

This base prospectus has been approved by the Swedish Financial Supervisory Authority on 21 June 2023 and is valid for twelve months after the date of the approval. The obligation to supplement this base prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Base Prospectus is no longer valid.

Bluestep Bank.

BLUESTEP BANK AB (publ)

BASE PROSPECTUS

SEK 15,000,000,000 MEDIUM TERM COVERED NOTE PROGRAMME

Arranger

Skandinaviska Enskilda Banken AB (publ)

Dealers

Nordea Bank Abp

Danske Bank A/S, Danmark, Sverige Filial

Skandinaviska Enskilda Banken AB (publ)

IMPORTANT INFORMATION AND CERTAIN DEFINITIONS

This base prospectus (this “**Base Prospectus**”) relates to the programme for continuous issuance by Bluestep Bank AB (publ), Reg. No. 556717-5129, (the “**Company**”, “**Bluestep**” or the “**Issuer**”) (and any reference to the “**Group**” shall be a reference to the Company and its subsidiaries) of medium term covered notes (Sw. *säkerställda obligationer*) issued under the Swedish covered bonds issuance act (Sw. *lagen (2003:1223) om utgivning av säkerställda obligationer*) (the “**Covered Bonds Act**”) in Swedish kronor (“**SEK**”), euro (“**EUR**”) or Norwegian kroner (“**NOK**”) with a tenor of minimum one (1) year and a nominal amount which may not be lower than EUR 100,000 (or the corresponding amount in SEK or NOK) (the “**Programme**” and the “**Notes**”, respectively).

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

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

This Base Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Base Prospectus may come are required to inform themselves about and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. Subject to certain exemptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. No Note has been, and no Note will be, registered under the United States Securities Act of 1933.

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

MiFID II Product Governance and PRIIPs

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

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

Forward-looking statements and market data

The Base Prospectus contains certain forward-looking statements that reflect the Company’s current views or expectations with respect to future events and financial and operational performance. The words “intend”, “estimate”, “expect”, “may”, “plan”, “anticipate” or similar expressions regarding indications or forecasts of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Company believes that these statements are based on reasonable assumptions and expectations, the Company cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement. Factors that could cause the Company’s and the Group’s actual operations, result or performance to differ from the forward-looking statements include, but are not limited to, those described in “Risk factors”. The forward-looking statements included in this Base Prospectus apply only to the date of the Base Prospectus. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Company and the Group or persons acting on the Company behalf is subject to the reservations in or referred to in this section.

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DESCRIPTION OF THE PROGRAMME

General information

Bluestep has established the Programme for the purpose of issuing Notes up to a total amount of SEK 15,000,000,000 (fifteen billion) (or corresponding amount in EUR or NOK) or such other amount that the Dealers and the Company may agree. The Notes may be issued with a tenor of not less than one (1) year. The Notes may be issued in SEK, EUR or NOK with fixed interest rate or floating interest rate. The Notes may not be issued with a Nominal Amount of less than EUR 100,000 (or corresponding amount in SEK or NOK). Each Loan is given a specific loan identification number (ISIN).

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

A holder of the Notes represents itself in its capacity as Noteholder in all matters relating to the Notes and this Programme. Under the Terms and Conditions, the Administrative Agent has the right to (and shall if requested by the Company, a Dealer or Noteholders holding a certain percentage of a Loan) convene a Noteholders' Meeting (please refer to Clause 12 of the Terms and Conditions).

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

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

Form of the Notes

The Notes are issued in dematerialised book-entry form and registered on a Securities Account on behalf of the relevant Noteholder. Hence, no physical notes will be issued. The Notes are registered in accordance with the Swedish Financial Instruments Accounts Act (Sw. *lagen (1998:1479) om*

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

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

Status of the Notes

The Notes constitute direct, unconditional unsubordinated obligations of the Company and rank *pari passu* without any preference among themselves. The Notes constitute Covered Bonds (as defined in the Terms and Conditions) and rank *pari passu* with all other obligations of the Company that have been provided the same priority in the relevant Cover Pool.

For each Loan, the relevant Final Terms will specify which Cover Pool secures the Loan.

Description of the Cover Pools

As detailed in the section "*Business of the Group - Introduction*" below, the Company offers residential mortgage loans to consumers in Sweden, Norway and Finland. The Company's mortgage offering targets five main customer segments with different characteristics that make them unable or unlikely to be approved by a traditional bank for a mortgage. To be able to accurately assess these customer segments, the Company, as further set out in the section "*Business of the Group - Strategy*", performs an individual and more manual credit assessment of each borrower to understand, and price, the credit risk correctly.

The Company's portfolios of residential mortgages will be the foundation of the Cover Pools and the Company will create separate pools for Swedish assets (the Swedish cover pool), Norwegian assets (the Norwegian cover pool), Finnish assets (the Finnish cover pool) and, potentially, assets pertaining to other countries within the EEA. The applicable Cover Pool will be specified in the Final Terms. The Issuer will keep a separate Register (as defined in "*Overview of the Swedish legislation regarding Covered Bonds*") for each Cover Pool, its assets and relevant derivative contracts. The composition of each relevant Cover Pool will be reported at least quarterly on the Company's website www.bluestepbank.com.

The composition of the Company's Cover Pools may vary from time to time, including the geographic location of the relevant mortgaged properties. Noteholders will not receive detailed statistics or information in relation to each loan, location of each mortgaged property or other assets contained or to be contained in the relevant Cover Pool, as it is expected that the constitution of the Cover Pools will change from time to time. There may therefore be undetected issues or concerns regarding individual loans or other assets in the Cover Pools that would otherwise have been evident from such statistics or investigations.

The assets within the relevant Cover Pools will consist of mortgage loans secured by collateral used for residential purposes. All mortgage loans included in the Cover Pools will have a first charge pledge over the relevant collateral. A portion of the Company's mortgage loans are held by, and funded in, subsidiaries of the Company (see the section "*Business of the Group – Funding*" below) and will not be registered to a Cover Pool.

All mortgage loans have an agreed amortisation profile with scheduled repayment dates, and no loans are interest-only (Sw. *amorteringsfria lån*). The original maturity of each mortgage loan is between 5 years and 40 years and all loans have a final maturity date.

At origination, the majority of all mortgage loans have an interest rate that is fixed for three years.

Reporting

The assets comprising the Company's respective Cover Pools will change from time to time. The Company will make portfolio information available to investors on at least a quarterly basis. Such information will be available on the Company's website at www.bluestepbank.com.

Sales

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

Pricing of the Notes

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

Admission to trading on a regulated market

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

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

Credit rating

When investing in the Notes, the investor takes a credit risk on the Company. The applicable Final Terms for a Loan will stipulate whether the Loan shall be assigned a credit rating. Such credit rating reflects the assessment by an independent rating agency of the creditworthiness of the Company with respect to the relevant Loan, i.e. its ability to fulfil payment obligations in a timely manner, and may assess the applicable Loan Terms. On 16 June 2020, the credit rating agency Moody's Investors Service (Nordics) AB ("**Moody's Nordics**") assigned a local and foreign currency long term deposit rating of A3 to the Company. On 27 April 2020, the credit rating agency Moody's Investors Service España, S.A. ("**Moody's España**") assigned Loans issued under the Programme a credit rating of Aa1.

Statute of Limitation

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

Governing law

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

Processing of personal data

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

Derivative Contracts

The Company may enter into derivative contracts with hedge counterparties in order to comply with certain matching requirements under the Covered Bonds Act and to hedge interest rate risk, foreign exchange risk or other risks. If a hedge counterparty defaults in its obligation to make payments under a derivative contract, the Company will be exposed to changes in interest rates (including, as the case may be, the difference between relevant interest base rates), currency exchange rates, liquidity concerns or other risks (as applicable). Unless a replacement derivative contract is entered into, the Company may have insufficient funds to make payments due on the Notes, posing a risk that an investor loses parts or all of its investment in Notes.

PRODUCT DESCRIPTION

Terms and Conditions and Final Terms

Notes issued under the Programme are governed by the Terms and Conditions together with the applicable Final Terms. The Terms and Conditions apply to all Loans issued under the Programme. Applicable Final Terms are specified in relation to each Loan on the basis of the form of final terms set out on page 58 of this Base Prospectus. The applicable Final Terms must be read together with the Terms and Conditions. The Final Terms specify, among other things, Loan Date, the basis for interest calculation, possible rights of early redemption for the Company and Maturity Date. The Final Terms in relation to an offer to invest in the Notes or in relation to Notes that are admitted to trading on a regulated market will be submitted for registration by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**Swedish FSA**") as soon as possible and in any event prior to an application is made for admission to trading of the relevant Notes on a regulated market. Final Terms in relation to each Loan issued under the Programme will also be made available on the Company's website, www.bluestepbank.com.

Repayment and redemption

The Nominal Amount of a Loan (together with accrued interest, if any) falls due for repayment on the Maturity Date (or if applicable, the relevant Extended Maturity Date) as specified in the Final Terms. Should the Maturity Date fall on a date which is not a Business Day, the Loan will however be repaid on the following Business Day.

Extended Maturity

The applicable Final Terms may provide that an Extended Maturity Date may apply to a Loan. For such Loan, the Maturity Date may be extended to the Extended Maturity Date, in each case, subject to (i) such extension being permitted by the Swedish FSA as a result of it being deemed likely that the extension will prevent insolvency (Sw. *obestånd (insolvens)*) of the Company or otherwise as a result of a trigger of the maturity event(s) stipulated in the Covered Bonds Act (as amended) or any other legislation that implements Article 17.1 (a) of the Covered Bond Directive and (ii) the Final Terms specifies (a) that the maturity may only be extended after the Swedish FSA's approval, (b) the prerequisites for Swedish FSA approval according to (i), and (b) the Extended Maturity Date, as applicable after the Swedish FSA's approval. An extension of the maturity of the nominal amount outstanding from the Maturity Date to the Extended Maturity Date will not be affected by the insolvency or resolution of the Company.

Furthermore, the extension of the maturity of the nominal amount outstanding from the Maturity Date to the Extended Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Company and no payment will be payable to the Noteholders in that event other than as set out in the Loan Terms.

Basis for the calculation of interest on the Loans

Fixed Interest Rate

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

Floating Interest Rate (FRN)

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

European Benchmark Regulation

Interest payable for Notes issued under the Programme may be calculated by reference to certain benchmarks, being EURIBOR, STIBOR and NIBOR, as defined in the Terms and Conditions. The benchmarks are provided by the European Money Market Institute (EURIBOR), the Swedish Financial Benchmark

Facility (STIBOR) and Norske Finansielle Referanser AS (NIBOR). Swedish Financial Benchmark Facility AB is registered as an administrator in the register provided by the European Securities and Markets Authority (ESMA) pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the “**Benchmark Regulation**”). Swedish Financial Benchmark Facility AB was authorised by the Swedish FSA as an administrator on 21 April 2021. The European Money Market Institute was registered 2 July 2019 and Norske Finansielle Referanser AS was registered on 13 October 2020 as administrators under the Benchmark Regulation.

Day count conventions

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

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

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

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

RISK FACTORS

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

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

RISKS RELATED TO THE COMPANY

ECONOMIC AND MARKET RISKS

The Company is exposed to risks relating to macroeconomic, geopolitical and market risks

The Company operates a Nordic specialised mortgage bank with operations in Sweden, Norway and Finland. The Company's business is subject to inherent risks arising from general and sector-specific economic conditions, predominantly in Sweden, Norway and Finland, as well as geopolitical factors. A deterioration in macroeconomic conditions globally or a reduction in GDP in Sweden, Norway or Finland, which may be affected by factors such as consumer confidence, unemployment levels, household disposable income and level of debt, the state of the housing market, a general banking crisis, inflation or deflation, the cost of electricity, the availability and cost of credit, the liquidity of global financial markets or market interest rates, would reduce the level of demand for the products and services of the Company.

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

Since the Company is subject to risks related to the global economy, the Company may be affected by public health epidemics or outbreaks of diseases that negatively affect the global economy such as the global COVID-19 pandemic. Since the start of the pandemic in early 2020, it has had, and may continue to have, a significant negative impact on the global economy. Unemployment in Sweden increased during 2020 and 2021, during the latter the unemployment in Sweden was 8.8 per cent on average, and is expected to remain high during 2022, at around 7.4 per cent of labour force on average.¹ In Norway and Finland, unemployment was 4.4 per cent and 7.6 per cent on average for 2021, respectively, and is

¹ The National Institute of Economic Research (Sw. *Konjunkturinstitutet*), Swedish Economy Report September 2022 (28 September 2022).

expected to be 3.9 per cent and 7.0 per cent, respectively, on average during 2022.² As one of the Company's core target groups of customers are persons who do not have a permanent employment, such as persons that are self-employed, temporary workers, substitutes or project employees, a negative economic development, poses a significant risk that the Company's customers are unable to fulfil their obligations under the mortgage loans, having a negative effect on the business of the Company.

Going forward, the Company could be affected by the COVID-19 pandemic through its direct and indirect impact on, among others, the Company's customers and other counterparties in Sweden, Norway and Finland. COVID-19 could also lead to a re-introduction of public health measures such as business closures, as well as to restrictions on travel and gatherings, due to, for example, new virus variants (such as the Omicron variant in late 2021) and rising infection rates. The extent to which such restrictions may be re-introduced in the future and the period for which such restrictions may remain in place if the impact of the pandemic is prolonged remains unclear. Any of the above may result in increased market volatility but also in reduced liquidity, with consequent widening of credit spreads and lower price transparency in the credit markets.

The Company is also subject to events and adverse changes affecting the geopolitical landscape, and, in particular, events affecting Sweden, Norway and Finland. Russia's military invasion of Ukraine, which commenced in February 2022, serves as a recent example. As a result of the ongoing armed conflict in Ukraine and related escalating geopolitical tensions, the United States, the European Union, the United Kingdom and other jurisdictions have imposed sanctions on certain Russian and Belarusian persons and entities, including, but not limited to, certain banks, energy companies and defence companies, and have imposed restrictions on exports of various items to Russia, and may impose increasingly stringent sanctions going forward. Continuing or escalating military action and geopolitical tensions in the region could have a material adverse effect on the Company's business, financial condition and the Company's results of operations to the extent these have an impact on the global economy and in particular the Nordic economy, and the macro-economic context in which the Company operates. Furthermore, Sweden and Finland applied for membership in the NATO defence alliance on 18 May 2022 against the backdrop of the changed security policy situation following Russia's war against Ukraine. This has been deemed by authorities to involve a risk of Russian counter-reactions, including an increased risk of provocations and cyberattacks on Swedish and Finnish interests (see also "*The Company is exposed to risks relating to IT failures*"). Any such cyberattacks could, for example, affect Swedish as well as Finnish energy supply, payment and communication systems, and could then impact the Company's ability to conduct its operations.

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

The Company is exposed to risks relating to property value fluctuations

The mortgages granted by the Company consist of loans which are secured by pledges of shares of housing companies in Finland, mortgage certificates (Sw. *pantbrev*) in properties located in Sweden, Norway and Finland or pledges of tenant-owners' rights (Sw. *bostadsrätt*) in Sweden and Norway and rights of occupancy (Sw. *bostadsrätt*, Fi. *asumisoikeus*)³ in Finland. Any deterioration in the economic condition of the areas in which the borrowers are located, or any deterioration in the economic condition of other areas that causes an adverse effect on the ability of the borrowers to repay the mortgages, would increase the risk of losses on the mortgages. If the residential real estate market in Sweden, Norway or Finland in

² International Monetary Fund, World Economic Outlook, October 2022.

³ Note that the concept of tenant-owner's rights is not recognised in Finland as such, although the Swedish translation of the Finnish concept is the same as the Swedish concept of tenant-owner's rights.

general, or in any particular region in the Company's portfolio, should experience a substantial overall decline in property values resulting in the outstanding balances of the mortgages becoming greater than the value of the relevant collateral granted in relation thereto, such a decline could result in the relevant collateral not being sufficient to avoid credit losses. Furthermore, there is a risk that declining property values reduce the general activity level in the housing market, affecting transaction volumes and, therefore, the demand for the Company's mortgage products in general which will affect the Company's ability to meet its financial targets.

Certain mortgages granted by the Company in Sweden are equity release loans (*Sw. kapitalfrigöringskrediter*). When obtaining an equity release loan, the borrower is granted a non-negative equity guarantee which means that, as long as the borrower is not in breach of the terms and conditions of the equity release loan, neither the borrower nor his or her estate is liable for any debt that exceeds the sale proceeds from the property pledged for the equity release loan. A significant fall in property values would therefore materially impact customers' ability to make full repayment which would result in higher credit losses.

