Servicing Agreement to an Affiliate, provided that such Affiliate agrees to become a Party as a "**Servicer**" and assumes all obligations of the Servicer.

"**Affiliate**" means any corporation, firm, limited liability company, partnership or other entity that directly or indirectly controls or is controlled by or is under common control with a party.

Delegation by the Servicer prior to a Servicer Termination Event

The Servicer may sub-contract or delegate the performance of its duties (or any of them) under the Mortgage Loan Servicing Agreement, provided that it meets particular conditions, including that:

- (a) the Issuer and the Trustee after consultation with the Mortgage Loan Seller have consented to the proposed sub-contracting or delegation (such consent not to be unreasonable withheld or delayed);
- (b) where the arrangements involve the custody or control of any files, policies or other material documents relating to the Assigned Rights for the purpose of performing any delegated services, the sub-contractor or delegate has executed an acknowledgement to the effect that all such files, deeds, policies and other material documents are and will be held to the order of the Trustee as representative of the Secured Creditors;
- (c) the arrangements do not involve the receipts by the sub-contractor or delegate of monies in respect of the Assigned Rights which, in accordance with the Mortgage Loan Servicing Agreement are to be credited to the Issuer GIC Account;
- (d) the sub-contractor or delegate has executed a written waiver of any security interest arising in connection with the delegated services; and
- (e) the Issuer and the Trustee have no liability for any costs, charges or expenses in relation to the proposed sub-contracting or delegation.

If the Servicer sub-contracts or delegates the performance of its duties, it will nevertheless remain liable at all times for administering the Mortgage Loans and for the acts or omissions of any delegate or sub-contractor.

Standby Servicer

The Issuer and the Trustee have appointed the Standby Servicer pursuant to the Standby Servicing Agreement. If, upon the occurrence of a Servicer Termination Event, the appointment of the Servicer under the Mortgage Loan Servicing Agreement is terminated in accordance with Clause 18 (*Termination*) of the Mortgage Loan Servicing Agreement, then as soon as reasonably practicable and in no event later than forty five (45) days after the receipt of (i) a written notice from the Issuer (sent with the consent of

the Trustee) or (ii) following the delivery of an Enforcement Notice, a written notice from the Trustee of the termination of such appointment, the Standby Servicer shall on the terms and subject to the conditions of the Standby Servicing Agreement, (i) perform the Services as set forth in the Mortgage Loan Servicing Agreement, (ii) as from such date assume all rights and obligations of the Servicer under the Mortgage Loan Servicing Agreement arising on and after such date and (iii) otherwise comply with the Mortgage Loan Servicing Agreement in its capacity as the new Servicer as if it were the Servicer under such agreement.

Applications of Sums Received

The Servicer shall, if it receives (including in its capacity as agent for the Issuer or the Trustee) any money whatsoever arising from any Assigned Rights therefor or any contract of insurance or otherwise, which money belongs to the Issuer or the Trustee or is to be paid to the Issuer or the Trustee or into the Issuer GIC Account pursuant to this Agreement, the Mortgage Loan Sale Agreement or otherwise, hold such money absolutely for the Issuer or the Trustee as the case may be and shall pay or transfer the same forthwith into the Issuer GIC Account.

Applicable law and jurisdiction

The Mortgage Loan Servicing Agreement will be governed by and construed in accordance with the laws of Sweden. The judicial courts of Sweden will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

STANDBY SERVICER

Emric Operations AB is a direct wholly owned subsidiary of Emric Finance Process Outsourcing AB and part of the Tieto Group. Emric Operations AB is a private limited liability company (*privat aktiefbolag*) with corporate Reg. No. 556624-8737, incorporated under the laws of Sweden, and has its registered office at Box 100, SE-952 22 Kalix, Sweden. Emric Operations AB offers banks and creditors enterprise competence, outsourcing and system support in respect of the various steps during the credit process.

The Emric group supports a global network of banks, credit companies and system partners. Headquartered in Stockholm, together with its owner Emric AB, the Emric group has additional business operations in Belgrade and Kalix.

With approximately EUR 20 million in revenue, installations in 24 different countries and 60 individual banks and credit companies as clients, the Emric Operations Group is the largest vendor in Scandinavia in its segment. The owner, Emric AB, is also a Microsoft Gold Certified Partner and certified according to ISAE3402.

KEY STRUCTURAL FEATURES

CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by the Parent Company, the Arrangers, the Joint Lead Managers or any other Transaction Party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of payments by the Noteholders, as follows:

- Available Interest Distribution Amount is expected to exceed interest due and payable on the Rated Notes and senior costs and expenses of the Issuer (including Issuer Expenses).
- Any balances of the General Reserve Fund from time to time will form part of the Available Interest Distribution Amount and be available to the Issuer to make payments in accordance with the Payments Priorities.
- A Payment Shortfall on any Interest Payment Date may be funded from the Liquidity Reserve Fund provided that, in the case of the payment of interest on the Class B Notes, the Reallocation Condition is met.
- Prior to the delivery of an Enforcement Notice, a Payment Shortfall (taking into account any prior application of the Liquidity Reserve Fund) on any Interest Payment Date may be funded (to the extent available) from Available Principal Distribution Amount provided that, in the case of the payment of interest on the Class B Notes, the Reallocation Condition is met.
- The payments of interest and principal on the Classes of Notes will be in Sequential Order and interest payments on the Class B Notes and the Class Z Notes will be deferred where the Issuer has insufficient proceeds.
- Principal Losses are allocable to the Classes of Notes in reverse Sequential Order in the Principal Deficiency Ledger.
- A Subordinated Loan Facility is provided by the Subordinated Loan Facility Provider to fund the Reserve Account on the Closing Date and to meet costs in connection with the issuance of the Notes. Repayment of the principal and interest on the Subordinated Loan Facility is subordinated to payments on the Notes.
- On and following the Step-Up Date, any excess Available Interest Distribution Amount, following the elimination of any debit on the Class B Principal Deficiency Sub-Ledger and the Class Z Principal Deficiency Sub-Ledger, will be applied as Available Principal Distribution Amount in order to make principal payments on the Rated Notes in accordance with the Pre-Enforcement Interest Payments Priorities and Pre-Enforcement Principal Payments Priorities.
- The Issuer will enter into the Interest Rate Swap Agreement to hedge against the possible variance between the fixed interest rates due and payable by Borrowers on the Mortgage Loans and the floating rate interest payments in respect of the Rated Notes.
- The Issuer will enter into the Currency Swap Agreement to swap: (i) the SEK STIBOR payments received under the Interest Rate Swap and the SEK based interest amounts received from the Borrowers on the Standard Variable Mortgage Loans for the EURIBOR based interest payable in Euros in respect of the Class A Notes, (ii) the SEK principal amounts received from the Borrowers on the Mortgage Loans for the Euro principal redemption amounts payable in respect of the Class A Notes and (iii) the Euro proceeds of the issuance of the Class A Notes into SEK for the purposes of paying the Mortgage Loan Purchase Price in SEK to the Mortgage Loan Seller.

Each of these factors is considered in more detail below.

Credit Support for the Notes provided by Available Interest Distribution Amount

It is anticipated that, during the life of the Notes, the interest payable by Borrowers on the Mortgage Loans will, assuming that all of the Mortgage Loans are fully performing, be sufficient so that the

Available Interest Distribution Amount will be available to pay the amounts payable under items (a) to (o) of the Pre-Enforcement Interest Payments Priorities. The actual amount of any excess will vary during the life of the Notes. Two of the key factors determining such variation are the interest rates applicable to the Mortgage Loans in the Mortgage Loan Portfolio (as to which, see the section entitled "*Key Structural Features – Credit Enhancement and Liquidity Support – Interest Rate Swap Agreement*") and the performance of the Mortgage Loan Portfolio.

Available Interest Distribution Amount may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Interest Payments Priorities) on each Interest Payment Date towards reducing any Principal Deficiency Ledger entries (which may arise from (i) Principal Losses on the Mortgage Loan Portfolio or (ii) the application of Available Principal Distribution Amount in the event of a Payment Shortfall).

To the extent that the amount of Available Interest Distribution Amount on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met in priority to item (k) of the Pre-Enforcement Interest Payments Priorities, such excess is first available to replenish and increase the Liquidity Reserve Fund up to and including an amount equal to the Liquidity Reserve Fund Required Amount and secondly to replenish and increase the General Reserve Fund up to and including an amount equal to the General Reserve Fund Required Amount.

Liquidity and Credit Support provided by the General Reserve Fund

The Issuer will, on the Closing Date, open and maintain the Reserve Account denominated in SEK with the Issuer Accounts Bank, under the Issuer Accounts Agreement. On the Closing Date, the Issuer will establish a fund called the "**General Reserve Fund**" to provide credit enhancement to the Rated Notes which will be credited with the General Reserve Fund Required Amount on the Closing Date. The General Reserve Fund will be funded from part of the proceeds of the Subordinated Loan Facility pursuant to the Subordinated Loan Facility Agreement. The General Reserve Fund will be deposited in the Reserve Account. After the Closing Date, the Reserve Account shall be replenished to the General Reserve Fund Required Amount out of the Available Interest Distribution Amount starting from the First Interest Payment Date and on each subsequent Interest Payment Date (subject to payment of amounts ranking in priority to the funding of the General Reserve Fund in the Payments Priorities) until the balance reaches the General Reserve Fund Required Amount. The Reserve Account will be operated by the Cash Manager in accordance with the terms of the Cash Management Agreement, the Issuer Accounts Agreement, the Swedish Security Agreement and the English Deed of Charge. Any balances of the General Reserve Fund from time to time will form part of the Available Interest Distribution Amount and be available to the Issuer to make payments in accordance with the Payments Priorities. Interest on the Reserve Account is payable by the Issuer Accounts Bank at the Issuer Accounts Rate (which may be positive or negative).

The "**General Reserve Fund Required Amount**", on the Closing Date and on each subsequent Interest Payment Date, will be an amount equal to (a) 3.00 per cent. of the Aggregate Principal Outstanding Balance of the Original Mortgage Loan Portfolio as at 28 February 2017, less (b) the amount standing to the credit of the Liquidity Reserve Fund on the Closing Date.

On any Interest Payment Date on which the Rated Notes are fully repaid or otherwise redeemed in full, the General Reserve Fund Required Amount will be reduced to zero and any amounts held in the General Reserve Fund will form part of Available Interest Distribution Amount and will be applied in accordance with the Pre-Enforcement Payments Priorities.

Liquidity Support provided by the Liquidity Reserve Fund

The Issuer will maintain the Liquidity Reserve Fund to provide liquidity for senior expenses and the Rated Notes (the "**Liquidity Reserve Fund**") which will be credited with the Liquidity Reserve Fund Required Amount. The Liquidity Reserve Fund will be funded from part of the proceeds of the Subordinated Loan Facility pursuant to the Subordinated Loan Facility Agreement and shall be deposited in the Reserve Account. If following the application of items (a) to (l) of the definition of Available Interest Distribution Amount, there is a Payment Shortfall then monies standing to the credit of the Liquidity Reserve Fund shall be applied in accordance with item (m) of the definition of Available Interest Distribution Amount on each Interest Payment Date to make up any Payment Shortfall provided that the Liquidity Reserve Fund may only be used to pay interest on the Class B Notes if the Reallocation

Conditions are satisfied. After the Closing Date, the Liquidity Reserve Fund shall be replenished to the Liquidity Reserve Fund Required Amount out of the Available Interest Distribution Amount starting from the First Interest Payment Date and on each subsequent Interest Payment Date (subject to payment of amounts ranking in priority to the funding of the Liquidity Reserve Fund in the Payments Priorities) until the balance reaches the Liquidity Reserve Fund Required Amount.

The "**Liquidity Reserve Fund Required Amount**" on the Closing Date and on each subsequent Interest Payment Date shall be an amount equal to 2.75 per cent. of the aggregate Principal Amount Outstanding of the Rated Notes on such date (taking into account any redemptions of the Rated Notes on any Interest Payment Date).

The "**Reallocation Condition**" is satisfied on any Interest Payment Date if, in respect of any payment towards interest due on the Class B Notes, such payment would not result in the outstanding balance of the Class B Principal Deficiency Sub-Ledger being greater than 0 per cent. of the Principal Amount Outstanding of the Class B Notes (taking into account any redemptions of the Class B Notes to be applied on the relevant Interest Payment Date).

Application of Available Principal Distribution Amount to fund a Payment Shortfall

Prior to service of an Enforcement Notice, Available Principal Distribution Amount will be applied as Available Interest Distribution Amount on any Interest Payment Date to the extent required to make up any Payment Shortfall (taking into account the prior application of funds, if any, from the Liquidity Reserve Fund on such Interest Payment Date) provided that, in the case of the payment of any interest on the Class B Notes, the Reallocation Condition is satisfied.

If Available Principal Distribution Amount is applied to fund a Payment Shortfall on any Interest Payment Date, the Issuer (or the Cash Manager on its behalf) will make a corresponding debit in the Principal Deficiency Ledger.

Payment of the Notes in Sequential Order and deferral of payments on the Notes

Payments of interest on the Classes of Notes will be paid in Sequential Order (so that interest payments on the Class Z Notes will be subordinated to interest payments on the Class A Notes and the Class B Notes, and interest payments on the Class B Notes will be subordinated to interest payments on the Class A Notes), in accordance with the relevant Payments Priorities.

Any shortfall in payments of interest on the Notes (other than the Most Senior Class of Notes) will be deferred until the next Interest Payment Date and this will not constitute an Event of Default. On the next Interest Payment Date, the amount of interest scheduled to be paid on each Note will be increased to take account of any deferral of such amounts for such Notes. The deferral process will continue until the Final Maturity Date of the Notes, at which point, all such deferred amounts (including interest thereon) will become due and payable. However, if there is insufficient money available to the Issuer to pay interest on such Notes, then the relevant Noteholders (as applicable) may not receive all interest amounts. Payments of interest on the Most Senior Class of Notes may not be deferred.

It is not intended that any surplus will be accumulated in the Issuer, other than, for the avoidance of doubt, amounts standing to the credit of the Reserve Account and any Swap Collateral posted with the Issuer.

Losses allocated to the Principal Deficiency Ledger

On each Calculation Date, the Cash Manager will determine the amount of Principal Losses on the Mortgage Loan Portfolio which are allocable to the Notes.

A Principal Deficiency Ledger, comprising three sub-ledgers (one relating to each Class of Notes), will be established on the Closing Date in order to record any Principal Losses on the Mortgage Loan Portfolio and the application of Available Principal Distribution Amount to meet any Payment Shortfall.

Any Principal Deficiency will be debited to the Class Z Principal Deficiency Sub-Ledger so long as the debit balance on the Class Z Principal Deficiency Sub-Ledger is not greater than the Principal Amount Outstanding of the Class Z Notes. Thereafter, any Principal Deficiency will be debited to the Class B Principal Deficiency Sub-Ledger so long as the debit balance of the Class B Principal Deficiency

Sub-Ledger is not greater than the Principal Amount Outstanding of the Class B Notes. Thereafter, any Principal Deficiency will be debited to the Class A Principal Deficiency Sub-Ledger.

Debit balances on the Principal Deficiency Ledger will be reduced or eliminated on each Interest Payment Date by use of the Available Interest Distribution Amount in accordance with the Pre-Enforcement Interest Payments Priorities commencing with the Class A Principal Deficiency Sub-Ledger, then the Class B Principal Deficiency Sub-Ledger and then the Class Z Principal Deficiency Sub-Ledger.

Issuer GIC Account

Pursuant to the Issuer Accounts Agreement, interest on funds in the Issuer GIC Account is payable by the Issuer Accounts Bank at the Issuer Accounts Rate (which may be positive or negative).

If, at any time (i) the short-term, unsecured, unguaranteed and unsubordinated debt obligations of the Issuer Accounts Bank are downgraded below the Minimum Required Rating, the Issuer Accounts Bank will be required (within 30 calendar days) to (i) transfer (at its own cost) all or materially all of its rights and obligations under the Issuer Accounts Agreement to a replacement financial institution or institutions meeting the Minimum Required Rating or (ii) procure that a financial institution or institutions meeting the Minimum Required Rating guarantee all of the Issuer Accounts Bank's obligations under the Issuer Accounts Agreement. The Cash Manager (until the occurrence of a Cash Manager Event) and the Issuer shall use reasonable endeavours to assist the Issuer Accounts Bank to comply with its obligations upon downgrade.

Elevated Interest Account

Pursuant to the Issuer Accounts Agreement, the Issuer will establish the Elevated Interest Account in its name at the Issuer Accounts Bank denominated in SEK. The Elevated Interest Account will be operated by the Cash Manager in accordance with the terms of the Cash Management Agreement and the Issuer Accounts Agreement.

For the first year of a Mortgage Loan (including a Further Advance) advanced by BBAB to a Borrower pursuant to a Mortgage Loan Agreement, the Borrower will be charged an Elevated Interest rate. The Elevated Interest Amount will not be settled in cash by the Borrower during the first year of the Mortgage Loan, rather it will be deducted from the amount paid to the Borrower and held by BBAB as a Retained Amount. On each mortgage repayment date in relation to each Mortgage Loan, the Relevant Fraction will be applied by the Cash Manager towards payment of the Elevated Interest Amount with the effect that after the first year of the Mortgage Loan, the balance of the Retained Amount will be reduced to zero. The Cash Manager will notify the Servicer once the Elevated Interest Amount has been settled in full, by the application of the Retained Amount, after the first year following the origination of the Mortgage Loan.

On and after the Closing Date, pursuant to the Mortgage Loan Sale Agreement, when a Mortgage Loan (including any Further Advances) with a remaining Retained Amount is transferred by BBAB to the Issuer, the Retained Amount in relation to that Mortgage Loan will be deposited by BBAB in the Elevated Interest Account. Each month, the Relevant Fraction, having been applied towards payment of the Elevated Interest Amount, will be transferred by the Cash Manager to the Issuer GIC Account and will be applied as a Collection.

If a Borrower prepays the principal outstanding balance of the Mortgage Loan during the first year, the remaining Retained Amount in relation to that Mortgage Loan will be set-off against any principal and interest prepayment amounts owed by the Borrower. The Cash Manager will notify the Servicer of the remaining Retained Amount held in the Elevated Interest Account in the event of a Borrower prepayment of a Mortgage Loan during the first year.

In the event of a repurchase by BBAB from the Issuer of a Mortgage Loan pursuant to the Mortgage Loan Sale Agreement, any remaining Retained Amount in relation to that Mortgage Loan will be transferred back to BBAB.

"Elevated Interest" means for the first year of a Mortgage Loan advanced by BBAB to a Borrower pursuant to a Mortgage Loan Agreement, the elevated rate of interest per annum charged in addition to the Bluestep Reference Rate and Borrower Margin which is applicable thereafter on such Mortgage Loan.

"Elevated Interest Amount" means the amount payable by the Borrower comprising the Elevated Interest.

"Issuer Accounts Rate" means 1 week STIBOR minus 0.10 per cent per annum.

"Minimum Required Rating" means in respect of the Issuer Accounts Bank or the Swap Collateral Custodian, that (a) short-term issuer default rating by Fitch must be at least F1 or the long-term issuer default rating by Fitch must be at least A; and (b) long term issuer credit rating is rated at least: (1) A by S&P (if its short term issuer credit rating is also rated at least as high as A-1 by S&P) or (2) A+ by S&P (if its short term issuer credit rating is not rated or are rated below A-1 by S&P) (or such other short term or long term rating by the relevant Rating Agency which the relevant Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Most Senior Class of Rated Notes).

"Relevant Fraction" means approximately 1/12 of the Retained Amount.

"Retained Amount" means the Elevated Interest Amount for the first year of the Mortgage Loan which is retained by BBAB to cover the Elevated Interest payable by the Borrower.

"STIBOR" means, in respect of a Calculation, a rate for deposits for Swedish Kronor for a period of the designated maturity which appears on the Reuters Screen SIOR as of 11.00 a.m., Stockholm time on that Calculation. If such rate does not appear on such page, the rate for that Calculation will be determined on the basis of the rates at which deposits in Swedish Kronor are offered by four major banks in the Stockholm interbank market at approximately 11.00 a.m. on that Calculation to prime banks in the Stockholm interbank market for a period of the designated maturity commencing on that Calculation in an amount that is representative for the relevant transaction in the relevant market at the relevant time.

Subordinated Loan Facility

The Subordinated Loan Facility Provider will, pursuant to the Subordinated Loan Facility Agreement, make the Subordinated Loan Facility available to the Issuer. The Subordinated Loan Facility will comprise an amount of SEK 18,000,000 to be used to fund the General Reserve Fund and Liquidity Reserve Fund on the Closing Date and an amount of SEK 18,000,000 to be deposited in the Expenses Account on the Closing Date.

The Issuer will be permitted to make further drawings under the Subordinated Loan Facility during the first Interest Period in order to pay Initial Issuer Expenses (as agreed between the Issuer and the Subordinated Loan Facility Provider) which were not capable of being determined on the Closing Date.

Interest on the Subordinated Loan Facility will be paid, and principal repaid, by the Issuer on each Interest Payment Date from the Available Interest Distribution Amount subject to and in accordance with the applicable Payments Priorities.

All amounts outstanding under the Subordinated Loan Facility will be due and payable on the Final Maturity Date or on such earlier date as the Notes are redeemed in full.

To the extent that any Initial Issuer Expenses (other than, for the avoidance of doubt, any payments of interest and/or principal by the Issuer in respect of the Class A Notes) are denominated in a currency other than SEK, the Cash Manager on behalf of the Issuer will spot exchange amounts of SEK for amounts in the relevant currency.

The Subordinated Loan Facility Agreement will be governed by English law.

Certain Available Interest Distribution Amount to be used as Available Principal Distribution Amount

On and following the Step-Up Date, excess Available Interest Distribution Amount, following the elimination of any debit on the Class Z Principal Deficiency Sub-Ledger, will be applied as Available Principal Distribution Amount in order to repay the Rated Notes. Available Interest Distribution Amount applied in this manner will be reflected by a debit entry in the Revenue Surplus Ledger. Available Principal Distribution Amount, following repayment in full of the Rated Notes, shall be applied as Available Interest Distribution Amount, to the extent there is a debit on the Revenue Surplus Ledger

(following such application, the debit balance on the Revenue Surplus Ledger will be reduced by such amount).

Swap Agreements

Interest Rate Swap Agreement

Interest payable by Borrowers under the Mortgage Loans will be determined by reference to certain fixed and variable rates of interest, which will be determined on a different basis from the floating rates of interest payable by the Issuer on the Notes. In order to hedge against the variance between the rates of interest payable by Borrowers under the Fixed Rate Mortgage Loans and the rates of interest payable by the Issuer on the Rated Notes, the Issuer will enter into an Interest Rate Swap. The Interest Rate Swap will constitute a transaction pursuant to a 1992 ISDA Master Agreement to be entered into (together with a Schedule, Confirmation and Credit Support Annex thereto) between the Issuer and the Interest Rate Swap Provider.

The Issuer will not enter into a swap agreement to hedge against the variance between the rates of interest payable by Borrowers under the Variable Rate Mortgage Loans and the rates of interest payable by the Issuer on the Notes.

Under the Interest Rate Swap, on each Interest Payment Date:

- (a) the Issuer will pay to the Interest Rate Swap Provider an amount equal to the Fixed Interest Period Issuer Amount in respect of the applicable Calculation Period;
- (b) the Interest Rate Swap Provider will pay to the Issuer an amount equal to the Fixed Interest Period Swap Provider Amount in respect of the applicable Calculation Period.

Currency Swap Agreement

The Class A Notes will be denominated in Euro and will accrue interest at a Euro Interbank Offered Rate ("EURIBOR") plus a margin. To hedge its currency exposure on the Closing Date, the Issuer will enter into a Currency Swap relating to the Class A Notes with the Currency Swap Provider. The Currency Swap will constitute a transaction under the Currency Swap Agreement, being an agreement in the form of a 1992 ISDA Master Agreement to be entered into (together with a Schedule and Credit Support Annex thereto) between the Issuer and the Currency Swap Provider on or before the Closing Date.

Under the Currency Swap, the Issuer will pay or arrange for the payment to the Currency Swap Provider under the Currency Swap Agreement on the Closing Date of an amount equal to the net proceeds of the issue of the Class A Notes in Euro. In return, the Issuer will be paid the SEK equivalent of that aggregate Euro amount (calculated by reference to the Relevant Exchange Rate) by the Currency Swap Provider.

On each Interest Payment Date for the Class A Notes, the Currency Swap Provider under the Currency Swap Agreement will pay to, or at the direction of, the Issuer, (i) an amount denominated in Euro calculated by reference to Three-Month EURIBOR for the relevant Interest Period plus a spread, which is equivalent to the interest for the relevant Interest Period due and payable in Euro on the Principal Amount Outstanding of the Class A Notes. In return, the Issuer will pay to the Currency Swap Provider on each Interest Payment Date an amount denominated in SEK calculated by reference to Three-Month SEK STIBOR for the relevant Interest Period plus a spread.

In order to allow for the effective currency amount of the Currency Swap to amortise at the same rate as the Class A Notes, the Currency Swap Agreement will provide that, as and when the Class A Notes amortise, a corresponding portion of the currency amount of the Currency Swap will amortise. On each Interest Payment Date, the Issuer will pay to the Currency Swap Provider under the Currency Swap Agreement an amount in SEK equal to the aggregate of principal payments available to be made on the Class A Notes. In return, on each Interest Payment Date, the Currency Swap Provider under the Currency Swap Agreement will pay to the Issuer, or at the direction of the Issuer, an amount in Euro, equivalent to the amount received from the Issuer converted at the Relevant Exchange Rate, which will be applied by the Issuer in partial redemption of the Class A Notes.

On the Final Maturity Date of the Class A Notes or, if earlier, the date on which such Class A Notes are redeemed in full, the Issuer will pay to the Currency Swap Provider under the Currency Swap Agreement

an amount in SEK equal to the amount of principal available to the Issuer for payment to the holders of the Class A Notes pursuant to the Conditions and the relevant Payments Priorities and the Currency Swap Provider under the Currency Swap Agreement will pay to the Issuer an amount in Euro, equivalent to the amount received from the Issuer, converted at the Relevant Exchange Rate.

The Currency Swap will terminate on the date on which the aggregate Principal Amount Outstanding of the Class A Notes is zero.

