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# About Swedbank Mortgage

Swedbank Mortgage is a Swedish mortgage institution with a leading position in the Swedish housing market. Its business is long-term mortgage financing, and the company has over one million customers.

## About Swedbank Mortgage

Swedbank Mortgage AB (publ), corporate identification number 556003-3283, is a wholly owned subsidiary of Swedbank AB (publ), 502017-7753, and responsible for the mortgage lending in Sweden. The previously dormant wholly owned subsidiary Swedbank Skog och Lantbruk AB, 556061-5592, ceased to exist through a merger September 26, 2014.

Swedbank Mortgage's loans are part of the overall offering from Swedbank and the Swedish savings banks, and lending is arranged through their Swedish retail network, the telephone bank and internet channels, which together make up Sweden's largest bank-owned distribution network. There is no lending outside Sweden.

Swedbank Mortgage's functions are totally integrated in Swedbank, which creates economies of scale with the bank's other operations. To offer customers a complete solution of home buying services, the Swedbank Group utilizes a number of partners in addition to its own brand, Swedbank Fastighetsbyrå, including home builders and other construction companies.

Swedbank Mortgage finances properties and individual condominiums up to 85 per cent of their estimated market value. The company also lends directly to municipalities or other borrowers with municipal guarantees as collateral as well as to the agricultural and forestry sector under the secondary name Jordbrukskredit.

## Market

The economic development in Europe kept slowing down during 2014 which also affected the Swedish economy. At the same time Sweden had a turbulent autumn with a general parliamentary election followed by a turbulent time that created uncertainties over all. The Central bank lowered the repo rate from 0.75 per cent to 0 per cent during the year to stimulate the economy, but so far without any visible effect. The low interest rate levels combined with a small supply has contributed to continuously increased prices in the housing market.

Prices for condominiums as well as for detached houses rose by 15 per cent during the year, and prices for detached houses in Sweden, Stockholm and Gothenburg are now at the highest levels ever. This, combined with increased debt for the Swedish borrowers, has led the Financial Supervisory Authority to make a proposal on amortization requirement, aiming to increase amortization among new borrowers. The requirement means that new mortgages should be amortised to a loan to value of

50 per cent in two steps. This implies an annual amortization pace of 2 percent of the value of the collateral (this definition is yet to be developed) to an LTV of 70 per cent, and an annual amortization pace of 1 per cent thereafter to an LTV of 50 per cent. The new requirement is expected to be applicable during 2015. Swedbank Mortgage's estimate is that the new requirement will not affect the customers' possibility to lend, as Swedbank Mortgage already verifies this amortization ability in its credit assessment. However, there might be an impact on the households' consumption or other types of savings. The building of new housing has continued to increase in 2014 but is not enough to cover the demands.

## Market shares and volumes

Market growth for residential mortgages was 6.3 per cent on an annual basis compared to 5.3 per cent for the same period in the previous year. Swedbank's net growth amounted to 6.0 percent, compared to 2.8 per cent for the corresponding period previous year. Swedbank's share of growth gradually kept increasing during the year and amounted to 23.9 per cent for the full-year 2014. Swedbank Mortgage's total market share is 25.3 per cent (25.3).

## Lending and credit quality

Swedbank Mortgage's credit portfolio is of high quality with low credit impairments and few customers with existing or anticipated payment problems. Credit demand in Swedbank Mortgage's domestic market was high in 2014. Nominal lending, net, increased by SEK 51bn to SEK 816bn (764). Nominal lending to households increased by SEK 36bn to SEK 615bn (579). Nominal lending to the corporate sector, largely consisting of tenant-owner associations with low loan-to-value ratios, increased by SEK 12bn to SEK 142bn (130). Lending to the forestry and agriculture sector increased by SEK 3bn to SEK 59bn (55).

The average loan-to-value ratio for Swedbank Mortgage's mortgages was 59.2 per cent (61.7) as of December 2014. The average loan-to-value ratio for new mortgages in Swedbank Mortgage was 69.1 per cent.

Loan-to-value (LTV) is lending as a proportion of the market value of the collateral. The most recent valuation in Swedbank's internal valuation system is used as the market value, provided it is no older than 12 months. If the valuations are older, the property type is revalued using current ratios, based on a weighting

of district court and estate agent statistics.

Credit quality remains high. Impaired loans increased by SEK 113m in 2014 to SEK 262m and correspond to 0.03 per cent of total lending. The average provision ratio for impaired loans is 10.6 per cent. During the year the definition of impaired loans changed from 60 days to 90 days past due. In addition there are portfolio provisions for impaired loans that have not yet been identified, which leads to a total provision ratio of 41.7 per cent. Impaired loans for private persons remained at the same level during the year. The share of mortgages in Sweden past due more than 60 days amounted to 0.07 per cent of the portfolio (0.08). Credit impairments amounted to SEK 37m (30) in 2014. Loans assessed to have an elevated risk are being carefully watched. The credit portfolio continuously undergoes stress tests, indicating a robust solvency among the company's mortgage debtors and a loan-to-value ratio that indicates a low risk of credit impairments. Furthermore, a deep understanding of customers, gained through their large branch network with focus on the customers' solvency has contributed to keep past due loans at very low levels. A low loan-to-value ratio among Swedbank Mortgage's customers, combined with a continuously stable real estate market, has meant that the customers who have incurred payment problems have usually been able to sell their properties without credit impairments.

The solvency with the company's mortgage customers is estimated to remain high and the risk of credit impairments is low. Swedbank Mortgage's risk profile is the result of a restrictive credit view, geographically diversified lending to many customers and close monitoring of the company's credit customers at a local level.

### Funding

The year was characterised by continuously decreased interest rate levels and lower credit spreads, even if they increased in the fourth quarter. The activity in domestic as well as international capital markets remains high. The implementation of new capital adequacy regulations led to increased issues of tier 2 capital from European banks. The demand for Swedbank Mortgage's bonds and certificates remained high. The Swedbank Group is one of the best capitalised banks in Europe with low risk and stable profitability. This contributed to continuously decreased funding costs for the bank.

In 2014 Swedbank Mortgage issued a 7-year benchmark bond in the Euro market. There was a big interest from investors and since the volume was limited to 1bn Euro, the bond was issued at very favorable terms. The activity on the domestic market remained high. Of a total funding of SEK 92bn, SEK 80bn was issued in the Swedish market.

As a part of Swedbank Mortgage's liquidity strategy to minimise risk originating from large volumes expiring at the same time, Swedbank Mortgage actively repurchases large portions of the expiring volumes starting one year before maturity. In 2014 SEK 46bn was repurchased in three different benchmark issues with short remaining duration. The remaining volume of domestic benchmark bonds maturing in 2015 is SEK 43bn.

### 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 29 April 2014 Standard & Poor's upgraded Swedbank Mortgage's individual credit rating, largely due to solid capitalization. At the same time Standard & Poor's downgraded its outlook for 50 other European banks to negative. This as a consequence of the EU Parliament's approval of the Bank Recovery and Resolution Directive. On 29 May Moody's made the same assessment and downgraded its outlook for a large number of European banks, including Swedbank Mortgage, to negative.

#### Swedbank Mortgage Rating

	Moody's		Standard & Poor's	
	Rating	Outlook	Rating	Outlook
Covered Bonds	Aaa	N/A	AAA	Stable
Long-term funding	A1	Stable	A+	Stable
Short-term funding	P-1	N/A	A-1	N/A

### Outlook

The result is sensitive to interest rates, the market's assessment of credit risk and the cost to exchange financing in foreign currency to Swedish kronor. These factors can change both net interest income and net gains and losses on financial items.

### Important events after the period

No important events have occurred.

### Corporate governance report

The shareholders ultimately make the decisions about the governance of Swedbank Mortgage. On the annual general meeting the shareholders select the Board of directors and auditors. The Board is responsible to the shareholders for the organization and the management of Swedbank Mortgage and selects a CEO to run the company's operations. The auditors review the financial reporting, among other things, and leave an auditor's report. The Board of Directors is ultimately responsible for ensuring that the internal control over financial reporting (ICFR) complies with external regulations. These regulations, which contain information requirements on how internal control is organised, are designed to provide reasonable certainty of the reliability of the financial reporting.

Controls associated with financial reporting are performed on several levels and include processes to analyse and monitor the business operations in order to ensure reasonable reliability of the financial reporting and monitor any discrepancies. Group-level regulations are in place for internal accounting principles, planning and monitoring processes, and reporting routines. The Accounting department performs controls mainly through reconciliations between sub ledgers and the general ledger and ensures that assets, liabilities and business transactions have been correctly accounted for. Swedbank also has a central valuation group to ensure accurate valuation of assets and liabilities in Swedbank Mortgage. Analyses of accounting results are presented monthly to the CEO of Swedbank Mortgage. On the commission of the Board the Internal audit reviews and evaluates how governance, risk management and internal control is organized and complied with.

# Key financial highlights 2010–2014

## SWEDBANK MORTGAGE

Definitions see page 36	2014	2013	2012	2011	2010
<b>Profit</b>					
Investment margin, %	0.97	0.87	0.72	0.59	0.53
Return on equity, %	16.9	13.0	11.7	8.6	7.4
Earnings per share, SEK	249.00	209.87	178.26	120.91	101.70
<b>Capital <sup>1</sup></b>					
Capital base, SEKm	38 825	35 599	33 994	32 562	30 968
Capital adequacy ratio, Basel 3, %	73.1	73.5	66.3	61.0	54.7
Tier 1 capital ratio, Basel 3, %	65.5	73.5	66.3	61.0	54.7
Number of shares at start/end of period, million	23	23	23	23	23
Equity per share, SEK	1 446.48	1 534.26	1 476.74	1 483.30	1 377.39
<b>Credit quality</b>					
Credit impairment ratio, %	0.00	0.00	0.01	0.01	0.02
Total provision ratio for impaired loans, %	41.7	72.7	76.1	105.4	141.8
Share of impaired loans, %	0.03	0.02	0.02	0.02	0.01
<b>Other</b>					
Number of employees	5	5	3	3	0

2014 figures shows only Swedbank Mortgage AB

1) Basel 3 figures are Swedbank's estimate based on current knowledge of future regulations

## Profit analysis

Operating profit for the year rose by SEK 1 155m to SEK 7 345m (6 191). Net interest income amounted to SEK 8 585m (7 280).

Despite an increase during the year in loans to the public and its corresponding funding, interest income as well as interest expense decreased due to lower average interest rates on both lending and funding. Interest income for the period amounted to SEK 23 382m (25 464) and interest expense to SEK 14 798m (18 183).

Net gains and losses on financial items (NGL) amounted to SEK -506m (-437). The negative NGL is largely explained by repurchases of issued covered bonds.

The credit quality of the lending remains at a very high level and credit impairments at a low level. Compared to 2013, net credit impairments were reduced by SEK 7m to SEK 37m (30). Provisions amounted to SEK 122m (155).

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## Proposed distribution of profit

In accordance with the balance sheet for Swedbank Mortgage AB (publ), the following profits after deduction for a paid Group contribution of SEK 5 758 m are at the disposal of the annual general meeting:

	SEKm
Retained earnings	13 315
Fair value fund	-373
Profit for the year	5 727
<b>Total</b>	<b>18 669</b>
The Board proposes that the profits be carried forward to the next year.	18 669
<b>Total</b>	<b>18 669</b>

# Five-year summary

Income statement SEKm	2014	2013	2012	2011	2010
Interest income	23 382	25 464	29 036	27 413	20 137
Interest expenses	-14 798	-18 183	-23 302	-23 333	-16 068
<b>Net interest income</b>	<b>8 584</b>	<b>7 280</b>	<b>5 734</b>	<b>4 080</b>	<b>4 069</b>
Net commissions	47	47	58	51	-523
Other operating income	-496	-428	419	241	-199
<b>Total income</b>	<b>8 135</b>	<b>6 899</b>	<b>6 211</b>	<b>4 372</b>	<b>3 347</b>
Other operating expenses	753	678	639	543	0
<b>Profit before impairments</b>	<b>7 382</b>	<b>6 221</b>	<b>5 572</b>	<b>3 829</b>	<b>3 347</b>
Credit impairments	37	30	70	56	168
<b>Operating profit</b>	<b>7 345</b>	<b>6 191</b>	<b>5 502</b>	<b>3 773</b>	<b>3 179</b>
Tax expense	1 618	1 364	1 402	992	840
<b>Profit for the year</b>	<b>5 727</b>	<b>4 827</b>	<b>4 100</b>	<b>2 781</b>	<b>2 339</b>

Since 2012 the expense for the savings banks' sale of Swedbank Mortgage's products and services is distributed between interest income and other expenses, whereas it earlier was accounted for in net commissions. The result

as a whole is not affected. Comparative figures for 2011 have been restated, whereas previous years are presented according to old accounting policies..

