

IMPORTANT NOTICE

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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) EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION 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 Regulation S under the Securities Act) 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 and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

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 or Natixis.

Bluestep Mortgage Securities No. 2 Limited

(Incorporated in Ireland with limited liability under registered number 522186)

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	Rating (S&P)
Class Aa	EUR 140,000,000	100%	1.45% margin above 3 month EURIBOR	1.45/2.175%	10 February 2019	Pass through amortisation	10 November 2055	AAA(sf)
Class Ab	SEK 765,900,000	100%	2.00% margin above 3 month STIBOR	2.00/3.00%	10 February 2019	Pass through amortisation	10 November 2055	AAA(sf)
Class Z	SEK 500,000,000	100%	3.75% margin above 3 month STIBOR	3.75/5.625%	10 February 2019	Pass through amortisation	10 November 2055	Not Rated

Issue Date	The Issuer expects to issue the Notes in the classes set out above on 5 November 2013 or such other date as the Issuer and the Joint Lead Managers may agree (such date, the " Closing Date ").
Underlying Assets	<p>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 Finans AB 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.</p> <p>Please refer to the section entitled "<i>The Mortgage Loan Portfolio</i>" for further information.</p>
Credit Enhancement	<p><u>Credit Enhancement Features:</u></p> <ul style="list-style-type: none"> • Subordination of Class Z Notes * ; • General Reserve Account in the amount of 3.00 per cent. of the SEK Equivalent Principal Outstanding Balance of the Notes on the Closing Date; 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 Class A Notes prior to payment of the Class Z interest.</p> <p>** Including use of excess Available Interest Distribution Amount (prior to the Step-Up Date) to make principal payments on the Class A Notes prior to interest payments to the Subordinated Loan Facility Provider.</p> <p>Please refer to sections entitled "<i>Key Structural Features</i>" and "<i>Cashflows and Cash Management</i>".</p>
Liquidity Support	<p><u>Liquidity Support Features for the Class A Notes:</u></p> <ul style="list-style-type: none"> • General Reserve Account; 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 11 (" <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 and Joint Lead Managers

Barclays

Natixis

Rating Agency	Standard & Poor's Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited (" S&P " and the " Rating Agency "). The Rating Agency is a credit rating agency established and operating in the European Community prior to 7 June 2010 and has been registered in compliance with the requirements of Regulation (EC) No 1060/2009 of the European Parliament and of the Council dated 16 September 2009 on credit rating agencies (the " CRA Regulations ").
Credit Rating	<p>A rating is expected to be assigned to the Class A Notes as set out above on or before the Closing Date.</p> <p>The rating assigned by S&P addresses the likelihood of full and timely payment to the Class A 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.</p> <p>The assignment of the rating to the Class A Notes is not a recommendation to invest in the Class A Notes and may be suspended, revised or withdrawn at any time by the assigning rating agency.</p>
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 Limited (the " Stock Exchange ") for the Notes to be admitted to the Official List (the " Official List ") and trading on its 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	<p>The Mortgage Loan Seller will retain a material net economic interest of at least 5% in the securitisation in accordance with Article 122a of Directive 2006/48/EC (as amended or as superseded from time to time, including as superseded by Articles 404-410 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 21 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012) referred to as the Capital Requirements Directive. As at the Closing Date, such interest will be comprised of an interest in the first loss tranche (being the Class Z Notes). 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>Regulatory Disclosure</i>".</p> <p>Please refer to the Section entitled "<i>Regulatory Disclosure</i>" for further information.</p>
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.

A "RISK FACTORS" SECTION BEGINNING ON PAGE 34 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 1 November 2013.

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.

The Notes will be represented by Global Notes which are expected to be deposited with a common depository (the "**Common Depository**") 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.

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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. 2 Limited	1 Grant's Row, Lower Mount Street, Dublin 2	N/A (Please refer to the section entitled " <i>Issuer</i> " for further information on this.)
Parent Company:	Bluestep Finans AB	Sveavägen 163, Box 23138, SE-10435, Stockholm, Sweden	Share Mortgage
Mortgage Loan Seller:	Bluestep Finans AB	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 Loan Sale Agreement</i> " for further information on this.)
Servicer:	Cerdo Bankpartner AB (Sweden)	Rönnowsgatan 8, Box 663, SE-25106, Helsingborg, Sweden	Mortgage Loan Servicing Agreement (Please refer to the section entitled " <i>The Servicer</i> " for further information on this.)
Standby Servicer:	Bluestep Finans AB	Sveavägen 163, Box 23138, SE-10435 Stockholm 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 Servicer</i> " for further information on this.)
Second Standby Servicer:	Emric Finance Process	Kungsbron 2, SE-1122	Second Standby

Party	Name	Address	Document under which appointed / Further Information
	Outsourcing AB	Stockholm Sweden	Servicing Agreement (Please refer to the sections entitled " <i>The Servicer</i> " and " <i>The Second Standby Servicer</i> " for further information on this.)
Cash Manager:	Bluestep Finans AB	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:	The Bank of New York Mellon, London Branch	One Canada Square, London, E14 5AL	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 Finans AB	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:	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Interest Rate Swap Agreement (Please refer to the section entitled " <i>Key Structural Features</i> " for further information on this.)
Currency Swap Provider:	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	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
			this.)
Trustee:	BNY Mellon Corporate Trustee Services Limited	One Canada Square, London, E14 5AL	Trust Deed (See the Conditions for further information on this.)
Principal Paying Agent:	The Bank of New York Mellon, London Branch	One Canada Square, London, E14 5AL	Agency Agreement
Agent Bank:	The Bank of New York Mellon, London Branch	One Canada Square, London, E14 5AL	Agency Agreement
Registrar:	The Bank of New York Mellon (Luxembourg) S.A.	Vertigo Building – Polaris 2-4 rue Eugène Ruppert L-2453 Luxembourg	Agency Agreement
Issuer Accounts Bank:	Nordea Bank AB (publ)	Smålandsgatan 17, SE-10571 Stockholm, Sweden	Issuer Accounts Agreement
Swap Collateral Accounts Bank:	The Bank of New York Mellon, London Branch	One Canada Square, London, E14 5AL	Swap Collateral Accounts Bank Agreement
Corporate Services Provider:	Structured Finance Management (Ireland) Limited	1 Grant's Row, Lower Mount Street, Dublin 2	Corporate Services Agreement
Arrangers	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	N/A
	Natixis	30, avenue Pierre Mendès-France 75013 Paris	
Joint Lead Managers	Barclays Bank PLC	5 The North Colonnade, Canary Wharf, London E14 4BB	Subscription Agreement
	Natixis	30, avenue Pierre Mendès-France 75013 Paris	
Listing Agent	The Bank of New York Mellon SA/NV, Dublin Branch	Hanover Building Windmill Lane Dublin 2	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:

The 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 ("**BBAB**") 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 BBAB 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 BBAB 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. Following 31 March 2011, all Mortgage Loans were originated by the Mortgage Loan Seller either directly for itself as lender or through the introduction to the Warehouser as lender.

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 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 Mortgage Loan Portfolio will be selected on 31 October 2013 and will exclude 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 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. To the extent the Aggregate Principal Outstanding Balance on 31 October 2013 is less than the SEK Equivalent Principal Amount Outstanding of the Notes, the Subordinated Loan Facility Provider shall credit to the Issuer GIC Account an amount equal to such deficit.

"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.

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 and Interest-only		
Number of Mortgage Loans	4,427		
Repayment mortgages	97.4%		
Interest-only mortgages	2.6%		
Self-certified Mortgage Loans	38.9%		
Number of Borrowers	4,421		
	Weighted average	Minimum	Maximum
Current Balance*	657,959	276	9,634,722
Original LTV Ratio (%)	71.7	1.9	91.4
Current LTV Ratio (%)	71.1	0.1	85.0
Seasoning (months)	36.3	8.0	79.0
Remaining Term (months)	426.0	281.1	472.0

*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 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 (p) (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 (j) (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 anniversary of such Mortgage Loan provided that a number of conditions are met, including that 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.

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 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:

If any of the Loan Warranties proves to have been untrue at the Closing Date, the Issuer or, so long as Cerdo Bankpartner AB remains as Servicer, the Servicer (in accordance with the Mortgage Loan Servicing Agreement) 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 repurchase 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 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, (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, (c) an amount equal to the interest on the Principal Outstanding Balance of the Retired Mortgage Loan from

the date of repurchase 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, 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 (which amount paid in advance the Issuer shall keep).

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 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 on the Closing Date; 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 on the Closing Date; 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.

(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, 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, 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 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 in a timely manner to the Cash Manager a monthly report (the "**Monthly 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 including (in respect of a month in which an Interest Payment Date occurs) in order to make the necessary calculations and determinations in order to make payment of the amounts required under the Payments Priorities.

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

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 Aa Notes	Class Ab Notes	Class Z Notes
<i>Currency:</i>	EUR	SEK	SEK
<i>Initial Principal Amount:</i>	140,000,000	765,900,000	500,000,000
<i>Note Credit Enhancement:</i>	Subordination of Class Z Notes *, General Reserve Account and excess spread**	Subordination of Class Z Notes *, General Reserve Account and excess spread**	Excess spread
<i>Liquidity Support:</i>	General Reserve Account and Available Principal Distribution Amount applied to make up a Payment Shortfall	General Reserve Account 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 4 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, 1.45% p.a.	Up to and excluding the Step-Up Date, 2.00% 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, 2.175% p.a.	From and including the Step-Up Date, 3.00% p.a.	From and including the Step-Up Date, 5.625% p.a.

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

** Including use of excess Available Interest Distribution Amount (prior to the Step-Up Date) to make principal payments on the Class A Notes prior to interest payments to the Subordinated Loan Facility Provider.

	Class Aa Notes	Class Ab Notes	Class Z Notes
<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>	Interest and principal will be payable quarterly in arrear on the Interest Payment Dates falling in February, May, August and November in each year.		
<i>Business Day Convention:</i>	Modified Following.		
<i>First Payment Date:</i>	10 February 2014		
<i>First Interest Period:</i>	The period from the Closing Date to 10 February 2014		
<i>Call Option / Step-Up Date:</i>	10 February 2019		
<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 Redemption in Full Events</i>	Tax/illegality/clean up call. Please refer to Condition 9 (<i>Final Redemption, Mandatory Redemption in part, Optional Redemption and Cancellation</i>).		
<i>Final Maturity Date:</i>	10 November 2055		
<i>Form of the Notes:</i>	Registered		
<i>Application for Listing:</i>	Irish Stock Exchange Limited		
<i>ISIN:</i>	XS0981862989	XS0981869646	XS0981871204
<i>Common Code:</i>	098186298	098186964	098187120
<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)</i>	AAA(sf)	AAA(sf)	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 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 Account and payments to reduce the debit balance (if any) on the Class A 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 Class A Notes have been redeemed in full.

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 interest to be made to such individual Class.

Any reference to a "**Class**" of Notes or Noteholders shall be a reference to a class of Notes being the Class A 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 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 Z Notes.

Sequential Order:

In respect of payments of interest and principal to be made to the Class A Notes and Class Z Notes: firstly, *pari passu* and *pro rata* to the Class Aa Notes and the Class Ab Notes and secondly, to the Class Z Notes.

Security:

The Notes will be secured by and the Noteholders will share in (i) the Issuer Security and (ii) the Parent Company Security, together with the other Secured Creditors of the Issuer, 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.

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.

"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 and the Irish Security Deed or to 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.

Amounts that remain standing to the credit of the Expenses 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 to the Issuer GIC Account in accordance with the terms of the Cash Management Agreement.

Interest payable on the Notes:	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> ".
Interest Deferral:	Interest due and payable on the Class Z Notes may be deferred in accordance with Condition 8.11 (<i>Interest Accrual</i>). Interest due and payable on the Class A Notes may not be deferred.
Gross-up:	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.
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) (<i>Optional Redemption in whole</i>); (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) (<i>Optional Redemption in whole</i>); and (e) optional redemption exercisable by the Issuer in whole for tax reasons, as fully set out in Condition 9.4 (<i>Optional Redemption in whole for taxation reasons</i>). <p>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.</p>
Events of Default:	<p>As fully set out in Condition 13 (<i>Events of Default</i>), which broadly includes:</p> <ul style="list-style-type: none"> • 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 Class Z Notes in accordance with Condition 8.11 (<i>Interest Accrual</i>) 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 the 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);
- 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 any 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	At an adjourned meeting one or more persons being or

	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).	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.	

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 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 or BBAB or any holding company of the Mortgage Loan Seller or BBAB 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 or BBAB, any holding company of the Mortgage Loan Seller or BBAB 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 or BBAB, any holding company of the Mortgage Loan Seller or BBAB 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 two Classes of Noteholders, to have regard only (except where expressly provided otherwise) to the interest of the Most Senior Class.

Provision of Information to the Noteholders:

The Cash Manager will publish each final Investor Report (including each Quarterly Investor Report) on the website www.ir.bluestep.se 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;
- (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 Aa Notes);

- (c) all amounts standing to the credit of the General Reserve Account 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 to the extent such proceeds or payments are attributable to interest or fees;
- (f) if there is a Payment Shortfall on such Interest Payment Date, any Available Principal Distribution Amount to the extent required to cover such Payment Shortfall;
- (g) all Revenue Recoveries arising during the three immediately preceding Collection Periods;
- (h) all Liquidation Proceeds arising during the three immediately preceding Collection Periods to the extent such proceeds are attributable to interest or fees;
- (i) interest accrued and credited to the Issuer GIC Account during the three immediately preceding Collection Periods;
- (j) 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 (c) of the Pre Enforcement Principal Payments Priorities;
- (k) any portion of the Available Principal Distribution Amount remaining on such Interest Payment Date after redemption in full of the Notes; and
- (l) any Swap Collateral Account Surplus.

"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;
- (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 items (k) and (m) of the Pre-Enforcement Interest Payments Priorities;
- (e) all Principal Recoveries arising during the three immediately preceding Collection Periods;
- (f) all Liquidation Proceeds arising during the three immediately preceding Collection Periods (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 (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 Aa 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*".

