

Year-end report 2012

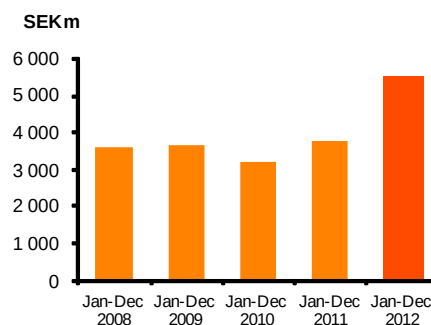
Stockholm, 30 January 2013

Full-year 2012

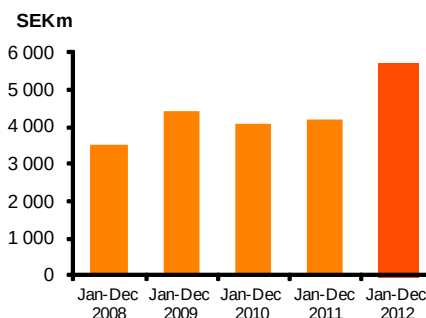
Compared with full-year 2011

- Operating profit amounted to SEK 5 502m (3 773)
- Net interest income increased to SEK 5 734m (4 080)
- Loans to the public increased by SEK 27bn to SEK 744bn (717)
- Profit before impairments increased to SEK 5 572m (3 829)
- The return on equity was 11.7 per cent (8.6)
- The Tier 1 capital ratio was 9.5 per cent (9.5)
- Covered bonds totaling the nominal amount of SEK 77bn (233) were issued during the year

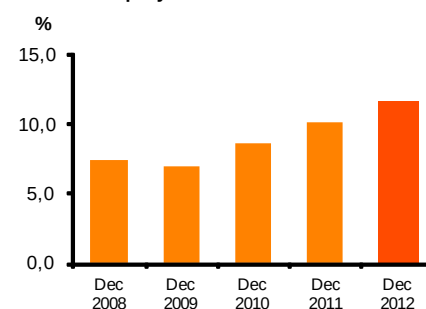
Operating profit



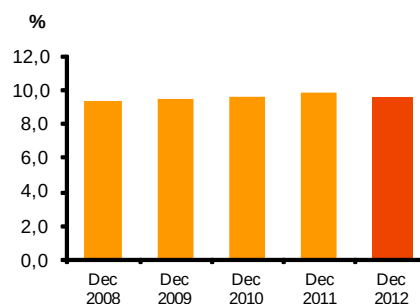
Net interest income



Return on equity



Core Tier 1 capital ratio



Figures in parentheses pertain to the same period in 2011 unless noted otherwise

YEAR-END REPORT 2012

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

The operating profit for the year increased by SEK 1 729m to SEK 5 502m (3 773). Net interest income amounted to SEK 5 734m (4 080).

As an effect of the repricing of the lending, the average lending rate rose during the year compared to 2011, which combined with increased lending volumes as well as a higher average balance on Swedbank Mortgage's checking accounts, had a positive effect on interest income. The funding benefited from lower market rates, whereas higher volumes contributed to an increased interest expense. In total, the interest expense for funding was in line with 2011. Net interest income was also affected by repurchases of fixed-rate bonds issued at a higher interest rate than today's. In addition, a one-time correction related to the buyback of covered bonds affected net interest income positively by SEK 78m during the fourth quarter 2012. The correction also affected net gains and losses on financial items at fair value negatively by SEK 68m.

Net gains and losses on financial items at fair value (NGL) include realized and unrealized changes in market values. Net gains and losses on financial items at fair value amounted to SEK 410m (233). Decreasing long-term market rates had a positive effect, whereas lower basis spreads for swapping EUR to SEK contributed negatively. For further information, see note 3.

Other expenses comprise a major part of the compensation paid as a result of the interchange with the savings banks and partly owned banks. This cost amounted to SEK 635m (542). A new long-term agreement with the savings banks and partly owned banks is valid from the 1st of July 2011 to the 30th of June 2017, with the possibility to extend the agreement. 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 75 per cent of the market value of the underlying collateral. The lending is secured by collateral in residential properties. 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 year, loans to the public increased by nominal SEK 25 837m (16 426) to SEK 737 021m (711 184). Lending to the private sector rose by SEK 14 273m (16 087), lending to the corporate sector by SEK 8 432m (-3 396) and lending to the agricultural and forestry sector by SEK 3 133m (3 735). In total, Swedbank Mortgage's loans to the public amounted to SEK 743 931m (716 695) after provisions, of which the accumulated change in market value accounted for SEK 6 909m (5 510).