Ratings Downgrade

If, at any time following the Closing Date, the short term or long-term, unsecured and unsubordinated debt obligations of the Swap Providers or any guarantor, as applicable, are downgraded by either of the Rating Agencies below the required ratings specified in the relevant Swap Agreement for the relevant Swap Provider, the relevant Swap Provider will be required to take certain remedial measures which may include (depending on the extent of the downgrade) providing collateral for its obligations, arranging for its obligations to be transferred to an entity with the ratings required by the relevant Rating Agency or procuring another entity with the rating required by the relevant Rating Agency to become a co-obligor or guarantor in respect of its obligations or taking such other action (which may include inaction) necessary so that the rating of the Class A Notes and/or Class B Notes following such action will be rated no lower than the Class A Notes and/or Class B Notes would have been rated but for the downgrade of the relevant Swap Provider. A failure to take such steps will allow the Issuer to terminate the relevant Swap Agreement.

Termination of the Swap Agreements

The Swap Agreements may be terminated in, *inter alia*, the following circumstances (each, a "**Swap Early Termination Event**"):

- (a) at the option of one party to the relevant Swap Agreement, if there is a failure by the other party to pay any amounts due and payable in accordance with the terms of the relevant Swap Agreement and any applicable grace period has expired;
- (b) service by the Trustee of an Enforcement Notice on the Issuer pursuant to Condition 13 (*Events of Default*);
- (c) irrevocable notice is given by the Issuer that a redemption of the Notes will occur pursuant to Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.3 (*Optional Redemption in whole*) (save, in the case of the Currency Swap Agreement, if the Class A Notes are redeemed pursuant to Condition 9.3 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*));
- (d) upon the Bankruptcy of the relevant Swap Provider (as defined in the relevant Swap Agreement) or certain insolvency events with respect to the Issuer (as set out in the relevant Swap Agreement) or the merger of the relevant Swap Provider with another entity without an assumption by the entity created by such merger of the obligations of the relevant Swap Provider under the relevant Swap Agreement;
- (e) upon the occurrence of a Tax Event, Tax Event Upon Merger or an Illegality (as defined in the relevant Swap Agreement);
- (f) if a Swap Provider is downgraded and fails to comply with the requirements of the ratings downgrade provisions contained in the relevant Swap Agreement and described above in the section entitled "*Key Structural Features – Credit Enhancement and Liquidity Support - Ratings Downgrade*";
- (g) if the Pre-Enforcement Payments Priorities or the Post-Enforcement Payments Priorities are amended (in any case, other than (i) in accordance with the Cash Management Agreement and/or the English Deed of Charge, as the case may be, or (ii) with the prior written consent of each Swap Provider), such that the Issuer's obligations to such Swap Provider under the relevant Swap Agreement are further contractually subordinated to the Issuer's obligations to any other Secured Creditor than they are as at the date of the relevant Swap Agreement; and

- (h) if any Transaction Document is amended without each Swap Provider's prior written consent, in such a manner that a Swap Provider would, immediately after such amendment, be required to pay more or receive less were it to replace itself as a Swap Provider under the relevant Swap Agreement than would otherwise have been the case had such amendment not taken place.

Upon the occurrence of a Swap Early Termination Event, either the Issuer or the relevant Swap Provider may be liable to make a termination payment to the other. This termination payment will be calculated and made in Swedish Kronor in the case of the Interest Rate Swap and Euro in the case of the Currency Swap. The amount of any termination payment will be based on the market value of the terminated swap transaction based on market quotations of the cost of entering into a swap transaction with the same terms and conditions that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that market quotation cannot be determined or the Issuer is the Defaulting Party or Affected Party (both as defined in the relevant Swap Agreement)).

Except where the relevant Swap Provider has caused the relevant Swap Agreement to terminate as a result of a Swap Provider Default or Swap Provider Downgrade Event (in which case any termination payment due to that Swap Provider will be a Subordinated Termination Amount), any termination payment in respect of such Swap Agreement due by the Issuer to the relevant Swap Provider will rank: (i) in priority to payments of interest and principal (in the Pre-Enforcement Interest Payments Priorities and the Post-Enforcement Payments Priorities) due on Rated Notes (in the case of the Interest Rate Swap Agreement), and (ii) *pari passu* with payment of interest due to the holders of the Class A Notes (in the case of the Currency Swap Agreement).

The Issuer will apply any termination payment it receives from a termination of any Swap Agreement (including, for the avoidance of doubt, any Swap Collateral to the extent it is not required to pay a termination payment to the relevant Swap Provider) to purchase a replacement swap (as described below). If, following the termination of any Swap Agreement, a replacement swap is not found, such termination payment shall be deposited in the Swap Collateral Accounts and applied to purchase any replacement swap entered into at a future date. Following the application of a termination payment to purchase a replacement swap, and payment of the termination payment to the relevant Swap Provider (if any) and if satisfied from amounts standing to credit of Swap Collateral Accounts, any excess amount of the termination payment remaining will constitute Available Interest Distribution Amount. To the extent that the Issuer receives a premium under any replacement swap, it shall apply such premium first to make any termination payment due under the related terminated swap(s) and any remainder will constitute Available Interest Distribution Amount.

"Swap Provider Default" means, the occurrence of an Event of Default (as defined in the relevant Swap Agreement) where a Swap Provider is the Defaulting Party (as defined in the relevant Swap Agreement).

"Swap Provider Downgrade Event" means, the occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following the failure by the relevant Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement.

Taxation

The Issuer is not obliged under the Swap Agreements to gross up payments made by it if withholding taxes are imposed on payments made under the relevant Swap Agreement.

The relevant Swap Provider is always obliged to gross up payments made by it to the Issuer if withholding taxes are imposed on payments made by it to the Issuer under the relevant Swap Agreement. The imposition of withholding taxes on payments made by the relevant Swap Provider under the relevant Swap Agreement will constitute a Tax Event or a Tax Event Upon Merger (each as defined in the relevant Swap Agreement) and will give the relevant Swap Provider the right to terminate the relevant Swap Agreement subject to the terms thereof.

The Issuer shall repay the amount of any Swap Tax Credit in relation to a Swap Agreement directly to the relevant Swap Provider without reference to the Payments Priorities.

Governing Law

Each Swap Agreement and any non contractual obligations arising in out of or in relation to the relevant Swap Agreement will be governed by English law.

Payments by the Cash Manager

All payments referred to in this Prospectus expressed to be made by the Issuer in respect of any Swap Agreement are to be carried out by the Cash Manager on behalf of the Issuer and the Trustee and pursuant to the Cash Management Agreement.

Replacement of the Swap Agreements

Replacement upon early termination

In the event that any Swap Agreement is terminated prior to its scheduled termination date, and prior to the service of an Enforcement Notice or the redemption in full of all outstanding Notes, the Issuer shall use its reasonable efforts to enter into a replacement swap agreement.

Depending on the circumstances prevailing in the market at the time, the Issuer or the replacement swap provider may be liable to make a payment to the other in order to enter into a replacement swap agreement. If a Replacement Swap Premium is payable by the replacement swap provider to the Issuer, any such amount received by the Issuer will be used first to pay any termination payment due under the relevant Swap Agreement which has been terminated and is being replaced, with any remainder applied as Available Interest Distribution Amount. If a Replacement Swap Premium is payable by the Issuer to the replacement swap provider, the Issuer may not have sufficient funds standing to the credit of the relevant Swap Collateral Accounts in order to make such payment and therefore may be unable to enter into a replacement swap agreement.

Replacement in other circumstances

Each Swap Provider has the right, at any time upon giving prior notice to the Issuer and the Trustee, to require that the relevant Swap Transaction be transferred or novated by the relevant Swap Provider to the a third party, provided that, *inter alia*: (i) certain requirements of the Rating Agencies (as set out in the relevant Swap Agreement) are complied with or the Rating Agencies confirms that such transfer or novation will not have an adverse effect on the then current ratings of the Rated Notes; (ii) the replacement swap is on terms which have the same effect as the existing swap as to payment and delivery, and are in all other material respects no less beneficial to the Issuer than the terms of the existing Swap Transaction; and (iii) no unfunded additional amounts (including any swap termination payment) will become payable by the Issuer to the relevant Swap Provider as a result of such transfer or novation.

Credit Support Annex

On or around the Closing Date, each Swap Provider will enter into a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) with the Issuer (each a "**Credit Support Annex**") in support of the obligations of the relevant Swap Provider under the relevant Swap Agreement. Pursuant to the terms of the relevant Credit Support Annex, if at any time the relevant Swap Provider is required to provide collateral in respect of any of its obligations under the relevant Swap Agreement, the relevant Swap Provider will, subject to the conditions specified in the relevant Credit Support Annex and the relevant Swap Agreement, make transfers of collateral to the Issuer in respect of its obligations under the relevant Swap Agreement. The Issuer will be obliged to return such collateral in accordance with the terms of the relevant Credit Support Annex.

Swap Collateral

In the event that a Swap Provider is required to transfer collateral to the Issuer in respect of its obligations under the relevant Swap Agreement in accordance with the terms of the relevant Credit Support Annex, that collateral (and any interest and/or distributions earned thereon) will be credited to a separate Swap Collateral Account and credited to the relevant Swap Collateral Sub-Ledger. In addition, upon any early termination of any Swap Agreement, any termination payment received by the Issuer from the outgoing Swap Provider will be credited to the Swap Collateral Account or recorded on the relevant Swap Collateral Sub-Ledger.

Amounts and securities standing to the credit of each Swap Collateral Account (including interest, distributions and redemption or sale proceeds thereon or thereof) and recorded on the relevant Swap Collateral Sub-Ledger will not be available for the Issuer or the Trustee to make payments to the Secured

Creditors generally, but may be applied only in accordance with the following provisions (the "**Swap Collateral Account Priority of Payments**"):

- (a) prior to the designation of an Early Termination Date (as defined in the relevant Swap Agreement) in respect of the relevant Swap Agreement, solely in or towards payment or discharge of any Return Amounts, Interest Amounts and Distributions (as defined in the Credit Support Annex), on any day, directly to the relevant Swap Provider in accordance with the terms of the relevant Credit Support Annex;
- (b) following the designation of an Early Termination Date (as defined in the relevant Swap Agreement) in respect of the relevant Swap Agreement where (A) such Early Termination Date (as defined in the relevant Swap Agreement) has been designated following a Swap Provider Default or Swap Provider Downgrade Event and (B) the Issuer enters into a replacement swap agreement in respect of the relevant Swap Agreement on or around the Early Termination Date (as defined in the relevant Swap Agreement) of the relevant Swap Agreement, on the later of: (i) the day on which such replacement swap agreement is entered into; and (ii) the day on which a termination payment (if any) payable to the Issuer has been received, in the following order of priority:
 - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the relevant Swap Agreement being terminated;
 - (ii) *second*, in or towards payment of any termination payment due to the relevant outgoing Swap Provider; and
 - (iii) *third*, the surplus (if any) (a "**Swap Collateral Account Surplus**") in respect of the relevant Swap Agreement on such day to be transferred to the Issuer GIC Account;
- (c) following the designation of an Early Termination Date (as defined in the relevant Swap Agreement) in respect of the relevant Swap Agreement where (A) such Early Termination Date (as defined in the relevant Swap Agreement) has been designated otherwise than as a result of one of the events specified at items (b)(A) above and (B) the Issuer enters into a replacement swap agreement in respect of the relevant Swap Agreement on or around the Early Termination Date (as defined in the relevant Swap Agreement) of the relevant Swap Agreement, on the day on which such replacement swap agreement is entered into, in the following order of priority:
 - (i) *first*, in or towards payment of any termination payment due to the outgoing Swap Provider;
 - (ii) *second*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap agreement with the Issuer with respect to the relevant Swap Agreement being terminated; and
 - (iii) *third*, any Swap Collateral Account Surplus on such day to be transferred to the Issuer GIC Account to be applied as Available Interest Distribution Amount;
- (d) following the designation of an Early Termination Date (as defined in the relevant Swap Agreement) in respect of the relevant Swap Agreement for any reason where the Issuer does not enter into a replacement swap agreement in respect of the relevant Swap Agreement on or around the Early Termination Date (as defined in the relevant Swap Agreement) of the relevant Swap Agreement and, on any day, in or towards payment of any termination payment due to the outgoing relevant Swap Provider; and
- (e) following payments of amounts due pursuant to (d) above, if amounts remain standing to the credit of a Swap Collateral Account or the relevant Swap Collateral Sub-Ledger, such amounts may be applied only in accordance with the following provisions:
 - (i) *first*, in or towards payment of a Replacement Swap Premium (if any) payable by the Issuer to a replacement swap provider in order to enter into a replacement swap

agreement with the Issuer with respect to the relevant Swap Agreement to which such Swap Collateral Account relates;

- (ii) *second*, any Swap Collateral Account Surplus remaining after payment of such Replacement Swap Premium to be transferred to the Issuer GIC Account to be applied as Available Interest Distribution Amount,

provided that for so long as the Issuer does not enter into a replacement swap agreement with respect to the Swap Agreement to which such Swap Collateral Account relates, on each Interest Payment Date, the Issuer or the Cash Manager on its behalf will be permitted to withdraw an amount from the applicable Swap Collateral Account or the relevant Swap Collateral Sub-Ledger (as the case may be):

- (A) in respect of the Interest Rate Swap, equal to the excess of the Fixed Interest Period Swap Provider Amount over the Fixed Interest Period Issuer Amount which would have been paid by the Interest Rate Swap Provider to the Issuer on such Interest Payment Date but for the designation of an Early Termination Date (as defined in the Interest Rate Swap Agreement) under the Interest Rate Swap Agreement to be applied as Available Interest Distribution Amounts on such date; and/or
- (B) in respect of the Currency Swap, equal to the amount which, if added to the applicable Available Interest Distribution Amount or Available Principal Distribution Amount (as the case may be) available to make payments of interest and principal on the Class A Notes would, when converted at the prevailing "spot" rate from SEK to Euro, result in the Issuer receiving the same amount of Euro that it would have received from the Currency Swap Provider but for the designation of an Early Termination Date (as defined in the Currency Swap Agreement) under the Currency Swap Agreement to be applied as Available Interest Distribution Amount or Available Principal Distribution Amount; and

provided further that for so long as the Issuer does not enter into a replacement swap agreement with respect to the Swap Agreement to which such Swap Collateral Account relates on or prior to the earlier of:

- (x) the Calculation Date immediately before the Interest Payment Date on which the SEK Equivalent Principal Amount Outstanding of all Classes of Notes or, in the case of the Currency Swap Agreement, the Class A Notes is reduced to zero; or
- (y) the day on which an Enforcement Notice is given pursuant to Condition 13 (*Events of Default*),

then the Swap Collateral Account Surplus on such day shall be transferred to the Issuer GIC Account as soon as reasonably practicable thereafter.

The Swap Collateral Accounts will be opened in the name of the Issuer and will be held at a financial institution which meets the relevant ratings requirements. This will be The Bank of New York Mellon, London Branch, as of the date of this Prospectus. As security for the payment of all monies payable in respect of the Notes and the other Secured Amounts, the Issuer will grant security over the Issuer's interest in the Swap Collateral Accounts and the debts represented thereby pursuant to the English Deed of Charge.

"Fixed Interest Period Issuer Amount" means, with respect to an Interest Payment Date, the Fixed Amount (as defined in the Interest Rate Swap) payable by the Issuer to the Interest Rate Swap Provider on such Interest Payment Date.

"Fixed Interest Period Swap Provider Amount" means, with respect to an Interest Payment Date, the Floating Amount (as defined in the Interest Rate Swap) payable by the Interest Rate Swap Provider to the Issuer on such Interest Payment Date.

CASHFLOWS AND CASH MANAGEMENT

Collection Arrangements for Mortgage Loans

Collections: Collections with regard to Principal Receivables are referred to as "**Principal Collections**" and Collections with regard to Revenue Receivables are referred to as "**Revenue Collections**"

"**Collections**" means, in relation to any Mortgage Loan, all cash collections, and other cash proceeds thereof including any and all (a) principal, interest (including any amounts applied by the Cash Manager towards payment of Elevated Interest out of the Elevated Interest Account), late payment or similar charges which the Mortgage Loan Seller applies in the ordinary course of its business to amounts owed in respect of such Mortgage Loan and (b) any Liquidation Proceeds in respect of such Mortgage Loan.

"**Principal Receivables**" are, on any day, the principal payments (whether or not yet due) which remain to be paid by the relevant Borrowers under the relevant Mortgage Loan Agreement (including any monies received by the Servicer in respect of any fire insurance relating to a property forming part of the Collateral but excluding accrued interest and arrears of interest), excluding all Principal Recoveries.

"**Revenue Receivables**" are, on any day, all payments (whether or not yet due) which remain to be paid by the relevant Borrowers under the Mortgage Loan Agreements other than Principal Receivables, and Recoveries (including arrears of interest, accrued interest and any interest compensation amounts (*ränteskillnadsersättning*)).

"**Receivables**" are Revenue Receivables and Principal Receivables.

Issuer GIC Account: The Issuer will establish the Issuer GIC Account in its name at the Issuer Accounts Bank denominated in SEK. The Issuer GIC Account will be operated by the Cash Manager in accordance with the terms of the Cash Management Agreement, the Issuer Accounts Agreement, the Swedish Security Agreement and the English Deed of Charge.

All Collections received by the Issuer from a Borrower pursuant to a Mortgage Loan Agreement will be paid into the Issuer GIC Account.

Expenses Account: Pursuant to the Subordinated Loan Facility Agreement, an amount equal to SEK 18,000,000 will be deposited in the Expenses Account established by the Issuer on the Closing Date (the "**Expenses Account**") and used by the Issuer to pay in full the Initial Issuer Expenses on the Closing Date.

The Issuer will be permitted to make further drawings under the Subordinated Loan Facility during the first Interest Period in order to pay Initial Issuer Expenses (as agreed between the Issuer and the Subordinated Loan Facility Provider) which were not capable of being determined on the Closing Date.

On and following the First Interest Payment Date, the Float Amount shall be funded from Available Interest Distribution Amount on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payments Priorities and credited to the Expenses Account. Prior to the Trustee serving an Enforcement Notice on the Issuer, the Cash Manager (on behalf of the Issuer) will, on any Business Day, apply funds standing to the credit of the Expenses Account and

recorded in the Expenses Account Ledger, in making the following payments or provisions (but in no order of priority):

- (a) in or towards *pari passu* on a *pro rata* basis of payment of an amount equal to any Incorrect Payments to the Mortgage Loan Seller due on such Business Day;
- (b) in or towards *pari passu* on a *pro rata* basis of payment of the Issuer Expenses due on such Business Day; and
- (c) in or towards *pari passu* on a *pro rata* basis of payment of any shortfalls in the Reserve Account and the Elevated Interest Account arising out of the Issuer Accounts Bank's application of negative interest on amounts standing to the credit thereof.

The parties to the Issuer Accounts Agreement will agree that payments from the Expenses Account and recorded to the Expenses Account Ledger may only be made out of amounts standing to the credit of such account and recorded to such ledger to the extent that such payment does not cause the account or such ledger to become overdrawn and the Cash Manager undertakes not to cause the Expenses Account or the Expenses Account Ledger to become overdrawn.

If any Issuer Expenses (other than, for the avoidance of doubt, any payments of interest and/or principal by the Issuer in respect of the Class A Notes) are denominated in a currency other than SEK, the Cash Manager on behalf of the Issuer will arrange to spot exchange an appropriate amount of SEK on the required date for such other currency in order to effect such payment.

"Incorrect Payments" means a payment made by a Borrower incorrectly paid or transferred to the Issuer GIC Account, identified as such by the Servicer and confirmed by the Cash Manager.

"Issuer Expenses" means the expenses of the Issuer calculated in accordance with the Cash Management Agreement including the expenses of the Issuer in connection with the purchase of the Original Mortgage Loan Portfolio and the issue of the Notes (including, but not limited to, the fees and commissions payable to any Transaction Party and any Third Party Expenses).

"Third Party Expenses" means any amounts due and payable by the Issuer to third parties (not being Secured Creditors) including any liabilities payable in connection with:

- (a) the purchase or disposal by the Issuer of the Mortgage Loans;
- (b) any filing or registration of any Transaction Documents;
- (c) any provision for and payment of the Issuer's liability to pay any annual filing fees or exempt company fees;
- (d) any provision for and payment of the Issuer's liability to any tax;
- (e) any law or any regulatory direction with whose directions the Issuer is accustomed to comply;

- (f) any legal or audit or other professional advisory fees (including Rating Agencies fees and fees payable to any tax advisor);
- (g) any advertising, publication, communication and printing expenses including postage, telephone and telex charges;
- (h) any liquidator fees in respect of any members voluntary liquidation of the Issuer; and
- (i) the admission of the Notes to listing on the Stock Exchange or to trading on the Stock Exchange's regulated market,

and any other amounts then due and payable to third parties and incurred without breach by the Issuer of the provisions of the Transaction Documents.

Elevated Interest Account

The Issuer will establish an Elevated Interest Account in its name at the Issuer Accounts Bank denominated in SEK. The Elevated Interest Account will be operated by the Cash Manager in accordance with the terms of the Cash Management Agreement and the Issuer Accounts Agreement.

Retained Amounts in respect of the Mortgage Loans (including Further Advances) transferred to the Issuer from the Mortgage Loan Seller shall be deposited in the Elevated Interest Account. The Cash Manager will apply the amounts credited to the Elevated Interest Account towards payment of the Elevated Interest Amounts owed by the Borrowers during the first year of the Mortgage Loans).

Ledgers relating to the Issuer Accounts:

The Cash Manager undertakes that it will create and maintain two ledgers as records in the books of the Issuer to distinguish between certain types of amounts added to and deducted from or held within the Issuer GIC Account. The ledgers will not constitute sub-accounts of the Issuer GIC Account.

Issuer GIC Account Revenue Ledger:

The Issuer GIC Account Revenue Ledger will have credited to it the following amounts:

- (a) on each Business Day all Revenue Collections received into the Issuer GIC Account;
- (b) any interest earned on any funds standing to the credit of the Issuer GIC Account;
- (c) on each Interest Payment Date, all amounts payable by a Swap Provider to the Issuer pursuant to the relevant Swap Agreement on such Interest Payment Date (other than (i) any early termination amount received by the Issuer under the relevant Swap Agreement on the applicable Interest Payment Date which is to be applied in acquiring a replacement swap, (ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of the Swap Transaction under the relevant Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the relevant Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap, (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination

payment due and payable by the Issuer to the relevant Swap Provider; (iv) amounts in respect of Swap Tax Credits; and (v) any amounts received or to be received under the Currency Swap Agreement relating to principal in respect of the Class A Notes);

- (d) the amount standing to the credit of the General Reserve Fund on each Interest Payment Date (including all interest credited thereto);
- (e) all proceeds of repurchase of any Mortgage Loan by the Mortgage Loan Seller or a third party purchaser from the Issuer or indemnity payments paid by the Mortgage Loan Seller to the extent such proceeds are attributable to interest or fees;
- (f) all Revenue Recoveries;
- (g) all Liquidation Proceeds to the extent such proceeds are attributable to interest or fees;
- (h) on each Interest Payment Date, any amounts of Available Principal Distribution Amount applied as a credit to the Revenue Surplus Ledger;
- (i) on any Interest Payment Date, any amounts of Available Principal Distribution Amount remaining on such Interest Payment Date after redemption in full of the Notes;
- (j) the amount standing to the credit of the Expenses Account on each Interest Payment Date or on the day on which an Enforcement Notice is served on the Issuer by the Trustee (including all interest credited thereto);
- (k) any Swap Collateral Account Surplus transferred to the Issuer GIC Account in accordance with the Swap Collateral Account Priority of Payments;
- (l) on any Interest Payment Date, any amount standing to the credit of the Liquidity Reserve in excess of the Liquidity Reserve Fund Required Amount as at the immediately preceding Calculation Date;
- (m) On any Interest Payment Date, if there is a Payment Shortfall, then a drawing from the Liquidity Reserve Fund in an amount equal to the lesser of (i) such Payment Shortfall and (ii) the balance of the Liquidity Reserve Fund; and
- (n) if there is a Payment Shortfall on such Interest Payment Date, any Available Principal Distribution Amount in an amount equal to such Payment Shortfall (after the application of the Liquidity Reserve Fund pursuant to paragraph (m) above).

The Issuer GIC Account Revenue Ledger will have deducted from it on any Interest Payment Date, all payments to be made by it in accordance with the Pre-Enforcement Interest Payments Priorities.

Issuer GIC Account Principal Ledger:

The Issuer GIC Account Principal Ledger will have credited to it the following amounts:

- (a) all Principal Collections received into the Issuer GIC Account on each Business Day;
- (b) all proceeds of repurchase of any Mortgage Loan by the Mortgage Loan Seller or a third party purchaser from the Issuer or indemnity payments paid by the Mortgage Loan Seller (excluding proceeds that are attributable to interest or fees);
- (c) all Principal Recoveries;
- (d) all Liquidation Proceeds (excluding those proceeds that are attributable to interest or fees);
- (e) on each Interest Payment Date, amounts credited to the Principal Deficiency Ledger;
- (f) on each Interest Payment Date, any amounts of Available Interest Distribution Amount applied as a debit to the Revenue Surplus Ledger;
- (g) on the First Interest Payment Date, the difference between the proceeds of issue of the Notes on such date and the Mortgage Loan Purchase Price; and
- (h) amounts received or to be received on such Interest Payment Date by the Issuer under the Currency Swap Agreement relating to principal in respect of the Class A Notes.

The Issuer GIC Account Principal Ledger will have deducted from it on any Interest Payment Date, all payments to be made by it in accordance with the Pre-Enforcement Principal Payments Priorities.

Expenses Account Ledger:

The Expenses Account Ledger shall record credits to and debits from the Expenses Account in respect of (i) amounts deposited from the Subordinated Loan Facility on or around the Closing Date in order to meet Initial Issuer Expenses (ii) amounts drawn under the Subordinated Loan Facility between (but not including) the Closing Date and the First Interest Payment Date for the Initial Issuer Expenses not determined on the Closing Date and (iii) amounts received to replenish the Float Amount in accordance with the Pre-Enforcement Interest Payments Priorities (iii) Issuer Expenses incurred by the Issuer in its ordinary course of business which are payable between two Interest Payment Dates (iv) amounts equivalent to any Incorrect Payments that have been repaid to the Mortgage Loan Seller and (v) amounts deposited to the Reserve Account and the Elevated Interest Account to cover any shortfalls arising out of the application of negative interest thereon (the "**Expenses Account Ledger**").

Elevated Interest Account Ledger

The Elevated Interest Account Ledger will be maintained by the Cash Manager on behalf of the Issuer and will record credits to and debits from the Elevated Interest Account in respect of (i) Retained Amounts deposited in the account in respect of Mortgage Loans (including Further Advances) transferred to the Issuer from the Mortgage Loan Seller (ii) amounts applied by the Cash Manager towards payment of the Elevated Interest Amounts owed by the Borrower during the first year of such Mortgage Loans and (iii) amounts received from the Expenses Account to cover shortfalls

arising out of the application of negative interest on amounts standing to the credit of the Elevated Interest Account.