Balance sheet SEKm	2014	2013	2012	2011	2010
<b>Assets</b>					
Loans to credit institutions	47 626	71 046	60 783	33 505	36 493
Loans to the public	821 547	768 840	743 931	716 695	697 299
Other assets	38 681	21 712	29 467	26 187	10 789
<b>Total assets</b>	<b>907 854</b>	<b>861 598</b>	<b>834 181</b>	<b>776 387</b>	<b>744 581</b>
<b>Liabilities</b>					
Amount owed to credit institutions	322 387	273 759	224 843	170 540	229 177
Debt securities in issue	520 089	520 021	533 223	538 734	451 328
Other liabilities	28 109	32 530	42 150	32 997	32 396
Subordinated liabilities	4 000				
<b>Total liabilities</b>	<b>874 585</b>	<b>826 310</b>	<b>800 216</b>	<b>742 271</b>	<b>712 901</b>
Equity	33 269	35 288	33 965	34 116	31 680
<b>Total liabilities and equity</b>	<b>907 854</b>	<b>861 598</b>	<b>834 181</b>	<b>776 387</b>	<b>744 581</b>

# Income statement

SEKm	Note	2014	2013
Interest income		23 382	25 464
Interest expenses		-14 798	-18 183
<b>Net interest income</b>	7	<b>8 584</b>	<b>7 280</b>
Commission income		72	77
Commission expenses		-25	-30
<b>Net commissions</b>	8	<b>47</b>	<b>47</b>
Net gains and losses on financial items	9	-506	-437
Other income		10	9
<b>Total income</b>		<b>8 135</b>	<b>6 899</b>
Other expenses	11	749	674
Staff costs	10	4	4
<b>Total expenses</b>		<b>753</b>	<b>678</b>
<b>Profit before impairments</b>		<b>7 382</b>	<b>6 221</b>
Net credit impairments	12	37	30
<b>Operating profit</b>		<b>7 345</b>	<b>6 191</b>
Appropriations	13	0	0
Tax expense	14	1 618	1 364
<b>Profit for the year</b>		<b>5 727</b>	<b>4 827</b>
Earnings per share, before and after dilution, SEK	15	249,00	209,87

# Statement of comprehensive income

SEKm	Note	2014	2013
<b>Profit for the year reported via income statement</b>		<b>5 727</b>	<b>4 827</b>
Items that may be reclassified to the income statement			
Cash flow hedges:			
Gains/losses during the period		303	-394
Reclassification adjustments to income statement, net interest income		11	3
Reclassification adjustments to income statement, net gains and losses on financial items			0
Income tax relating to components of other comprehensive income	16	-69	86
<b>Total comprehensive income for the year, attributable to shareholders</b>		<b>5 972</b>	<b>4 522</b>

# Balance sheet

SEKm	Note	2014	2013
<b>Assets</b>			
Loans to credit institutions	17	47 626	71 046
Loans to the public	18	821 547	768 840
Value change of interest hedged item in portfolio hedge		1 291	62
Shares and participating interests	19	1	3
Investments in Group entities	20	0	0
Derivatives	21	33 265	17 802
Current tax assets		852	383
Deferred tax assets	14	105	174
Other assets	22	678	95
Prepaid expenses and accrued income	23	2 489	3 193
<b>Total assets</b>		<b>907 854</b>	<b>861 598</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Amounts owed to credit institutions	24	322 387	273 759
Debt securities in issue	25	520 089	520 021
Derivatives	21	10 751	17 355
Other liabilities	26	8 202	4 264
Accrued expenses and prepaid income	27	8 088	10 676
Subordinated liabilities	5	4 000	0
<b>Total liabilities</b>		<b>873 517</b>	<b>826 075</b>
<b>Untaxed reserves</b>		1 068	1 068
<b>Equity</b>	29		
Share capital		11 500	11 500
Statutory reserve		3 100	3 100
Fair value fund		-373	-617
Retained earnings		19 042	20 472
<b>Total equity</b>		<b>33 269</b>	<b>34 455</b>
<b>Total liabilities and equity</b>		<b>907 854</b>	<b>861 598</b>
Pledged assets	30	780 213	740 215
Commitments, nominal amount	30	9 507	6 206

Notes not directly related to the income statement, balance sheet, statement of cash flow or statement of changes in equity

- Note 1 Corporate information
- Note 2 Accounting policies
- Note 3 Critical accounting judgements and estimates
- Note 4 Risks
- Note 5 Capital adequacy
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- Note 32 Events after 31 December 2014

# Statement of changes in equity

SEKm	Restricted equity		Non-restricted equity		Total equity
	Share capital I	Statutory reserve	Fair value fund	Retained earnings	
<b>Opening balance 1 January 2013</b>	<b>11 500</b>	<b>3 100</b>	<b>-312</b>	<b>18 845</b>	<b>33 131</b>
Group contribution provided				-4 100	-4 100
Tax reduction due to Group contributions paid				902	902
Total comprehensive income for the year			-305	4 827	4 522
of which reported through profit or loss				4 827	4 827
of which reported through other comprehensive income, before tax			-391		-391
of which reported through other comprehensive income			86		86
<b>Closing balance 31 December 2013</b>	<b>11 500</b>	<b>3 100</b>	<b>-617</b>	<b>20 472</b>	<b>34 455</b>
of which, conditional shareholder's contributions				2 400	2 400
<b>Opening balance 1 January 2014</b>	<b>11 500</b>	<b>3 100</b>	<b>-617</b>	<b>20 472</b>	<b>34 455</b>
Group contribution provided				-7 382	-7 382
Tax reduction due to Group contributions paid				1 624	1 624
Dividends				-4 000	-4 000
Shareholder's contribution				2 600	2 600
Total comprehensive income for the year			244	5 727	5 972
of which reported through profit or loss				5 727	5 727
of which reported through other comprehensive income, before tax			313		313
of which reported through other comprehensive income			-69		-69
<b>Closing balance 31 December 2014</b>	<b>11 500</b>	<b>3 100</b>	<b>-373</b>	<b>19 042</b>	<b>33 269</b>
of which, conditional shareholder's contributions				2 400	2 400

# Statement of cash flow

SEKm	Note	2014	2013
<b>Operating activities</b>			
Operating profit		7 345	6 191
Adjustments for non-cash items in operating activities		4 185	981
Taxes paid		-463	-357
Increase/decrease in loans to credit institutions		0	3 000
Increase/decrease in loans to the public		-51 491	-27 098
Increase/decrease in amount owed to credit institutions		48 629	48 917
Increase/decrease in other assets		69	535
Increase/decrease in other liabilities		829	-422
<b>Cash flow from operating activities</b>		<b>9 102</b>	<b>31 746</b>
<b>Investing activities</b>			
Increase in fixed assets		0	1
<b>Cash flow from investing activities</b>		<b>0</b>	<b>1</b>
<b>Financing activities</b>			
Issuance of debt securities		95 749	74 251
Redemption of debt securities		-123 886	-84 168
Shareholder's contributions		2 600	
Increase/decrease in other funding		1 115	-4 868
Group contribution paid		-4 100	-3 700
Dividends paid		-4 000	
<b>Cash flow from financing activities</b>		<b>-32 522</b>	<b>-18 484</b>
<b>Cash flow for the year</b>		<b>-23 420</b>	<b>13 263</b>
Cash and cash equivalents at beginning of the year		71 046	57 783
Cash flow for the year		-23 420	13 263
<b>Cash and cash equivalents at the end of the year</b>	17	<b>47 626</b>	<b>71 046</b>

## Comment on statement of cash flow

The statement of cash flow shows receipts and disbursements during the year as well as cash at the beginning and end of the year. The statement of cash flow is reported using the indirect method and is based on operating income for the period and changes in the balance sheet. Operating income is adjusted for changes not included in cash flow from operating activities. Cash flows are reported separately for receipts and disbursements from operating, investing and financing activities.

### Operating activities

Cash flow from operating activities is based on operating profit for the year. Adjustments are made for income tax paid and items not included in cash flow from operating activities. Changes in assets and liabilities in operating activities consist of items that are part of regular business activities, such as loans to and borrowings from the public and credit institutions, and that are not attributable to investing and financing activities. The profit generated cash flow includes interest receipts of SEK 21 081m (10 757) and interest payments, including capitalised interest, of SEK 17 421m (6 737).

### Financing activities

The issue and repayment of bond loans with maturities exceeding one year are reported gross. The item "Change in other funding" includes the net change in funding with shorter maturities and high turnover.

## Cash and cash equivalents

Cash and cash equivalents consist of balances on cash accounts, included in the balance sheet item Loans to credit institutions, see note 17.

### Specification of adjustment of non-cash items:

SEKm	2014	2013
Unrealised translation differences, bonds in issue	6 303	5 152
Prepaid expenses and accrued income	704	382
Accrued expenses and prepaid income	-2 588	-3 912
Change in value of loans to the public and credit institutions	-2 445	2 127
Change in value of funding and derivatives	1 966	-2 463
Increase in other liabilities	245	-305
<b>Total</b>	<b>4 185</b>	<b>981</b>

# Notes

All amounts in the notes are in millions of Swedish kronor (SEKm) and at book value unless indicated otherwise. Figures in parentheses refer to the previous year.

## 1 Corporate information

The consolidated financial statements and the annual report for Swedbank Mortgage AB (publ) for the financial year 2014 were approved for issuance by the Board of Directors and the President on 30 January 2015. Swedbank Mortgage AB, which maintains its registered office in Stockholm, Sweden, is a wholly owned subsidiary of Swedbank AB (publ). Swedbank Mortgage's operations are described in the Board of Directors' report. The consolidated financial statements and annual report will be adopted by the Company's Annual General Meeting.

## 2 Accounting policies

### BASIS OF ACCOUNTING

The financial reports and the consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and interpretations of them. The standards are issued by the International Accounting Standards Board (IASB) and the interpretations by the IFRS Interpretations Committee. The standards and interpretations become mandatory for Swedbank Mortgage's financial statements concurrently with their approval by the EU. Complete financial reports refer to:

- balance sheet as at the end of the period,
- statement of comprehensive income for the period,
- statement of changes in equity for the period,
- cash flow statement for the period, and
- notes, comprising a summary of significant accounting policies and other explanatory information.

The financial statements are also prepared according to the Annual Accounts Act for Credit Institutions and Securities Companies, the regulations and general advice of the Swedish Financial Supervisory Authority, FFFS 2008:25 and recommendation RFR 2 Reporting for Legal Entities issued by the Swedish Financial Reporting Board.

The financial statements are based on the historical cost basis. Subsequent measurements are based on the valuation category of the financial instrument. The carrying amounts of financial assets and liabilities subject to hedge accounting at fair value have been adjusted for changes in fair value attributable to the hedged risk. The financial statements are presented in Swedish kronor and all figures are rounded to millions of kronor (SEK m) unless indicated otherwise.

### CHANGES IN ACCOUNTING POLICIES

### Financial instruments: Disclosures (amendment to IFRS 7)

The following adoption of accounting pronouncements and changes are applied in the financial reports during 2014.

**Offsetting financial assets and liabilities (Amendments to IAS 32)**  
Swedbank Mortgage adopted the amendments to IAS 32 on 1 January 2014. The amendments clarify the meaning of a current legally enforceable right to set-off and also specify when gross settlement systems may be considered equivalent to net settlement. The adoption of the amendments did not have an impact on Swedbank Mortgage's financial position.

**Levies (IFRIC 21)**  
Swedbank Mortgage adopted the interpretation from 30 June 2014. Levies refer to fees paid to government agencies and similar bodies in accordance with laws and regulations. The interpretation clarifies that a liability for a levy should only be recognised when the activity that triggers payment occurs, as specified in the relevant legislation. IFRIC 21 did not have an impact on the Swedbank Mortgage's financial position, results or cash flows.

**Other IFRS changes**  
No new or amended IFRS and interpretations aside from those above have been applied or have had a significant effect on the Swedbank Mortgage's financial position, results or disclosures.

**Other changes**  
**Changed model for provisions and impaired loans**  
The model for standardized provisions was changed in November 2014. On loans to the Private segment, a provision of is made if the loan is overdue for more than 90 days and has an LTV over 60 per cent. Loans to the Corporate and the Forestry & Agricultural segments are individually assessed.