The credit quality of the lending remains at a very high level and credit impairments at a low level. Compared to 2011, net credit impairments rose by SEK 14m to SEK 70m (56). Provisions for anticipated losses amounted to SEK 209m (215). Credit impairments and loans are specified in note 4 and 5.

FUNDING

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

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

Swedbank Mortgage is in a phase where the refunding need is lower than previously. This is a result of efforts made in 2010-2011, when the company strengthened its liquidity and prolonged the average maturity of funding on the capital market.

In 2012 the demand from both Swedish and international investors has been high. In total, Swedbank Mortgage issued nominal SEK 77bn in covered bonds, of which SEK 27bn during the second half of the year. SEK 59bn was issued in the Swedish covered bond market and SEK 18bn in the international market. In 2012, repurchases of nominal SEK 64bn have been performed and nominal SEK 20bn have matured. In 2013 nominal SEK 84bn of long-term funding will mature.

The average maturity of all outstanding covered bonds is 39 months as per 31 December, compared to 43 months at the start of the year.

Debt to Swedbank AB has increased by SEK 54bn to SEK 225bn during the year. For further information, see note 8 and 10.

CAPITAL ADEQUACY

The capital quotient amounted to 1.19 at the end of the year (1.19 as per 31 December 2011). The total capital adequacy ratio, as well as the tier 1 capital ratio, were 9.5 per cent (9.5 as per 31 December 2011). The capital requirement according to pillar 1 amounted to SEK 28 640m (27 427 as per 31 December 2011), compared to SEK 4 248m (4 423 as per 31 December 2011) 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 2011, 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 2012 would have reduced the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 813m (597 as per 31 December 2011). A one percentage point increase in market interest rates as per 31 December 2012 would have reduced Swedbank Mortgage's net gains and losses on financial items at fair value by SEK 83m (254 as per 31 December 2011). This would have a negative effect of SEK 61m on equity. 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 837m (SEK 568m as per 31 December 2011). The corresponding amount for Swedbank Mortgage's net gains and losses on financial items at fair value is an increase by SEK 77m (203 as per 31 December 2011). This would have a positive effect of SEK 57m on equity.

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 the 24 May 2012, the rating institute Moody's presented the result for the Swedish banks as a part of its rating review of financial institutions in Europe. Swedbank Mortgage's rating was confirmed at an unchanged level (A2/P1) with stable outlook.

On the 28 June 2012 the rating institute Standard & Poor's confirmed Swedbank Mortgage's long- and short-term rating (A+/A-1) with stable outlook.

On the 20 November 2012 the rating institute Standard & Poor's revealed lower expectations on the macro-economic situation in Sweden, which led to lowered outlook from stable to negative for Swedish banks including Swedbank Mortgage.

On the 26 November 2012 the rating institute Moody's raised its outlook on the Swedish bank system from negative to stable.

IMPORTANT EVENTS DURING THE PERIOD

Swedbank Mortgage has during the period made a change in how the interchange with the savings banks is accounted for. The change has no income statement effect, but implies an increase in both income and cost. For further information, see note 1.