Revenue Surplus Ledger:

The Revenue Surplus Ledger will be maintained by the Cash Manager on behalf of the Issuer and will record on it as a debit all Revenue Surplus equal to the Revenue Surplus Required Amount. Following the redemption in full of the Rated Notes, Available Principal Distribution Amount shall be used to eliminate any debit on the Revenue Surplus Ledger in accordance with the Pre-Enforcement Principal Payments Priorities.

"**Revenue Surplus**" means for each Calculation Date, the amount, if any, by which Available Interest Distribution Amount exceeds the aggregate amounts payable by the Issuer on the related Interest Payment Date:

- (a) if such Interest Payment Date is on or following the Step-Up Date, under items (a) to (m) (inclusive) of the Pre-Enforcement Interest Payments Priorities; or
- (b) prior to the Step Up Date under items (a) to (o) (inclusive) of the Pre-Enforcement Interest Payments Priorities.

"**Revenue Surplus Required Amount**" means:

- (a) for so long as the Rated Notes are outstanding on such date the lower of (x) the SEK Equivalent Principal Amount Outstanding of the Rated Notes (taking into account any repayment of such Rated Notes on such date) and (y) the Revenue Surplus; or
- (b) if no Rated Notes are outstanding on such date, zero.

Swap Collateral Ledger:

The Swap Collateral Ledger shall comprise two sub-ledgers: (i) the "**Interest Rate Swap Collateral Sub-Ledger**") which shall record as a credit any swap collateral received from the Interest Rate Swap Provider into the Swap Collateral Accounts and any debiting of the same; and (ii) the "**Currency Swap Collateral Sub-Ledger**" (together with the Interest Rate Swap Collateral Sub-Ledger, the "**Swap Collateral Sub-Ledgers**") which shall record as a credit any Swap Collateral received from the Currency Swap Provider into the Swap Collateral Accounts and any debiting of the same (the "**Swap Collateral Ledger**").

Issuer Profit Ledger:

The Cash Manager shall ensure that it will record as a credit any amounts retained by the Issuer as profit in accordance with paragraph (d)(vii) of the Pre-Enforcement Interest Payments Priorities and record as a debit any amounts paid from the such ledger (the "**Issuer Profit Ledger**").

Cash Management Agreement

The Issuer will enter into an agreement (the "**Cash Management Agreement**") with the Cash Manager and the Trustee on the Closing Date. Pursuant to the Cash Management Agreement, the Issuer and the Trustee will appoint the Cash Manager to carry out certain administrative tasks on behalf of the Issuer, including:

- (a) operating the Issuer GIC Account, the Reserve Account, the Expenses Account, the Elevated Interest Account, the Issuer GIC Account Revenue Ledger, the Issuer GIC Account Principal Ledger, the Principal Deficiency Ledger, the Expenses Account Ledger and the Revenue Surplus Ledger, the Elevated Interest Account Ledger, the Issuer Profit Ledger and the Swap Collateral

Ledger in such a manner as to enable the Issuer to perform its financial obligations pursuant to the Notes and the Transaction Documents;

- (b) providing the Issuer and the Trustee with certain cash management, calculation, notification and reporting information in relation to the Issuer GIC Account, the Reserve Account, the Expenses Account, the Elevated Interest Account, the Issuer GIC Account Revenue Ledger, the Issuer GIC Account Principal Ledger, the Principal Deficiency Ledger, the Expenses Account Ledger and the Revenue Surplus Ledger, the Elevated Interest Account Ledger, the Issuer Profit Ledger and the Swap Collateral Ledger;
- (c) taking the necessary action and giving the necessary notices to ensure that the Issuer GIC Account, the Reserve Account, the Expenses Account, the Elevated Interest Account, the Issuer GIC Account Revenue Ledger, the Issuer GIC Account Principal Ledger, the Principal Deficiency Ledger, the Expenses Account Ledger, the Revenue Surplus Ledger, the Elevated Interest Account Ledger, the Issuer Profit Ledger and the Swap Collateral Ledger are credited with the appropriate amounts in accordance with the Cash Management Agreement;
- (d) maintaining adequate records to reflect all transactions carried out by or in respect of the Issuer GIC Account, the Reserve Account, the Expenses Account, the Elevated Interest Account, the Issuer GIC Account Revenue Ledger, the Issuer GIC Account Principal Ledger, the Principal Deficiency Ledger, the Expenses Account Ledger, the Revenue Surplus Ledger, the Elevated Interest Account Ledger, the Issuer Profit Ledger and the Swap Collateral Ledger; and
- (e) verifying and delivering the Monthly Portfolio Report to the Issuer, the Trustee (if requested), the Rating Agencies and the Interest Rate Swap Provider, preparing the Investor Report or, as the case may be, the Quarterly Investor Report and publishing each Investor Report or, as the case may be, Quarterly Investor Report on the relevant investor relations website.

The Cash Manager will receive a fee at a rate of SEK 30,000 (exclusive of any VAT) per quarter, to be paid on a quarterly basis in arrears on each Interest Payment Date in accordance with the applicable Payments Priorities.

Governing law

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

Standby Cash Manager

The Issuer and the Trustee have appointed the Standby Cash Manager pursuant to the Standby Cash Management Agreement.

Following the occurrence of any of the following events (each a "**Cash Manager Event**"):

- (a) default is made by the Cash Manager in ensuring the payment on the due date of any payment required to be made under the Cash Management Agreement and such default continues unremedied for a period of three Business Days after the earlier of the Cash Manager becoming aware of the default and receipt by the Cash Manager of written notice from the Issuer or the Trustee requiring the default to be remedied; or
- (b) without prejudice to (a) above:
 - (i) default is made by the Cash Manager in the performance or observance of any of its other material covenants and obligations under the Cash Management Agreement; or
 - (ii) any of the warranties given by the Cash Manager proves to be untrue, incomplete or incorrect; or
 - (iii) any certification or statement made by the Cash Manager in any certificate or other document delivered pursuant to the Cash Management Agreement proves to be untrue, incomplete or incorrect,

and in each case the default or such warranty, certification or statement proving to be untrue, incomplete or incorrect is in the sole opinion of the Trustee materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding and (except where such default is, in the sole opinion of the Trustee), incapable of remedy, when no such continuation and/or notice as is hereinafter mentioned shall be required) such default continues unremedied for a period of 15 Business Days after the earlier of (A) receipt by the Cash Manager of written notice from the Issuer or the Trustee requiring the same to be remedied and (B) the Cash Manager becoming aware of such default; or

- (c) it is or will become unlawful for the Cash Manager to perform or comply with any of its obligations under the Cash Management Agreement; or
- (d) if the Cash Manager is prevented or severely hindered for a period of 60 days or more from complying with its obligations under the Cash Management Agreement as a result of a force majeure event; or
- (e) any Insolvency Event occurs in relation to the Cash Manager,

the appointment of the Cash Manager may be terminated by the Issuer (with the written consent of the Trustee (any such request from the Issuer for consent to be copied to the Standby Cash Manager) or (following the delivery of an Enforcement Notice) the Trustee, in which case the Standby Cash Manager will replace the Cash Manager in accordance with the terms of the Standby Cash Management Agreement and under the terms of the Replacement Cash Management Agreement.

APPLICATION OF AVAILABLE INTEREST DISTRIBUTION AMOUNT PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

On each Interest Payment Date prior to the service of an Enforcement Notice by the Trustee on the Issuer, the Cash Manager (on behalf of the Issuer and the Trustee) shall apply or provide for the Available Interest Distribution Amount in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the "**Pre-Enforcement Interest Payments Priorities**"):

- (a) *first*, in or towards payment of the Issuer's liability to tax (if any), annual filing fees and exempt company fees;
- (b) *second*, in or towards payment of the fees payable by the Issuer to the Trustee in accordance with clause 25 (*Remuneration*) of the Trust Deed (the "**Trustee Fees**") and any Liabilities due and payable by the Issuer to the Trustee in accordance with the terms of the Trust Deed together with interest payable in accordance with the terms of the Trust Deed accrued due in the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) (the "**Trustee Liabilities**");
- (c) *third*, in or towards payment of all fees and Liabilities due and payable by the Issuer to the Agent Bank, the Registrar, the Paying Agents and the Swap Collateral Custodian in accordance with the terms of the Agency Agreement and the Swap Collateral Custody Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
- (d) *fourth*, in or towards payment *pari passu* and *pro rata* in respect of each individual creditor (whether a Secured Creditor or otherwise) of the Issuer Expenses (other than those paid elsewhere hereunder), comprising but not limited to:
 - (i) all fees and Liabilities and other amounts (including by way of negative interest rates) due and payable by the Issuer to the Issuer Accounts Bank in accordance with the terms of the Issuer Accounts Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (ii) all fees and any Liabilities properly and reasonably incurred by the Corporate Services Provider in the performance of the Corporate Services Provider's functions under the Corporate Services Agreement, in each case together with any interest which has

- accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
- (iii) all fees and any Liabilities properly and reasonably incurred by the Servicer in the performance of the Servicer's functions under the Mortgage Loan Servicing Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (iv) all fees and any Liabilities properly and reasonably incurred by the Cash Manager in the performance of the Cash Manager's functions under the Cash Management Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (v) all fees and any Liabilities properly and reasonably incurred by the Standby Servicer in the performance of the Standby Servicer's functions under the Standby Servicing Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (vi) all fees and any Liabilities due and payable by the Issuer to the Standby Cash Manager in the performance of the Standby Cash Manager's functions under the Standby Cash Management Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents; and
 - (vii) to the Issuer, the Issuer Transaction Fee;
- (e) *fifth*, to credit the Expenses Account with an amount up to the Float Amount;
 - (f) *sixth*, in or towards payment of amounts due to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement (including any termination payment due and payable by the Issuer, including any accrued interest thereon, to the extent it is not satisfied by the payment by the Issuer to the Interest Rate Swap Provider of any Replacement Swap Premium or from the Swap Collateral Account Priority of Payments, but excluding Subordinated Termination Amounts or any Swap Tax Credits);
 - (g) *seventh*, in or towards payment *pro rata* and *pari passu* according to the respective Principal Amount Outstanding thereof:
 - (i) amounts due and payable (including any fees) to the Currency Swap Provider in respect of the Currency Swap relating to the interest on the Class A Notes (including any termination payment due and payable by the Issuer to the extent not satisfied by the payments by the Issuer to the Currency Swap Provider of any Replacement Swap Premium or from the Swap Collateral Account Priority of Payments but excluding any Subordinated Termination Amounts) under the Currency Swap Agreement other than amounts in respect of principal due on the Class A Notes payable in accordance with the Pre-Enforcement Principal Payments Priorities; and
 - (ii) interest due and payable on the Class A Notes,
 - (h) *eighth*, in or towards reduction of the debit balance on the Class A Principal Deficiency Sub-Ledger until such balance is equal to zero;
 - (i) *ninth*, in or towards payment of interest due and payable on the Class B Notes (including Deferred Interest and Additional Interest thereon);
 - (j) *tenth*, in or towards reduction of the debit balance on the Class B Principal Deficiency Sub-Ledger to zero;

- (k) *eleventh*, in or towards payment to the Liquidity Reserve Fund up to the Liquidity Reserve Fund Required Amount;
- (l) *twelfth*, in or towards payment to the General Reserve Fund up to the General Reserve Fund Required Amount;
- (m) *thirteenth*, in or towards reduction of the debit balance on the Class Z Principal Deficiency Sub-Ledger to zero;
- (n) *fourteenth*, on and following the Step-Up Date, if the Rated Notes are not redeemed in full in accordance with Condition 9.3(b) (*Optional Redemption in whole*), to apply as Available Principal Distribution Amount on such Interest Payment Date any Revenue Surplus up to the Revenue Surplus Required Amount (following which a debit will be recorded to the Revenue Surplus Ledger in the amount so applied);
- (o) *fifteenth*, in or towards payment of interest due and payable on the Class Z Notes (including any Deferred Interest and Additional Interest thereon);
- (p) *sixteenth, pari passu*, all amounts of interest or any amounts of commitment fees or other amounts (other than principal) which are due for payment on that Interest Payment Date under the Subordinated Loan Facility Agreement and all arrears of interest accrued under the Subordinated Loan Facility Agreement and which remain outstanding to the Subordinated Loan Facility Provider;
- (q) *seventeenth*, in or towards payment of the principal amount outstanding on the Subordinated Loan Facility (if the Issuer and the Subordinated Loan Facility Provider so agree);
- (r) *eighteenth*, to pay *pari passu* and *pro rata* according to the amount thereof, amounts due to any Swap Provider in respect of Subordinated Termination Amounts (to the extent not satisfied by payment to the relevant Swap Provider by the Issuer of any applicable Replacement Swap Premium or from any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments); and
- (s) *nineteenth*, to pay any Deferred Consideration due and payable under the Mortgage Loan Sale Agreement to the Mortgage Loan Seller.

APPLICATION OF AMOUNTS IN RESPECT OF SWAP TAX CREDITS

Amounts received by the Issuer in respect of Swap Tax Credits shall be applied by the Cash Manager on the Issuer's behalf in accordance with the terms of the relevant Swap Agreement and the Cash Management Agreement, without regard to the Payments Priorities and in accordance with the English Deed of Charge.

APPLICATION OF AVAILABLE PRINCIPAL DISTRIBUTION AMOUNT PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

Prior to the service of an Enforcement Notice on the Issuer by the Trustee, the Issuer is required pursuant to the terms of the Cash Management Agreement to apply the Available Principal Distribution Amount on each Interest Payment Date in the following order of priority (the "**Pre-Enforcement Principal Payments Priorities**"):

- (a) *firstly*, to fund any Payment Shortfall on such Interest Payment Date (such amounts to be applied as Available Interest Distribution Amount on such Interest Payment Date);
- (b) *secondly*, to fund the aggregate principal amount of Further Advances made by the Mortgage Loan Seller and purchased by the Issuer during the previous three Collection Periods (or previous six Collection Periods in respect of any Further Advances for which the Further Advance Purchase Price has not been paid by the Issuer);

- (c) *thirdly*, in or towards repayment, *pro rata* and *pari passu* of:
 - (i) the amounts due and payable to the Currency Swap Provider under the Currency Swap Agreement relating to principal on the Class A Notes (excluding Subordinated Termination Amounts); and
 - (ii) Principal Amount Outstanding on the Class A Notes,
 in each case until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (d) *fourthly*, in or towards payment on a *pari passu* and *pro rata* basis the Principal Amount Outstanding of the Class B Notes;
- (e) *fifthly*, to credit the Revenue Surplus Ledger in an amount sufficient to eliminate any debit thereon (such amounts to be applied as Available Interest Distribution Amount on such Interest Payment Date);
- (f) *sixthly*, in or towards payment on a *pari passu* and *pro rata* basis the Principal Amount Outstanding of the Class Z Notes; and
- (g) *seventhly*, to be allocated as Available Interest Distribution Amounts.

APPLICATION OF MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE

After an Enforcement Notice is delivered by the Trustee:

- (a) all monies held in the Issuer Accounts (other than the Expenses Account and the Elevated Interest Account), the Swap Collateral Accounts and any bank or other account in which the Issuer may at any time acquire a Benefit and over which the Issuer has created an encumbrance in favour of the Trustee pursuant to the English Deed of Charge, the Irish Security Deed or the Swedish Security Agreement (the "**Charged Accounts**"), other than:
 - (i) amounts standing to the credit of the Swap Collateral Accounts (except for any Swap Collateral Account Surplus) which shall be applied in accordance with the Swap Collateral Account Priority of Payments;
 - (ii) any Swap Tax Credits which shall be returned directly to the relevant Swap Provider;
 - (iii) Replacement Swap Premium (only to the extent it is applied directly to pay a termination payment due and payable by the Issuer to the relevant Swap Provider) which shall be paid directly to the relevant Swap Provider; and
 - (iv) monies or other assets which the Trustee is entitled to retain for its own account or which are earmarked for receipt by a third party other than as part of the trust property (whether Incorrect Payments or otherwise), which shall be paid to the persons entitled to such monies; and
- (b) the Trust Proceeds (after deduction of all costs and expenses incurred by the Trustee in obtaining receipt or recovery of the Trust Proceeds),

shall be held by the Trustee upon trust to be applied in payment, in the amounts required, in the following order of priority (the "**Post-Enforcement Payments Priorities**" and together with the Pre-Enforcement Interest Payments Priorities and the Pre-Enforcement Principal Payments Priorities, the "**Payments Priorities**"):

- (a) *first*, in or towards payment of the Issuer's liability to tax (if any), annual filing fees and exempt company fees;
- (b) *second*, in or towards payment *pari passu* on a *pro rata* basis of (i) any Trustee Fees and any remuneration then due and payable to any Receiver (and any receiver appointed by the Trustee pursuant to the Share Mortgage and/or the Irish Security Deed) or liquidator and (ii) all Receiver

Liabilities (and any Liabilities due and payable to any receiver appointed by the Trustee pursuant to the Share Mortgage and/or the Irish Security Deed) or Liabilities due and payable to any liquidator and all Liabilities due and payable to the Trustee in accordance with the terms of the Trust Deed;

- (c) *third*, in or towards payment of all fees and Liabilities due and payable by the Issuer to the Agent Bank, the Registrar, the Paying Agents and the Swap Collateral Custodian in accordance with the terms of the Agency Agreement and the Swap Collateral Custody Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
- (d) *fourth*, in or towards payment *pari passu* and *pro rata* in respect of each individual creditor (whether a Secured Creditor or otherwise) of the Issuer Expenses (other than those paid elsewhere hereunder) comprising but not limited to:
 - (i) all fees and Liabilities and other amounts (including by way of negative interest rates) due and payable by the Issuer to the Issuer Accounts Bank in accordance with the terms of the Issuer Accounts Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (ii) all fees and any Liabilities properly and reasonably incurred by the Corporate Services Provider in the performance of the Corporate Services Provider's functions under the Corporate Services Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (iii) all fees and any Liabilities properly and reasonably incurred by the Servicer in the performance of the Servicer's functions under the Mortgage Loan Servicing Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (iv) all fees and any Liabilities properly and reasonably incurred by the Cash Manager in the performance of the Cash Manager's functions under the Cash Management Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (v) all fees and any Liabilities properly and reasonably incurred by the Standby Servicer in the performance of the Standby Servicer's functions under the Standby Servicing Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
 - (vi) all fees and any Liabilities due and payable to the Standby Cash Manager in the performance of the Standby Cash Manager's functions under the Standby Cash Management Agreement, in each case together with any interest which has accrued due and payable in respect of such amounts in accordance with the terms of the Trust Deed or any other Transaction Documents;
- (e) *fifth*, in or towards payment of amounts due to the Interest Rate Swap Provider under the Interest Rate Swap Agreement (including any termination payment due and payable by the Issuer, including any accrued interest thereon, to the extent not satisfied by any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Subordinated Termination Amounts or any Swap Tax Credits);
- (f) *sixth*, *pro rata* and *pari passu* according to the respective outstanding amounts thereof: (i) interest due and payable on the Class A Notes; and (ii) amounts due to the Currency Swap Provider in relation to the Currency Swap relating to interest on the Class A Notes (including any termination payment due and payable by the Issuer to the extent not satisfied by any amounts

available to be applied in accordance with the Swap Collateral Account Priority of Payments but excluding any Subordinated Termination Amounts or any Swap Tax Credits);

- (g) *seventh, pro rata and pari passu* according to the respective outstanding amounts thereof: (i) principal due and payable on the Class A Notes (to the extent not paid from amounts referred to in (g)(ii) below); and (ii) amounts due to the Currency Swap Provider in relation to the Currency Swap relating to principal on the Class A Notes, in each case until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of accrued interest due on the Class B Notes (including any Deferred Interest and Additional Interest) but so that current interest will be paid before interest that is past due;
- (i) *ninth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding in respect of the Class B Notes until all the Class B Notes have been redeemed in full;
- (j) *tenth*, in or towards payment *pari passu* on a *pro rata* basis of accrued interest due on the Class Z Notes (including any Deferred Interest and Additional Interest) but so that current interest will be paid before interest that is past due;
- (k) *eleventh*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding in respect of the Class Z Notes until all the Class Z Notes have been redeemed in full;
- (l) *twelfth*, in or towards for repayment of any amount due and payable under the Subordinated Loan Facility Agreement;
- (m) *thirteenth, pari passu and pro rata* according to the amount thereof, in or towards payment of the Subordinated Termination Amounts in respect of any Swap Agreement (to the extent not satisfied by any amounts available to be applied in accordance with the Swap Collateral Account Priority of Payments); and
- (n) *fourteenth*, to pay any Deferred Consideration due and payable under the Mortgage Loan Sale Agreement to the Mortgage Loan Seller.

"Receiver" means any receiver, manager, receiver or manager, or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with the English Deed of Charge.

"Receiver Liabilities" means any Liabilities due and payable by the Issuer to any Receiver in accordance with the English Deed of Charge together with interest accrued due as provided in the Trust Deed.

"Subordinated Termination Amounts" means the amount of any termination payment that is due and payable to any Swap Provider in connection with an early termination of the relevant Swap Agreement where such early termination results from a Swap Provider Default or a Swap Provider Downgrade Event.

"Trust Proceeds" means all recoveries, receipts and benefits received by the Trustee by virtue of the trust property (which comprises recoveries, receipts and benefits received by the Trustee by virtue of the covenants and representations and warranties of the Issuer, Cash Manager, the Servicer, the Standby Cash Manager, the Standby Servicer and Mortgage Loan Seller and proceeds from the Issuer Security and the Parent Company Security) save for monies or other assets which it is entitled to retain for its own account or which are earmarked for receipt by a third party other than as part of the trust property.

INTEREST RATE SWAP PROVIDER AND CURRENCY SWAP PROVIDER

BNP Paribas will act as the Swap Counterparty. BNP Paribas is a French multinational bank and financial services company with its registered office located at 16 boulevard des Italiens 75009 Paris, France, and its corporate website in English is <http://www.bnpparibas.com/en>.

BNP Paribas, together with its consolidated subsidiaries (the “**BNP Paribas Group**”) is a global financial services provider, conducting retail, corporate and investment banking, private banking, asset management, insurance and specialized and other financial activities throughout the world.

The BNP Paribas Group, one of Europe’s leading providers of banking and financial services, has four domestic markets in retail banking in Europe: Belgium, France, Italy and Luxembourg. It is present in 74 countries and has more than 189,000 employees, including close to 147,000 in Europe. The BNP Paribas Group holds key positions in its two main businesses:

- (a) Retail Banking and Services, which includes:
 - (i) Domestic Markets comprising:
 - A. French Retail Banking (FRB);
 - B. BNL banca commerciale (BNL bc), Italian retail banking;
 - C. Belgian Retail Banking (BRB);
 - D. Other Domestic Markets activities, including Luxembourg Retail Banking (LRB)
 - (ii) International Financial Services, comprising:
 - A. Europe-Mediterranean;
 - B. BancWest;
 - C. Personal Finance;
 - D. Insurance;
 - E. Wealth and Asset Management; and
- (b) Corporate and Institutional Banking (CIB).
 - (i) Corporate Banking;
 - (ii) Global Markets; and
 - (iii) Securities Services.

BNP Paribas SA is the parent company of the BNP Paribas Group.

At 30 September 2016, the BNP Paribas Group had consolidated assets of €2,173.9 billion (compared to €1,994.2 billion at 31 December 2015), consolidated loans and receivables due from customers of €690.1 billion (compared to €682.5 billion at 31 December 2015), consolidated items due to customers of €741.9 billion (compared to €700.3 billion at 31 December 2015) and shareholders' equity (Group share) of €98.7 billion (compared to €96.3 billion at 31 December 2015).

Pre-tax income at 30 September 2016 was €8.9 billion (compared to €8.9 billion at 30 September 2015). Net income, attributable to equity holders, at 30 September 2016 was €6.3 billion (compared to €6.0 billion at 30 September 2015).

At the date of this Prospectus, the BNP Paribas Group currently has long-term senior debt ratings of “A” with stable outlook from S&P, “A1” with stable outlook from Moody’s Investors Service, Inc. “A+” with stable outlook from Fitch Ratings, Ltd and “AA (low) with stable outlook from DBRS.

The information contained in this section relates to and has been obtained from BNP Paribas. The information concerning BNP Paribas and the BNP Paribas Group contained herein is furnished solely to

provide limited introductory information regarding BNP Paribas and the BNP Paribas Group and does not purport to be comprehensive.

The delivery of the information contained in this section shall not create any implication that there has been no change in the affairs of BNP Paribas or the BNP Paribas Group since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

For up-to-date financial information, including quarterly results since the last fiscal year end, please refer to <http://invest.bnpparibas.com/en>.

ISSUER ACCOUNTS BANK

Nordea Bank AB is the parent company of the Nordea Group. The Nordea Group is a large financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) with additional operations in Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations.

Nordea Bank AB is a public Swedish limited liability company incorporated under Swedish law. Nordea Bank AB's shares are listed and traded on the Stockholm, Copenhagen and Helsinki stock exchanges. The Nordea Group's head office is located in Stockholm at Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

As at 31 December 2016, the Nordea Group's assets totalled EUR 616 billion and tier 1 capital EUR 27.6 billion. As of the same date, the Nordea Group had approximately 11 million customers across the markets in which it operates.

As of 31 December 2016, the Nordea Group had approximately 600 branch office locations. In addition, the Group has a very large number of telephone and Internet customers.

In addition, the Nordea Group acts as an asset manager within the Nordic region with EUR 322 billion in assets under management as per 31 December 2016. The Nordea Group also provides life insurance products.

Rating Agency	Rating
Moody's Investors Service Limited	Aa3
Standard & Poor's Credit Market Services Europe Limited (trading as S&P Global Ratings)	AA- (Negative outlook)
Fitch Ratings Limited	AA-

STANDBY CASH MANAGER

BNP Paribas Securities Services, a wholly-owned subsidiary of the BNP Paribas Group, is a leading global custodian and securities services provider backed by the strength of a universal bank. It provides integrated solutions for all participants in the investment cycle, from the buy-side and sell-side to corporates and issuers.

Covering over 100 markets, with our own offices in 34 countries, the BNP Paribas network is one of the most extensive in the industry. We bring together local insight and a global network to enable clients to maximize their market and investment opportunities worldwide.

