

Year-end report 2013

Stockholm, 28 January 2014

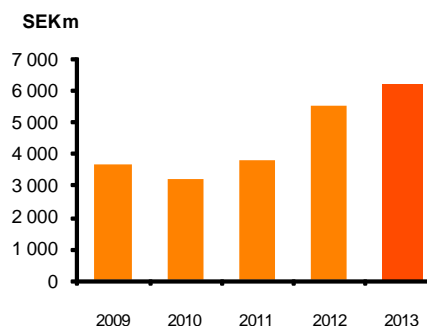
Full-year 2013

Compared with full-year 2012

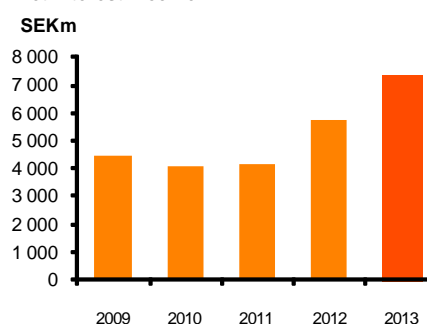
- Operating profit amounted to SEK 6 191m (5 502)
- Net interest income increased to SEK 7 280m (5 734)
- Loans to the public increased by SEK 25bn to SEK 769bn (744)
- Profit before impairments increased to SEK 6 221m (5 572)
- The return on equity was 13.0 per cent (11.7)
- The Tier 1 capital ratio was 9.5 per cent (9.5)
- Covered bonds totaling the nominal amount of SEK 73bn (77) were issued during the year

Figures in parentheses pertain to the same period in 2012 unless noted otherwise

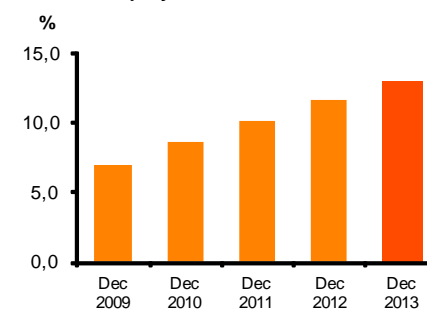
Operating profit



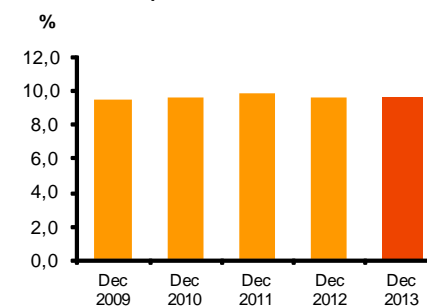
Net interest income



Return on equity



Core Tier 1 capital ratio



YEAR-END REPORT 2013

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

The mortgage lending is mainly originated through Swedbank's and the savings banks retail network, one of the largest bank-owned distribution networks in Sweden. No lending is performed outside of Sweden.

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

PROFIT ANALYSIS

Operating profit for the year rose by SEK 689m to SEK 6 191m (5 502). Net interest income amounted to SEK 7 280m (5 734).

Interest income as well as interest cost decreased compared to the previous year, due to lower average interest rates on both lending and funding. Interest cost was also lowered by repurchases of bonds originally issued at a higher interest rate, which were replaced by new issues at today's lower interest rate level. Interest income for the period amounted to SEK 25 464m (29 036) and interest cost to SEK 18 183m (23 302).

Net gains and losses on financial items (NGL) amounted to SEK -437m (410). NGL was negatively affected by repurchases of covered bonds, previously valued at amortised cost, while early redemption charges received contributed positively. For further information, see note 3.

Other expenses include a large part of the compensation paid to the savings banks and partly owned banks. This cost amounted to SEK 674m (635). No such settlement is performed with Swedbank.

LENDING

Swedbank Mortgage is a Swedish mortgage institution with a leading position on the Swedish market. Its business is long-term mortgage lending and the company has over one million clients.

Swedbank Mortgage grants loans up to a ratio of 85 per cent of the market value of the underlying collateral. During the period, a change regarding new lending to individuals has been imposed, where loans are granted up to a ratio of 85 per cent (75) of the market value of the underlying collateral. Swedbank Mortgage also lends directly to municipalities or to other lenders with local government guarantees as collateral, and to agricultural and forestry businesses under the secondary name Jordbrukskredit.