The calculation of impaired loans was changed in November 2014. Loans which are overdue for more than 90 days, or with another loss event, are considered impaired if the collateral does not cover the exposure. Loans to the Private segment are considered to be covered if the LTV is below 60 per cent. Loans to the Corporate and the Forestry & Agricultural segments are individually assessed.

### SIGNIFICANT ACCOUNTING POLICIES

**Presentation of financial statements (IAS 1)**  
Financial statements provide a structured representation of a company's financial position and financial results. The purpose is to provide information on the company's financial position, financial results and cash flows useful in connection with financial decisions. The financial statements also indicate the results of management's administration of the resources entrusted to them. Complete financial statements consist of a balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes. Swedbank Mortgage presents the statement of comprehensive income in the

form of two statements. A separate income statement contains all revenue and expense items in profit provided that a special IFRS does not require or allow otherwise. Such other revenue and expense items are recognised in other comprehensive income. The statement of comprehensive income contains the profit recognized in the income statement as well as the components included in other comprehensive income.

#### Assets and liabilities in foreign currency (IAS 21)

The consolidated financial statements are presented in SEK, which is also the Swedbank Mortgage's functional currency and presentation currency. Functional currency refers to the main currency used in an entity's cash flows. Transactions in a currency other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing at the transaction day. Financial assets, liabilities and derivatives in foreign currency are translated at the rates prevailing at the closing day. All gains and losses on the translation of monetary items and non-monetary items measured at fair value are recognized through profit or loss as changes in exchange rates in net gains and losses on financial items.

#### Financial instruments (IAS 32, IAS 39)

The large part of Swedbank Mortgage's balance sheet items refers to financial instruments. A financial instrument is any form of agreement which gives rise to a financial asset in one company and a financial liability or equity instrument in another. Cash is an example of a financial asset, while financial liabilities might include an agreement to pay or receive cash or other financial assets. Financial instruments are classified on various lines of the balance sheet such as loans to the public or credit institutions depending on the counterparty. If the financial instrument does not have a specific counterparty or when it is listed on the market, it is classified on the balance sheet among various types of securities. A derivative is a financial instrument that is distinguished by the fact that its value changes, e.g., due to exchange rates, interest rates or share prices, at the same time that little or no initial net investment is required. The agreement is settled on a future date. Derivatives are reported on separate lines of the balance sheet, either as assets or liabilities depending on whether the contract has a positive or negative fair value. Contractually accrued interest is recognised among prepaid or accrued income or expenses in the balance sheet. Financial assets are recognised on the balance sheet on the trade day when an acquisition agreement has been entered into, with the exception of loans and receivables, which are recognised on the settlement day. Financial assets are derecognised when the right to obtain the cash flows from a financial instrument has expired or essentially been transferred to another party. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been discharged, cancelled or expired.

#### Financial instruments, recognition (IAS 39)

Financial instruments are divided into the following valuation categories:

- financial instruments at fair value through profit or loss,
- loans and receivables, and
- other financial liabilities.

A few individual holdings of insignificant value have been categorized as available-for-sale financial assets in the valuation category available-for-sale. All financial instruments are initially recognized at fair value. The best evidence for fair value at initial recognition is the transaction price. For financial instruments that subsequently are not measured at fair value through profit or loss, supplementary

entries are also made for additions or deductions of direct transaction expenses to acquire or issue the financial instrument. Subsequent measurements depend on the valuation category to which the financial instrument is attributed. Notes to items in the balance sheet with financial instruments indicate how the carrying amount is divided between valuation categories.

#### Valuation category at fair value through profit or loss

Financial instruments at fair value through profit or loss comprise instruments held for trading and all derivatives, excluding those designated for hedge accounting. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, trading. This category also includes other financial instruments that upon initial recognition have irrevocably been designated as at fair value, the so-called fair value option. The option to irrevocably measure financial instruments at fair value is used for individual portfolios of loans, securities in issue and amounts owed to credit institutions, when they together with derivatives essentially eliminate the portfolio's aggregate interest rate risk. The option is used to eliminate the accounting volatility that would otherwise arise because different measurement principles are normally used for derivatives and other financial instruments. In the notes to the balance sheet, these financial instruments are classified at fair value through profit or loss, other.

The fair value of financial instruments is determined based on quoted prices on active markets. When such market prices are not available, generally accepted valuation models such as discounting of future cash flows are used. The valuation models are based on observable market data, such as quoted prices on active markets for similar instruments or quoted prices for identical instruments on inactive markets. For loans measured at fair value where observable market data on the credit margin are not available at the time of measurement, the credit margin for the most recent transaction with the same counterparty is used. Changes in value are recognised through profit or loss in net gains and losses on financial items. Changes in value owing to changes in exchange rates are recognised as changes in exchange rates in the same profit or loss item. Changes in the value of financial liabilities owing to changes in the Swedbank Mortgage's credit worthiness are also recognised separately when they arise. Decreases in value attributable to debtor insolvency are attributed to credit impairments.

#### Valuation category loans and receivables

Loans to credit institutions and the public, categorised as loans and receivables, are recognised on the balance sheet on the settlement day. These loans are measured at amortised cost as long as there is no objective evidence indicating that a loan or group of loans is impaired. Loans are initially recognised at fair value, including fees received and any costs that constitute an integral part of the return. The interest rate that produces the loan's cost as a result of the calculation of the present value of future payments is considered the effective interest rate. The loan's amortised cost is calculated by discounting the remaining future payments by the effective interest rate. Interest income includes interest payments received and the change in the loan's amortised cost during the period, which produces a consistent return. On the closing day, it is determined whether there is objective evidence to indicate an impairment need for a loan or group of loans. If, after the loan is initially recognised, one or more events have occurred that negatively impact estimated future cash flows, and the impact can be estimated reliably, impairment is made. The impairment is calculated as the difference between the loan's carrying amount and the present value of estimated future cash flows discounted by

the loan's original effective interest rate. Swedbank Mortgage determines first whether there is objective evidence for impairment of each individual loan. Loans for which such evidence is lacking are included in portfolios with similar credit risk characteristics. These portfolios are subsequently measured collectively in the event objective evidence of impairment exists. Any impairment is then calculated for the portfolio as a whole. Homogenous groups of loans with limited value and similar credit risk that have been individually identified as having objective evidence of impairment are measured individually based on the loss risk in the portfolio as a whole. If the impairment decreases in subsequent periods, previously recognised impairment losses are reversed. Loans are never recognised at a value higher than what the amortised cost would have been if the write-down had not occurred, however. Loan impairments are recognised through profit or loss as credit impairments, which is done either as provisions for individually impaired loans, portfolio provisions or write-offs of impaired loans. Write-offs are recognised within credit impairments before utilisation of any previous provisions. Provisions utilised in connection with write-offs are recognised on a separate line within credit impairments. Write-offs are recognised when the amount of the loss is ultimately determined, e.g., when a receiver has presented a bankruptcy distribution, when a bankruptcy composition has been adopted, when a concession has been granted or when the Enforcement Administration or a collection agency has reported that an individual has no distrainable assets. Repayments of write-offs and recovery of provisions are recognized within credit impairments. The carrying amount of loans is amortised cost less write-offs and provisions. Impaired loans are those for which it is likely that payment will not be received in accordance with the contract terms. A loan is not impaired if there is collateral that covers the principal, unpaid interest and any late fees by a satisfactory margin.

#### Valuation category other financial liabilities

Financial liabilities that are not recognised as financial instruments at fair value through profit or loss are initially recognised on the trade day at cost and subsequently at amortised cost. Amortised cost is calculated in the same way as for loans and receivables.

#### Hedge accounting at fair value

Hedge accounting at fair value is applied in certain cases when the interest rate exposure in a recognised financial asset or financial liability or loan portfolios is hedged with derivatives. With hedge accounting, the hedged risk in the hedged instrument or the hedged portfolio is also measured at fair value. The value of the hedged risk in the hedged portfolio is recognised on a separate line in the balance sheet as Value change of interest hedged item in portfolio hedge. The item is recognised in connection with Loans to the public. The value of the hedged risk in an individual financial asset or financial liability is recognised on the same line in the balance sheet as the financial instrument. Both the change in the value of the hedging instrument, the derivative, and the change in the value of the hedged risk are recognised through profit or loss in net gains and losses on financial items. One requirement to apply hedge accounting is that the hedge has been formally identified and documented. The hedge's efficiency must be measurable in a reliable way and be expected to remain and during reported periods proved to be very effective in offsetting changes in value.

#### Cash flow hedges

Derivative transactions are sometimes entered into to hedge the exposure to variations in future cash flows resulting from changes in

interest rates. These hedges can be recognised as cash flow hedges, whereby the effective portion of the change in the value of the derivative, the hedging instrument, is recognised directly in other comprehensive income. Any ineffective portion is recognised through profit or loss in net gains and losses on financial items. When future cash flows lead to the recognition of a financial asset or a financial liability, any gains or losses on the hedging instrument are eliminated from other comprehensive income and recognised through profit or loss in the same periods that the hedged item affects profit or loss. One of the prerequisites of hedge accounting is that the hedge is formally identified and documented. Its effectiveness must be measurable in a reliable way and be expected to remain, and during reported periods have been, very effective in offsetting changes in value.

#### Pensions (IAS 19)

Reported pension costs correspond to the fees paid to separate legal entities that secure the pension obligations. All pension plans are recognized as defined contribution plans.

#### Revenues (IAS 18)

The principles of revenue recognition for financial instruments are described in a separate section, Financial instruments, recognition (IAS 39). Interest income and interest expenses for financial instruments calculated according to the effective interest method are recognised as net interest income. Changes in value in the valuation category financial instruments at fair value through profit or loss as well as all changes in exchange rates between functional and other currencies are recognised in net gains and losses on financial items. Fees for various services provided to customers are recognised as income when the services rendered. Such income is recognised in both commission income and other income.

#### Tax (IAS 12)

Current tax assets and tax liabilities for current and previous periods are measured at the amount expected to be obtained from or paid to tax authorities. Deferred taxes refer to tax on differences between the carrying amount and the tax base, which in the future serves as the basis for current tax. Deferred tax liabilities are tax attributable to taxable temporary differences and must be paid in the future. Deferred tax liabilities are recognised on all taxable temporary differences. Deferred tax assets represent a reduction in future tax attributable to deductible temporary differences, tax loss carry-forwards or other future taxable deductions. Deferred tax assets are tested on each closing day and recognised to the extent it is likely on each closing day that they can be utilised. As a result, a previously unrecognised deferred tax asset is recognised when it is considered likely that a sufficient surplus will be available in the future. Tax rates which have been enacted or substantively enacted as of the reporting date are used in the calculations. All current and deferred taxes are recognised through profit or loss as tax with the exception of tax attributable to items recognised directly in other comprehensive income or equity.

#### Cash and cash equivalents (IAS 7)

Cash and cash equivalents consist of a checking account with Swedbank AB.

#### Operating segments (IFRS 8)

Segment reporting is presented on the basis of management's perspective and relates to the parts of Swedbank Mortgage that are defined as operating segments. Operating segments are identified on the basis of internal reports to the company's chief operating decision

maker. Swedbank Mortgage has identified the Chief Executive Officer as its chief operating decision maker, while the internal reports used by the CEO to oversee operations and make decisions on allocating resources serve as the basis of the information presented. The accounting policies for an operating segment consist of the above reporting policies and policies that specifically refer to segment reporting. Swedbank Mortgage has three operating segments that meet the requirements of IFRS 8: Private, Corporate, and Forestry and Agriculture. Revenue is distributed with the help of customer interest rates, internal interest rates, commission agreements and relevant distribution factors. Interest income and interest expenses are netted, since Swedbank Mortgage's chief operating decision maker uses net interest income to determine the segment's result. Items such as changes in value of financial instruments, return on legal equity and other minor items are not distributed to the operating segments. Among balance sheet items, loans to the public are distributed.

#### Untaxed reserves and Group contributions

Due to the connection between reporting and taxation, the deferred tax liability attributable to untaxed reserves is not recognised separately in the company. The reserves are therefore recognised in their gross amounts in the balance sheet and income statement. Group contributions given are recognised as a decrease of nonrestricted equity after tax adjustment.

#### NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards, amendments to standards and interpretations that apply in or after 2015. The IASB permits earlier application. For Swedbank Mortgage to apply them also requires that they have been approved by the EU if the amendments are not consistent with previous IFRS rules. Consequently, Swedbank Mortgage has not applied the following amendments in the 2014 annual report.

