

Supplement dated and registered 3 March 2020 to the base prospectus approved by the Swedish Financial Supervisory Authority on 27 June 2019.

Bluestep.

SEK 15,000,000,000 Medium Term Covered Note Programme

This supplement (diary no. 19-25565) (the “**Supplement**”) is a supplement to, and shall be read together with, Bluestep Bank AB’s (publ) (the “**Company**”) base prospectus dated 27 June 2019 (diary no. 19-12646) (the “**Prospectus**”) and constitutes a supplement pursuant to Article 16 of Directive 2003/71/EC, as amended, and Chapter 2 Section 34 of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*). Terms defined in the Prospectus shall have the same meaning when used in this Supplement. In case of conflicts between this Supplement and the Prospectus or documents incorporated by reference into the Prospectus, this Supplement shall prevail.

This Supplement has been prepared due to (i) the publication of the Company’s year-end report for 2019, (ii) the Company’s decision to establish a branch office in Finland, (iii) certain changes to the composition of the Company’s board of directors and senior management, (iv) updated information on the winding up-process of Bluestep Mortgage Securities No.2 DAC, (v) the Company having obtained a license to issue covered bonds (*säkerställda obligationer*), (vi) the Company having obtained a credit rating for Loans issued under the Programme, (vii) the Company having obtained an upgrade of the deposit rating of the Company, and (viii) the Company’s decision to discontinue offering personal loans.

This Supplement was approved and registered by the Swedish Financial Supervisory Authority on 3 March 2020.

Amendments and supplements to the Prospectus

On page 7, the text under the risk factor “Competition” shall be replaced with the following:

“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 market, there is a risk that the Company loses market shares, which can adversely affect the Company’s business, financial condition and results of operations.

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 “*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. There is a risk that any of the above factors has an adverse effect on the Company's business, financial condition and results of operations."

On page 9, the first paragraph of the risk factor "Unsuccessful long-term growth strategy implementation" shall be replaced with the following:

"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. The Company aims to deliver on several aspects in order to ensure its long-term growth strategy, out of which a key factor 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 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"

On page 9, the first paragraph of the risk factor "Liquidity and financing risks" shall be replaced with the following:

"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 and Norway, long-term debt securitisation through RMBS, 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, have an adverse effect on the Company's net interest income."

On page 11, the second and third paragraphs of the risk factor "Partners and brokers" shall be replaced with the following:

"Overall, there is a risk that the Company's methods and procedures for overseeing how its different referral partners (such as real estate agents, debt collectors and conversion companies) and brokers interact with prospective customers are inadequate. The Company also, to some extent, uses 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 and Norwegian market, the Company's mortgage brokers must comply with applicable Swedish FSA regulations and regulations from the Norwegian Financial Supervisory Authority (the "Norwegian FSA"), respectively, including obtaining and maintaining an authorisation to mediate mortgage loans. 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. 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 Act on residential mortgage business (Sw. *lag (2016:1024) om verksamhet med bostadskrediter*) (the "**Mortgage Act**") and the Norwegian Financial Undertakings Act (No. *Lov 10. april 2015 nr. 17 om finansforetak og finanskonsern*) and related regulations, which set forth the requirements for operating as a credit intermediary in Sweden and Norway, respectively."

On page 14, the second paragraph of the risk factor "Contingency upon the banking license issued by the Swedish FSA" shall be replaced with the following:

"The Company was previously, since October 2007, registered as a credit market company (Sw. *kreditmarknadsbolag*) under the name Bluestep Finans AB (publ). On 7 October 2016, the Company was granted a banking license by the Swedish FSA and changed its name to Bluestep Bank AB (publ). The Company also conducts operations in Norway through a branch, and will start operations in Finland through a branch during 2020, and thus passports its banking license to Norway and Finland. The banking license has indefinite duration but may be revoked by the Swedish FSA. Further, the authorities may 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."