During the period, loans to the public increased by nominal SEK 27 099m (25 837) to SEK 764 120m (737 021). Lending to the private sector rose by SEK 18 972m (14 273), lending to the corporate sector by SEK 6 048m (8 432) and lending to the agricultural and forestry sector by SEK 2 078m (3 113). In total,

Swedbank Mortgage's loans to the public amounted to SEK 768 840m (743 931) of which the accumulated change in market value accounted for SEK 4 720m (6 909).

The credit quality of the lending remains at a very high level and credit impairments at a low level. Compared to 2012, net credit impairments were reduced by SEK 40m to SEK 30m (70). Provisions amounted to SEK 155m (209). Credit impairments and loans are specified in note 4 and 5.

FUNDING

Swedbank Mortgage finances its lending by issuing covered bonds on the Swedish and international capital markets.

Swedbank Mortgage's funding process is simplified by a number of standardised funding programs, which are legally conformed to a number of different markets and investors.

In 2013 the demand from both Swedish and international investors has remained at a high level. In total, Swedbank Mortgage issued nominal SEK 73bn in covered bonds. SEK 54bn was issued in the Swedish covered bond market and SEK 19bn in the international market. During the period, repurchases of nominal SEK 34bn has been performed in the Swedish covered bond market and nominal SEK 43bn have matured. In total Swedbank Mortgage plans to issue around nominal SEK 80bn of covered bonds in 2014 to counter maturities of nominal SEK 81bn.

The average maturity of all outstanding covered bonds is 36 months (39) as per 31 December.

Debt to Swedbank AB has increased by SEK 49bn to SEK 274bn since year-end. For further information, see note 8 and 10.

CAPITAL ADEQUACY

The capital quotient amounted to 1.19 at the end of the period (1.19). The total capital adequacy ratio as well as the tier 1 capital ratio was 9.5 per cent (9.5). The capital requirement according to pillar 1 amounted to SEK 29 965m (28 640), compared to SEK 3 872m (4 248) at full effect of Basel 2. Capital adequacy is specified in note 14.

RISKS

The primary risks are credit risk, liquidity 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 2012, page 9-10. 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 2013 would have reduced the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 800m (813). A one percentage point increase in market interest rates as per 31 December 2013 would have reduced Swedbank Mortgage's net gains and losses on financial items by SEK 359m (83). This would have a negative effect of SEK 41m on equity after cash flow hedges. A one percentage point decrease in market interest rates would have increased the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 824m (837). The corresponding amount for Swedbank Mortgage's net gains and losses on financial items is an increase by SEK 358m (77). This would have a positive effect of SEK 41m on equity after cash flow hedges.

RATING

Swedbank Mortgage is one of the biggest issuers on the Swedish market for covered bonds with top-rating from both Moody's Investor Service and Standard & Poor's (Aaa/AAA).

On 4 June 2013, the rating institute Moody's upgraded Swedbank Mortgage's long-term rating from A2 to A1 with stable outlook. On 19 July 2013, the rating institute Standard & Poor's upgraded its outlook for Swedbank Mortgage's long-term rating from negative to stable.

EVENTS AFTER 31 DECEMBER 2013

No significant events have occurred.

ANNUAL REPORT

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

SWEDBANK MORTGAGE Financial summary

	2013	2012	2011	2010	2009
Lending					
Loans to the public, SEKm	768 840	743 931	716 695	697 299	672 420
Profit					
Operating profit	6 191	5 502	3 773	3 179	3 631
Investment margin, % a)	0,87	0,72	0,59	0,53	0,56
Return on equity, %	13,0	11,7	8,6	7,4	9,3
Earnings per share, SEK	209,9	178,3	120,9	101,7	113,3
Capital					
Capital base, SEKm	35 599	33 994	32 562	30 968	29 744
Equity, SEKm	35 288	33 965	34 116	31 680	30 217
Number of shares in issue at beginning/end of period, million	23	23	23	23	23
Equity per share, SEK	1 534	1 477	1 483	1 377	1 314
Capital quotient ^{b)}	1,19	1,19	1,19	1,17	1,20
Capital adequacy ratio, % ^{b)}	9,5	9,5	9,5	9,3	9,6
Tier 1 capital ratio, % ^{b)}	9,5	9,5	9,5	9,3	9,6
Credit quality					
Credit impairments, SEKm	30	70	56	168	8
Loan loss ratio, %	0,00	0,01	0,01	0,02	0,00
Provision ratio for impaired loans, % ^{b)}	73	76	105	142	43
Share of impaired loans, net, loans to the public %	0,02	0,02	0,02	0,01	0,02

^{a)} Calculated as an average over 12 months.