The Company is exposed to concentration risks

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

A deterioration in the development of the housing and residential mortgage markets in Sweden, Norway and Finland in general, and in the Stockholm, Oslo and Helsinki regions in particular, would result in the Company experiencing higher rates of loss and delinquency on mortgages generally. The degree to which this risk may affect the Company is uncertain and presents a highly significant risk to the Company's operations and profits.

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

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

The Company is exposed to interest rate risks

The Company is affected by interest rate fluctuations and is exposed to changes in the difference between the interest rates payable by the Company on its funding, and the interest rates that the Company charges on loans to its customers, as well as the interest rates that are applicable to its other assets; this difference is also known as the interest margin. Changes in interest rate levels, yield curves and spreads could affect the interest margin. A part of both the interest rates payable by the Company on deposits and other funding and the interest rates charged by the Company on its loans to customers is variable. There is a risk that the Company's use of hedging instruments for the mismatch in the different terms in funding and investing interest rates does not perfectly offset the impact of interest rate changes. There is also a risk that the Company will not be able to re-price its variable rate assets and liabilities at the same time, resulting in a reduction of the interest margin in the short and/or medium term. Such delays in re-pricing

loans extended to its customer may, *inter alia*, occur due to the Company having an obligation to notify customers in advance of increases in interest rates. For example, the notice period in Norway in connection with interest rate changes on loans is currently six weeks, but will increase to eight weeks from 1 July 2023, and notice periods apply for reductions in deposit rates in Sweden and Norway. In Finland, it is required that the interest payable by the consumer can only be unilaterally changed during the term of the loan due to a corresponding change in the reference rate, and the notice shall be given to the consumer before the change enters into force. Further, once the transitional rules for the Norwegian Act on Credit Contracts expire, banks will no longer be able to unilaterally amend interest rates, and customers may in principle object to changes to the interest rate, which will affect the bank's ability to manage its interest rate risk (see more on this issue in the section "*the Company is exposed to risks relating to non-compliance with consumer protection and marketing laws*"). Changes in the competitive environment could also affect spreads on the Company's lending and deposits. If the Company's funding costs were to significantly increase due to material increases in market interest rates or other reasons and the Company was unable to sufficiently increase the interest rates on its loan products in a timely manner, or at all, the Company's interest margin will be adversely affected, causing an adverse effect on the Company's net earnings.

Interest rates are sensitive to several factors that are outside of the Company's control, including fiscal and monetary policies of governments and central banks, inflation as well as domestic and international political conditions. The interest rate levels in Sweden, Norway and Finland have been at historically low levels in recent years. In response to increasing inflation during 2022, central banks across the world have increased interest rates, with further rises predicted in 2023. A higher interest rate environment could reduce demand for the Company's loan products, as individuals may be less likely or less able to borrow when interest rates are higher. Higher interest rates would also lead to higher interest costs for existing borrowers, which could affect their ability to repay their borrowings and lead to an increased rate of defaults.

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

In 2022, the Company's interest payments received totalled SEK 1.25 billion and interest expenses paid totalled SEK 329 million, respectively. Accordingly, the Company is to a significant extent exposed to variation in interest rates affecting its interest payments received and interest expenses paid, respectively and interest rate risks thus present a significant risk to the Company's cost levels, financial position and results of operations.

RISKS RELATING TO THE COMPANY'S BUSINESS

The Company is exposed to risks relating to decline in the credit quality of the customers

The Company's credit policy, credit instructions and credit underwriting processes may not be sufficient to prevent the Company from incurring higher credit losses due to, for example, internal failure of risk management procedures, insufficient adjustments thereof or external changes beyond its control, including declines in general macroeconomic and geopolitical conditions. Even though the Company's credit underwriting process may deem an applicant to be creditworthy at the time of application, the applicant's creditworthiness may deteriorate due to changes in his or her personal circumstances or other factors, where unemployment poses one of the most severe risks, as well as increased consumer interest rates and increased inflation. This could be exacerbated during periods of economic slowdown or recession, such as during the COVID-19 pandemic, and the Company could experience higher frequency of defaults and an increase in the severity of credit losses in its existing loan portfolio as its borrowers' ability to repay their loans could be adversely affected. In addition, should the Company not accurately assess the creditworthiness of loan applications, the Company could experience increased credit losses.

If the Company's credit policies and underwriting models prove ineffective or otherwise inadequate, or should information provided by applying customers be incorrectly processed or inaccurate, the Company could be subject to regulatory sanctions and incur significant credit losses, which could have a material adverse effect on the Company's cost of risk, financial condition and results of operations.

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

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

The Company is exposed to liquidity and financing risks

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

Retail deposits are the most significant source of funding for the Company. As of 31 December 2022, the Company's total liabilities amounted to SEK 22 billion out of which retail deposits comprised the largest part, totalling SEK 13.2 billion. Should the Company experience an unusually high and/or unforeseen level of withdrawals, this would adversely affect the Company's liquidity since it will be required to repay a significant amount on demand. Further, it will require increased funding from other sources in the future, which might not be available on acceptable terms or at all, which could have a material adverse effect on the Company's financial position and results.

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

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

The Company is exposed to risks relating to IT failures

The Company's operations rely heavily on the secure processing, storage and transmission of customer information and other confidential information in its IT systems and networks as well as those of subcontractors and other partners. The Company's, as well as external integrated partners', IT systems,

software, networks and payment systems such as SWIFT could be vulnerable to, among other things, internal errors, breaches, unauthorised access, misuse, sabotage, DDoS attacks, cyber-related fraud, computer viruses or other malicious code that could result in disruption to its business or the loss or theft of confidential information, including customer information subject to bank secrecy laws (see also *“the Company is exposed to risks relating to non-compliance with data protection laws and regulations”* below). The cyber security risk is constantly increasing and as a bank, the Company is likely to be a direct and indirect target of cyber-attacks. Outages and disruptions may also result from, for example, configuration errors during upgrades or maintenance as well as human errors. There is a risk that any failure, interruption or breach in the Company’s IT security, including any failure of its back-up systems or failure to maintain adequate security surrounding customer information, results in reputational harm, disruption in the management of the Company’s customer relationships, the inability to originate, process and service loans or depositors not being able to access their funds. In relation to deposits in particular, the risk of IT related problems or failures constitutes one of the most severe operational risks, which may result in the Company being unable to service its depositors for a short or long period of time. If any IT security or IT operational risks would materialise, it could result in a loss of customer business, loss of income, damaged reputation and possibly a large number of customers making withdrawals of deposits rapidly, thereby adversely affecting the Company’s funding and liquidity situation. Regulators may also impose penalties or require remedial action if they identify weaknesses in the Company’s security systems and the Company could be required to incur significant costs to increase its IT security to address any vulnerabilities that may be discovered or to remediate the harm caused by any security breaches. Consequently, IT failures presents a highly significant risk to the Company’s operations and financial situation.

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

The Company is exposed to risks relating to ineffective marketing and public relations activities

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

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

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

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

The Company is exposed to risks relating to competition

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

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

The Company is exposed to risks relating to foreign exchange rates

Changes in foreign exchange rates between SEK (the Company's reporting currency and the currency in which its capital base is denominated), NOK and EUR affect the Company's results of operations. The

Company's loan portfolio is denominated in SEK, NOK and EUR. The Company's funding, which consists of retail deposits, covered bonds, medium term notes and, at times, credit facilities is denominated in SEK, NOK and EUR. The most significant effect of changes in foreign exchange rates arises in the translation of assets and liabilities denominated in a foreign currency into SEK. There is a risk that the Company is not able to fully match assets and liabilities in the same currency and the derivative instruments that the Company uses not fully mitigate the exposure or otherwise do not have the intended effect. As of 31 December 2022, the Company's exchange rate exposure amounted to SEK 526 million. Further, a 10 per cent fluctuation between SEK and the currencies listed below, respectively, would have the following effect on the net income of the year before tax (SEK million):

- NOK: 64.3
- EUR: 11.7

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

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

The Company is exposed to risks relating to the implementation of its long-term growth strategy

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

Reaching the growth targets may require significant time and involve significant costs. There is a risk that the Company is not successful in executing its growth strategy or certain elements thereof due to lack of market acceptance, higher than forecasted costs or a variety of other factors, many of which are outside of the Company's control, which results in the Company not receiving a return on its investments. Further, in order to pursue its long-term growth objectives, the Company must remain flexible and be adaptive to changes in its current and prospective markets, and continuously be prepared to adjust its strategic plans. Risks associated to the Company not being sufficiently adaptive to meet such changing conditions and a growth strategy proven to be insufficient could have a material adverse effect on the Company's forecasted net income.

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

experience increased costs and higher credit losses due to such strategic initiatives, which would in turn have a significant adverse effect on the Company's financial condition and results of operations.

The Company is exposed to risks relating to outsourcing

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

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

The Company is exposed to risks relating to external parties such as referral partners and brokers

Mortgage loan intermediaries, such as online brokers, are less common in the mortgage market than in the unsecured loan market, however, the Company works with several mortgage brokers in Sweden, Norway and Finland respectively. Brokers for mortgage distribution is more common in Norway than in Sweden and Finland, the reason being that there are local, physical brokers in Norway in addition to online brokers. The physical brokers in Norway are able to handle the manual steps that are required for specialist mortgages, which is not the case for unsecured consumer loans. External parties such as referral partners and brokers are important marketing and origination channels for a loan provider such as the Company. As a consequence, the Company is exposed to certain specific risks associated with its relationship with referral partners and brokers.

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

On the Swedish, Norwegian and Finnish market, the Company's mortgage brokers must comply with applicable Swedish FSA regulations and regulations from the Norwegian Financial Supervisory Authority (No. *Finanstilsynet*) (the "**Norwegian FSA**") and the Finnish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**Finnish FSA**") respectively, including obtaining and maintaining an

authorisation. Swedish mortgage brokers must be authorised as mortgage institutions under the Swedish Mortgage Business Act (Sw. *lagen (2016:1024) om verksamhet med bostadskrediter*) (the “**Swedish Mortgage Act**”) unless they are authorised in accordance with the Swedish Banking and Financing Business Act (Sw. *lagen (2004:297) om bank- och finansieringsrörelse*). Norwegian mortgage brokers has historically, but not going forward, typically qualified for an exemption as registered brokers, however a new act regarding loan broking was adopted by the Norwegian Parliament on 6 December 2022 and will enter into force on 1 July 2023 (the “**Norwegian Loan Broking Act**”) which will introduce authorisation requirements and stricter conduct of business requirements for loan brokers. If one or more of the Company’s brokers were to reduce or suspend its relationship with the Company, or if the Company was obligated to suspend its relationship with one or more brokers as a result of such brokers not being granted, or unable to maintain, authorisation by the applicable authority to mediate mortgage loans, there is a risk that the Company would be required to seek a replacement for such broker, which in turn would affect the Company’s ability to maintain or grow its loan portfolio. Finnish mortgage brokers shall register as intermediaries of consumer credits relating to residential property in accordance with the Finnish Act on Intermediaries of Consumer Credits Relating to Residential Property (852/2016 as amended) (Sw. *lag om förmedlare av konsumentkrediter som har samband med bostadsegendom*). In addition, the Government Decree on the Professional Requirements regarding Creditors and Credit Brokers of Consumer Credits relating to Residential Property (1031/2016) (Sw. *statsrådets förordning om krav på yrkesmässiga kvalifikationer för kreditgivare och kreditförmedlare i fråga om konsumentkrediter som har samband med bostadsegendom*) sets out professional requirements for Finnish mortgage brokers. (Sw. *Lag om förmedlare av konsumentkrediter som har samband med bostadsegendom*). In addition, the Company’s ability to cooperate with brokers may be adversely affected by changes in the regulatory framework relating to credit mediation, including the Swedish Mortgage Act, the Norwegian Loan Broking Act the Finnish Act on Intermediaries of Consumer Credits Relating to Residential Property and as well as the Norwegian Financial Undertakings Act (No. *Lov 10. april 2015 nr. 17 om finansforetak og finanskonsern*), as well as other related regulations, which set forth the requirements for operating as a credit intermediary in Sweden, Finland and Norway, respectively. Further, the Norwegian Loan Broking Act includes a provision that employees who provide advice on loans shall not receive remuneration that is dependent on sales volume or volume of intermediated loans, which may reduce the incentives of the relevant employees and thus impact the volume of new intermediated loans.

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

The Company is exposed to reputational risks

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

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

confidential information, failure in its risk management or internal control procedures, legal proceedings, failure or alleged failure in the Company's obligations, or fraud or misconduct committed by customers or one or more of the Company's employees, directors or external cooperation partners.

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

The Company is subject to risks relating to its financial services counterparties and the financial services industry generally

The Company has, and may in the future, enter into transactions with various counterparties in the financial services industry. For example, the Company regularly enters into derivative transactions with other financial institutions for the purpose of reducing interest rate- and/or foreign exchange risks. Furthermore, the Company regularly places liquidity holdings with other financial institutions. The Company also uses the same financial institutions for transactions related to borrowers and depositors. Given the high degree of interdependence in the financial institutions industry, the Company is subject to the risk of deterioration, or perceived deterioration, of the commercial and financial soundness of other financial services institutions. Within the financial services industry, the default of any one institution could lead to defaults by other institutions. Concerns about, or a potential default of, one institution could therefore cause significant liquidity constraints in the industry and lead to other institutions suffering losses or defaulting as a result of many institutions being closely interconnected by means of credit, trading, clearing or other relationships. Even the perceived lack of creditworthiness of a financial institution could lead to market-wide liquidity issues, including a so-called "bank run", which could involve significant withdrawals from deposit accounts, increased costs of funding and losses or defaults of several financial institutions, including the Company. Any of the above factors could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is dependent on the ability to retain and recruit qualified employees

The Company operates in a rapidly changing technological environment and therefore its success is dependent on its ability to attract, motivate and retain highly qualified and skilled Board members, management and employees. The Company relies on certain members of its management in order to sustain, develop and grow its business, and there is a risk that these persons will not remain with the Company. The Company has no deputy CEO nor any deputy to the other members of the Senior Management Team. Should one of these persons leave the Company, there is a risk that it would take time to find and recruit a replacement. Furthermore, a number of the Company's functions are staffed by employees who have significant industry experience and could prove difficult and costly to replace. For example, the competition for employees within the financial sectors is tough and specially with respect to specialists such as Compliance Officers and Risk Officers. The same applies for the competition within tech, where it is difficult to recruit experienced system developers. The loss of key members of management, or of a substantial number of key employees, as well as the inability to attract, retain and motivate employees with desired qualities and skills required for the continuation of, and the expansion of, the Company's activities, could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to possible disputes and claims

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

The Company is exposed to risks relating to incurrence of losses not covered by insurance

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

The Company is subject to risks relating to acquisitions and the integration thereof

As part of its growth strategy, the Company may evaluate opportunities for acquiring complementary assets and businesses that may supplement the Company's organic growth. Such acquisitions are always exposed to a number of risks and considerable uncertainty with respect to ownership, other rights, assets, liabilities, licenses and permits, claims, legal proceedings, restrictions imposed by competition law, financial resources, environmental considerations and other aspects. In addition, integration of acquired businesses involves risks, including, for example, managing geographically separated organisations, systems, and facilities, management of risk, client onboarding processes, integrating personnel with diverse business backgrounds and organisational cultures, complying with foreign regulatory requirements, fluctuations in currency exchange rates, enforcement of intellectual property rights in some foreign countries, difficulty entering new foreign markets due to, among other things, customer acceptance and business knowledge of those new markets, and general economic and political conditions. In connection with potential future acquisitions, the Company may incur considerable transaction, restructuring and administrative costs, as well as other integration-related costs and losses. Furthermore, even if the Company is in a position to integrate an acquired business, it may be unable to do so successfully. If the Company fails to integrate any acquisition successfully and efficiently, it could be subject to increased financial costs, additional burdens on management's time or degradation in the quality of the Company's products and services, particularly with respect to the products and services offered by the acquired entity. Moreover, there is a risk that in the future the Company will be restricted from making acquisitions due to capital adequacy requirements. Any difficulties integrating future acquisitions, including unexpected or additional costs, or inability to make preferred acquisitions may have a material adverse effect on the Company's business, financial condition and results of operations.