<u>Pre-Enforcement Interest Payments Priorities</u>	<u>Pre-Enforcement Principal Payments Priorities</u>	<u>Post-Enforcement Payments Priorities</u>
(a) Issuer tax liabilities;	(a) Available Principal Distribution Amount used as Available Interest Distribution Amount to fund any Payment Shortfall;	(a) Costs and expenses of the Trustee (and any Receiver appointed by the Trustee);
(b) Trustee fees and liabilities;		(b) Agent Bank, Registrar and Paying Agents fees and liabilities;
(c) Agent Bank, Registrar and Paying Agents fees and liabilities;		

<u>Pre-Enforcement Interest Payments Priorities</u>	<u>Pre-Enforcement Principal Payments Priorities</u>	<u>Post-Enforcement Payments Priorities</u>
<p>(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 Accounts Bank; (e) to the Corporate Services Provider; (f) to the Standby Servicer; (g) to the Second Standby Servicer; (h) to the Standby Cash Manager; and (i) to the Issuer, the Issuer Transaction Fee;</p> <p>(e) to credit the Expenses Account with an amount up to the Float Amount;</p> <p>(f) any amounts due to the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreement (excluding Subordinated Termination Amounts);</p> <p>(g) Class A interest/payment to the Currency Swap Provider for the purposes of paying interest in respect of the Class Aa Notes (including any termination payment payable but excluding Subordinated Termination Amounts);</p> <p>(h) an amount sufficient to eliminate any debit on the Class A Principal Deficiency Sub-Ledger;</p> <p>(i) to credit the General Reserve Account up to the Reserve Fund Required Amount;</p> <p>(j) an amount sufficient to eliminate any debit on the Class Z Principal</p>	<p>(b) to redeem the Class A Notes/make payments to the Currency Swap Provider (for the purpose of redeeming the Class Aa Notes);</p> <p>(c) Available Principal Distribution Amount used to eliminate any debit on the Revenue Surplus Ledger;</p> <p>(d) to redeem the Class Z Notes; and</p> <p>(e) to be allocated as Available Interest Distribution Amounts.</p>	<p>(c) 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 Accounts Bank; (e) to the Corporate Services Provider; (f) to the Standby Servicer; (g) to the Second Standby Servicer; (h) to the Standby Cash Manager;</p> <p>(d) 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);</p> <p>(e) Class A interest/payment to the Currency Swap Provider for the purposes of paying interest in respect of the Class Aa Notes (including any termination payment payable but excluding Subordinated Termination Amounts);</p> <p>(f) to redeem the Class A Notes/payments to the Currency Swap Provider (for the purpose of redeeming the Class Aa Notes);</p> <p>(g) Class Z interest;</p> <p>(h) to redeem the Class Z Notes;</p> <p>(i) Payment of interest and principal to the Subordinated Loan Facility Provider;</p> <p>(j) Subordinated Termination Amounts in respect of the Swap Agreements; and</p> <p>(k) Deferred Consideration to the Mortgage Loan Seller.</p>

<u>Pre-Enforcement Interest Payments Priorities</u>	<u>Pre-Enforcement Principal Payments Priorities</u>	<u>Post-Enforcement Payments Priorities</u>
<p>Deficiency Sub-Ledger;</p> <p>(k) on and following the Step-Up Date to be applied as Available Principal Distribution Amount (which causes a debit on the Revenue Surplus Ledger);</p> <p>(l) Class Z interest;</p> <p>(m) Prior to the Step-Up Date to be applied as Available Principal Distribution Amount (which causes a debit on the Revenue Surplus Ledger);</p> <p>(n) Interest payments to the Subordinated Loan Facility Provider;</p> <p>(o) Principal payments to the Subordinated Loan Facility Provider (if the Issuer and the Subordinated Loan Facility Provider so agree);</p> <p>(p) Subordinated Termination Amounts in respect of the Swap Agreements; and</p> <p>(q) Deferred Consideration to the Mortgage Loan Seller.</p>		

Key Structural Features:

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

- The Issuer will, on the Closing Date, open and maintain the General Reserve Account denominated in SEK with the Issuer Accounts Bank, under the Issuer Accounts Agreement. The General Reserve Account will be funded on the Closing Date in the amount of SEK 75,000,000 from part of the proceeds of the Subordinated Loan Facility Agreement and thereafter shall be increased and replenished to an amount equal to (a) 3.00 per cent. of the Principal Outstanding Balance of the Notes on the Closing Date, or (b) upon redemption in full of the Class A Notes, zero (the "**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 Account in the Payments Priorities) until the balance reaches the Reserve Fund Required Amount. The General 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 Account 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. The General Reserve Account will earn interest from the Issuer Accounts Bank at the Issuer Accounts Rate;
- Availability of Available Principal Distribution Amount to make up any Payment Shortfall;
- 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 credited by the Issuer to the Issuer GIC Account. The Issuer GIC Account will earn interest from the Issuer Accounts Bank at the Issuer Accounts Rate;
- Prior to the Step-Up Date, excess Available Interest Distribution Amount, following payment of interest on the Class Z Notes, will be applied as Available Principal Distribution Amount in order to make principal payments on the Class A Notes;
- 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 Class A 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 Class A 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 Z Notes will be subordinated to payments on the Class A 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 Ab Notes and the 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 Aa Notes and (ii) the SEK principal amounts received from the Borrowers on the Mortgage Loans for principal repayable in Euros on the Class Aa 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 all the Class A 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 or provide for, or towards, for such Payment Shortfall by applying Available Principal Distribution Amounts.

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) 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 (c) of the Pre-Enforcement Principal Payments Priorities).

Principal Deficiency Ledger:

The Issuer will establish in its books a principal deficiency ledger comprising two sub-ledgers (the "**Class A 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 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 and then the Class Z Principal Deficiency Sub-Ledger.

Expenses Account:

Pursuant to the Subordinated Loan Facility Agreement, an amount equal to SEK 15,000,000 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 of 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 of 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 Aa 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 part 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 9.3 or Condition 9.4;
- (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 102 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:	Either (1) A by S&P with respect to the long term unsecured, unguaranteed and unsubordinated debt obligations of the Interest Rate Swap Provider (if the short term, unsecured, unguaranteed and unsubordinated debt obligations of the Interest Rate Swap Provider are also rated at least as high as A-1 by S&P) or (2) A+ by S&P with respect to the long term unsecured, unguaranteed and unsubordinated debt obligations of the Interest Rate Swap Provider (if the short term, unsecured, unguaranteed and unsubordinated debt obligations of the Interest Rate Swap Provider are 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 Agency 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:	Either (1) A by S&P with respect to the long term unsecured, unguaranteed and unsubordinated debt obligations of the Currency Swap Provider (if the short term, unsecured, unguaranteed and unsubordinated debt obligations of the Currency Swap Provider are also rated at least as high as A-1 by S&P) or (2) A+ by S&P with respect to the long term unsecured, unguaranteed and unsubordinated debt obligations of the Currency Swap Provider (if the short term, unsecured, unguaranteed and unsubordinated debt obligations of the Currency Swap Provider are 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 Agency 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.

Transaction Party	Required Rating on the Closing Date	Possible effects of Rating Trigger being breached include the following
Issuer Accounts Bank:	<p>(i) long-term, unsecured and unsubordinated debt or counterparty obligations must be rated at least (1) A by S&P (if its short term, unsecured, unguaranteed and unsubordinated debt obligations are also rated at least as high as A-1 by S&P) or (2) A+ by S&P (if its short term, unsecured, unguaranteed and unsubordinated debt obligations are not rated or are rated below A-1 by S&P); or</p> <p>(ii) such other short-term or long-term rating by the Rating Agency which the Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Class A Notes.</p>	The consequences of breach may include replacement of Issuer Accounts Bank or guarantee of Issuer Accounts Bank's obligations.
Swap Collateral Accounts Bank	<p>(i) long-term, unsecured and unsubordinated debt or counterparty obligations must be rated at least (1) A by S&P (if its short term, unsecured, unguaranteed and unsubordinated debt obligations are also rated at least as high as A-1 by S&P) or (2) A+ by S&P (if its short term, unsecured, unguaranteed and unsubordinated debt obligations are not rated or are rated below A-1 by S&P); or</p> <p>(ii) such other short-term or long-term rating by the Rating Agency which the Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Class A Notes.</p>	The consequences of breach may include replacement of the Swap Collateral Accounts Bank's obligations or guarantee of Swap Collateral Accounts Bank'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 as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or (following the delivery of an Enforcement Notice) the Trustee (as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) 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.
<p>Servicer Termination Events</p> <p>See the section entitled "<i>The Servicer</i>" for further information on this.</p>	<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 as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or (following the delivery of an Enforcement Notice) the Trustee (as instructed by the Noteholders or if no Notes remain outstanding, the Secured Creditors) may (a) appoint the Standby Servicer as successor servicer; or (b) if the Standby Servicer appointment has been terminated or a termination event in respect of the Standby Servicer is continuing, appoint the Second Standby Servicer as successor servicer.

Nature of Trigger	Description of Trigger	Consequence of Trigger
<p>Termination events in respect of the Standby Servicer</p> <p>See the section entitled "<i>The Servicer – Standby Servicer</i>" for further information on this.</p>	<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) Standby Servicer Insolvency Event; or (iii) it becomes unlawful to perform a material part of the standby services. 	<p>The Issuer (with the consent of the Trustee as instructed by the Noteholders or, if no Notes remain outstanding the Secured Creditors) or (following the delivery of an Enforcement Notice), the Trustee (as instructed by the Noteholders or if no Notes remain outstanding the Secured Creditors) may terminate the appointment of the Standby Servicer.</p> <p>If a Servicer Termination Event occurs, the Issuer (with the consent of the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or (following the delivery of an Enforcement Notice) the Trustee (as instructed by the Noteholders or, if no Notes remain outstanding the Secured Creditors) may appoint the Second Standby Servicer to, within the Relevant Time, start acting as successor servicer.</p> <p>Within 45 days upon the receipt of a written notice from the Trustee of the occurrence of a termination event in respect of the Standby Servicer, the Relevant Time for the Second Standby Servicer shortens from 75 to 30 days.</p>
<p>Termination events in respect of the Second Standby Servicer</p> <p>See the section entitled "<i>The Servicer – Second Standby Servicer</i>" and "<i>The Second Standby Servicer</i>" for further information on this.</p>	<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) Second Standby Servicer Insolvency Event; or (iii) it becomes unlawful to perform a material part of the standby services. 	<p>The Issuer (with the consent of the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or (following the delivery of an Enforcement Notice) the Trustee (as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) may (a) appoint a successor Second Standby Servicer; and (b) terminate the appointment of the existing Second Standby Servicer.</p>

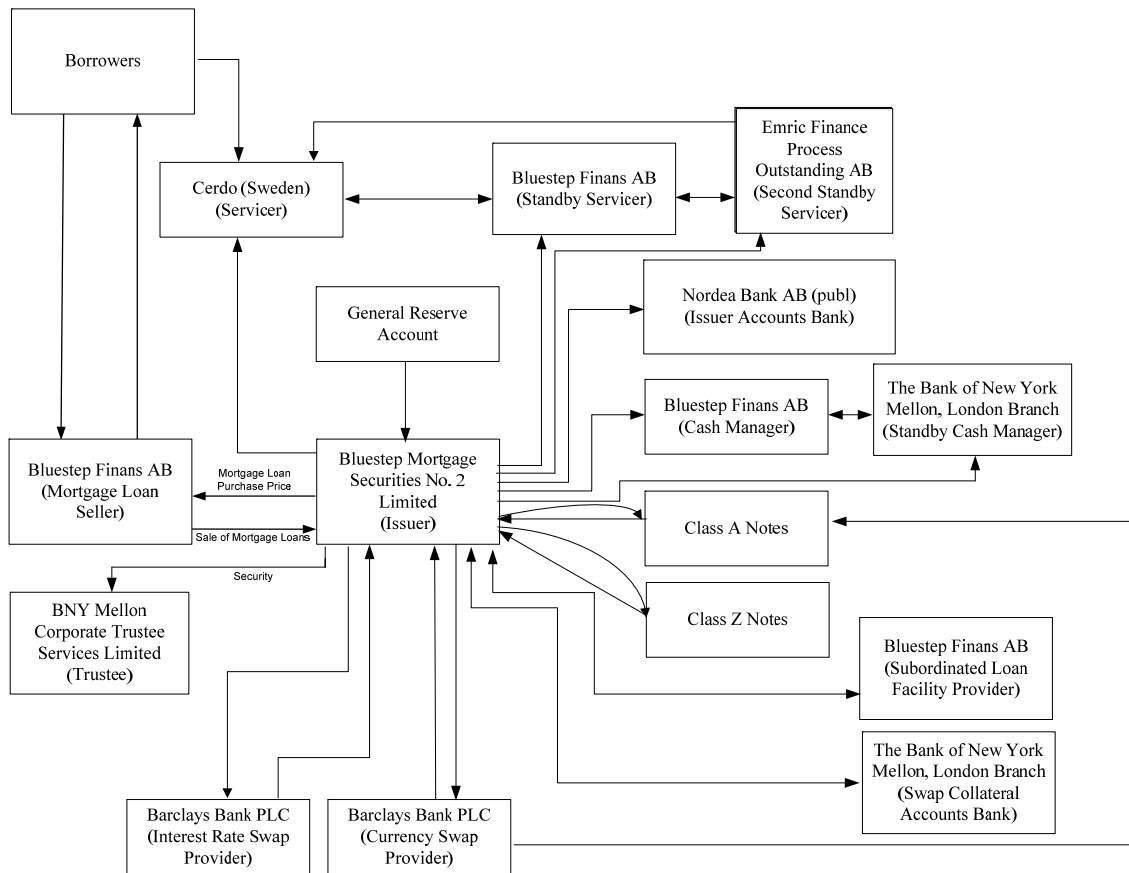
H. FEES

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

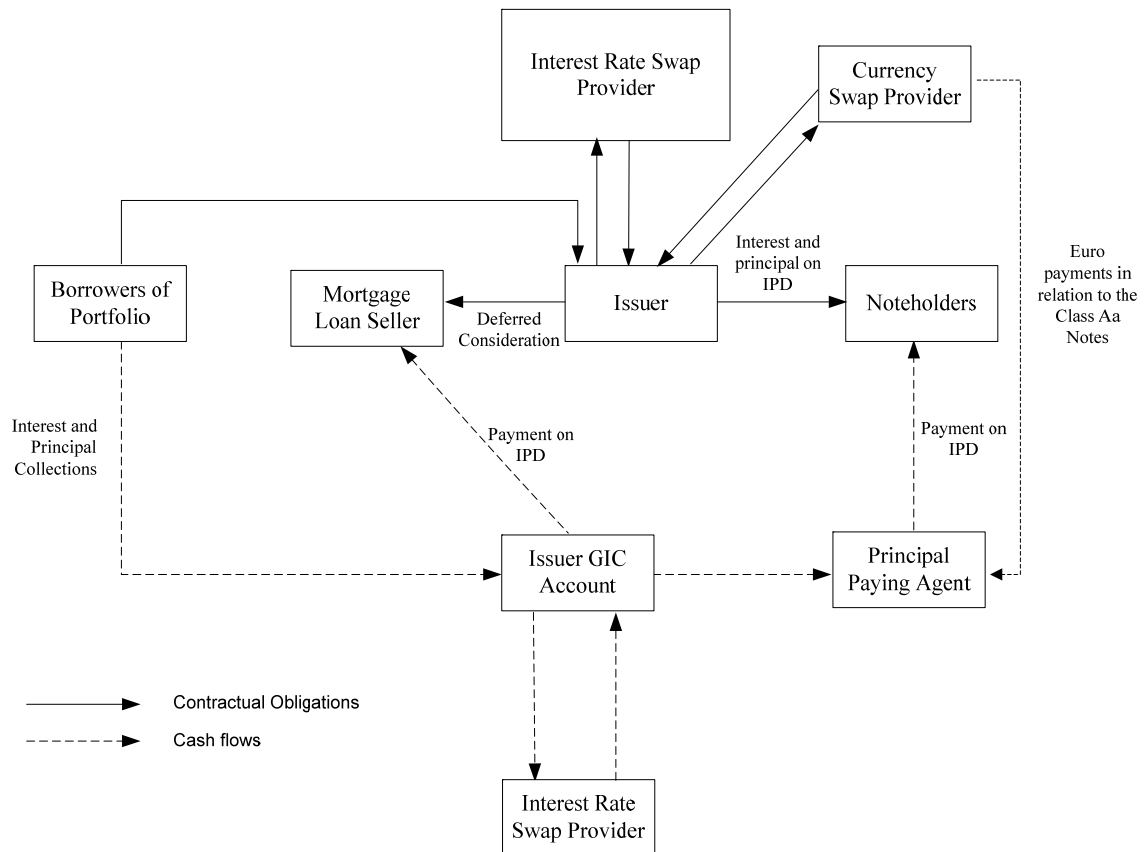
Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Servicing Fees	Quarterly in advance on each Interest Payment Date (or in respect of the first payment, on the Closing Date) in the amount calculated by: (a) multiplying 0.12 per cent. per annum by the Aggregate Principal Outstanding Balance of the Mortgage Loans as at the last day of the immediately preceding Collection Period prior to the relevant Interest Payment Date (or, in respect of the first payment, the Aggregate Principal Outstanding Balance on 1 November 2013 of all Mortgage Loans included in the Original Mortgage Loan Portfolio); and (b) then multiplying the amount so calculated in paragraph (a) above by: (x) the number of days to elapse until the next servicing fee 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)	Ahead of all outstanding Notes	Quarterly in advance on each Interest Payment Date and the Closing Date
Standby Servicing Fees	SEK 100,000 per quarter payable in arrear on each Interest Payment Date (exclusive of any VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Second Standby Servicing Fees	Start up fee of SEK80,000 payable at closing, plus SEK80,000 per annum payable annually in advance if the Relevant Time is 75 days or SEK370,000 per annum if the Relevant Time is 30 days (in each case exclusive of VAT).	Ahead of all outstanding Notes	Annually in advance on the Closing Date and on each Interest Payment Date falling on or after the anniversary of the Closing Date

Type of Fee	Amount of Fee	Priority in Cashflow	Frequency
Cash Management Fees	SEK30,000 each quarter (exclusive of any applicable VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Other fees and expenses of the Issuer	Estimated at SEK 350,000 each year (exclusive of any applicable VAT)	Ahead of all outstanding Notes	Quarterly in arrear 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 €5,541 (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.

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, the receipts under the Swap Agreements and amounts standing to the credit of the General Reserve Account 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, 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 or the Second 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 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 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 Class Z 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.