^{b)} Including portfolio provisions for loans that individually are assessed as impaired

INCOME STATEMENT condensed

SEKm	Note	Group				Swedbank Mortgage			
		2013 Jul-Dec	2012 Jul-Dec	2013 Full year	2012 Full year	2013 Jul-Dec	2012 Jul-Dec	2013 Full year	2012 Full year
Interest income		12 505	14 231	25 464	29 036	12 505	14 231	25 464	29 036
Interest expense		-8 739	-11 163	-18 183	-23 302	-8 739	-11 163	-18 183	-23 302
Net interest income		3 766	3 068	7 280	5 734	3 766	3 068	7 280	5 734
Commission income		38	40	77	80	38	40	77	80
Commission expenses		-12	-10	-30	-22	-12	-10	-30	-22
Net commissions		26	30	47	58	26	30	47	58
Net gains and losses on financial items	3	-270	407	-437	410	-270	407	-437	410
Other income		5	4	9	9	5	4	9	9
Total income		3 527	3 509	6 899	6 211	3 527	3 509	6 899	6 211
Other expenses		335	319	674	636	335	319	674	636
Staff costs		4	2	4	3	4	2	4	3
Total expenses		339	321	678	639	339	321	678	639
Profit before impairments		3 188	3 188	6 221	5 572	3 188	3 188	6 221	5 572
Credit impairments	4	21	20	30	70	21	20	30	70
Operating profit		3 167	3 169	6 191	5 502	3 167	3 168	6 191	5 502
Appropriations							450		450
Tax		698	788	1 364	1 402	698	715	1 364	1 329
Profit for the period		2 469	2 380	4 827	4 100	2 469	2 003	4 827	3 723

STATEMENT OF COMPREHENSIVE INCOME condensed

SEKm	Group				Swedbank Mortgage			
	2013 Jul-Dec	2012 Jul-Dec	2013 Full year	2012 Full year	2013 Jul-Dec	2012 Jul-Dec	2013 Full year	2012 Full year
Profit for the period	2 469	2 380	4 827	4 100	2 469	2 003	4 827	3 723
Items that may be reclassified to the income statement								
Cash flow hedges:								
Gains and losses arising during the period	-310	-458	-394	-2 048	-310	-458	-394	-2 048
Reclassification adjustments to income statement, net interest income	1	1	3	3	1	1	3	3
Reclassification adjustments to income statement, net gains and losses on financial items at fair value								
Income tax relating to components of other comprehensive income	68	104	86	522	68	104	86	522
Total comprehensive income for the period	2 228	2 027	4 522	2 577	2 228	1 650	4 522	2 200

Total change in value on derivatives included in cash flow hedges amounted to SEK 5 439m during the period, of which SEK 5 830m is transferred to the income statement.

BALANCE SHEET condensed

SEKm	Note	Group		Swedbank Mortgage	
		2013 31 Dec	2012 31 Dec	2013 31 Dec	2012 31 Dec
Assets					
Loans to credit institutions	5	71 046	60 783	71 046	60 783
Loans to the public	5	768 840	743 931	768 840	743 931
Value change of interest hedged item in portfolio hedge		62		62	
Derivatives	6	17 802	25 207	17 802	25 207
Other assets	7	3 848	4 260	3 848	4 260
Total assets		861 598	834 181	861 598	834 181
Liabilities and equity					
Amounts owed to credit institutions	8	273 759	224 843	273 759	224 842
Debt securities in issue	10	520 021	533 223	520 021	533 223
Derivatives	6	17 355	23 420	17 355	23 420
Other liabilities	9	15 175	18 730	14 940	18 497
Untaxed reserves				1 068	1 068
Equity		35 288	33 965	34 455	33 131
Total liabilities and equity		861 598	834 181	861 598	834 181