Key figures as of 31 December 2014: USD 9,237 billion assets under custody, USD 2,017 billion assets under administration, 10,381 administered funds and 9,530 employees

SWAP COLLATERAL CUSTODIAN

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at 225 Liberty Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$26 trillion in assets under custody and administration and more than \$1.4 trillion in assets under management. Additional information is available at bnymellon.com.

DESCRIPTION OF THE NOTES IN GLOBAL FORM

General

The Notes of each Class will be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and will be represented on issue by one or more Global Notes of such class in fully registered form without interest coupons or principal receipts attached (each a "**Global Note**"). Beneficial interests in a Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants at any time.

All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be deposited on or about the Closing Date with a common depositary for both Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") and will be registered in the name of a nominee for the Common Depositary for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Depositary.

Upon confirmation by the Common Depositary that it has custody of each Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, will record the beneficial interests in such Global Note (the "**Book-Entry Interests**") attributable thereto.

Entry Interests in respect of Global Notes will be recorded in denominations of SEK1,000,000 and EUR100,000 or depending on the currency of denomination and, for so long as or Clearstream, Luxembourg so permit integral multiples of SEK10,000 and EUR1,000 (as applicable) in excess thereof (a "**Minimum Denomination**"). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (the "**Participants**") or persons that hold interests in the Book-Entry Interests through Participants (the "**Indirect Participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly.

Indirect Participants shall also include persons that hold beneficial interests through such Indirect Participants. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants' accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Joint Lead Managers. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee for the Common Depositary is the registered holder of each Global Note underlying the Book-Entry Interests, the nominee for the Common Depositary will be considered the sole Noteholder of such Global Note for all purposes under the Trust Deed. Except as set forth in the section entitled "Issuance of Definitive Notes", below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See the section entitled "Action in Respect of the Global Notes and the Book-Entry Interests", below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-

Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under any Global Note, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

In the case of each Global Note, unless and until Book-Entry Interests are exchanged for Definitive Notes, such Global Note held by the Common Depositary may not be transferred except as a whole by the Common Depositary to a successor of the Common Depositary.

Purchasers of Book-Entry Interests in a Global Note will hold Book-Entry Interests in such Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of the Global Notes directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under "**Transfers and Transfer Restrictions**", below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Global Notes on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arrangers, any Joint Lead Manager, the Trustee or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on the Global Notes

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Euros / Swedish Krona by BNP Paribas Securities Services, Luxembourg Branch, as the Principal Paying Agent on behalf of the Issuer to the order of the Common Depositary or its nominee, as the registered holder thereof with respect to the Global Notes. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the order of the Common Depositary, or their nominees, in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment from the Principal Paying Agent to the order of the Common Depositary, the respective systems will promptly credit their Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg. On each record date (the "**Record Date**") Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date, in respect of the Notes shall be as at the close of business on the Business Day prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participants or Indirect Participants. None of the Issuer, any agent of the Issuer, the Arrangers, any Joint Lead Manager, the Trustee, the Paying Agents or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depository and custodial relationships. An electronic bridge has been established between the two systems of Euroclear and Clearstream, Luxembourg across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if either of the Issuer or the Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed or the Security Documents, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the nominee of the Common Depository, and, upon final payment, will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of a Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

Cancellation

All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

Transfers and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its Participants. See "General" above.

Beneficial interests in the Global Notes may be held only through Euroclear or Clearstream, Luxembourg. The Global Notes will bear a legend substantially identical to that appearing in the section entitled "Transfer Restrictions and Investor Representations" and neither the Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend appearing in the Global Notes.

Issuance of Definitive Notes

Holders of Book-Entry Interests in the Global Notes will be entitled to receive Definitive Notes in registered form (Definitive Notes) in exchange for their respective holdings of Book-Entry Interests if (a) Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system satisfactory to the Trustee is available or (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any withholding or deduction from any payment in respect of a Global Note which would not be required if the Global Note were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee.

Any Definitive Notes issued in exchange for Book-Entry Interests in the Global Notes will be registered by the Registrar in such name or names as the Issuer shall instruct the Principal Paying Agent based on the instructions of Euroclear or Clearstream, Luxembourg, as the case may be. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their Participants with respect to ownership of the relevant Book-Entry Interests. Holders of Definitive Notes issued in exchange for Book-Entry Interests in the Global Notes will not be entitled to exchange such Definitive Note for Book-Entry Interests in such Global Notes. Any Notes issued in definitive form will be issued in registered form only within 30 days of the occurrence of the relevant event (but not earlier than the first day following the expiry of 40 days after the Closing Date) and will be subject to the provisions set forth under "Transfers and Transfer Restrictions" above and provided that no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption. Definitive Notes will not be issued in an Authorised Denomination.

Action in Respect of the Global Notes and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of a Global Note or any notice of solicitation of consents or requests for a waiver or other action by the holder of a Global Note, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Global Note and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Global Note in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described under "General" above, with respect to soliciting instructions from their respective Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Notices

The Principal Paying Agent on behalf of the Issuer will send to Euroclear and Clearstream, Luxembourg a copy of any notices which are required to be given by the Issuer to Noteholders relating to the Issuer, the Global Note or the Book-Entry Interests. Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to each of Euroclear and Clearstream, Luxembourg (the "**Clearing Systems**") for communication by them to the holders of the relevant Notes and shall be deemed to be given on the date on which it was so sent and (so long as the relevant Notes are admitted to trading and listed on the Official List) any notice shall also be published in accordance with the relevant guidelines of the Stock

Exchange by a notification in writing to the Company Announcements Office of the Stock Exchange. See also Condition 22 (*Notices*) of the Notes.

SECURITY FOR THE NOTES

The Notes will be secured by and the Noteholders, together with the other Secured Creditors of the Issuer, will share in (i) the Issuer Security and (ii) the Parent Company Security and the proceeds of enforcement thereof, in accordance with the applicable Payments Priorities. Some of the other Secured Amounts rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the applicable Payments Priorities. There will be no security granted over the Expenses Account or the Elevated Interest Account of the Issuer.

"Issuer Security" means any mortgage, sub-mortgage, charge, sub-charge, assignment or assignation by way of security, pledge, lien, right of set-off, retention of title or other encumbrance or security interest created in favour of the Trustee (for itself and as trustee on behalf of the other Secured Creditors) under or pursuant to the English Deed of Charge, the Irish Security Deed and/or created in favour of the Secured Creditors, as represented by the Trustee under the Swedish Security Agreement.

"Parent Company Security" means any security interest created by the Parent Company over the shares in the Issuer in favour of the Trustee (for itself and as trustee on behalf of the other Secured Creditors) pursuant to the Share Mortgage.

English Deed of Charge

As continuing security for the payment or discharge of the Secured Amounts and, subject always to the right of redemption of the Issuer, the Issuer will create in favour of the Trustee, for itself and on trust for the Secured Creditors, in accordance with the terms of the English Deed of Charge and in the case of the Swap Agreements, subject to any rights of netting and/or set-off contained therein:

- (a) an assignment by way of security of the Benefit of each Transaction Document (other than the Trust Documents, the Irish Law Documents and the Swedish Law Documents);
- (b) first fixed charges over the Swap Collateral Accounts; and
- (c) a first floating charge over the whole of the Issuer's undertaking and all the Issuer's property, assets and rights whatsoever and wheresoever present and future including, without limitation, the Issuer's uncalled capital other than:
 - (i) the Expenses Account and the Elevated Interest Account; and
 - (ii) such property, assets and rights of the Issuer otherwise charged or secured under the English Deed of Charge or under the Irish Security Deed or under the Swedish Security Agreement.

The English Deed of Charge will be governed by and construed in accordance with the laws of England. The courts of England will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

"Irish Law Documents" means the Corporate Services Agreement, the Irish Security Deed and the Share Mortgage.

"Swedish Law Documents" means the Issuer Accounts Agreement, the Mortgage Loan Sale Agreement, the Mortgage Loan Servicing Agreement, the Standby Servicing Agreement, the Swedish Security Agreement, the Release Letter and the Bank Giro Assignment Agreement.

Swedish Security Agreement

As security for the due and punctual payment, discharge and performance by the Issuer of the Secured Amounts, the Issuer irrevocably and unconditionally pledges to the Secured Creditors as represented by the Trustee, with first priority, all its rights, title and interest in and to:

- (a) the Assigned Rights;
- (b) the Swedish Law Documents (other than the Swedish Security Agreement); and
- (c) all funds in the Issuer Accounts (except the Expenses Account and the Elevated Interest Account) from time to time,

(together, the "**Swedish Security Assets**").

The Swedish Security Agreement will be governed by and construed in accordance with the laws of Sweden. The courts of Sweden will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Irish Security Deed

Pursuant to the Irish Security Deed, the Issuer has granted to the Trustee (for itself and for the benefit of the Secured Creditors) a first priority security interest over all its rights, powers and interest under the Corporate Services Agreement. Such security interest will secure the Secured Amounts. The Irish Security Deed is governed by the laws of Ireland.

Share Mortgage

On or before the Closing Date, the Parent Company and the Issuer will enter into a share mortgage (the "**Share Mortgage**") with the Trustee pursuant to which Bluestep Bank AB (publ) as the sole shareholder of the Issuer will charge all of its rights and title to all shares in the Issuer to the Trustee (for itself and as security trustee for the benefit of the Secured Creditors) to secure the Issuer's obligations and liabilities under or pursuant to the Transaction Documents. The Parent Company Security will become enforceable on the service by the Trustee to the Issuer of an Enforcement Notice.

The Parent Company will undertake in the Share Mortgage to promptly appoint new independent directors if any independent director provided by the Corporate Services Provider resigns or is terminated. The Share Mortgage will be governed by the laws of Ireland.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed (subject to completion and amendment). If the Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Notes would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Documents and the other Transaction Documents (as defined below).

1. General

The EUR 242,500,000 Class A Mortgage Backed Floating Rate Notes due 2066 (the "**Class A Notes**"), the SEK 238,890,000 Class B Mortgage Backed Rate Notes due 2066 (the "**Class B Notes**") and the SEK 436,220,000 Class Z Mortgage Backed Floating Rate Notes due 2066 (the "**Class Z Notes**" and, together with the Class A Notes and the Class B Notes, the "**Notes**") will be issued by Bluestep Mortgage Securities No. 4 Designated Activity Company (registered number 596111) (the "**Issuer**") on or about the Closing Date.

- 1.1 The Issuer has agreed to issue the Notes subject to and with the benefit of the terms of the Trust Deed and the Agency Agreement. The security for the Notes is created pursuant to, and on the terms set out in, the Security Documents.
- 1.2 The Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.
- 1.3 Certain provisions of these Conditions are summaries of the Trust Documents and the Agency Agreement and are subject to their detailed provisions.
- 1.4 The Noteholders are bound by the terms of the Trust Documents, and are deemed to have notice of all the provisions of the Transaction Documents.
- 1.5 Copies of the Transaction Documents and the constitution of the Issuer are available for inspection by Noteholders during normal business hours at the principal office for the time being of the Principal Paying Agent, being at the date hereof 60, avenue J.F. Kennedy – L-2085 Luxembourg and at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Definitions

- 2.1 In these Conditions the following defined terms have the meanings set out below:

"**Affiliate**" means any corporation, firm, limited liability company, partnership or other entity that directly or indirectly controls or is controlled by or is under common control with a party;

"**Agency Agreement**" means the agreement so named dated on or about the Closing Date between the Issuer, the Agents and the Trustee;

"**Agent Bank**" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as agent bank pursuant to the Agency Agreement;

"**Agents**" means the Agent Bank and the Paying Agents and the Registrar (or any successors duly appointed) and "**Agent**" means any one of them;

"**Aggregate Principal Outstanding Balance**" means, with respect to all Mortgage Loans at any time, the aggregate amount of the Principal Outstanding Balance of each Mortgage Loan.

"**Ancillary Mortgage Rights**" means, in respect of each Mortgage Loan, all monies and proceeds payable or to become payable under, in respect of or pursuant to its related Collateral;

"**Applicable Currency**" means:

- (a) in respect of the Class A Notes, Euro; and

(b) in respect of the Notes (other than the Class A Notes), SEK;

"**Arrangers**" means Barclays Bank PLC and BNP Paribas, London Branch;

"**Authorised Signatory**" means, in relation to any Transaction Party, any person who is duly authorised and in respect of whom a certificate has been provided signed by a director or another duly authorised person of such Transaction Party setting out the name and signature of such person and confirming such person's authority to act;

"**Available Interest Distribution Amount**" means, in respect of any Interest Payment Date, the amount calculated by the Cash Manager on the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

- (a) all Revenue Collections received by the Issuer during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (b) amounts received or to be received on such Interest Payment Date by the Issuer under a Swap Agreement (other than (i) any early termination amount received by the Issuer under the relevant Swap Agreement on the applicable Interest Payment Date which is to be applied in acquiring a replacement swap, (ii) Excess Swap Collateral or Swap Collateral, except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Swap Agreement, to reduce the amount that would otherwise be payable by the relevant Swap Provider to the Issuer on early termination of a Swap Transaction under the relevant Swap Agreement and, to the extent so applied in reduction of the amount otherwise payable by the relevant Swap Provider, such Swap Collateral is not to be applied in acquiring a replacement swap, (iii) any Replacement Swap Premium but only to the extent applied directly to pay any termination payment due and payable by the Issuer to the relevant Swap Provider; (iv) amounts in respect of Swap Tax Credits; and (v) any amounts received or to be received under the Currency Swap Agreement relating to principal in respect of the Class A Notes);
- (c) all amounts standing to the credit of the General Reserve Fund on such Calculation Date (including all interest credited thereto);
- (d) the balance standing to the credit of the Expenses Account on such Calculation Date (including all interest credited thereto);
- (e) all Repurchase Proceeds or indemnity payments made by the Mortgage Loan Seller or a third party purchaser to the Issuer pursuant to the Mortgage Loan Sale Agreement arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) to the extent such proceeds or payments are attributable to interest or fees;
- (f) all Revenue Recoveries arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (g) all Liquidation Proceeds arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) to the extent such proceeds are attributable to interest or fees;
- (h) interest accrued and credited to the Issuer GIC Account during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (i) any portion of the Available Principal Distribution Amount to be applied on such Interest Payment Date as a credit to the Revenue Surplus Ledger in accordance with item (e) of the Pre-Enforcement Principal Payments Priorities;

- (j) any portion of the Available Principal Distribution Amount remaining on such Interest Payment Date after redemption in full of the Notes;
- (k) any Swap Collateral Account Surplus;
- (l) any amount standing to the credit of the Liquidity Reserve in excess of the Liquidity Reserve Fund Required Amount as at the immediately preceding Calculation Date,
- (m) if there is a Payment Shortfall on such Interest Payment Date, then a drawing from the Liquidity Reserve Fund in an amount equal to the lesser of (i) such Payment Shortfall and (ii) the balance of the Liquidity Reserve Fund; and
- (n) if there is a Payment Shortfall on such Interest Payment Date, any Available Principal Distribution Amount in an amount equal to such Payment Shortfall (after the application of the Liquidity Reserve Fund pursuant to paragraph (m) above).

"Available Principal Distribution Amount" means, in respect of any Interest Payment Date, the amount calculated by the Cash Manager on the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

- (a) on the First Interest Payment Date, the difference between the proceeds of issue of the Notes on the Closing Date and the Mortgage Loan Purchase Price;
- (b) all Principal Collections received by the Issuer during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (c) such portion of the Available Interest Distribution Amount to be applied on such Interest Payment Date in reducing the debit balance of the Principal Deficiency Ledger;
- (d) such portion of the Available Interest Distribution Amount to be applied on such Interest Payment Date as Available Principal Distribution Amount in accordance with item (n) of the Pre-Enforcement Interest Payments Priorities;
- (e) all Principal Recoveries arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period);
- (f) all Liquidation Proceeds arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) (excluding amounts attributable to interest or fees);
- (g) all Repurchase Proceeds or indemnity payments made by the Mortgage Loan Seller or a third party purchaser to the Issuer pursuant to the Mortgage Loan Sale Agreement arising during the three immediately preceding Collection Periods (or five immediately preceding Collection Periods in respect of the first Interest Period) (excluding amounts attributable to interest or fees); and
- (h) amounts received or to be received on such Interim Exchange Date (as defined in the Currency Swap) by the Issuer under the Currency Swap Agreement relating to principal in respect of the Class A Notes;

"Bankgiro Assignment Agreement" means the agreement so named entered into on or about the Closing Date between the Warehouser and the Issuer and countersigned by the Issuer Accounts Bank;

"BFFAB Mortgage Loan" means the aggregate advances originated by BBAB (and acquired by the Warehouser from BBAB) to the relevant Borrower by way of a loan in accordance with the relevant Mortgage Loan Agreement as of the 28 February 2017 together with its Ancillary Mortgage Rights as secured by the relevant Collateral and all as assigned by the Warehouser to the Mortgage Loan Seller on the Closing Date pursuant to the Mortgage Loan Sale Agreement;

"Bluestep Bostadslån" means Bluestep Bostadslån AB a limited liability company incorporated in Sweden (registered 556668-9575) and having its registered office at Sveavägen 163, Box 23138, SE-10435 Stockholm, Sweden.

"Borrower" means, in respect of any Mortgage Loan, the related borrower or borrowers or other person or persons who is or are under any obligation to repay that Mortgage Loan, and **"Borrowers"** means all of them;

"Bostadsrätt Security" means a pledge over the interest in a housing co-operative located in Sweden (together with the right to reside in the apartment which is subject to the arrangements of such co-operative) (*Sw. Bostadsrätt*);

"Breach of Duty" means in relation to any person, a wilful default, fraud, illegal dealing, negligence or material breach of any agreement or breach of trust by such person;

"Business Day" means, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, Dublin and Stockholm and which is also a day on which the TARGET2 system is operating;

"Calculation Date" means the date falling two Business Days before each Interest Payment Date;

"Cash Management Agreement" means the agreement so named entered into on or about the Closing Date between the Issuer, the Cash Manager and the Trustee;

"Cash Manager" means Bluestep Bank AB (publ) in its capacity as cash manager pursuant to the Cash Management Agreement;

"Charged Property" means all the property and assets of the Issuer which is subject to the English Law Security, the Swedish Law Security and the Irish Law Security.

"Class A Noteholders" means the persons who for the time being are holders of the Class A Notes;

"Class B Noteholders" means the persons who for the time being are holders of the Class B Notes;

"Class Z Noteholders" means the persons who for the time being are holders of the Class Z Notes;

"Clearing Systems" means Euroclear and Clearstream, Luxembourg.

"Clearstream, Luxembourg" means Clearstream Banking, *société anonyme*;

"Closing Arrangements Deed" means the deed so named entered into on or about the Closing Date between some or all of the Transaction Parties;

"Closing Date" means 10 March 2017, or such other date as the Issuer and the Joint Lead Managers may agree;

"Collateral" means in relation to a Mortgage Loan, the Pantbrev Security or the Bostadsrätt Security securing such Mortgage Loan;

"Collection Period" means the period commencing on (and including) the first day of each month and ending (and including) the last day of the same month (for the avoidance of doubt, the first Collection Period will be the period commencing on (and including) 1 March 2017 and ending (and including) 31 March 2017);

"Collections" means, in relation to any Mortgage Loan, all cash collections, and other cash proceeds thereof including any and all (a) principal, interest (including any amounts applied by the Cash Manager towards payment of Elevated Interest out of the Elevated Interest Account), late payment or similar charges which the Mortgage Loan Seller applies in the ordinary course of

its business to amounts owed in respect of such Mortgage Loan and (b) any Liquidation Proceeds in respect of such Mortgage Loan;

"Conditions" means in relation to the Notes, the terms and conditions to be endorsed on the Notes in, or substantially in, the form set out in Schedule 2 of the Trust Deed as any of the same may from time to time be modified in accordance with the Trust Deed and any reference to a particular numbered Condition shall be construed in relation to the Notes accordingly;

"Corporate Services Agreement" means the agreement so named dated on or about the Closing Date between the Corporate Services Provider, the Issuer and the Mortgage Loan Seller;

"Corporate Services Provider" means Intertrust Finance Management (Ireland) Limited in its capacity as corporate services provider pursuant to the Corporate Services Agreement;

"Credit Support Annex" means any credit support annex executed in accordance with the provisions of the Swap Agreements;

"CRA Regulation" means Regulation (EC) No. 1060/2009, as amended, of the European Parliament and of the council of 16 September 2009 on credit rating agencies;

"Currency Swap" means the currency swap transaction entered into pursuant to the Currency Swap Agreement;

"Currency Swap Agreement" means the currency swap agreement to be documented in the form of a 1992 (Multicurrency Cross Border) ISDA Master Agreement together with the schedule (including the credit support annex thereto) and confirmation thereunder entered into on or about the Closing Date and made between the Issuer and the Currency Swap Provider to hedge the currency risk on Class A Notes;

"Currency Swap Provider" means BNP Paribas in its capacity as currency swap provider;

"Day Count Fraction" means, in respect of an Interest Period, the actual number of days in such period divided by 360 days;

"Electronic Consents" means an Extraordinary Resolution passed by way of electronic consents communicated through the electronic communications systems of the clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with the operating rules and procedures of the relevant clearing system(s);

"Elevated Interest" means for the first year of a Mortgage Loan advanced by BBAB to a Borrower pursuant to a Mortgage Loan Agreement, the elevated rate of interest per annum charged in addition to the Bluestep Reference Rate and Borrower Margin which is applicable thereafter on such Mortgage Loan.

"Elevated Interest Account" means the account so named established with the Issuer Accounts Bank in accordance with the terms of the Issuer Accounts Agreement designated by the Issuer as the Elevated Interest Account.

"Enforcement Notice" means a notice delivered by the Trustee to the Issuer in accordance with Condition 13 (*Events of Default*) which declares the Notes to be immediately due and payable;

"Enforcement Procedures" means the exercise of rights and remedies against a Borrower in respect of such Borrower's obligations arising from any Mortgage Loan in respect of which such Borrower is in default;

"English Deed of Charge" means the deed of charge so named dated on or about the Closing Date between the Issuer and the Trustee;

"English Law Security" means the security created by the Issuer pursuant to the English Deed of Charge;

"Euro", "euro", "EUR" or "€" means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty;

"Euro Reference Rate" means, on any Interest Determination Date the floating rate determined by the Agent Bank by reference to the Euro Screen Rate on such date or if, on such date, the Euro Screen Rate is unavailable:

- (a) in the case of the period from the Closing Date to the First Interest Payment Date, the Rounded Arithmetic Mean obtained by the linear interpolation of the offered quotations, as at or about 11.00 a.m. (Brussels time) on that date, of the Reference Banks to major banks in the Euro-zone interbank market for euro deposits for 2 months and 3 months in the Euro-zone interbank market in the Representative Amount, determined by the Agent Bank after request of the principal Euro-zone office of each of the Reference Banks; or
- (b) in the case of any period following the First Interest Payment Date, the Rounded Arithmetic Mean of the offered quotations, as at or about 11:00 a.m. (Brussels time) on that date, of the Reference Banks to major banks in the Euro-zone interbank market for euro deposits for the Relevant Period in the London interbank market in the Representative Amount, determined by the Agent Bank after request of the principal Euro-zone office of each of the Reference Banks; or
- (c) if, on such date, two or three only of the Reference Banks provide such quotations the rate determined in accordance with paragraph (a) or (b) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (d) if, on such date, one only or none of the Reference Banks provide such a quotation, the Euro Reserve Reference Rate;

"Euro Reserve Reference Rate" means on any Interest Determination Date:

- (a) the Rounded Arithmetic Mean of the rates quoted by major banks in the Euro-zone, selected by the Agent Bank, at approximately 11:00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to major European banks) for the Relevant Period and in the Representative Amount; or
- (b) if the Agent Bank certifies that it cannot determine such Rounded Arithmetic Mean as aforesaid, the Euro Reference Rate in effect for the immediately preceding Interest Period;

"Euro Screen Rate" means, in relation to (i) the first Interest Determination Date, the linear interpolation of the offered quotations for two month euro deposits and three month euro deposits, each in the European interbank market displayed on the Screen or (ii) any subsequent Interest Determination Date, the rate for euro deposits for the Relevant Period which appears on the Screen as at or about 11:00 a.m. (Brussels time) on that date (rounded upwards if necessary, to five decimal places);

"Euroclear" means Euroclear Bank S.A./N.V., and any successor to such business;

"Event of Default" means any one of the events specified in Condition 13 (*Events of Default*);

"Excess Swap Collateral" means, in respect of any Swap Agreement and any Swap Provider, an amount (which will be transferred directly to the relevant Swap Provider in accordance with the relevant Swap Agreement) equal to the amount by which the value of the collateral (or the applicable part of any collateral) provided by the relevant Swap Provider to the Issuer pursuant to the terms of the relevant Swap Agreement exceeds the relevant Swap Provider's liability under the relevant Swap Agreement as at the date of termination of the relevant Swap Agreement or which it is otherwise entitled to have returned to it under the terms of the relevant Swap Agreement;

"Exchange Date" means the first day following the expiry of forty days after the Closing Date;

"Expenses Account" means the account so named established with the Issuer Accounts Bank in accordance with the terms of the Issuer Accounts Agreement, or such other account or accounts as may, with the prior written consent of the Trustee, be designated by the Issuer as the Expenses Account;

"Extraordinary Resolution" means a resolution passed at a Meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than three quarters of the votes cast;

"Final Discharge Date" means the date on which the Trustee has received confirmation from the Issuer and the Secured Creditors that all amounts outstanding have been satisfied and that it is satisfied that all the Secured Amounts and/or all other moneys and other liabilities due or owing by the Issuer have been paid or discharged in full;

"Final Maturity Date" means the Interest Payment Date falling on 10 August 2066;

"First Interest Payment Date" means 10 August 2017;

"Fitch" means Fitch Ratings Limited;

"FSMA" means the Financial Services and Markets Act 2000;

"Further Advance" means one, or more, additional mortgage loans granted to an existing Borrower of a Mortgage Loan in the Original Mortgage Loan Portfolio after the Closing Date;

"Further Advance Purchase Price" means the Principal Outstanding Balance of the relevant Further Advance as at the Advance Date;

"Further Advance Warranty" means any of the warranties given by the Mortgage Loan Seller in respect of the relevant Further Advance and as set out in Part D (*Further Advance Warranties of the Mortgage Loan Seller*) of Schedule 5 (*Mortgage Loan Seller's Representations and Warranties*) of the Incorporated Terms Memorandum;

"General Reserve Fund" means the general reserve fund of the Reserve Account;

"holder" means the registered holder of a Note and the words **"holders"** and related expressions shall (where appropriate) be construed accordingly;