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 Z Notes

The Class Z Notes are subordinated in right of payment of interest and principal to the Class A Notes as set out in "*Key Structural Features*". Further, Available Interest Distribution Amount will be applied to credit the General Reserve Account 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 Aa 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 is mitigated by the Issuer GIC Account, which pays interest at a rate which is set at a fixed margin by reference to NSSI on funds standing to the credit thereof.

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* not only with payment of interest due to the holders of the Class Aa Notes but also with payments of interest due to the holders of the Class Ab Notes which rank *pari passu* to the Class Aa 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 Class A 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 Agency continuing the then current rating of the Class A Notes or restoring such rating of the Class A 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 Finance 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.

It should be noted that on 8 February 2012, Belmont Park Investments PTY Limited and others, commenced proceedings in the U.S. Bankruptcy Court in relation to Lehman Brothers Special Financing Inc. seeking an order recognising and enforcing the English judgment on noteholder priority. Declaratory relief, that the noteholder priority is valid and that the collateral can be distributed accordingly and without liability to the trustee, is also being sought. Those proceedings remain pending and are subject to a request to be transferred to the District Court. This is an aspect of cross border insolvency law which remains untested. So, whilst the priority issue is considered largely resolved in England and Wales, concerns still remain where the English and U.S. courts have hitherto diverged and may continue to diverge in their approach. The divergence in approach will be at the heart of the pending proceedings. In this regard it should be noted that the approach of the U.S. Bankruptcy Court may adversely affect the Issuer's ability to make payments on the Notes in accordance with the Transaction Documents.

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. konsumentkreditlagen (2010:1846)*) ("**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 Portfolio), an interest compensation amount (*ränteskillnadsersättning*) for the remainder of the fixed interest period may be charged to the Borrower. The maximum amount that may be charged equals the difference between the interest on the Mortgage Loan and the interest on (i) Swedish treasury bills with a term comparable to the remaining fixed interest period, plus one percentage point, where the period for which the compensation is to be paid is less than one year; or (ii) Swedish treasury bonds with a maturity comparable to the remaining fixed interest period, plus one percentage point, where the period for which the compensation is to be paid is equal to or greater than one year. These rules and the maximum level of such interest rate compensation (*ränteskillnadsersättning*) are currently under review by the Swedish government and may be subject to change. In June 2013, the Swedish government was presented with a report suggesting a revision of the current rules. If the levels of maximum interest rate compensation were to be changed in line with the proposal, the amount of compensation that may be claimed by lenders would decrease. However, the proposal has since been sent to concerned parties for consultation and has been subject to much criticism. The proposal and the input received from consultation are currently being reviewed by the Swedish government. It is still unclear what the outcome of the review will be and if there will be any change to the rules on interest rate compensation.

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.

Rating of the Class A Notes

A rating is not a recommendation to buy, sell or hold securities and there is no assurance that any particular rating will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agency as a result of changes in or unavailability of information or if, in the judgement of the Rating Agency, 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 Class A Notes.

Agencies other than the Rating Agency could seek to rate the Class A Notes and if such "unsolicited ratings" are lower than the comparable rating assigned to the Class A Notes by the Rating Agency, those unsolicited ratings could have an adverse effect on the market value of the Class A 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 Rating Agency only.

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

On 13 May 2013, the finalised text of a Regulation of the European Parliament and of the European Council amending Regulation EC 1060/2009 on credit rating agencies ("**CRA3**") was published. CRA3 became effective on 20 June 2013 (the "**CRA3 Effective Date**"). CRA3 provides for certain additional disclosure requirements which will become applicable in relation to structured finance transactions. Such disclosures will need to be made via a website to be set up by the European Securities and Markets Authority ("**ESMA**"). The scope and manner of such disclosure will be subject to regulatory technical standards prepared by ESMA. The regulatory technical standards have not yet been published by ESMA and it is anticipated that they will be published in draft form within a year of the CRA3 Effective Date. Subsequently they will be subject to a consultation period. It is not possible for the Issuer or any other party to comply with the disclosure requirements until such time as the regulatory technical standards are made available. Additionally, CRA3 has introduced a requirement that issuers or related third parties of structured finance instruments solicit two independent ratings for their obligations; and should consider appointing at least one rating agency having less than a ten per cent. market share. As the Issuer engaged the Rating Agency prior to the CRA3 Effective Date, the Issuer intends to keep only one rating agency appointed going forward in respect of the Class A Notes. Any consequences for the Issuer, related third parties and investors in transactions structured prior to the CRA3 Effective Date are not specified in CRA3. Investors should consult their legal advisors as to the applicability of CRA3 in respect of their investment in the Notes.

Rating Confirmation in relation to the Class A Notes in respect of certain actions

The terms of certain Transaction Documents require the Rating Agency to confirm that certain actions proposed to be taken by the Issuer and the Trustee will not have an adverse effect on the then current rating of the Class A Notes (a "**Rating Confirmation**"), which requires receipt of: (i) written confirmation from the Rating Agency that the relevant assignment, transfer, amendment, action, determination or appointment will not result in the reduction, qualification, suspension or withdrawal of the then current ratings assigned to any outstanding Class A Notes rated by the Rating Agency; or (ii) (only in cases where the Rating Agency has confirmed in writing that it will not consider a request for a Rating Confirmation pursuant to limb (i) of this definition) a certification in writing by an Authorised Signatory of the Cash Manager to the Trustee stating that the relevant assignment, transfer, amendment, action, determination or appointment has been notified to the Rating Agency and, in its opinion, would not cause the then current ratings assigned to any outstanding Class A Notes to be reduced, qualified, suspended or withdrawn by the Rating Agency; provided however that it is understood that the Rating Agency shall be under no obligation to provide a Rating Confirmation.

A written rating confirmation by the Rating Agency (which would satisfy the requirement of a Rating Confirmation from the Rating Agency) may or may not be given at the sole discretion of the Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agency cannot provide a written rating confirmation in the time available or at all, and the Rating Agency should not be responsible for the consequences thereof.

A Rating Confirmation from the Rating Agency, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Rating Confirmation provided by the Rating Agency represents only a restatement of the opinions given by the Rating Agency as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Any written rating confirmation delivered by the Cash Manager does not constitute a Rating Confirmation from, and is not binding on, the Rating Agency.

A Rating Confirmation does not confirm that such action (i) is permitted by the terms of the Transaction Documents; or (ii) is in the best interests of, or not prejudicial to, Noteholders. While each of the Secured Creditors (including the Noteholders) are entitled to have regard to a Rating Confirmation, the above does not impose or extend any actual or contingent liability on the Rating Agency to the Secured Creditors (including the Noteholders), the Trustee or any other parties to the Transaction Documents or create any

legal relationship between the Rating Agency and Secured Creditors (including the Noteholders), the Trustee or any other parties to the Transaction Documents whether by way of contract or otherwise.

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.

Whilst central bank schemes such as the European Central Bank liquidity scheme provide an important source of liquidity in respect of eligible securities, recent restrictions in respect of the relevant eligibility criteria for eligible collateral which applies and will apply in the future under such facilities are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities.

Swedish Central Bank operations

Neither the Issuer nor any other party gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes 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 the Class A Notes should make their own conclusions and seek their own advice with respect to whether or not the Class A Notes constitute eligible collateral for the Swedish Central Bank's operations.

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 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 the Class A Noteholders and the Class Z Noteholders, the Trustee shall give priority to the interests of the Class A Noteholders whose interests shall prevail.

The Mortgage Loan Seller will purchase a portion of the Class A Notes. The Mortgage Loan Seller will also be the initial purchaser of the Class Z Notes. If the Mortgage Loan Seller or BBAB 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 either of them or any other subsidiary of such holding company) holds 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, BBAB or any holding company of either 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 Finans AB 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 articles of association of the Issuer include 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 and neither will the assets of the Issuer be consolidated with the assets of the Parent Company in the event of the bankruptcy 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 or which have been classified as Arrears Mortgage Loans pursuant to limb (b) of the definition thereof prior to the realisation of Liquidation Proceeds by the Servicer 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; and
- (ii) 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 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) and (j) 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 and secondly, 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 Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal 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 Second Standby Servicer has agreed to act as successor servicer following the occurrence of a Servicer Termination Event if the Standby Servicer's appointment has been terminated or a termination event in respect of the Standby Servicer is continuing, 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 Accounts Bank 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.

The Swap Providers have agreed to provide hedging to the Issuer and investors should be aware that, further 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 may be 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'), the requirement to report derivative transactions to a trade repository or to the European Securities and Markets Authority and certain additional requirements (the details of which have not yet been finalised) which may result in future amendments by the Issuer to the Transaction Documents (see the risk factor below entitled "*Meetings of Noteholders, modification and waiver*"), in particular where Noteholder consent will not be required for such amendments. At present it is not clear who would provide any reporting services on behalf of the Issuer. 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.

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.

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: (a) 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; and (b) the provisions of the Second Standby Servicing Agreement pursuant to which the Second Standby Servicer has agreed to step in and assume the Servicer's role upon the occurrence of a Servicer Termination Event if the Standby Servicer's appointment has been terminated or a termination event in respect of the Standby Servicer is continuing.

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 or, as the case may be, the Second Standby Servicer to perform its obligations under the Standby Servicing Agreement or the failure of the Second Standby Servicer to perform its obligations under the Second 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. Neither the Standby Servicer nor the Second Standby Servicer has 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.

If the Trustee is required to take any actions or give any directions under the Mortgage Loan Servicing Agreement, Standby Servicing Agreement, Second Standby Servicing Agreement, Cash Management Agreement, Replacement Cash Management Agreement or Closing Arrangements Deed (as applicable) pursuant to the provisions thereof (including, but not limited to, determining whether to serve a Servicer Termination Notice or Cash Manager Termination Notice), the Trustee shall seek directions by: (a) an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in this regard or a direction 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 then outstanding; or (b) if no Notes remain outstanding, the Secured Creditors and shall not be responsible or liable for any delays in taking action occasioned by so doing.

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 Accounts Bank 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 Agency. 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 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 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 35.8 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 2.6 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 38.9 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 (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 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. Utsökningsbalken (1981: 774)*), 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 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 (*Sw. Kronofogdemyndigheten*) 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)*), 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 Warehouser 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*), 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 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 this information in writing. 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 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.

Potential effects of any additional regulatory changes

No assurance can be given that changes will not be made to the regulatory regime and developments described above, the mortgage market in Sweden generally or in any jurisdiction (including the United States), the Mortgage Loan Seller's particular sector in Sweden or any other jurisdiction (including the United States) 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 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 (Amendment) Act, 1990, as amended (the "**1990 Act**") 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 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 make any representation to any prospective investor or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should be aware of Article 122a of the 2006/48/EC Directive which applies in general in respect of notes issued under securitisations established after 31 December 2010, and to notes issued under securitisations established on or before that date from the beginning of 2015 to the extent that new underlying exposures are added or substituted after 31 December 2014. Article 122a restricts an EU regulated credit institution (and its consolidated group entities) from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the EU regulated credit institution 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 as contemplated by Article 122a. Article 122a also requires an EU regulated credit institution to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, its note position and the underlying exposures and that procedures are established for such activities to be conducted on an ongoing basis. Failure to comply with one or more of the requirements set out in Article 122a will result in the imposition of a penal capital charge on the notes acquired by the relevant investor.

Investors should also be aware of Article 17 of EU Directive 2011/61/EC on Alternative Investment Fund Managers (the "**AIFMD**") and Chapter III, Section 5 of Regulation 231/2013 supplementing the AIFMD (the "**AIFM Regulation**"), the provisions of which introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers ("**AIFMs**") that are required to become authorised under the AIFMD. While the requirements applicable to AIFMs under Chapter III, Section 5 of the AIFM Regulation are similar to those which apply under Article 122a of the CRD, they are not identical and, in particular, additional due diligence obligations apply to AIFMs.

Each of Article 122a of the CRD and Chapter III, Section 5 of the AIFM Regulation applies in respect of the Notes. Affected investors and AIFMs 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 as contemplated by Article 122a and with respect to the information to be made available by the Mortgage Loan Seller in relation to the due diligence requirements under Article 122a, please see the statements set out in "Regulatory Disclosure". Relevant investors are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 122a (and any corresponding implementing rules of their regulator) and Chapter III, Section 5 of the AIFM Regulation and none of the Issuer, the Mortgage Loan Seller, the Servicer, the Standby Servicer, the Second Standby Servicer, the Cash Manager, the Standby Cash Manager, the Trustee, the Joint Lead Managers nor the Arrangers make any representation that the information described above is sufficient in all circumstances for such purposes.

Aspects of Article 122a of the CRD and Chapter III, Section 5 of the AIFM Regulation 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 with Article 122a of the CRD or to avoid being required to take corrective action under and Chapter III, Section 5 of the AIFM Regulation should seek guidance from their regulator.

It should be noted that Article 122a of the CRD will be re-cast as part of the new European regulatory capital framework (so-called "**CRD IV**") which takes effect in general from 1 January 2014. Certain changes to the requirements will apply under the re-cast provisions, including the extension of the application of the requirements to EU regulated investment firms and also the replacement of the current guidelines on Article 122a with new (and potentially different) regulatory technical standards. On 22 May 2013 the EU Banking Authority published a consultation paper on the regulatory technical standards which contemplates a number of changes as compared to the current Article 122a guidelines. However, such standards are open for consultation and the final adopted standards may be different. It is uncertain when the regulatory technical standards will be finalised and take effect and how any changes to the current regime will affect transactions entered into previously. No assurance can be provided that any changes made in connection with CRD IV (including through the corresponding regulatory technical standards) will not affect the requirements applying to relevant investors.

It should also be noted that similar requirements to those set out in Article 122a of the CRD and Chapter III, Section 5 of the AIFM Regulation are expected to be implemented for other types of EU regulated investors (such as insurance and reinsurance undertakings and UCITS funds) in the future.

Article 122a of the CRD, Chapter III, Section 5 of the AIFM Regulation and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

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.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required, subject to certain exceptions, to apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. unless they elect to provide information in accordance with the EU Savings Directive. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

U.S. Foreign Account Tax Compliance Act withholding may affect payments on the Notes

Whilst 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 (see the section entitled "Taxation – Foreign Account Tax Compliance Act" below). 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. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the Common Depositary for the Clearing Systems (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the Clearing Systems and custodians or intermediaries.

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 (including under the EU Savings Directive or otherwise), 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 and the commentary made regarding the EU Savings Directive should not be taken to imply that no other withholding or deduction is or may be applicable on account of non-Irish tax.

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).

In addition, the Conditions provide that the Issuer and/or the Cash Manager (each a **Requesting Party**) may at any time and from time to time request the Trustee to make modifications to any Transaction Documents ("**Transaction Amendments**") without the consent of the Noteholders or any other Secured Creditors and irrespective of whether such modifications are (i) materially prejudicial to the interests of the Noteholders of any Class or any other Secured Creditor or (ii) in respect of a Reserved Matter.

Subject to satisfaction of the Amendment Conditions (which include, but are not limited to, delivery to the Trustee of a certificate signed by two directors or two authorised signatories of the relevant Requesting Party confirming that the Transaction Amendments are required to enable the Issuer and/or the relevant Swap Provider to comply with any requirements which apply to it in relation to the relevant Swap Agreement under EMIR and the matters specified in the paragraph below, the Trustee shall concur with the Requesting Party in making such modifications as are required to give effect to a Transaction Amendment.

The Trustee shall not be obliged to agree to any Transaction Amendments which, in the sole opinion of the Trustee, would have the effect of (a) exposing the Trustee to any Liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing its obligations or duties or decreasing its protections, either in its personal capacity or as Trustee under the Transaction Documents and/or the Conditions.

Notwithstanding anything to the contrary in the Trust Documents, when implementing any Transaction Amendment, the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, shall act and rely solely and without further investigation on any certificate provided to it by the Requesting Party and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying.

Only modifications which comply with the above conditions may be made pursuant to this modification mechanic. Any other modifications may only be made pursuant to the mechanic described in paragraph (a) of this risk factor above, or in accordance with the provisions for the holding of meetings of Noteholders.

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.

Change of law

The structure of the transaction as described in this Prospectus and, *inter alia*, the issue of the Notes and the rating which is to be assigned to the Class A 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.