EVENTS AFTER 31 DECEMBER 2012

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

	2012	2011	2010	2009	2008
Lending					
Loans to the public, SEKm	743 931	716 695	697 299	672 420	623 401
Profit					
Operating profit	5 502	3 773	3 179	3 631	3 603
Investment margin, % a)	0,72	0,59	0,53	0,56	0,56
Return on equity, %	11,7	8,6	7,4	9,3	10,0
Earnings per share, SEK	178,3	120,9	101,7	113,3	116,5
Capital					
Capital base, SEKm	33 994	32 562	30 968	29 744	27 005
Equity, SEKm	33 965	34 116	31 680	30 217	27 612
Number of shares in issue at beginning/end of period, million	23	23	23	23	23
Equity per share, SEK	1 477	1 483	1 377	1 314	1 201
Capital quotient ^{b)}	1,19	1,19	1,17	1,20	1,05
Capital adequacy ratio, % ^{b)}	9,5	9,5	9,3	9,6	8,4
Tier 1 capital ratio, % ^{b)}	9,5	9,5	9,3	9,6	8,4
Credit quality					
Credit impairments, SEKm	70	56	168	8	6
Loan loss ratio, %	0,01	0,01	0,02	0,00	0,00
Provision ratio for impaired loans, % ^{b)}	76,1	105,4	141,8	43,1	41,8
Share of impaired loans, net, loans to the public %	0,02	0,02	0,01	0,02	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		
		2012 Jul-Dec	2011 Jul-Dec	2012 Full year	2011 Full year	2012 Jul-Dec	2011 Jul-Dec	2011 Full year
Interest income		14 231	14 514	29 036	27 413	14 231	14 514	29 036
Interest expense		-11 163	-12 288	-23 302	-23 333	-11 163	-12 288	-23 333
Net interest income		3 068	2 226	5 734	4 080	3 068	2 226	5 734
Commission income		40	40	80	64	40	40	64
Commission expenses		-10	-9	-22	-13	-10	-9	-13
Net commissions		30	31	58	51	30	31	51
Net gains and losses on financial items at fair value	3	407	295	410	233	407	295	233
Other income		4	4	9	8	4	4	8
Total income		3 509	2 556	6 211	4 372	3 509	2 556	4 372
Other expenses		319	265	636	542	319	265	542
Staff costs		2	1	3	1	2	1	1
Total expenses		321	266	639	543	321	266	543
Profit before impairments		3 188	2 291	5 572	3 829	3 188	2 291	3 829
Credit impairments	4	20	22	70	56	20	22	56
Operating profit		3 169	2 268	5 502	3 773	3 168	2 268	3 773
Appropriations						450	618	618
Tax		788	596	1 402	992	715	434	830
Profit for the period		2 380	1 672	4 100	2 781	2 003	1 216	2 325

STATEMENT OF COMPREHENSIVE INCOME condensed

SEKm		Group				Swedbank Mortgage		
		2012 Jul-Dec	2011 Jul-Dec	2012 Full year	2011 Full year	2012 Jul-Dec	2011 Jul-Dec	2011 Full year
Profit for the period		2 380	1 672	4 100	2 781	1 835	1 216	2 325
Cash flow hedges:								
Gains and losses arising during the period		-458	1 760	-2 048	829	-458	1 760	829
Reclassification adjustments to income statement, net interest income		1	6	3	6	1	6	6
Reclassification adjustments to income statement, net gains and losses on financial items at fair value			-4		-3		-4	-3
Income tax relating to components of other comprehensive income		104	-463	522	-219	104	-463	-219
Total comprehensive income for the period		2 027	2 971	2 577	3 394	1 482	2 515	2 938

Total change in value on derivatives included in cash flow hedges amounted to SEK -6 161m during the period, of which SEK -4 116m is transferred to the income statement.

BALANCE SHEET condensed

SEKmn	Note	Group		Swedbank Mortgage	
		2012 31 Dec	2011 31 Dec	2012 31 Dec	2011 31 Dec
Assets					
Loans to credit institutions	5	60 783	33 505	60 783	33 505
Loans to the public	5	743 931	716 695	743 931	716 695
Derivatives	6	25 207	21 345	25 207	21 345
Other assets	7	4 260	4 842	4 260	4 842
Total assets		834 181	776 387	834 181	776 387
Liabilities and equity					
Amounts owed to credit institutions	8	224 843	170 540	224 842	170 540
Debt securities in issue	10	533 223	538 734	533 223	538 734
Derivatives	6	23 420	15 677	23 420	15 677
Other liabilities	9	18 730	17 320	18 497	17 158
Untaxed reserves				1 068	618
Equity		33 965	34 116	33 131	33 660
Total liabilities and equity		834 181	776 387	834 181	776 387

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, 2011	11 500	2 400	598	17 182	31 680
Group contributions paid				-1 300	-1 300
Tax reduction due to Group contributions paid				342	342
Total comprehensive income for the period			612	2 781	3 394
Closing balance 31 December, 2011	11 500	2 400	1 210	19 005	34 116

