

Swedbank Mortgage

Interim report 2010

Stockholm, 8 February 2011



- Operating profit amounted to SEK 3 179 m (3 631)
- Net interest income decreased by SEK 339m to SEK 4 069m
- Covered bonds amounting to SEK 234bn have been issued during the year

The Swedbank Mortgage Group (in Swedish: Swedbank Hypotek) comprises the parent company, Swedbank Mortgage AB (publ) and the wholly owned subsidiary Swedbank Skog och Lantbruk AB (inactive company). Swedbank Mortgage is wholly owned by Swedbank AB (publ).

Swedbank Mortgage provides long-term financing for residential housing, commercial properties, municipal investments and agricultural and forestry properties.

Numbers within parenthesis refer to the corresponding period from the previous year unless noted otherwise.

Profit analysis

Operating profit amounted to SEK 3 179m (3 631). Net interest income was reduced by SEK 339m to SEK 4 069m (4 408). The dominating reason for the lower net interest income was a lower average margin during 2010 compared to the previous year despite an increasing trend, which was due to a low starting level for the year. The turning point appeared in the beginning of the past year. The increase in volumes for the year, amounting to SEK 30bn, compensated to some extent the lower margin.

Funding costs have been considerably affected by the extended average maturity of the debts. The increased costs of funding have certainly affected the net interest income negatively but it has also resulted in a reduced need of liquidity reserves which has had a positive effect on the net interest income. The lower levels of interest rates during most of the year compared to previous year have led to somewhat lower return on equity.

Of the commission costs most part is arising from the interchange between the savings banks and partly owned banks. These costs amounted to SEK 562m (661). The reduction is a result of changes in the agreement on commission with the savings banks and partly owned banks.

In net gains and losses on financial items at fair value are included changes and realizations of market value on items for which fair value option is applied. In April 2009 a gradual transition was initiated to increase amortized cost accounting and hedge accounting by applying fair value hedge accounting and cash flow hedging.

Changes in value in fair value hedges on the hedged item and the hedging instrument is reported in the income statement while the effective part of the changes in value on a cash flow hedge is reported in equity and is included in other comprehensive income. In net gains and losses in financial items at fair value are also included profit and losses on prepayments on loans at amortized cost and repurchases of issued securities at amortized cost. All included the net gains and losses on financial items at fair value amounted to SEK -206m (-131). For further information, see note 3.

Lending

Lending to the public increased by a nominal amount of SEK 30 420m (49 115) net after provisions during the period. Loans to the private sector rose by a nominal amount of SEK 31 540m (38 329) and lending to the agricultural and forestry sector increased by SEK 3 141m (5 561). Loans to the corporate sector decreased by SEK 4 261m (increase of 5 226). Swedbank Mortgage's loans to the public amounted to SEK 697 299m (672 420) as per 31 December 2010, of which the change in the market value of the loans accounted for SEK 2 541m (8 081).

The credit quality of the lending remains very high. Credit impairments amounted to SEK 168m (8). The main part of the credit impairment is due to that Swedbank Mortgage has changed its valuation model for portfolio provisions. The new model was implemented during the first half year and resulted in a one-time effect on credit impairments amounting to SEK 153m. Provisions for anticipated losses amounted to SEK 202m (71) as per 31 December 2010. Credit impairments and provisions are specified in note 4 and 5.

Funding

During 2010 the covered bond market has been functioning well and the demand has been big even on the euro market. Swedbank Mortgage has during the year issued four so called Euro benchmark covered bonds, which is more than the two preceding years. Issues have also been done on a constant basis on the Swedish market which remains the primary market for Swedbank Mortgage. Three new Swedish covered bonds have been issued as part of a change of the maturity structure where bonds will mature in shorter intervals going from 12 months to nine months.

The nominal volume issued during the year was SEK 155 bn (119) in the Swedish market and SEK 79bn (51) in the international market.

The quality of the covered bonds rests on the very high quality in Swedbank Mortgage's loan portfolio, where the average loan-to-value ratio is 45 percent calculated on loan level and 60 percent calculated on property level.

From November 2008 to April 2010, Swedbank Mortgage participated in the Swedish state's guarantee programme for funding. At the end of 2009, Swedbank Mortgage had a nominal outstanding volume of SEK 8bn in commercial papers to external investors under this guarantee. As of April 2010, all of these commercial papers have reached maturity.