"Incorporated Terms Memorandum" means the memorandum signed on or about the Closing Date for the purpose of identification by each of the Transaction Parties;

"Insolvency Act" means the Insolvency Act 1986;

"Insolvency Event" in respect of a company means:

- (a) such company is (or admits it is) unable to pay its debts as they fall due within the meaning of section 123 of the Insolvency Act, section 570 of the Irish Companies Act 2014, Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen 1987:672*) or any equivalent or analogous event under the law of the jurisdiction in which such company is incorporated as applicable or suspends making payments on any of its debts as they fall due;
- (b) a moratorium is declared in respect of any indebtedness of such company;
- (c) the initiation of or consent to Insolvency Proceedings by such company or any other person or the presentation of a petition for the making of an administration order (other than in the case of the Issuer) and, in the opinion of the Trustee, such proceedings are not being disputed in good faith with a reasonable prospect of success;
- (d) the making of an administration order or the appointment of an examiner in relation to such company;

- (e) an encumbrancer (excluding, in relation to the Issuer, the Trustee or any receiver) taking possession of the whole or in the opinion of the Trustee any substantial part of the undertaking or assets of such company;
- (f) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or (in the opinion of the Trustee) any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, by the Trustee or any receiver) and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days;
- (g) the making of an arrangement, composition, scheme of arrangement, reorganisation with or conveyance to or assignment for the creditors of such company generally or the making of an application to a court of competent jurisdiction for protection from the creditors of such company generally;
- (h) the passing by such company of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up, liquidation, bankruptcy or dissolution of such company or for the appointment of an examiner (except, in the case of the Issuer, and, in the opinion of the Trustee, such proceedings are not being disputed in good faith with a reasonable prospect of success, a winding up for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding) or for the appointment of an examiner; or
- (i) the appointment of an Insolvency Official in relation to such company or in relation to the whole and, in the opinion of the Trustee, such proceedings are not being disputed in good faith with a reasonable prospect of success or, in the opinion of the Trustee, any substantial part of the undertaking or assets of such company (excluding, in relation to the Issuer, the appointment by the Trustee of a receiver);

"Insolvency Official" means, in connection with any Insolvency Proceedings, in relation to a company a liquidator, provisional liquidator, administrator, examiner, receiver or manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

"Insolvency Proceedings" means, in respect of a company, the winding-up, liquidation, dissolution, bankruptcy or examinership of such company or any equivalent or analogous proceedings under the law of the jurisdiction in which such company is incorporated or of any jurisdiction in which such company carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, examinership, arrangement, adjustment, protection or relief of debtors or a declaration that the property of such company is "*en désastre*";

"Interest Amount" means in respect of a Note for any Interest Period the amount of interest calculated on the immediately preceding Interest Determination Date in respect of such Note for such Interest Period by:

- (a) multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date next following such Interest Determination Date by the relevant Note Rate; and
- (b) then multiplying the amount so calculated in paragraph (a) by the relevant Day Count Fraction and rounding the resultant figure to the nearest Minimum Amount;

"Interest Determination Date" means each day which is two Business Days prior to an Interest Payment Date or in the case of the first Interest Period, two Business Days prior to the Closing Date;

"Interest Payment Date" means the 10th day of February, May, August and November in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, it shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the preceding Business Day;

"Interest Period" means the period from (and including) an Interest Payment Date (except in the case of the first Interest Period, where it shall be the period from (and including) the Closing Date) to (but excluding) the next succeeding (or first) Interest Payment Date;

"Interest Rate Swap" means the interest rate swap transaction entered into pursuant to the Interest Rate Swap Agreement;

"Interest Rate Swap Agreement" means the interest rate swap agreement to be documented in the form of a 1992 (Multicurrency Cross Border) ISDA Master Agreement together with the schedule (including the credit support annex thereto) and confirmation thereunder entered into on or about the Closing Date and made between the Issuer and the Interest Rate Swap Provider;

"Interest Rate Swap Provider" means BNP Paribas, in its capacity as interest rate swap provider under the Interest Rate Swap Agreement;

"Irish Law Security" means the security created by the Issuer pursuant to the Irish Security Deed;

"Irish Security Deed" means the Irish security deed of assignment dated the Closing Date between the Issuer and Trustee;

"Issuer" means Bluestep Mortgage Securities No. 4 Designated Activity Company, a designated activity company incorporated under the laws of Ireland (registered number 596111) with a registered office at 1st Floor, 1-2 Victoria Buildings, Haddington Road, Dublin 4, D04 XN32, as issuer of the Notes;

"Issuer Accounts" means the Issuer GIC Account, the Reserve Account, the Expenses Account and the Elevated Interest Account;

"Issuer Accounts Agreement" means the accounts agreement dated the Closing Date between the Issuer, Trustee, Cash Manager and Issuer Accounts Bank;

"Issuer Accounts Bank" means Nordea Bank AB (publ);

"Issuer Covenants" means the covenants of the Issuer set out in Schedule 8 (*Issuer Covenants*) of the Incorporated Terms Memorandum;

"Issuer GIC Account" means the account so named established with the Issuer Accounts Bank in accordance with the terms of the Issuer Accounts Agreement, or such other account or accounts as may, with the prior written consent of the Trustee, be designated by the Issuer as the Issuer GIC Account(s);

"Issuer Jurisdiction" means Ireland or such other jurisdiction in which the Issuer or any Issuer substitute (as contemplated by Condition 21 (*Substitution of Issuer*)) is incorporated and/or subject to taxation;

"Issuer Security" means any mortgage, sub-mortgage, charge, sub-charge, assignment or assignation by way of security, pledge, lien, right of set-off, retention of title or other encumbrance or security interest created by the Issuer in favour of the Trustee (for itself and as trustee on behalf of the other Secured Creditors) under or pursuant to the English Deed of Charge and the Irish Security Deed or to the Secured Creditors as represented by the Trustee under the Swedish Security Agreement;

"Issuer Warranties" means the representations and warranties given by the Issuer and set out in Schedule 4 (*Issuer's Representations and Warranties*) of the Incorporated Terms Memorandum and **"Issuer Warranty"** means any of them;

"Joint Lead Managers" means Barclays Bank PLC, BNP Paribas, London Branch and The Royal Bank of Scotland plc (trading as NatWest Markets);

"Liabilities" means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and any Taxes and penalties incurred by that person;

"Liquidation Proceeds" in relation to a Mortgage Loan means the net proceeds of realisation of such Mortgage Loan including those arising from the sale or other disposition of the related Collateral, other collateral or property of the related Borrower or any other party directly or indirectly liable for payment of the Revenue Receivables and/or Principal Receivables related to such Mortgage Loan and available to be applied thereon;

"Liquidity Reserve Fund" means the liquidity reserve fund of the Reserve Account;

"Liquidity Reserve Fund Required Amount" means on the Closing Date and on each subsequent Interest Payment Date be an amount equal to 2.75 per cent. of the aggregate Principal Amount Outstanding of the Rated Notes on such date (taking into account any redemptions of the Rated Notes on any Interest Payment Date).

"Loan Warranty" means any of the warranties given by the Mortgage Loan Seller in respect of the Mortgage Loan Portfolio in the Mortgage Loan Sale Agreement and as set out in Part C (*Loan Warranties of the Mortgage Loan Seller*) of Schedule 5 (*Mortgage Loan Seller's Representations and Warranties*) of the Incorporated Terms Memorandum;

"Meeting" means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment);

"Minimum Amount" means in respect of the Class A Notes, 0.01 Euro and in respect of the Notes (other than the Class A Notes) SEK0.10;

"Minimum Denomination" means in respect of the Notes represented by the Global Notes and (if issued) the Definitive Notes:

- (a) in respect of the Class A Notes, € 100,000 and, for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of € 1,000; and
- (b) in respect of Notes (other than the Class A Notes) SEK1,000,000 and, for so long as Euroclear and Clearstream, Luxembourg so permit, any amount in excess thereof in integral multiples of SEK10,000;

"Mortgage Loan" means the aggregate advances made by the Mortgage Loan Seller to the relevant Borrower by way of a loan and from time to time outstanding in accordance with the relevant Mortgage Loan Agreement (including any Further Advance made to a Borrower from the Mortgage Loan Seller and assigned to the Issuer after the Closing Date) together with its Ancillary Mortgage Rights as secured by the relevant Collateral and all as assigned by the Mortgage Loan Seller to the Issuer (and shall include, but shall not be limited to, any BFFAB Mortgage Loans assigned by the Warehouser to the Mortgage Loan Seller on the Closing Date pursuant to the Mortgage Loan Sale Agreement);

"Mortgage Loan Agreement" means, in respect of a Mortgage Loan, the agreement by which the Mortgage Loan was granted and which includes the promissory note and all other agreements or documentation evidencing or relating to that Mortgage Loan and the relevant Collateral;

"Mortgage Loan Portfolio" means the portfolio of Mortgage Loans (including, but not limited to the BFFAB Mortgage Loans and any Further Advance assigned to the Issuer after the Closing Date) as updated from time to time to reflect the removal of Retired Mortgage Loans or Mortgage Loans that have been subject to an optional repurchase pursuant to the Mortgage Loan Sale Agreement, originally notified by the Mortgage Loan Seller to the Issuer in the Mortgage Loan Portfolio Notice of Sale delivered pursuant to the Mortgage Loan Sale Agreement;

"Mortgage Loan Portfolio Notice of Sale" means the notice of sale in substantially the form attached at Part A of Schedule 2 (*Form of Mortgage Loan Portfolio Notice of Sale*) of the Mortgage Loan Sale Agreement and delivered by the Mortgage Loan Seller to the Issuer on the

Closing Date in accordance with clause 6.1 (*Notice of Sale of the Original Mortgage Loan Portfolio*) of the Mortgage Loan Sale Agreement;

"Mortgage Loan Purchase Price" means, in respect of the Original Mortgage Loan Portfolio, the amount of the consideration paid by the Issuer for the purchase of the Mortgage Loan Portfolio on the Closing Date, such amount being equal to the Aggregate Principal Outstanding Balance of such Original Mortgage Loan Portfolio as at 28 February 2017;

"Mortgage Loan Sale Agreement" means the mortgage loan sale agreement so named dated on or about the Closing Date between the Mortgage Loan Seller, the Warehouser, the Issuer and the Trustee;

"Mortgage Loan Seller" means Bluestep Bank AB (publ) acting in its capacity as seller of the Mortgage Loans and the related Collateral to the Issuer pursuant to the Mortgage Loan Sale Agreement;

"Mortgage Loan Servicing Agreement" means the agreement so named dated on or about the Closing Date between the Issuer, the Servicer, the Mortgage Loan Seller and the Trustee;

"Most Senior Class" means, the Class A Notes whilst they remain outstanding and thereafter the Class B Notes whilst they remain outstanding, and thereafter the Class Z Notes whilst they remain outstanding;

"Noteholders" means the Class A Noteholders, the Class B Noteholders and the Class Z Noteholders or, where the context otherwise requires, the holders of Notes of a particular class or classes as the case may be;

"Note Rate" for each Interest Period means in respect of each class of Notes, the Reference Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of such class, subject to a floor of zero;

"Notices Condition" means Condition 22 (*Notices*);

"Notices Details" means the provisions set out in Schedule 11 (*Notices Details*) of the Incorporated Terms Memorandum;

"Official List" means the official list maintained by the Stock Exchange, to which the Notes are admitted, and which is regulated by the listing rules established by the Stock Exchange;

"outstanding" means, in relation to the Notes, all the Notes other than:

- (a) those which have been redeemed in full and cancelled in accordance with the Conditions;
- (b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Trustee or the Paying Agents in the manner provided for in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;
- (c) those which have been purchased and surrendered for cancellation as provided in Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*) and notice of the cancellation of which has been given to Trustee;
- (d) those which have become void under the Conditions;
- (e) those mutilated or defaced Notes which have been surrendered or cancelled and those Notes which are alleged to have been lost, stolen or destroyed and in all cases in respect of which replacement Notes have been issued pursuant to the Conditions; and

- (f) any Global Note, to the extent that it shall have been exchanged for the related Definitive Notes pursuant to the provisions contained therein and the Conditions;

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any Meeting of Noteholders;
- (ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 14 (*Waiver*), Clause 15 (*Modifications*), Clause 18 (*Proceedings and Actions by the Trustee*), Clause 26 (*Appointment of Trustees*) and Clause 27 (*Notice of New Trustee*) of the Trust Deed and Condition 13 (*Events of Default*), Condition 14 (*Enforcement*) and Condition 16 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders; and
- (iii) any discretion, power or authority, whether contained in the Trust Deed, or any other Transaction Documents or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer, the Mortgage Loan Seller, the Servicer, Bluestep Bostadslån, any holding company of any of them or any other subsidiary of any such holding company, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding, except, in the case of the Mortgage Loan Seller, the Servicer, Bluestep Bostadslån, any holding company of the Mortgage Loan Seller, the Servicer, Bluestep Bostadslån or any other subsidiary of such holding company (the "**Relevant Persons**") where all of the Notes of any class are held by or on behalf of or for the benefit of one or more Relevant Persons, in which case such class of Notes (the "**Relevant Class of Notes**") shall be deemed to remain outstanding except that, if there is any other class of Notes ranking *pari passu* with, or junior to, the Relevant Class of Notes and one or more Relevant Persons are not the beneficial owners of all the Notes of such class, then the Relevant Class of Notes shall be deemed not to remain outstanding;

"**Pantbrev Security**" means a mortgage evidenced either by one or more mortgage certificates (*Sw. Pantbrev*) or by registration in the mortgage certificate registry (*Sw. Datapantbrev*) on a single family property or properties located in Sweden;

"**Parent Company**" means Bluestep Bank AB (publ) acting in its capacity as parent company of the Issuer;

"**Parent Company Security**" means any security interest created by the Parent Company over the shares in the Issuer in favour of the Trustee (for itself and as trustee on behalf of the other Secured Creditors) pursuant to the Share Mortgage;

"**Paying Agents**" means the Principal Paying Agent and any other paying agents named in the Agency Agreement together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement (including for the avoidance of doubt, the Principal Paying Agent from time to time);

"**Payment Shortfall**" means, as at any Interest Payment Date, an amount equal to the greater of:

- (a) zero; and
- (b) the aggregate of the amounts required to pay or provide in full on such Interest Payment Date for the items falling in items (a) to (g) and (i) of the Pre Enforcement Interest Payments Priorities less the amount of the Available Interest Distribution Amount calculated in respect of such Interest Period but before taking into account any amount added thereto from Available Principal Distribution Amounts (other than as a result of the application of item (e) of the Pre-Enforcement Principal Payments Priorities);

"**Payments Priorities**" means the Pre-Enforcement Payments Priorities and the Post Enforcement Payments Priorities;

"Portfolio Credit and Collection Policies" means the portfolio and credit collection policies of the Mortgage Loan Seller and the Issuer under which the Mortgage Loans are administered as amended from time to time (with the consent of the Trustee, unless such amendments are required due to a change in mandatory Requirement of Law or Regulatory Direction (in which case the consent of the Trustee shall not be required));

"Post-Enforcement Payments Priorities" means the provisions relating to the order of priority of payments after the delivery of an Enforcement Notice as set out in clause 17 (*Post-Enforcement Payments Priorities*) of the English Deed of Charge;

"Potential Event of Default" means any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination thereof) an Event of Default;

"Pre-Enforcement Interest Payments Priorities" means the provisions relating to the order of priority of payments set out in Paragraph 27 (*Pre-Enforcement Interest Payments Priorities*) of Part 10 (*Payment Priorities*) of the Cash Management Agreement;

"Pre-Enforcement Payments Priorities" means the Pre-Enforcement Interest Payments Priorities and the Pre-Enforcement Principal Payments Priorities;

"Pre-Enforcement Principal Payments Priorities" means the provisions relating to the order of priority of payments set out in Paragraph 28 (*Pre-Enforcement Principal Payments Priorities*) of Part 10 (*Payments Priorities*) of the Cash Management Agreement;

"Principal Amount Outstanding" means, on any day:

- (a) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have become due and were paid on or prior to that day;
- (b) in relation to a class, the aggregate of that amount in (a) in respect of all Notes outstanding in such class;
- (c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class; and
- (d) in relation to the Subordinated Loan Facility only, the principal amount of the Subordinated Loan(s) advanced by the Subordinated Loan Facility Provider to the Issuer less the aggregate amount of any principal payments in respect of the Subordinated Loan Facility which have become due and were paid on or prior to that day;

"Principal Collections" means all amounts received by the Issuer in respect of Principal Receivables;

"Principal Deficiency Ledger" means the ledger in the books of the Issuer so named;

"Principal Loss" means in relation to any Mortgage Loan on any Calculation Date in respect of which Liquidation Proceeds have been realised following the commencement of the Enforcement Procedures, the Principal Outstanding Balance of such Mortgage Loan less the sum of all Collections (including, but not limited to, Liquidation Proceeds), Repurchase Proceeds and other recoveries, if any, on such Mortgage Loan, which will be applied first to outstanding fees and expenses incurred with respect to such Mortgage Loan, then to default interest, then to accrued and unpaid interest and, finally, to principal;

"Principal Outstanding Balance" means in relation to any Mortgage Loan (including any Further Advance (as applicable)) and on any date, the aggregate of:

- (a) the original principal amount advanced to the Borrower; less
- (b) any repayments of the amounts in (a) above;

"Principal Paying Agent" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as principal paying agent in accordance with the terms of the Agency Agreement;

"Principal Receivables" means, on any day, the principal payments (whether or not yet due) which remain to be paid by the relevant Borrowers under each Mortgage Loan Agreement (including any monies received by the Servicer in respect of any fire insurance relating to a property forming part of the Collateral but excluding accrued interest and arrears of interest), but excludes all Principal Recoveries;

"Principal Recoveries" means in relation to any Mortgage Loan and on any date, the aggregate of all principal payments received in respect of such Mortgage Loan after a Principal Loss in respect of such Mortgage Loan has been debited from the Principal Deficiency Ledger;

"Provisions for Meetings of Noteholders" means the provisions contained in Schedule 3 of the Trust Deed;

"Rated Notes" means the Class A Notes and the Class B Notes;

"Rating Agencies" means Fitch and S&P;

"Rating Agency Confirmation" has the meaning given to it in Condition 23 (*Non-Responsive Rating Agency*);

"Receiver" means any receiver, manager, receiver or manager, or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with the English Deed of Charge;

"Recoveries" means all Principal Recoveries and all Revenue Recoveries;

"Reference Banks" means:

- (a) in respect of the Class A Notes, the principal Euro-zone office of four major banks in the Euro-zone interbank market; and
- (b) in respect of the Notes (other than the Class A Notes) the principal Stockholm office of four major banks in the Swedish interbank market,

in each case, selected by the Agent Bank at the relevant time;

"Reference Rate" means:

- (a) in respect of the Class A Notes, the Euro Reference Rate; and
- (b) in respect of any other Notes, the SEK Reference Rate;

"Register" means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar which shall be outside of the United Kingdom;

"Registrar" means the party responsible for the registration of the Notes, which at the Closing Date is BNP Paribas Securities Services, Luxembourg Branch acting in such capacity pursuant to the Agency Agreement;

"Relevant Exchange Rate" means for the Class A Notes, 9.53 as at the Closing Date as specified in the Currency Swap Agreement (notwithstanding its termination);

"Release Letter" means the letter so named dated on or about the Closing Date between, *inter alios*, the Issuer, the Mortgage Loan Seller and the Warehouse releasing certain of the Mortgage Loans in the Mortgage Loan Portfolio from an earlier encumbrance;

"Relevant Margin" means:

- (a) for the Class A Notes, 0.72 per cent. per annum up to and excluding the relevant Step-Up Date and thereafter 1.08 per cent per annum;

- (b) for the Class B Notes, 1.75 per cent. per annum up to and excluding the relevant Step-Up Date and thereafter 2.63 per cent. per annum; and
- (c) for the Class Z Notes, 3.75 per cent. per annum up to and excluding the relevant Step-Up Date and thereafter 5.63 per cent. per annum.

"Relevant Period" means, in relation to an Interest Determination Date, the length in months of the related Interest Period;

"Replacement Cash Management Agreement" means the replacement cash management agreement scheduled to the Standby Cash Management Agreement and entered into in accordance with the Standby Cash Management Agreement between the Standby Cash Manager (as Cash Manager), the Issuer and the Trustee;

"Replacement Swap Premium" means any amount to be paid by the Issuer to a replacement swap provider, or received by the Issuer from a replacement swap provider upon entry by the Issuer into an agreement with such replacement swap provider to replace the relevant Interest Rate Swap or Currency Swap;

"Representative Amount" means an amount that is representative for a single transaction in the relevant market at the relevant time;

"Repurchase Proceeds" means such amounts as are received by the Issuer pursuant to the sale of certain Mortgage Loans by the Issuer to the Mortgage Loan Seller or a third party purchaser, as the case may be, pursuant to the Mortgage Loan Sale Agreement as a result of a breach of a Loan Warranty or the optional repurchase price paid pursuant to an optional repurchase by the Mortgage Loan Seller pursuant to clause 22 (*Optional Repurchase of Individual Mortgage Loans*) or clause 23 (*Sale to a Third Party Purchaser of Individual Mortgage Loans following completion of Enforcement Procedures*) of the Mortgage Loan Sale Agreement;

"Reserve Account" means the account so named and established with the Issuer Accounts Bank in accordance with the terms of the Issuer Accounts Agreement, or such other account or accounts as may, with the prior written consent of the Trustee, be designated by the Issuer as the Reserve Account(s);

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes of any class, to reduce the amount of principal or interest due on any date in respect of the Notes of any class or to alter the method of calculating the amount of any payment in respect of the Notes of any class;
- (b) (except in accordance with Condition 21 (*Substitution of Issuer*) and Clause 16 (*Substitution*) of the Trust Deed) to effect the exchange, conversion or substitution of the Notes of any class for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to alter the priority of payment of interest or principal in respect of the Notes;
- (e) to change the quorum required at any Meeting or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition;

"Retired Mortgage Loan" means a Mortgage Loan which is in breach of a Loan Warranty or Further Advance Warranty (as applicable) in accordance with the Mortgage Loan Sale Agreement and is subsequently repurchased by the Mortgage Loan Seller or a third party purchaser, as the case may be, upon such breach in accordance with the Mortgage Loan Sale Agreement;

"Revenue Collections" means all amounts received by the Issuer in respect of Revenue Receivables;

"Revenue Loss" means, in relation to any Mortgage Loan on an Interest Payment Date, the amount (if any) determined in good faith by the Servicer on the related Calculation Date as being the amount of a revenue nature due in respect of such Mortgage Loan after the Servicer has completed the Enforcement Procedures on behalf of the Issuer in relation to such Mortgage Loan in accordance with paragraph 3 of Appendix 1 of the Mortgage Loan Servicing Agreement;

"Revenue Receivables" means all payments (whether or not yet due) which remain to be paid by the relevant Borrower under a Mortgage Loan Agreement, other than Principal Receivables and Recoveries (including arrears of interest, accrued interest and any interest compensation amounts (*ränteskillnadsersättning*));

"Revenue Recoveries" means, on any date, an amount (other than any principal payment) received in respect of a Mortgage Loan, after a Revenue Loss has been determined in respect of such Mortgage Loan;

"Revenue Surplus Ledger" means the ledger in the books of the Issuer so named;

"Rounded Arithmetic Mean" means the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards);

"S&P" means Standard & Poor's Credit Market Services Europe Limited (trading as S&P Global Ratings);

"Screen" means in relation to the Class A Notes, Reuters Screen EURIBOR01 and in respect of any Notes (other than the Class A Notes) Reuters Screen SIOR; or

- (a) such other page as may replace Reuters Screen SIOR or, as the case may be, Reuters Screen EURIBOR01 on that service for the purpose of displaying such information; or
- (b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Trustee) as may replace such screen;

"Secured Amounts" means the aggregate of all monies and Liabilities which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Secured Creditors under the Notes or the Transaction Documents;

"Secured Creditors" means the Trustee (in its capacity as a creditor of the Issuer), the Noteholders, any Receiver, other receiver or liquidator of the Issuer (in its capacity as a creditor of the Issuer), the Mortgage Loan Seller, the Servicer, the Standby Servicer, the Cash Manager, the Standby Cash Manager, the Corporate Services Provider, the Interest Rate Swap Provider, the Currency Swap Provider, the Subordinated Loan Facility Provider, the Agents, the Issuer Accounts Bank and the Swap Collateral Custodian;

"Security" has the meaning given to it in Condition 6.1 (*Security*);

"Security Assets" means (a) the Charged Property; and (b) the shares of the Issuer charged by the Parent Company pursuant to the Share Mortgage;

"Security Documents" shall mean the English Deed of Charge, the Swedish Security Agreement, the Irish Security Deed and the Share Mortgage and any other document guaranteeing or creating security for or supporting the obligations of the Issuer to any Secured Creditor in connection with any Secured Amounts;

"SEK" or **"Swedish Kronor"** denote the lawful currency for the time being of the Kingdom of Sweden;

"SEK Equivalent Principal Amount Outstanding" means:

- (a) in relation to a Note or class of Notes which is denominated in a currency other than SEK, the SEK equivalent of the Principal Amount Outstanding of such Note or class of Notes ascertained using the Relevant Exchange Rate relating to such Notes, and
- (b) in relation to any other Note or class of Notes, the Principal Amount Outstanding of such Note or class of Notes;

"SEK Reference Rate" means, on any Interest Determination Date the floating rate determined by the Agent Bank by reference to the SEK Screen Rate on such date or if, on such date, the SEK Screen Rate is unavailable:

- (a) in the case of the period from the Closing Date to the First Interest Payment Date, the Rounded Arithmetic Mean obtained by the linear interpolation of the offered quotations, as at or about 11.00 a.m. (Stockholm time) on that date, of the Reference Banks to prime banks in Stockholm for SEK deposits for 2 months and 3 months in the Swedish interbank market in the Representative Amount, determined by the Agent Bank after request of the principal Stockholm office of each of the Reference Banks; or
- (b) in the case of any period following the First Interest Payment Date, the Rounded Arithmetic Mean of the offered quotations, as at or about 11:00 a.m. (Stockholm time) on that date, of the Reference Banks to prime banks in Stockholm for SEK deposits for the Relevant Period in the Swedish interbank market in the Representative Amount, determined by the Agent Bank after request of the principal Stockholm office of each of the Reference Banks; or
- (c) if, on such date, two or three only of the Reference Banks provide such quotations the rate determined in accordance with paragraph (a) or (b) above on the basis of the quotations of those Reference Banks providing such quotations; or
- (d) if, on such date, one only or none of the Reference Banks provide such a quotation, the SEK Reserve Reference Rate;