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

Swedbank Mortgage, SEKm					
	Share capital	Other contributed equity	Fair value fund	Retained earnings	Total
Opening balance 1 January, 2011	11 500	3 100	598	16 483	31 680
Group contributions paid				-1 300	-1 300
Tax reduction due to Group contributions paid				342	342
Total comprehensive income for the period			612	2 325	2 938
Closing balance 31 December, 2011	11 500	3 100	1 210	17 850	33 660
of which conditional shareholders' contributions				2 400	2 400
Opening balance 1 January, 2011	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, 2011	11 500	3 100	-312	18 845	33 131
of which conditional shareholders' contributions				2 400	2 400

CASH FLOW STATEMENT condensed

Group, SEKm	2012 Full year	2011 Full year
Operating activities		
Operating profit	5 502	3 773
Adjustments for non-cash items in operating activities	3 237	-203
Taxes paid	-482	-348
Increase/decrease in loans to credit institutions	3 000	15 011
Increase/decrease in loans to the public	-25 837	-16 426
Increase/decrease in amounts owed to credit institutions	54 300	-58 635
Increase/decrease in other assets and liabilities, net	736	-2 567
Cash flow from operating activities	40 456	-59 395
Investing activities		
Change in fixed assets		-1
Cash flow from investing activities		-1
Financing activities		
Issuance of interest-bearing securities	93 712	240 079
Redemption of interest-bearing securities	-107 624	-168 142
Increase/decrease in other funding	5 034	1 483
Group contributions paid	-1 300	-2 000
Cash flow from financing activities	-10 178	71 420
Cash flow for the period	30 278	12 024
Cash and cash equivalents at the beginning of the period	27 505	15 481
Cash flow for the period	30 278	12 024
Cash and cash equivalents at end of the period	57 783	27 505

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	A2	Stable	A+	Negative
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 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.

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.

The savings banks are compensated for sales to their customers of Swedbank's products and services. In mid-2011 a new agreement entered into force which governs this compensation. Presentation of the compensation in the income statement has been adjusted as of 2012 based on the new agreement, to better illustrate its impact. Comparative figures have been restated; see table. The change affects interest income, commission expenses and expenses, but not the result in its entirety.

The accounting principles applied in the interim report is otherwise the same as those applied in the Annual Report for 2011.

Statement of compensation to savings banks SEKm	New reporting 2011 Jul-Dec	Previous reporting 2011 Jul-Dec	New reporting 2011 Full-Year	Previous reporting 2011 Full-Year
Interest income	14 514	14 547	27 413	27 480
Net interest income	2 226	2 259	4 080	4 147
Commission expenses	-9	-307	-13	-622
Net commissions	31	-267	51	-558
Other expenses	266	1	543	1
Total expenses	266	1	543	1

NOTE 2 Business segments

Group, SEKm	2012				2011			
	Private	Corporate	Agricultural & Forestry	Total	Private	Corporate	Agricultural & Forestry	Total
Total income	3 833	444	403	4 680	2 579	284	254	3 118
Total cost	526	35	74	635	416	88	38	542
Operating profit	3 235	419	320	3 974	2 106	200	213	2 519
Loans to the public	564 564	125 523	53 844	743 931	549 408	116 692	50 595	716 695

Reconciliation of segment accounting and financial report

Group, SEKm	2012			2011		
	Total segment	Recon-ciliation	Total financial report	Total segment	Recon-ciliation	Total financial report
Total income	4 680	1 531	6 211	3 118	1 253	4 373
Total cost	635	4	639	542	1	543
Operating profit	3 975	1 527	5 502	2 519	1 254	3 773
Assets	743 931	90 250	834 181	716 695	59 692	776 387

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 at fair value

Group, SEKm	2012 Jul-Dec	2011 Jul-Dec	%	2012 Full-year	2011 Full-year	%
Fair value through profit or loss						
<i>Trading and derivatives</i>						
Interest-bearing instruments	-4 467	-3 014	48	-6 282	1 013	
<i>Fair value option</i>						
Interest-bearing instruments	4 818	3 417	41	6 559	-658	
Total	351	403	-13	277	355	-22
Hedge accounting, fair value hedges						
Inefficiency in hedge accounting at fair value	38	-106		90	-136	
of which hedging instruments	2 309	11 907	-81	4 343	11 650	-63
of which hedged items	-2 271	-12 013	-81	-4 253	-11 786	-64
Total	38	-106		90	-136	
Financial liabilities at amortised cost	-46	-40	15	-68	-66	3
Loan receivables at amortised cost	64	38	68	111	80	39
Total	407	295	38	410	233	76

