

# Swedbank Mortgage

## Interim report January - June 2009

Stockholm, 20 July 2009



- Operating profit amounted to SEK 1 813m (1 613)
- Net interest income increases 12 % to SEK 2 041m
- The funding situation has improved

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. 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.

### Profit analysis

Operating profit amounted to SEK 1 813m (1 613). Net interest income was SEK 212m higher than the previous year and amounted to SEK 2 041m (1 829). The average lending margin was higher and the volumes have grown, which have contributed to an improved net interest income. The funding situation has improved slightly and contributes positively. The strategy of reducing liquidity risk by extending the maturities of the outstanding funding has had a negative effect on net interest income.

Commission expenses, arising from business interchange with the savings banks and the partly owned banks, were SEK 332m (235). The increase is due to growing volumes and higher margins.

Swedbank Mortgage applies the fair value option according to IAS 39 on the main part of the balance sheet and accounts for changes in the value of assets and liabilities, including derivatives, in Net gains and losses on items at fair value. The change in value for the period, mainly consisting of unrealized results, amounted to SEK 96m (13). As from April, hedge accounting is applied on a share of newly issued bonds.

### Lending

Lending increased in all customer segments during the period. Loans to the public rose by a nominal amount of SEK 23 645m (19 788), while lending to the agricultural and forestry sector increased by SEK 3 036m (824). Loans to the corporate sector increased by SEK 7 572m (-3 824). Swedbank Mortgage's loans to the public amounted to SEK 657 589m (573 260) as per 30 June 2009, of which the change in the market value of the loans accounted for SEK 8 112m (-8 465).

The credit quality of the lending remains very high. Impairment losses on loans were SEK -1m (-10). Provisions for anticipated losses amounted to SEK 68m (69) as per 30 June 2009. Impairment losses on loans are specified in note 3 and lending in note 4.

### Funding

Covered bonds are the company's primary source of funding. 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 approximately 44 percent. During the period, Swedbank Mortgage has issued covered bonds amounting to SEK 59bn in the Swedish market and SEK 21bn in the international market. Swedbank Mortgage also regularly issues covered bonds to the parent company in order to utilize the funding facilities offered by the Riksbank and the National Debt Office, which have provided cost-effective short-term funding. In November, Swedbank Mortgage also decided to participate in the Swedish state's guarantee programme, which guarantees new unsecured funding and covered bonds. At the end of the period, Swedbank Mortgage had a nominal outstanding volume of SEK 16,7bn in commercial papers to external investors under this guarantee.

Numbers within parenthesis refer to the corresponding period for the previous year unless stated otherwise.

**Capital adequacy**

At the end of the period, the capital quotient amounted to 1.18 (1.05 as per 31 December 2008) and the tier 1 capital ratio as well as the total capital adequacy ratio was 9.5 percent (8.4 as per 31 December 2008). As of 2010, full effect of Basel 2 will be reached. According to these rules, the capital requirement according to pillar 1 amounted to SEK 4 711m at the end of the period, compared to the current capital requirement including complement of SEK 24 083m. A specification of capital adequacy is provided in note 9.

**Interest rate risk**

An increase in market interest rates by one percentage point as per 30 June 2009 would have reduced the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 361m (376).

A one percentage point increase in market interest rates would have increased Swedbank Mortgage's net gains and losses on financial items at fair value by SEK 3m (59) as per 30 June 2009 regarding financial instruments at fair value.

**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 2008. No significant changes have taken place with regard to the distribution of risks compared to what is stated in the annual report.

**Events after 30 June 2009**

No significant events have occurred.