On pages 14 to 15, the third paragraph of the risk factor "Compliance with regulations" shall be replaced with the following:

"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."

On page 23, the text under the heading "Credit rating" shall be replaced with the following:

"On 13 February 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 Baa1 to the Company. On 2 March 2020, the credit rating agency Moody's Investors Service España, S.A. ("**Moody's España**") assigned Loans issued under the Programme a provisional rating of Aa1. There is a risk that a credit rating does not reflect all risks associated with an investment in Notes. 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. If a Loan is 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."

On page 23, the heading "The Notes are obligations the Company only" shall be amended to:

"The Notes are obligations of the Company only".

On page 27, the text under the heading “Structural subordination and dependence on upstream funding” shall be replaced with the following:

“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 in the form of RMBS and warehouse financing. Since the Company uses funding subsidiaries (through securitisation) to finance part of its operations, a large part of the Company’s Swedish mortgages is held by the Company’s subsidiaries (the “Subsidiaries”). The Company is therefore 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.”

On page 31, the text under the heading “Credit rating” shall be replaced with the following:

“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 is expected to be assigned a credit rating. Such credit rating reflects the assessment by the relevant rating agency regarding the creditworthiness of the Company with respect to the relevant Loan, i.e. its ability to fulfil payment obligations in a timely manner. On 13 February 2020, Moody’s Nordics assigned a local and foreign currency long term deposit rating of Baa1 to the Company. On 2 March 2020, Moody’s España assigned Loans issued under the Programme a provisional rating of Aa1.”

On page 34, the third paragraph under the heading “General corporate information” shall be replaced with the following:

“Bluestep is a dedicated and solution-oriented lender that offers specialist mortgages in Sweden and Norway. Bluestep also intends to start offering specialist mortgages in Finland during 2020 and the goal is to be the preferred and best option for those who have difficulties obtaining a mortgage loan from a traditional bank in Sweden, Norway, Finland and other, potential, suitable markets. The Company’s focus is to provide 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.”

On page 34, under the heading “History” the last paragraph shall be replaced with the following:

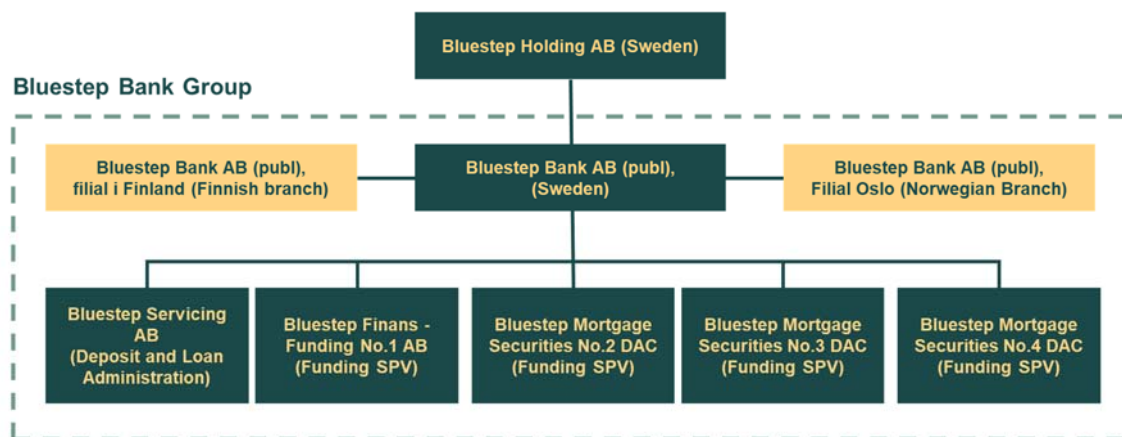
“In December 2018, the Company submitted an application to the Swedish FSA for a license to issue covered bonds (*säkerställda obligationer*). The application was approved by the Swedish FSA on 21 November 2019.”