STATEMENT OF CHANGES IN EQUITY condensed

Group, SEKm	Equity attributable to shareholders of Swedbank Mortgage AB				
	Share capital	Other contributed equity	Fair value fund	Retained earnings	Total
Opening balance 1 January, 2012	11 500	2 400	1 210	19 005	34 116
Group contributions paid				-3 700	-3 700
Tax reduction due to Group contributions paid				973	973
Total comprehensive income for the period			-1 522	4 100	2 577
Closing balance 31 December, 2012	11 500	2 400	-312	20 378	33 965

Opening balance 1 January, 2013	11 500	2 400	-312	20 378	33 965
Group contributions paid				-4 100	-4 100
Tax reduction due to Group contributions paid				902	902
Total comprehensive income for the period			-305	4 827	4 522
Closing balance 31 December, 2013	11 500	2 400	-617	22 007	35 288

Swedbank Mortgage, SEKm	Equity attributable to shareholders of Swedbank Mortgage AB				
	Share capital	Other contributed equity	Fair value fund	Retained earnings	Total
Opening balance 1 January, 2012	11 500	3 100	1 210	17 850	33 660
Group contributions paid				-3 700	-3 700
Tax reduction due to Group contributions paid				973	973
Total comprehensive income for the period			-1 522	3 723	2 200
Closing balance 31 December, 2012	11 500	3 100	-312	18 845	33 131
of which conditional shareholders' contributions				2 400	2 400
Opening balance 1 January, 2013	11 500	3 100	-312	18 845	33 131
Group contributions paid				-4 100	-4 100
Tax reduction due to Group contributions paid				902	902
Total comprehensive income for the period			-305	4 827	4 522
Closing balance 31 December, 2013	11 500	3 100	-617	20 474	34 455
of which conditional shareholders' contributions				2 400	2 400

CASH FLOW STATEMENT condensed

Group, SEKm	2013 Full year	2012 Full year
Operating activities		
Operating profit	6 191	5 502
Adjustments for non-cash items in operating activities	981	3 237
Taxes paid	-357	-482
Increase/decrease in loans to credit institutions	3 000	3 000
Increase/decrease in loans to the public	-27 098	-25 837
Increase/decrease in amounts owed to credit institutions	48 917	54 300
Increase/decrease in other assets	535	
Increase/decrease in other liabilities	-422	736
Cash flow from operating activities	31 746	40 456
Investing activities		
Change in fixed assets	1	
Cash flow from investing activities	1	
Financing activities		
Issuance of interest-bearing securities	74 251	93 712
Redemption of interest-bearing securities	-84 168	-107 624
Increase/decrease in other funding	-4 867	5 034
Group contributions paid	-3 700	-1 300
Cash flow from financing activities	-18 484	-10 178
Cash flow for the period	13 263	30 278
Cash and cash equivalents at the beginning of the period	57 783	27 505
Cash flow for the period	13 263	30 278
Cash and cash equivalents at end of the period	71 046	57 783

Cash and cash equivalents consist of cash accounts with Swedbank AB and are included in Loans to credit institutions.

RATING

Swedbank Mortgage	Moody's		Standard & Poor's	
	Rating	Outlook	Rating	Outlook
Coverd bonds	Aaa	N/A	AAA	Stable
Long-term	A1	Stable	A+	Stable
Short-term	P-1	N/A	A-1	N/A

NOTES

Note information refers to both the Parent Company and the Group.

NOTE 1 Accounting policies

The year-end 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.

IFRS 13 Fair Value Measurement

The new standard IFRS 13 replaces the guidance on fair value measurement which had been found in each IFRS standard. The standard defines fair value and how it is determined. It also includes new disclosure requirements, due to which IAS 34 Interim reporting has been expanded and interim reports issued as of 2013 will include specific disclosures on financial instruments measured at fair value and whose fair value is calculated in accordance with level 3 in the fair value hierarchy. The revision to IAS 34 also means that disclosures on the fair value of financial instruments recognised at amortised cost will be provided in interim reports see note 11. The introduction of the standard has otherwise had no material impact on how the Group

measures fair values or on its financial position or results.