# The Group - Key Financial highlights

## 2005-2009

	30 Jun 2009	31 Dec 2008	30 Jun 2008	31 Dec 2007	31 Dec 2006	31 Dec 2005
<b>Lending</b>						
Loans to the public, SEKm	657 589	623 401	573 260	560 633	510 479	472 058
<b>Profitability</b>						
Operating profit, SEKm	1 813	3 603	1 613	3 828	3 759	4 815
Investment margin, % *	0.49	0.56	0.60	0.67	0.75	0.98
Return on equity, %	9.5	10.0	9.1	10.6	11.5	17.1
Earnings per share, SEK	58.09	116.52	50.48	119.70	117.65	150.74
<b>Capital</b>						
Capital base, SEKm **	28 462	27 005	25 639	26 882	26 823	26 116
Equity, SEKm	28 948	27 612	26 093	24 932	24 771	22 065
Number of shares in issue at beginning/end of period, million	23	23	23	23	23	23
Equity per share, SEK	1258.61	1200.52	1134.48	1084.00	1077.00	959.35
Capital quotient **	1.18	1.05	1.09	1.11		
Capital adequacy ratio, % **	9.5	8.4	8.7	8.9	9.3	10.1
Tier 1 capital ratio, % **	9.5	8.4	8.7	8.2	8.6	8.5
<b>Credit quality</b>						
Impairment losses on loans, SEKm	-1	6	-10	-43	-8	-18
Loan loss ratio, %	-0.00	0.00	-0.00	-0.01	-0.00	-0.00
Total provision ratio for impaired loans, %	42.0	41.77	45.5	73.9	104.4	96.6
Share of impaired loans, net, loans to the public %	0.02	0.02	0.02	0.01	0.01	0.02

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

\*\* Swedbank Mortgage AB since 31 December 2008. Previous years refer to Financial companies group. Since 2007, capital ratios are calculated according to FFFS 2007:1 (Basel 2).

# Income statement

SEKm	Note	Group			Swedbank Mortgage AB		
		Jan-Jun 2009	Jan-Jun 2008	%	Jan-Jun 2009	Jan-Jun 2008	%
Interest income		12 700	15 396	-18	12 700	15 241	-17
Interest expenses		-10 659	-13 567	-21	-10 659	-13 550	-21
<b>Net interest income</b>		<b>2 041</b>	<b>1 829</b>	<b>12</b>	<b>2 041</b>	<b>1 691</b>	<b>21</b>
Dividends received					150		
Commission income		28	28	0	28	24	17
Commission expenses		-345	-247	40	-345	-223	55
<b>Net commissions</b>		<b>-317</b>	<b>-219</b>	<b>45</b>	<b>-317</b>	<b>-199</b>	<b>59</b>
Net gains and losses on financial items at fair value	2	96	13		96	89	8
Other income		5	6	-17	5	6	-17
<b>Total income</b>		<b>1 825</b>	<b>1 629</b>	<b>12</b>	<b>1 975</b>	<b>1 587</b>	<b>24</b>
Staff costs		0	5		0	4	
Other expenses		11	14	-21	11	14	-21
Depreciation/amortisation		2	7	-71	0	0	
<b>Total expenses</b>		<b>13</b>	<b>26</b>	<b>-50</b>	<b>11</b>	<b>18</b>	<b>-39</b>
<b>Profit before impairments</b>		<b>1 812</b>	<b>1 603</b>	<b>13</b>	<b>1 964</b>	<b>1 569</b>	<b>25</b>
Impairment losses on loans	3	-1	-10	-90	-1	-10	-90
<b>Operating profit</b>		<b>1 813</b>	<b>1 613</b>	<b>12</b>	<b>1 965</b>	<b>1 579</b>	<b>24</b>
Tax expense		477	452	6	477	442	8
<b>Profit for the period</b>		<b>1 336</b>	<b>1 161</b>	<b>15</b>	<b>1 488</b>	<b>1 137</b>	<b>31</b>
Earnings per share, before and after dilution, SEK		58.09	50.48				
Profit for the period		1 336	1 161	15			
<b>Total comprehensive income for the period</b>		<b>1 336</b>	<b>1 161</b>	<b>15</b>			

# Balance sheet

SEKm	Note	Group			Swedbank Mortgage AB		
		30 Jun 2009	31 Dec 2008	30 Jun 2008	30 Jun 2009	31 Dec 2008	30 Jun 2008
<b>Assets</b>							
Loans to credit institutions	4	124 051	106 244	72 580	124 083	106 243	104 615
Loans to the public	4	657 589	623 401	573 260	657 589	623 401	537 291
Interest-bearing securities		90	50	99	90	50	99
Derivatives	5	15 911	20 256	5 966	15 911	20 256	5 966
Other assets		4 704	6 138	6 713	4 705	6 786	8 621
<b>Total assets</b>		<b>802 345</b>	<b>756 089</b>	<b>658 618</b>	<b>802 378</b>	<b>756 736</b>	<b>656 592</b>
<b>Liabilities and equity</b>							
Amounts owed to credit institutions		216 384	152 776	109 211	216 384	153 576	173 217
Debt securities in issue		538 688	552 321	505 399	538 688	552 321	440 270
Derivatives	5	7 299	6 911	5 194	7 299	6 911	5 198
Other liabilities		11 026	16 469	12 721	10 839	16 248	12 690
Untaxed reserves					840	840	
Equity		28 948	27 612	26 093	28 328	26 840	25 217
<b>Total liabilities and equity</b>		<b>802 345</b>	<b>756 089</b>	<b>658 618</b>	<b>802 378</b>	<b>756 736</b>	<b>656 592</b>