LEGAL AND REGULATORY RISKS

The Company is exposed to risks relating to the Swedish legislation implementing the EU Covered Bond Directive 2019/2162

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

On 8 July 2022, the amendments to the Covered Bonds Act entered into force (see further below under “*Overview of the Swedish legislation regarding covered bonds*”). As they were recently implemented, it is still unclear how the amendments will be interpreted by the Swedish FSA and which implications it will have on the Company’s operations. However, any failure by the Company to comply with the Swedish legislation governing covered bonds may have a material adverse effect on the Company.

The Company is exposed to risks relating to the banking license issued by the Swedish FSA

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

On 7 October 2016, the Company was granted a banking license by the Swedish FSA. The Company also conducts operations in Norway and Finland through branches and thus passports its banking license to Norway and Finland. The Company has also passported its banking license to Germany, following which the Company has a permit to operate a cross-border activity in Germany in relation to deposits in EUR through a collaboration with Raisin DS GmbH (“**Raisin**”), which provides a savings platform for German customers. The banking license has indefinite duration but could be revoked by the Swedish FSA. Further, the authorities could intervene by, for example, issuing an injunction, a remark (*Sw. anmärkning*), a warning (each of the two latter can be combined with a fine), or an order to limit or reduce the risks of the operations, restrict or prohibit payment of dividends or interest, restrict the Company’s right to dispose of its assets or altogether prohibit it from disposing of its assets, or appoint a special representative to run all or parts of the Company’s business.

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

The Company is exposed to risks relating to capital adequacy and liquidity regulations

The Company is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted the Company and are expected to continue to impact the Company include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU (“**CRD IV**”), as amended by Directive (EU) 2019/878 (“**CRD V**”), and the EU Capital Requirements Regulation 11(99) (EU) No. 575/2013 (“**CRR**”), as amended by Regulation (EU) 2019/876

("CRR II") and, as a response to the COVID-19 pandemic, by Regulation (EU) 2020/873. CRR II and CRD V are supported by a set of binding technical standards developed by the European Banking Authority ("EBA"). The CRR II is directly applicable and binding in Sweden and the CRD V is implemented through national laws and regulations. The Company is also subject to liquidity requirements in its capacity as a credit institution supervised by the Swedish FSA, including a statutory requirement to maintain sufficient liquidity to enable it to discharge its obligations as they fall due. The Swedish FSA has issued regulations on liquidity, such as FFFS 2010:7 (as amended by FFFS 2014:21 and 2021:16), which the Company needs to comply with.

The capital adequacy framework includes, *inter alia*, minimum capital requirements for the components in the capital base with the highest quality, common equity tier 1 ("CET1") capital, additional tier 1 capital and tier 2 capital. CRR II also introduces a binding leverage ratio requirement (i.e. a capital requirement independent from the risk of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to CRR. In addition to the minimum capital requirements, CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to the Company as determined by the Swedish FSA. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by the Company for example, dividend and coupon payments on CET1 and tier 1 capital instruments. However, the Company is currently not considered a systemically important institution and is thus not subject to the buffer requirement for systemically important institutions, nor subject to the systemic risk buffer requirements. There can, however, be no assurance that the Company will not be designated a systemically important institution or subject to systemic risk buffer requirements in the future. By way of example, on 8 December 2020 the Norwegian government adopted an increase in the Norwegian systemic risk buffer requirement from 3 per cent to 4,5 per cent applicable to Norwegian banks (not directly applicable to the Company) from year-end 2020. Smaller Norwegian banks (those using the Standardised Approach or the Foundation IRB Approach) are still subject to a two-year transitional rule, where the current systemic risk buffer requirement at 3 per cent for all exposures will continue to apply.

On 2 February 2021, the Norwegian government requested the European Systemic Risk Board ("ESRB") to issue a recommendation to other EEA states to reciprocate the Norwegian systemic risk buffer requirement with respect to exposures in Norway for institutions above certain materiality thresholds. The request also included reciprocity of certain average risk weight floors for credit institutions authorised to use an internal ratings-based approach (which will not impact the Company as it is not using such approach). For the systemic risk buffer rate, the materiality threshold is set at a risk-weighted exposure amount of NOK 32 billion (thus currently not impacting the Company). The ESRB issued its recommendation on 30 April 2021. The Swedish FSA passed a decision to reciprocate the average risk weight floors 21 June 2021 and passed a decision on 28 October 2022 to reciprocate the Norwegian systemic risk buffer as of 30 October 2022 with respect to Swedish credit institutions with risk exposure amounts in excess of NOK 32 billion (thus currently not affecting the Company).

The Company is subject to countercyclical capital buffers. In Sweden, the countercyclical buffer rate is currently 1 per cent, but it will be increased to 2 per cent with effect from 22 June 2023. With respect to exposures in Norway, the countercyclical capital buffer is currently 2%, but will be increased to 2.5% with effect from 31 March 2023.

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

Serious or systematic deviations by the Company from the above regulations would most likely lead to the Swedish FSA determining that the Company's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions on the Company. Further, any increase in the capital and liquidity requirements could have a negative effect on the

Company's liquidity (should its liquidity buffers and revenue streams not cover liquidity requirements, in addition to the fact that stricter requirements to hold liquidity reserves decrease the possibility to dispose the Company's funds freely on a short-term basis), funding (should it not be able to raise funding on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase). The degree to which regulatory capital and liquidity requirements risks may affect the Company is uncertain and presents a highly significant risk to the Company's capital, funding and liquidity position (see also "*the Company is exposed to liquidity and financing risks*" above).

The Company is exposed to risks relating to non-compliance with regulations

The Company's operations are subject to legislation, regulations, codes of conduct and general recommendations in the jurisdictions in which it operates and in relation to the products it markets and sells. As a Swedish bank, the Company is subject to supervision by the Swedish FSA with regard to, among other things, capital adequacy and liquidity as well as rules on internal governance and control. Further, the Norwegian FSA and the Finnish FSA supervise conduct and certain operations of the branches in Norway and Finland, respectively. In addition, the Swedish Consumer Agency (Sw. *Konsumentverket*) safeguards the interests of consumers in Sweden and monitors consumer interests within the EU, with the Norwegian Consumer Council (No. *Forbrukerrådet*) and the Norwegian Consumer Authority (No. *Forbrukertilsynet*) as well as the Finnish Consumer Ombudsman (Sw. *Konsumentombudsman*) and Finnish Competition and Consumer Authority (Sw. *Konkurrens- och konsumentverket*) safeguarding the interests of customers in Norway and Finland, respectively, and the Swedish Authority for Privacy Protection (Sw. *Integritetsskyddsmyndigheten*) works to protect individuals' privacy. As a result of the Company conducting operations through its branches in Norway and Finland, Norwegian and Finnish regulators, data protection agencies, consumer agencies and councils have or will have jurisdiction over certain aspects of the Company's business, including marketing and selling practices, advertising, transfer pricing aspects, general terms of business and legal debt collection operations. Further, in relation to equity release mortgages, the Company is a tied insurance intermediary for a supplementary insurance in addition to the high-street homeowner's insurance required for all borrowers. Such insurance mediation subjects the Company to insurance-related laws and regulations, such as the Swedish Insurance Distribution Act (Sw. *lagen (2018:1219) om försäkringsdistribution*).

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

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

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

As a result of the Company conducting operations on a cross-border basis also in Germany, the German agencies, councils and authorities will have jurisdiction over certain aspects of the Company's business, including customer protection, marketing and selling, advertising and general terms of business.

The Company is exposed to risks relating to the implementation of the Bank Recovery and Resolution Directive

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

The BRRD and the Resolutions Act contain a number of resolution tools and powers which may be applied by resolution authorities (in Sweden, the Swedish National Debt Office (Sw. *Riksgäldskontoret*) is the resolution authority) upon certain conditions for resolution being fulfilled. These tools and powers (used alone or in combination) include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain eligible liabilities, whether subordinated or unsubordinated, of the institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into other securities, which securities could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt (including any Notes, to the extent that claims in relation to the Notes are not met out of the assets in the relevant Cover Pool and thus rank *pari passu* with other unsecured and unsubordinated creditors of the Company) could be subject to bail-in, except for certain classes of debt, such as certain deposits and secured liabilities. In addition to the general bail-in tool, the BRRD and the Resolutions Act provide for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the authority has the power to take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder (or other) approval.

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

The Company is exposed to risks relating to non-compliance with data protection laws and regulations

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

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

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

The Company is exposed to risks relating to changes in the national deposit guarantee schemes

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

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

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

The Company is exposed to risks relating to changes in laws regarding debt collection, debt restructuring and personal bankruptcy

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

The Company's recoveries on overdue and written-down loans depend primarily on the effectiveness of legal debt collection systems, including laws regarding debt collection, debt restructuring and personal bankruptcy, in Sweden, Norway and Finland. There is a risk that the Company's ability to collect on overdue loans will be adversely affected by changes in debt collection laws or bankruptcy laws if, for example, the enforcement process gets more complicated or other creditors are granted priority over the Company in restructurings or bankruptcies. The degree to which the aforementioned legislation changes may affect the Company is uncertain and presents a highly significant risk to the Company's cost levels and results of operations. For example, in Norway and Finland, debt collection fees were significantly reduced in 2020 which has affected debt collectors and may in turn impact the value of and the profitability of collecting the Company's defaulted debt. Further, an expert group proposed a new Norwegian debt collection act in 2020. The Norwegian government is still considering the proposal and is preparing a draft bill.

The Finnish government has recently introduced some significant legislative amendments which aim to reduce Finnish households' over-indebtedness and related problems. The Act on Positive Credit Register (739/2022, as amended) (Sw. *lag om ett positivt kreditupplysningsregister*) entered into force in August 2022 together with certain other related legislation concerning the establishment of a positive credit register which contains information on debts and income of Finnish individuals. The positive credit register will come into operation during spring 2024. In addition, following the adoption of the provisions shortening of the retention period of payment default entries, as of December 2022, a payment default entry must be deleted within one month after the credit information registrar has received information on the payment of the claim, due to the neglect of which the payment default entry has arisen. Furthermore, amendments to the legislation concerning adjustment of the debts of a private individual and restructuring of enterprises concerning, among other things, facilitating the access of debtors (including debtors placed into bankruptcy) to debt adjustment, relieving the conditions for a debt adjustment and shortening the duration of payment schedule in certain cases as well as introducing an

early restructuring procedure for enterprises in case of imminent insolvency, entered into force in July 2022. Furthermore, as regards debt enforcement concerning private individuals, recent amendments to the Finnish Debt Enforcement Code (705/2007, as amended) (Sw. *utsökningsbalk*), which entered into force on 1 May 2023, will increase the amount of private individual debtor's payment-free months and require distraining lower amounts from the debtor in case of a substantial deterioration of the ability to pay due to expenses of the production of income becoming greater than normally. In addition, a recent amendment to the Finnish Debt Enforcement Code increased consumer's protected income in debt enforcement proceedings at least to the level of the guaranteed pension for the year 2023. As regards restructuring of enterprises, a legislative amendment concerning simplifying the enterprise restructuring procedure and facilitating the possibility for a rapid approval of a restructuring programme will enter into force on 1 June spring 2023.

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

The Company is exposed to risks relating to non-compliance with consumer protection and marketing laws

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

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

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

consolidated lending regulation for the most part continued existing rules, and entailed only minor adjustments. The Norwegian Ministry of Finance adopted certain amendments to the regulation on lending practices on 9 December 2022, which entered into force on 1 January 2023. The amendment includes a somewhat less stringent requirement regarding the debt servicing capacity as it requires the credit provider to assess whether the consumer can handle a 3 percentage points increase in the interest rate of loans (stress test), and not 5 percentage points as previously (with 7% interest rate as a floor for the stress test), as well as certain other amendments. Further, the act on debt information of 2017 has facilitated the establishment of private debt registries. Several debt registries have been established, and financial institutions are required to report information on consumer loans to debt registries. Further, a proposal to prohibit offering credit together with add-on benefits (No. *tilleggsfordeler*) has been on public consultation in 2022, and is currently being considered by the Norwegian government. As the Company do not offer any add-on benefits with credits, this is not expected to directly impact the Company.

Furthermore, financial institutions such as the Company are subject to mandatory pre-contractual disclosures and content requirements for credit contracts pursuant to the Norwegian Act on Credit Contracts when furnishing credit to Norwegian consumers and to the Finnish Consumer Protection Act as well as the general provisions contained the Finnish Contracts Act (228/1929, as amended) (Sw. *lag om rättshandlingar på förmögenhetsrättens område*) when furnishing credits to Finnish consumers. On 18 December 2020, the Norwegian parliament adopted the Norwegian Act on Credit Contracts, which entered into force on 1 January 2023 (with certain transitional rules). The Norwegian government has also adopted detailed regulations to accompany the Norwegian Act on Credit Contracts. The purpose of the Norwegian Act on Credit Contracts is partly to transpose the EU Payment Services Directive II ((EU) 2015/2366), the EU Payment Account Directive (2014/92/EU) and the EU Consumer Mortgage Directive (2014/17/EU), but it also strengthens consumers' rights generally. While the key elements of the previous Norwegian Act on Credit Contracts are continued, the new Norwegian Act on Credit Contracts is a completely revised act which includes several new provisions intended to increase consumer protection, such as statutory liability for losses incurred by the consumer as a result of a financial institution's non-compliance with the standard of good business practice, liability for losses incurred by the consumer in case of misuse of the consumer's electronic signature, a duty to reject certain customers, a prohibition on usury rates as well as new rules regarding co-debtors. The Norwegian Act on Credit Contracts also includes other changes compared to the legislation prior to 1 January 2023, such as changing the notice period for amending the terms of the agreement to the consumer's detriment (the notice period has been prolonged from six weeks to two months).

One key issue to note with respect to the Norwegian Act on Credit Contracts is that amendments to existing contracts (whether the terms and conditions or interest rates) must in principle be agreed between the financial institution and its customer (tacit consent is permitted provided this is agreed). This means that the consumer in principle may object to any proposed amendment, including proposed changes to interest rates. If the consumer objects to proposed changes to interest rates, the starting point of the Norwegian Act on Credit Contracts is that the interest rate will not be changed. However, the Norwegian Ministry of Justice and Public Security issued 12 September 2022 an interpretative statement indicating that the bank and the consumer may stipulate in the agreement that in case the consumer objects to an interest rate change which is reasonably justified (No. *saklig begrunnet*), the bank may terminate the contract. As such, in a situation where the bank proposes to increase the interest rate, and consumers object, the bank may be required to either maintain the customer at the original interest rate or terminate the loan agreement with the customer. The matter is not clear-cut and the issue has not yet been tested in courts of law. This may impact the bank's ability to manage its interest rate risk and/or maintain its customers in Norway.

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

on 1 January 2017. In addition to chapter 7a, providers of loans secured by residential property are also subject to certain provisions of chapter 7 of the Consumer Protection Act regarding consumer credits and implementing Directive 2008/48/EC concerning, among other things, good lending practice, changes to credit interest and fees, and certain other conduct provisions as well as the general provisions set out in chapters 2 to 4 of the Consumer Protection Act concerning, for example, marketing and conduct in customer relationship, contract terms, and adjustment and interpretation of a contract, which have implemented Directive 93/13/EEC on unfair terms in consumer contracts, as applicable. Amendments with the aim to reduce Finnish households' over-indebtedness will enter into force on 1 October 2023 with provisions on, among other things, lowering the interest rate cap for other consumer credits than mortgage loans secured by real collateral and specifying the types of marketing of consumer credits (including mortgage loans) which are considered contrary to good lending practice, including, for instance, directing marketing towards consumers who have payment default entries or who can otherwise be assumed to have difficulties in properly fulfilling their obligations under the credit agreement. Also, the EU regulatory bodies are currently in the process of revising Directive 2008/48/EC and reviewing Directive 2014/17/EU which may eventually result in changes to the Finnish legislative framework concerning consumer credits and loans secured by residential property.

A credit institution may grant a residential housing loan which is subject to a LTV ratio cap of 90 per cent pursuant to the Finnish Act on Credit Institution Activity (610/2014; Sw. *kreditinstitutslag*), calculated between the loan amount and the current value of the security for the loan at the time of granting of the loan. If a first home is involved, a housing loan granted may be no more than 95 per cent of the current value of the security provided for the loan. The Finnish FSA is authorised under the Act on Credit Institution Activity to decide to reduce the cap by a maximum of 10 percentage units in order to limit an exceptional increase of risks to financial stability. As at the date hereof, the cap is 85 per cent on residential housing loans and 95 per cent if a first home is involved. Finnish mortgage loans may have a fixed or variable rate of interest, although loans with variable rates of interest are the most commonly originated at the date of this Base Prospectus.