Other amendments

No changes in the legal accounting framework have had a substantial effect on the financial position, results and disclosures of the Group or the Parent Company.

Value change of interest hedged item in portfolio hedge

During the first quarter 2013 the Group initiated the application of Fair Value Hedge Accounting for a Portfolio Hedge of interest rate risk. In these types of hedges, the hedged portion is identified as a single amount rather than individual assets. Because the hedge relates to a portfolio rather than individual balance sheet items, the effective portion of the change in fair value for the hedged item is recognized on a separate line in the balance sheet called Value change of interest hedged item in portfolio hedge. The hedged item is recognised in the same way as other individual balance sheet items.

Other

The accounting principles applied in the year-end report is otherwise the same as those applied in the preparation of the Annual Report for 2012.

NOTE 2 Business segments

Group, SEKm	2013				2012			
	Private	Corporate	Agricultural & Forestry	Total	Private	Corporate	Agricultural & Forestry	Total
Total income	5 200	884	525	6 609	3 833	444	403	4 680
Total cost	552	44	78	674	526	35	74	635
Operating profit	4 624	840	440	5 904	3 235	419	320	3 974
Loans to the public	582 002	131 076	55 761	768 840	564 564	125 523	53 844	743 931

Reconciliation of segment accounting and financial report

Group, SEKm	2013			2012		
	Total segment	Recon-ciliation	Total financial report	Total segment	Recon-ciliation	Total financial report
Total income	6 609	291	6 899	4 680	1 531	6 211
Total cost	674	4	678	635	4	639
Operating profit	5 904	287	6 191	3 975	1 527	5 502
Assets	768 840	92 758	861 598	743 931	90 250	834 181

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 or local government guarantees. The Agricultural and Forestry segment includes loans for financing of agricultural and forestry properties. P/L-posts such as net gains and losses on financial items at fair value, return on legal capital and other minor posts are not distributed on business segments.

NOTE 3 Net gains/losses on financial items

Group, SEKm	2013 Jul-Dec	2012 Jul-Dec	%	2013 Full-year	2012 Full-year	%
Fair value through profit or loss						
<i>Trading and derivatives</i>						
Interest-bearing instruments	-691	-4 467	-85	5 842	-6 282	
<i>Fair value option</i>						
Interest-bearing instruments	374	4 818	-92	-6 160	6 559	
Total	-317	351		-318	277	
Hedge accounting, fair value hedges						
Inefficiency in hedge accounting at fair value	5	38	-87	12	90	-87
of which hedging instruments	-447	2 309		-6 436	4 343	
of which hedged items	452	-2 271		6 448	-4 253	
Total	5	38	-87	12	90	-87
Financial liabilities at amortised cost	-36	-46	-22	-268	-68	
Loan receivables at amortised cost	79	64	23	137	111	23
Total	-270	407		-437	410	

NOTE 4 Credit impairments

Group, SEKm	2013 Jul-Dec	2012 Jul-Dec	%	2013 Full-year	2012 Full-year	%
Provisions for loans that are assessed as impaired						
Provisions	6	12	-50	7	19	-63
Reversal of previous provisions	-2	-1	100	-5	-2	
Provisions for homogenous groups of impaired loans, net	-9			-13	8	
Total	-5	11		-11	25	
Portfolio provision for loans that individually are not assessed as impaired						
	-8	-27	-70	-27	-25	8
Write-offs						
Established losses	50	39	28	87	78	12
Utilisation of previous provisions	-15	-2		-16	-6	
Recoveries	-1	-1		-3	-2	50
Total	34	36	-6	68	70	-3
Credit impairments	21	20	5	30	70	-57

NOTE 5 Loans

Group, SEKm	2013	2012
	31 Dec	31 Dec
Lending		
Carrying amount before provisions	840 040	804 923
Provisions for loans that individually are assessed as impaired	-64	-92
Portfolio provisions for loans that individually are not assessed as impaired	-91	-117
Total provisions	-155	-209
Carrying amount of loans after provisions	839 886	804 714
Impaired loans		
Impaired loans, gross	213	275
Provisions for individually assessed impaired loans	-64	-92
Carrying amount of impaired loans	149	183
Share of impaired loans, gross, loans to the public, %	0,03	0,04
Share of impaired loans, net, loans to the public, %	0,02	0,02
Total provision ratio for impaired loans, % ^{c)}	72,7	76,4
Provision ratio for individually identified impaired loans, %	30,1	33,3