#### Annual improvements 2010-2012, 2011-2013 and 2012-2014

The annual improvements amend the current standards for presentation, recognition or measurement and other editorial corrections. The improvements apply to financial years beginning on or after 1 July 2014 (2010-2012 and 2011-2013) and 1 January 2016 (2012-2014) and have not yet been approved by the EU. Adoption is not expected to have a significant effect on Swedbank Mortgage's financial position, results or cash flows.

#### Revenue from Contracts with Customers (IFRS 15)

IFRS 15 was issued in May 2014 and establishes the principles for reporting useful information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The standard introduces a five-step model to determine how and when to recognise revenue, but it does not impact the recognition of income from financial instruments in the scope of IAS 39. The standard also establishes new disclosures to provide more relevant information. The standard is applicable from 1 January 2017 and has not yet been approved by the EU. The impacts on Swedbank Mortgage's financial reports are still being assessed.

#### Financial instruments (IFRS 9)

IFRS 9 is the replacement of IAS 39 Financial Instruments: Recognition and Measurement and was issued on 24 July 2014. The standard includes requirements for recognition, classification and measurement, impairment, derecognition and general hedge accounting. The standard has been issued in phases, with the 2014 version superseding all previous versions. IFRS 9 is mandatorily effective from 1 January 2018, with early adoption permitted. The standard has not been approved by the EU and there is no current timetable on when endorsement is expected. The impacts on the Swedbank Mortgage's financial reports are still being assessed. The classification and measurement requirements for financial assets reduce the number of valuation categories and place dependence on an entity's business model for managing financial assets as well as whether the contractual cash flows represent solely payments of principal and interest. IFRS 9 also introduces an expected credit losses model for the measurement of impairment, removing the requirement to identify an incurred loss event. The new impairment model establishes a three stage approach based on whether there have been significant changes in credit risk. The requirements for financial liabilities remain largely unchanged from IAS 39. The primary change permits the presentation of fair value movements due to own credit risk on financial liabilities designated as at fair value through profit or loss in other comprehensive income, rather than in profit or loss. The amended general hedge accounting rules allow entities to better reflect their risk management activities in the financial statements.

### 3 Critical accounting judgements and estimates

Presentation of consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the recognised amounts for assets, liabilities and disclosures of contingent assets and liabilities as of the closing day as well as recognised income and expenses during the report period. Management continuously evaluates these judgments and estimates, including those that affect the fair value of financial instruments, provisions for impaired loans and deferred taxes. Management bases its judgments and assumptions on previous experience and several other factors that are considered reasonable under the circumstances. Actual results may deviate from judgments and estimates.

#### JUDGEMENTS

##### Financial instruments

When financial instruments are valued at fair value, quoted prices on active markets are primarily used. When quoted prices on active markets are not available, various valuation models are used instead. The company determines when markets are considered inactive and when quoted prices no longer correspond to fair value, requiring valuation models to be used. The markets are considered inactive when the number of completed transactions is too few and when the amounts of the transactions are too small. The company determines which valuation model and which pricing parameters are most appropriate for the individual instrument. All the valuation models Swedbank

Mortgage uses are generally accepted and are subject to independent risk control. The company had previously determined that the option to measure financial instruments at fair value was the fairest accounting of a large part of the loan and funding portfolios. Since April 2009 there has been a transition to increased recognition at amortised cost as well as to hedge accounting, which will eventually reduce the effect of the so-called fair value option.

#### ESTIMATES

The company uses various estimates and assumptions about the future to determine the value of certain assets and liabilities.

##### Provisions for credit impairments

Receivables measured at amortised cost are tested if loss events have occurred. Individual loans are tested initially, followed by groups of loans with similar credit terms and which are not identified individually. A loss event refers to an event that occurred after the loan was paid out and which has a negative effect on projected future cash flows. Determining loss events for groups of loans carries greater uncertainty, since a number of different events, such as macroeco-

omic factors, may have had an impact. Loss events include late or non-payments, concessions granted due to the borrower's financial difficulties, bankruptcy or other financial reconstructions, and local economic developments tied to non-payments, such as an increase in unemployment or decrease in real estate prices. Where a loss event has occurred, individual loans are classified as impaired. The company feels that loans whose terms have been significantly changed due to the borrower's economic difficulties and loans that have been non-performing for more than 90 days should automatically be treated as impaired. Such a loan is not considered impaired if there is collateral which covers the capital, accrued and future interest and fees by a satisfactory margin. When a loss event has occurred, a determination is made when in the future the loan's cash flows will be received and its probable size. For impaired loans, interest is not considered to be received, only capital or portions thereof. For groups of loans, estimates are based on historical values and experience-based adjustments to the current situation

Provisions for impaired loans are made on the difference between estimated value, i.e., estimated future cash flows discounted by the loan's original effective interest rate, and amortised cost. Amortised cost refers to contractual cash flows discounted by the loan's original effective interest rate.

Assumptions about when in time a cash flow will be received as well as its size determine the size of the provisions. Decisions on provisions are therefore based on various calculations and the company's assumptions of current market conditions. The company is of the opinion that provision estimates are important because of the complexity of making these estimates

##### Financial instruments at fair value

When financial instruments are measured at fair value according to valuation models, a determination is made which observable market data should be used in those models. The assumption is that quoted prices from financial instruments with as similar a turnover as possible will be used. When such prices or components of prices cannot be identified, the company must make its own assumptions. Note 33 shows financial instruments at fair value divided into three valuation levels: quoted prices, valuation models with observable market inputs and valuation models with internal assumptions. As of year-end 2014 financial instruments measured at fair value with internal assumptions which have a significant effect on the valuation amounted to SEK 0m (2 875). A change in the assumed valuation rate of 10 bps would have changed the value by SEK 0m.

## 4 Risks

Swedbank Mortgage's principal risks are credit risks, financial risks and operational risks. Swedbank Mortgage measures and reports risks in accordance with the guidelines and policies of the Swedbank Group.

Swedbank defines risk as a potentially negative impact on a company that can arise due to current internal processes or future internal or external events. The concept of risk comprises the probability that an event will occur and the impact it would have on the Group's earnings, equity or value.

The Board of Directors has adopted an Enterprise Risk Management (ERM) policy detailing the risk framework, the risk management process, and roles and responsibilities in risk management. Swedbank continuously identifies the risks its operations generate and has designed a process to manage them. The risk management process includes eight steps: prevent risks, identify risks, quantify risks, analyse risks, suggest measures, control and monitor, report risks, and, lastly, follow-up risk management. The process encompasses all types of risk and results in a description of Swedbank's risk profile, which in turn serves as the basis of the internal capital adequacy assessment process.

Risk	Description
Credit risks	The risk that a counterparty, or obligor, fails to meet contractual obligations to Swedbank Mortgage and the risk that the pledged assets will not cover the claim. Credit risk also includes counterparty risk and concentration risk.
Liquidity risks	The risk to not fulfill payment commitments on any given due date.
Market risks	The risk that Swedbank Mortgages result, equity or value is reduced due to changes in risk factors on the financial market. Market risk includes interest rate risk, currency rate risk and risks following changes in volatilities and correlations.
Operational risks	The risk of losses resulting from inadequate or failed internal processes or routines, human error, incorrect systems or external events.
Other risks	Includes earnings volatility risk, insurance risk, pension risk, strategic risk, reputational risk and security risk.

### Operational risk management

The Swedbank Group applies qualitative methods such as risk and vulnerability analyses, continuity planning and approval processes for new products, systems and processes as well as quantitative methods, where reporting of incidents and operational loss events is used to quantify operational risks.

### Other risks

Other risks comprise earnings volatility risk, pension risk, strategic risk, reputational risk and security risk. The parent company, Swedbank AB, is responsible for managing these risks with the exception of strategic risk which is managed within the ongoing work of the board. The Board of Directors of the mortgage company safeguards the company's interests through its role as a client to the parent company. The other risks are reported to the Board of the mortgage company as part of other ongoing information and reporting.

## 4a Credit risks

### Definition

Credit risk refers to the risk that a counterparty or borrower fails to meet their contractual obligations towards Swedbank Mortgage and the risk that pledged collateral will not cover the claim. Credit risk also includes counterparty risk, concentration risk and settlement risk. Counterparty risk is the risk that a counterparty in a trading transaction fails to meet its financial obligations towards Swedbank Mortgage and that the collateral which has been received is insufficient to cover the claim against the counterparty. Trading transactions refer here to repos, derivatives, security financing transactions and money market transactions. Concentration risk comprises, among other things, large exposures or concentrations in the credit portfolio to specific counterparties, sectors or geographies. Settlement risk is the risk that a counterparty fails to meet their obligations before Swedbank Mortgage fulfils its when a transaction is executed, delivery or payment.

### Risk management

The treasury department faces counterparty risks, for Swedbank Mortgage mainly in derivative contracts. All derivative contracts have the parent company as counterparty. Counterparty risks are reduced through bilateral agreements, which allow the risks to be settled against each other according to standardised procedures.

Counterparty risks are reduced through bilateral agreements, which allow the risks to be settled against each other according to standardised procedures. Moreover, risks are reduced for certain counterparties, including through special agreements on settling outstanding credit risk exposures through an exchange of financial collateral.

The high encumbrance of the Swedish households has kept engaging politicians as well as authorities and banks. The Swedbank Group is actively participating in discussions on changed regulations which is now, as an example, being expressed in the proposed FSA regulation on amortization. An analysis of the payment ability of the customers, under more restrictive conditions, is and has been part of the regular process for granting credits for a long time.

### Risk classification

Through Swedbank's internal risk classification system, also applied for credits in Swedbank Mortgage, credit risk is measured on a reliable and equal basis.

Swedbank Group has received approval from the Financial supervisory Authority to apply the so-called IRB approach, which is used to calculate the majority of the capital requirement for credit risks. The IRB approach is applied to the large part of lending to the public.

The goal of the risk classification is to predict defaults within 12 months. The classification is expressed on a scale of 23 classes, where 0 represents the greatest risk and 21 represents the lowest risk of default, with one class for defaulted loans. The subsequent table describes the Group's risk classification and how it relates to the probability of default within 12 months (PD) as well as an indicative rating from Standard & Poor's.

### Risk grade according to the IRB-methodology

Internal rating		PD(%)	Indicative rating Standard & Poor's
Default	Default	100	D
High risk	0-5	>5.7	C to B
Augmented risk	6-8	2.0-5.7	B+
Normal risk	9-12	0.5-2.0	BB to BB+
Low risk	13-21	< 0.5	BBB to AAA

## 4a Credit risks, cont.

## Loans to the public and credit institutions, book values 2014

	Loans individually assessed as not impaired				Loans individually assessed as impaired			Total
	Book value before provisions		Portfolio provisions	Book value after provisions	Book value before provisions	Provisions	Book value after provisions	
Swedbank Mortgage AB	Payments on time	Past due						
Loans to the public and credit institutions	867 844	1 158	-91	868 911	293	-31	262	869 173
<b>Total loans to the public and credit institutions</b>	<b>867 844</b>	<b>1 158</b>	<b>-91</b>	<b>868 911</b>	<b>293</b>	<b>-31</b>	<b>262</b>	<b>869 173</b>
<b>Sector/industry*</b>								
Private customers	684 113	915	-78	684 950	254	-28	226	685 176
Real estate management	125 642	243	-13	125 872	2	-2		125 872
Retail, hotels, restaurants	973			973				973
Construction	1 010			1 010				1 010
Manufacturing	100			100				100
Transportation	90			90				90
Forestry and agriculture	877			877				877
Other corporate lending	5 554			5 554	37	-1	36	5 590
Municipalities	1 859			1 859				1 859
<b>Total</b>	<b>820 218</b>	<b>1 158</b>	<b>-91</b>	<b>821 285</b>	<b>293</b>	<b>-31</b>	<b>262</b>	<b>821 547</b>
Credit institutions	47 626			47 626				47 626
<b>Total loans to the public and credit institutions</b>	<b>867 844</b>	<b>1 158</b>	<b>-91</b>	<b>868 911</b>	<b>293</b>	<b>-31</b>	<b>262</b>	<b>869 173</b>
<b>Collateral held as security</b>								
Residential properties incl. condominiums	747 017	984	-78	747 923	222	-18	204	748 127
Other real estate	63 588	174	-13	63 749	71	-13	58	63 807
Municipalities guaranteed	9 178			9 178				9 178
Other security	435			435				435
<b>Total</b>	<b>820 218</b>	<b>1 158</b>	<b>-91</b>	<b>821 285</b>	<b>293</b>	<b>-31</b>	<b>262</b>	<b>821 547</b>
Credit institutions guaranteed by Swedbank AB	47 626			47 626				47 626
<b>Total loans to the public and credit institutions</b>	<b>867 844</b>	<b>1 158</b>	<b>-91</b>	<b>868 911</b>	<b>293</b>	<b>-31</b>	<b>262</b>	<b>869 173</b>

\* According to SCB:s sector-industry-codes.