Capital adequacy

At the end of the period, the capital quotient amounted to 1.17 (1.20 as per 31 December 2009) and the tier 1 capital ratio as well as the total capital adequacy ratio was 9.3 percent (9.6 as per 31 December 2009). Group contributions of SEK 2 000m have reduced the capital base of Swedbank Mortgage AB by SEK 1 474m. The capital quotient less group contributions amounted to 1.22. The corresponding tier 1 capital ratio as well as the total capital adequacy ratio less group contributions was 9.8 percent.

The capital requirement according to pillar 1 amounted to SEK 26 555m at the end of the period, compared to SEK 4 682m at full effect of Basel 2. A specification of capital adequacy is provided in note 10.

Risks and uncertainties

The primary risks are credit risk, financial risk and operational risk. Swedbank Mortgage maintains a low-risk profile through a well-diversified credit portfolio and limited financial and operational risks.

In addition to what is stated in this interim report, a description of the company's risks is provided in the annual report for 2009. No significant changes have taken place with regard to the distribution of risks compared to what is stated in the annual report.

Interest rate risk

An increase in market interest rates by one percentage point as per 31 December 2010 would have reduced the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 695m (75 as per 31 December 2009). A one percentage point increase in market interest rates as per 31 December 2010 would have reduced Swedbank Mortgage's net gains and losses on financial items at fair value by SEK 303m (214 as per 31 December 2009) regarding financial items at fair value. This would have a negative affect of SEK 223m on equity. A one percentage point decrease in market interest rates as per 31 December 2010 would have increased the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 658m (69 as per 31 December 2009). The corresponding amount for Swedbank Mortgage's net gains and losses on financial items at fair value is an increase by SEK 254m (194 as per 31 December 2009) regarding financial items at fair value.

Events after 31 December 2010

No significant events have occurred.

Annual report

Swedbank Mortgage's annual report will be available to the public on internet by end of February.

The Group – Key financial highlights 2006-2010

	2010	2009	2008	2007	2006
Lending					
Loans to the public, SEKm	697 299	672 420	623 401	560 633	510 479
Profit					
Operating profit	3 179	3 631	3 603	3 828	3 759
Investment margin, % *	0,53	0,56	0,56	0,67	0,75
Return on equity, %	7,4	9,3	10,0	10,6	11,5
Earnings per share, SEK	101,70	113,26	116,52	119,70	117,65
Capital					
Capital base, SEKm **	30 968	29 744	27 005	26 882	26 823
Equity, SEKm	31 680	30 217	27 612	24 932	24 771
Number of shares in issue at beginning/end of period, million	23	23	23	23	23
Equity per share, SEK	1 377,39	1 313,78	1 200,52	1 084,00	1 077,00
Capital quotient **	1,17	1,20	1,05	1,11	
Capital adequacy ratio, % **	9,3	9,6	8,4	8,9	9,3
Tier 1 capital ratio, % **	9,3	9,6	8,4	8,2	8,6
Credit quality					
Credit impairments, SEKm	168	8	6	-43	-8
Loan loss ratio, %	0,00	0,00	0,00	-0,01	-0,00
Provision ratio for impaired loans, %	141,8	43,1	41,8	73,9	104,4
Share of impaired loans, net, loans to the public %	0,01	0,02	0,02	0,01	0,01

* Calculated as an average over 12 months since 2008. Previously calculated as an average for the report period.

** Swedbank Mortgage AB since 2008. Previous years refer to Financial companies group. Since 2007, capital ratios are calculated according to FFFS 2001:1 (Basel 2).