# Statement of changes in equity

## Group

SEKm	Equity attributable to the shareholder of Swedbank Mortgage AB			
	Share capital	Other contributed equity	Other equity	Total
Opening balance 1 January, 2008	11 500	2 400	11 032	24 932
Total comprehensive income for the period			2 680	2 680
<b>Closing balance 31 December, 2008</b>	<b>11 500</b>	<b>2 400</b>	<b>13 712</b>	<b>27 612</b>
Opening balance 1 January, 2009	11 500	2 400	13 712	27 612
Total comprehensive income for the period			1 336	1 336
<b>Closing balance 30 June, 2009</b>	<b>11 500</b>	<b>2 400</b>	<b>15 048</b>	<b>28 948</b>

## Swedbank Mortgage AB

SEKm	Share capital	Statutory reserve	Non-restricted equity	Total
Opening balance 1 January, 2008	11 500	3 100	9 480	24 080
Profit for the period			2 761	2 761
<b>Closing balance 31 December, 2008</b>	<b>11 500</b>	<b>3 100</b>	<b>12 240</b>	<b>26 840</b>
of which conditional shareholders' contributions			2 400	2 400
Opening balance 1 January, 2009	11 500	3 100	12 240	26 840
Profit for the period			1 488	1 488
<b>Closing balance 30 June, 2009</b>	<b>11 500</b>	<b>3 100</b>	<b>13 728</b>	<b>28 328</b>
of which conditional shareholders' contributions			2 400	2 400

# Cash flow statement

SEKm	Group			Swedbank Mortgage AB		
	Jan-Jun 2009	Jan-Jun 2008	Full-year 2008	Jan-Jun 2009	Jan-Jun 2008	Full-year 2008
Cash flow from operating activities	30 025	-28 617	-12 746	29 375	-29 119	-13 053
Cash flow from investing activities				650		1 100
Cash flow from financing activities	-9 294	35 527	55 904	-9 294	35 527	55 904
<b>Cash flow for the period</b>	<b>20 731</b>	<b>6 910</b>	<b>43 158</b>	<b>20 731</b>	<b>6 408</b>	<b>43 951</b>
Cash and cash equivalents at beginning of period	65 730	22 572	22 572	65 729	21 778	21 778
Cash flow for the period	20 731	6 910	43 158	20 731	6 408	43 951
<b>Cash and cash equivalents at end of period</b>	<b>86 461</b>	<b>29 482</b>	<b>65 730</b>	<b>86 460</b>	<b>28 186</b>	<b>65 729</b>

# Notes

## Note 1 Accounting policies

The interim report for the group has been prepared in accordance with IAS 34. 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 2.2 of the Financial Reporting Council. The accounting principles applied in the interim report is the same as those applied in the preparation of the Annual Report for 2008, with the exception of the changes below.

### IFRS 8 Operating Segments

The Group has adopted IFRS 8 *Operating Segments* to its segment reporting, as of 1 January 2009. Under IFRS 8, the segment information is presented from the perspective of the company management and business segments are identified on the basis of the internal reporting to the company's chief operating decision maker.

Based on IFRS 8 and Swedbank Mortgage's internal reporting, only one segment has been identified.

The implementation of this standard has had no impact on the reported result or financial position of the Group.

### IAS 1 (revised) Presentation of Financial Statements

The revised standard entails, amongst other things, a more extensive Income Statement referred to as a Statement of Comprehensive Income, which includes the profit/loss items previously reported under shareholders' equity (not transactions with the owners).

As all of Swedbank Mortgage's transactions reported under shareholders' equity are related to the owners, the total comprehensive income for the period will correspond with the profit of the period.