## 4a Credit risks, cont.

## Loans to the public and credit institutions, book values 2013

	Loans individually assessed as not impaired				Loans individually assessed as impaired				Total
	Book value before provisions		Portfolio provisions	Book value after provisions	Book value before provisions		Provisions	Book value after provisions	
Swedbank Mortgage AB	Payments on time	Past due							
Loans to the public and credit institutions	838 373	1 455	-91	839 737	213	-64	149	839 886	
<b>Total loans to the public and credit institutions</b>	<b>838 373</b>	<b>1 455</b>	<b>-91</b>	<b>839 737</b>	<b>213</b>	<b>-64</b>	<b>149</b>	<b>839 886</b>	
Sector/industry*									
Private customers	643 718	1 120	-74	644 764	184	-57	127	644 891	
Real estate management	113 168	335	-17	113 486	10	-7	3	113 489	
Retail, hotels, restaurants	921			921				921	
Construction	835			835				835	
Manufacturing	116			116				116	
Transportation	102			102				102	
Forestry and agriculture	725			725				725	
Other corporate lending	5 539			5 539	19		19	5 558	
Municipalities	2 203			2 203				2 203	
<b>Total</b>	<b>767 327</b>	<b>1 455</b>	<b>-91</b>	<b>768 691</b>	<b>213</b>	<b>-64</b>	<b>149</b>	<b>768 840</b>	
Credit institutions	71 046			71 046				71 046	
<b>Total loans to the public and credit institutions</b>	<b>838 373</b>	<b>1 455</b>	<b>-91</b>	<b>839 737</b>	<b>213</b>	<b>-64</b>	<b>149</b>	<b>839 886</b>	
Collateral held as security									
Residential properties incl. condominiums	698 187	1 120	-74	699 233	184	-57	127	699 360	
Other real estate	60 088	335	-17	60 406	29	-7	22	60 428	
Municipalities guaranteed	9 052			9 052				9 052	
<b>Total</b>	<b>767 327</b>	<b>1 455</b>	<b>-91</b>	<b>768 691</b>	<b>213</b>	<b>-64</b>	<b>149</b>	<b>768 840</b>	
Credit institutions guaranteed by Swedbank AB	71 046			71 046				71 046	
<b>Total loans to the public and credit institutions</b>	<b>838 373</b>	<b>1 455</b>	<b>-91</b>	<b>839 737</b>	<b>213</b>	<b>-64</b>	<b>149</b>	<b>839 886</b>	

\* According to SCB's sector-industry-codes.

## 4a Credit risks, cont.

### Impaired, past due, and restructured loans

Swedbank Mortgage AB	2014	2013
<b>Impaired loans</b>		
Book value before provisions	293	213
Provisions for the year	-31	-64
Book value after provisions	262	149
<b>Net impaired loans ratio, %</b>	<b>0,03</b>	<b>0,02</b>
<b>Gross impaired loans ratio, %</b>	<b>0,04</b>	<b>0,03</b>
Book value of impaired loans returned in status to normal loans during the period	6	8
<b>Past due loans that are not impaired</b>		
<b>Valuation category, loans and receivables</b>		
Loans past due, 5-30 days	182	231
Loans past due, 31-60 days	184	174
Loans past due, 61 days or more	247	253
<b>Valuation category, fair value through profit or loss</b>		
Loans past due, 5-30 days	187	282
Loans past due, 31-60 days	135	151
Loans past due, 61 days or more	223	364
<b>Total</b>	<b>1 158</b>	<b>1 455</b>

### Provisions

Swedbank Mortgage AB	2014	2013
<b>Opening balance</b>	<b>155</b>	<b>209</b>
Provisions for the year	-19	-6
Recoveries of previous provisions	-15	-21
Provisions during the fiscal period, for loans that are not impaired	1	-27
<b>Closing balance</b>	<b>122</b>	<b>155</b>
Total provision ratio for impaired loans, % (including portfolio provisions for individually assessed loans in relation to book value before provision for individually identified impaired loans)	41,7%	72,7%
Provision ratio for individually identified impaired loans, %	10,6%	30,1%

Impaired loans are those for which it is likely that payment will not be received in accordance with the contract terms. A loan is not impaired if there is collateral that covers the principal, unpaid interest and any late fees by a satisfactory margin.

Specified above are the reserves allocated for impaired loans as well as for other lending where loss events have occurred but where individual loans have not yet been identified. Loss events include late or non-payments, situations where the borrower is likely to go bankrupt and domestic or local economic developments tied to non-payments, such as diminished asset values. The carrying amount for impaired loans gene-

rally corresponds to the value of the collateral, in cases where collateral exists.

Restructured loans refer to loans whose contractual terms have been amended due to the customer's reduced ability to pay. Common changes in contractual terms include various forms of payment deferrals. The changes in contractual terms can be so significant that the loans also are considered impaired, which is the case if the restructuring results in a decrease in the loan's carrying amount, excluding one-off concessions. Restructured loans amounted to nominal SEK 50m (25) as per 31 December 2014.

### Credit risk exposure on loans to the public according to the internal risk classification (nominal value before provisions)

Specified below are the loans to the public distributed by risk grades and business segments.

Exposure at default	Riskgrades	2014				2013				
		Private customers	Corporates	Forestry & Agriculture	Total	Private customers	Corporates	Forestry & Agriculture	Total	
Defaults	Default	627	148	273	1 048	Default	724	172	160	1 057
High risk	0-5	4 478	1 494	1 871	7 844	0-5	4 182	1 278	2 010	7 470
Augmented risk	6-8	6 555	5 093	5 218	16 866	6-8	6 451	4 519	4 981	15 950
Normal risk	9-12	21 499	24 830	14 650	60 979	9-12	20 120	23 320	13 759	57 198
Low risk	13-21	539 851	152 257	36 883	728 991	13-21	507 033	141 070	34 496	682 600
Non-rated					6					0
<b>Total</b>		<b>573 010</b>	<b>183 822</b>	<b>58 896</b>	<b>815 733</b>		<b>538 510</b>	<b>170 359</b>	<b>55 406</b>	<b>764 275</b>

## 4b Liquidity risks

### Definition

Liquidity risk refers to the risk of Swedbank Mortgage not being able to meet payment obligations at maturity without a significant increase in the cost to obtain the means of payment due to high borrowing costs or unfavourable prices when divesting assets.

Swedbank Mortgage's liquidity can be forecast, since the maturities and interest payments on its mortgages and funding are known in advance. With the help of accurate forecasts and diversified funding in various geographical markets, Swedbank Mortgage reduces liquidity risk. Liquidity exposure is limited by the company's Board and monitored continuously by Swedbank Mortgage and the Swedbank Group. Liquidity risk is also limited by covered bond regulations. Since 2008 Swedbank Mortgage has been issuing covered bonds. The high credit rating of covered bonds broadens the investor base, facilitates favourable funding costs and makes it possible to pledge the bonds as mortgage collateral with the Swedish Riksbank.

Swedbank Mortgage has access to the Group's, Swedbank AB, liquidity reserve where the purpose of building up and maintaining a liquidity reserve is to reduce the Group's liquidity risk. When Swedbank Mortgage faces a high volume of maturing bonds, the liquidity reserve must be adjusted to meet these maturities in various

types of stressed scenarios in the capital markets where access to financing may be limited or where markets are fully or partly closed over an extended period of time. This also means that at times when Swedbank's maturities are lower, the liquidity reserve can be reduced, since refinancing needs decrease, as does liquidity risk. The Board of Directors has also set a floor for Group Treasury's liquidity portfolio. The portfolio must exceed a given volume and has to be invested in liquid and pledgeable assets (not to be confused with the liquidity reserve, which in addition to the liquidity portfolio includes liquidity placed with central banks and in the overnight market)

### Summary of maturities

In the summary of maturities, undiscounted contractual cash flows are distributed on the basis of remaining maturities until the agreed time of maturity. Changes in value and items without an agreed maturity date where the probable realisation date has not been determined are reported in the column "Without maturity date/discount effect". Liquidity management is described in the Board of Directors' report on page 4. Funding,

### Remaining maturity, 2014

Swedbank Mortgage AB	Undiscounted contractual cash flows						Without maturity date/ discount effect*	Total
	Payable on demand	< 3 mths	3 mths-1 yr	1-5 yrs	5-10 yrs	> 10 yrs		
<b>Assets</b>								
Loans to credit institutions	47 626							47 626
Loans to the public		2 222	6 989	37 926	46 371	722 308	5 732	821 547
Derivatives		326	6 856	16 270	3 592	1 125	5 096	33 265
Other assets							5 416	5 416
<b>Total assets</b>	<b>47 626</b>	<b>2 548</b>	<b>13 845</b>	<b>54 196</b>	<b>49 963</b>	<b>723 433</b>	<b>16 244</b>	<b>907 854</b>
<b>Liabilities</b>								
Amounts owed to credit institutions		6 133	305 062	11 004	189			322 387
Debt securities in issue		26 010	55 281	349 550	44 975	16 637	27 635	520 089
Derivatives		1 010	2 686	6 973	1 385	1 443	-2 746	10 751
Subordinated liabilities					4 000			4 000
Other liabilities							16 289	16 289
<b>Total liabilities</b>		<b>33 153</b>	<b>363 029</b>	<b>367 527</b>	<b>50 549</b>	<b>18 080</b>	<b>41 178</b>	<b>873 516</b>

\* Refers to discount effect for all items except other assets and other liabilities where without maturity date applies.

### Remaining maturity, 2013

Swedbank Mortgage AB	Undiscounted contractual cash flows						Without maturity date/ discount effect*	Total
	Payable on demand	< 3 mths	3 mths-1 yr	1-5 yrs	5-10 yrs	> 10 yrs		
<b>Assets</b>								
Loans to credit institutions	71 046							71 046
Loans to the public		2 027	7 020	37 274	46 163	671 793	4 562	768 840
Derivatives			6 797	8 271	958	398	1 378	17 802
Other assets							3 910	3 910
<b>Total assets</b>	<b>71 046</b>	<b>2 027</b>	<b>13 817</b>	<b>45 546</b>	<b>47 121</b>	<b>672 191</b>	<b>9 851</b>	<b>861 598</b>
<b>Liabilities</b>								
Amounts owed to credit institutions		6 351	257 137	10 186	85			273 759
Debt securities in issue		22 090	66 217	373 886	37 495	17 574	2 760	520 021
Derivatives			6 473	11 004	2 826	2 308	-5 256	17 355
Other liabilities							14 940	14 940
<b>Total liabilities</b>		<b>28 441</b>	<b>329 827</b>	<b>395 076</b>	<b>40 406</b>	<b>19 882</b>	<b>12 444</b>	<b>826 075</b>

\* Refers to discount effect for all items except other assets and other liabilities where without maturity date applies.

## 4c Market risk – Interest rate risk

### Definition

Interest-rate risk refers to the risk that the value of the Swedbank Mortgage's assets, liabilities and interest-related derivatives are negatively affected by changes in interest rates on the financial market. The interest rate risk in Swedbank Mortgage's operations primarily arises as a result of differences in the average interest fixing periods in the lending portfolio and funding. In the table as follows interest risk is measured as the change in the value of interestbearing assets and liabilities resulting from an increase of one percentage point in all market rates (for valuation principles, see note

2). The effect of such an increase would have reduced the fair value of all interest-bearing assets and liabilities, including derivatives, by SEK 808m (800) as of 31 December 2014. An increase of one percentage point in all market interest rates as of 31 December 2014 would have reduced net gains and losses on financial items by SEK 416m (1 106) for the portion of Swedbank Mortgage's balance sheet measured at fair value through profit or loss. This would have a negative effect of SEK 105m on equity after cash flow hedges. Other comprehensive income would be affected by SEK 281m (306) in the case of a change in market interest rates as above.

Change in value if the market interest rate rises by one percentage point

The impact on the value of assets and liabilities, including derivatives, (SEKm) when market interest rates rise by one percentage point.

Swedbank Mortgage AB 2014	<=3 mths	3-6 mths	6-12 mths	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	> 10 yrs	Total
SEK	48	-94	-338	-323	-38	26	-21	-58	42	-808
Foreign currency	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>48</b>	<b>-94</b>	<b>-338</b>	<b>-323</b>	<b>-38</b>	<b>26</b>	<b>-21</b>	<b>-58</b>	<b>42</b>	<b>-808</b>

of which financial instruments measured at fair value through profit or loss.