Moreover, the Finnish Act on Credit Information (527/2007, as amended) (Sw. *kreditupplysningslag*) has facilitated the establishment of credit information registries. Several credit information registers have been established, and financial institutions and other credit providers are required to report information on consumer loans to credit information registries. As of February 2024, financial institutions and other credit providers will also be required to report information on consumer loans to the positive credit register (see also "*The Company is exposed to risks relating to changes in laws regarding debt collection, debt restructuring and personal bankruptcy*" above).

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

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

The Company is exposed to risks relating to changes in laws and regulations regarding interest tax deduction and mortgage amortisation

In Sweden and Norway individuals are entitled to deduct a portion of their net capital expenses, such as interest paid on mortgage loans, from their income taxes. Although no legislative measures have been initiated, interest deductions are currently under public scrutiny in Sweden as part of the political debate regarding household over-indebtedness. If such interest deductions were to be reduced or eliminated, it would increase the costs for the Company's customers.

Correspondingly, under current Norwegian tax rules, rental income derived from renting out part of a residential property is tax exempt, provided that at least 50 per cent of the value of the property is used and occupied by the owner, which gives a positive effect on the affordability calculation for customers who are eligible for this. If tax relief would be reduced or eliminated, it would reduce the net rental income for these customers and could have an adverse effect on their affordability calculation.

In Finland, interest paid on mortgage loans has previously been deductible for individuals but as of 2012, the deduction right has been limited on an annual basis. For 2022, the deduction right was cut to 5 per cent and, as of 2023, the deduction right has been reduced to 0 per cent. However, under current Finnish tax rules, the interest expenses related to loans relating to residential-property investment can be deducted in full as it is considered as a loan for the production of income.

In 2016, the Swedish FSA introduced rules in Sweden making it mandatory for new borrowers to amortise on the principal of their mortgages, and similar rules have applied in Norway since 2015. Under the Swedish rules, home owners are required to amortise 2 per cent of the principal per year on new mortgages until the loan is 70 per cent of the property value, and thereafter amortise 1 per cent per year until the LTV ratio is 50 per cent. In March 2018, stricter amortisation rules were implemented in Sweden, whereby individuals that have mortgage loans of which the total debt is in excess of four 4.5 times the individual's relevant gross income per year must amortise an additional 1 per cent per year.

In Norway, from 1 January 2017, a new temporary mortgage loan regulation entered into force which, for example, sets forth a loan-to-income-cap entailing that an individual shall not be granted a residential mortgage if the individual's total debt, if the mortgage is issued, would be in excess of five times the individual's gross income per year.

In Finland, the current own-capital ratio is generally 15 per cent, and 5 per cent for loans taken for first homes. The Finnish FSA has repeatedly encouraged credit institutions under its supervision to refrain from granting particularly large loans with a long maturity. In addition, according to the Finnish FSA's recommendation, which entered into force on 1 January 2023, a mortgage loan applicant's total debt-servicing costs, which are calculated based on a maximum repayment period of 25 years and a minimum interest rate of 6 per cent (except for debt with long-term interest rate hedges and fixed-rate loans), should, as a main rule, be no higher than 60 per cent of the applicant's net income. The upcoming Finnish legislation on macroprudential instruments to combat household over-indebtedness, which is proposed to enter into force on 1 July 2023, would bring forth a maximum loan period of 30 years when granting a mortgage loan. Moreover, a separate LTV ratio would be prescribed for loans granted to housing companies and other housing communities for new building projects so that the maximum LTV ratio for such loans would not exceed 60 per cent of the debt-free price of the shares in the housing company or other housing community. Such loans would also become subject to a maximum loan period of 30 years. The upcoming legislation would also impose stricter criteria and procedures for credit-granting. The Finnish consumer protection legislation does not prescribe how the amortisation should be done. It is however stated that in case the consumer has several loans from the same creditor, the consumer has the right to determine the loan to which amortisation is being directed.

There is a risk that additional interest and amortisation related requirements may be implemented, which could increase households' debt servicing costs and, as a result, may strain consumers' ability to make timely payments on other debts and may adversely affect consumers' willingness to take up further debt. As a result, this might impact the housing market and property prices and consequently the demand for the Company's loan products could decrease in the future, which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is exposed to risks relating to the occurrence of anti-money laundering, financing of terrorism and trade sanctions

The Company is subject to laws and regulations regarding anti-money laundering, know your customer, financing of terrorism and trade sanctions in all countries which the Company operates in. Counteracting

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

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

The Company is exposed to risks relating to changes to accounting rules

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

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

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

The Company is exposed to risks relating to changes to tax rules and the tax authorities' interpretations of applicable rules

The Company's business and transactions are conducted in accordance with the Company's interpretations of applicable laws, tax treaties, regulations and requirements of the tax authorities. There is a risk that the Company's interpretation of applicable rules and administrative practice is incorrect. In addition, the rules and practice may change, possibly with retroactive effect. For example, new rules regarding risk tax (Sw. *riskskatt*) for credit institutions with debt exceeding certain thresholds entered into

force on 1 January 2022. For financial years commencing in 2022, the threshold has been set to SEK 150 billion. Thereafter, the threshold will be indexed on a yearly basis. The risk tax rate currently amounts to 0.05 per cent of a credit institution's debt (computed in a certain way) and will be increased to 0.06 per cent as of 1 January 2023. According to the Company, the Company's debt is below the threshold for qualifying for the risk tax as of the date of this Base Prospectus.

In 2022, the Company's reported tax on profit totalled SEK 56.1 million and its effective tax rate was 18.8 per cent. The Company's tax situation for previous, current and future years may change as a result of legislative changes such as the one mentioned, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. Such decisions or changes could have a material adverse effect on the Company's tax position, financial condition and results of operations.

The Company is exposed to risks relating to internal governing documents, procedures, processes and evaluation methods used by the Company to assess and manage risks may be insufficient to cover unidentified, unanticipated, or incorrectly quantified risks and fraud

The internal governing documents, procedures, processes and evaluation methods used by the Company to assess and manage risks may not be fully effective in managing, or at all identifying, all types of risks. Examples of such risks include misconduct caused by remuneration policies that encourage risk taking or a lack of adequate internal governance or control with regards to the Company's products and funding. Furthermore, the Company faces the risk that its operations may not be in compliance with internal governing documents or that it may not correctly quantify identified risks. If the Company is unable to successfully implement and adhere to effective internal governing documents, procedures, processes and evaluation methods to assess and manage risk, this could have a material adverse effect on the Company's business, financial condition and results of operations.

Effective internal governance and control is necessary for the Company to provide reliable financial reports and to ensure compliance with internal and external rules and other reporting requirement as well as to prevent fraud. While the Company has implemented policies and controls regarding its financial reporting, such policies and controls may be inadequate. In addition, the Company's controls at the operational level may be inadequate, leading to non-compliance with the Company's internal governing documents and, as a result, this may cause the Company to incur increased compliance costs and suffer reputational damage. Inadequate internal governance and control could also cause investors and other third parties to lose confidence in the Company's reported financial information. If the Company does not implement reliable financial reports or maintain an effective internal governance and control framework, it could have a material adverse effect on the Company's reputation, business, financial condition and results of operations.

RISKS RELATING TO THE NOTES

Credit risk

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

Credit rating

On 16 June 2020, the credit rating agency Moody's Nordics assigned a local and foreign currency long term deposit rating of A3 to the Company. On 27 April 2020, the credit rating agency Moody's España assigned Loans issued under the Programme a credit rating of Aa1. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time. Any downgrade of the Company's credit rating is likely to increase the Company's borrowing costs, limit its access to the debt capital markets, undermine the competitive position of the Company and/or limit the range of counterparties willing to enter into transactions with the Company. A rating downgrade could also adversely affect the Company's liquidity position and undermine confidence in the Company.

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

The Notes are obligations of the Company only

Even though the Notes are Covered Bonds (as defined in the Terms and Conditions) and have the benefit of priority in respect of the relevant Cover Pool, Noteholders investing in Notes assume a credit risk on the Company. The Notes are solely obligations of the Company and are not obligations of, or guaranteed by, any other entities. In particular, the Notes are not obligations of, and are not guaranteed by, any other entity in the Group. No liability whatsoever in respect of any failure by the Company to pay any amount due under the Notes shall be accepted by any other entity in the Group.

The assets in the relevant Cover Pool are owned by the Company but, in the event of the Company's bankruptcy, will not be available to other creditors until the Noteholders and related derivative counterparties have been repaid in full (except in limited circumstances if the administrator-in-bankruptcy grants an advance dividend to unsecured creditors). To the extent that claims in relation to the Notes and other covered bonds are not met out of the assets in the relevant Cover Pool, the residual claims will rank *pari passu* with other unsecured and unsubordinated creditors of the Company. See section "Overview of the Swedish legislation regarding covered bonds".

Legislative changes

The Terms and Conditions are based on applicable Swedish law at the time of the issue. Any changes to Swedish or international legislation could have adverse and unpredictable effects on the Notes. Such changes could mean that the secondary market for Notes becomes limited or ceases to exist, that Notes become illegal for some Noteholders to hold, cannot be traded on the marketplace, will be treated differently as regards taxation or lead to consequences that cannot be anticipated at this time. Such changes may result in an adverse effect on the value of Notes, that Noteholders cannot sell them at the anticipated terms or that the Company redeems them prematurely.

The Terms and Conditions of each Loan are governed by Swedish law, including the Covered Bonds Act and the Swedish Rights of Priority Act (Sw. *Förmånsrättslag (1970:979)*) (the “**Rights of Priority Act**”). The Covered Bonds Act is a relatively new legislation in Sweden and there is no available case law relating to the act. It is uncertain how the Covered Bonds Act will be interpreted by Swedish authorities and courts and whether amendments will be made to the act or the Swedish FSA’s regulatory code, which will affect the Notes issued under the Programme.

The European Union’s covered bond directive and regulation came into effect on 7 January 2020. The new directive and the new regulation became applicable during July 2022 (please refer to the risk factor “*The Swedish legislation implementing the EU Covered Bond Directive 2019/2162*”).

Non-compliance with matching rules

Under the Covered Bonds Act, the Company must comply with certain matching requirements, which, *inter alia*, require that the nominal value and the present value of the assets registered to a Cover Pool, respectively, exceed the nominal value and the present value of liabilities which relate to the covered bonds issued from time to time, with respect to the Cover Pool and the Notes by at least two per cent. In order to comply with these requirements, the Company may enter into derivative contracts. To do so, the Company is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

A breach of the matching requirements prior to the Company’s bankruptcy in the circumstances where no additional assets are available to the Company, or the Company lacks the ability to acquire additional assets, could result in the Company being unable to issue new covered bonds.

If, following the Company’s bankruptcy, the relevant Cover Pool ceases to meet the requirements of the Covered Bonds Act (including the matching requirements), and such deviations are not just temporary and minor, the Cover Pool may no longer be maintained as a unit and the continuous payment under the Terms and Conditions of the relevant Loan and derivative contracts will cease. Noteholders would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the Cover Pool in accordance with general bankruptcy rules. This could result in Noteholders receiving payment according to a schedule that is different from that contemplated by the Terms and Conditions (with accelerations as well as delays) or that Noteholders are not paid in full. Thus, posing a risk that the investors lose all or part of their investment in Note or do not regain their investment at the times anticipated by the investor prohibiting an investor to invest in other assets with similar returns.

Conflicting interests of other creditors

In the event of the Company’s bankruptcy, the Covered Bonds Act does not give clear guidance on certain issues, which may lead to a conflict between Noteholders, and the derivative contract parties on the one hand, and other creditors of the Company on the other hand. Examples of such issues are (a) how proceeds from a loan partly registered to a Cover Pool should be distributed between the portion of such loan registered to the Cover Pool and the portion of such loan not registered to the Cover Pool and (b) how the proceeds of enforcement of a mortgage certificate should be distributed if this serves as collateral for two different loans ranking *pari passu* in the mortgage certificate where one such loan is not wholly or partly registered to the Cover Pool. The lack of clear guidance on these and similar issues may lead to unsecured creditors arguing that part of the proceeds from a loan and/or mortgage certificate should not be included in a Cover Pool or to any creditors with loans that rank *pari passu* in a mortgage certificate which also serves as collateral for a loan registered to a Cover Pool arguing that part of the proceeds from such mortgage certificate should not be included in the Cover Pool. Since the Company may establish multiple Cover Pools, there could also be conflicting interests between Noteholders benefiting from security in different Cover Pools. This creates a risk that the distribution of proceeds to Noteholders is delayed or reduced.

Levy of execution on the assets in a Cover Pool

Although the Rights of Priority Act prescribes that a special right of priority applies upon both bankruptcy and levy of execution, it has been argued with considerable authority that, as the Swedish Enforcement Code (*Sw. Utsökningsbalken (1981:774)*) does not protect the special right of priority of a holder of covered bonds in competition with another creditor seeking execution, such a creditor may, through levy of execution, obtain a right which is superior to the right of priority accorded to holders of covered bonds under the Rights of Priority Act. Such preference right may be challenged by a bankruptcy administrator and be voidable if the preference was obtained within three months prior to the commencement of the Company's bankruptcy proceedings on the basis that such creditor has been preferred over the Noteholders and the Company's ordinary creditors. If such challenge is not made, this could ultimately result in a reduction in the return to Noteholders.

No events of default

The Terms and Conditions do not include any events of default relating to the Notes or non-payment and therefore the Terms and Conditions do not entitle any Noteholder to accelerate the Notes. As such, Noteholders will only be paid the scheduled payments under the Notes as and when they fall due in accordance with the Terms and Conditions.

The maturity of the Notes may be extended

An Extended Maturity Date may be specified in the applicable Final Terms to apply to a Loan.

If an Extended Maturity Date has been specified as applicable in the Final Terms and the Company has received approval from the Swedish FSA to extend the maturity, the maturity of the relevant Notes will be extended to the Extended Maturity Date.

The extension of the maturity of the nominal amount outstanding of the Notes from the Maturity Date to the Extended Maturity Date will not result in any right of the Noteholders to accelerate payments or take action against the Company and no payment will be payable to the Noteholders in that event other than as set out in the Terms and Conditions.

Payment of advance dividends post the Company's bankruptcy

In the event of the Company's bankruptcy, an administrator-in-bankruptcy could make advance dividend payments (*Sw. förskottsutdelning*) to creditors other than Noteholders. The payment of advance dividends could result in Noteholders not being paid in a timely manner. It is likely that an administrator-in-bankruptcy would only authorise such advance dividend payments if satisfied that the relevant Cover Pool contained significantly more assets than necessary to pay amounts owing to Noteholders before making such payment. Additionally, the Company's estate would be entitled to have any advance dividend repaid should the relevant Cover Pool subsequently prove to be insufficient to make payments to the Noteholders as a result of the payment of advance dividends. The right to reclaim advance dividends may also be secured by a bank guarantee or equivalent security pursuant to the Swedish Bankruptcy Act (*Sw. konkurslagen (1987:672)*).

Noteholders' meeting and lack of Noteholders' representation

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

and presents a significant risk that the actions of the majority in such matters can impact the Noteholders' rights in a manner that adversely affects an investor's investment in Notes.

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

Market and tenor risks

The market risks between the different Notes varies depending on the debt construction and tenor of the relevant series. The risks associated with an investment in Notes increases with the length of the tenor of the Notes, as the credit risk of the Notes with a longer tenor is more difficult to assess compared to the Notes with a shorter tenor. In addition, the market risks increase with the tenor of the Notes as fluctuations in the market value of the Notes is greater for the Notes with a longer tenor than the Notes with a shorter tenor. Hence an investment in Notes with a longer tenor poses an increased risk that the investor loses all or part of its investment.

Structural subordination and dependence on upstream funding

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

Benchmark Regulation

In order to ensure the reliability of reference rates, legislative action at EU level has been taken. Hence, the Benchmark Regulation which regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. There is a risk that the benchmark regulation may affect how certain reference rates are calculated. These reforms may cause STIBOR, EURIBOR or NIBOR to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on floating interest rate Notes and poses a risk to the value of and return on the investments of the Noteholders.