Statement of comprehensive income

SEKm	Note	Group				Swedbank Mortgage AB			
		Jul-Dec 2010	Jul-Dec 2009	Full-Year 2010	Full-Year 2009	Jul-Dec 2010	Jul-Dec 2009	Full-Year 2010	Full-Year 2009
Interest income		10 528	10 448	20 137	23 148	10 528	10 448	20 137	23 148
Interest expenses		-8 470	-8 081	-16 068	-18 740	-8 470	-8 081	-16 068	-18 740
Net interest income		2 058	2 367	4 069	4 408	2 058	2 367	4 069	4 408
Dividends received							1		151
Commission income		30	25	53	53	30	25	53	53
Commission expenses		-319	-334	-576	-679	-319	-334	-576	-679
Net commissions		-289	-309	-523	-626	-289	-309	-523	-626
Net gains and losses on financial items at fair value	3	-271	-227	-206	-131	-271	-227	-206	-131
Other income		3	4	7	9	3	4	7	9
Total income		1 501	1 835	3 347	3 660	1 501	1 836	3 347	3 811
Staff costs			0		0		0		0
Other expenses			8		19		8		19
Depreciation/amortisation			0		2		0		0
Total expenses			8		21		8		19
Profit before impairments		1 501	1 827	3 347	3 639	1 501	1 828	3 347	3 792
Credit impairments	4	-6	9	168	8	-6	9	168	8
Operating profit		1 507	1 818	3 179	3 631	1 507	1 819	3 179	3 784
Appropriations							840		840
Tax expense		400	549	840	1026	400	770	840	1247
Profit for the period		1 107	1 269	2 339	2 605	1 107	1 889	2 339	3 377
Profit for the period reported via income statement		1107	1269	2 339	2 605	1107	1889	2 339	3 377
Cash flow hedges:									
Gains and losses arising during the period		366		812		366		812	
Income tax relating to components of other comprehensive income		-97		-214		-96		-214	
Total comprehensive income for the period		1 376	1 269	2 937	2 605	1 377	1 889	2 937	3 377

Balance sheet

SEKm	Note	Group		Swedbank Mortgage AB	
		31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets					
Loans to credit institutions	5	36 493	97 590	36 493	97 590
Loans to the public	5	697 299	672 420	697 299	672 420
Derivatives	6	6 931	10 544	6 931	10 544
Other assets		3 858	3 294	3 858	3 294
Total assets		744 581	783 848	744 581	783 848
Liabilities and equity					
Amounts owed to credit institutions		229 177	192 738	229 177	192 738
Debt securities in issue, etc		451 328	537 771	451 328	537 771
Derivatives	6	15 565	7 810	15 565	7 810
Other liabilities		16 831	15 312	16 831	15 312
Equity		31 680	30 217	31 680	30 217
Total liabilities and equity		744 581	783 848	744 581	783 848

Statement of changes in equity

Swedbank Mortgage Group					
SEKm	Share capital	Other contributed equity	Cash flow hedge	Retained earnings	Total
Opening balance 1 January, 2009	11 500	2 400		13 712	27 612
Total comprehensive income for the period				2 605	2 605
Closing balance 31 December, 2009	11 500	2 400		16 317	30 217

Opening balance 1 January, 2010	11 500	2 400		16 317	30 217
Group contributions paid				-2 000	-2 000
Tax reduction due to Group contributions paid				526	526
Total comprehensive income for the period			598	2 339	2 937
Closing balance 31 December, 2010	11 500	2 400	598	17 182	31 680

Equity attributable to the shareholder of Swedbank Mortgage AB					
SEKm	Share capital	Statutory reserve	Cash flow hedge	Non-restricted equity	Total
Opening balance 1 January, 2009	11 500	3 100		12 241	26 840
Total comprehensive income for the period				3 377	3 377
Closing balance 31 December, 2009	11 500	3 100		15 618	30 217
of which conditional shareholders' contributions				2 400	2 400
Opening balance 1 January, 2010	11 500	3 100		15 618	30 217
Group contributions paid				-2 000	-2 000
Tax reduction due to Group contributions paid				526	526
Total comprehensive income for the period			598	2 339	2 937
Closing balance 31 December, 2010	11 500	3 100	598	16 483	31 680
of which conditional shareholders' contributions				2 400	2 400

Cash flow statement

SEKm	Group		Swedbank Mortgage AB	
	Full-year 2010	Full-year 2009	Full-year 2010	Full-year 2009
Cash flow from operating activities	21 786	-1 271	21 786	-1 920
Cash flow from investing activities				650
Cash flow from financing activities	-66 384	-4 380	-66 384	-4 380
Cash flow for the period	-44 598	-5 651	-44 598	-5 650
Cash and cash equivalents at beginning of period	60 079	65 730	60 079	65 729
Cash flow for the period	-44 598	-5 651	-44 598	-5 650
Cash and cash equivalents at end of period	15 481	60 079	15 481	60 079

Ratings

	S&P	Moody's
Covered bonds	AAA	Aaa
Long	A	A2
Short	A-1	P-1

On 16 November 2010, Moody's placed all of Swedbank Mortgage AB's ratings under review for possible upgrade.