^{c)} Including portfolio provisions for loans that individually are assessed as impaired

Loans by borrower category

Group, SEKm	Real estate		Other	Municipalities	Total	Credit institutions	Total lending
	Private customers	Management	corporate lending		lending to the public		
Book value before accounting for provisions	645 022	113 513	8 257	2 203	768 995	71 046	840 040
Provisions for loans that individually are assessed as impaired	-56	-7	-1		-64		-64
Portfolio provisions for loans that individually are not assessed as impaired	-74	-17			-91		-91
Book value after accounting for provisions	644 892	113 489	8 256	2 203	768 840	71 046	839 886
Book value of impaired loans	130	19			149		149

NOTE 6 Derivative instruments

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

Group, SEKm	31 Dec 2013			31 dec 2012		
	Interest	Currency	Total	Interest	Currency	Total
Derivatives with positive book values	15 501	2 301	17 802	22 296	2 911	25 207
of which in hedge accounting	13 580	521	14 101	19 847	9	19 856
Derivatives with negative book values	5 162	12 193	17 355	6 038	17 382	23 420
of which in hedge accounting	1 241	9 925	11 166		14 912	14 912
Notional amount	596 643	203 964	800 607	562 380	208 770	771 150

NOTE 7 Other assets

Group, SEKm	2013	2012
	31 Dec	31 Dec
Prepaid expenses and accrued income	3 193	3 576
Current tax assets	383	488
Deferred tax assets	174	88
Other	98	108
Total	3 848	4 260

NOTE 8 Amounts owed to credit institutions

Group, SEKm	2013	2012
	31 Dec	31 Dec
Valuation category, other financial liabilities		
Swedish banks	270 884	221 130
Total	270 884	221 130
Valuation category, fair value through profit or loss		
Other ^{d)}		
Swedish banks	2 875	3 713
Total	2 875	3 713
Total	273 759	224 843
^{d)} Nominal amount	2 874	3 712

NOTE 9 Other liabilities

SEKm	Group		Swedbank Mortgage	
	2013 31 Dec	2012 31 Dec	2013 31 Dec	2012 31 Dec
Group contribution to parent company	4 100	3 700	4 100	3 700
Accrued expenses and deferred income	10 676	14 587	10 676	14 587
Deferred tax liabilities	235	235		
Other liabilities	164	209	164	209
Total	15 175	18 730	14 940	18 497

NOTE 10 Debt securities in issue

Group, SEKm	2013		2012	
	31 dec		31 dec	
Valuation category, other financial liabilities				
Commercial paper		40		5 839
Bond loans		470 698		467 416
Change in value due to hedge accounting		49		1 018
Other		4 488		3 557
Total		475 275		477 830
Valuation category, fair value through profit or loss				
Bond loans		44 746		55 393
Total		44 746		55 393
Total		520 021		533 223

NOTE 11 Financial instruments

Group, SEKm	2013			2012		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets covered by IAS 39						
Loans to credit institutions	71 046	71 046		60 783	60 783	
Loans to the public	773 732	768 840	4 892	749 831	743 931	5 900
Shares and participating interest	3	3		1	1	
Derivatives	17 802	17 802		25 207	25 207	
Other financial assets	3 733	3 733		4 171	4 171	
Total	866 316	861 424	4 892	839 993	834 093	5 900
Non-financial assets	174	174		88	88	
Total	866 490	861 598	4 892	840 081	834 181	5 900
Liabilities						
Financial liabilities covered by IAS 39						
Amounts owed to credit institutions	274 019	273 759	260	225 761	224 843	918
Debt securities in issue	525 537	520 021	5 516	540 751	533 223	7 528
Derivatives	17 355	17 355		23 420	23 420	
Other financial liabilities	14 940	14 940		18 496	18 496	
Total	831 851	826 075	5 776	808 427	799 981	8 446
Non-financial liabilities^{e)}	235	235		236	236	
Total	832 086	826 310	5 776	808 662	800 216	8 446

^{e)} Non-financial liabilities, Swedbank Mortgage AB: 0 (0)

NOTE 11 Financial instruments, cont.