### IAS 39: Financial instruments: Recognition and Measurement

As from April, Swedbank Mortgage applies hedge accounting, according to IAS 39's method of fair value hedge accounting, for a share of newly issued bonds and entered swap agreements. The applied method implies that the bond is valued at fair value regarding the hedged risk and that changes in fair value are recognised in Net gains and losses on financial items at fair value. Disclosures regarding recognised changes in fair value on bonds and derivatives in hedge accounting are provided in note 2 Net gains and losses on financial items at fair value.

## Note 2 Net gains and losses on financial items at fair value

SEKm	Group		Swedbank Mortgage AB	
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
<b>Valuation category, fair value through profit or loss</b>				
<i>Trading and derivatives</i>				
Interest-bearing instruments	-4 513	-446	-4 513	-370
<i>Fair value option</i>				
Interest-bearing instruments	4 546	454	4 546	454
<b>Total</b>	<b>33</b>	<b>8</b>	<b>33</b>	<b>84</b>
<b>Hedge accounting at fair value</b>				
Hedging instruments	-4		-4	
Hedged item	0		0	
<b>Total</b>	<b>-4</b>	<b>0</b>	<b>-4</b>	<b>0</b>
<b>Interest income compensation, loans valued at amortised cost</b>	<b>67</b>	<b>5</b>	<b>67</b>	<b>5</b>
<b>Changes in exchange rates</b>		<b>0</b>		<b>0</b>
<b>Total net gains and losses on financial items at fair value</b>	<b>96</b>	<b>13</b>	<b>96</b>	<b>89</b>

### Note 3 Impairment losses on loans

SEKm	Group		Swedbank Mortgage AB	
	Jan-Jun 2009	Jan-Jun 2008	Jan-Jun 2009	Jan-Jun 2008
<b>Provisions</b>				
Collective provisions, net	-3	-17	-3	-17
Individual provisions	7	11	7	10
Reversal of individual provisions no longer required	-12	-6	-12	-5
<b>Provisions, net</b>	<b>-8</b>	<b>-12</b>	<b>-8</b>	<b>-12</b>
<b>Write-offs</b>				
Write-offs, total	13	5	13	5
Reversal of individual provisions utilized for write-offs	-1	-1	-1	-1
<b>Write-offs not previously provided for</b>	<b>12</b>	<b>4</b>	<b>12</b>	<b>4</b>
Recovered from previous write-offs	-5	-2	-5	-2
<b>Write-offs, net</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>2</b>
<b>Impairment losses on loans</b>	<b>-1</b>	<b>-10</b>	<b>-1</b>	<b>-10</b>

### Note 4 Loans to credit institutions and loans to the public

SEKm	Group			Swedbank Mortgage AB		
	30 Jun 2009	31 Dec 2008	30 Jun 2008	30 Jun 2009	31 Dec 2008	30 Jun 2008
Carrying amount before accounting for provisions	781 708	729 722	645 909	781 740	729 721	641 973
Provisions for individually assessed loans	-58	-64	-58	-58	-64	-56
Provisions for collectively assessed loans	-10	-13	-11	-10	-13	-11
<b>Total provisions</b>	<b>-68</b>	<b>-77</b>	<b>-69</b>	<b>-68</b>	<b>-77</b>	<b>-67</b>
<b>Carrying amount</b>	<b>781 640</b>	<b>729 645</b>	<b>645 840</b>	<b>781 672</b>	<b>729 644</b>	<b>641 906</b>
<b>Impaired loans</b>						
Gross	162	185	152	162	185	147
Provisions for individually assessed loans	-58	-64	-58	-58	-64	-56
<b>Carrying amount</b>	<b>104</b>	<b>121</b>	<b>94</b>	<b>104</b>	<b>121</b>	<b>91</b>
Share of impaired loans, gross, loans to the public, %	0.02	0.03	0.03	0.02	0.03	0.03
Share of impaired loans, net, loans to the public, %	0.02	0.02	0.02	0.02	0.02	0.02
Total provision ratio for impaired loans, %	42.0	41.8	45.5	42.0	41.8	45.8
Provision ratio for individually identified impaired loans, %	36.0	34.8	38.2	36.0	34.8	38.3

### Lending distributed by sector/industry

SEKm	Real estate		Other corporate lending	Municipalities	Total loans to the public	Credit institutions	Total lending
	Private individuals	management					
<b>Book value before accounting for provisions</b>	<b>536 416</b>	<b>108 585</b>	<b>7 423</b>	<b>5 233</b>	<b>657 657</b>	<b>124 051</b>	<b>781 708</b>
Provisions for individually assessed loans	-38	-19	-1		-58		-58
Provisions for collectively assessed loans		-10			-10		-10
<b>Book value after accounting for provisions</b>	<b>536 378</b>	<b>108 556</b>	<b>7 422</b>	<b>5 233</b>	<b>657 589</b>	<b>124 051</b>	<b>781 640</b>
Book value of impaired loans	78	26			104		104