Notes

Note 1 Accounting policies

The interim report has been prepared in accordance with IAS 34.

As previously, the Parent Company, Swedbank Mortgage AB, has prepared its accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of the Financial Supervisory Authority, and recommendation RFR 2 of the Financial Reporting Council.

New or revised IFRS and interpretations by IFRIC have not had any effect on the financial position, results and disclosures of the Group or the Parent Company.

From April 2010 Swedbank Mortgage applies hedge accounting for derivative instruments that hedges future cash flows and meets the requirements for hedge accounting. This implies that the effective part of the change in fair value is accounted for directly in other comprehensive income and reclassified to profit and loss in the same period which the hedged item affects profit and loss.

The accounting principles applied in the interim report is the same as those applied in the preparation of the Annual Report for 2009.

Note 2 Business segments

Group	January - December 2010				January - December 2009			
	Agricultural			Total	Agricultural			Total
SEKm	Private	Corporate	and Forestry		Private	Corporate	and Forestry	
Total income	2 171	411	183	2 765	2 256	487	195	2 937
Operating profit	2 046	369	182	2 597	2 236	501	193	2 929
Loans to the public	531 229	119 435	46 635	697 299	503 737	124 809	43 874	672 420

Coordination of segment reporting and financial report

Group	January - December 2010			January - December 2009		
	Total segment	Coordination	Total financial report	Total segment	Coordination	Total financial report
Total income	2 765	582	3 347	2 937	723	3 660
Operating profit	2 597	582	3 179	2 929	702	3 631
Assets	697 299	47 282	744 581	672 420	111 428	783 848

Income and balance in the Private segment arises from loans to private individuals for financing of residential housing. Corresponding items for the Corporate segment refers to loans to municipally owned real estate companies and residential property companies with underlying collateral in apartment buildings. The Agricultural and Forestry segment includes loans for financing of agricultural and forestry properties.

Note 3 Net gains and losses on financial items at fair value

SEKm	Group				Swedbank Mortgage AB			
	Jul-Dec 2010	Jul-Dec 2009	Full-year 2010	Full-year 2009	Jul-Dec 2010	Jul-Dec 2009	Full-year 2010	Full-year 2009
Fair value through profit or loss								
<i>Trading and derivatives</i>								
Interest-bearing instruments	-3 957	-6 059	-11 550	-10 572	-3 957	-6 059	-11 550	-10 572
<i>Fair value option</i>								
Interest-bearing instruments	3 554	5 764	11 162	10 310	3 554	5 764	11 162	10 310
Total	-403	-295	-388	-262	-403	-295	-388	-262
Hedge accounting at fair value								
Hedging instruments	-4 204	126	-1012	122	-4 204	126	-1012	122
Hedged item	4 216	-153	1014	-153	4 216	-153	1014	-153
Total	12	-27	2	-31	12	-27	2	-31
Financial liabilities at amortised cost	75		75		75		75	
Loan receivables at amortised cost	45	95	105	162	45	95	105	162
Total	-271	-227	-206	-131	-271	-227	-206	-131

Note 4 Credit impairments

SEKm	Group				Swedbank Mortgage AB			
	Jul-Dec 2010	Jul-Dec 2009	Full-year 2010	Full-year 2009	Jul-Dec 2010	Jul-Dec 2009	Full-year 2010	Full-year 2009
Provisions for loans that are assessed as impaired								
Provisions	-11	9	11	9	9	9	9	9
Reversal of previous provisions	-2	-11	-7	-16	-11	-11	-16	-16
Provisions for homogenous groups of impaired loans	1	-6	0	1	-6	-6	1	1
Total	-12	-8	4	-6	-8	-8	-6	-6
Portfolio provision for loans that individually are not assessed as impaired								
	-10	4	132	1	-10	4	1	1
Write-offs								
Established losses	17	9	38	22	9	9	22	22
Utilisation of previous provisions			-5	-1			-1	-1
Recoveries	-1	4	-1	-8	4	4	-8	-8
Total	16	13	32	13	13	13	13	13
Credit impairments	-6	9	168	8	-6	9	8	8