"SEK Reserve Reference Rate" means on any Interest Determination Date:

- (a) the Rounded Arithmetic Mean of the rates quoted by major banks in Stockholm selected by the Agent Bank in its absolute discretion for SEK loans for the Relevant Period in the Representative Amount to major banks in the Swedish interbank market; or
- (b) if the Agent Bank certifies that it cannot determine such Rounded Arithmetic Mean as aforesaid, the Reference Rate in effect for the Interest Period ending on the Business Day immediately preceding the relevant Interest Determination Date;

"SEK Screen Rate" means, in relation to (i) the first Interest Determination Date, the linear interpolation of the offered quotations for 2 month SEK deposits and 3 month SEK deposits, each in the Swedish interbank market displayed on the Screen or (ii) any subsequent Interest Determination Date, the rate for SEK deposits for the Relevant Period which appears on the Screen as at or about 11:00 a.m. (Stockholm time) on that date (rounded upwards if necessary, to five decimal places);

"Sequential Order" means, in respect of payments of interest and principal to be made to the Class A Notes, the Class B Notes and Class Z Notes: firstly, to the Class A Notes and secondly, to the Class B Notes and thirdly, to the Class Z Notes;

"Servicer" means Bluestep Servicing AB in its capacity as servicer in accordance with the terms of the Mortgage Loan Servicing Agreement;

"Share Mortgage" means the share mortgage in respect of the shares held in the Issuer dated the Closing Date and made between the Parent Company, the Issuer and the Trustee;

"**Specified Office**" means, in relation to any Agent:

- (a) the office specified against its name in the Notices Details; or
- (b) such other office as such Agent may specify in accordance with Clause 14.9 (*Changes in Specified Offices*) of the Agency Agreement;

"**SPV Criteria**" means the criteria established from time to time by the Rating Agencies for a single purpose company in the Issuer Jurisdiction;

"**Standby Cash Management Agreement**" means the standby cash management agreement so named dated on or about the Closing Date between the Issuer, the Trustee and the Standby Cash Manager;

"**Standby Cash Manager**" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as standby cash manager in accordance with the terms of the Standby Cash Management Agreement;

"**Standby Servicer**" means Emric Operations AB in its capacity as standby servicer in accordance with the terms of the Standby Servicing Agreement;

"**Standby Servicing Agreement**" means the standby servicing agreement so named dated on or about the Closing Date between the Mortgage Loan Seller, the Issuer, the Trustee and the Standby Servicer;

"**Step-Up Date**" means the Interest Payment Date falling in May 2022;

"**Stock Exchange**" means the Irish Stock Exchange plc;

"**Subordinated Loan Facility**" means the subordinated loan facility made available by the Subordinated Loan Facility Provider to the Issuer under the Subordinated Loan Facility Agreement;

"**Subordinated Loan Facility Agreement**" means the subordinated loan agreement so named dated on or about the Closing Date between the Issuer, the Subordinated Loan Facility Provider and the Trustee (as the same may be amended, restated, varied, supplemented, replaced and/or novated from time to time);

"**Subordinated Loan Facility Provider**" means Bluestep Bank AB (publ) in its capacity as subordinated loan facility provider pursuant to the Subordinated Loan Facility Agreement;

"**Substituted Obligor**" means a single purpose company incorporated in any jurisdiction that meets the SPV Criteria;

"**Swap Agreements**" means the Currency Swap Agreement and the Interest Rate Swap Agreement and "**Swap Agreement**" means any of them;

"**Swap Collateral**" means any cash or securities transferred by any Swap Provider to the Issuer on any date pursuant to the terms of the relevant Credit Support Annex to the applicable Swap Agreement and any interest or distributions accruing on such cash or securities that has not been returned to the relevant Swap Provider pursuant to the terms of the relevant Swap Agreement;

"**Swap Collateral Account Priority of Payments**", in respect of each Swap Collateral Accounts means the priority set forth in Paragraph 29 (*Swap Collateral Accounts Priority of Payments*) of Part 10 (*Payments Priorities*) to the Cash Management Agreement;

"**Swap Collateral Account Surplus**" means, in respect of the Swap Collateral Accounts, any surplus amounts remaining after funds standing to the credit of such Swap Collateral Accounts have been applied in accordance with the relevant Swap Collateral Account Priority of Payments;

"**Swap Collateral Accounts**" means any cash and/or securities accounts opened in the name of the Issuer for the purposes of, among other things, holding collateral transferred pursuant to the terms of the Credit Support Annex to the relevant Swap Agreement;

"Swap Collateral Custodian" means The Bank of New York Mellon, London Branch;

"Swap Collateral Custody Agreement" means the swap collateral accounts agreement dated the Closing Date between the Issuer, the Trustee, the Cash Manager, the Swap Providers and the Swap Collateral Custodian;

"Swap Providers" means the Currency Swap Provider and the Interest Rate Swap Provider and **"Swap Provider"** means any one of them;

"Swap Tax Credits" means any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by the any Swap Provider to the Issuer or a reduced payment from the Issuer to the relevant Swap Provider;

"Swap Transactions" means the Currency Swap and the Interest Rate Swap and **"Swap Transaction"** means any of them;

"Swedish Kronor" or **"SEK"** means the lawful currency of Sweden;

"Swedish Law Security" means the security created by the Issuer pursuant to the Swedish Security Agreement;

"Swedish Security Agreement" means the Swedish law security agreement dated the Closing Date entered into between the Issuer, the Trustee and the Cash Manager;

"TARGET2" means the Trans European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single platform and which was launched on 19 November 2007;

"Tax" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same, but excluding taxes on net income) imposed or levied by or on behalf of any Tax Authority and **"Taxes"**, **"taxation"**, **"taxable"** and comparable expressions shall be construed accordingly;

"Tax Authority" means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world exercising a fiscal, revenue, customs or excise function;

"Tax Deduction" means any deduction or withholding on account of Tax;

"Transaction Documents" means the Mortgage Loan Sale Agreement, the Mortgage Loan Servicing Agreement, the Standby Servicing Agreement, the Trust Deed, the English Deed of Charge, the Swedish Security Agreement, the Irish Security Deed, the Share Mortgage, the Agency Agreement, the Cash Management Agreement, the Standby Cash Management Agreement, the Replacement Cash Management Agreement, the Issuer Accounts Agreement, the Swap Collateral Custody Agreement, the Interest Rate Swap Agreement, the Currency Swap Agreement, the Subordinated Loan Facility Agreement, the Corporate Services Agreement, the Release Letter, the Bankgiro Assignment Agreement, the Incorporated Terms Memorandum, the Closing Arrangements Deed and any other agreement or document entered into from time to time by the Issuer pursuant thereto;

"Transaction Party" means any person who is a party to a Transaction Document and **"Transaction Parties"** means some or all of them;

"Trust Deed" means the deed so named dated on or about the Closing Date between the Issuer and the Trustee and any document expressed to be supplemented to the Trust Deed;

"Trust Documents" means the Trust Deed, the English Deed of Charge, the Irish Security Deed, the Share Mortgage and the Swedish Security Agreement and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of

the Trust Deed or (as applicable) the English Deed of Charge and expressed to be supplemental to the Trust Deed or the English Deed of Charge (as applicable);

"**Trustee**" means BNP Paribas Trust Corporation UK Limited in its capacity as trustee under the Trust Deed;

"**Warehouser**" means Bluestep Finans Funding No 1 AB; and

"**Written Resolution**" means a resolution in writing signed by or on behalf of all Noteholders of the relevant class for the time being outstanding who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such Noteholders.

2.2 **Interpretation:** Any reference in the Conditions to:

"**continuing**", in respect of an Event of Default, shall be construed as a reference to an Event of Default which has not been remedied or waived in accordance with the terms of the Conditions or, as the case may be, the relevant Transaction Document;

a "**class**" shall be a reference to a class of the Notes being the Class A Notes, the Class B Notes or the Class Z Notes and "**classes**" shall be construed accordingly;

"**including**" shall be construed as a reference to "**including without limitation**", so that any list of items or matters appearing after the word "**including**" shall be deemed not to be an exhaustive list, but shall be deemed rather to be a representative list, of those items or matters forming a part of the category described prior to the word "**including**";

"**indebtedness**" shall be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

a "**law**" shall be construed as any law (including common or customary law), statute, constitution, decree, judgement, treaty, regulation, directive, bye-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court;

a "**person**" shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;

"**redeem**" and "**pay**" shall each include both of the others and "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

a reference to any person defined as a "**Transaction Party**" in the Conditions shall be construed so as to include its and any subsequent successors and permitted transferees in accordance with their respective interests and in relation to the Trustee shall include any person or persons acting as trustee or trustees under the Trust Deed; and

a "**successor**" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred.

2.3 **Transaction Documents and other agreements:** Any reference to any document defined as a Transaction Document or any other agreement or document shall be construed as a reference to such Transaction Document or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, amended and restated, varied, novated, supplemented or replaced.

- 2.4 **Statutes and Treaties:** Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.
- 2.5 **Schedules:** Any Schedule of, or Appendix to a Transaction Document forms part of such Transaction Document and shall have the same force and effect as if the provisions of such Schedule or Appendix were set out in the body of such Transaction Document. Any reference to a Transaction Document shall include any such Schedule or Appendix.
- 2.6 **Headings:** Condition headings are for ease of reference only.
- 2.7 **Sections:** Except as otherwise specified in the Condition, reference in the Conditions to:
- (a) a "**Section**" shall be construed as a reference to a Section of such Transaction Document;
 - (b) a "**Part**" shall be construed as a reference to a Part of such Transaction Document;
 - (c) a "**Schedule**" shall be construed as a reference to a Schedule of such Transaction Document;
 - (d) a "**Clause**" shall be construed as a reference to a Clause of a Part or Section (as applicable) of such Transaction Document; and
 - (e) a "**Paragraph**" shall be construed as a reference to a Paragraph of a Schedule of such Transaction Document.

2.8 **Number**

In any Transaction Document, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

3. **Form and Denomination**

- 3.1 Notes will be represented by one or more permanent global notes in fully registered form without interest coupons (each such global note in relation to a class of those Notes being a "**Global Note**").

Each Global Note is expected to be deposited with, and registered in the name of, or a nominee of a common depository (the "**Common Depository**") for, Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**" and together with Euroclear, the "**Clearing Systems**") on the Closing Date.

- 3.2 The Principal Amount Outstanding of the Notes of each class initially offered and sold outside the United States to non U.S. persons pursuant to Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") is represented by one or more Global Notes in fully registered form (the "**Global Notes**") without coupons attached. References herein to the "**Notes**" shall include (i) in relation to any Notes of a class represented by a Global Note or Global Notes, units of the Minimum Denomination of such class, (ii) any Global Note and (iii) any Definitive Note issued in exchange for a Global Note.
- 3.3 For so long as any Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank S.A./N.V. ("**Euroclear**") or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), as appropriate.
- 3.4 For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradable only in minimal amounts of EUR100,000 and integral multiples of EUR1,000 thereafter (in respect of the Class A Notes) and SEK1,000,000 and integral multiples of SEK10,000 thereafter (in the case of any Notes other than the Class A Notes).

3.5 Definitive Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the "**Definitive Notes**") will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Notes, if issued, will be issued in the denomination of EUR100,000 for the Class A Notes and SEK1,000,000 for any Notes other than the Class A Notes and any amount in excess thereof in integral multiples of EUR1,000 or SEK10,000 (as applicable).

3.6 If, while any Notes are represented by a Global Note:

(a) in the case of a Global Note held in Euroclear or Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and no alternative clearing system satisfactory to the Trustee is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of the Republic of Ireland or the United Kingdom (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of, or in the administration of, such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form and a certificate to such effect signed by an authorised director of the Issuer is delivered to the Trustee,

the Issuer will issue Definitive Notes to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Global Note in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. The Global Note will not be exchangeable for Definitive Notes in any other circumstances.

4. **Title**

4.1 The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.

4.2 The Issuer shall cause to be kept at the Specified Office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of the Notes.

4.3 No transfer of a Note will be valid unless and until entered on the Register.

4.4 Transfers and exchanges of beneficial interests in the Global Note and any Definitive Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Registrar to any holder of a Note who so requests and will be available upon request at the Specified Office of the Registrar or the Principal Paying Agent.

4.5 A Definitive Note may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, a new Definitive Note, in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.

- 4.6 Each new Definitive Note, to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the Specified Office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note, to such address as may be specified in such request.
- 4.7 Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- 4.8 No holder of a Definitive Note may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.

5. **Status and Ranking**

- 5.1 **Status:** The Notes of each class constitute direct, secured and unconditional obligations of the Issuer.
- 5.2 **Ranking:** The Class A Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class B Notes will at all times rank without preference or priority *pari passu* amongst themselves. The Class Z Notes will at all times rank without preference or priority *pari passu* amongst themselves.
- 5.3 **Sole Obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by the Parent Company, the Arrangers, the Joint Lead Managers or any of the other Transaction Parties.
- 5.4 **Priority of Interest Payments:** Payments of interest on the Class A Notes will at all times rank in priority to payments of interest on the Class B Notes and the Class Z Notes. Payments of interest on the Class B Notes will at all times rank in priority to payments of interest on the Class Z Notes.
- 5.5 **Priority of Principal Payments:** Payments of principal on the Class A Notes will rank in priority to payments of principal on the Class B Notes and the Class Z Notes. Payments of principal on the Class B Notes will rank in priority to payments of principal on the Class Z Notes.
- 5.6 **Priority of Payments:** Prior to the delivery of an Enforcement Notice, the Issuer is required to apply Available Interest Distribution Amount and Available Principal Distribution Amount in accordance with the Pre-Enforcement Interest Payments Priorities and Pre-Enforcement Principal Payments Priorities (as applicable) and following the delivery of an Enforcement Notice, in accordance with the Post-Enforcement Payments Priorities.

6. **Security**

- 6.1 **Security:** The security constituted by the Security Documents is granted to the Trustee, on trust for the Noteholders and the other Secured Creditors of the Issuer (and in the case of the Swedish Law Security, to the Secured Creditors as represented by the Trustee), upon and subject to the terms and conditions of the Security Documents. The Noteholders and other Secured Creditors will share in the benefit of the security constituted by the Security Documents (the "**Security**"), upon and subject to the terms and conditions of the Security Documents.
- 6.2 **Enforceability:** The Security will become enforceable upon the delivery by the Trustee of an Enforcement Notice in accordance with Condition 13 (*Events of Default*) and subject to the matters referred to in Condition 14 (*Enforcement*).

7. **Issuer Covenants**

The Issuer makes the Issuer Covenants in favour of the Trustee which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness (save as permitted in the Trust Deed), dispose of assets or change the nature of its business, without the prior written consent of the Trustee and require the Issuer, except as otherwise contemplated by the Transaction Documents to:

- (a) maintain an independent director;
- (b) maintain books and records separate from any other person or entity;
- (c) maintain its accounts separate from those of any other person or entity;
- (d) not commingle assets with those of any other entity (other than cash collections from the Assigned Rights, which may be placed in an account in the name of the Servicer);
- (e) conduct its own business in its own name;
- (f) maintain separate financial statements;
- (g) pay its own liabilities out of its own funds;
- (h) observe all corporate, partnership, or other formalities required by the constituting documents;
- (i) maintain an arm's-length relationship with its affiliates (if any) looking at any transactions entered into with affiliates as a whole;
- (j) not guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others;
- (k) not acquire obligations or securities of its partners or shareholders;
- (l) use separate stationery, invoices, and checks;
- (m) not pledge its assets for the benefit of any other entity or make any loans or advances to any entity;
- (n) hold itself out as a separate entity;
- (o) correct any known misunderstanding regarding its separate identity; and
- (p) maintain adequate capital in light of its contemplated business operations.

So long as any Note remains outstanding, the Issuer shall comply with the Issuer Covenants.

8. Interest

- 8.1 **Accrual of Interest:** Each Note bears interest on its Principal Amount Outstanding, from (and including) the Closing Date.
- 8.2 **Cessation of Interest:** Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the principal is improperly withheld or refused or default is otherwise made in respect of the payment, in which case, it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of:
- (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and
 - (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders of such class (in accordance with Condition 22 (*Notices*)) that the full amount payable is available for collection by the Noteholder, provided that on due presentation payment is in fact made.
- 8.3 **Interest Payments:** Interest on each Note is payable in the Applicable Currency in arrears on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

- 8.4 **Calculation of Interest Amount:** Upon or as soon as practicable after each Interest Determination Date, the Issuer shall calculate (or shall cause the Agent Bank to calculate) the Interest Amount payable on each Note for the related Interest Period.
- 8.5 **Determination of Note Rate, Interest Amount and Interest Payment Date:** The Agent Bank will, on each Interest Determination Date, determine:
- (a) the Note Rate for each class for the related Interest Period;
 - (b) the Interest Amount for each class for the related Interest Period; and
 - (c) the Interest Payment Date next following the related Interest Period;
- and notify the Issuer, the Servicer, the Cash Manager, the Trustee, the Registrar, the Swap Providers and the Paying Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange.
- 8.6 **Publication of Note Rate, Interest Amount and Interest Payment Date:** As soon as practicable after receiving each notification of the Note Rate, the Interest Amount and the Interest Payment Date in accordance with Condition 8.5 (*Determination of Note Rate, Interest Amount and Interest Payment Date*) and in any event no later than the second Business Day thereafter, the Issuer will cause such Note Rate and Interest Amount for each class and the next following Interest Payment Date to be published in accordance with the Notices Condition.
- 8.7 **Amendments to Publications:** The Note Rate, Interest Amount for each class and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.
- 8.8 **Determination or Calculation by Trustee:** If the Agent Bank does not at any time for any reason determine the Note Rate or the Interest Amount for each class in accordance with this Condition 8 (*Interest*), the Trustee may (but without any liability accruing to the Trustee as a result):
- (a) determine the Note Rate for each class at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or
 - (b) calculate the Interest Amount for each class in the manner specified in this Condition,
- and any such determination and/or calculation shall be deemed to have been made by the Agent Bank. In each case the Trustee may, at the expense of the Issuer, employ an expert to make the determination and any such determination shall be deemed to have been made by the Agent Bank.
- 8.9 **Notifications to be final:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8 (*Interest*), whether by the Reference Banks (or any of them), the Paying Agents, the Registrar, the Agent Bank or the Trustee shall (in the absence of any manifest error) be binding on the Issuer and all Noteholders and (in the absence of any gross negligence, wilful default or fraud) no liability to the Trustee or the Noteholders shall attach to the Reference Banks, the Agents, the Registrar or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 8 (*Interest*).
- 8.10 **Reference Banks and Agent Bank:** The Issuer shall ensure that, so long as any of the Notes remains outstanding there shall at all times be four Reference Banks, an Agent Bank and a Principal Paying Agent. In the event of any of the Reference Banks being unable or unwilling to continue to act as a Reference Bank or an Agent being unable or unwilling to continue to act as an Agent, the Issuer shall appoint such other bank as may be previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved in writing by the Trustee is appointed by the Issuer. Notice of any change in any of the Reference Banks or Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.

8.11 **Interest Accrual:**

- (a) To the extent that funds available to the Issuer to pay interest on the Notes of any class (other than the Most Senior Class) on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall in respect of such class of Notes ("**Deferred Interest**") will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of such Deferred Interest to the extent of such available funds.
- (b) Such Deferred Interest will accrue interest ("**Additional Interest**") at the rate of interest applicable from time to time to such Notes and such portion of interest (as determined by this Condition 8 (*Interest*)) and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds.
- (c) Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which each respective class of Notes falls to be redeemed in full in accordance with Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation*) and any such amount which has not then been paid in respect of the relevant class of Notes shall thereupon become due and payable in full.

9. **Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation**

9.1 **Final Redemption:** Unless previously redeemed or purchased and cancelled as provided in this Condition 9 (*Final Redemption, Mandatory Redemption in part, Optional Redemption, Purchase and Cancellation*), the Issuer shall redeem the Notes in each class at their Principal Amount Outstanding on the Final Maturity Date.

9.2 **Sequential Mandatory Redemption in part of Class A to Class Z Notes:** On each Interest Payment Date prior to the delivery of an Enforcement Notice, the Issuer will cause any Available Principal Distribution Amount available for this purpose on such Interest Payment Date to be applied in the redemption in part of the Principal Amount Outstanding of each class of Notes determined as at the related Calculation Date in the following amounts and in the following Sequential Order of priority, in each case the relevant amount being applied to each class divided by the number of Notes outstanding in such class:

- (a) in the case of each Class A Note, an amount equal to the lesser of the Available Principal Distribution Amount (minus the aggregate of the amount to be used to fund a Payment Shortfall on such Interest Payment Date) and the SEK Equivalent Principal Amount Outstanding of the Class A Notes;
- (b) in the case of each Class B Note an amount equal to the lesser of the Available Principal Distribution Amount (minus the aggregate of (i) the amount to be used to fund a Payment Shortfall; and (ii) the amount to be applied in redemption of the Class A Notes on such Interest Payment Date) and the Principal Amount Outstanding of the Class B Notes;
- (c) in the case of each Class Z Note, an amount equal to the lesser of the Available Principal Distribution Amount (minus the aggregate of (i) the amount to be used to fund a Payment Shortfall; (ii) the amount to be applied in redemption of the Class A Notes; (iii) the amount to be applied in redemption of the Class B Notes; and (iv) the amount to be credited to the Revenue Surplus Ledger to eliminate any debit thereon) on such Interest Payment Date) and the Principal Amount Outstanding of the Class Z Notes;

in any such case rounded down to the nearest multiple of the Minimum Amount;

9.3 ***Optional Redemption in whole:*** The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding on any Interest Payment Date:

- (a) when, on the related Calculation Date, the aggregate of the SEK Equivalent Principal Amount Outstanding of the outstanding Notes is less than 10 per cent. of the SEK Equivalent Principal Amount Outstanding of all of the Notes as at the Closing Date; or
- (b) from and including the Step-Up Date;

subject to the following:

- (a) no Enforcement Notice has been delivered by the Trustee;
- (b) the Issuer has given not more than 60 nor less than 14 days' notice to the Trustee and the Noteholders (with a copy to the Interest Rate Swap Provider) in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and
- (c) prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payments Priorities.

9.4 ***Optional Redemption in whole for taxation reasons:*** The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding, on any Interest Payment Date:

- (a) after which, by virtue of a change in Tax law of the Issuer Jurisdiction (or the application or official interpretation of such Tax law), the Issuer is required to make a Tax Deduction from any payment in respect of the Notes (other than by reason of the relevant Noteholder having some connection with the Issuer Jurisdiction, other than the holding of the Notes); or
- (b) after which, by virtue of a change in Tax law of any applicable jurisdiction (or the application or official interpretation of such Tax law), either the Issuer or any Swap Provider would be required to make a Tax Deduction from any payment to be made by it in respect of the relevant Swap Agreement as applicable; or
- (c) after the date on which the Issuer would, by virtue of a change in the Tax law of the Issuer Jurisdiction (or the application or official interpretation of such Tax law), not be entitled to relief for the purposes of such Tax law for any material amount which it is obliged to pay, or is treated as receiving for the purposes of such Tax law under the Transaction Documents; or
- (d) after the date of a change in the Tax law of the Issuer Jurisdiction (or the application or official interpretation of such Tax law) which would cause the total amount payable in respect of interest in relation to any of the Mortgage Loans to cease to be receivable by the Issuer, including as a result of any of the Borrowers being obliged to make a Tax Deduction in respect of any payment in relation to the relevant Mortgage Loan;

subject to the following:

- (e) no Enforcement Notice has been delivered by the Trustee;
- (f) that the Issuer has given not more than 60 nor less than 14 days' notice to the Trustee and the Noteholders (with a copy to each Swap Provider) in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and

- (g) that prior to giving any such notice, the Issuer (or in respect to Condition (b), the relevant Swap Provider (if applicable)) has provided to the Trustee:
 - (i) a legal opinion (in a form satisfactory to the Trustee) opining on the relevant change in Tax law; and
 - (ii) a certificate signed by two directors of the Issuer or, in the case of a Swap Provider, an Authorised Signatory to the effect that the obligation to make a Tax Deduction cannot be avoided; and
 - (iii) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payments Priorities.

9.5 **Calculation of principal payment and Principal Amount Outstanding:** On each Calculation Date, the Issuer shall calculate (or cause the Cash Manager to calculate):

- (a) the aggregate (if any) principal payments due in relation to each Class of Notes then outstanding on the Interest Payment Date immediately succeeding such Calculation Date;
- (b) the Principal Amount Outstanding of each Class of Notes then outstanding on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any principal payment due to be made on that Interest Payment Date in relation to such Note);

and notify the Trustee, the Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange and will immediately cause details of each calculation of a principal payment and Principal Amount Outstanding to be published in accordance with the Notices Condition by not later than two Business Days prior to each Interest Payment Date.

9.6 **Calculations final and binding:** Each calculation by or on behalf of the Issuer of the Principal Amount Outstanding shall in each case (in the absence of any manifest error) be final and binding on all persons.

9.7 **Trustee to determine amounts in case of Issuer default:** If the Issuer does not at any time for any reason calculate (or cause the Cash Manager to calculate) the Principal Amount Outstanding in relation to each class in accordance with this Condition, such amounts may be calculated by the Trustee (without any liability accruing to the Trustee as a result) in accordance with this Condition (based on information supplied to it by the Issuer or the Cash Manager) and each such calculation shall be deemed to have been made by the Issuer. In each case, the Trustee may, at the expense of the Issuer employ an expert to make such calculations and any such calculations shall be deemed to have been made by the Issuer.

9.8 **Conclusiveness of certificates and legal opinions:** Any certificate and legal opinion given by or on behalf of the Issuer or, as the case may be, a Swap Provider pursuant to Condition 9.1 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) may be relied on by the Trustee without further investigation, without liability to any other person and shall be conclusive and binding on the Noteholders, the Trustee and on the other Secured Creditors.

9.9 **Notice of Calculation:** The Issuer will cause each calculation of a Principal Amount Outstanding in relation to each class to be notified immediately after calculation to the Trustee, the Agents and, for so long as the Notes are listed on the Stock Exchange, the Stock Exchange and will immediately cause details of each calculation of a Principal Amount Outstanding in relation to each class to be published in accordance with the Notices Condition by no later than two Business Days prior to each Interest Payment Date.

9.10 **Notice irrevocable:** Any such notice as is referred to in Condition 9.1 (*Optional Redemption in whole*) or Condition 9.4 (*Optional Redemption in whole for taxation reasons*) or Condition 9.9 (*Notice of Calculation*) shall be irrevocable and, upon the expiration of such notice, the Issuer

shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding as calculated as at the related Calculation Date.