REGULATORY DISCLOSURE

Article 122a of the Capital Requirements Directive

Retention Statement

In the Mortgage Loan Sale Agreement, Bluestep Finans AB as Mortgage Loan Seller undertakes (i) to retain on an ongoing basis a material net economic interest of not less than 5 per cent. of the nominal value of the securitisation in accordance with Article 122a of the Directive 2006/48/EC (as amended or as superseded from time to time, including as superseded by Articles 404-410 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 21 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012), referred to as the Capital Requirements Directive (the "**CRD**") (but not any implementing rules or other measures adopted by any EEA State) and (ii) in respect of its obligations under paragraph 7 of Article 122a of the CRD, subject always to any requirement of law, provide access to or procure that the Servicer provides access to such data as the Mortgage Loan Seller shall determine is "materially relevant data" (for the purposes of such paragraph) on an objective basis taking into account generally accepted market practice as to disclosure and reporting, guidance from or applicable to regulators to which it is subject and the requirements of Noteholders as a class, and provided always that the Mortgage Loan Seller will not be in breach of this undertaking if due to events, actions or circumstances beyond the Mortgage Loan Seller's control, the Mortgage Loan Seller is not able to comply with such undertaking. As at the Closing Date, such material net economic interest will comprise an interest in the first loss tranche within the meaning of Article 122a(1)(d). Such retention requirement will be satisfied on the Closing Date by Bluestep Finans AB as Mortgage Loan Seller holding the Class Z Notes. Bluestep Finans AB as Mortgage Loan Seller will confirm its ongoing retention of the net economic interest described above in the quarterly investor reports and any change to the manner in which such interest is held will be notified to Noteholders. For further details, please refer to sub-paragraph (g) and (h) in the Section entitled "*General Information*".

Investors to assess compliance

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with Article 122a and none of the Issuer, nor the Arrangers or the Joint Lead Managers or the Transaction Parties make 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 they comply with the implementing provisions in respect of Article 122a in their relevant 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.

On April 16, 2013, the European Parliament adopted a new directive and a regulation, Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 21, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 ("**CRR**"), which is intended to replace the CRD. The CRR was published in the Official Journal on June 27, 2013, and will take effect on January 1, 2014. Articles 404-410 (inclusive) ("**Articles 404-410**") of the CRR will supersede Article 122a, in effect restating and, in certain respects, amending the requirements in Article 122a. On May 22, 2013, the EBA published a consultation paper on draft regulatory technical standards and implementing technical standards (the "**Draft Technical Standards**" and once adopted and in force, the "**Technical Standards**"), relating to Articles 404-410 of the CRR. In addition, it is expected that upon completion of the consultation period, the Technical Standards will be approved and will replace the Article 122a Guidelines in their entirety. There are significant differences between the Draft Technical Standards and the current Article 122a Guidelines, although it is noted that such drafts are in consultation only, and there remains uncertainty as to the content of the final regulatory and implementing Technical Standards and how these will affect transactions entered into prior to their adoption. Articles 404-410 may result in changes to the requirements applying to affected investors and/or to the guidelines previously published by the EBA.

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*".

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 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 can be made based on certain assumptions. For example, based on the assumptions that:

- (a) the Issuer exercises its option to redeem the Class A Notes on the Step-Up Date, in the first scenario, or the Issuer does not exercise its option to redeem the Notes on or after the Step-up Date, in the second scenario;
- (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 Principal Deficiency arises;
- (f) no Mortgage Loan is repurchased by the Mortgage Loan Seller;
- (g) there are no excess Available Interest Distribution Amounts applied as Available Principal Distribution Amounts as per items (k) and (m) of the Pre-Enforcement Interest Payments Priorities
- (h) the portfolio mix of loan characteristics remain the same throughout the life of the Notes and 100 per cent. of the Mortgage Loan Portfolio is purchased at the Closing Date;
- (i) no Event of Default has occurred;
- (j) the ratio of the Principal Amount Outstanding of the Class A Notes to the Current Balance of the Portfolio as at the Closing Date is 80 per cent.; and
- (k) the Class A Notes are issued on or about 3 October 2013 and there are 130 days between the Closing Date and the First Interest Payment Date;

Constant Annual Rate of Repayment of the Loans	(Assuming Issuer call on Step-up Date) Possible Average Life of Class A Notes (years)
5.0%	4.56
10.0%	3.86
15.0%	3.25
20.0%	2.71
25.0%	2.23
30.0%	1.84
35.0%	1.55

Constant Annual Rate of Repayment of the Loans	(Assuming no Issuer call on Step-up Date) Possible Average Life of Class A Notes (years)
5.0%	11.81
10.0%	5.83
15.0%	3.83
20.0%	2.84
25.0%	2.24
30.0%	1.84
35.0%	1.55

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 (i) (inclusive) relate to circumstances which are not predictable.

The average lives of the Class A 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 2,500,000,000 (in respect of Class Aa 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 Mortgage Loan Portfolio pursuant to the Mortgage Loan Sale Agreement on the Closing Date.

ISSUER

Incorporation and Registered Office

The Issuer is a private limited liability company registered and incorporated in Ireland on 8 January 2013 (registered number 522186) under the Irish Companies Acts 1963 to 2012 (as amended) and having its registered office at 1 Grant's Row, Lower Mount Street, Dublin 2. 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; (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 Memorandum and Articles of Association 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 or otherwise modify its Memorandum and Articles of Association, 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.

Articles of association

In accordance with its articles of association, 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 Finans AB, 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)	8.815
Loan Capital	
Class Aa Notes (converted into SEK at the Relevant Exchange Rate under the Currency Swap)	1,234,100,000
Class Ab Notes	765,900,000
Class Z Notes	500,000,000
Subordinated Loan Facility*	90,000,000
Total Capitalisation	2,590,000,008.815

* Excluding any amount advanced under the Subordinated Loan Facility in respect of any Note Proceeds Excess Amount.

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
Karen McCrave.....	1 Grant's Row, Lower Mount Street, Dublin 2	Director
Jonathan Hanly	1 Grant's Row, Lower Mount Street, Dublin 2	Director

Secretary

The Secretary of the Issuer is Structured Finance Management (Ireland) Limited whose registered office is at 1 Grant's Row, Lower Mount Street, Dublin 2.

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 2014. 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 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, STANDBY SERVICER AND THE SUBORDINATED LOAN FACILITY PROVIDER

Incorporation and Registered Office

Bluestep Finans AB ("BFAB") is a 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

BFAB commenced activities in October 2008 and its principal activities, as set out in its Articles of Association, are, *inter alia*, Swedish residential mortgage lending 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.

Capital and Shares

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

The entire share capital of BFAB is held by BBAB.

Shareholder

BFAB is a wholly-owned subsidiary of BBAB whose ultimate principal shareholders are, Adam Barron, Edmund Lazarus and Dwight Cupit who respectively are the Joint Managing Partners and Chief Financial Officer of Bregal Capital LLC.

Subsidiaries

The Issuer and the Warehouser are wholly-owned subsidiaries of BFAB.

Directors

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

Name	Business Address	Principal Occupation
Per-Otto Hyland (Chairman)	Sveavägen 163, Box 23138, SE – 10435, Stockholm, Sweden	Non-Executive Director, Bluestep Finans AB
Carl Sundvik	Sveavägen 163, Box 23138, SE – 10435, Stockholm, Sweden	Non-Executive Director, Bluestep Finans AB
Adam Barron	Michelin House, 81 Fulham Road, London	Managing Partner, Bregal Capital LLC
Patrik Johnson	Michelin House, 81 Fulham Road, London	Partner, Bregal Capital LLC
Rolf Stub	Solligata 2, Postboks 2553, NO-0202, Oslo, Norway	Executive Director, Bluestep Finans AB
Peter Gertman	Sveavägen 163, Box 23138, SE – 10435, Stockholm, Sweden	Chief Operating Officer, Bluestep Finans AB

The managing director of BFAB is David Torpey.

Employees

As at the date of this Prospectus, BFAB had 105 employees engaged in its business activities at its registered office in Stockholm and 20 employees engaged in its business activities at its branch in Oslo, Norway.

Regulation

BFAB is as a licensed Credit Market Company (*Kreditmarknadsbolag*) under the Banking and Financing Business Act (Lag (2004: 297) *om bank- och finansieringsrörelse*), under the supervision of the Swedish FSA "*Finansinspektionen*" and its mortgage lending is subject to the provisions of the Swedish Consumer Credit Act "*Konsumentkreditlagen*".

Auditors

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

BLUESTEP BOSTADSLÅN AB

Bluestep Bostadslån AB ("**BBAB**") 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. BBAB 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 BBAB were transferred to the Mortgage Loan Seller and its origination role ceased. BBAB now only operates as a holding company, holding the share capital of BFAB and does not undertake any origination activities. The ultimate shareholders of BBAB are, Adam Barron, Edmund Lazarus and Dwight Cupit who respectively are the Joint Managing Partners and Chief Financial Officer of Bregal Capital LLC.

THE MORTGAGE LOAN PORTFOLIO

Introduction

The Mortgage Loan Seller has selected Mortgage Loans that as at 30 June 2013 (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.

Mortgage Loans in the Mortgage Loan Portfolio originated prior to 31 March 2011 were originated by BBAB 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 BFHL's group of companies, in each case as lenders and owners of such Mortgage Loans. Following 31 March 2011, all Mortgage Loans have been originated by the Mortgage Loan Seller either directly for itself as lender or through the introduction to the Warehouser as lender and the Mortgage Origination Agreement is no longer in effect.

The Provisional Mortgage Loan Portfolio comprises 4,427 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 4,421 Borrowers and no one Borrower accounts for 20 per cent. or more of the Mortgage Loan Portfolio.

The Aggregate Principal Outstanding Balance of the Provisional Mortgage Loan Portfolio as at the Cut-Off Date was SEK 2,912,782,994.

As at the Closing 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 Mortgage Loan Portfolio are yet to have any payment made in respect of such Mortgage Loan.

The Mortgage Loan Portfolio will be selected from the Provisional Mortgage Loan Portfolio on 31 October 2013 and will comprise Mortgage Loans originated by the Mortgage Loan Seller or BBAB between December 2006 and October 2012, 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 Mortgage Loan Portfolio are as close as possible to, but will not exceed the aggregate SEK Equivalent Principal Amount Outstanding of the Notes. To the extent the Aggregate Principal Outstanding Balance of the Mortgage Loan Portfolio is less than the SEK Equivalent Principal Amount outstanding of the Notes as at the Closing Date (the "**Note Proceeds Excess Amount**"), the Subordinated Loan Facility Provider shall advance to the Issuer, pursuant to the Subordinated Loan Facility Agreement, an amount equal to such Note Proceeds Excess Amount (if any), such amount to be deposited in the Issuer GIC Account to be applied as Available Principal Distribution Amount on the First Interest Payment Date.

Purchase of Mortgage Loan Portfolio

On the Closing Date, the Issuer will purchase the Mortgage Loan Portfolio as at 31 October 2013 (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 of the Original Mortgage Loan Portfolio, the Mortgage Loan Seller 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 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 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 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**"). Interest payments in respect of the Standard Variable Mortgage Loans are made monthly by Borrowers.

At any time, the Bluestep Variable Reference Rate may be changed by 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 7.5 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 "**BVR1 Variable Reference Rate Margin**") (such Bluestep Variable Reference Rate, "**BVR 1**"); or
- (b) in the case of all other Standard Variable Mortgage Loans in the Mortgage Loan Portfolio (such Standard Variable Mortgage Loans, the "**BVR 2 Variable Mortgage Loans**") no more than plus or minus 3.00 per cent. (the "**BVR2 Variable Reference Rate Margin**") (such Bluestep Variable Reference Rate, "**BVR 2**").

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 BVR 1 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 BFR 1 Fixed 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 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 Portfolio is subject to certain conditions and undertakings (see the section below entitled "*The Servicer – Servicing of the Mortgage 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 (in each case with the Borrower Margin over the Bluestep Fixed Reference Rate remaining the same). Interest payments in respect of the Fixed Rate Mortgage Loans are made monthly by Borrowers.

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**").

At any time, the Bluestep Fixed Reference Rate may be changed by adjusting the Fixed Reference Rate Margin by:

- (a) in the case of certain Fixed Rate Mortgage Loans in the Mortgage Loan Portfolio originated pursuant to alternative terms and conditions prior to 1 December 2007 and amounting to 7.9 per cent. of the Provisional Mortgage Loan Portfolio (such Fixed Rate Mortgage Loans, the "**BFR 1 Fixed Mortgage Loans**") no more than plus or minus 0.50 per cent. (the "**BFR1 Fixed Reference Rate Margin**") (such Bluestep Fixed Reference Rate, "**BFR 1**"); or
- (b) in the case of all other Fixed Rate Mortgage Loans in the Mortgage Loan Portfolio (such Fixed Rate Mortgage Loans, the "**BFR 2 Fixed Mortgage Loans**") no more than plus or minus 3.00 per cent. (the "**BFR2 Fixed Reference Rate Margin**") (such Bluestep Fixed Reference Rate, "**BFR 2**").

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 (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 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 Portfolio is subject to certain conditions and undertakings (see the section below entitled "*The Servicer – Servicing of the Mortgage Portfolio – Setting of Interest Rates on the Mortgage Loans*" for further information).

Borrower Margin

The Borrower Margin above either Bluestep Reference Rate is agreed on origination and remains constant over the life of the Mortgage Loan unless a Borrower is eligible to receive a step down in Borrower Margin payable to the lowest available margin at that time after 36 months (for further information on this, see the section below entitled "*The Servicer – Servicing of the Mortgage 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.

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 (*ränteskillnadsersättning*) for the remainder of the fixed interest period may be charged to the Borrower. The maximum amount that may be charged equals the difference between the interest on the Mortgage Loan and the interest on (i) Swedish treasury bills with a term comparable to the remaining fixed interest period, plus one percentage point, where the period for which the compensation is to be paid is less than one year; or (ii) Swedish treasury bonds with a maturity comparable to the remaining fixed interest period, plus one percentage point, where the payment period is equal to or greater than one year.¹

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 rate loss, on the last day of a 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 in total.

Each Mortgage Loan in the Provisional Mortgage Loan Portfolio has scheduled repayment dates according to one of two amortisation profiles. Amortisation payments are typically due on the same date as the related interest payment is due.

Amortisation profiles available are:

- (a) Interest-only (no amortisation); and
- (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).

The Provisional Mortgage Loan Portfolio comprises both amortising (97.4 per cent. of the Mortgage Loans by value as at the Cut-off Date) and interest-only Mortgage Loans.

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 BBAB, 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 BBAB's credit policy and related credit instructions, and are revised annually.

¹ These rules and the maximum level of such interest rate compensation (*ränteskillnadsersättning*) are currently under review by the Swedish government and may be subject to change. In June 2013, the Swedish government was presented with a report suggesting a revision of the current rules. If the levels of maximum interest rate compensation were to be changed in line with the proposal, the amount of compensation that may be claimed by lenders would decrease. However, the proposal has since been sent to concerned parties for consultation and has been subject to much criticism. The proposal and the input received from consultation are currently being reviewed by the Swedish government. It is still unclear what the outcome of the review will be and if there will be any change to the rules on interest rate compensation.

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 and, in certain cases, in semi-detached or detached properties belonging to housing co-operatives subject to the Swedish Housing Co-Operatives Act, (*Sw. Bostadsrättslagen 1991:614*), as amended.

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

Mortgage Loans may not exceed 85 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, BBAB.

(c) **Mortgage Loan Amount**

Mortgage Loans up to SEK 10,000,000 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 BBAB. 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 meet with additional costs 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. The levels of these fees and how they correspond to regional rental levels may be indicative of potential financial difficulties.

(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 BBAB 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 Warehouser.

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

The original maturity of each Mortgage Loan is not less than 30 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 Warehouser, 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 been valued on behalf of the Mortgage Loan Seller or BBAB, as the case may be, within six months of the date that the Mortgage Loan was approved by the Mortgage Loan Seller or BBAB, as the case may be.

(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 Mortgage Loan Portfolio will be selected.