NOTE 4 Credit impairments

Group, SEKm	2012 Jul-Dec	2011 Jul-Dec	%	2012 Full-year	2011 Full-year	%
Provisions for loans that are assessed as impaired						
Provisions	12	6	100	19	12	58
Reversal of previous provisions	-1	-2	-50	-2	-5	-60
Provisions for homogenous groups of impaired loans, net		7		8	16	-50
Total	11	11		25	23	9
Portfolio provision for loans that individually are not assessed as impaired	-27	-8		-25	-4	
Write-offs						
Established losses	39	24	66	78	45	73
Utilisation of previous provisions	-2	-4	-44	-6	-6	
Recoveries	-1	-1		-2	-2	
Total	36	19	90	70	37	89
Credit impairments	20	22	-9	70	56	25

NOTE 5 Loans

Group, SEKm	2012 31 Dec	2011 31 Dec
Lending		
Carrying amount before provisions	804 923	750 415
Provisions for loans that individually are assessed as impaired	-92	-73
Portfolio provisions for loans that individually are not assessed as impaired	-117	-142
Total provisions	-209	-215
Carrying amount of loans after provisions	804 714	750 200
Impaired loans		
Impaired loans, gross	275	204
Provisions for individually assessed impaired loans	-92	-73
Carrying amount of impaired loans	183	131
Share of impaired loans, gross, loans to the public, %	0,04	0,03
Share of impaired loans, net, loans to the public, %	0,02	0,02
Total provision ratio for impaired loans, % ^{d)}	76,4	105,4
Provision ratio for individually identified impaired loans, %	33,3	35,7

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

Loans by borrower category

Group, SEKm	Private customers	Real estate Manage- ment	Other corporate lending	Munici- palities	Total lending to the public	Credit institutions	Total lending
Book value before accounting for provisions	625 402	108 093	7 849	2 796	744 140	60 783	804 923
Provisions for loans that individually are assessed as impaired	-77	-14	-1		-92		-92
Portfolio provisions for loans that individually are not assessed as impaired	-100	-17			-117		-117
Book value after accounting for provisions	625 225	108 062	7 848	2 796	743 931	60 783	804 714
Book value of impaired loans	160	23			183		183

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 2012			31 Dec 2011		
	Interest	Currency	Total	Interest	Currency	Total
Derivatives with positive book values	22 296	2 911	25 207	17 002	4 343	21 345
of which in hedge accounting	19 847	9	19 856	14 595	339	14 934
Derivatives with negative book values	6 038	17 382	23 420	5 374	10 303	15 677
of which in hedge accounting		14 912	14 912	1	7 545	7 546
Notional amount	562 380	208 770	771 150	503 300	192 916	696 216

NOTE 7 Other assets

	2012	2011
Group, SEKm	31 Dec	31 Dec
Prepaid expenses and accrued income	3 576	3 832
Security settlement claims		530
Current tax assets	488	362
Deferred tax assets	88	
Other	108	118
Total	4 260	4 842

NOTE 8 Amounts owed to credit institutions

	2012	2011
Group, SEKm	31 Dec	31 Dec
Valuation category, other financial liabilities		
Swedish banks	221 130	163 842
Total	221 130	163 842
Valuation category, fair value through profit or loss		
Other ^{e)}		
Swedish banks	3 713	6 698
Total	3 713	6 698
Total	224 843	170 540
^{e)} Nominal amount	3 712	6 999

NOTE 9 Other liabilities

	Group		Swedbank Mortgage	
SEKm	2012	2011	2012	2011
	31 Dec	31 Dec	31 Dec	31 Dec
Security settlement liabilities		10		10
Group contribution to parent company	3 700	1 300	3 700	1 300
Accrued expenses and deferred income	14 587	15 320	14 587	15 320
Deferred tax liabilities	235	596		434
Other liabilities	209	94	209	94
Total	18 730	17 320	18 497	17 158