9.11 **Cancellation of redeemed Notes:** All Notes redeemed in full will be cancelled forthwith by the Issuer and may not be reissued or resold.

10. **Limited Recourse**

All obligations of the Issuer in respect of the Notes will be limited in recourse as set out below:

- (a) each Noteholder in relation to the Notes will have a claim only in respect of the Security Assets and will not have any claim, by operation of law or otherwise against, or recourse to, any of the Issuer's other assets;
- (b) sums payable to each Noteholder in relation to the Notes shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder in relation to the Notes and (b) the aggregate amounts received, realised or otherwise recovered in respect of the Security Assets in relation to the Notes whether pursuant to enforcement of the Issuer Security and the Parent Company Security in relation to the Notes or otherwise, net of any sums which are payable by the Issuer in accordance with the Payments Priorities in relation to the Notes in priority to or *pari passu* with sums payable to such Noteholder; and
- (c) on the Final Maturity Date or if following final distribution of net proceeds of enforcement of the Issuer Security and the Parent Company Security, the Trustee is of the opinion, based on a certificate provided to it by the Servicer, that there is no reasonable likelihood of there being any further realisations in respect of the Security Assets (whether arising from an enforcement of the Issuer Security and the Parent Company Security or otherwise) which would be available to pay unpaid amounts outstanding under the Transaction Documents, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full and the claims of the Noteholders (and the obligations of the issuer in respect thereof) shall be extinguished.

The provisions of Condition 10 (*Limited Recourse*) shall survive the termination of the Trust Deed and the Final Maturity Date.

11. **Payments**

11.1 **Principal and interest:** Payments of principal and interest shall be made by cheque drawn in the Applicable Currency or, upon application by a Noteholder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for payment, by transfer to an account in the Applicable Currency, maintained by the payee with a bank in London and (and in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the Specified Office of any Paying Agent in accordance with the terms of the Agency Agreement.

11.2 **Record date:** Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the due date for such payment (the "**Record Date**"). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Noteholder in the Register at the opening of business on the relevant Record Date. The person shown in the Register at the opening of business on the relevant Record Date in respect of a Note shall be the only person entitled to receive payments in respect of Notes represented by such Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

11.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

All payments in respect of the Notes are also subject in each case to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 12 (Taxation)) any law implementing an intergovernmental approach thereto.

11.4 **Partial Payments:** If a Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and the date of such payment is endorsed on the relevant Note.

11.5 **Payments on Business Days:** If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.

12. Taxation

12.1 **Payments free of Tax:** All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes imposed, levied, collected, withheld or assessed by the Issuer Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer, the Trustee or the Paying Agents (as the case may be) are required by law to make any Tax Deduction. In that event, the Issuer, the Trustee or the Paying Agents (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.

12.2 **No payment of additional amounts:** Neither the Issuer, the Trustee nor the Paying Agents will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.

12.3 **Taxing Jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Issuer Jurisdiction, references in these Conditions to the Issuer Jurisdiction shall be construed as references to the Issuer Jurisdiction and/or such other jurisdiction.

12.4 **Tax Deduction not Event of Default:** Notwithstanding that the Trustee, the Issuer or any Paying Agent are required to make a Tax Deduction this shall not constitute an Event of Default.

13. Events of Default

13.1 **Events of Default:** Subject to the other provisions of this Condition, each of the following events shall be treated as an "Event of Default":

(a) **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Most Senior Class of Notes within five days following the due date for payment of such principal or fails to pay any amount of interest in respect of the Most Senior Class of Notes within ten days following the due date for payment of such interest (provided that, for the avoidance of doubt, a deferral of interest in respect of the Class B Notes or Class Z Notes in accordance with Condition 8.11 (*Interest Accrual*) shall not constitute a default) in the payment of such interest for the purposes of this Condition 13 (*Events of Default*); or

(b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Most Senior Class of Notes, the Issuer Covenants, the Trust Deed, the Security Documents or any of the other Transaction Documents which is in the opinion of the Trustee materially prejudicial to the interests of the Most Senior Class of Notes outstanding and such default (a) is, in the opinion of the Trustee, incapable of remedy or (b) is, in the opinion of the Trustee, capable of remedy, but remains unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice of such default to the Issuer or the Issuer otherwise has actual knowledge of such default (whichever is earlier);

- (c) *Misrepresentation*: the Issuer makes any misrepresentation in respect of any Issuer Warranty which is in the opinion of the Trustee materially prejudicial to the interests of the Most Senior Class of Notes outstanding and the matters giving rise to such misrepresentation are in the opinion of the Trustee (a) incapable of remedy such that the representation could be given by the Issuer without a misrepresentation being made or (b) capable of remedy such that the representation could be given by the Issuer without a misrepresentation being made, but remain unremedied for 30 days or such longer period as the Trustee may agree after the Trustee has given written notice of such misrepresentation to the Issuer; or
 - (d) *Insolvency event*: an Insolvency Event occurs in relation to the Issuer; or
 - (e) *Unlawfulness*: it becomes unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or Trust Documents or any of the other Transaction Documents.
- 13.2 ***Delivery of Enforcement Notice***: If an Event of Default occurs and is continuing, the Trustee may at its discretion and shall:
- (a) if so requested in writing by the holders of at least 25 per cent. of the SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes outstanding; or
 - (b) if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding;
- deliver an Enforcement Notice to the Issuer (with a copy to each Swap Provider).
- 13.3 ***Conditions to delivery of Enforcement Notice***: Notwithstanding Condition 13.2 (*Delivery of Enforcement Notice*) the Trustee shall not be obliged to deliver an Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 13.4 ***Consequences of delivery of Enforcement Notice***: Upon the delivery of an Enforcement Notice, the Notes of each class shall become immediately due and payable, without further action or formality, at their SEK Equivalent Principal Amount Outstanding together with any accrued interest.
14. **Enforcement**
- 14.1 ***Proceedings***: The Trustee may, at its discretion and without further notice, institute such steps, actions, proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes of each class (including these Conditions), and under the other Transaction Documents, but it shall not be bound to do so unless:
- (a) so requested in writing by the holders of at least 25 per cent. of the SEK Equivalent Principal Amount Outstanding of the Most Senior Class of outstanding Notes; or
 - (b) so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of outstanding Notes;
- and in any such case, only if it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.
- 14.2 ***Third Party Rights***: No person shall have any right to enforce any Condition or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.
- 14.3 ***Appointment of Trustee***: Each Noteholder, by subscribing for or purchasing the relevant Notes, shall be deemed to have appointed the Trustee as its attorney for the purposes of enforcement of the security created under the Swedish Security Agreement in Swedish courts and before Swedish authorities.

15. **No action by Noteholders or any other Secured Creditor**
- 15.1 Only the Trustee may pursue the remedies available under the general law or under the Transaction Documents to enforce the Issuer Security and the Parent Company Security and no Noteholder or other Secured Creditor shall be entitled to proceed directly against the Issuer to enforce the Issuer Security and the Parent Company Security. In particular, none of the Noteholders, or any other Secured Creditor (nor any person on its or their behalf, other than the Trustee where appropriate) are entitled:
- (a) otherwise than as permitted by these Conditions, to direct the Trustee to enforce the Issuer Security and the Parent Company Security or take any proceedings against the Issuer to enforce the Issuer Security and the Parent Company Security;
 - (b) to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due by the Issuer to such Noteholders or any other Secured Creditors; or
 - (c) until the date falling two years after the Final Discharge Date, to initiate or join any person in initiating any Insolvency Proceeding in relation to the Issuer; or
 - (d) to take or join in the taking of any steps or proceedings which would result in the Payments Priorities not being observed.
16. **Meetings of Noteholders**
- 16.1 **Convening:** The Trust Deed contains "Provisions for Meetings of Noteholders" for convening separate or combined meetings of Noteholders of any class to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed, which modification may be made if sanctioned by an Extraordinary Resolution.
- 16.2 **Separate and combined meetings:** The Trust Deed and the English Deed of Charge provide that:
- (a) an Extraordinary Resolution which in the opinion of the Trustee affects the Notes of only one class shall be transacted at a separate meeting of the Noteholders of that class;
 - (b) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one class of Notes and the holders of another class of Notes shall be transacted either at separate meetings of the Noteholders of each such class or at a single meeting of the Noteholders of all such classes of Notes as the Trustee shall determine in its absolute discretion; and
 - (c) an Extraordinary Resolution which in the opinion of the Trustee affects the Noteholders of more than one class of Notes and gives rise to any actual or potential conflict of interest between the Noteholders of one class of Notes and the Noteholders of any other class of Notes shall be transacted at separate meetings of the Noteholders of each such class.
- 16.3 **Request from Noteholders:** A meeting of Noteholders of a particular class may be convened by the Trustee or the Issuer at any time and must be convened by the Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular class holding not less than ten per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the outstanding Notes of that class. However, so long as no Event of Default has occurred and is continuing, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or indirectly through the Trustee, without the consent of the Issuer and, if applicable, certain other Transaction Parties pursuant to any relevant Transaction Documents, unless the Issuer has an obligation to take such action under the relevant Transaction Documents.

16.4 **Quorum:** The quorum at any meeting convened to vote on:

- (a) an Extraordinary Resolution, other than regarding a Reserved Matter, relating to a meeting of a particular class or classes of the Notes will be one or more persons holding or representing a majority of the SEK Equivalent Principal Amount Outstanding of the outstanding Notes in that class or those classes or, at any adjourned meeting, one or more persons being or representing Noteholders of that class or those classes, whatever the SEK Equivalent Principal Amount Outstanding of the outstanding Notes so held or represented in such class or classes; and
- (b) an Extraordinary Resolution relating to a Reserved Matter (which must be proposed separately to each class of Noteholders) will be one or more persons holding or representing in the aggregate 75 per cent. of the SEK Equivalent Principal Amount Outstanding of the outstanding Notes in the relevant class or classes or, at any adjourned meeting, one or more persons holding or representing not less than in the aggregate 25 per cent. of the SEK Equivalent Principal Amount Outstanding of the outstanding Notes in the relevant class or classes.

16.5 **Relationship between Classes:**

In relation to each class of Notes:

- (a) no Extraordinary Resolution involving a Reserved Matter that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);
- (b) no Extraordinary Resolution to approve any matter other than a Reserved Matter of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class) unless the Trustee considers that none of the holders of each of the other classes of Notes ranking senior to such class would be materially prejudiced by the absence of such sanction; and
- (c) any resolution passed at a Meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with the Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes.

16.6 **Resolutions in writing or by Electronic Consents:** A Written Resolution shall take effect as if it were an Extraordinary Resolution. Any resolution passed by way of Electronic Consents given by holders through the relevant clearing system(s) in accordance with these conditions and the Trust Deed shall also be binding on the relevant Noteholders.

17. **Modification and Waiver**

17.1 **Modification:** The Trustee may at any time and from time to time in its sole discretion, without the consent or sanction of the Noteholders or any other Secured Creditors, concur with the Issuer and any other relevant parties in making:

- (a) any modification to these Conditions, the Trust Documents, the Notes or the other Transaction Documents in relation to which its consent is required (other than in respect of a Reserved Matter or any provisions of the Trust Documents referred to in the definition of a Reserved Matter) which, in the opinion of the Trustee, it may be proper to make and will not be materially prejudicial to the holders of the Most Senior Class of Notes then outstanding; or
- (b) any modification to these Conditions, the Trust Documents or the other Transaction Documents in relation to which its consent is required, if, in the opinion of the Trustee,

such modification is of a formal, minor, administrative or technical nature or is made to correct a manifest error.

17.2 ***Additional Right of Modification***

Notwithstanding any of the provisions of Condition 17.1 (*Modification*), the Trustee shall be obliged, without any consent or sanction of the Noteholders, or, subject to Condition 17.2(f)(iii) below, any of the other Secured Creditors, to concur with the Issuer in making any modification (other than in respect of a Reserved Matter) to these Conditions or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (a) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
 - (i) the Issuer (or the Servicer on its behalf) certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
 - (ii) in the case of any modification to a Transaction Document proposed by either of the Swap Providers or the Servicer in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
 - (A) the relevant Swap Provider or the Servicer, as the case may be, certifies in writing to the Issuer or the Trustee that such modification is necessary for the purposes described in paragraph (ii)(x) and/or (y) above (and in the case of a certification provided to the Issuer, the Issuer shall certify to the Trustee that it has received the same from the relevant Swap Provider or the Servicer, as the case may be);
 - (B) either:
 - (1) the relevant Swap Provider or the Servicer, as the case may be, obtains from each of the Rating Agencies written confirmation (or certifies in writing to the Issuer and the Trustee that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency and would not result in any Rating Agency placing any Notes on rating watch negative (or equivalent) and, if relevant, delivers a copy of each such confirmation to the Issuer and the Trustee; or
 - (2) the Issuer (or the Servicer on its behalf) certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and
 - (C) the relevant Swap Provider or the Servicer, as the case may be, pays all costs and expenses (including legal fees) incurred by the Issuer and the Trustee in connection with such modification;

- (b) in order to enable the Issuer and/or the relevant Swap Provider to comply with:
- (i) any obligation which applies to it under Articles 9, 10 and 11 of Regulation (EU) 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories dated 4 July 2012 (including, without limitation, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators) ("**EMIR**"); or
 - (ii) any other obligation which applies to it under EMIR,

provided that the Issuer (or the Servicer on its behalf) or the relevant Swap Provider, as appropriate, certifies to the Trustee in writing that such modification is required solely for the purpose of enabling it to satisfy such obligation and has been drafted solely to such effect;

- (c) for the purpose of complying with any changes in the requirements of Article 405 of Regulation (EU) No. 575/2013 (the "**CRR**"), Article 51 of Regulation (EU) No 231/2013 (the "**AIFMR**"), Article 254(2) of the Commission Delegated Regulation (EU) No 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (the "**Solvency II Delegated Act**") or Section 15G of the Securities Exchange Act of 1934, as added by section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, after the Closing Date, including as a result of the adoption of Regulatory Technical Standards in relation to the CRR, AIFMR or the Solvency II Delegated Act or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer (or the Servicer on its behalf) certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (d) for the purpose of enabling the Notes to be (or to remain) listed on the Stock Exchange, provided that the Issuer (or the Servicer on its behalf) certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (e) for the purposes of enabling the Issuer or any other person that is party to a Transaction Document (a "**Transaction Party**") to comply with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code ("**FATCA**") (or any voluntary agreement entered into with a taxing authority in relation thereto), provided that the Issuer (or the Servicer on its behalf) or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (f) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of Regulatory Technical Standards in relation to the CRA Regulation and the Commission Delegated Regulation 2015/3 (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the "**CRA3 Requirements**"), including any requirements imposed by any regulation laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation (the "**STS Regulation**") proposed by the European Commission or any other obligation which applies under the CRA3 Requirements, the STS Regulation and / or any new regulatory requirements, provided that the Issuer (or the Servicer on its behalf) certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer (or the Servicer on its behalf), the Swap Provider or the relevant Transaction Party, as the case may be, pursuant to paragraphs (a) to (f) above being a "**Modification Certificate**"), provided that:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee;
- (ii) the Modification Certificate in relation to such modification shall be provided to the Trustee both at the time the Trustee is notified of the proposed modification and on the date that such modification takes effect; and
- (iii) the consent of each Secured Creditor (other than any Noteholder) which is party to the Transaction Document has been obtained,

and provided further that, other than in the case of a modification pursuant to Condition 17.2(b)(i) or Condition 17.2(b)(ii):

- (iv) other than in the case of a modification pursuant to Condition 17.2(a)(ii), either:
 - (A) the Issuer (or the Servicer on its behalf) obtains from each of the Rating Agencies written confirmation (or certifies in the Modification Certificate that it has been unable to obtain written confirmation, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies) that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); or
 - (B) the Issuer (or the Servicer on its behalf) certifies in the Modification Certificate that it has informed the Rating Agencies of the proposed modification and none of the Rating Agencies has indicated that such modification would result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of the Notes by such Rating Agency or (y) such Rating Agency placing any Notes on rating watch negative (or equivalent); and
- (v) (I) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 22 (*Notices*) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Principal Paying Agent or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such notification period notifying the Principal Paying Agent or the Issuer that such Noteholders do not consent to the modification.

If (other than in the case of a modification pursuant to Condition 17.2(b)(i) or Condition 17.2(b)(ii)) Noteholders representing at least 10 per cent. of the aggregate SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Principal Paying Agent or the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 16 (*Meetings of Noteholders*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Other than where specifically provided in this Condition 17.2 (*Additional Right of Modification*) or any Transaction Document:

- (a) when implementing any modification pursuant to this Condition 17.2 (*Additional Right of Modification*) (save to the extent the Trustee considers that the proposed modification would constitute a Reserved Matter), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person and shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 17 (*Additional Right of Modification*) and shall not be liable to the Noteholders, any other Secured Creditor or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (b) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (a) so long as any of the Notes rated by the Rating Agencies remains outstanding, each Rating Agency;
- (b) the Secured Creditors; and
- (c) the Noteholders in accordance with Condition 22 (*Notices*).

17.3 **Waiver:** In addition, the Trustee may, without the consent of the Noteholders or any other Secured Creditor concur with the Issuer or any other relevant parties in authorising or waiving any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Notes or any of the other Transaction Documents or determine that any Event of Default or Potential Event of Default shall not be treated as such if, in the opinion of the Trustee, the holders of the Most Senior Class of Notes then outstanding will not be materially prejudiced by such waiver.

17.4 **Restriction on power to waive:** The Trustee shall not exercise any powers conferred upon it by Condition 17.3 (*Waiver*) in contravention of any express direction by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. In aggregate SEK Equivalent Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, but so that no such direction or request shall affect (a) any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each class of outstanding Notes has, by Extraordinary Resolution, so authorised its exercise.

17.5 **Notification:** Unless the Trustee otherwise agrees, the Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

17.6 **Binding Nature:** Any authorisation, waiver, determination or modification referred to in Condition 17.1 (*Modification*) or Condition 17.3 (*Waiver*) shall be binding on the Noteholders and the other Secured Creditors.

18. Prescription

18.1 **Principal:** Claims for principal in respect of Notes shall become void where application for payment is made more than ten years after the due date therefor.

- 18.2 **Interest:** Claims for interest in respect of Notes, shall become void where application for payment is made more than five years after the due date therefor.
19. **Replacement of Notes**
- If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.
20. **Trustee and Agents**
- 20.1 **Trustee's right to Indemnity:** Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.
- 20.2 **Trustee not responsible for loss or for monitoring:** The Trustee is not responsible for any loss, expense or liability which may be suffered as a result of the Security Assets or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Trustee (as applicable). The Trustee shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.
- 20.3 **Regard to classes of Noteholders:** In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will:
- (a) have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction; and
 - (b) in the event of a conflict of interests of holders of different classes have regard only to the holders of the Most Senior Class of outstanding Notes and will not have regard to any lower ranking class of Notes nor to the interests of the other Secured Creditors except to ensure the application of the Issuer's funds after the delivery of an Enforcement Notice in accordance with the Post-Enforcement Payments Priorities.
- 20.4 **Agents solely agents of Issuer:** In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.
- 20.5 **Initial Paying Agents:** The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days notice to such Agent, provided that the Issuer will at all times maintain a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to EC Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive as long as at least one such member state does not require a paying agent with an office in that member state to withhold or deduct amounts for or on account of tax, whether pursuant to European Council Directive 2003/48/EC, under the law of that member state or otherwise.

21. **Substitution of Issuer**

21.1 **Substitution of Issuer:** The Trustee may, without the consent of the Noteholders or any other Secured Creditor, subject to:

- (a) the consent of the Issuer; and
- (b) such further conditions as are specified in the Trust Deed,

agree to the substitution of a Substituted Obligor in place of the Issuer as the principal debtor in respect of the Trust Documents, the Transaction Documents, the Notes and the Secured Amounts.

21.2 **Notice of Substitution of Issuer:** Not later than fourteen days after any substitution of the Issuer in accordance with this Condition, the Substituted Obligor shall cause notice of such substitution to be given to the Noteholders and the other Secured Creditors in accordance with the Notices Condition and the other relevant Transaction Documents.

21.3 **Change of Law:** In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Noteholders or the other Secured Creditors to a change of the law governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the holders of the Most Senior Class of outstanding Notes and provided further that the Rating Agencies are notified.

21.4 **No indemnity:** No Noteholder shall, in connection with any such substitution, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders.

22. **Notices**

22.1 All notices to the Noteholders hereunder shall be published in a leading newspaper published in Ireland (which is expected to be The Irish Times) or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Dublin. Any such notice shall be deemed to have been given to all Noteholders on the date of such publication.

22.2 So long as any Notes are listed on the Official List and traded on the regulated market of the **Stock** Exchange and the rules of the Stock Exchange so permit, any publication provided for under Note Condition 22.1 in respect of the Notes may be substituted by delivery to the Companies Announcement Office Section of the Stock Exchange website and the Clearing Systems of the relevant notice for communication to the Noteholders. Any such notice shall be deemed to have been given to all Noteholders on the same day that such notice was delivered to the Clearing Systems.

23. **Non-Responsive Rating Agency**

23.1 In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, the Trustee shall be entitled but not obliged to take into account any written confirmation or affirmation (in any form acceptable to the Trustee) from the relevant Rating Agencies that the then current ratings of the Rated Notes will not be reduced, qualified, adversely affected or withdrawn thereby (a "**Rating Agency Confirmation**").

23.2 If a Rating Agency Confirmation or other response by a Rating Agency is a condition to any action or step under any Transaction Document and a written request for such Rating Agency Confirmation or response is delivered to each Rating Agency by or on behalf of the Issuer (copied to the Trustee) and:

- (a) (I) one Rating Agency (such Rating Agency, a "**Non-Responsive Rating Agency**") indicates that it does not consider such Rating Agency Confirmation or response

necessary in the circumstances or that it does not, as a matter of practice or policy provide such Rating Agency Confirmation or response or (II) within 30 days of delivery of such request, no Rating Agency Confirmation or response is received and/or such request elicits no statement by such Rating Agency that such Rating Agency Confirmation or response could not be given; and

- (b) one Rating Agency gives such Rating Agency Confirmation or response based on the same facts,

then such condition to receive a Rating Agency Confirmation or response from each Rating Agency shall be deemed modified so that there shall be no requirement for the Rating Agency Confirmation or response from the Non-Responsive Rating Agency if the Cash Manager on behalf of the Issuer provides to the Trustee a certificate signed by two directors certifying and confirming that each of the events in paragraphs (a)(I) or (II) and (b) above has occurred, the Issuer having sent a written request to each Rating Agency and the Trustee shall be entitled to rely upon such certificate without further enquiry or Liability to any person for so doing.

- 23.3 The Trustee shall be entitled to rely without further enquiry or Liability to any person on any certificate delivered to it in connection with a Non-Responsive Rating Agency pursuant to this Condition 23. The Trustee shall not be required to investigate any action taken by the Issuer or such Non-Responsive Rating Agency and shall treat the applicable condition or requirement to receive a Rating Agency Confirmation or response from each Rating Agency as having been modified with the consent of all Noteholders and all parties to the relevant Transaction Documents so that there shall be no requirement for such Rating Agency Confirmation or response from such Non-Responsive Rating Agency.

24. **Governing law**

The Trust Deed and the Notes and all non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

25. **Jurisdiction**

The Courts of England are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and the Trust (including a dispute regarding the existence, validity or termination of any of the Notes or the Trust Deed, any non-contractual obligations arising out of or in connection with any of the Notes or the Trust Deed or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and/or the Trust Deed may be brought in such Courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such Courts.

TAXATION

The following is a general description of certain tax considerations in Ireland, Sweden and the United Kingdom relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes in those or other jurisdictions and should be read in conjunction with the section entitled "*Risk Factors – Withholding Tax under the Notes*". Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country or countries in which they are resident for tax purposes and the tax laws of Ireland, Sweden and the United Kingdom of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts in respect of the Notes. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Irish Taxation

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposition of the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons such as dealers in securities.

The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Prospectus, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local tax laws.

Income Tax

In general, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish taxation on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

A Note issued by the Issuer may be regarded as property situate in Ireland (and hence Irish source income) on the grounds that a debt is deemed to be situate where the debtor resides. However, the interest earned on such Notes is exempt from income tax if paid to a person who is not a resident of Ireland and who for the purposes of Section 198 of the Taxes Consolidation Act 1997 (as amended) ("**TCA 1997**") is regarded as being a resident of a relevant territory. A relevant territory for this purpose is a Member State of the European Communities (other than Ireland) or not being such a Member State a territory with which Ireland has entered into a double tax treaty that has the force of law or, on completion of the necessary procedures, will have the force of law and such double tax treaty contains an article dealing with interest or income from debt claims. A list of the countries with which Ireland has entered into a double tax treaty is available on www.revenue.ie.

Relief from Irish income tax may also be available under other exemptions contained in Irish tax legislation or under the specific provisions of a double tax treaty between Ireland and the country of residence of the holder of the Notes.

If the above exemptions do not apply it is understood that there is a long standing unpublished practice whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

1. are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
2. seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
3. are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that this practice will continue to apply.

Withholding Taxes

In general, withholding tax (currently at the rate of 20%.) must be deducted from interest payments made by an Irish company such as the Issuer. However, Section 246 TCA 1997 ("**Section 246**") provides that this general obligation to withhold tax does not apply in respect of, *inter alia*, interest payments made by the Issuer to a person, who by virtue of the law of the relevant territory, is resident for the purposes of tax in a relevant territory (see above for details). This exemption does not apply if the interest is paid to a company in connection with a trade or business which is carried on in Ireland by the company through a branch or agency.

Apart from Section 246, Section 64 TCA 1997 ("**Section 64**") provides for the payment of interest on a "Quoted Eurobond" without deduction of tax in certain circumstances. A Quoted Eurobond is defined in Section 64 as a security which:

1. is issued by a company;
2. is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established such as the Stock Exchange); and
3. carries a right to interest.

There is no obligation to withhold tax on Quoted Eurobonds where:

1. the person by or through whom the payment is made is not in Ireland, or
2. the payment is made by or through a person in Ireland, and
 - (a) the Quoted Eurobond is held in a recognised clearing system (Euroclear, Clearstream Banking SA, Clearstream Banking AG and the Depository Trust Company of New York have, amongst others, been designated as recognised clearing systems); or
 - (b) the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration to this effect.

In certain circumstances, Irish encashment tax may be required to be withheld at the standard rate (currently at the rate of 20 per cent.) from interest on any Note, where such interest is collected by a person in Ireland on behalf of any holder of Notes.