Table 1: Summary Data

Summary Data

Aggregate Principal Outstanding Balance	SEK 2,912,782,994
Average Principal Outstanding Balance	SEK 657,959
Maximum Principal Outstanding Balance	SEK 9,634,722
Weighted Average Seasoning	36.3 months
Weighted Average Remaining Term	426.0 months
Maximum Remaining Term	472.0 months

Table 2: Distribution of Mortgage Loans by Original Balance

Original loan size (SEK'000)	No. of Loans	Number %	Current Balance (SEK)	Current balance %
<= 200	509	11.5%	76,546,549	2.6%
> 200 and <= 300	510	11.5%	130,287,988	4.5%
> 300 and <= 400	525	11.9%	181,846,107	6.2%
> 400 and <= 500	499	11.3%	221,067,021	7.6%
> 500 and <= 750	981	22.2%	588,784,305	20.2%
> 750 and <= 1,000	575	13.0%	484,712,048	16.6%
> 1,000 and <= 1,500	524	11.8%	619,543,163	21.3%
> 1,500 and <= 2,000	196	4.4%	331,393,596	11.4%
> 2,000 and <= 2,500	66	1.5%	144,346,042	5.0%

Original loan size (SEK'000)	No. of Loans	Number %	Current Balance (SEK)	Current balance %
> 2,500 and <= 3,000.....	25	0.6%	65,859,264	2.3%
> 3,000 and <= 3,500.....	5	0.1%	15,371,365	0.5%
> 3,500 and <= 4,000.....	7	0.2%	25,722,709	0.9%
> 4,000 and <= 5,000.....	3	0.1%	12,286,116	0.4%
> 5,000	2	0.0%	15,016,722	0.5%
Total	4,427	100%	2,912,782,994	100%

Table 3: Distribution of Mortgage Loans by Current Balance

Current loan size (SEK'000)	No. of Loans	Number %	Current Balance (SEK)	Current balance %
<= 200.....	522	11.8%	78,445,776	2.7%
> 200 and <= 300.....	518	11.7%	134,101,137	4.6%
> 300 and <= 400.....	547	12.4%	192,218,291	6.6%
> 400 and <= 500.....	503	11.4%	227,013,973	7.8%
> 500 and <= 750.....	983	22.2%	600,810,162	20.6%
> 750 and <= 1,000.....	549	12.4%	472,306,059	16.2%
> 1,000 and <= 1,500.....	513	11.6%	615,660,611	21.1%
> 1,500 and <= 2,000.....	185	4.2%	315,611,377	10.8%
> 2,000 and <= 2,500.....	68	1.5%	149,492,885	5.1%
> 2,500 and <= 3,000.....	24	0.5%	64,716,211	2.2%
> 3,000 and <= 3,500.....	3	0.1%	9,380,965	0.3%
> 3,500 and <= 4,000.....	7	0.2%	25,722,709	0.9%
> 4,000 and <= 5,000.....	3	0.1%	12,286,116	0.4%
> 5,000	2	0.0%	15,016,722	0.5%
Total	4,427	100%	2,912,782,994	100%

Table 4: Distribution of Mortgage Loans by Current LTV

Current LTV (Loan level LTV)	No. of Loans	Number %	Current Balance (SEK)	Current balance %
<= 10%.....	66	1.5%	10,099,393	0.3%
> 10% and <= 20%	157	3.5%	32,693,385	1.1%
> 20% and <= 30%	205	4.6%	66,321,835	2.3%
> 30% and <= 40%	249	5.6%	84,976,493	2.9%
> 40% and <= 50%	239	5.4%	110,251,462	3.8%
> 50% and <= 60%	337	7.6%	195,823,648	6.7%
> 60% and <= 70%	608	13.7%	440,120,964	15.1%
> 70% and <= 80%	1,219	27.5%	901,911,743	31.0%
> 80% and <= 90%	1,347	30.4%	1,070,584,071	36.8%
> 90% and <= 100%	0	0.0%	0	0.0%
Total	4,427	100%	2,912,782,994	100%
Weighted average Current LTV	71.10%			
Maximum Current LTV	84.99 %			
Minimum Current LTV	0.08%			

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%.....	78	1.8%	18,165,796	0.6%
> 10% and <= 20%	178	4.0%	43,228,705	1.5%
> 20% and <= 30%	214	4.8%	72,380,706	2.5%
> 30% and <= 40%	264	6.0%	98,828,694	3.4%
> 40% and <= 50%	253	5.7%	125,685,551	4.3%
> 50% and <= 60%	332	7.5%	200,775,285	6.9%
> 60% and <= 70%	489	11.0%	368,610,158	12.7%
> 70% and <= 80%	1,132	25.6%	827,462,243	28.4%
> 80% and <= 90%	1,485	33.5%	1,156,332,248	39.7%

Original LTV (Loan level LTV)	No. of Loans	Number %	Current Balance (SEK)	Current balance %
> 90% and <= 100%	2	0.0%	1,313,608	0.0%
Total	4,427	100%	2,912,782,994	100%
Weighted average Original LTV	71.66%			
Maximum Original LTV	91.43%			
Minimum Original LTV	1.85 %			

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	0	0.0%	0	0.0%
> 240 and <= 300	113	2.1%	34,603,097	1.2%
> 300 and <= 360	888	16.1%	353,897,659	12.1%
> 360 and <= 420	1579	28.7%	708,059,501	24.3%
> 420 and <= 480	2919	53.1%	1,816,222,738	62.4%
Total	5,499	100%	2,912,782,994	100%
Weighted average remaining term	426.0 months			
Maximum remaining term	472.0 months			
Minimum remaining term	281.1 months			

Table 7: Distribution of Mortgage Loans by Seasoning

Seasoning (months since completion date)	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
<= 12	487	8.9%	279,575,705	9.6%
> 12 and <= 24	1,289	23.4%	799,109,241	27.4%
> 24 and <= 36	1,075	19.5%	617,973,267	21.2%
> 36 and <= 48	693	12.6%	350,792,025	12.0%
> 48 and <= 60	412	7.5%	207,893,156	7.1%
> 60 and <= 72	1,016	18.5%	431,275,238	14.8%
> 72 and <= 84	527	9.6%	226,164,362	7.8%
Total	5,499	100%	2,912,782,994	100%
Weighted average seasoning	36.3 months			
Maximum seasoning	79.0 months			
Minimum seasoning	8.0 months			

Table 8: Distribution of Mortgage Loans by Geographic Location

Geographical concentration	No. of Loans	Number %	Current Balance (SEK)	Current balance %
Blekinge	52	1.2%	28,068,691	1.0%
Dalarnas	149	3.4%	77,447,765	2.7%
Gävleborgs	167	3.8%	82,694,623	2.8%
Gotlands	31	0.7%	21,181,370	0.7%
Hallands	75	1.7%	55,642,053	1.9%
Jämtlands	60	1.4%	25,091,213	0.9%
Jönköpings	114	2.6%	59,804,746	2.1%
Kalmar	109	2.5%	49,150,509	1.7%
Kronobergs	60	1.4%	34,328,166	1.2%
Norrbottnens	85	1.9%	38,219,779	1.3%
Örebro	124	2.8%	66,669,283	2.3%
Östergötlands	140	3.2%	86,287,583	3.0%
Skåne	702	15.9%	433,862,989	14.9%
Södermanlands	103	2.3%	69,798,775	2.4%
Stockholms	1,173	26.5%	1,042,281,886	35.8%
Uppsala	196	4.4%	122,507,629	4.2%
Värmlands	181	4.1%	86,703,978	3.0%
Västerbottens	75	1.7%	37,558,005	1.3%
Västernorrlands	131	3.0%	57,176,475	2.0%
Västmanlands	135	3.0%	77,285,691	2.7%

Geographical concentration	No. of Loans	Number %	Current Balance (SEK)	Current balance %
Västra Götalands.....	565	12.8%	361,021,787	12.4%
Total	4,427	100%	2,912,782,994	100%

Table 9: Distribution of Mortgage Loans by Status

Distribution of mortgage loans by status	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Fully Amortising.....	5,375	97.7%	2,838,004,716	97.4%
Interest Only	124	2.3%	74,778,278	2.6%
Total	5,499	100%	2,912,782,994	100%

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	190	3.5%	115,529,826	4.0%
Fixed 3 Year	3968	72.2%	2,186,050,709	75.1%
Fixed 5 Year	526	9.6%	240,098,051	8.2%
SVR (BVR 1).....	489	8.9%	219,734,408	7.5%
SVR (BVR 2).....	326	5.9%	151,370,000	5.2%
Total	5,499	100%	2,912,782,994	100%

Table 11: Distribution of Mortgage Loans by Type of Property

Property Type	No. of Loans	Number %	Current Balance (SEK)	Current balance %
Villa	2,706	61.1%	1,859,943,667	63.9%
Bostadsträtt	1,721	38.9%	1,052,839,327	36.1%
Total	4,427	100%	2,912,782,994	100%

Table 12: Distribution of Mortgage Loans by Purpose

Loan purpose	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Purchase.....	1,229	22.3%	972,788,444	33.4%
Remortgage.....	4,270	77.7%	1,939,994,550	66.6%
Total	5,499	100%	2,912,782,994	100%

Table 13: Distribution of Mortgage Loans by Months in arrears

Months in arrears	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
0	5,499	100.0%	2,912,782,994	100.0%
Total	5,499	100%	2,912,782,994	100%

Table 14: Distribution of Mortgage Loans by Income Certification

Income Certification	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
Certified	3,518	64.0%	1,781,113,882	61.1%
Self Certified.....	1,981	36.0%	1,131,669,113	38.9%
Total	5,499	100%	2,912,782,994	100%

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	5499	100.0%	2,912,782,994	100.0%
Loans where other entity has prior ranking charge	0	0.0%	0	0.0%
Total	5,499	100%	2,912,782,994	100%

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)	Total
<= 2%	0	0	0	0	0	0
>2% and <= 4%	0	5,417,056	991,700	35,276,615	0	41,685,371
>4% and <= 6%	8,305,754	675,528,400	66,923,663	154,784,697	119,998,171	1,025,540,685
>6% and <= 8%	90,492,110	877,113,138	114,678,348	21,632,364	18,209,100	1,122,125,060
>8% and <= 10%	13,897,267	509,401,707	48,148,467	8,040,732	9,817,438	589,305,611
>10% and <= 12%	2,446,862	111,808,764	8,788,804	0	3,345,291	126,389,721
>12%	387,833	6,781,644	567,069	0	0	7,736,546
Total	115,529,826	2,186,050,709	240,098,051	219,734,408	151,370,000	2,912,782,994
Weighted average interest rate	6.92%					
Maximum interest rate	12.95%					
Minimum interest rate	3.19%					

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)	Total
<= 2%	0	0	0	0	0	0
>2% and <= 4%	0	17	5	78	0	100
>4% and <= 6%	14	1,345	156	343	259	2,117
>6% and <= 8%	138	1,261	211	51	31	1,692
>8% and <= 10%	32	942	116	17	24	1,131
>10% and <= 12%	5	359	35	0	12	411
>12%	1	44	3	0	0	48
Total	190	3,968	526	489	326	5,499

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)	9	0.2%	2,992,872	0.1%
Fixed 1 year -> SVR (BVR2)	181	3.3%	112,536,954	3.9%
Fixed 3 year -> SVR (BVR1)	464	8.4%	194,792,589	6.7%
Fixed 3 year -> SVR (BVR2)	3,504	63.7%	1,991,258,120	68.4%
Fixed 5 year -> SVR (BVR1)	106	1.9%	32,048,536	1.1%
Fixed 5 year -> SVR (BVR2)	420	7.6%	208,049,515	7.1%

Distribution of mortgage loans by potential reversionary variable interest type	No. of Loan parts	Number %	Current Balance (SEK)	Current balance %
SVR (BVR1) -> SVR (BVR1)	489	8.9%	219,734,408	7.5%
SVR (BVR2) -> SVR (BVR2)	326	5.9%	151,370,000	5.2%
Total	5,499	100%	2,912,782,994	100%

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 H1 2013 (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 (inc. 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 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 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 (inc. 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%	-2.9%	-2.7%
2008	40	-9.7%	-6.0%	-5.6%
2009	144	-22.5%	-19.2%	-16.6%
2010	137	-24.3%	-21.4%	-18.1%
2011	139	-24.5%	-22.8%	-20.0%
2012	112	-28.4%	-27.6%	-24.1%
H1 2013	68	-27.6%	-27.6%	-23.5%

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 at the beginning of such period.

"*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	2.05%	1.07%
Mar-06	2.55%	0.95%
Jun-06	1.78%	1.02%
Sep-06	3.47%	1.01%
Dec-06	3.40%	1.24%
Mar-07	4.72%	1.38%
Jun-07	4.83%	1.68%
Sep-07	5.87%	1.85%
Dec-07	6.97%	2.43%
Mar-08	7.45%	3.03%
Jun-08	8.81%	3.23%
Sep-08	8.46%	4.05%
Dec-08	10.92%	4.96%
Mar-09	12.44%	5.90%
Jun-09	11.19%	5.75%
Sep-09	9.84%	4.93%
Dec-09	9.72%	4.59%
Mar-10	9.77%	4.46%
Jun-10	9.03%	4.05%
Sep-10	8.35%	3.98%
Dec-10	8.41%	3.17%
Mar-11	8.22%	2.77%
Jun-11	8.40%	3.33%
Sep-11	8.46%	3.59%
Dec-11	8.36%	3.29%
Mar-12	7.77%	3.31%
Jun-12	8.19%	3.04%
Sep-12	8.18%	3.46%
Dec-12	8.59%	3.28%
Mar-13	8.37%	3.36%
Jun-13	7.69%	3.29%

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 = Volume 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%	

Month	Monthly Amortisation Rate (annualised)	3m Moving Avg of Monthly Amortisation Rates	12m Moving Avg of Monthly Amortisation Rates	Annual Avg Amortisation Rate
Oct-06	19.05%	15.01%	15.64%	18.38%
Nov-06	23.79%	18.18%	17.39%	
Dec-06	17.62%	20.15%	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%	20.95%
Nov-07	24.22%	23.04%	21.33%	
Dec-07	13.10%	21.35%	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%	22.13%
Oct-08	18.35%	20.03%	22.40%	
Nov-08	16.86%	17.88%	21.79%	
Dec-08	17.18%	17.46%	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%	21.30%
Dec-09	14.94%	17.79%	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%	19.93%
Nov-10	20.77%	20.39%	19.65%	
Dec-10	18.39%	19.85%	19.93%	
Jan-11	16.19%	18.45%	19.95%	
Feb-11	21.76%	18.78%	20.07%	
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%	16.82%
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%	
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%	

Month	Monthly Amortisation Rate (annualised)	3m Moving Avg of Monthly Amortisation Rates	12m Moving Avg of Monthly Amortisation Rates	Annual Avg Amortisation Rate
Sep-12	12.42%	12.81%	14.82%	14.90%
Oct-12	17.54%	15.00%	14.86%	
Nov-12	17.97%	15.98%	14.99%	
Dec-12	13.44%	16.32%	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%	

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 either been lent by the Warehouser as primary lender (following the introduction of the relevant Borrower to the Warehouser by BBAB or the Mortgage Loan Seller as the originating entities) or previously purchased by the Warehouser from other warehouse companies, such companies being subsidiaries of Bluestep Finance Holdings Limited ("**BFHL**"). BFHL is a private limited liability company incorporated under the laws of Jersey and having its registered office at 47 Esplanade, St Helier, Jersey, JE1 0BD and was established for the purpose of acquiring the entire issued share capital of certain warehouse vehicles and other special purpose companies. The issued share capital of BFHL is held by a share trustee on trust for certain charitable purposes in accordance with the terms a share trust deed dated 15 February 2005.

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 certain Mortgage Loans (the "**BFFAB Mortgage Loans**") from the Warehouser at the Aggregate Principal Outstanding Balance of the BFFAB Mortgage Loans as at 31 October 2013 (the "**BFFAB Loan Purchase Price**") and (b) to sell to the Issuer the Mortgage Loan Portfolio (including such BFFAB Mortgage Loans), and the Issuer will agree to purchase the Mortgage Loan Portfolio at the Aggregate Principal Outstanding Balance of the Mortgage Loan Portfolio as at 31 October 2013 (the "**Mortgage Loan Purchase Price**"). The benefit of the security provided under the Mortgage Loans in the Mortgage Loan Portfolio will transfer to the Issuer upon the Issuer's purchase of the 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 enforceable in accordance with its terms and applicable law.
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.

4. No registration or other action is required to perfect or create the 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 Land Registry (*Sw. Lantmäteriverket*) 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.
6. Searches of the 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) BBAB'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 been valued on behalf of either the Mortgage Loan Seller or BBAB.
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) BBAB, 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, BBAB 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 BBAB 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 located 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, BBAB).
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 BBAB 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, BBAB).
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 and are occupied by the relevant Borrower.
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.

If any of the Loan Warranties proves to have been untrue at the Closing Date, the Issuer or, so long as Cerdo Bankpartner AB remains as Servicer, the Servicer (in accordance with the Mortgage Loan Servicing Agreement) 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 repurchase 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 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; (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; (c) an amount equal to the interest on the Principal Outstanding Balance of the relevant Retired Mortgage Loan from the date of repurchase 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, 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, 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 on the Closing Date; 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 on the Closing Date; 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.