SEK	-280	-39	-40	-13	24	-33	-4	-39	7	-416
Foreign currency	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>-280</b>	<b>-39</b>	<b>-40</b>	<b>-13</b>	<b>24</b>	<b>-33</b>	<b>-4</b>	<b>-39</b>	<b>7</b>	<b>-416</b>

Swedbank Mortgage AB 2013	<=3 mths	3-6 mths	6-12 mths	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	> 10 yrs	Total
SEK	216	-81	-197	-412	-154	9	-168	-40	27	-800
Foreign currency	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>216</b>	<b>-81</b>	<b>-197</b>	<b>-412</b>	<b>-154</b>	<b>9</b>	<b>-168</b>	<b>-40</b>	<b>27</b>	<b>-800</b>

of which financial instruments measured at fair value through profit or loss.

SEK	12	-83	-207	-420	-164	3	-177	-87	17	-1 106
Foreign currency	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>-83</b>	<b>207</b>	<b>-420</b>	<b>-164</b>	<b>3</b>	<b>-177</b>	<b>-87</b>	<b>17</b>	<b>-1 106</b>

## 4d Market risk – Currency risk

### Definition

Currency risk refers to the risk that the value of Swedbank Mortgage's assets and liabilities, including derivatives, may fluctuate due to changes in exchange rates. Currency risk arises as Swedbank Mortgage's lending in SEK is partly financed with funding in other liquid currencies.

Swedbank Mortgage's policy is to hedge any exposure to currency risk. In all essentials the assets and liabilities are hedged by currency swaps. The table below express currency distribution on assets and liabilities split in currency.

## 4d Market risk – Currency risk, cont

### Currency distribution

Swedbank Mortgage AB, 2014	SEK	EUR	USD	CHF	NOK	Other	Total
<b>Assets</b>							
Loans to credit institutions	47 626	-	-	-	-	-	47 626
Loans to the public	821 547	-	-	-	-	-	821 547
Other assets, undistributed	38 680	-	-	-	-	-	38 680
<b>Total assets</b>	<b>907 853</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>907 853</b>
<b>Liabilities</b>							
Amounts owed to credit institutions	322 387	-	-	-	-	-	322 387
Debt securities in issue and subordinated liabilities	345 873	121 611	36 125	10 510	9 266	705	524 089
Other liabilities, undistributed	27 040	-	-	-	-	-	27 040
<b>Total liabilities</b>	<b>695 300</b>	<b>121 611</b>	<b>36 125</b>	<b>10 510</b>	<b>9 266</b>	<b>705</b>	<b>873 517</b>
Other assets and liabilities, including positions in derivatives	-	121 611	36 125	10 510	9 266	705	
Net position in currency	-	-	-	-	-	-	

  

Swedbank Mortgage AB, 2013	SEK	EUR	USD	CHF	NOK	Other	Total
<b>Assets</b>							
Loans to credit institutions	71 046	-	-	-	-	-	71 046
Loans to the public	768 840	-	-	-	-	-	768 840
Other assets, undistributed	21 712	-	-	-	-	-	21 712
<b>Total assets</b>	<b>861 598</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>861 598</b>
<b>Liabilities</b>							
Amounts owed to credit institutions	273 759	-	-	-	-	-	273 759
Debt securities in issue and subordinated liabilities	324 315	134 577	36 372	12 395	11 538	824	520 021
Other liabilities, undistributed	32 295	-	-	-	-	-	32 295
<b>Total liabilities</b>	<b>630 369</b>	<b>134 577</b>	<b>36 372</b>	<b>12 395</b>	<b>11 538</b>	<b>824</b>	<b>826 075</b>
Other assets and liabilities, including positions in derivatives	-	134 577	36 372	12 395	11 538	824	
Net position in currency	-	-	-	-	-	-	

## 5 Capital adequacy

### Capital adequacy analysis

The capital adequacy regulations express the legislator's perception of how much capital, designated as the capital base, a credit institution must have in relation to the size of the risks it faces. For Swedbank Mortgage, the capital adequacy rules according to CRR mean that the minimum capital requirement for credit risks, with the approval of the Financial Supervisory Authority, will be based on an internal 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 capital requirement is based on the CRR, but more specifically restricted by the Basel 1 floor within CRR. The SFSA has made clear that the Basel 1 floor, i.e. 80% of the capital requirements according to Basel 1, will be maintained for Swedish institutions as a backstop rule. Since Swedbank Mortgage's capital requirement according to the Basel 1 floor is higher than the requirements in CRR/CRDIV Pillar 1 and Pillar 2 combined (including a risk-weight floor on Swedish mortgage of 25% and a conservation buffer of 2.5%), these rules constitute the minimum capital requirements for Swedbank Mortgage. We assess that the Basel 1 floor will be the minimum requirement for Swedbank Mortgage even when countercyclical buffers enter into force during 2015.

Swedbank also formulates and documents its own methods and processes for evaluating the Group's capital requirements. This evaluation includes Swedbank Mortgage. The capital requirement is determined systematically on the basis of the total level of risks to which Swedbank may be exposed. All risks are taken into account, including risks other than those included in the calculation of the capital requirement.

An international effort is underway regarding future capital requirements for banks. Among other things, the Basel Committee is conducting an extensive analysis to improve the comparability of banks' capital ratios. The review covers future standard methods for calculating capital requirements for credit, market and operational risks

and may propose the introduction of a capital floor based on these standard methods for banks that use internal models. Due to uncertainty about the specifics of the new regulations as well as how and when they will be implemented, it is still too early to draw any conclusions on the potential impact on Swedbank Mortgage.

According to the Basel 1 floor regulation, the capital requirement can be obtained through a combination of common equity tier 1 (CET 1), tier 1 and tier 2 capital without specifying the share of each type of capital. By the end of 2013, Swedbank Mortgage's capital base included CET 1 capital only. With the purpose to optimize the capital structure in Swedbank Mortgage, the board of directors decided in March to exchange SEK 4 000m from CET 1 to tier 2 capital through a subordinated loan

The note contains the information made public according to the Swedish Financial Supervisory Authority Regulation FFFS 2014:12, chap. 8. Additional periodic information according to Regulation (EU) No 575/2013 of the European Parliament and of the Council on supervisory requirements for credit institutions and Implementing Regulation (EU) No 1423/2013 of the European Commission can be found on Swedbank's website: <http://www.swedbank.com/investor-relations/risk-and-capital-adequacy/risk-report/index.htm>.

Capital adequacy <sup>1)</sup>	2014 Basel 3	2013 Basel 2
Shareholders' equity according to the balance sheet	33 269	34 455
Share of capital of accrual reserve	833	833
Value changes in own financial liabilities	90	92
Cash flow hedges	373	617

## 5 Capital adequacy, cont.

Capital adequacy <sup>1)</sup>	2014 Basel 3	2013 Basel 2
Deferred tax assets		-174
Net provisions for reported IRB credit exposures	-263	-225
Common Equity Tier 1 capital	34 302	35 599
Total Tier 1 capital	34 302	35 599
Tier 2 instruments	4 000	
Shares deducted from Tier 2 capital		
Total Tier 2 capital	4 000	
Total capital base	38 302	35 599
Capital requirement for credit risks, standardised approach	212	0
Capital requirement for credit risks, IRB	3 302	3 337
Capital requirement for credit value adjustment		
Capital requirement for operational risks	678	535
Capital requirement	4 191	3 872
Surplus of capital	34 110	31 726
Risk exposure amount credit risks	43 924	41 717
Risk exposure amount credit value adjustment		
Risk exposure amount operational risks *	8 469	6 694
Risk exposure amount	52 393	48 411
Common Equity Tier 1 ratio, %	65,5	73,5
Tier 1 capital ratio, %	65,5	73,5
Total capital adequacy ratio, %	73,1	73,5
* according to standardised approach, retail banking		

Capital buffer requirement <sup>2)</sup> , %	2014
Institution specific CET 1 requirement	7,0
of which capital conservation buffer	2,5
of which countercyclical capital buffer	
of which systemic risk buffer	
CET1 capital available to meet Institution specific CET1 capital requirement <sup>3)</sup>	59,5

Capital adequacy Basel 1 floor	2014	2013
Capital requirement Basel 1 floor	32 523	30 190
Own funds Basel 3 adjusted according to rules for Basel 1 floor	38 565	35 824
<b>Surplus of capital according to Basel 1 floor</b>	<b>6 042</b>	<b>5 634</b>

- 1) Reporting as of 31 December 2014 according to current regulation (Basel 3). Comparative figures for 2013 according to previous regulation (Basel 2).  
 2) New buffer requirement according to Swedish implementation of CRD IV.  
 3) CET1 capital as reported, less any CET1 items used to meet the Tier 1 and total capital requirements.

Capital requirement for credit risks	2014 Basel 3			2013 Basel 2		
	Exposure value	Average risk weight, %	Capital requirement	Exposure value	Average risk weight, %	Capital requirement
Institutional exposures	49	62	2	1	37	0
Corporate exposures	36 008	25	734	31 191	47	1 161
Retail exposures	769 943	4	2 564	726 513	4	2 174
Non-credit obligations	59	30	1	27	100	2
Total credit risks according to IRB approach	806 059	5	3 302	757 732	6	3 337
Total credit risks according to standard method	104 946	3	212	87 225	0	0
<b>Total</b>	<b>911 005</b>	<b>5</b>	<b>3 514</b>	<b>844 957</b>	<b>5</b>	<b>3 337</b>

## 5 Capital adequacy, cont.

Risk exposure amount and Own funds requirement	2014	
	Risk exposure amount	Own funds requirement
<b>Credit risks, STD</b>	2 649	212
Corporate exposures	821	66
Retail exposures	1 564	125
Equity exposures	265	21
Other items		
<b>Credit risks, IRB</b>	41 274	3 302
Institutional exposures	30	2
Corporate exposures	9 181	734
Retail exposures	32 045	2 564
of which mortgage lending	32 045	2 564
Non-credit obligation	18	1
<b>Credit risks, Default fund contribution</b>		
<b>Credit value adjustment</b>		
<b>Operational risks</b>	8 469	678
of which Standardised approach	8 469	678
<b>Total</b>	52 393	4 191

### Internal Capital Adequacy Assessment Process (ICAAP)

#### Definition

The purpose of the internal capital adequacy assessment process (ICAAP) is to ensure that Swedbank Mortgage is adequately capitalised to cover its risks and to conduct and develop its operations.

#### Measurement

Swedbank Mortgage prepares and documents methods and processes to evaluate its capital requirements. The ICAAP takes into account all relevant risks that may arise.

Swedbank Mortgage's ICAAP is based on two different methods:

- Economic Capital model is a static model with an evaluation horizon of one year.
- The Scenario model is a dynamic model with a multi-year horizon. It uses a stress scenario with negative macroeconomic development that is considered unlikely but still possible.

A capital requirement assessment that applies the two models represents the bank's best estimate of its requirement according to Pillar 2, though it may deviate upwards or downwards from the corresponding capital requirement according to Pillar 1.

In this year's ICAAP, Swedbank Mortgage has taken into account pending regulatory changes such as Basel 3/CRD IV.

#### Types of risk

The risks for which Swedbank Mortgage calculates an internal capital requirement are as follows:

- Credit risk (incl. concentration risk)
- Market risk (incl. interest rate risk outside trading activities)
- Operational risk
- Earnings volatility risk

Other risks such as reputational and liquidity risk are not quantified, although the capital buffer also implicitly protects against such risks. These risks remain an important part of Swedbank Mortgage's risk exposure and are therefore carefully monitored and managed.

#### Total capital requirement

The ultimate capital requirement as of 31 December 2013 amounts to SEK 11.9bn according to a combination of the Building Block and Scenario models. Swedbank Mortgage's capital requirement on the same date, including the transition rules from Basel I to Basel 3, amounts to SEK 30,0bn, however. The total capital requirement cannot be less than this capital requirement and therefore also amounts to SEK 30,0bn. The total capital base was SEK 35.6bn on the same date. As long as the capital ratio exceeds the Pillar 2 requirement, all risks are covered, including the negative effects from the stress scenario. The conclusion of the 2014 ICAAP as of 31 December 2013 was that Swedbank Mortgage is adequately capitalised.