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

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

Secondary market

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

Notes with fixed interest rate

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

Notes with floating interest rate

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

TERMS AND CONDITIONS

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

These general terms and conditions (the “**Terms and Conditions**”) shall apply to any and all loans that Bluestep Bank AB (publ) (Reg. No. 556717-5129) (the “**Issuer**”) raises on the Swedish or Norwegian capital market under an agreement with the Dealers (as defined below) in respect of a Swedish medium term covered note programme (the “**Programme**”) by issuing notes in SEK, NOK or EUR with a term of not less than one year. The maximum Total Nominal Amount (as defined below) of all Loans (as defined below) outstanding under the Programme from time to time may not exceed the Framework Amount (as defined below), unless otherwise agreed in accordance with these Terms and Conditions.

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

1 Definitions

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

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

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

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

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

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

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

“**Business Day**” means:

- (a) in respect of Euroclear Notes, a day other than a Sunday or other public holiday in Sweden on which commercial banks are open for general business in Stockholm. Saturdays, Midsummer’s Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall for the purpose of this definition be deemed to be public holidays in Sweden; and

- (b) in respect of VPS Notes, a day other than a Saturday, Sunday or other public holiday in Norway on which banks are open for general business in Oslo and Stockholm and in relation to payments of Notes, also a day on which the Norwegian Central Bank's (No. *Norges Bank*) and the VPS's settlement system are operating.

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

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

"Cover Pool" means, for each Loan, the relevant cover pool (Sw. *säkerhetsmassa*) securing the Loan as specified in the Final Terms for such Loan.

"Covered Bond" means a unilateral promissory note which is registered in accordance with the Swedish Financial Instruments Accounts Act and coupled with rights of priority in accordance with the Covered Bonds Act and the Rights of Priority Act (Sw. *säkerställd obligation*).

"Covered Bonds Act" means the Swedish covered bonds issuance act (Sw. *lagen (2003:1223) om utgivning av säkerställda obligationer*) as amended.

"Covered Bond Directive" means Directive 2019/2162/EU on the issue of covered bonds and covered bond public supervision and amending Directives 2009/65/EC and 2014/59/EU.

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

"Currency" has the meaning set out in the Final Terms.

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

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

"Dealers" means Skandinaviska Enskilda Banken AB (publ), Nordea Bank Abp, Danske Bank A/S, Danmark, Sverige Filial and such other dealer (Sw. *emissionsinstitut*) appointed for this Programme in accordance with Clause 14.4, but only for so long as such dealer has not withdrawn as a dealer.

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

"EQT VII" means EQT VII, being comprised of EQT VII (No.1) Limited Partnership and EQT VII (No. 2) Limited Partnership (in each case acting by its manager, EQT Fund Management S.à r.l.) or any other person managed by EQT Fund Management S.à r.l., or by any successor as manager of such partnerships or person, provided that such successor is an Affiliate of EQT AB.

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

“EURIBOR” means:

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

“Euroclear Notes” means Notes denominated in SEK or EUR.

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

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

“Extended Maturity Date” has the meaning set out in Clause 9.4 and as further specified in the Final Terms.

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

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

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

“Framework Amount” means SEK 15,000,000,000 or the equivalent in other currencies.

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

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

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

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

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

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

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

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

"IPA" and **"Issuing and Paying Agent"** means Skandinaviska Enskilda Banken AB (publ) or such other issuing and paying agent appointed by the Issuer.

"Issue Date" means the date specified in the Final Terms.

"Issuing Dealer", means, in accordance with the Final Terms, that or those Dealers through which a particular Loan has been raised under this Programme.

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

"Loan" means each loan, comprising of one or more Notes with the same ISIN, raised by the Issuer under this Programme.

"Loan Amount" means the aggregate Nominal Amount of Notes with regards to a particular Loan.

"Margin" has the meaning specified in the Final Terms.

"Maturity Date" means the date specified in the Final Terms.

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

- (i) the arithmetic mean of the quoted interest rates (rounded upwards to four decimal places) for deposits of NOK 100,000,000 for the period in question on the Norwegian interbank market as supplied by leading banks in the Norwegian interbank market reasonably selected by the Administrative Agent; or
- (ii) if only one or no such quotation is given, the Administrative Agent's assessment of the interest rate offered by Norwegian commercial banks for lending of NOK 100,000,000 for the period in question on the Norwegian interbank market.

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

"Nominal Amount" means the principal amount of each Note that is stated in the relevant Final Terms, less any amount repaid, cancelled or written down in accordance with the Loan Terms or applicable legislation.

"Norwegian Act on Credit Contracts" means the Norwegian Act on Credit Contracts (No. *lov av 18. Desember 2020 nr. 146 om finansavtaler*).⁴

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

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

⁴ Note that the referred law has been amended.

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

“Noteholders’ Meeting” means a meeting among the Noteholders, in respect of a Loan, held in accordance with Clause 12 (*Noteholders’ Meeting*).

“Record Date” means:

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

“Reference Banks” means:

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

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

“Rights of Priority Act” means the Swedish rights of priority act (Sw. *förmånsrättslag (1970:979)*).

“Securities Account” means the account maintained by the relevant CSD in which (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee, in accordance with applicable law of the relevant country.

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

“STIBOR” means:

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

- (c) if no such interest rate as described in paragraph (a) or (b) is available, the interest rate which, according to the reasonable assessment of the Administrative Agent, best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant Interest Period.

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

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

“Total Nominal Amount” means, for a Loan, the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

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

“VPS Notes” means Notes denominated in NOK.

1.2 Unless a contrary indication appears, any reference in the Loan Terms to:

- (a) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (b) a “regulation” or “law” includes any law, regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory or other authority or organisation;
- (c) a provision of law or regulation is a reference to that provision as amended or re-enacted; and
- (d) a time of day is a reference to Stockholm time.

1.3 When ascertaining whether a limit or threshold expressed in SEK has been reached or exceeded, an amount in another currency shall be counted on the basis of the rate of exchange on the previous Business Day which is published on Reuters site “SEKFIX=” (or through other such system or on another site which replaces the aforementioned system or site) or, if no such rate is published, the rate of exchange for such currency against SEK for the mentioned date, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se).

1.4 The definitions set out in these Terms and Conditions shall apply to the Final Terms.

1.5 Unless a contrary indication appears, any reference in these Terms and Conditions to any word importing the singular shall include the plural and vice versa.

2 STATUS OF THE NOTES AND RELEVANT COVER POOL

2.1 The Notes constitute direct, unconditional unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Notes constitute Covered Bonds and rank *pari passu* with all other obligations of the Issuer that have been provided the same priority in the relevant Cover Pool.

2.2 For each Loan, the relevant Final Terms will specify which Cover Pool secures the Loan.

3 ISSUE OF NOTES

- 3.1 Under this Programme the Issuer may issue Notes, denominated in SEK, NOK or in EUR, with a maturity of at least one year. Under a Loan, Notes may be issued in multiple tranches without the approval of any Noteholder under the relevant Loan, provided that the terms of such tranches are identical with the exception of Issue Date, Loan Amount, price per Note and Issuing Dealer.
- 3.2 By subscribing for Notes each initial Noteholder approves that its Notes shall be governed by the Loan Terms. By acquiring Notes each new Noteholder confirms such approval.
- 3.3 The Issuer undertakes to make payments in respect of issued Notes in accordance with the Loan Terms and to comply with the Loan Terms for the Notes.
- 3.4 If the Issuer wishes to issue Notes under this Programme the Issuer shall enter into a separate agreement for this purpose with one or more Dealers which shall be the Issuing Dealers for such Loan. Final Terms shall be prepared in relation to each particular Loan, which together with these Terms and Conditions shall constitute the full Loan Terms.

4 REGISTRATION OF NOTES

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

provided by themselves in machine-readable format. Information about the Issuer's and the Administrative Agent's respective personal data processing can be found on their respective websites.

5 PAYMENTS

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

6 INTEREST

6.1 Interest on a particular Loan is calculated in accordance with the Final Terms.

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

(a) Fixed Interest Rate

If a Loan denominated in SEK or EUR is specified as a Loan with Fixed Interest Rate the Loan will bear interest at the Interest Rate from, but excluding, the Interest Commencement Date up to and including the Maturity Date (or if applicable, the Extended Maturity Date).

If a Loan denominated in NOK is specified as a Loan with Fixed Interest Rate the Loan will bear interest at the Interest Rate from and including the Interest Commencement Date up to, but excluding, the Maturity Date (or if applicable, the Extended Maturity Date).

Unless otherwise specified in the relevant Final Terms, interest accrued during each Interest Period is paid in arrears on the relevant Interest Payment Date and shall be calculated using the Day Count Convention 30/360.

(b) Floating Interest Rate (FRN)

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

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

If the Interest Rate cannot be determined on the Interest Determination Date due to such obstacle as referred to in Clause 17.1, interest shall continue to accrue on the Loan at the interest rate applicable to the preceding Interest Period. As soon as the obstacle has been removed, the Administrative Agent (for Euroclear Notes) and the IPA (for VPS Notes) shall calculate a new Interest Rate which shall be effective from the second Business Day following the day of the calculation until the expiration of the current Interest Period.

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

For the avoidance of doubt, if the Base Rate plus the Margin for the relevant period is below zero (0), the Floating Rate shall be deemed to be zero (0).

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

7 REPLACEMENT OF BASE RATE

- 7.1 If a Base Rate Event as described in Clause 7.2 below has occurred, the Issuer shall, in consultation with the Arranger, initiate the procedure to, as soon as reasonably possible, determine a Successor Base Rate, Adjustment Spread, as well as initiate the procedure to determine upon necessary administrative, technical and operative amendments to the Loan Terms in order to apply, calculate and finally decide the applicable Base Rate. The Arranger is not obligated to participate in such consultation or determination as described above. Should the Arranger not participate in such consultation or determination, the Issuer shall, at the Issuer's expense, as soon as possible appoint an Independent Adviser to initiate the procedure to, as soon as reasonably possible, determine upon the mentioned. Provided that the Successor Base Rate, the Adjustment Spread and other amendments have been finally decided no later than prior to the relevant Interest Determination Date in relation to the next succeeding Interest Period, they shall become effective with effect from and including the commencement of the next succeeding Interest Period, always subject to any technical limitations of the relevant CSD and any calculations methods applicable to such Successor Base Rate.
- 7.2 A base rate event is an event where one or more of the following events occur ("**Base Rate Event**") which means:
- (a) the Base Rate (for the relevant Interest Period of the relevant Loan) has ceased to exist or ceased to be published for at least five (5) consecutive Business Days as a result of the Base Rate (for the relevant Interest Period of the relevant Loan) ceasing to be calculated or administered;
 - (b) a public statement or publication of information by (i) the supervisor of the Base Rate Administrator or (ii) the Base Rate Administrator that the Base Rate Administrator ceases to provide the applicable Base Rate (for the relevant Interest Period of the relevant Loan) permanently or indefinitely and, at the time of the statement or publication, no successor administrator has been appointed or is expected to be appointed to continue to provide the Base Rate;
 - (c) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator that the Base Rate (for the relevant Interest Period of the relevant Loan) is no longer representative of the underlying market which the Base Rate is intended to represent and the representativeness of the Base Rate will not be restored in the opinion of the supervisor of the Base Rate Administrator;
 - (d) a public statement or publication of information in each case by the supervisor of the Base Rate Administrator with the consequence that it is unlawful for the Issuer, or the Administrative Agent to calculate any payments due to be made to any Noteholder using the applicable Base Rate (for the relevant Interest Period of the relevant Loan) or it has otherwise become prohibited to use the applicable Base Rate (for the relevant Interest Period of the relevant Loan);

- (e) a public statement or publication of information in each case by the bankruptcy trustee of the Base Rate Administrator or by the trustee under the bank recovery and resolution framework (Sw. *krishanteringsregelverket*), or in respect of EURIBOR, from the equivalent entity with insolvency or resolution powers over the Base Rate Administrator, or in respect of NIBOR, from the equivalent entity with insolvency or resolution powers over the Base Rate Administrator, containing the information referred to in (b) above; or
- (f) a Base Rate Event Announcement has been made and the announced Base Rate Event as set out in (b) to (e) above will occur within six (6) months.

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

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

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

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

7.5 Prior to the Successor Base Rate, Adjustment Spread and any other amendments becoming effective, the Issuer shall promptly, following the final decision by the Issuer in consultation with the Arranger or the Independent Adviser of any Successor Base Rate, Adjustment Spread and any other amendments, give notice thereof to the Noteholders, the Administrative Agent and the relevant CSD in accordance with Clause 16 (*Notices*). The notice shall also include information about the effective date of the amendments. If the Covered Bonds are admitted to trading on a Regulated Market, the Issuer shall also give notice of the amendments to the relevant Regulated Market.

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

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

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

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

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

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

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

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

"Successor Base Rate" means:

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

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

8 PENALTY INTEREST

8.1 In the event of any delay in payment relating to principal and/or interest (except, for the avoidance of doubt, in relation to an Extended Maturity Date), penalty interest shall be payable on the overdue amount from its due date up to and including the date on which payment is made at a rate corresponding to the average of one week STIBOR for Notes denominated in SEK, one week EURIBOR for Notes denominated in EUR and one week NIBOR for Notes denominated in NOK for the duration of the delay, plus two (2) percentage points in each case. STIBOR, EURIBOR and NIBOR shall for this purpose be determined on the first Business Day in each calendar week for the duration of the period of default. Penalty interest, in accordance with this Clause 8.1, shall never be paid at a lower interest rate than the interest rate applicable to the relevant Loan on its relevant due date with the addition of two (2) percentage points. Penalty interest shall not be capitalised.

8.2 If the delay is due to an obstacle of the kind set out in Clause 17.1 on the part of the Issuing Dealer, the IPA or any relevant CSD, no penalty interest shall apply, in which case the interest rate which applied to the relevant Loan on the relevant due date shall apply instead.

9 REDEMPTION AND REPURCHASE

- 9.1 Each Note shall be redeemed on its Maturity Date (or if applicable, the Extended Maturity Date) in an amount equal to its Nominal Amount (or such other amount specified in the relevant Final Terms) together with accrued but unpaid interest. If the Maturity Date (or if applicable, the Extended Maturity Date) is not a Business Day, redemption shall occur on first following Business Day.
- 9.2 The Issuer may repurchase Notes at any time and at any price in the open market or otherwise provided that this is compatible with applicable law.
- 9.3 Notes owned by the Issuer may be retained, resold or cancelled at the Issuer's discretion.
- 9.4 An Extended Maturity Date may be specified as applicable to a Loan in the Final Terms and may, in such case, extend the Maturity Date to the Extended Maturity Date, in each case subject to (i) such extension being permitted by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) as a result of it being deemed likely that the extension will prevent insolvency (*Sw. obestånd (insolvens)*) of the Issuer or otherwise as a result of a trigger of the maturity event(s) stipulated in the Covered Bonds Act or any other legislation that implements Article 17.1 (a) of the Covered Bond Directive; and (ii) the Final Terms specifies the date being the Extended Maturity Date.
- 9.5 If the Maturity Date is extended to the Extended Maturity Date in accordance with Clause 9.4, the Issuer shall no later than thirty (30) calendar days prior to the specified Maturity Date give written notice to the Administrative Agent (and instruct the Administrative Agent to notify the relevant CSD) and the Noteholders (in accordance with Clause 16 (*Notices*)) of its intention to so extend the maturity of the Notes (however, failure to make such notifications shall not constitute an event of default or acceleration of payment for any purpose or give any Noteholder any right to receive any payment of interest, principal or otherwise on the relevant Loan other than as expressly set out in the Loan Terms).
- 9.6 Any extension of the maturity of the Notes under Clause 9.4 shall be irrevocable. Where Clause 9.4 applies, any extension of the maturity of the Notes shall not for any purpose or give any Noteholder any right to receive any payment of interest, principal or otherwise on the relevant Notes other than as expressly set out in the Loan Terms.
- 9.7 In the event of the extension of the maturity of the Notes under Clause 9.4, Interest Rates and Interest Payment Dates on the Notes from the Maturity Date to the Extended Maturity Date shall be determined in accordance with the applicable Final Terms.

10 INFORMATION TO NOTEHOLDERS

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

- (a) as soon as the same become available, but in any event within six months after the end of each Financial Year, its audited consolidated financial statements for that Financial Year;
- (b) the Terms and Conditions and the Final Terms for all outstanding Loans admitted to trading on a Regulated Market;
- (c) as soon as practicable upon becoming aware of an acquisition or disposal of any Note by a Group Company, information regarding the aggregate Nominal Amount held by Group Companies, and the amount of any Notes cancelled by the Issuer; and

- (d) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:582) om värdepappersmarknaden*) or the Norwegian Securities Trading Act (No. *lov av 29. juni 2007 nr. 75 om verdipapirhandel*), as applicable, and in any event the rules and regulations of the Regulated Market on which any Notes are admitted to trading.