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) 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 (Sw. *Kronofogdemyndigheten*) of a Collateral that has not resulted in the sale of such Collateral.

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. Note, however, that the Issuer has not participated in the preparation of that information nor made any enquiry with respect to that information. Neither Barclays Bank PLC nor Natixis 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 (*Sw. Finansinspektionen*) 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. At present, loans with short-term interest reset dates tend to be the most commonly originated. 65 per cent. of new loans originated in 2011 by the eight largest banks in Sweden were interest-only loans and for repayment loans the average repayment period was 70 years (Source: Swedish FSA).

The Swedish Consumer Credit Act (*Sw. Konsumentkreditlag (2010:1846)*) 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 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 2,223 billion as at December 2012 (source: Statistics Sweden) (EUR 261 billion at an exchange rate of EUR 1 = SEK 8.5).

The Swedish mortgage market is dominated by banks and their housing mortgage divisions. As at 31 December 2011 banks held a market share for residential mortgages of approximately 87 per cent. The relative market share is outlined in the table below.

Market share for Swedish residential mortgage institutions as at 31 December 2011

<i>Institution</i>	<i>% share</i>
Swedbank Hypotek	26
Stadshypotek (Handelsbanken)	24
Nordea Hypotek	15

SEB	15
SBAB	7
Others (including Bluestep Finans AB)	13
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 2012:

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	538

Source: Statistics Sweden

REGULATORY FRAMEWORK

Swedish mortgage lenders are normally established as limited liability companies under the Swedish Companies Act (*Sw. Aktiebolagslagen (2005:551)*). Licensed as credit market companies (*Sw. Kreditmarknadsbolag*) or banks, each mortgage lender operates under the Banking and Financing Act (*Sw. Lag (2004:297) om bank- och finansieringsrörelse*) and is licensed by and subject to the supervision of the Swedish FSA. Bluestep Finans AB is licensed as a credit market company.

To obtain a licence, a credit market company 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.

Through 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. In the case of fixed rate loans, lenders may levy a compensatory charge for early termination of the fixed rate loan. The maximum amount that may be charged equals the difference between the interest on the loan and the interest on (i) Swedish treasury bills with a term comparable to the remaining fixed interest period, plus one percentage point, where the period for which the compensation is to be paid is less than one year; or (ii) Swedish treasury bonds with a maturity comparable to the remaining fixed interest period, plus one percentage point, where the payment period is equal to or greater than one year.² Variable rate loans may be prepaid, in part or in full, without incurring any such charge.

Creating a Security Interest

Pantbrev

The Swedish Land Code (*Sw. Jordabalken (1970:994)*), 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 (*Sw. Inskrivningsmyndigheten*) and are registered in the National Real Property Register (*Sw. Fastighetsregistret*) kept by the Swedish Land Authority (*Sw. Lantmäteriverket*) (the "**Land Registry**"). 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 Land Registry after having purchased the property.

The priority of a specific Pantbrev is ranked based on the date of application to the 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 Land Registry (in the case of a Datapantbrev).

² These rules and the maximum level of such interest rate compensation (*ränteskillnadsersättning*) are currently under review by the Swedish government and may be subject to change. In June 2013, the Swedish government was presented with a report suggesting a revision of the current rules. If the levels of maximum interest rate compensation were to be changed in line with the proposal, the amount of compensation that may be claimed by lenders would decrease. However, the proposal has since been sent to concerned parties for consultation and has been subject to much criticism. The proposal and the input received from consultation are currently being reviewed by the Swedish government. It is still unclear what the outcome of the review will be and if there will be any change to the rules on interest rate compensation.

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 *Kronofogdemyndigheten* (the "**Swedish Enforcement Authority**") (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 (*Sw. Bostadsrättslag* (1991:614)), 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;³ 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.

Enforcement of the Security

Enforcement outside bankruptcy - the Swedish Enforcement Authority

The Swedish Enforcement Authority (Sw. *Kronofogdemyndigheten*) 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);

³ The lender's right to accelerate consumer credits due to decreasing value of lodged security is currently under review by the Swedish government and such right may be adjusted.

- (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

Cerdo Bankpartner AB

Cerdo Bankpartner AB will be appointed by the Issuer as Servicer of the Mortgage Loan Portfolio pursuant to the Mortgage Loan Servicing Agreement and will be responsible for certain mortgage loan settlement and related administration services as set out in such agreement.

Cerdo Bankpartner AB, a private limited liability company (*privat aktiebolag*) with corporate reg. No. 556552-3585, incorporated under the laws of Sweden, having its registered office at Box 663, SE-251 06, Helsingborg, Sweden, was formed in 2001 by the merger of the administrative units of Sparbanken Finn and Sparbanken Gripen with the jointly owned companies Frispar Service AB and Frispar IT AB. Cerdo Bankpartner AB is presently owned by Sparbanken Öresund (80 per cent.) and Sparbanken Syd (20 per cent.).

Cerdo Bankpartner AB has, as at the date of this Prospectus, 120 employees and provides administration services for more than 50,000 borrowers.

Cerdo Bankpartner AB offers administrative services and IT expertise for banks and other businesses. Cerdo Bankpartner AB works with the leading operators in the Swedish banking market in areas such as payment flows, card processing and IT solutions.

The registered office and principal place of business of Cerdo Bankpartner AB is at Rönnowsgatan 8, 251 06 Helsingborg, Sweden.

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 (*Sw. pantbrev*) 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 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 Land Registry (*Sw. Lantmäteriverket*) 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 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;
- (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 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 cancellation 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 and the Ancillary Mortgage Rights 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 and the Ancillary Mortgage Rights, the following actions will be taken by the Servicer:
 - (i) to send the appropriate application for the enforcement to the Swedish Enforcement Authority (*Sw. Kronofogdemyndigheten*);
 - (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 credit all amounts received from such sale 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 apply all and any amounts received 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; 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 in respect of the BVR 2 Variable Mortgage Loans; plus

in the case of both (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 previously 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 Portfolio to Standard Variable Mortgage Loans pursuant to the terms of the Mortgage Loan Servicing Agreement (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 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 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 Barclays Bank PLC and Bluestep Finans AB 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 67 months after the Closing Date or (B) the date falling 6 months after a Back Swap Termination Event.

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 the expiry of the then Fixed Rate Period in respect of any Fixed Rate Mortgage Loan, 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 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 on the immediately following Quarterly Reset Date in respect of such Fixed Rate Mortgage Loan 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 the expiry 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 2.50 per cent. and the Bluestep Reference Rate applicable to such Mortgage Loan on such date;
- (d) Ensure that at all times on or prior to the Variable Reference Rate Conversion Date, 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 Portfolio to Standard Variable Mortgage Loans.

"Minimum Floating Weighted Average Margin Test" means, on any date on or prior to the Variable Reference Rate Conversion 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 3.75 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.

Conversion to Fixed Rate Mortgage Loans

The Servicer may (if a Borrower so requests) agree that a Standard Variable Mortgage Loan may on any Quarterly Payment Date 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) above and further provided that (unless the Interest Rate Swap Provider consents otherwise) the aggregate Principal Outstanding Balance of all Fixed Rate Mortgage Loans in the Mortgage Portfolio at such time does not exceed the

aggregate Principal Outstanding Balance of Fixed Rate Mortgage Loans contemplated to be in the Mortgage Portfolio pursuant to the expected run-off profile contained in the Mortgage Loan Servicing Agreement.

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 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.

Further Advances

The Issuer may not make any Further Advances to the Borrowers. The Mortgage Loan Seller may (but is not obliged to) make a Further Advance to the Borrower (provided that for 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 Mortgage Loan). 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 Mortgage Loan. As a result, all Further Advances will be subordinated to the Issuers pledge in the relevant Collateral.

A "**Further Advance**", for the purposes of this Prospectus, is one, or more, additional mortgage loans granted to a Borrower after 31 October 2013.

Servicing Fee

The Servicer will, on each Interest Payment Date (or in respect of the first payment, on the Closing Date), be paid a servicing fee quarterly in advance by the Issuer in the amount 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 (or, in respect of the first payment, the Aggregate Principal Outstanding Balance on 1 November 2013 of all Mortgage Loans included in the original Mortgage Loan Portfolio); and (b) then multiplying the amount so calculated in paragraph (a) above by: (x) the number of days to elapse until the next servicing fee 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 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.

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 terminate the Servicer's appointment and appoint a successor 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 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 as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) 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 Issuer (or, following the delivery of an Enforcement Notice, 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 Issuer (or, following the delivery of an Enforcement Notice, 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, following the delivery of an Enforcement Notice, 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 as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or (following the delivery of an Enforcement Notice), the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors, 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, by delivery of a notice in accordance with the Second Standby Servicing Agreement, appoint the Second Standby Servicer as new Servicer; or (iii) if the Standby Servicer or the Second Standby Servicer is not appointed under the Standby Servicing Agreement or the Second 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.

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 (as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) 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. Upon the occurrence of a Servicer Termination Event or if the appointment of the Servicer under the Mortgage Loan Servicing Agreement is terminated for any other reason in accordance with the Mortgage Loan Servicing Agreement, then as soon as reasonably practicable and in no event later than 45 (forty five) days after the receipt of a written notice from the Issuer (sent with the consent of the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or following the delivery of an Enforcement Notice, the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors 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.

Second Standby Servicer

The Issuer and the Trustee have appointed the Second Standby Servicer pursuant to the Second Standby Servicing Agreement.

If, for whatever reason, (i) the appointment of the then acting Servicer (which may be the Servicer or the Standby Servicer) under the Mortgage Loan Servicing Agreement is terminated and (ii) the Standby Servicing Agreement has been terminated prior thereto (or is no longer in effect as a result of the Standby Servicer having been appointed as Servicer) or a termination event in respect of the Standby Servicer is continuing at such time, then as soon as reasonably practicable and in no event later than seventy-five (75) days (the "**Relevant Time**") after the receipt of a written notice from the Issuer (sent with the consent of the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or following the delivery of an Enforcement Notice, the Trustee as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors of the termination of such appointment, the Second Standby Servicer shall on the terms and subject to the conditions of the Second Standby Servicing Agreement, (A) perform the services as set forth in the Mortgage Loan Servicing Agreement, (B) 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 (C) otherwise comply with the Mortgage Loan Servicing Agreement in its capacity as the new Servicer as if it were the Servicer under such agreement.

On receipt by the Second Standby Servicer of written notice from the Issuer or the Trustee, as applicable, to the effect that the Standby Servicing Agreement has been terminated (or is no longer in effect as a result of the Standby Servicer having been appointed as Servicer) or that a termination event in respect of the Standby Servicer has occurred and is continuing, then the Relevant Time in relation to the Second Standby Servicer (i) performing the services set forth in the Mortgage Loan Servicing Agreement, (ii) assuming the rights and obligations of the Servicer and (iii) otherwise complying with the Mortgage Loan Servicing Agreement in its capacity as the new Servicer shall, on the expiry of forty-five (45) days from the date of such notice, be thirty (30) days instead of seventy-five (75) days.

Noteholder Instructions

If the Trustee is required to take any actions or give any directions under the Mortgage Loan Servicing Agreement, Standby Servicing Agreement or Second Standby Servicing Agreement (as applicable) pursuant to the provisions thereof (including, but not limited to, determining whether to serve a Servicer Termination Notice), the Trustee shall seek directions by: (a) an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in this regard or a direction 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 then outstanding; or (b) if no Notes remain outstanding, the Secured Creditors, and shall not be responsible or liable for any delays in taking action occasioned by so doing.

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.

SECOND STANDBY SERVICER

Emric Finance Process Outsourcing AB, a private limited liability company (*privat aktiebolag*) with corporate Reg. No. 556570-6958, incorporated under the laws of Sweden, has its registered office at Kungsbron 2, 111 22 Stockholm, Sweden. Emric Finance Process Outsourcing AB offer banks and creditors enterprise competence, outsourcing and system support in respect of the various steps during the credit process. Emric Finance Process Outsourcing AB will act as Second Standby Servicer pursuant to the Second Standby Servicing Agreement.

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 Class A Notes and senior costs and expenses of the Issuer (including Issuer Expenses).
- Any balances of the General Reserve Account 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. The General Reserve Account will earn interest from the Issuer Accounts Bank at the Issuer Accounts Rate.
- Prior to the delivery of an Enforcement Notice, a Payment Shortfall on any Interest Payment Date may be funded (to the extent available) from Available Principal Distribution Amount.
- The payments of interest and principal on the Classes of Notes will be in Sequential Order and interest payments on the Class Z Notes will be deferred where the Issuer has insufficient proceeds.
- Principal Losses allocable to the Classes of Notes in reverse Sequential Order in the Principal Deficiency Ledger.
- The Issuer GIC Account earns interest at the Issuer Accounts Rate.
- A Subordinated Loan Facility is provided by the Subordinated Loan Facility Provider to fund the General 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.
- Prior to the Step-Up Date, excess Available Interest Distribution Amount, following payment of interest on the Class Z Notes, will be applied as Available Principal Distribution Amount in order to make principal payments on the Class A Notes.
- On and following the Step-Up Date, any 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 Class A 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 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 Aa 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 Aa Notes and (iii) the Euro proceeds of the issuance of the Class Aa 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 (l) 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 (i) of the Pre-Enforcement Interest Payments Priorities, such excess is available to replenish and increase the General Reserve Account up to and including an amount equal to the Reserve Fund Required Amount.

Liquidity and Credit Support provided by the General Reserve Account

The Issuer will, on the Closing Date, open and maintain the General Reserve Account denominated in SEK with the Issuer Accounts Bank, under the Issuer Accounts Agreement. The General Reserve Account will be funded on the Closing Date in the amount of 3.00 per cent. of the Principal Outstanding Balance of the Notes on the Closing Date from part of the proceeds of the Subordinated Loan Facility Agreement and thereafter shall be increased and replenished to the 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 Account in the Payments Priorities) until the balance reaches the Reserve Fund Required Amount.

The General 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 Account 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. The General Reserve Account will earn interest from the Issuer Accounts Bank at the Issuer Accounts Rate.

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 on such Interest Payment Date.

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), in accordance with the relevant Payments Priorities.

Any shortfall in payments of interest on the Class Z 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 the Class Z Notes will be increased to take account of any deferral of such amounts for such Class Z 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 the Class Z Notes, then the relevant Class Z Noteholders may not receive all interest amounts.

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 General 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 two 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 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 and then the Class Z Principal Deficiency Sub-Ledger.

Issuer GIC Account

Pursuant to the Issuer Accounts Agreement, the Issuer Accounts Bank will pay interest on funds in the Issuer GIC Account at the Issuer Accounts Rate.

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 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.

"Issuer Accounts Rate" means NSSI minus 0.05 per cent per annum.

"Minimum Required Rating" means in respect of the Issuer Accounts Bank or the Swap Collateral Accounts Bank, that its long term, unsecured and unsubordinated debt or counterparty obligations are rated at least: (1) A by S&P (if its short term, unsecured, unguaranteed and unsubordinated debt obligations are also rated at least as high as A-1 by S&P) or (2) A+ by S&P (if its short term, unsecured, unguaranteed and unsubordinated debt obligations are not rated or are rated below A-1 by S&P) (or such other short term or long term rating by the Rating Agency which the Rating Agency (at its discretion) confirms as sufficient in order to maintain the then current rating of the Class A Notes).

"NSSI" means the Issuer Account Bank's reference rate applied to deposits from corporate customers which is based on and correlated to one-week STIBOR.

"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 75,000,000 to be used to fund the General Reserve Account on the Closing Date, an amount of SEK 15,000,000 to be deposited in the Expenses Account on the Closing Date and the amount (if any) necessary to fund any Note Proceeds Excess Amount.

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 Aa 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

Prior to the Step-Up Date, excess Available Interest Distribution Amount, following payment of interest on the Class Z Notes, will be applied as Available Principal Distribution Amount in order to make principal payments on the Class A Notes. 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 Class A 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 Class A 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 Class A 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 Aa 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 Aa 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 Aa 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 Aa 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 Aa 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 Aa Notes, the Currency Swap Agreement will provide that, as and when the Class Aa 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 Aa 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 Aa Notes.