## Note 5 Derivatives

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

Group SEKm	30 Jun 2009			30 Jun 2008		
	Interest	Currency	Total	Interest	Currency	Total
<b>Derivatives related to:</b>						
Derivatives with positive book values	8 252	7 659	15 911	3 116	2 850	5 966
Derivatives with negative book values	6 825	474	7 299	2 005	3 189	5 194
Nominal amount	364 934	83 230	448 164	228 625	177 925	406 550

## Note 6 Financial instruments

### Financial instruments distributed by valuation category according to IAS 39

Group SEKm	30 Jun 2009	31 Dec 2008	30 Jun 2008
<b>Assets</b>			
Loans to credit institutions	124 051	106 244	72 580
valuation category, Loans and receivables	124 051	106 244	72 580
Loans to the public	657 589	623 401	573 260
valuation category, Loans and receivables	158 329	162 079	143 968
valuation category, Fair value through profit or loss, other	499 260	461 322	429 292
Interest-bearing securities	90	50	99
valuation category, Fair value through profit or loss, trading	90	50	99
Derivatives	15 911	20 256	5 966
valuation category, Fair value through profit or loss, trading and derivatives	15 881	20 256	5 966
valuation category, Hedge accounting	30		
<b>Liabilities</b>			
Amount owed to credit institutions	216 384	152 776	109 211
valuation category, Other financial liabilities	37 540	40 708	40 500
valuation category, Fair value through profit or loss, other	178 844	112 068	68 711
Debt securities in issue	538 688	552 321	505 399
valuation category, Other financial liabilities	67 411	64 006	65 352
change in value due to hedge accounting	0		
valuation category, Fair value through profit or loss, other	471 277	488 315	440 047
Derivatives	7 299	6 911	5 194
valuation category, Fair value through profit or loss, trading and derivatives	7 277	6 911	5 194
valuation category, Hedge accounting	22		

### Financial instruments carried at fair value

Group SEKm	Valuation models based on		Total
	Quoted market price	observable market data	
<b>Assets</b>			
Loans to the public		499 260	499 260
Interest-bearing securities	90		90
Derivatives		15 911	15 911
<b>Summa</b>	<b>90</b>	<b>515 171</b>	<b>515 261</b>
<b>Skulder</b>			
Amount owed to credit institutions		178 844	178 844
Debt securities in issue	146 257	325 020	471 277
Derivatives		7 299	7 299
<b>Summa</b>	<b>146 257</b>	<b>511 163</b>	<b>657 420</b>

## Note 7 Assets pledged for own liabilities, contingent liabilities and commitments

SEKm	Group			Swedbank Mortgage AB		
	30 Jun 2009	31 Dec 2008	30 Jun 2008	30 Jun 2009	31 Dec 2008	30 Jun 2008
<b>Assets pledged for own liabilities</b>						
Loans pledged for securities in issue *	597 236	567 362		597 236	567 362	
Securities pledged for other liabilities	90	50	99	90	50	99
<b>Contingent liabilities</b>						
Loan guarantees			1 346			1 346
<b>Commitments, nominal amounts</b>						
Loans granted but not paid	15 581	14 113	11 254	15 581	14 113	10 871
<b>Total</b>	<b>612 907</b>	<b>581 525</b>	<b>12 699</b>	<b>612 907</b>	<b>581 525</b>	<b>12 316</b>

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

## Note 8 Related parties

The following headings in the balance sheet and income statement include transactions with Swedbank AB in the amounts specified.