NOTE 10 Debt securities in issue

Group, SEKm	2012 31 Dec	2011 31 Dec
Valuation category, other financial liabilities		
Commercial paper	5 839	3 597
Bond loans	467 416	426 263
Change in value due to hedge accounting	1 018	11 033
Other	3 557	765
Total	477 830	441 659
Valuation category, fair value through profit or loss		
Bond loans	55 393	97 075
Total	55 393	97 075
Total	533 223	538 734

NOTE 11 Financial instruments

Group, SEKm	2012 31 Dec	2011 31 Dec
Assets		
Loans to credit institutions	60 783	33 505
valuation category, loans and receivables	60 783	33 505
Loans to the public	743 931	716 694
valuation category, loans and receivables	383 709	321 069
valuation category, fair value through profit or loss	360 222	395 625
Derivatives	25 207	21 345
fair value hedge	19 847	14 595
cash flow hedge	9	339
other	5 351	6 411
Total	829 921	771 544
Liabilities		
Amounts owed to credit institutions	224 843	170 540
other financial liabilities	221 130	163 842
valuation category, fair value through profit or loss	3 713	6 698
Debt securities in issue	533 223	538 734
other financial liabilities	476 812	430 626
change in value due to fair value hedge accounting	1 018	11 033
valuation category, fair value through profit or loss	55 393	97 075
Derivatives	23 420	15 677
fair value hedge	0	1
cash flow hedge	14 912	7 545
other	8 508	8 131
Total	781 486	724 951

NOTE 11 Financial instruments, cont.

Determination of fair value for financial instruments

31 Dec 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
Derivatives		25 207		25 207
Total		385 429		385 429
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

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.

31 Dec 2011 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		395 625		395 625
Derivatives		21 345		21 345
Total		416 970		416 970
Liabilities				
Amounts owed to credit institutions			6 698	6 698
Debt securities in issue	88 226	8 849		97 075
Derivatives		15 677		15 677
Total	88 226	24 526	6 698	119 450

NOTE 12 Assets pledged for own liabilities and commitments

Group, SEKm	2012 31 Dec	2011 31 Dec
Assets pledged for own liabilities		
Loans pledged for securities in issue ^{†)}	700 907	673 410
Securities pledged for other liabilities	108	106
Contingent liabilities	None	None
Commitments, nominal amount	9 028	8 256
Total	710 043	681 772

^{†)} 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	2012 31 Dec	2011 31 Dec
Assets		
Loans to credit institutions	60 781	33 498
Derivatives	25 127	21 035
Other assets	178	200
Total	86 086	54 733
Liabilities		
Amounts owed to credit institutions	224 803	170 501
Debt securities in issue	10 760	11 346
Derivatives	23 420	15 676
Other liabilities	7 675	4 681
Total	266 658	202 204
Income statement		
Interest income	819	858
Interest expenses	-6 369	-7 228
Other expenses	-154	-144
Total	-5 704	-6 514

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.

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 no date has been set for their expiration.

Capital base	2012	2011
Group, SEKm	31 Dec	31 Dec
Tier 1 capital	33 994	32 562
Total capital base	33 994	32 562

Capital requirement	2012	2011
Group, SEKm	31 dec	31 dec
Capital requirement for credit risks, IRB	3 809	3 963
Capital requirement for operational risks	440	460
Capital requirement	4 248	4 423
Complement during transition period	24 391	23 004
Capital requirement including complement	28 640	27 427
Risk-weighted assets	357 996	342 852

Capital adequacy analysis	2012	2011
Group	31 dec	31 dec
Capital quotient excluding complement	8,00	7,36
Tier 1 capital ratio, %, excluding complement	66,3	61,0
Total capital adequacy ratio, %, excluding complement	66,3	61,0
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 2012 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, 30 January 2013

Anders Ekedahl
Chairman
Head of Group Business Control
CFO/Group Functions

Peter Stenborn
President

Johan Smedman
Head of Central Region
Swedish Retail

Gunilla Domeij Hallros
Head of Treasury Analytics and Reporting
Group Treasury/Group Functions

Eva de Falck
Head of Legal
Swedish Retail/Channels & Concepts

Review report

Introduction

We have reviewed the year-end report for Swedbank Mortgage AB (publ) for the period 1 January to 31 December 2012. 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 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 company's auditors. 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 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, 30 January 2013

Deloitte AB

Jan Larsson
Authorised Public Accountant

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