Capital Gains Tax

A Noteholder will not be subject to Irish taxes on capital gains provided that such Noteholder is neither resident nor ordinarily resident in Ireland and such Noteholder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish domiciled, resident or ordinarily resident disponer or if the donee/successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the donee/successor may be liable to Irish capital acquisitions tax. As a result, a donee/successor may be liable to Irish capital acquisitions tax, even though neither the disponer nor the donee/ successor may be domiciled, resident or ordinarily resident in Ireland at the relevant time.

Stamp duty

For as long as the Issuer is a qualifying company within the meaning of Section 110 TCA 1997, no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer's business.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of interest in respect of the Notes. It is based on current United Kingdom law and the published practice of HMRC, which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective Noteholder. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Withholding tax on payments of interest on the Notes

Interest on Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax except in circumstances where such interest has a United Kingdom source. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however, HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Irish Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the main market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Provision of Information

HMRC have powers to obtain information, including in relation to interest or payments treated as interest and payments derived from securities. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information in connection with transactions relating to the Notes. Information obtained by HMRC may be provided to tax authorities in other countries.

Other Rules Relating to United Kingdom Withholding Tax

Where interest has been paid under deduction of United Kingdom income tax, holders of the Notes who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" which may prevail under any other law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

Taxation in Sweden

The following is a summary based on the laws and practices currently in force in Sweden regarding the tax position of investors beneficially owning their Notes as capital assets and should be treated with appropriate caution. Particular rules may apply to certain taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. The summary does not address situations where Notes are held in an investment savings account (Sw. *Investeringsparkonto*) or the rules regarding reporting obligations for, among others, payers of interest. Further, the summary does not address credit of foreign taxes. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile (including the applicability and effect of tax treaties for the avoidance of double taxation).

(i) ***Non-resident Holders of Notes***

As used herein, a "**Non-resident Holder**" means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) a legal entity that is not considered to be a Swedish legal entity for Swedish tax purposes.

Under Swedish law, payments of principal or interest to a Non-resident Holder of Notes will not be subject to Swedish income tax unless such Non-resident Holder of Notes carries on a trade or business through a permanent establishment in Sweden to which the payment of principal or interest is attributable.

Swedish law does not impose withholding tax on payments of principal or interest to a Non-resident Holder of Notes.

Under Swedish law, capital gain on a sale of Notes by a Non-resident Holder will not be subject to Swedish income tax unless the holder carries on a trade or business in Sweden through a permanent establishment to which the capital gain is attributable.

(ii) ***Resident Holders of Notes***

As used herein, a "**Resident Holder**" means a holder of Notes who is (a) an individual who is a resident of Sweden for tax purposes or (b) a Swedish limited liability company.

In general, for a Resident Holder of any Notes, income that is considered to be interest for Swedish tax purposes and any capital gain on the sale of Notes will be subject to Swedish income tax. Redemption of Notes is treated as a sale of Notes for Swedish tax purposes. Specific tax consequences, however, may be applicable to certain categories of limited liability companies, e.g. life insurance companies. Further, specific tax consequences may be applicable if, and to the extent, a holder of Notes realises a capital loss on the Notes.

Swedish law does not impose withholding tax on payments of principal or interest to a Resident Holder of Notes. However, if amounts that are considered to be interest for Swedish tax purposes are paid by a legal entity domiciled in Sweden, including a Swedish branch, to a private individual (or an estate of a deceased individual) with residence in Sweden for tax purposes, Swedish preliminary taxes must generally be withheld by the legal entity on such payments.

(iii) ***Other taxes***

No stamp duty or similar taxes are imposed in Sweden in connection with the issuance, disposal or redemption of the Notes. There is no VAT in Sweden on transfer of the Notes. However, Swedish VAT may be imposed on fees for services rendered, or deemed rendered, to or from Sweden in connection with a transfer of the Notes.

Foreign Account Tax Compliance Act

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "FATCA"), the Issuer and financial institutions through which payments on or with respect to the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Notes made after 31 December 2016. This withholding does not apply to payments on Notes that are issued prior to 1 July 2014 (or, if later, the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published) unless the Notes are characterised as equity for U.S. federal income tax purposes.

The Issuer should generally not be subject to FATCA withholding tax in respect of its US source income (if any) for so long as it complies with its FATCA obligations. Ireland has an intergovernmental agreement with the United States of America (the "IGA") in relation to FATCA, of a type commonly known as a 'model 1' agreement. Ireland has also enacted regulations to introduce the provisions of the IGA into Irish law. The Issuer intends to carry on its business in such a way as to ensure that it is treated as complying with FATCA, pursuant to the terms of the IGA. Unless an exemption applies, the Issuer shall be required to register with the US Internal Revenue Service as a 'reporting financial institution' for FATCA purposes and report information to the Irish Revenue Commissioners relating to Noteholders who, for FATCA purposes, are specified US persons, non-participating financial institutions or passive non-financial foreign entities that are controlled by specified US persons. Any information reported by the Issuer to the Irish Revenue Commissioners will be communicated to the US Internal Revenue Service pursuant to the IGA. It is possible that the Irish Revenue Commissioners may also communicate this information to other tax authorities pursuant to the terms of any applicable double tax treaty, intergovernmental agreement or exchange of information regime.

The Issuer may (but does not at moment expect to) require Noteholders to certify information relating to their status for FATCA purposes and to provide other forms, documentation and information in relation to their FATCA status. The Issuer may be unable to comply with its FATCA obligations if Noteholders do not provide the required certifications or information. In such circumstances, the Issuer could become subject to US FATCA withholding tax in respect of its US source income if the US Internal Revenue Service specifically identified the Issuer as being a 'non-participating financial institution' for FATCA purposes. Any such US FATCA withholding tax would negatively impact the financial performance of the Issuer and all Noteholders may be adversely.

Whilst the Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

The scope and application of FATCA Withholding and information reporting pursuant to the terms of FATCA and the IGAs is subject to review by the United States, Ireland and other IGA governments, and the rules may change. Investors should contact their own tax advisors regarding the application of FATCA to their particular circumstances.

SUBSCRIPTION AND SALE

Barclays Bank PLC, BNP Paribas, London Branch and The Royal Bank of Scotland plc (trading as NatWest Markets) (together, the "**Joint Lead Managers**") have, on a several basis, pursuant to a subscription agreement dated on or about the date hereof amongst the Mortgage Loan Seller, the Joint Lead Managers and the Issuer (the "**Subscription Agreement**"), agreed with the Issuer (subject to certain conditions) to procure subscriptions and payments for or subscribe and pay for EUR 242,500,000 of the Class A Notes at the issue price of 100 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes and SEK 238,890,000 of the Class B Notes at the issue price of 100 per cent. of the aggregate Principal Amount Outstanding of the Class B Notes.

Bluestep Bank AB (publ) has, pursuant to the Subscription Agreement agreed with the Issuer (subject to certain conditions) to subscribe and pay for SEK 436,220,000 of the Class Z Notes at the issue price of 100 per cent. of the aggregate Principal Amount Outstanding of the Class Z Notes as at the date hereof.

The Issuer has agreed to indemnify Bluestep Bank AB (publ) and the Joint Lead Managers against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

Other than admission of the Notes to the Official List and the admission to trading on the Stock Exchange's regulated market, no action has been taken by the Issuer, the Joint Lead Managers or Bluestep Bank AB (publ), which would or has been intended to permit a public offering of the Notes, or possession or distribution of this Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

This Prospectus does not constitute, and may not be used for the purpose of, an offer or a solicitation by anyone to subscribe for or purchase any of the Notes in or from any country or jurisdiction where such an offer or solicitation is not authorised or is unlawful.

United Kingdom

Each of the Joint Lead Managers and Bluestep Bank AB (publ) has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Each of the Joint Lead Managers and Bluestep Bank AB (publ) has acknowledged that, save for having obtained the approval of the Prospectus as a Prospectus in accordance with Part VI of FSMA, having applied for the admission of the Notes to the Official List and admission to trading on the Stock Exchange, no further action has been or will be taken in any jurisdiction by the Joint Lead Managers or Bluestep Bank AB (publ) that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S except pursuant to an exemption from registration requirements. Accordingly, the Notes are being offered outside the United States to persons other than U.S. persons (as defined in and pursuant to Regulation S of the Securities Act.

Each of the Joint Lead Managers and Bluestep Bank AB (publ) has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes as part of its distribution at any time or otherwise until 40 days after the later of the commencement of the offering of the Notes and the closing date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each affiliate or other dealer (if any) to which it sells Notes during the distribution compliance period a

confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account of, U.S. persons.

Ireland

Each of the Joint Lead Managers and Bluestep Bank AB (publ) represents, warrants and agrees that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Notes or do anything in Ireland in respect of the Notes to the public in Ireland, except that it may make an offer of Notes to the public in Ireland otherwise than in conformity with the provisions of:

- (i) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any Central Bank of Ireland rules issued and / or in force pursuant to Section 1363 of the Companies Act 2014;
- (ii) the Companies Acts 2014;
- (iii) the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland;
- (iv) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the European Union (Market Abuse) Regulations 2016 and any Central Bank rules issued and / or in force pursuant to Section 1370 of the Companies Act 2014; and
- (v) the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989.

Sweden

Each of the Joint Lead Managers and Bluestep Bank AB (publ) represents and agrees that it will not, directly or indirectly, offer for subscription or repurchase or issue invitations to subscribe for or buy Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus for an offer to the public pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

France

Each of the Joint Lead Managers and Bluestep Bank AB (publ) has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers), and/or (b) qualified investors (investisseurs qualifiés) other than individuals, investing for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411- 1 of the French Code monétaire et financier.

General

Each of the Joint Lead Managers and Bluestep Bank AB (publ) has undertaken that it will not, directly or indirectly, offer or sell any Notes or have in its possession, distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in respect of the Notes in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms, save that the Joint Lead Managers do not accept any responsibility for Bluestep Bank AB (publ)'s compliance with US Risk Retention Rules.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers of the Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below.

Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any series of the Notes is outstanding, a Global Note will bear a legend substantially as set forth below:

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

BY PURCHASING OR OTHERWISE ACQUIRING A BENEFICIAL INTEREST IN THIS GLOBAL NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE (I) REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS NOT A "**U.S. PERSON**" WITHIN THE MEANING OF REGULATIONS UNDER THE SECURITIES ACT AND SECTION 20(A) OF REGULATION RR (17 C.F.R PART 246) IMPLEMENTING THE RISK RETENTION REQUIREMENTS OF SECTION 15G OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (UNLESS IT HAS BEEN INVITED BY BLUESTEP BANK AB (PUBL), AS SPONSOR, TO INVEST IN THIS TRANSACTION) AND (II) AGREED FOR THE BENEFIT OF THE ISSUER THAT IF IT SHOULD DECIDE TO DISPOSE OF ITS BENEFICIAL INTERESTS REPRESENTED BY THIS GLOBAL NOTE, SUCH BENEFICIAL INTERESTS MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE LAWS OF ANY STATE OF THE UNITED STATES. ACCORDINGLY, ANY TRANSFER OF THE NOTES MAY ONLY BE MADE TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT.

UNLESS THIS NOTE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG (AND ANY PAYMENT HEREON IS MADE TO EUROCLEAR OR CLEARSTREAM, LUXEMBOURG OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF EUROCLEAR OR CLEARSTREAM, LUXEMBOURG), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, EUROCLEAR OR CLEARSTREAM, LUXEMBOURG, HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE COMMON DEPOSITARY OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE REGULATIONS.

THE PURCHASER OR ACQUIROR ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH

CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

LISTING AND GENERAL INFORMATION

- (a) It is expected that the admission of the Notes to the Official List and the admission of the Notes to trading on the Stock Exchange's regulated market will be granted on or around 10 March 2017.
- (b) Since the date of its incorporation, there have been no governmental, litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had in the recent past, significant effects on the Issuer and/or the group's financial position or profitability.
- (c) There has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) or general affairs of the Issuer since 10 January 2017 (the date of incorporation of the Issuer) that is material in the context of the issue of the Notes.
- (d) The issue of the Notes was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on or about 6 March 2017.
- (e) The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN, and Common Codes:

<u>Class of Notes</u>	<u>ISIN</u>	<u>Common Code</u>
Class A	XS1572746607	157274660
Class B	XS1572747167	157274716
Class Z	XS1572747324	157274732

- (f) From the date of this Prospectus and for so long as the Notes are listed on the Stock Exchange's regulated market, copies of the following documents may be inspected in physical form at the registered office of the Principal Paying Agent during usual business hours, on any weekday (public holidays excepted):
 - (i) the constitution of the Issuer;
 - (ii) copies of the following documents:
 - (A) the Mortgage Loan Sale Agreement;
 - (B) the Mortgage Loan Servicing Agreement;
 - (C) the Standby Servicing Agreement;
 - (D) the Agency Agreement;
 - (E) the Trust Deed;
 - (F) the English Deed of Charge;
 - (G) the Irish Security Deed;
 - (H) the Share Mortgage;
 - (I) the Swedish Security Agreement;
 - (J) the Cash Management Agreement;
 - (K) the Standby Cash Management Agreement;
 - (L) the Issuer Accounts Agreement;
 - (M) the Swap Collateral Custody Agreement;

- (N) the Corporate Services Agreement;
 - (O) the Subordinated Loan Facility Agreement;
 - (P) the Interest Rate Swap Agreement;
 - (Q) the Currency Swap Agreement;
 - (R) the Incorporated Terms Memorandum; and
 - (S) the Bankgiro Assignment Agreement;
- (g) The Issuer shall procure that Bluestep Bank AB (publ) as Cash Manager shall produce a monthly investor report. Such monthly investor reports will be published on the website www.bluestepbank.com/investor-relations/debt-investors/content/debt-investors/. This website and the contents thereof do not form part of this Prospectus. Monthly investor reports will also be made available to the Trustee (if requested), the Rating Agencies and each Swap Provider. Other than as outlined above and in paragraph (h) below, the Issuer does not intend to provide post-issuance transaction information regarding the Notes.
- (h) Further to receipt of such information from Bluestep Bank AB (publ) as Cash Manager under the Transaction Documents, the Issuer will make available further information in relation to each Mortgage Loan on a quarterly basis, which will be accessible to Noteholders via the following website, subject to the terms set out therein: www.bluestepbank.com/investor-relations/debt-investors/content/debt-investors/. For the avoidance of doubt, the contents of this website are for information purposes only and do not form part of this Prospectus.

INDEX OF DEFINED TERMS

€	vii, 160	class.....	174
Additional Interest	180	Class.....	14
Advance Date	99	Class A Noteholders	158
Affiliate	116, 155	Class A Notes.....	155
Agency Agreement	155	Class A Principal Deficiency Sub-Ledger	28
Agent	155	Class B Noteholders.....	158
Agent Bank	155	Class B Principal Deficiency Sub-Ledger.....	28
Agents	155	Class Z Noteholders.....	158
Aggregate Principal Outstanding Balance	6, 155	Class Z Notes	155
AIFMR	iv, 69, 189	Class Z Principal Deficiency Sub-Ledger.....	28
Ancillary Mortgage Rights	155	classes	174
Applicable Currency	155	Clause	175
Applicable Rate	114	Clearing Systems	151, 158, 175
Arrangers	156	Clearstream, Luxembourg.....	vii, 158, 175
Assigned Rights	10	Closing Arrangements Deed	158
Authorised Signatory	156	Closing Date	iii, 158
Available Interest Distribution Amount	20, 156	Code.....	19, 66, 184, 189
Available Principal Distribution Amount	22, 157	Collateral.....	158
Back Swap Termination Event	113	Collection Period	158
Back-to-Back Swap	113	Collections	130, 158
Bankgiro Assignment Agreement	157	Commission's Proposal	61
Bankruptcy Act.....	110	Common Depository	vii, 148, 175
Basel Committee	58	Conditions.....	159
BBAB	77	continuing	174
Benefit	10	Corporate Services Agreement	76, 159
BFFAB Loan Purchase Price.....	95	Corporate Services Provider	159
BFFAB Mortgage Loan.....	157	CRA Regulation.....	iv, 159
BFHL.....	80	CRD	58
BFR 1 Fixed Mortgage Loans	82	CRD IV	58
BFR 2 Fixed Mortgage Loans	82	Credit Support Annex	127, 159
BFR 3 Fixed Mortgage Loans	82	CRR	iv, 58, 69, 189
Bluestep Bostadslån	79	Currency Swap.....	159
Bluestep Fixed Reference Rate.....	81	Currency Swap Agreement	159
Bluestep Reference Rates	81	Currency Swap Collateral Sub-Ledger	135
Bluestep Variable Reference Rate.....	81	Currency Swap Provider	159
BNP Paribas Group	143	Cut-Off Date	80
Book-Entry Interests.....	148	Datapantbrev	106
Borrower.....	158	Day Count Fraction.....	159
Borrower Margin.....	81	Deferred Consideration.....	7
Borrowers	158	Deferred Interest	180
Bostadsrätt.....	104	Definitive Notes	176
Bostadsrätt Security.....	158	EEA.....	58
Breach of Duty	158	Electronic Consents	18, 159
Business Day	158	Elevated Interest.....	122, 159
BVR 1.....	81	EMIR	19, 47, 66, 189
BVR 1 Variable Mortgage Loans.....	81	EMIR Regulations	48
BVR 2.....	81	Enforcement Notice	159
BVR 2 Variable Mortgage Loans.....	81	Enforcement Procedures	159
BVR1 Variable Reference Rate Margin.....	81	English Deed of Charge	159
BVR2 Variable Reference Rate Margin.....	81	English Law Security	159
Calculation Date	158	ESMA	47
Cash Management Agreement	135, 158	EUR	vii, 160
Cash Manager.....	158	EURIBOR.....	124
Cash Manager Event	136	euro	160
Central Bank.....	iv	Euro.....	vii, 160
Cerdo	111	Euro Reference Rate	160
Charged Accounts	140	Euro Reserve Reference Rate	160
Charged Property.....	158	Euro Screen Rate.....	160

Euroclear	vii, 160, 175	Issuer Accounts Bank	163
Event of Default	160, 184	Issuer Accounts Rate	123
Excess Swap Collateral	160	Issuer Covenants	163
Exchange Date	160	Issuer Expenses	131
Expenses Account	130, 161	Issuer GIC Account	163
Expenses Account Ledger	134	Issuer Jurisdiction	163
Extraordinary Resolution	161	Issuer Profit Ledger	135
Failed Enforcement Auction	102	Issuer Security	15, 153, 163
FATCA	61, 189, 199	Issuer Transaction Fee	8
Final Discharge Date	161	Issuer Warranties	163
Final Maturity Date	161	Issuer Warranty	163
First Interest Payment Date	161	Joint Lead Managers	163, 200
Fitch	iv, 161	law	174
Fixed Interest Period Issuer Amount	129	LBSF	41
Fixed Interest Period Swap Provider Amount	129	Lending Criteria	84, 95
Fixed Rate Mortgage Loans	81	Liabilities	164
Fixed Rate Period	82	Liquidation Proceeds	164
Fixed Reference Rate Margin	82	Liquidity Reserve Fund	120, 164
Float Amount	29	Liquidity Reserve Fund Required Amount ..	121, 164
FSMA	161	Loan Warranty	95, 164
Further Advance	iii, 99, 161	LTV	104
Further Advance Purchase Price	6, 99, 161	Meeting	164
Further Advance Warranty	100, 161	Minimum Amount	164
General Reserve Account	169	Minimum Denomination	148, 164
General Reserve Fund	120, 161	Minimum Floating Weighted Average Margin Test	114
General Reserve Fund Required Amount	120	Minimum Required Rating	123
Global Note	148, 175	Modification Certificate	190
Global Notes	175	Monthly Report	12
holder	161	Mortgage Loan	5, 164
holders	161	Mortgage Loan Agreement	164
including	174	Mortgage Loan Portfolio	iii, 164
including without limitation	174	Mortgage Loan Portfolio Notice of Sale	164
Incorporated Terms Memorandum	161	Mortgage Loan Purchase Price	95, 165
Incorrect Payments	131	Mortgage Loan Records	112
indebtedness	174	Mortgage Loan Sale Agreement	165
Indirect Participants	148	Mortgage Loan Seller	165
Initial Issuer Expenses	29	Mortgage Loan Servicing Agreement	165
Insolvency Act	161	Mortgage Origination Agreement	80
Insolvency Event	161	Most Senior Class	165
Insolvency Official	162	Non-Conforming Borrowers	50
Insolvency Proceedings	162	Non-resident Holder	198
Interest Amount	162	Non-Responsive Rating Agency	43, 193
Interest Determination Date	162	Note Rate	165
Interest Only Mortgage Loans	50	Noteholders	165
Interest Payment Date	162	Notes	155, 175
Interest Period	163	Notices Condition	165
Interest Rate Swap	163	Notices Details	165
Interest Rate Swap Agreement	163	Official List	iv, 165
Interest Rate Swap Collateral Ledger	135	Optional Repurchase Price	102
Interest Rate Swap Collateral Sub-Ledger ..	135	Original Mortgage Loan Portfolio	80
Interest Rate Swap Provider	163	outstanding	165
Investor Report	12	paid	174
Irish GAAP	8	Pantbrev	104
Irish Law Documents	153	Pantbrev Security	166
Irish Law Security	163	Paragraph	175
Irish Security Deed	163	Parent Company	166
Issuer	155, 163	Parent Company Security	15, 153, 166
Issuer Accounts	163	Part	175
Issuer Accounts Agreement	163		

Participants	148	Relevant Margin.....	168
participating Member States.....	61	Relevant Period.....	169
pay	174	Relevant Persons.....	166
payable	174	Replacement Cash Management Agreement	169
Paying Agents.....	166	Replacement Swap Premium	169
payment	174	Representative Amount.....	169
Payment Shortfall.....	28, 166	Repurchase Proceeds	169
Payments Priorities.....	140, 166	Reserve Funds.....	38
person	174	Reserved Matter	169
Portfolio Credit and Collection Policies.....	167	Resident Holder	198
Post-Enforcement Payments Priorities .	140, 167	Retired Mortgage Loan.....	169
Potential Event of Default	167	Revenue Collections	130, 170
Pre Enforcement Principal Payments Priorities	..... 139	Revenue Loss.....	170
Pre-Enforcement Interest Payments Priorities	..... 137, 167	Revenue Receivables	130, 170
Pre-Enforcement Payments Priorities.....	167	Revenue Recoveries.....	170
Pre-Enforcement Principal Payments Priorities	..... 167	Revenue Surplus	135
Principal Amount Outstanding.....	167	Revenue Surplus Ledger	170
Principal Collections	130, 167	Revenue Surplus Required Amount.....	135
Principal Deficiency.....	28	Right	10
Principal Deficiency Ledger.....	28, 167	Rounded Arithmetic Mean.....	170
Principal Loss.....	167	S&P.....	iv, 170
Principal Outstanding Balance	167	Schedule.....	175
Principal Paying Agent.....	168	Screen	170
Principal Receivables	130, 168	Section	175
Principal Recoveries.....	168	Section 110	56
Property	84	Section 246	196
Proposed Amendment	19, 66	Section 64	196
Prospectus.....	iv	Secured Amounts	170
Prospectus Directive.....	iv	Secured Creditors.....	170
Provisional Mortgage Loan Portfolio	80	Securities Act.....	i, 175, 202
Provisions for Meetings of Noteholders.....	168	Security	170, 177
Quarterly Reset Date	81, 113, 114	Security Assets.....	170
Rated Notes	iv, 168	Security Documents	170
rating.....	43	SEK.....	vii, 170, 173
Rating Agencies	iv, 168	SEK Equivalent Principal Amount Outstanding	..... 171
Rating Agency.....	iv	SEK Reference Rate	171
Rating Agency Confirmation	193	SEK Reserve Reference Rate.....	171
Rating Confirmation.....	168	SEK Screen Rate.....	171
ratings.....	43	Sequential Order	171
Reallocation Condition.....	121	Servicer	48, 116, 171
Receivables.....	130	Servicer Termination Events.....	115
Receiver.....	142, 168	Servicer Termination Notice	115
Receiver Liabilities.....	142	Share Mortgage.....	154, 171
Record Date.....	149, 183	Specified Office	172
Recoveries	168	SPV Criteria	172
redeem	174	Standard Variable Mortgage Loans	81
redeemable	174	Standby Cash Management Agreement.....	172
redeemed	174	Standby Cash Manager	172
redemption.....	174	Standby Servicer.....	172
Reference Banks.....	168	Standby Servicing Agreement	172
Reference Rate	168	Step Down Margin.....	8
Register.....	168	Step-Up Date.....	172
Registrar	168	STIBOR	123
Regulation S	175	Stock Exchange.....	iv, 172
Release Letter.....	168	Subordinated Loan Facility	172
Relevant Class of Notes.....	18, 166	Subordinated Loan Facility Agreement	172
Relevant Exchange Rate.....	168	Subordinated Loan Facility Provider	172
		Subordinated Termination Amounts.....	142
		Subscription Agreement.....	200

Substituted Obligor.....	172	Swedish Security Agreement.....	173
successor.....	174	Swedish Security Assets	154
Swap Agreement	172	TARGET2.....	173
Swap Agreements.....	172	Tax	173
Swap Collateral	172	Tax Authority.....	173
Swap Collateral Account Priority of Payments	128, 172	Tax Deduction.....	173
Swap Collateral Account Surplus.....	128, 172	taxable.....	173
Swap Collateral Accounts	172	taxation.....	173
Swap Collateral Accounts Bank.....	173	Taxes.....	173
Swap Collateral Accounts Bank Agreement	173	TCA 1997	195
Swap Collateral Sub-Ledgers	135	Third Party Expenses	131
Swap Early Termination Event.....	125	Transaction Documents	173
Swap Provider	173	Transaction Parties.....	173
Swap Provider Default	126	Transaction Party	173, 174, 189
Swap Provider Downgrade Event.....	126	Transfers and Transfer Restrictions	149
Swap Providers.....	173	Trust Deed.....	173
Swap Tax Credits	173	Trust Documents.....	173
Swap Transaction	173	Trust Proceeds.....	142
Swap Transactions.....	173	Trustee	174
Swedish Consumer Credit Act	42	Trustee Fees	137
Swedish FSA	59	Trustee Liabilities	137
Swedish Kronor.....	173	U.S. Person	202
Swedish Kronor.....	vii, 170	UK interest.....	197
Swedish Land Registry.....	95	Variable Reference Rate Conversion Date....	113
Swedish Law Documents	153	Variable Reference Rate Margin.....	81
Swedish Law Security	173	Warehouser	95, 174
		Written Resolution	174

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