On the Final Maturity Date of the Class Aa Notes or, if earlier, the date on which such Class Aa 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 Aa 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 Aa 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 the Rating Agency 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 Rating Agency or procuring another entity with the rating required by the 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 following such action will be rated no lower than the Class A 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 on the Step-Up Date pursuant to Condition 9.3(b) (*Optional Redemption in whole*));
- (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 is amended (in any case, other than in accordance with the Cash Management Agreement and/or the English Deed of Charge, as the case may be, or 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; and
- (h) if any Transaction Document is amended without each Swap Provider's prior written consent, in such a manner that the relevant 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. 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).

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 the Class A Notes (in the case of the Interest Rate Swap Agreement), and (ii) *pari passu* not only with payment of interest due to the holders of the Class Aa Notes but also with payments of interest due to the holders of the Class Ab Notes which rank *pari passu* to the Class Aa 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 Agency (as set out in the relevant Swap Agreement) are complied with or the Rating Agency confirms that such transfer or novation will not have an adverse effect on the then current ratings of the Class A 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. Any cash credited to the Swap Collateral Account may be invested by the Cash Manager, in accordance with the terms of the relevant Swap Agreement, the Swap Collateral Accounts Bank Agreement and the Cash Management Agreement, in authorised collateral investments (which includes money market funds). 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 Aa 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 Aa 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, as of the date of this Prospectus The Bank of New York Mellon, London Branch. 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, 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 15,000,000 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; and
- (b) in or towards *pari passu* on a *pro rata* basis of 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 Aa 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 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 Agency fees and fees payable to any tax advisor);
- (g) any advertising, publication, communication and printing expenses including postage, telephone and telex charges;

- (h) prior to the service of an Enforcement Notice by the Trustee on the Issuer, 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.

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 Aa Notes);
- (d) the amount standing to the credit of the General Reserve Account 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 used to make up a Payment Shortfall;
- (i) on each Interest Payment Date, any amounts of Available Principal Distribution Amount applied as a credit to the Revenue Surplus Ledger;
- (j) 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;
- (k) 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); and
- (l) any Swap Collateral Account Surplus transferred to the Issuer GIC Account in accordance with the Swap Collateral Account Priority of Payments.

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 Aa 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 and (iv) amounts equivalent to any Incorrect Payments that have been repaid to the Mortgage Loan Seller (the "**Expenses Account Ledger**").

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 Class A 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 (j) (inclusive) of the Pre-Enforcement Interest Payments Priorities; or
- (b) prior to the Step-Up Date, under items (a) to (l) (inclusive) of the Pre-Enforcement Interest Payments Priorities.

"**Revenue Surplus Required Amount**" means:

- (a) for so long as the Class A Notes are outstanding on such date the lower of (x) the SEK Equivalent Principal Amount Outstanding of the Class A Notes (taking into account any repayment of such Class A Notes on such date) and (y) the Revenue Surplus; or
- (b) if no Class A 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)(ix) 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 General Reserve Account, the Expenses 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 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 General Reserve Account, the Expenses 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 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 General Reserve Account, the Expenses 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 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 General Reserve Account, the Expenses 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 Issuer Profit Ledger and the Swap Collateral Ledger; and
- (e) verifying and delivering the Monthly Report to the Issuer, the Trustee (if requested), the Rating Agency 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 Issuer (prior to the delivery of an Enforcement Notice) or the Trustee (following the delivery of an Enforcement Notice), 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 Issuer (prior to the delivery of an Enforcement Notice) or the Trustee (following the delivery of an Enforcement Notice), 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 following the delivery of an Enforcement Notice) 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) as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors) or (following the delivery of an Enforcement Notice) the Trustee (as instructed by the Noteholders or, if no Notes remain outstanding, the Secured Creditors), 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.

Noteholder Instructions

If the Trustee is required to take any actions or give any directions under the Cash Management Agreement or Replacement Cash Management Agreement pursuant to the provisions thereof (including, but not limited to, determining whether to serve a Cash Manager Termination Notice), the Trustee shall seek directions by: (a) an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding in this regard or a direction 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 then outstanding; or (b) if no Notes remain outstanding, the Secured Creditors, and shall not be responsible or liable for any delays in taking action occasioned by so doing.

APPLICATION OF AVAILABLE INTEREST DISTRIBUTION AMOUNT PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

On each Interest Payment Date prior to the service of a 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 (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 and the Paying Agents in accordance with the terms of the Agency 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 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 Liabilities due and payable by the Issuer to the Swap Collateral Accounts Bank in accordance with the terms of the Swap Collateral Accounts Bank 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 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;
 - (iv) 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;
 - (v) 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;
 - (vi) 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;

- (vii) all fees and any Liabilities properly and reasonably incurred by the Second Standby Servicer in the performance of the Second Standby Servicer's functions under the Second 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;
- (viii) 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
- (ix) 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 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 Aa 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 Aa Notes payable in accordance with the Pre-Enforcement Principal Payments Priorities; and
 - (ii) interest due and payable on the Class Ab 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 to the General Reserve Account up to the Reserve Fund Required Amount;
- (j) *tenth*, in or towards reduction of the debit balance on the Class Z Principal Deficiency Sub-Ledger to zero;
- (k) *eleventh*, on and following the Step-Up Date, if the Class A 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);
- (l) *twelfth*, in or towards payment of interest due and payable on the Class Z Notes (including and Deferred Interest and Additional Interest thereon);
- (m) *thirteenth*, prior to the Step-Up Date, 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);
- (n) *fourteenth*, *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; and

- (o) *fifteenth*, 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);
- (p) *sixteenth*, 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
- (q) *seventeenth*, 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*, in or towards repayment, *pro rata* and *pari passu* of:
 - (i) the amounts in respect of principal due and payable on the Class Aa Notes to the Currency Swap Provider (excluding Subordinated Termination Amounts) under the Currency Swap Agreement; and
 - (ii) Principal Amount Outstanding on the Class Ab Notes,in each case until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
- (c) *thirdly*, 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);
- (d) *fourthly*, in or towards payment on a *pari passu* and *pro rata* basis the Principal Amount Outstanding of the Class Z Notes; and
- (e) *fifthly*, 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), 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 *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;
- (b) *second*, in or towards payment of all fees and Liabilities due and payable by the Issuer to the Agent Bank, the Registrar and the Paying Agents in accordance with the terms of the Agency 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;
- (c) *third*, 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 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 Liabilities due and payable by the Issuer to the Swap Collateral Accounts Bank in accordance with the terms of the Swap Collateral Accounts Bank 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 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;

- (iv) 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;
 - (v) 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;
 - (vi) 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;
 - (vii) all fees and any Liabilities properly and reasonably incurred by the Second Standby Servicer in the performance of the Second Standby Servicer's functions under the Second 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; and
 - (viii) 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;
- (d) *fourth*, 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);
 - (e) *fifth, pro rata and pari passu* according to the respective outstanding amounts thereof: (i) interest due and payable on the Class Aa Notes (to the extent not paid from amounts referred to in (e)(iii) below); (ii) interest due and payable on the Class Ab Notes; and (iii) amounts due to the Currency Swap Provider in relation to the Currency Swap relating to interest on the Class Aa 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);
 - (f) *sixth, pro rata and pari passu* according to the respective outstanding amounts thereof: (i) principal due and payable on the Class Aa Notes (to the extent not paid from amounts referred to in (f)(iii) below); (ii) principal due and payable on the Class Ab Notes; and (iii) amounts due to the Currency Swap Provider in relation to the Currency Swap relating to principal on the Class Aa Notes, in each case until the Principal Amount Outstanding on the Class A Notes has been reduced to zero;
 - (g) *seventh*, 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;
 - (h) *eighth*, 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;
 - (i) *ninth*, in or towards for repayment of any amount due and payable under the Subordinated Loan Facility Agreement;

- (j) *tenth, 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
- (k) *eleventh*, 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, the Second 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

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the "**Group**") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated A by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2012, the Group had total assets of £1,490,747 million (2011: £1,563,402 million), total net loans and advances¹ of £466,627 million (2011: £478,726 million), total deposits² of £462,806 million (2011: £457,161 million), and total shareholders' equity of £62,894 million (2011: £65,170 million) (including non-controlling interests of £2,856 million (2011: £3,092 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2012 was £99 million (2011: £5,974 million) after credit impairment charges and other provisions of £3,596 million (2011: £3,802 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays Bank PLC for the year ended 31 December 2012.

Based on the Group's unaudited financial information for the six months ended 30 June 2013, the Group had total assets of £1,533 billion, total net loans and advances⁴ of £516,949 million, total deposits⁵ of £538,624 million, and total shareholders' equity of £59,394 million (including non-controlling interests of £2,620 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2013 was £1,648 million after credit impairment charges and other provisions of £1,631 million. The financial information in this paragraph is extracted from the unaudited Interim Results Announcement of Barclays Bank PLC for the six months ended 30 June 2013.

⁴ Total net loans and advances include balances relating to both bank and customer accounts

⁵ Total deposits include deposits from bank and customer accounts

ISSUER ACCOUNTS BANK

The Nordea Group (Nordea Bank (as defined below) and its subsidiaries, the "**Nordea Group**") is the largest financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) measured by total income, with additional operations in Poland, Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations. The three main subsidiaries of Nordea Bank are Nordea Bank Danmark A/S, Nordea Bank Finland Plc and Nordea Bank Norge ASA.

Nordea Group's parent company Nordea Bank AB (publ) ("**Nordea Bank**"), is a public Swedish limited liability company with registration no. 516406-0120 incorporated under Swedish law. Nordea Bank's registered office is located at Smålandsgatan 17, SE-105 71, Stockholm, Sweden. The Nordea Group was created through international mergers among four large Nordic financial institutions which gradually resulted in the creation of a single unit. Nordea's predecessors were Nordea Bank Sverige AB (publ) (formerly Nordbanken AB (publ)) in Sweden ("**Nordea Bank Sverige**"), which, on 1 March 2004, merged with the Group's parent company and underwent a change of name to Nordea Bank AB (publ).

As at 31 December 2012, Nordea Group's assets totalled EUR 677 billion. As of the same date, Nordea Group had approximately 11 million customers across the markets in which it operates, of which approximately 3.2 million are gold and private banking customers and 0.6 million are active corporate customers.

As of 31 December 2012, Nordea Bank's issued share capital amounted to EUR 4,049,951,919 consisting of 4,049,951,919 ordinary shares with a nominal value of EUR 1.00.

Based on unaudited financial information for the six months ended 30 June 2013, Nordea Group's assets totalled EUR 621 billion. Nordea Bank's issued share capital remains EUR 4,049,951,919 consisting of 4,049,951,919 ordinary shares with a nominal value of EUR 1.00.

As of 30 June 2013, Nordea Bank's long-term senior debt has been assigned a rating of AA – (negative outlook as of 20 November 2012) by Standard & Poor's Financial Services LLC, Aa3 by Moody's Investors Services Limited ("**Moody's**") and AA- by Fitch Ratings Ltd. ("**Fitch**").

Nordea Bank is subject to the Swedish Companies Act (2005:551) and is licensed to conduct banking operations in accordance with the Swedish Banking and Finance Business Act (2004:297). Nordea Bank is supervised by the Swedish Financial Supervisory Authority (*Finansinspektionen*).

As of the date of this Prospectus, each of Fitch and Moody's is a credit rating agency established in the European Union and is registered under the CRA Regulations.

STANDBY CASH MANAGER AND SWAP COLLATERAL ACCOUNTS BANK

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 One Wall 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 34 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 \$23 trillion in assets under custody and administration and more than \$1.1 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**").

The Global Notes will be registered in the name of a nominee for the Common Depositary. The Issuer will procure the Registrar to maintain a register in which it will register the nominee for the Common Depositary, as applicable, as the owner of the Global Notes.

Upon confirmation by the Common Depositary that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record book-entry interests representing beneficial interests (the "**Book-Entry Interests**") in the Global Notes attributable thereto.

Book-Entry Interests in respect of Global Notes will be recorded in denominations of SEK1,000,000 or EUR100,000 depending on the currency of denomination and, for so long as or Clearstream, Luxembourg so permit integral multiples of SEK10,000 or 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 ("**Participants**") or persons that hold interests in the Book-Entry Interests through Participants ("**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 Arrangers. 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 of the Common Depositary is the registered holder of the Global Notes underlying the Book-Entry Interests, the nominee the Common Depositary will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set forth under "*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 "*Action in Respect of the Global Note 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 the Global Notes, 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 or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Unless and until Book-Entry Interests in the Global Notes are exchanged for Definitive Notes, the Global Notes registered in the name of 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 pursuant to Regulation S will hold Book-Entry Interests in the Global Notes relating thereto. Investors may hold their Book-Entry Interests in respect of a Global Note 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 each Global Note, as the case may be, 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.

Trading between Euroclear and/or Clearstream, Luxembourg participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional Eurobonds and SEK denominated bonds.

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 Euro (in respect of the Class Aa Notes) and SEK (in respect of the Notes other than the Class Aa Notes) by or to the order of The Bank of New York Mellon, London Branch as the Principal Paying Agent to the Common Depositary or its nominee as the registered holder thereof. 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 Common Depositary or its 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, 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 one Clearing System Business Day prior to the relevant Interest Payment Date where "**Clearing System Business Day**" means a day on which each clearing system for which the Notes are being held is open for business. 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, the Joint Lead Managers or the Trustee 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 have advised the Issuer as follows:

Euroclear and Clearstream, Luxembourg

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 depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems 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 any 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 Depositary and, upon final payment, the nominee of the Common Depositary 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 the 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, on a *pro rata* basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be, deems fair and appropriate). 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 issued or resold.

Transfers and Transfer Restrictions

All transfer of Book-Entry Interests will be recorded with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to the customary procedures established by each respective system and its Participants.

Beneficial interests in the Global Notes may be held only through Euroclear and Clearstream, Luxembourg. 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.

Settlement and transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Participants, which will receive a credit for such Notes on the clearing system's records. The ownership interest of each actual purchaser of each such note (the "**beneficial owner**") will in turn be recorded on the Participant's records. Beneficial owners will not receive written confirmation from any clearing system of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct and indirect participant through which such beneficial owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be effected by entries made on the books of Participants acting on behalf of beneficial owners. **Beneficial owners will not receive individual Notes representing their ownership interests in such Notes unless use of the book-entry system for the Notes described in this section is discontinued.**

No clearing system has knowledge of the actual beneficial owners of the Notes held within such clearing system and their records will reflect only the identity of the direct participants to whose accounts such Notes are credited, which may or may not be the beneficial owners. Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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.

Issuance of Definitive Notes

Holders of Book-Entry Interests in the Global Note will be entitled to receive certificates evidencing definitive notes in registered form ("**Definitive Notes**") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and 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 of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court 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 deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

Any Definitive Notes issued in exchange for Book-Entry Interests in a Global Note 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. 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 a Global Note, as the case may be, will not be entitled to exchange such Definitive Note, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above 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 a denomination that is not an integral multiple of the Minimum Denomination or for any amount in excess thereof, in integral multiples of EUR1,000 or SEK10,000 (as applicable). As the Notes have a denomination consisting of the Minimum Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of SEK1,000,000 or EUR100,000 (or its equivalent) that are not integral multiples of SEK1,000,000 or EUR100,000 (or its equivalent). In such case a Noteholder who, as a result of trading

such amounts, holds a principal amount of less than the Minimum Denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be issued) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

Action in Respect of the Global Note and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notices in respect of the Global Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Global Notes, 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 Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear and 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 Notes 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 will share in (i) the Issuer Security and (ii) the Parent Company Security and the proceeds of enforcement thereof, together with the other Secured Creditors of the Issuer, 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 of the Issuer.