On page 34, under the heading “History” two new paragraphs shall be added at the end of the section with the following wording:

“In August 2019, the Company notified the Swedish FSA, in accordance with the BFBA, of its decision to establish a branch office in Finland using the Company’s European credit institution passport. This notification was acknowledged by the Swedish FSA in October 2019 and by the Finnish FSA in December 2019. The branch office in Finland was established in January 2020.

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

On page 35, the structure chart under the heading “Ownership and organisational structure of the Group” shall be replaced with the following:



On page 35, the second bullet point in the text under the structure chart regarding Bluestep Mortgage Securities No.2 DAC shall be replaced with the following:

“The winding up-process for this subsidiary has commenced and is expected to be completed in 2020.”

On page 35, under the heading “Business of the Group” and sub-heading “Introduction”, the first paragraph shall be replaced with the following:

“The Company targets consumers and currently offers residential mortgage loans in Sweden and Norway. The majority of the Company’s mortgage customers live in, or close to, urban areas. The collateral mainly consists of detached houses and tenant owners’ rights. Up until February 2020, the Company also offered personal loans in Sweden but is now solely focusing on providing residential mortgage loans.”

On page 35, under the heading “Business of the Group” and sub-heading “Introduction”, the last paragraph shall be deleted.

On page 36, under the heading “Business of the Group” and sub-heading “Strategy”, the fifth paragraph shall be replaced with the following:

“In contrast to the mortgage businesses, the personal loan business was more automated. However, there was a degree of detailed manual credit underwriting to assist more customers by understanding and verifying their financial situation and the underwriting included a combination of: (a) automated credit rules, (b) referral rules, (c) affordability calculation, (d) a scoring model based on the portfolio performance combined with credit bureau information and (e) a manual review of all documents collected.”

On page 37, under the heading “Business of the Group” and sub-heading “Insurance mediation”, the first paragraph shall be replaced with the following:

“Personal loan customers, who are between 18 and 64 years of age, have been offered payment protection insurance (“**PPi**”) to secure monthly payments in the event of illness or involuntary unemployment and to secure total repayment in the event of death. The insurance policies have been optional and offered by the Company as a tied insurance

intermediary (Sw. *anknuten försäkringsförmedlare*) to AmTrust international Underwriters DAC.”

On page 38, under the heading “Credit Rating” the first paragraph shall be replaced with the following:

“On 13 February 2020, Moody’s Nordics assigned a local and foreign currency long term deposit rating of Baa1 to the Company. On 2 March 2020, Moody’s España assigned Loans issued under the Programme a provisional rating of Aa1. For more information on credit ratings, please refer to the credit rating agency’s global website: www.moody.com. Moody’s Nordics and Moody’s España are both registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.”

On page 40, under the heading “Board of Directors”, the wording on “Other on-going principal assignments” for Per-Arne Blomquist shall be replaced with the following:

“Chairman of the board of Bluestep Holding AB, board member of Djurgården Hockey AB.”

On pages 41 to 42, the text under the heading “Senior Management” shall be replaced with the following:

“The senior management of the Company consists of a team of 8 persons. The section below sets forth the name and current position of each member of the senior management.

Björn Lander, CEO

Born 1975. With Bluestep since 2019.

Other on-going principal assignments: None.

Johanna Clason, CFO

Born 1965. With Bluestep since 2018.

Other on-going principal assignments: None.

Tomas Netz, COO Sweden

Born 1978. With Bluestep since 2018.

Other on-going principal assignments: Board member and managing director of Bluestep Servicing AB.

Erik Walberg Olstad, Branch Manager and COO Norway

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 and Bluestep Servicing AB.

Karin Jenner, Head of HR

Born 1982. With Bluestep since 2014.

Other on-going principal assignments: None.

Erik Lind, Chief Information Officer

Born 1974. With Bluestep since 2005.