Note 5 Loans to credit institutions and loans to the public

SEKm	Group		Swedbank Mortgage AB	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Lending				
Carrying amount before provisions	733 994	770 081	733 994	770 081
Provisions for loans that individually are assessed as impaired	-56	-57	-56	-57
Portfolio provisions for loans that individually are not assessed as impaired	-146	-14	-146	-14
Total provisions	-202	-71	-202	-71
Carrying amount of loans after provisions	733 792	770 010	733 792	770 010
Impaired loans				
Impaired loans, gross	142	165	142	165
Provisions for individually assessed impaired loans	-56	-57	-56	-57
Carrying amount of impaired loans	86	108	86	108
Share of impaired loans, gross, loans to the public, %	0,02	0,02	0,02	0,02
Share of impaired loans, net, loans to the public, %	0,01	0,02	0,01	0,02
Total provision ratio for impaired loans, %	141,8	43,1	141,8	43,1
Provision ratio for individually identified impaired loans, %	39,5	34,8	39,5	34,8

Lending distributed by sector/industry

Group SEKm	Real estate		Other	Total		Credit institutions	Total lending
	Private customers	Management	corporate lending	Municipalities	lending to the public		
Book value before accounting for provisions	584 600	102 488	7 148	3 265	697 501	36 493	733 994
Provisions for loans that individually are assessed as impaired	-34	-20	-2		-56		-56
Portfolio provisions for loans that individually are not assessed as impaired	-101	-45			-146		-146
Book value after accounting for provisions	584 465	102 423	7 146	3 265	697 299	36 493	733 792
Book value of impaired loans	67	19			86		86

Note 6 Derivatives

Swedbank Mortgage trades derivatives to hedge positions with regard to the value of interest rates and currencies.

Group SEKm	31 Dec 2010			31 Dec 2010		
	Interest	Currency	Total	Interest	Currency	Total
Derivatives with positive book values	5 157	1 774	6 931	7 507	3 037	10 544
of which in hedge accounting	2 534		2 534	1 053		1 053
Derivatives with negative book values	5 179	10 386	15 565	6 579	1 231	7 810
of which in hedge accounting	1 080	8 506	9 586	185		185
Nominal amount	383 676	131 345	515 021	477 935	108 147	586 082

Note 7 Financial instruments

Financial instruments distributed by valuation category according to IAS 39

Group SEKm	31 Dec	31 Dec
	2010	2009
Assets		
Loans to credit institutions	36 493	97 590
valuation category, loans and receivables	36 493	97 590
Loans to the public	697 299	672 420
valuation category, loans and receivables	257 346	176 309
valuation category, fair value through profit or loss	439 953	496 111
Derivatives	6 931	10 544
hedge accounting at fair value	2 534	1 053
other	4 397	9 491
Liabilities		
Amounts owed to credit institutions	229 177	192 738
other financial liabilities	219 081	147 188
valuation category, fair value through profit or loss	10 096	45 550
Debt securities in issue, etc	451 328	537 771
other financial liabilities	315 977	292 037
change in value due to hedge accounting at fair value	-861	153
valuation category, fair value through profit or loss	136 212	245 581
Derivatives	15 565	7 810
hedge accounting at fair value	1 080	185
cash flow hedge	8 506	
other	5 979	7 625

Determination of fair value for financial instruments

Group 31 December 2010	Instruments with quoted market prices in active markets (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
SEKm				
Assets				
Loans to the public		439 953		439 953
Derivatives		6 931		6 931
Total		446 884		446 884
Liabilities				
Amounts owed to credit institutions			10 096	10 096
Debt securities in issue, etc	99 392	36 820		136 212
Derivatives		15 565		15 565
Total	99 392	52 385	10 096	161 873

Group 31 December 2009	Instruments with quoted market prices in active markets (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non-observable data (Level 3)	Total
SEKm				
Assets				
Loans to the public		496 111		496 111
Derivatives		10 544		10 544
Total		506 655		506 655
Liabilities				
Amounts owed to credit institutions		34 551	10 999	45 550
Debt securities in issue, etc	111 468	134 113		245 581
Derivatives		7 810		7 810
Total	111 468	176 474	10 999	298 941

The table above indicates valuation method for financial instruments measured at fair value. These methods are divided into three levels based on the degree of observability in the valuation.