11 ADMISSION TO TRADING

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

12 NOTEHOLDERS' MEETING

- 12.1 The Administrative Agent is entitled to, and shall at the request of the Issuer, any other Issuing Dealer or Noteholders who at the time of the request represent at least one-tenth of the Adjusted Loan Amount under the relevant Loan (such request may only be made by Noteholders who are registered in the Debt Register on the next Business Day after the day the request was received by the Administrative Agent and must, if made by several Noteholders who alone represents less than ten per cent of the Adjusted Loan Amount, be done together), convene a Noteholders' Meeting for the Noteholders under the relevant Loan.
- 12.2 The Administrative Agent shall convene a Noteholders' Meeting by sending notice in accordance with Clause 16 (*Notices*) to each Noteholder and the Issuer, within five Business Days from the date when a complete request was received in accordance with Clause 12.1 (or such later date as necessary for technical or administrative reasons). The Administrative Agent shall also, without delay, inform each Issuing Dealer and the IPA in writing about such notice.
- 12.3 The Administrative Agent may refrain from convening a Noteholders' Meeting if (i) the proposed resolution must be approved by a person, in addition to the Noteholders, and this person has notified the Administrative Agent that such approval will not be given; or (ii) the proposed resolution is not compatible with applicable law.
- 12.4 The notice sent by the Administrative Agent in accordance with Clause 12.2, shall contain (i) the time and place of the meeting; (ii) an agenda listing the matters to be addressed at the meeting (including a detailed summary of each proposed decision); (iii) the day on which a person must be Noteholder in order to exercise Noteholders' rights at the Noteholders' Meeting (the "**Voting Record Date**") and (iv) a proxy form. A decision may not be made at the meeting in respect of any matter that is not listed in the notice. The notice shall, if Noteholders are required to announce their intention to participate in the Noteholders' Meeting, contain information of such requirement.
- 12.5 The Noteholders' Meeting shall not be held earlier than 15 Business Days and no later than 30 Business Days after the notice. Noteholders' Meetings for several Loans under the Programme may be held on the same occasion.
- 12.6 The Administrative Agent may, without deviating from the provisions in these Terms and Conditions and as it deems appropriate, stipulate further provisions regarding the convening and holding of the Noteholders' Meeting. Such provisions may include provisions enabling Noteholders to vote without attending the meeting in person.

- 12.7 Only a person who is, or has been issued a power of attorney in accordance with Clause 13 (*Right to act on behalf of a Noteholder*) by someone who is a Noteholder on the Record Date for the Noteholders' Meeting may exercise voting rights at such Noteholders' Meeting, provided that the relevant Note is covered by the Adjusted Loan Amount. The Administrative Agent has the right to attend, and shall make sure that an extract from the Debt Register at the Record Date for the Noteholders' Meeting is available at, the Noteholders' Meeting.
- 12.8 The Noteholders and the Administrative Agent, and their respective counsel or representatives, are entitled to attend a Noteholders' Meeting. The Noteholders' Meeting may resolve that other persons may attend. Representatives shall submit a power of attorney to be approved by the chairman of the Noteholders' Meeting. The Noteholders' Meeting shall commence with the appointment of a chairman, recording clerk and attestor(s). The chairman shall prepare a list of Noteholders that are present with the right to vote at the meeting, with information on the proportion of the Adjusted Loan amount that is held by each respective Noteholder (the "**Voting Register**"). The Voting Register shall thereafter be approved by the Noteholders' Meeting. When applying these provisions Noteholders who have cast their vote via electronic voting, ballot paper or equivalent shall be deemed present at the Noteholders' Meeting. Only those who, on the Voting Record Date of the Noteholders' Meeting, were Noteholders, or representatives for such Noteholders, and who are covered by the Adjusted Loan Amount, are entitled to vote and shall be included in the Voting Register. The Issuer shall be granted access to relevant voting calculations and the basis for these. The minutes shall be completed as soon as possible and be made available to Noteholders, the Issuer and the Administrative Agent.
- 12.9 Decisions on the following matters require the approval of Noteholders representing at least 90 per cent of the part of the Adjusted Loan Amount for which Noteholders vote under the relevant Loan at the Noteholders' Meeting:
- (a) changing of the Maturity Date (but not the Extended Maturity Date), reduction of the Nominal Amount, changing of terms relating to interest or the amount that is to be repaid (other than in accordance with the Loan Terms, including what follows from the application of Clause 7 (*Replacement of Base Rate*)) and changing of the relevant Currency for the Loan;
 - (b) amending the provisions for the Noteholders' Meeting in this Clause 12;
 - (c) mandatory exchange of Notes into another security; and
 - (d) substitution of debtor.
- 12.10 Matters which are not covered by Clause 12.9, other than provisions regarding the Extended Maturity Date (which for the avoidance of doubt may not be changed other than in accordance with Clause 9.4 requires the approval of Noteholders representing more than 50 per cent of the portion of the Adjusted Loan Amount for which Noteholders vote under the relevant Loan at the Noteholders' Meeting. This includes, but is not limited to, amendments and waivers of rights with relation to the Loan Terms which do not require a greater majority (other than changes in accordance with Clause 14 (*Amendment of Loan Terms, Framework Amount etc.*)).
- 12.11 Quorum at a Noteholders' Meeting requires the presence of Noteholders, in person or via telephone (or by a representative with a power of attorney), representing at least 50 per cent of the Adjusted Loan Amount for matters listed in Clause 12.9 and for any other matter 20 per cent of the Adjusted Loan Amount.
- 12.12 If the Noteholders' Meeting has not met the necessary quorum requirements, the Administrative Agent shall convene a new Noteholders' Meeting (in accordance with Clause 12.2) provided that the relevant proposal has not been withdrawn by the initiator of

the Noteholders' Meeting. The quorum requirement in Clause 12.11 is not applicable for such new Noteholders' Meeting.

- 12.13 If the Noteholders' Meeting has met the quorum requirement for certain, but not all, matters which are to be resolved on in the meeting, decisions shall be made on those matters for which a quorum is present and any other matter is to be referred to a new Noteholders' Meeting.
- 12.14 A decision at a Noteholders' Meeting which extends new obligations to or limits the rights of the Issuer, the Administrative Agent, the Dealers or the Issuing Dealer under the Terms and Conditions requires the approval of the relevant party.
- 12.15 A Noteholder which holds more than one Note does not need to vote for all, or vote in the same way for all Notes held.
- 12.16 The Issuer may not, directly or indirectly, pay or contribute to the payment of any compensation to any Noteholder for its approval under the Loan Terms unless such compensation is offered to all Noteholders at the relevant Noteholders' Meeting.
- 12.17 A decision made at a Noteholders' Meeting shall be binding on all Noteholders under the relevant Loan, whether or not they were present at the Noteholders' Meeting. Noteholders that did not vote in favour of a decision shall not be held liable for any damage that the decision may cause another Noteholder.
- 12.18 The Issuer shall reimburse the Administrative Agent for costs incurred by it in connection with the Noteholders' Meeting including reasonable compensation for the Administrative Agent.
- 12.19 The Issuer shall, without delay, at the request of the Administrative Agent, provide the Administrative Agent with a certificate which states the Nominal Amount for each Note which is owned by Group Companies on the relevant Voting Record Date before a Noteholders' Meeting, regardless if such Group Company is directly registered as owner of such Notes. The Administrative Agent shall not be held responsible for the contents of such certificate or otherwise be responsible for determining if a Note is owned by a Group Company.
- 12.20 Noteholders under the relevant Loan shall, without delay, be notified of decisions made at a Noteholders' Meeting in accordance with Clause 16 (*Notices*). The Administrative Agent shall, on the request of a Noteholders or a Dealer, provide them with the minutes from the relevant Noteholders' Meeting. Failure to notify the Noteholders as stated above in this Clause 12.20 does not affect the validity of the decision.

13 RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

- 13.1 If any person other than a Noteholder wishes to exercise the Noteholder's rights under the Loan Terms or vote at a Noteholders' Meeting, that person must present the Administrative Agent with a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder.
- 13.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some, or all, of the Notes held by the Noteholder. Any such representative may act independently and may further delegate its right to represent the Noteholder.

14 AMENDMENT OF LOAN TERMS, FRAMEWORK AMOUNT ETC.

- 14.1 The Issuer and the Issuing Dealer(s) are entitled to agree upon:
- (a) adjustment of clear and obvious errors in the Loan Terms; and
 - (b) changes and amendments to the Loan Terms as required by law, court order or official decision.
- 14.2 The Issuer and the Dealers may agree to increase or decrease the Framework Amount.
- 14.3 The Issuer and the Arranger or the Independent Adviser may, without the approval of the Noteholders, agree on and execute amendments to the Loan Terms in accordance with what is described in Clause 7 (*Replacement of Base Rate*) and such amendments will be binding on those covered by the Loan Terms.
- 14.4 Appointment of a new Dealer may be made through an agreement between the Issuer, the relevant dealer and the Dealers. A Dealer may retire as a Dealer, however, the Administrative Agent under a particular Loan may only retire as such if a new Administrative Agent is simultaneously appointed in its place.
- 14.5 The Issuer may, if resolved upon at a Noteholders' Meeting in accordance with Clause 12 (*Noteholders' Meeting*), make amendments to the Loan Terms in instances other than those set out in Clause 14.1 to Clause 14.4.
- 14.6 A decision made on a Noteholders' Meeting to amend or waive any Loan Term may include only the substance of the amendment and need not contain the specific form of the amendment.
- 14.7 A decision regarding an amendment to the Loan Terms shall also contain a decision regarding when the amendment shall enter into force and if relevant, any conditions for the amendment to enter into force. No decision shall enter into force before it has been duly registered with the CSD and published on the Issuer's website.
- 14.8 Information regarding a decision to amend or waive any terms and conditions of a Loan in accordance with this Clause 14, shall be submitted to the Noteholders in accordance with Clause 16 (*Notices*). The decision shall also be published on the Issuer's website.

15 TIME BARRING OF CLAIMS

- 15.1 The right to receive repayment of principal shall be subject to time bar and become void ten years from the Maturity Date (or if applicable, the Extended Maturity Date). The right to receive payment of interest shall be subject to time bar and become void three years from the relevant Interest Payment Date. The Issuer is entitled to any funds set aside for payments in respect of claims which have become void due to time bar.
- 15.2 If a period of limitation is duly interrupted (Sw. *preskriptionsavbrott*) in accordance with the Limitations Act, a new limitation period of ten years with respect to the right to receive repayment of the principal, and of three years with respect to the right to receive payment of interest will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Limitations Act.

16 NOTICES

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

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

16.2 Any notice or other communication made by one person to another under or in connection with the Loan Terms shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Administrative Agent, by email, and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 16.1 in case of letter, three Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 16.1 or, in case of email, when received in readable form by the email recipient. Any notice sent to the Noteholders shall also be disclosed by way of a press release and made available on the Issuer's website.

16.3 Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

17 FORCE MAJEURE AND LIMITATION OF LIABILITY

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

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

17.3 Should a Dealer or the IPA not be able to fulfil its obligations under these Terms and Conditions due to any circumstance set out in Clause 17.1, such action may be postponed until the obstacle has been removed.

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

18 GOVERNING LAW AND JURISDICTION

18.1 The Loan Terms, any non-contractual obligations arising out of or in connection herewith, shall be governed by and construed in accordance with the laws of Sweden, save for the

registration of VPS Notes in VPS which will be governed by, and construed in accordance with, Norwegian law.

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

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

Stockholm, 28 February 2022

BLUESTEP BANK AB (publ)

FORM OF FINAL TERMS

Loan no [●]

under the Swedish Medium Term Covered Note Programme of

Bluestep Bank AB (publ) (LEI 5493004FETDD2Z2FY510) (the “Issuer”)

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

The Terms and Conditions for the Programme are set out in the Issuer’s base prospectus dated [●] February 2023, together with any supplementary prospectus published from time to time (the “**Base Prospectus**”). Capitalised terms used below shall have the meaning given to them in the Terms and Conditions, or as otherwise set out in the Base Prospectus.

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

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

GENERAL

1. **Loan number:** [●]
 - (i) Tranche name: [●]
2. **Aggregate Nominal Amount:**
 - (i) for the Loan: [●]
 - (ii) for tranche [●]: [●]
 - [(iii) for previous tranche(s):] [●]
3. **Currency:** [SEK]/[EUR]/[NOK]
4. **Nominal Amount per Note:** [SEK]/[EUR]/[NOK] [●] (*Minimum EUR 100,000 or the equivalent in SEK or NOK*)
5. **Price per Note:** [●] % of the Nominal Amount [plus accrued interest from and including [date] *if applicable*]
6. **Issue Date:** [●]
7. **Interest Commencement Date:** [●]
8. **Maturity Date:** [●]
Extended Maturity: [Applicable]/[Not Applicable]
Extended Maturity Date: [Applicable]/[Not Applicable]

[insert date]

[If the Maturity Date shall be extended to the Extended Maturity Date in accordance with Clause 9.4, the applicable Interest Rates and Interest Payment Dates on the Notes from the Maturity Date to the Extended Maturity Date may be different from those applied up to the maturity Date, as further specified in item [[13]/[14]] below.]

9. **Amount by which Note is to be repaid at the Maturity date:** [Nominal Amount]/[Specify other amount]
10. **Basis for calculation of interest:** [Fixed Interest Rate]
[Floating Interest Rate (FRN)]
11. **Amount as basis for calculation of interest:** [Nominal Amount]/[●]
12. **Cover Pool:** The Issuer's [Swedish cover pool]/[Norwegian cover pool]/[●]

INTEREST

13. **Fixed Interest Rate:** [Applicable]/[Not Applicable]
(If not applicable, delete the remaining subheadings under this heading)
- (i) Interest Rate: [●] % annual interest calculated on [Nominal Amount]/[●].
- (ii) Interest Period: [SEK/EUR: Period from [●] to and including the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date]
[NOK: Period from and including [●] to the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date]
- (iii) Interest Payment Date(s): [Annually]/[Semi-Annually]/[Quarterly] the [●], the first time the [●] and last time the [●]
(The above is adjusted in the event of a shortened or extended Interest Period)
- (iv) Day Count Convention: [30/360]/[other]
- (v) Extended Maturity Date interest deviations: [Applicable]/[Not Applicable]
[If applicable, set out any changes to be applied to items (i)-(iv) above from the Maturity Date to the Extended Maturity Date]
- (i) Interest Rate: [●]
- (ii) Interest Period: [●]
- (iii) Interest Payment Date(s): [●]
- (iv) Day Count Convention: [●]

14. **Floating Interest Rate (FRN):** [Applicable]/[Not Applicable]
(If not applicable, delete remaining subheadings under this heading)
- (i) Base Rate: [●] months [STIBOR]/[EURIBOR]/[NIBOR]
 [The Interest Basis for the first coupon will be a linear interpolation between [●] months [STIBOR]/[EURIBOR]/[NIBOR] and [●] months [STIBOR]/[EURIBOR]/[NIBOR].]
- (ii) Margin: [+]/[-][●] % annual interest calculated on the [Nominal Amount]/[●]
- (iii) Interest Determination Date: [Two] Business Days prior to each Interest Period, first time [●]
- (iv) Interest Period: [SEK/EUR: Period from [●] to and including the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]
 [NOK: Period from and including [●] to the [●] (the First Interest Period) and thereafter each period of about [●] months with the final day on an Interest Payment Date.]
- (v) Interest Payment Date(s): The last day of each Interest Period, [[●], [●], [●] and [●],] the first time on [●] and last time on [●]
- (vi) Day Count Convention: [Actual/360]/[other]
- (vii) Extended Maturity Date interest deviations: [Applicable]/[Not Applicable]
[If applicable, set out any changes to be applied to items (i)-(vi) above from the Maturity Date to the Extended Maturity Date]
- (i) Interest Rate: [●]
 (ii) Interest Period: [●]
 (iii) Interest Payment Date(s): [●]
 (iv) Day Count Convention: [●]

OTHER

15. **Admitted to trading on a Regulated Market:** [Applicable]/[Not Applicable]
(If not applicable, delete remaining subheadings under this heading)
- (i) Regulated Market: [Nasdaq Stockholm]/[Oslo Børs]/[Specify other relevant Regulated Market]

- (ii) Estimate of total expenses in connection with admission to trading: [•]
- (iii) Total number of Notes admitted to trading: [•]
- (iv) Earliest date of admission to trading: [•]
16. **CSD:** [Euroclear Sweden]/[VPS]
17. **Interests:** [Specify]/[Not Applicable]
(Natural persons involved in the Issue and which may be relevant to individual Loans, shall be described)
18. **Following specific risk factors described in the Base Prospectus apply:** [Notes with fixed interest rate]/[Notes with floating interest rate]
(Specify relevant interest rate risk for the applicable interest rate pursuant to above)
19. **Credit rating for Loan (on the Issue Date):** [Specify]/[Not Applicable]
20. **Resolution as basis for the issue:** [Specify]/[Not Applicable]
21. **Third party information:** [Information in these Final Terms that comes from a third party has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from a comparison with other information that has been published by the relevant third party, no facts have been omitted in a way that would render the reproduced information inaccurate or misleading/Not Applicable]
22. **Issuing Dealer:**
- (i) for tranche [2]: [Nordea Bank Abp]/[Danske Bank A/S, Danmark, Sverige Filial]/[Skandinaviska Enskilda Banken AB (publ)]/[•]
- [(ii) previous tranche(s):] [Nordea Bank Abp]/[Danske Bank A/S, Danmark, Sverige Filial]/[Skandinaviska Enskilda Banken AB (publ)]/[•]
23. **Administrative Agent:** [Nordea Bank Abp]/[Danske Bank A/S, Danmark, Sverige Filial]/[Skandinaviska Enskilda Banken AB (publ)]/[•]
24. **ISIN:** SE[•]
25. **Use of proceeds:** [General financing of the Issuer's and the Group's business activities] [Specify details]
26. **The estimated net amount of the proceeds:** [EUR/SEK/NOK] [•] less customary transaction costs and fees.