Other on-going principal assignments: None.**Marie-Christine Lund Hanusek, Chief Marketing Officer**

Born 1975. With Bluestep since 2020.

Other on-going principal assignments: Board member of MMSports AB.”

On page 43, under the heading “Alternative performance measures” the first table shall be replaced with the following table:

Group	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Operating profit (SEKm)	274.5	212.2	250.8
Net Credit Losses Sweden Mortgage Loans in %	0.12	0.15	0.04
Net Credit Losses Norway Mortgage Loans in %	0.13	0.08	0.11
Net Credit Losses Sweden Personal Loans in %	4.34	3.27	2.88
Return on Equity in %	14.1	13.0	19.4

On page 43, under the heading “Definitions”, the definition of “Net Credit Losses in %” shall be replaced with the following text:

“Net credit losses (actual losses and net change in provisions, less recoveries) as a percentage of the opening balance of lending to the general public.”

On page 43, under the heading “Definitions” the table showing the Net Credit Losses shall be replaced with the following table:

SEKm	Sweden Mortgage Loans	Norway Mortgage Loans	Sweden Personal Loans
Jan-Dec 2019			
Net credit losses	-9.6	-7.0	-43.1
Opening balance, lending to the general public	8 238.2	5 289.6	993.9
<i>Net credit losses in %</i>	<i>0.12</i>	<i>0.13</i>	<i>4.34</i>
Jan-Dec 2018			
Net credit losses	-12.3	-3.4	-34.5
Opening balance, lending to the general public	8 210.2	4 367.8	1 054.3
<i>Net credit losses in %</i>	<i>0.15</i>	<i>0.08</i>	<i>3.27</i>
Jan-Dec 2017			
Net credit losses	-2.8	-3.8	-26.9
Opening balance, lending to the general public	7 787.9	3 346.9	933.8
<i>Net credit losses in %</i>	<i>0.04</i>	<i>0.11</i>	<i>2.88</i>

On page 43, under the heading “Definitions”, the definition of “Return on Equity in %” shall be replaced with the following text:

“Operating profit after tax of 21.4% 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).”

On page 48, the first paragraph under the heading “Authorisations and responsibility” shall be replaced with the following:

“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 17 June 2019.”

On page 48, the heading “Significant changes since 31 December 2018”, and the text under it shall be replaced with the following:

“Significant changes since 31 December 2019

There have been no significant changes in the financial or trading position of the Company since 31 December 2019.”

On page 49, under the heading “Incorporation by reference” a new sub-heading and text shall be inserted after the sub-heading “Annual report for the financial year 2018”:

“Year-end report for the financial year 2019, in respect of the consolidated financial information on the following pages:

- 11 (Consolidated income statement and the Company’s income statement)
- 12 (Consolidated balance sheet and the Company’s balance sheet)
- 13 (Consolidated statement of changes in equity)
- 14 (the Company’s statement of changes in equity)
- 15 (Consolidated statement of cash flows and the Company’s statement of cash flows)
- 17 - 42 (Notes to the financial statements)”

On page 49, the last paragraph under the heading “Incorporation by reference” shall be replaced with the following:

“The Company’s annual reports for the financial years 2016, 2017, 2018 and the year-end report of 2019 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)*) and IAS 34, Interim Financial Reporting respectively. With the exception of the annual reports, no information in this Base Prospectus has been audited by the Company’s auditor.”

On page 50, the text under the heading “Documents available for inspection” shall be replaced with the following:

“Paper copies of the following documents are available at the Company’s office, Sveavägen 163, Stockholm, during the validity of the Base Prospectus (regular office hours):

- the Company’s articles of association;

- the Company's annual reports (including auditor's report) for the financial years 2016, 2017 and 2018;
- the Company's year-end report for the financial year 2019;
- the annual reports (including auditor's report) of all subsidiaries of the Company for the financial years 2016, 2017 and 2018;
- the Terms and Conditions; and
- the Final Terms.”