Determination of fair value for financial instruments.

2013 Group, SEKm	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
Assets				
Loans to the public		320 438		320 438
Shares and participating interests			3	3
Derivatives		17 802		17 802
Total		338 240	3	338 243
Liabilities				
Amounts owed to credit institutions			2 875	2 875
Debt securities in issue	31 417	13 330		44 747
Derivatives		17 355		17 355
Total	31 417	30 685	2 875	64 977

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 of data 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. Level 3 also includes shares in tenant-owner associations taken over for protection of claims. They have been valued at acquisition cost, since a more reliable fair value is not considered to be available.

2012 Group, SEKm	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
Assets				
Loans to the public		360 222		360 222
Shares and participating interests			1	1
Derivatives		25 207		25 207
Total		385 429	1	385 430
Liabilities				
Amounts owed to credit institutions			3 713	3 713
Debt securities in issue	37 998	17 395		55 393
Derivatives		23 420		23 420
Total	37 998	40 815	3 713	82 526

NOTE 11 Financial instruments, cont.

Changes in Level 3.

Group SEKm	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Opening balance	1	3 713	1	6 698
Gains or losses		0		-2
Acquisitions	2			
Maturities		838		2 987
Closing balance	3	2 875	1	3 713

NOTE 12 Assets pledged for own liabilities and commitments

Group, SEKm	2013	2012
	31 Dec	31 Dec
Assets pledged for own liabilities		
Loans pledged for securities in issue f)	740 215	700 907
Securities pledged for other liabilities	None	108
Contingent liabilities	None	None
Commitments, nominal amount	6 206	9 028
Total	746 421	710 043

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

NOTE 13 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.

Group, SEKm	2013	2012
	31 Dec	31 Dec
Assets		
Loans to credit institutions	71 046	60 781
Derivatives	17 732	25 127
Other assets	37	178
Total	88 815	86 086
Liabilities		
Amounts owed to credit institutions	273 720	224 803
Debt securities in issue	9 472	10 760
Derivatives	17 359	23 420
Other liabilities	5 626	7 675
Total	306 177	266 658
Income statement		
Interest income	528	819
Interest expenses	-2 808	-6 369
Other expenses	-160	-154
Total	-2 440	-5 704

NOTE 14 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.

Swedbank Mortgage's legal requirement is currently based on the transition rules. The transition rules states that the minimum capital requirement may not fall below 80 per cent of the capital requirement according to the Basel 1 rules. The transition rules have been prolonged and their expiry date has not yet been decided.

Capital base Group, SEKm	2013 31 Dec	2012 31 Dec
Tier 1 capital	35 599	33 994
Total capital base	35 599	33 994

Capital requirement Group, SEKm	2013 31 dec	2012 31 dec
Capital requirement for credit risks, IRB	3 337	3 809
Capital requirement for operational risks	535	440
Capital requirement	3 872	4 248
Complement during transition period	26 093	24 391
Capital requirement including complement	29 965	28 640
Risk-weighted assets	374 557	357 996

Capital adequacy analysis Group	2013 31 dec	2012 31 dec
Capital quotient excluding complement	9,19	8,00
Tier 1 capital ratio, %, excluding complement	77,1	66,3
Total capital adequacy ratio, %, excluding complement	77,1	66,3
Capital quotient, transition rules	1,19	1,19
Tier 1 capital ratio, %, transition rules	9,5	9,5
Total capital adequacy ratio, %, transition rules	9,5	9,5

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the year-end report for the period 1 January to 31 December 2013 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, 28 January 2014

Johanna Cerwall
Chair

Magdalena Frostling
President

Anders Ekedahl

Gunilla Domeij Hallros

Jonas Eriksson

Eva de Falck

Review report

Introduction

We have reviewed the interim report for Swedbank Mortgage AB (publ) for the period 1 January to 31 December 2013. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. 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 International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily with 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 ISA 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 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, 28 January 2014

Deloitte AB

Patrick Honeth
Authorised Public Accountant

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