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

Stockholm [*Date*]

BLUESTEP BANK AB (publ)

DESCRIPTION OF BLUESTEP

General corporate information

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

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

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

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

Bluestep is funded by deposits from the public, covered bonds, medium term notes, equity and, from time-to-time, complemented by credit facilities in collateralised- or uncollateralised form.

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

History

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

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

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

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

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

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

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

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

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

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

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

On 9 November 2022, the Company applied for a permit to offer deposit products in Germany in order to diversify the Company’s funding portfolio. The application was approved by the German Federal Financial Supervisory Authority (“BaFin”) on 20 December 2022.

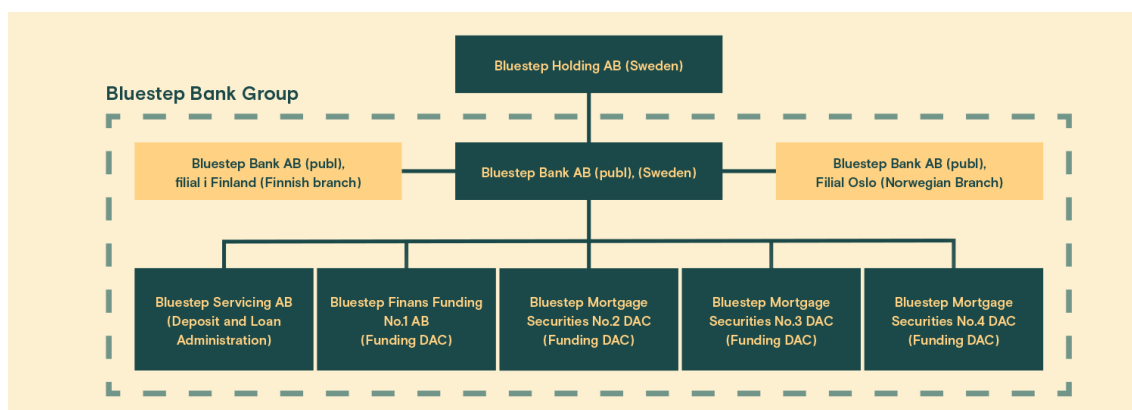
Due to the build-up of the centralised back-office in Stockholm, the Company acquired the remaining assets from its wholly owned subsidiary Bluestep Servicing AB in January 2023. As a consequence, the Company has also resolved to dissolve Bluestep Servicing AB during 2023.

On 21 June 2023, the Company entered into a share purchase agreement to acquire approximately 71% of the outstanding shares in Bank2 ASA, a Norwegian specialist mortgage bank and refinancing services provider. The Company will also make an offer to all other shareholders of Bank2 ASA, to accede to the share purchase agreement and sell their shares in Bank2 ASA, to the Company on the same terms and conditions. Closing of the transaction is conditional on regulatory approvals and is currently estimated to occur during the second half of 2023. Following closing of the transaction, Bluestep Holding AB may consider to carry out structural changes to enable further synergy effects subject to relevant regulatory approvals. Further updates to the market will be provided if and when appropriate.

Ownership and organisational structure of the Group

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

The picture below illustrates the Company, its principal active subsidiaries and branch as well as its direct ownership as at the date of this Base Prospectus. The intention is that the subsidiary Bluestep Mortgage Securities No. 2 DAC shall be wound up during 2023, that subsidiary Bluestep Mortgage Securities No. 3 DAC shall be wound up during 2023 and that subsidiary Bluestep Mortgage Securities No. 4 DAC shall be wound up during 2023/2024.



Business of the Group

Introduction

The Company operates in the Nordic mortgage market, and more specifically in the Swedish, Norwegian, and Finnish specialist mortgage markets. The specialist mortgage market provides mortgages to specialist mortgage customers who are willing and able to get a mortgage but, for various reasons as described below, are screened out by high-street banks (banks targeting prime, mainstream customers). Specialist mortgage customers can be divided into five customer segments:

- *Individuals with modern employment forms or self-employed individuals:* Individuals with irregular income, e.g., independent contractors and consultants, and gig-economy workers.
- *Individuals in need of debt consolidation:* Individuals with a high level of unsecured debt, seeking to lower their total interest payments by consolidating several loans into one mortgage.
- *Individuals with limited credit history:* Individuals with limited or no credit history, e.g., students, recent graduates, and people who are new residents in a country.
- *Individuals with orderly personal finances but with credit remarks:* Individuals with a generally orderly and sound personal finance profile but who have one or more credit remark.
- *Retirees:* Individuals who are 60 years old or older, whose main income is their pension, and who are seeking to unlock the value of their home with an equity release mortgage.

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

As of 1 January 2021, the Company's lending only consists of residential mortgage lending.

Strategy

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

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

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

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

Insurance mediation

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

Collection process

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

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

Kronofogdemyndigheten (Sweden), Namsmannen and the courts (Norway) and Utsökningsverket (Finland) are the governmental bodies responsible for carrying out enforcement orders over assets in Sweden, Norway and Finland, respectively, including the collection of unpaid debts, whether secured or unsecured. This means that all enforced sales of pledged collateral in Sweden, Norway and Finland are being handled by one of these responsible, national, governmental bodies. Until an enforcement process is started, the collection activity is handled in-house, and in the case of the Norwegian business, in cooperation with a reputable third-party debt collection agency. The above collection processes are governed by the Company's Collection Instruction, the Swedish Debt Enforcement Code (Sw. *Utsökningsbalk (1981:774)*), the Norwegian Debt Collection Act 1988 (No. *Inkassoloven av 13.mai 1988 no. 26*), the Norwegian Enforcement Act 1992 (No. *Tvangsfullbyrdelsesloven av 26. juni 1992 no. 86*) and the Finnish Debt Enforcement Code (705/2007, as amended) (Sw. *utsökningsbalk*).

Customer sourcing

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

Funding

The Company has developed a funding platform with access to a diverse funding mix, including deposits, medium term notes, covered bonds, secured and unsecured credit facilities, and (historically) RMBS.

The Company has been using retail deposits as a funding source since 2008 in Sweden and 2010 in Norway. In 2023, the Company intends to start raising deposits in Germany through a collaboration with Raisin. The Company will also assess to start raising deposits, covered by the Swedish Deposit Insurance Act, in other euro countries. Retail deposits is a flexible source of funding as the Company is able to adjust inflows and outflows and the maturity profile of the deposit book by adjusting rates offered on deposits. Daily changes in deposit flows have historically been very limited (less than 1 per cent) when put in relation to the total deposit portfolio.

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

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

Historically, the Company has issued RMBS and used the proceeds to repay retail deposit funding, credit facilities and to support increased lending. The last outstanding RMBS-transaction was redeemed in May 2022. Credit facility funding is used as a complement to other types of funding.

The Company has also issued and intends to issue Notes under this Programme.

Furthermore, in order to obtain a diverse funding mix, the Company has also issued medium term notes under its medium term note programme.

Credit rating

On 16 June 2020, the credit rating agency Moody's upgraded the Company's local and foreign currency long term deposit rating to A3. On 27 April 2020, the credit rating agency Moody's España assigned Loans issued under the Programme a credit rating of Aa1. For more information on credit ratings, please refer

to the credit rating agency's website: www.moody.com. Moody's is registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

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

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

Competitors

Sweden

In Sweden, the four largest high-street banks, Nordea, SEB, Handelsbanken and Swedbank dominate high-street banking. The Company sees itself as a complement to these high-street banks, helping customers that are disfavoured by high-street banking methods but who are credit worthy based on a thorough underwriting process.

The Company is a leading specialist mortgage provider (based on the Company's own calculations of outstanding lending volumes (excluding equity release mortgages) for known specialised mortgage providers on the Swedish market) and the only provider fully focused on specialist mortgages. Marginalen Bank, Svea Bank and Nordax Bank are examples of banks that also offer specialist mortgages as part of their business model.

Norway

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

The Company is the only large provider with specialist mortgages as core business. Examples of other specialist mortgage providers are Svea Bank, Bank 2, Kraft Bank, MyBank, Instabank, Balansebank and Nordax Bank. In light of the foregoing, the Company believes that it holds a strong position in Norway.

Finland

Similar to Sweden and Norway, the mortgage market in Finland is dominated by a few high-street banks, OP Financial Group, Nordea Bank and Danske Bank. In 2020, the Company entered the Finnish mortgage market as a complement to these high-street banks as the first specialist mortgage provider in the country. As the first mover into the mortgage market in Finland, the Company is, at the date of this Base Prospectus, the only provider with specialist mortgages as core business.

Relevant legislation

The Company is a public limited liability bank company and regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and its articles of association. As a bank, the Company is subject to the supervision of the Swedish FSA and regulated by, *inter alia*, the Swedish Banking and Financing Business Act (Sw. *lag (2004:297) om bank- och finansieringsrörelse*), the Act (2003:1223) on issuance of Covered Bonds (Sw. *lag (2003:1223) om utgivande av säkerställda obligationer*) and the Swedish Deposit Insurance Act (Sw. *lag (1995:1571) om insättningsgaranti*). The Company is also subject to the Norwegian Financial Undertakings Act (No. *Lov 10. april 2015 nr. 17 om finansforetak og finanskonsern*) with respect to its branch in Norway, which is also a member of the Norwegian Banks' Guarantee Fund (No. *Bankenes sikringsfond*), and subject to the Act on Credit Institution Activity (610/2014, as amended) (Sw. *kreditinstitutslag*) with respect to its branch in Finland.

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

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

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

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

Board of Directors

Pursuant to the Company's articles of association, the board of directors shall consist of no less than five and no more than ten members, with no more than three deputy members, elected by the general meeting of the shareholders. The board of directors was elected by the general meeting of the shareholders (elected until the annual general meeting in 2024). Below are the names and current positions of the members of the board of directors of the Company.

Jayne Almond

Born 1957. Board member and chairman of the board since 2022.

Principal education: MA in Politics, Philosophy and Economics from St. Hilda's College, Oxford.

Other on-going principal assignments: Chairman of the board of Bluestep Holding AB, Chairman of the board of Kensington Mortgage Company Limited and Honorary Fellow and Chairman of Remunerations Committee of St. Hilda's College, Oxford.

Julia Ehrhardt

Born 1980. Board member since 2021.

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

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

Toby Franklin

Born 1972. Board member since 2008.

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

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

Albert Gustafsson

Born 1977. Board member since 2017.

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

Other on-going principal assignments: Partner at EQT Partners AB, board member of Eton Group AB, Beijer Ref AB (publ), Bluestep Holding AB, Green Water AB and Recover Nordic AS.

Rolf Stub

Born 1963. Board member since 2020.

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

Other on-going principal assignments: Board member of Bluestep Holding AB, board member of Uno Finans AS, Chairman of the board of Nstart AB.

Simon Tillmo

Born 1991. Board member since 2020.

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

Other on-going principal assignments: Board member of Bluestep Holding AB, board member of ENV Topco AB, Private Equity Director at EQT Partners GmbH.

Senior Management

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

Björn Lander, Chief Executive Officer

Born 1975. With Bluestep since 2019.

Other on-going principal assignments: CEO of Bluestep Holding AB, Chairman of the board of Bluestep Finans Funding No 1 AB and Bluestep Servicing AB, board member of Froda AB.

Pontus Sardal, Chief Financial Officer

Born 1967. With Bluestep since 2021.

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

Erik Walberg Olstad, Chief Commercial Officer

Born 1987. With Bluestep since 2012.

Other on-going principal assignments: None.

Christian Marker, Chief Legal Officer

Born 1979. With Bluestep since 2005.

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

Caroline Redare, Chief Human Resource Officer

Born 1968. With Bluestep since 2022.

Other on-going principal assignments: None.

Anna Fogelström, Chief Information Officer

Born 1983. With Bluestep since 2022.

Other on-going principal assignments: None.

Christer Pettersson, Interim Chief Customer Acquisition

Born 1967. With Bluestep since 2022.

Other on-going principal assignments: None.

Business address

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

Conflicts of interest

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

Auditors

The Company's auditor is currently the accounting firm Ernst & Young AB (P.O. Box 7850, 103 99 Stockholm, Sweden) with Daniel Eriksson, born 1973, as auditor in charge (the "**Current Auditor**"). The

Current Auditor was re-elected at the annual general meeting 2023 for the time until the end of the annual general meeting 2024. The Current Auditor has audited the Company's annual report for the financial years 2022 and 2021 and is an authorised public accountant and member of FAR, the professional institute for accountants in Sweden.

ALTERNATIVE PERFORMANCE MEASURES

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

All alternative performance measures in this prospectus have been derived from the Company's annual report for 2021 and 2022.

Group	Jan-Dec 2022	Jan-Dec 2021
Operating profit (SEKm)	309.9	325.2
Net Credit Losses Sweden Mortgage Loans in %	0.16	0.01
Net Credit Losses Norway Mortgage Loans in %	0.12	0.08
Net Credit Losses Finland Mortgage Loans in %	0.32	0.16
Net Credit Losses Sweden Personal Loans in %	n.a.	n.a.
Return on Equity in %	13.9	14.6

Definitions

Measure	Definition	Reason for use
Operating profit in SEKm	Profit before taxes.	This measure shows the Group's profit earned from its ongoing core business, but before any tax and is used as an indicator of the business's profitability.
Net Credit Losses in %	Net credit losses (actual losses and net change in provisions, less recoveries) as a percentage of the closing balance of lending to the general public.	This measure shows credit losses compared to the lending to the general public and is used to measure the Group's cost of risk.
Return on Equity in %	Operating profit after tax of 20.6% (21.4% for 2020) in relation to average shareholders' equity (the average of the total equity at the beginning of the period and the total equity at the end of the period).	This measure shows the Group's profitability in relation to the shareholders' equity and is used to assess the Group's ability to generate profits.

Reconciliation of Net Credit Losses

	Sweden mortgage loans	Norway mortgage loans	Finland mortgage loans	Sweden personal loans
Jan-Dec 2022				
Net credit losses	17.7	10.8	1.6	-2.1
Closing balance, lending to the general public	11 118.7	8 716.5	511.1	n.a.
Net credit losses in %	0.16	0.12	0.32	n.a.
Jan-Dec 2021				
Net credit losses	0.6	5.9	0.3	0.0
Closing balance, lending to the general public	10 483.8	7 629.8	219.4	n.a.
Net credit losses in %	0.01	0.08	0.16	n.a.

OVERVIEW OF THE SWEDISH LEGISLATION REGARDING COVERED BONDS

The following is a brief overview of certain features of the Covered Bonds Act as of the date of this Base Prospectus. The overview does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. In addition to the overview below, please also refer to the section “Risk Factors” above.

Introduction

The Covered Bonds Act entered into force on 1 July 2004 and was last amended on 8 July 2022 (the “**Amendment**”). It enables Swedish banks and credit market companies (“**Institutions**”), which have been granted a specific licence by the Swedish FSA, to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits.