## 6 Operating segments

	2014				2013			
	Private	Corporate	Forestry and Agriculture	Total	Private	Corporate	Forestry and Agriculture	Total
Net interest income	6 106	1 142	617	7 865	5 165	876	522	6 562
Net commissions	35	8	3	46	35	8	3	47
<b>Total income</b>	<b>6 141</b>	<b>1 150</b>	<b>621</b>	<b>7 912</b>	<b>5 200</b>	<b>884</b>	<b>525</b>	<b>6 609</b>
Purchased services	610	46	91	748	552	44	78	674
<b>Total expenses</b>	<b>610</b>	<b>46</b>	<b>91</b>	<b>748</b>	<b>552</b>	<b>44</b>	<b>78</b>	<b>674</b>
Credit impairments	26	-5	17	37	24	0	7	30
<b>Operating profit</b>	<b>5 505</b>	<b>1 108</b>	<b>513</b>	<b>7 127</b>	<b>4 624</b>	<b>840</b>	<b>440</b>	<b>5 904</b>
Lending to the public	618 926	143 283	59 338	<b>821 547</b>	582 002	131 076	55 761	<b>768 840</b>

### Reconciliation between segment reporting and financial report

	2014				2013			
	Net interest income	Total income	Total expenses	Operating profit	Net interest income	Total income	Total expenses	Operating profit
Total segments	7 864	7 912	748	7 127	6 562	6 609	674	5 904
Return on legal equity	720	720		720	719	719		719
Net gains and losses on financial items		-506		-506			437	437
Other income		10		10		10		10
Staff costs			5	5			4	4
<b>Total financial report</b>	<b>8 584</b>	<b>8 136</b>	<b>753</b>	<b>7 345</b>	<b>7 280</b>	<b>7 337</b>	<b>1 115</b>	<b>6 191</b>

Results and balances in the Private segment relate to consumer loans to finance residential housing. The corresponding items for Corporate relate to loans to municipal housing companies and tenant-owner associations with underlying collateral in multi-family housing. The Agriculture and Forestry segment comprises loans to finance

forest and agricultural properties. Items in operating profit that are not included in the segments consist of changes in the value of financial instruments, the return on legal equity and other undistributed minor items. Return on legal equity comprises interest income on assets funded by equity.

## 7 Net interest income

Swedbank Mortgage AB	2014	2013
<b>Interest income</b>		
Loans to credit institutions	366	527
Loans to the public	23 017	24 937
<b>Total</b>	<b>23 383</b>	<b>25 464</b>
<b>Interest expenses</b>		
Amount owed to credit institutions	-3 254	-4 633
Debt securities in issue	-11 264	-13 351
of which derivatives	2 639	2 224
Subordinated liabilities	-77	
Other	-203	-199
of which state stabilisation fee	-182	-190
<b>Total</b>	<b>-14 798</b>	<b>-18 183</b>
<b>Total net interest income</b>	<b>8 584</b>	<b>7 280</b>
<b>Average balance</b>		
Loans to credit institutions	42 063	37 379
Loans to the public	793 540	753 213
Amount owed to credit institutions	288 486	249 446
Debt securities in the issue	511 010	519 186
Interest income on financial credit institutions	14 042	14 378
Interest income on financial liabilities at amortised cost	15 906	13 562
Interest income on impaired loans	4	6

## 8 Net commissions

Swedbank Mortgage AB	2014	2013
<b>Commission income</b>		
Payment processing	72	77
<b>Total</b>	<b>72</b>	<b>77</b>
<b>Commission expenses</b>		
Bankkreditnämnden fees	-1	-1
Market maker fees	-24	-28
<b>Total</b>	<b>-25</b>	<b>-30</b>
<b>Total net commissions</b>	<b>47</b>	<b>47</b>

## 9 Net gains and losses on financial items

Swedbank Mortgage AB	2014	2013
Valuation category, fair value through profit or loss		
Trading and derivatives		
Interest-bearing securities and derivatives	-1 021	1 840
<b>Total</b>	<b>-1 021</b>	<b>1 840</b>
Other		
Interest-bearing securities	960	-2 158
<b>Total</b>	<b>960</b>	<b>-2 158</b>
<b>Hedge accounting at fair value</b>		
Hedging instruments	7 473	-6 436
Hedged item	-7 480	6 448
<b>Total</b>	<b>-7</b>	<b>12</b>
<b>Financial liabilities at amortised cost</b>	<b>-608</b>	<b>-268</b>
<b>Valuation category, loans and receivables</b>	<b>170</b>	<b>137</b>
<b>Change in exchange rates</b>	<b>0</b>	<b>0</b>
<b>Total net gains and losses on financial items</b>	<b>-506</b>	<b>-437</b>

The Swedbank Mortgage uses the fair value option as an alternative to hedge accounting. A change was made in 2014 whereby exchange rate effects for liabilities the bank has chosen to measure at fair value as well as exchange rate effects from derivatives that financially hedge these liabilities are now recognised as changes in exchange rates. Previously exchange rate effects were recognised together with other changes in the value of these items. The change did not affect total net gains and losses on financial items at fair value. Comparative figures for 2013 have been restated.

## 10 Staff costs

### Remuneration within Swedbank Mortgage

All senior executives receive compensation from Swedbank AB. Swedbank has a common remuneration policy for the group.

Swedbank Mortgage AB	2014	2013
Salaries and other remuneration	2	2
Pension costs	1	1
Social insurance charges	1	1
Allocation to profit-sharing fund	0	0
Training costs	0	0
Other staff costs	0	0
<b>Total</b>	<b>4</b>	<b>4</b>
of which profit-based costs	-	-

### Number of employees

The average number of employees in the company during the year was 5, of whom 60 per cent were women and 40 per cent were men.

### Salaries and other remuneration

Swedbank Mortgage AB	2014	2013
Loans to President	1	1
Loans to Board members	9	6
No. of persons with loans	5	5

The Group has not pledged any assets, other security or accepted any contingent liabilities on behalf of any members of the company's management.

## 10 Staff costs, cont.

Swedbank Mortgage AB	2014		2013	
Gender distribution	Men	Women	Men	Women
Board of Directors	3	3	3	3

### Information on senior executives

The number of senior executives as of 31 December 2014 was 6 (6).

## 11 Other expenses

Swedbank Mortgage AB	2014	2013
Purchased services	748	674
Other	1	0
<b>Total</b>	<b>749</b>	<b>674</b>

## 12 Net credit impairments

Swedbank Mortgage AB	2014	2013
<b>Provisions for loans that individually are assessed as impaired</b>		
Provisions	12	7
Reversed of previous provisions	-5	-5
Provisions for homogenous groups of impaired loans, net	-31	-13
<b>Total</b>	<b>-24</b>	<b>-11</b>
<b>Portfolio provisions for loans that individually are not assessed as impaired</b>	<b>1</b>	<b>-27</b>
<b>Write-offs</b>		
Established losses	74	87
Utilisation of previous provisions	-9	-16
Recoveries	-5	-3
<b>Total</b>	<b>60</b>	<b>68</b>
Net credit impairments	37	30
<b>Credit impairments by valuation category</b>		
Loans and receivables	25	17
Fair value through profit or loss	12	13
<b>Total</b>	<b>37</b>	<b>30</b>
<b>Credit impairments by borrower category, General public</b>		
Write-off and provisions	56	54
Recoveries from previous years' actual credit impairments	-19	-24
<b>Total</b>	<b>37</b>	<b>30</b>

## 13 Appropriations

Swedbank Mortgage AB	2014	2013
Untaxed reserves		
Tax allocation reserve	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## 14 Tax

Tax expense	2014	2013
Tax related to previous years	3	2
Current tax	1 615	1 362
Deferred tax		
<b>Total</b>	<b>1 618</b>	<b>1 364</b>

### Swedbank Mortgage AB

The tax expense corresponds to 22% of the company's pretax profit. The difference between the company's tax expense and the tax expense based on current tax rates is explained below:

	2014		2013	
	SEKm	per cent	SEKm	per cent
Result	1 618	22,00	1 362	22,00
Current tax rate	1 615	22,00	1 364	22,00
<b>Difference</b>	<b>3</b>	<b>0</b>	<b>2</b>	

### 2014

	Opening balance	Income Statement	Other comprehensive income	Closing balance
<b>Deferred tax liabilities</b>				
Untaxed reserves	235			235
<b>Total</b>	<b>235</b>	<b>0</b>	<b>0</b>	<b>235</b>

### Deferred tax assets

	Opening balance	Income Statement	Other comprehensive income	Closing balance
Cash flow hedges	174		-69	105
<b>Total</b>	<b>174</b>	<b>0</b>	<b>-69</b>	<b>105</b>

### 2013

	Opening balance	Income Statement	Other comprehensive income	Closing balance
<b>Deferred tax liabilities</b>				
Untaxed reserves	235			235
<b>Total</b>	<b>235</b>	<b>0</b>	<b>0</b>	<b>235</b>

	Opening balance	Income Statement	Other comprehensive income	Closing balance
<b>Deferred tax assets</b>				
Cash flow hedges	88		86	174
<b>Total</b>	<b>88</b>	<b>0</b>	<b>86</b>	<b>174</b>

## 15 Earnings per share

Earnings per share are calculated by dividing net profit attributable to the shareholders of the parent by the weighted average number of shares outstanding.

	2014	2013
Profit attributable to shareholders of the company	5 727	4 827
Average number of shares outstanding, million	23	23
Earnings per share, SEK	249,00	209,87

No other transactions involving shares or potential shares have taken place between the balance sheet date and the date of completion of these financial statements.

## 16 Tax for each component in other comprehensive income

Swedbank Mortgage AB	2014			
	Before tax amount	Deferred tax	Current tax	After tax amount
Cash flow hedges	-477	105		-372
<b>Other comprehensive income</b>	<b>-477</b>	<b>105</b>	<b>0</b>	<b>-372</b>

Swedbank Mortgage AB	2013			
	Before tax amount	Deferred tax	Current tax	After tax amount
Cash flow hedges	-791	174		-617
<b>Other comprehensive income</b>	<b>-791</b>	<b>174</b>	<b>0</b>	<b>-617</b>

## 17 Loans to credit institutions

Swedbank Mortgage AB	2014	2013
Valuation category, loans and receivables		
Swedish banks*	47 626	71 046
<b>Total</b>	<b>47 626</b>	<b>71 046</b>

\* of which liquid assets, bank deposits

## 18 Loans to the public

Swedbank Mortgage AB	2014	2013
Valuation category, loans and receivables		
Swedish public	546 190	448 402
<b>Total</b>	<b>546 190</b>	<b>448 402</b>
Valuation category, fair value through profit or loss		
Other		
Swedish public *	275 357	320 438
<b>Total</b>	<b>275 537</b>	<b>320 438</b>
<b>Total loans to the public</b>	<b>821 547</b>	<b>768 840</b>
* Nominal amount	269 421	315 688
Number of loans	1 611 637	1 592 950

The maximum credit risk exposure for lending measured at fair value corresponds to the carrying amount.

## 19 Shares and participating interests

Swedbank Mortgage AB	Book value		Cost	
	2014	2013	2014	2013
Valuation category, AFS Condominiums	1	3	1	3
<b>Total</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>
of which, unlisted	1	3	1	3

## 20 Investments in Group entities

Shares in subsidiaries,

The previously dormant wholly owned subsidiary Swedbank Skog och Lantbruk AB, 556061-5592, ceased to exist through a merger September 26, 2014

## 21 Derivatives

Swedbank Mortgage trades in derivatives for the purpose of hedging certain positions that are exposed to interest rate and currency risks. The majority of the interest rate swaps that safeguard the interest rate risk associated with certain loans are recognised as hedging instruments in hedge accounting at fair value. The derivatives are recognised at fair value with changes in value through profit or loss in the same manner as for other derivatives. In note 9 Net gains and losses on financial items, any ineffectiveness of the hedges is recognized as the change in value

of the derivative together with the change in value of the hedged risk component. Currency swaps sometimes also hedge projected future interest payments, so-called cash flow hedges. Future estimated cash flows that are hedged by the swaps are disclosed below. Since the derivatives are recognised as hedging instruments, their fair value is recognised in the statement of other comprehensive income. The carrying amount of derivatives included in hedge accounting is reported separately below. The carrying amounts of all derivatives refer to fair value including accrued interest.