If possible, fair value of the financial instruments is established from quoted market prices in active markets (Level 1). Where quoted market prices can't be established, generally accepted valuation techniques using observable data are used (Level 2). These techniques may require certain assumptions (Level 3) and the scope of these depend on the complexity of the instrument and the availability of market data. This group includes loans from Swedbank AB. The valuation of these loans is based on observable interbank rates adjusted for the difference between the interbank rate and the issue terms that existed at the time of issuance.

Note 8 Assets pledged for own liabilities and commitments

SEKm	Group		Swedbank Mortgage AB	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
Assets pledged for own liabilities				
Loans pledged for securities in issue *	640 207	610 456	640 207	610 456
Securities pledged for other liabilities	103	80	103	80
Commitments, nominal amount				
Loans granted but not paid	9 390	11 188	9 390	11 188
Total	649 700	621 724	649 700	621 724

* Consists of collateral for covered bonds. Collateral refers to the customer's nominal debt including accrued interest.

Note 9 Related parties

The following headings in the balance sheet and statement of comprehensive income include transactions with other companies in the Swedbank Group in the amounts specified.

SEKm	Group	
	30 Dec 2010	31 Dec 2009
Assets		
Loans to credit institutions	36 481	97 576
Derivatives	6 831	10 411
Other assets	202	591
Total	43 514	108 578
Liabilities		
Amounts owed to credit institutions	229 138	192 699
Debt securities in issue, etc	42 964	176 012
Derivatives	15 565	7 767
Other liabilities	6 684	7 649
Total	294 351	384 127
Income statement		
Interest income	520	1 050
Interest expenses	-2 674	-7 236
Net gains and losses on financial items at fair value	-12 556	10 062
Commission expenses	-136	-167
Other expenses		-4
Total	-14 846	3 705

Note 10 Capital adequacy

For Swedbank Mortgage, the Basel 2 capital adequacy rules mean that the minimum capital requirement for credit risks, with the approval of the Financial Supervisory Authority, will be based on an internal risk classification according to an Internal Ratings-based Approach ("IRB") developed by Swedbank. For a small portion of assets, the capital requirement for credit risks is calculated according to the standardised approach. The capital requirement for operational risk is calculated according to the standardised approach with the approval of the Financial Supervisory Authority.

The transitional rules, stating that the minimum capital requirement should not fall below 80 percent of the capital requirement calculated according to the old rules, have been extended and are now applied up to and including 2011.

Swedbank Mortgage AB SEKm	31 Dec 2009	31 Dec 2009
Tier 1 capital	30 968	29 744
Total capital base	30 968	29 744
Risk-weighted assets	331 945	310 556
Capital requirement for credit risks, IRB	4 211	4 194
Capital requirement for operational risks	471	467
Capital requirement	4 682	4 661
Complement during transition period	21 874	20 184
Capital requirement including complement	26 556	24 844
Capital quotient excluding complement	6,61	6,38
Tier 1 capital ratio, %, excluding complement	54,7	52,8
Total capital adequacy ratio, %, excluding complement	54,7	52,8
Capital quotient, transition rules	1,17	1,20
Tier 1 capital ratio, %, transition rules	9,3	9,6
Total capital adequacy ratio, %, transition rules	9,3	9,6

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for the period 1 January to 31 December 2010 provides a fair and accurate overview of the operations, financial position and results of the Parent Company and the Group, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 4 February 2011

Anders Ekedahl
Chair

Helena Silvander
President

Johan Smedman

Ingvar Svensson

Ragnar Udin

Review Report

Introduction

We have reviewed the year-end report for Swedbank Mortgage AB (publ) for the financial year 2010. The Board of Directors and the President are responsible for the preparation and presentation of this year-end report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34. Our responsibility is to express a conclusion on this year-end report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the year-end report for the Group is not, in all material aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and as regards the parent company in accordance the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 7 February 2011

Deloitte AB

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