The Swedish FSA has issued regulations and recommendations under the authority conferred on it by the Covered Bonds Act, including the Swedish FSA’s regulations and general guidelines regarding covered bonds (Sw. *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer* (FFFS 2013:1)) as amended from time to time (the “**Swedish FSA Regulations**”).

Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper.

In the event of an Institution’s bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds) benefit from a priority right in the pool of assets consisting of Eligible Mortgages, Public Credits and Supplemental Assets (all as defined below). The Covered Bonds Act further enables such holders (and derivative counterparties) to continue to receive timely payments also following the Institution’s bankruptcy, subject to certain conditions being met. However, such assets may be subject to country-specific regulations and credit risks different from what is outlined in this Base Prospectus. Should the value of the Supplemental Assets or the Public Credits decrease, this may adversely affect the value of the relevant pool of assets.

The cover pool is dynamic in the sense that an Institution may supplement or substitute assets in the cover pool at any time. An Institution may establish more than one cover pool.

Registration

Information in respect of all covered bonds, assets in the cover pool and relevant derivative contracts must be entered into a special register (the “**Register**”), which is maintained by the Institution. The actual registration of the covered bonds and relevant derivative contracts in the Register is necessary to confer the priority right in the cover pool. Further, only assets entered into the Register form part of the cover pool. The Register must at all times show the nominal value of the covered bonds, the cover pool and the relevant derivative contracts. As a result, the Register requires regular updating, including, without limitation, due to changes in interest rates, interest periods, outstanding debt and the composition of the cover pool. The value of the underlying collateral securing Eligible Mortgages in the cover pool, including proceeds derived from assets in the cover pool and derivative contracts, must also be entered into the Register.

Eligibility criteria for assets in the cover pool

The cover pool may consist of certain Eligible Mortgages, Credit Institution Exposures and Public Exposures in accordance with the definitions below.

“**Eligible Mortgages**” means loans secured by mortgages as defined in Article 129.1 of the CRR II, satisfying the requirements set out in Chapter 3, Sections 3-7 of the Covered Bonds Act.

“**Credit Institution Exposures**” means exposures to credit institutions as defined in Article 129.1 of the CRR II.

“**Public Exposures**” means exposures as defined in Article 129.1 (a)-(b) of the CRR II.

Loan-to-value ratios and certain other restrictions

For Eligible Mortgages, there is a maximum loan amount which may be included in the cover pool, depending on the value of the underlying collateral:

1. For residential collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 80 per cent of the market value of the collateral.
2. For office or commercial collateral, a loan may be included in the cover pool only to the extent the loan amount does not exceed 60 per cent of the market value of the collateral.

Commercial collateral pursuant to point 2 above may be included in the cover pool even if the Loan-to-value exceeds 60 per cent, but does not exceed 70 per cent, provided that the value of the cover pool exceeds the minimum level required (pursuant to the matching requirements, as set out below), by at least 10 per cent. This applies also in relation to agricultural collateral, which is no longer a separate category with a defined loan-to-value ratio. Instead, it may be included in either residential or commercial collateral, depending on the purpose of the facilities.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the cover pool (a “**Partly Eligible Loan**”). The Covered Bonds Act does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan. The most likely interpretation is that interest payments shall be allocated *pro rata* between the eligible and non-eligible parts of the loan and that amortisations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, proceeds from enforcement of the security should most likely be applied first towards the eligible part of the loan.

A similar situation arises if, for example, the same mortgage security serves as first-ranking security for two (or more) loans granted by an Institution and only one of these loans is included in the cover pool. The Covered Bonds Act does not give clear guidance as to how proceeds shall be allocated between the two loans in case of the Institution’s bankruptcy. The lack of guidance may give room for unsecured creditors of the Institution to argue that only a *pro rata* portion of such proceeds shall be allocated to the loan included in the cover pool.

The Covered Bonds Act restricts the overall proportion of loans provided against security over commercial collateral to 10 per cent of an Institution’s cover pool.

Institutions are required to regularly monitor the market value of the mortgage assets that serve as collateral for loans included in the cover pool and at least once a year to analyse how future changes in market values may affect the loan-to-value ratios and the value of all such mortgage assets. If the market value of a mortgage asset declines significantly (around 15 per cent or more according to the preparatory works to the Covered Bonds Act), then only such part of the loan that falls within the permitted loan-to-value ratio will be eligible for inclusion in the cover pool and will be subject to the priority right described

below. However, a decline in the market value following an Institution's bankruptcy would not result in a reduction of the assets in which holders of covered bonds (and relevant derivative counterparties) have a priority right, but could result in the cover pool ceasing to meet the matching requirements.

Matching requirements

The Covered Bonds Act prescribes that an Institution must comply with certain matching requirements, which, among other things, require that the nominal value of the assets registered to the cover pool exceeds the nominal value of the liabilities which relate to covered bonds issued from time to time by at least 2 per cent. The calculation shall be made on the basis of current book values. In order to comply with these requirements, the Institution may enter into, and shall take into account the effect of, derivative contracts, which will also be taken into account when testing the matching. To do so, the Institution is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations. The cover pool should also be sufficiently sizable to cover the costs of administration and liquidation of covered bonds, in case of bankruptcy. These costs may be defined by application of a standard amount (*Sw. schablonbelopp*)

Furthermore, an Institution must compose the cover pool in such a way as to ensure a sound balance between the covered bonds and the assets in the cover pool in terms of currencies, interest rates and interest fixation periods. Such sound balance is deemed to exist when the present value of the cover pool at all times exceeds the present value of the liabilities relating to the covered bonds by at least two per cent. The present value of derivative contracts shall be taken into account for the purposes of such calculation. The calculations of present value shall withstand certain stress tests (changes in interest rates and/or currency exchange rates).

The payment flows relating to the assets in the cover pool, derivative contracts and covered bonds shall be such that an Institution is at all times able to meet its payment obligations towards holders of covered bonds and relevant derivative counterparties.

Non-performing assets in the cover pool which are more than 60 days overdue must be disregarded for the purposes of the matching tests.

Liquidity buffer

The Covered Bonds Act includes provisions concerning a specific liquidity buffer. It should cover the maximum daily cumulative net liquid outflow from the issuer related to a covered bond over the next 180 days, applying to covered bonds issued after the Amendment to the Covered Bonds Act entered into force. The liquidity buffer shall consist of:

- (a) level 1 or level 2A assets as defined in Article 3 of the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions (the "**Liquidity Coverage Regulation**"), or
- (b) exposures to credit institutions which consist of short-term deposits with an initial maturity not exceeding 100 days and which meet the requirements for credit quality step 1 or 2 of Article 129.1c of the CRR II.

Maturity extension

Provisions regulating the use of maturity extensions in covered bonds were introduced in Swedish law through the Amendment of the Covered Bonds Act. Pursuant to the Covered Bonds Act, an Institution may choose to include conditions in the terms of a covered bond contract stating that repayment can be postponed in certain circumstances, but the Institution is only allowed to extend the maturity of such covered bond with the approval of the Swedish FSA. Before the approval is given, the Swedish Central

Bank (Sw. *Riksbanken*) and the Swedish National Debt Office (Sw. *Riksgälden*) shall be consulted by the Swedish FSA. Approval may be given by the Swedish FSA if:

- (a) it is likely that an extended maturity can prevent the risk of the Institution's insolvency (Sw. *obestånd (insolvens)*); and
- (b) the terms and conditions of the covered bonds stipulate: (i) that the maturity may only be extended after the Swedish FSA's approval, (ii) the prerequisites for Swedish FSA approval according to (a), and (iii) the extended maturity date, as applicable after the Swedish FSA's approval.

For covered bonds satisfying the requirements for maturity extension, the starting-point for calculating the liquidity buffer (see Section "Liquidity buffer" above for further information regarding liquidity buffer) is the principal amount of the covered bond(s), pursuant to the extended maturity date stipulated in the terms of the covered bonds.

Supervision by the Swedish FSA and the independent monitor

The Swedish FSA monitors that an Institution complies with the Covered Bonds Act and other provisions of the legislative and regulatory framework which regulates the business of the Institution. In addition, the Swedish FSA appoints an independent monitor (Sw. *oberoende granskare*) for each Institution that issues covered bonds.

The independent monitor is responsible for monitoring the Register to assess whether or not it is being maintained correctly and in compliance with the Covered Bonds Act and the Swedish FSA Regulations. The monitoring shall be risk-based. In particular, the independent monitor shall verify that (i) covered bonds and relevant derivative contracts are registered in the Register, (ii) only Eligible Mortgages, Credit Institution Exposures and Public Exposures that satisfy the eligibility criteria are included in the cover pool and registered in the Register, (iii) the valuations of the underlying collateral for loans in the cover pool are in accordance with the Covered Bonds Act and the Swedish FSA Regulations, (iv) mortgage loans, the underlying collateral of which has decreased significantly in value are, for the purpose of the matching requirements, deducted from the cover pool to the extent necessary to comply with the relevant loan-to-value ratio and (v) the matching requirements are complied with.

The independent monitor is entitled to request information from the Institution, conduct site visits and is required to report regularly and at least once a year to the Swedish FSA. The Covered Bonds Act does not provide for any change to the independent monitor's remit upon the bankruptcy of an Institution.

Information, monitoring and supervision

The Swedish FSA's power to revoke an Institution's authorisation for the issuance of covered bonds has been extended in the Amendment of the Covered Bonds Act. It now includes the situation of the Institution acquiring such authorisation by making false statements or by taking other irregular means. If deemed sufficient, a warning may also be issued as an alternative to revocation.

As a complement to the provisions on administrative sanctions for Institutions and other credit institutions, additional provisions on sanctions against natural persons are included in the Swedish Banking and Financing Business Act, in relation to breaches of certain provisions in the Covered Bonds Act. Furthermore, the Amendment to the Covered Bonds Act sets out a new requirement on Institutions issuing covered bonds in relation to their providing of information to investors. An Institution should provide the information needed for an investor to be able to assess the covered bonds and the risk

associated with investing in them. If the terms and conditions of the covered bonds include maturity extensions, Institutions must provide specific information about:

- (a) what circumstances can trigger an extended maturity;
- (b) whether an extended maturity is affected by the Institution being placed in bankruptcy or resolution; and
- (c) the requirement that the Swedish FSA must approve the extended maturity.

The government, or a designated authority is allowed to prescribe (i) what information that Institutions need to make available for investors, in order for investors to be able to assess the covered bonds and the risk associated with investing in them, and (ii) when and in what way such information is to be made available.

Benefit of a priority right in the cover pool

Pursuant to the Covered Bonds Act and the Rights of Priority Act, the holders of covered bonds benefit from a priority right in the cover pool should the Institution be declared bankrupt (*Sw. försatt i konkurs*). The same priority is awarded to the Institution's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the cover pool with those of the covered bonds. Such derivative counterparties and the holders of covered bonds rank *pari passu* with joint seniority in relation to the cover pool.

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the cover pool (except the administrator-in-bankruptcy as regards fees for its administration of assets in the cover pool and costs for such administration and obligations under liquidity loans and other agreements entered into by the administrator-in-bankruptcy on behalf of the bankruptcy estate with a view to fulfilling the matching requirements for the cover pool (see further below)). The priority right also covers cash received by an Institution and deriving from the cover pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

Due to what is generally regarded as an oversight by the legislator, there is some uncertainty as to whether a creditor that obtains execution (*Sw. utmätning*) against an asset in the cover pool earlier than three months before an Institution's bankruptcy could defeat the priority afforded to holders of covered bonds and derivative counterparties as regards such asset. However, an execution that is levied less than three months before the Institution is being declared bankrupt will typically not defeat the priority.

Administration of the cover pool in the event of bankruptcy

Should an Institution be declared bankrupt, at least one administrator-in-bankruptcy would be appointed by the bankruptcy court and one administrator-in-bankruptcy would be appointed by the Swedish FSA. The administrators-in-bankruptcy would take over the administration of the bankruptcy estate, including the cover pool.

Provided that (and as long as) the cover pool meets the requirements of the Covered Bonds Act (including the matching requirements), the assets in the cover pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Institution. The administrators-in-bankruptcy are in such case required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to holders of covered bonds or to derivative counterparties, so long as the cover pool continues to meet the requirements of the Covered Bonds Act.

Upon an Institution's bankruptcy, neither the Institution nor its bankruptcy estate would have the ability to issue further covered bonds. However, the Covered Bonds Act gives the administrators-in-bankruptcy

an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to maintaining matching cash flows, currencies, interest rates and interest periods between assets in the cover pool, covered bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of covered bonds and derivative counterparties. The administrators-in-bankruptcy may also raise liquidity by selling assets in the cover pool in the market for example. However, it is uncertain to which extent a bankruptcy administrator will be able to find necessary counterparties to enter into agreements to raise liquidity. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in a holder of covered bonds not being paid in a timely manner.

If the cover pool ceases to meet the requirements of the Covered Bonds Act, and the deviations are not just temporary and minor, the cover pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The holders of covered bonds and derivative counterparties would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the cover pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the holders of covered bonds are not paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority in the assets comprising the cover pool (although certain bankruptcy-related costs (such as fees payable to the administrators-in-bankruptcy) would rank ahead of the holders of covered bonds and derivative counterparties). Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the Institution but will rank *pari passu* with other unsecured and unsubordinated creditors of the Institution.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

Swedish Financial Supervisory Authority Approval

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

Authorisations and responsibility

The Company has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Programme and the performance of its obligations relating thereto. The Programme was authorised by a resolution of the Board of Directors of the Company on 5 May 2023.

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

Information from third parties

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

Material agreements

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

Shareholders’ agreement

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

Legal and arbitration proceedings

The Group is currently and may from time to time be subject to disputes, claims and administrative proceedings as a part of the ordinary course of business. However, the Group is not now and has not been party to any material governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened which the Company is aware of) during the previous 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the Company's and/or the Group's result or financial position.

Certain material interests

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

Trend information

There has been no material adverse change in the prospects of the Company since 31 December 2022, being the date of the publication of the last audited financial statements. Furthermore, there has been no significant change in the financial performance of the Group since the end of the last financial period for which financial information has been published.

Significant changes since 31 December 2022

There have been no significant changes in the financial or trading position of the Company since 31 December 2022, being the end of the last financial period for which interim financial information has been published.

Incorporation by reference

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

Annual report for the financial year 2021, in respect of the audited consolidated financial information and the audit report on the following pages:

- 24 (Consolidated income statement)
- 25 (Consolidated balance sheet)
- 26 (Consolidated statement of changes in equity)
- 27 (Consolidated statement of cash flows)
- 32 - 91 (Notes to the financial statements)
- 125 - 129 (Auditor's report)

Annual report for the financial year 2022, in respect of the audited consolidated financial information and the audit report on the following pages:

- 40 (Consolidated income statement)
- 41 (Consolidated balance sheet)
- 42 (Consolidated statement of changes in equity)
- 43 (Consolidated statement of cash flows)
- 49-107 (Notes to the financial statements)
- 125-129 (Auditor's report)

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

The Company's annual reports for the financial years 2021 and 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the Swedish Annual Report Act (Sw. *årsredovisningslag (1995:1554)*). With the exception of the annual reports, no information in this Base Prospectus has been audited by the Company's auditor.

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

Base prospectus dated 27 June 2019 (Swedish FSA reference no. 19-12646), in respect of the general terms and conditions as of 27 June 2019 (including the form of final terms) on the following pages:

- 51 – 65 (*Terms and conditions*)
- 66 – 69 (*Form of final terms*)

Base prospectus dated 18 March 2021 (Swedish FSA reference no. 21-2419), in respect of the general terms and conditions as of 14 July 2020 (including the form of final terms) on the following pages:

- 32 – 46 (*Terms and conditions*)
- 47 – 50 (*Form of final terms*)

Base prospectus dated 28 February 2022 (Swedish FSA reference no. 21-34347), in respect of the general terms and conditions as of 28 February 2022 (including the form of final terms) on the following pages:

- 34 – 52 (*Terms and conditions*)
- 53 – 57 (*Form of final terms*)

Financial information for the financial year 2022

All financial information in this prospectus relating to the period 1 January to 31 December 2022 or with the reference date 31 December 2022 has been derived from the Company's annual report for 2022.

Documents available

The Company's Certificate of Registration and Articles of Association are electronically available for the term of this Base Prospectus at <https://www.bluestepbank.com/about-bluestep/corporate-governance/>. The information at <https://www.bluestepbank.com/about-bluestep/corporate-governance/> is not part of this Base Prospectus and has not been scrutinised or approved by the Swedish FSA.

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