"Issuer Security" means any mortgage, sub-mortgage, charge, sub-charge, assignment or assignment 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:

- (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) a first fixed charge over the benefit of each authorised collateral investment;
- (c) first fixed charges over the Swap Collateral Accounts; and
- (d) 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 except to the extent 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 Second 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) 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 Finans AB 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 140,000,000 Class Aa Mortgage Backed Floating Rate Notes due 2055 (the "**Class Aa Notes**") SEK 765,900,000 Class Ab Mortgage Backed Floating Rate Notes due 2055 (the "**Class Ab Notes**") and together with the Class Aa Notes, the "**Class A Notes**") and the SEK 500,000,000 Class Z Mortgage Backed Floating Rate Notes due 2055 (the "**Class Z Notes**" and, together with the Class A Notes, the "**Notes**") will be issued by Bluestep Mortgage Securities No. 2 Limited (registered number 522186) (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 Memorandum and Articles of Association 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 One Canada Square, London E14 5AL 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:

"**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 The Bank of New York Mellon, London 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 Aa Notes, Euro; and
- (b) in respect of the Notes (other than the Class Aa Notes), SEK;

"Arrangers" means Barclays Bank PLC and Natixis;

"Arrears Mortgage Loan" means a Mortgage Loan (a) in respect of which a Borrower has not paid all amounts due and payable by it for 65 days or more; or (b) designated as uncollectible by the Servicer in accordance with the Portfolio Credit and Collection Policies;

"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;
- (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 Aa Notes);
- (c) all amounts standing to the credit of the General Reserve Account 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 to the extent such proceeds or payments are attributable to interest or fees;
- (f) if there is a Payment Shortfall on such Interest Payment Date, any Available Principal Distribution Amount to the extent required to cover such Payment Shortfall;
- (g) all Revenue Recoveries arising during the three immediately preceding Collection Periods;
- (h) all Liquidation Proceeds arising during the three immediately preceding Collection Periods to the extent such proceeds are attributable to interest or fees;
- (i) interest accrued and credited to the Issuer GIC Account during the three immediately preceding Collection Periods;
- (j) 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 (c) of the Pre-Enforcement Principal Payments Priorities;

- (k) any portion of the Available Principal Distribution Amount remaining on such Interest Payment Date after redemption in full of the Notes; and
- (l) any Swap Collateral Account Surplus.

"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;
- (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 items (k) and (m) of the Pre-Enforcement Interest Payments Priorities;
- (e) all Principal Recoveries arising during the three immediately preceding Collection Periods;
- (f) all Liquidation Proceeds arising during the three immediately preceding Collection Periods (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 (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 Aa 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 made by the Warehouser to the relevant Borrower by way of a loan in accordance with the relevant Mortgage Loan Agreement as of the 31 October 2013 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;

"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 Finans AB 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 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 5 November 2013, 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 November 2013 and ending (and including) 30 November 2013);

"Collections" means, in relation to any Mortgage Loan, all cash collections, and other cash proceeds thereof including any and all (a) principal, interest, 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 Structured 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;

"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 Aa Notes;

"Currency Swap Provider" means Barclays Bank PLC 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;

"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 3 months and 4 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 three month euro deposits and four 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 November 2055;

"First Interest Payment Date" means 10 February 2014;

"FSMA" means the Financial Services and Markets Act 2000;

"General 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 General Reserve Account(s);

"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 214 of the Irish Companies Act 1963 or section 2(3) of the Irish Companies (Amendment) Act 1990, 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 Barclays Bank PLC, 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. 2 Limited, a private limited liability company incorporated under the laws of Ireland (registered number 522186) with a registered office at 1 Grant's Row, Lower Mount Street, Dublin 2, as issuer of the Notes;

"Issuer Accounts" means the Issuer GIC Account, the General Reserve Account and the Expense 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 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 and Natixis;

"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;

"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 Aa Notes, 0.01 Euro and in respect of the Notes (other than the Class Aa 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 Aa 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 Aa 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 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 Warehouse 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) 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 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 Mortgage Loan Portfolio as at 31 October 2013;

"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 Finans AB 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 Z Notes whilst they remain outstanding;

"Noteholders" means the Class A 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;

"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, BBAB, any holding company of any of them or any other subsidiary of either 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, BBAB, any holding company of the Mortgage Loan Seller, BBAB 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;

"Parent Company" means Bluestep Finans AB 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;

"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;

"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) 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 (c) 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 the 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 24 (*Pre-Enforcement Interest Payments Priorities*) of Part 9 (*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 25 (*Pre-Enforcement Principal Payments Priorities*) of Part 9 (*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 or which is an Arrears Mortgage Loan by reason of having been so classified prior to the realisation of any Liquidation Proceeds by the Servicer, 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 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.

less the aggregate of any Principal Loss in respect of such Mortgage Loan;

"Principal Paying Agent" means The Bank of New York Mellon, London 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;

"Rating Agency" means S&P;

"Rating Confirmation" means: (i) written confirmation from the Rating Agency that the relevant assignment, transfer, amendment, action, determination or appointment will not result in the reduction, qualification, suspension or withdrawal of the then current ratings assigned to any outstanding Class A Notes rated by the Rating Agency; or (ii) (only in cases where the Rating Agency has confirmed in writing that it will not consider a request for a Rating Confirmation pursuant to limb (i) of this definition) a certification in writing by an Authorised Signatory of the Cash Manager to the Trustee stating that the relevant assignment, transfer, amendment, action, determination or appointment has been notified to the Rating Agency and, in its opinion, would not cause the then current ratings assigned to any outstanding Class A Notes to be reduced, qualified, suspended or withdrawn by the Rating Agency; provided however that it is understood that the Rating Agency shall be under no obligation to provide a Rating Confirmation;

"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 Aa 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 Aa 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 Aa 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;

"Registrar" means the party responsible for the registration of the Notes, which at the Closing Date is The Bank of New York Mellon (Luxembourg) S.A. acting in such capacity pursuant to the Agency Agreement;

"Relevant Exchange Rate" means for the Class Aa Notes, 8.815 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 31 October 2013 between, *inter alios*, the Issuer, the Mortgage Loan Seller and the Warehouser releasing the Mortgage Loan Portfolio from an earlier encumbrance;

"Relevant Margin" means:

- (a) for the Class Aa Notes, 1.45 per cent. per annum up to and excluding the relevant Step-Up Date and thereafter 2.175 per cent. per annum; and
- (b) for the Class Ab Notes, 2.00 per cent. per annum up to and excluding the relevant Step-Up Date and thereafter 3.00 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 5.625 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 20 (*Optional Repurchase of Individual Mortgage Loans*) of the Mortgage Loan Sale Agreement;

"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 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 Rating Services, a division of Standard & Poor's Credit Market Services Europe Limited;

"Screen" means in relation to the Class Aa Notes, Reuters Screen EURIBOR01 and in respect of any Notes (other than the Class Aa 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;

"Second Standby Servicing Agreement" means the second standby servicing agreement so named dated on or about the Closing Date between the Mortgage Loan Seller, the Issuer, the Trustee and the Second Standby Servicer;

"Second Standby Servicer" means Emric Finance Process Outsourcing AB in its capacity as second standby servicer in accordance with the terms of the Second Standby Servicing Agreement;

"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 Second 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 Accounts Bank;

"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 3 months and 6 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 3 month SEK deposits and 6 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 and Class Z Notes: firstly, *pari passu* and *pro rata* to the Class Aa Notes and the Class Ab Notes and secondly, to the Class Z Notes;

"Servicer" means Cerdo Bankpartner AB (Sweden) 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 Agency 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 The Bank of New York Mellon, London Branch in its capacity as standby cash manager in accordance with the terms of the Standby Cash Management Agreement;

"Standby Servicer" means Bluestep Finans 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 February 2019;

"Stock Exchange" means the Irish Stock Exchange Limited;

"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 Finans AB 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 26 (*Swap Collateral Accounts Priority of Payments*) of Part 9 (*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 Accounts Bank" means The Bank of New York Mellon, London Branch;

"Swap Collateral Accounts Bank 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 Accounts Bank;

"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 Second 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 Accounts Bank 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 BNY Mellon Corporate Trustee Services 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 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 The Notes are in fully registered form in the Minimum Denomination for such Notes, without principal receipts, interest coupons or talons attached.
- 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 Aa Notes) and SEK1,000,000 and integral multiples of SEK10,000 thereafter (in the case of any Notes other than the Class Aa 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 Aa Notes and SEK1,000,000 for any Notes other than the Class Aa 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 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 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 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 thereafter, 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 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 arrear 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 Class Z Notes on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall in respect of such Class Z 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 Class Z 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 Class Z 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 Aa Note and each Class Ab Note (on a *pari passu* and *pro rata* basis), 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; and
- (b) 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; and (iii) 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) from a firm of lawyers in the Issuer Jurisdiction (of recognised standing), 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 Swedish Kronor 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 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 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:*** A Written Resolution shall take effect as if it were an Extraordinary Resolution.

17. ***Modification and Waiver***

17.1 ***Modification:*** The Trustee may at any time and from time to time, 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 ***Transaction Amendments:***

- (a) The Issuer and/or the Cash Manager (each a "**Requesting Party**") may at any time and from time to time request the Trustee to agree modifications to any Transaction Documents without the consent of the Noteholders or any other Secured Creditors and irrespective of whether such modifications are (i) materially prejudicial to the interests of the Noteholders of any Class or any other Secured Creditor or (ii) in respect of a Reserved Matter (any such modification, a "**Transaction Amendment**").

- (b) Subject to satisfaction of the Amendment Conditions (as defined below) and Condition 17.2(c) below, the Trustee shall concur with the Issuer in making such modifications as are required to give effect to a Transaction Amendment.

"**Amendment Conditions**" means delivery to the Trustee of a certificate signed by two directors or two Authorised Signatories of the relevant Requesting Party confirming that:

- (i) the Transaction Amendments are required in order to enable the Issuer and/or any Swap Provider to comply with any requirements which apply to it in relation to the relevant Swap Agreement under 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**");
 - (ii) the relevant Swap Provider has given its prior written consent to such modification; and
 - (iii) a Rating Confirmation has been delivered.
- (c) The Trustee shall not be obliged to agree to any Transaction Amendments 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 prefunded to its satisfaction or (ii) increasing its obligations or duties or decreasing its protections, either in its personal capacity or as Trustee under the Transaction Documents and/or the Conditions.
- (d) Notwithstanding anything to the contrary in the Trust Documents, when implementing any Transaction Amendment pursuant to this Condition 17.2, the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person, shall act and rely solely and without further investigation on any certificate provided to it by the Requesting Party pursuant to this Condition 17.2 and shall not be liable to any Noteholder or other Secured Creditor for so acting or relying
- (e) Only modifications which comply with Condition 17.2(b) may be made pursuant to this Condition 17.2. Any other modifications may only be made pursuant to Condition 17.1 (*Modification*) and Clause 15.1 (*Modification of Transaction Documents*) and Schedule 3 (*Provisions for Meetings of Noteholders*) of the Trust Deed.
- 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 Agency is 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. **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.

24. **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.

4. 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

The Notes will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007). Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

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 they are included in the Official List. The Stock Exchange is a recognised stock exchange, and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be included in the Official List and admitted to trading on the regulated market of the Irish Exchange.

In all cases falling outside the exemption described above, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available 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.

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

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 are normally 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.

EU Savings Directive

Under the EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are instead required to, subject to certain exceptions, apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. unless they elect to provide information in accordance with the EU Savings Directive. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

A number of non-EU countries and certain dependent or associated territories of certain Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The European Commission has proposed certain amendments to the Directive, which may, if implemented, broaden the scope of the requirements described above. Holders of Notes who are in any doubt as to their position should consult their professional advisers.

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 United States and Ireland have entered into an Intergovernmental Agreement ("**IGA**") to implement FATCA. Under the terms of the IGA, the Issuer may be obliged to comply with the provisions of FATCA as enacted by the Irish legislation implementing the IGA (the "**Irish IGA Legislation**"), rather than directly complying with the US Treasury Regulations implementing FATCA. Under the terms of the IGA, Irish resident financial institutions that comply with the requirements of the Irish IGA Legislation will be treated as compliant with FATCA and, as a result, will not be subject to withholding tax under FATCA ("**FATCA Withholding**") on payments it receives and will not be required to withhold under FATCA on payments of non-U.S. source income. The Issuer expects that it will be considered to be an Irish resident financial institution that will need to comply with the requirements of the Irish IGA Legislation and, as a result of such compliance, the Issuer should not be subject to FATCA Withholding or required to withhold under FATCA on payments of non-U.S. source income.

Under the Irish IGA Legislation, the Issuer will be required to report to the Irish Revenue Commissioners certain holdings by and payments made to certain US investors in the Issuer, as well as to non-US financial institutions that do not comply with the terms of the Irish IGA Legislation, on or after 1 January 2014 and under the terms of the IGA, such information will be onward reported by the Irish Revenue Commissioners to the US Internal Revenue Service under the general information exchange provisions of the US-Ireland Income Tax Treaty. The first report to the Irish Revenue Commissioners is expected to be in 2015 in respect of 2014.

Additional intergovernmental agreements similar to the IGA have been entered into or are under discussion by other jurisdictions with the United States. Different rules than those described above may apply depending on whether a payee is resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA.

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 and Natixis (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 140,000,000 of the Class Aa Notes at the issue price of 100 per cent. of the aggregate Principal Amount Outstanding of the Class Aa Notes and SEK 529,040,000 of the Class Ab Notes at the issue price of 100 per cent. of the aggregate Principal Amount Outstanding of the Class Ab Notes.

Bluestep Finans AB has, pursuant to the Subscription Agreement agreed with the Issuer (subject to certain conditions) to subscribe and pay for (i) SEK 236,860,000 of the Class Ab Notes at the issue price of 100 per cent. of the aggregate Principal Amount Outstanding of the Class Ab Notes and (ii) SEK 500,000,000 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 Finans AB 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 Finans AB, 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 Finans AB 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 Finans AB 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 Finans AB 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 Finans AB 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 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 by the Prospectus (Directive 2003/71/EC) (Amendment) Regulations 2012 and any rules issued by the Central Bank of Ireland under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended) (the "**2005 Act**");
- (ii) the Companies Acts 1963 to 2012 of Ireland;
- (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; and
- (iv) the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Central Bank of Ireland under Section 34 of the 2005 Act, and will assist the Issuer in complying with its obligations thereunder.

Sweden

Each of the Joint Lead Managers 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 has represented and agreed that in connection with the initial distribution of the Notes 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*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code *monétaire et financier*.

General

Each of the Joint Lead Managers and Bluestep Finans AB 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.

The Mortgage Loan Seller will undertake in the Mortgage Loan Sale Agreement to the Issuer and has undertaken in the Subscription Agreement (in favour of the Joint Lead Managers) that it will, whilst any of the Notes remain outstanding: (i) retain, on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation in accordance with the text of Article 122a of the CRD; and (ii) in respect of its obligations under paragraph 7 of Article 122a of the CRD subject always to any requirement of law, provide access to such data as the Mortgage Loan Seller shall determine is "materially relevant data" (for the purposes of such paragraph) on an objective basis taking into account generally accepted market practice as to disclosure and reporting guidance from or

applicable to regulators to which it is subject and the requirements of the Noteholders as a class, and provided always that the Mortgage Loan Seller will not be in breach of this undertaking if due to events, actions or circumstances beyond the Mortgage Loan Seller's control, the Mortgage Loan Seller is not able to comply with such undertaking.

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 (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 1 November 2013.
- (b) Save as disclosed in this Prospectus, since the date of its incorporation, there have been no governmental, litigation or arbitration proceedings against or affecting the Issuer or any of its assets, nor is the Issuer aware of any pending or threatened proceedings which are or might be material in the context of the issue of the Notes.
- (c) Save as disclosed in this Prospectus, 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 8 January 2013 (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 30 October 2013.
- (e) The following Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg under the following ISIN, and Common Codes:

Class of Notes	ISIN	Common Code
Class Aa	XS0981862989	098186298
Class Ab	XS0981869646	098186964
Class Z	XS0981871204	098187120

- (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 Memorandum and Articles of Association 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 Second Standby Servicing Agreement;
 - (E) the Agency Agreement;
 - (F) the Trust Deed;
 - (G) the English Deed of Charge;
 - (H) the Irish Security Deed;
 - (I) the Share Mortgage;
 - (J) the Swedish Security Agreement;
 - (K) the Cash Management Agreement;
 - (L) the Standby Cash Management Agreement;
 - (M) the Issuer Accounts Agreement;

- (N) the Swap Collateral Accounts Bank Agreement;
 - (O) the Corporate Services Agreement;
 - (P) the Subordinated Loan Facility Agreement;
 - (Q) the Interest Rate Swap Agreement;
 - (R) the Currency Swap Agreement;
 - (S) the Incorporated Terms Memorandum; and
 - (T) the Bankgiro Assignment Agreement;
- (g) The Issuer shall procure that Bluestep Finans AB (Sweden) as Cash Manager shall produce a monthly investor report. Such monthly investor reports will be published on the website www.ir.bluestep.se. 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 Agency 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 Finans AB 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.ir.bluestep.se. For the avoidance of doubt, the contents of this website are for information purposes only and do not form part of this Prospectus.

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