SEKm	Group			Swedbank Mortgage AB		
	30 Jun 2009	31 Dec 2008	30 Jun 2008	30 Jun 2009	31 Dec 2008	30 Jun 2008
<b>Assets</b>						
Loans to credit institutions	123 959	106 228	72 175	123 959	106 228	69 952
Derivatives	15 592	19 925	5 684	15 592	19 925	5 684
Other assets	1 594	2 197	2 702	1 594	2 198	2 702
<b>Total</b>	<b>141 145</b>	<b>128 350</b>	<b>80 561</b>	<b>141 145</b>	<b>128 351</b>	<b>78 338</b>
<b>Liabilities</b>						
Amounts owed to credit institutions	216 304	152 527	109 211	216 304	152 527	109 211
Derivatives	7 018	6 787	4 036	7 018	6 787	4 036
Other liabilities	12 293	116	9 626	12 293	116	9 626
<b>Total</b>	<b>235 615</b>	<b>159 430</b>	<b>122 873</b>	<b>235 615</b>	<b>159 430</b>	<b>122 873</b>
<b>Income statement</b>						
Interest income	787	3 870	1 899	787	3 813	1 879
Interest expenses	-2 473	-4 806	-3 165	-2 473	-4 806	-3 165
Net gains and losses on financial items at fair value	-4 156	11 013	0	-4 156	11 013	0
Commission expenses	-73	-116	-4	-73	-116	-3
Other expenses	-2	-5	-3	-2	-5	-3
<b>Total</b>	<b>-5 917</b>	<b>9 956</b>	<b>-1 273</b>	<b>-5 917</b>	<b>9 899</b>	<b>-1 292</b>

## Note 9 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.

Special transition rules that apply during a transition period until and including 2009 gradually reduce the capital requirement because of the new rules. The transition rules mean that the minimum capital requirement in 2009 may not fall below 80 percent of the capital requirement calculated according to the old rules. Regarding 2008, the corresponding figure was 90 percent. The new regulations will reach full effect in 2010.

Until 5 October 2008 Swedbank Mortgage's financial companies group comprised Swedbank Mortgage AB and Swedbank Jordbrukskredit AB (the name is changed to Swedbank Skog och Lantbruk AB). When Swedbank Mortgage AB acquired all credits granted by Swedbank Jordbrukskredit AB, the latter company was deregistered as a credit market company, and therefore Swedbank Mortgage's financial companies group was dissolved.

	Swedbank Mortgage 30 Jun 2009	Swedbank Mortgage 31 Dec 2008	Financial Companies Group 30 Jun 2008
<b>SEKm</b>			
Tier 1 capital	28 462	27 005	25 639
<b>Total capital base</b>	<b>28 462</b>	<b>27 005</b>	<b>25 639</b>
<b>Risk-weighted assets</b>	<b>301 032</b>	<b>320 560</b>	<b>294 772</b>
Capital requirement for credit risks, IRB	4 244	4 074	3 904
Capital requirement for operational risks	467	461	501
<b>Capital requirement</b>	<b>4 711</b>	<b>4 535</b>	<b>4 405</b>
Complement during transition period	19 372	21 110	19 177
<b>Capital requirement including complement</b>	<b>24 083</b>	<b>25 645</b>	<b>23 582</b>
Capital quotient excluding complement	6.04	5.96	5.82
Tier 1 capital ratio, %, excluding complement	50.0	49.3	46.6
Total capital adequacy ratio, %, excluding complement	50.0	49.3	46.6
Capital quotient, transition rules	1.18	1.05	1.09
Tier 1 capital ratio, %, transition rules	9.5	8.4	8.7
Total capital adequacy ratio, %, transition rules	9.5	8.4	8.7

## Ratings

	S&P	Moody's	Fitch
Covered bonds	AAA	Aaa	
Long-term		A1	A+
Short-term	A-1	P-1	F1

## 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 30 June 2009 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, 20 July 2009

Kjell Hedman  
Chair

Catrin Fransson  
President

Lars Ljungälv

Ingvar Svensson

Ragnar Udin

## Review Report

### Introduction

We have reviewed the interim report for Swedbank Mortgage AB (publ) for the period 1 January to 30 June 2009. The Board of Directors and the President are responsible for the preparation and presentation of this interim 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 interim 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 interim report for Swedbank Mortgage AB (publ) is not, in all material aspects, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34.

Stockholm, July 20 2009

Deloitte AB

Jan Larsson  
Authorized Public Accountant

**For further information, please contact**

Catrin Fransson, President  
Phone +46 8 585 910 88

Yvonne Germer, Head of Accounting  
Phone +46 8 585 928 14

**Swedbank Mortgage AB (publ)**

Corporate identification no 556003-3283  
Telephone: +46 8 585 921 00  
Telefax: +46 8 585 926 09  
[www.swedbank.se/mortgage](http://www.swedbank.se/mortgage)