Swedbank Hypotek AB	Remaining contractual term to maturity, nominal amount			Positive values		Negative values	
	< 1 year	1-5 years	> 5 years	2014	2013	2014	2013
<b>Derivatives in hedge accounting</b>							
<b>Fair value hedge</b>							
Interest-rate swaps	60 287	221 460	50 861	332 608	333 276	20 725	13 541
<b>Portfolio fair value hedge</b>							
Interest-rate swaps	33 100	35 500	5 100	73 700	52 850	1	38
<b>Cash flow hedge</b>							
Currency swaps	11 207	36 179	16 600	63 986	131 675	2 958	521
<b>Total</b>	<b>104 594</b>	<b>293 139</b>	<b>72 561</b>	<b>470 294</b>	<b>517 801</b>	<b>23 684</b>	<b>14 100</b>
<b>Other derivatives</b>							
<b>Interest-rate-related</b>							
Forward contracts	-468			-468	733	1	2
Swaps	54 696	83 036	2 299	140 031	209 785	1 610	1 920
<b>Currency-related</b>							
Swaps	19 597	47 877	33 029	100 503	72 288	7 970	1 780
<b>Total</b>	<b>73 825</b>	<b>130 913</b>	<b>35 328</b>	<b>240 066</b>	<b>282 806</b>	<b>9 581</b>	<b>3 702</b>
<b>Grand total</b>	<b>178 419</b>	<b>424 052</b>	<b>107 889</b>	<b>710 357</b>	<b>800 607</b>	<b>33 265</b>	<b>17 802</b>

### Periods when hedged cash flows are expected to occur and when they are expected to affect the income statement

	< 1 year	1-3 years	3-5 years	5-10 years	> 10 years
Cash inflows (assets)					
Cash outflows (liabilities)	26 318	34 274	2 590	30 639	15 640
<b>Net cash flows</b>	<b>-26 318</b>	<b>-34 274</b>	<b>-2 590</b>	<b>-30 639</b>	<b>-15 640</b>

## 22 Other assets

Swedbank Mortgage AB	2014	2013
Security settlement claims	605	0
Other	73	95
<b>Total</b>	<b>678</b>	<b>95</b>

## 23 Prepaid expenses and accrued income

Swedbank Mortgage AB	2014	2013
Accrued interest income	2475	3 190
Other	14	3
<b>Total</b>	<b>2 489</b>	<b>3 193</b>

## 24 Amounts owed to credit institutions

Swedbank Mortgage AB	2014	2013
<b>Valuation category, other financial liabilities</b>		
Swedish banks	322 387	270 884
<b>Total</b>	<b>322 387</b>	<b>270 884</b>
<b>Valuation category, fair value through profit or loss</b>		
Other		
Swedish banks*		2 875
<b>Total</b>	<b>0</b>	<b>2 875</b>
<b>Total</b>	<b>322 387</b>	<b>273 759</b>
* Nominal amount	0	2 874

## 25 Debt securities in issue

Swedbank Mortgage AB	2014	2013
<b>Valuation category, other financial liabilities</b>		
Commercial paper	1 648	40
Bond loans	460 273	470 698
Change in value due to hedge accounting	23 808	49
Other	0	4 488
<b>Total</b>	<b>485 728</b>	<b>475 275</b>
<b>Valuation category, fair value through profit or loss</b>		
Other		
Bond loans*	34 361	44 746
<b>Total</b>	<b>34 361</b>	<b>44 746</b>
<b>Total</b>	<b>520 089</b>	<b>520 021</b>
* Nominal amount	32 112	41 637

## 26 Other liabilities

Swedbank Mortgage AB	2014	2013
Liabilities to parent company	7 382	4 100
Security settlement liabilities	730	0
Other	90	164
<b>Total</b>	<b>8 202</b>	<b>4 264</b>

## 27 Accrued expenses and prepaid income

Swedbank Mortgage AB	2014	2013
Accrued interest expenses	7 458	10 081
Other	629	594
<b>Total</b>	<b>8 088</b>	<b>10 676</b>

## 28 Untaxed reserves

Swedbank Mortgage AB	2014	2013
<b>Opening balance</b>	<b>1 068</b>	<b>1 068</b>
Provision to tax allocation reserve	0	0
<b>Closing balance</b>	<b>1 068</b>	<b>1 068</b>

## 29 Equity according to Annual Accounts Act ÅRKL

Changes in equity during the period are reported in the statement of the changes in equity.

Swedbank Mortgage AB	2014	2013
<b>Restricted equity</b>		
Share capital	11 500	11 500
Statutory reserve	3 100	3 100
<b>Total</b>	<b>14 600</b>	<b>14 600</b>
<b>Non-restricted equity</b>		
Conditional shareholder's contribution	2 400	2 400
Unconditional shareholder's contribution	2 600	
Retained earnings	13 669	17 455
<b>Total</b>	<b>18 668</b>	<b>19 855</b>
<b>Total equity</b>	<b>33 269</b>	<b>34 455</b>
	<b>2014</b>	<b>2013</b>
<b>Number of shares</b>		
Approved and issued, millions	23	23

The quote value per share is SEK 0.50. All shares are fully paid.

## 30 Contingent liabilities, assets pledged and commitments

Swedbank Mortgage AB	2014	2013
<b>Assets pledged</b>		
Assets pledged for own liabilities*	780 213	740 215
Securities pledged for forward contracts	0	0
<b>Commitments, nominal amount</b>		
Loans granted but not paid	9 507	6 206
<b>Total</b>	<b>789 720</b>	<b>746 421</b>

Nominal amounts for interest, equity and currency related contracts are reported in note 21 Derivatives.

\* Consists of collateral for covered bonds. This collateral is reported as the nominal loan principal, including accrued interest. The holders of covered bonds have priority over the assets in the cover pool in a bankruptcy.

## 31 Related parties

### I. Parent company

Swedbank Mortgage AB is a wholly owned subsidiary of Swedbank AB (publ). The following headings in the balance sheet and statement of comprehensive income include transactions with Swedbank AB in the amounts specified.

#### Swedbank Mortgage AB

	2014	2013
<b>Group receivables</b>		
Loans to credit institutions	47 626	71 046
Derivatives	33 139	17 732
Other assets	36	37
FPrepaid expenses and accrued income	0	0
<b>Total</b>	<b>80 801</b>	<b>88 815</b>
<b>Group liabilities</b>		
Amounts owed to credit institutions	322 347	273 720
Debt securities in issue	9 111	7 619
Derivatives	10 751	17 359
Other liabilities	7 382	4 100
Accrued expenses and prepaid income	523	1 526
<b>Total</b>	<b>350 114</b>	<b>304 324</b>

#### Swedbank Mortgage AB

	2014	2013
<b>Statement of comprehensive income</b>		
Interest income	378	528
Interest expenses	-776	-2 776
<b>Total</b>	<b>-398</b>	<b>-2 248</b>

### II. Other companies in the Swedbank Group

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.

#### Swedbank Mortgage AB

	2014	2013
<b>Group liabilities</b>		
Debt securities in issue	1 663	1 853
Accrued expenses and prepaid income	6	84
<b>Total</b>	<b>1 669</b>	<b>1 937</b>
<b>Statement of comprehensive income</b>		
Interest expenses	0	-32
Commission expenses	-13	-160
<b>Total</b>	<b>-13</b>	<b>-192</b>

### III. Senior executives

See note 10 for further information

## 32 Financial assets and liabilities, which have been offset or are subject to netting or similar agreements

The disclosures below refer to reported financial instruments that are subject to legally binding netting agreements, even when they have not been offset in the balance sheet. All financial instruments which are subject to netting agreements has the parent company Swedbank AB as counterparty.

	2014	2013
<b>Assets</b>	<b>Derivatives</b>	<b>Derivatives</b>

Financial assets, which not have been offset or are subject to netting or similar agreements	1	2
--	---	---

Financial assets, which have been offset or are subject to netting or similar agreements	33 264	17 800
--	--------	--------

<b>Net amount presented in the balance sheet</b>	<b>33 265</b>	<b>17 802</b>
--	---------------	---------------

#### Financial assets, which have been offset or are subject to netting or similar agreements

Gross amount	33 264	17 800
--------------	--------	--------

Offset amount	0	0
---------------	---	---

<b>Net amount presented in the balance sheet</b>	<b>33 264</b>	<b>17 800</b>
--	---------------	---------------

#### Related amount not offset in the balance sheet

Derivatives	10 751	17 353
-------------	--------	--------

<b>Net amount</b>	<b>22 513</b>	<b>447</b>
-------------------	---------------	------------

	2014	2013
<b>Liabilities</b>	<b>Derivatives</b>	<b>Derivatives</b>

Financial liabilities, which have not been offset or are subject to netting or similar agreements		2
---	--	---

Financial liabilities, which have been offset or are subject to netting or similar agreements	10 751	17 353
---	--------	--------

<b>Net amount presented in the balance sheet</b>	<b>10 751</b>	<b>17 355</b>
--	---------------	---------------

#### Financial liabilities, which have been offset or are subject to netting or similar agreements

Gross amount	10 751	17 353
--------------	--------	--------

Offset amount	0	0
---------------	---	---

<b>Net amount presented in the balance sheet</b>	<b>10 751</b>	<b>17 353</b>
--	---------------	---------------

#### Related amount not offset in the balance sheet

Derivatives	10 751	17 353
-------------	--------	--------

<b>Net amount</b>	<b>0</b>	<b>0</b>
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## 33 Fair value of financial instruments

### Carrying amounts and fair values of financial instruments

A comparison between the carrying amounts and fair value of the Swedbank Mortgage AB's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

	2014			2013		
	Book value	Fair value	Difference	Book value	Fair value	Difference
<b>Assets</b>						
<b>Financial Assets</b>						
Loans to credit institutions	47 626	47 626		71 046	71 046	
Loan receivables	47 626	47 626		71 046	71 046	
Loans to the public	821 547	830 164	8 617	768 840	773 732	4 892
Loan receivables	546 190	554 806	8 617	448 402	453 294	4 892
Fair value through profit or loss	275 357	275 357		320 438	320 438	
Shares and participating interests	1	1		3	3	
Available for sale investments	1	1		3	3	
Derivatives	33 265	33 265		17 802	17 802	
Other financial assets	5 310	5 310		3 733	3 733	
Non-financial assets	105	105		174	174	
<b>Total</b>	<b>907 854</b>	<b>916 471</b>	<b>8 617</b>	<b>861 598</b>	<b>866 490</b>	<b>4 892</b>
<b>Liabilities</b>						
<b>Financial liabilities</b>						
Amounts owed to credit institutions	322 387	322 493	106	273 759	274 019	260
Other financial liabilities	322 387	322 493	106	270 884	271 144	260
Fair value through profit or loss				2 875	2 875	
Debt securities in issue, etc.	520 089	526 350	6 260	520 021	525 537	5 516
Other financial liabilities	485 729	491 989	6 260	475 275	480 791	5 516
Fair value through profit or loss	34 361	34 361		44 746	44 746	
Derivatives	10 751	10 751		17 355	17 355	
Other financial liabilities	16 289	16 289		14 940	14 940	
Subordinated liabilities	4 000	4 006				
Non-financial liabilities				235	235	
<b>Total</b>	<b>837 517</b>	<b>879 889</b>	<b>6 372</b>	<b>826 310</b>	<b>832 086</b>	<b>5 776</b>

### Determination of fair value of financial instruments

Swedbank Mortgage uses various methods to determine the fair value of financial instruments depending on the degree of observable market data in the valuation and the activity in the market. An active market is considered a regulated marketplace where quoted prices are easily accessible and which demonstrates regularity. Activity is continuously evaluated by analysing factors such as trading volumes and differences in bid and ask prices.

The methods are divided in three different levels:

- Level 1: Unadjusted, quoted price on an active market
- Level 2: Adjusted, quoted price or valuation model with valuation parameters derived from an active market
- Level 3: Valuation model where a majority of valuation parameters are non-observable and based on internal assumptions.

In cases that lack an active market, fair value is determined with the help of established valuation methods and models. In these cases assumptions that cannot be directly attributed to a market may be applied. These assumptions are based on experience and knowledge of the valuation of financial markets. The goal, however, is to always maximise the use of data from an active market. All valuation methods and models and internal assumptions are validated continuously by the independent risk control unit.

### Financial instruments recognised at fair value

The following tables describe fair values at three valuation levels for financial instruments recognised at fair value.

Level 1 contains bonds in issue that are traded on an active market.

Level 2 contains primarily less liquid securities, derivatives and loans to the public.

The change due to Swedbank Mortgage's own credit risk has been determined by calculating the difference in value based on current prices from external dealers for Swedbank Mortgage's own credit risk in its own unquoted issues and the value based on prices for its own credit risk for its own unquoted issues on the origination date.

The change in the value of securities in issue attributable to changes in credit risk amounted to SEK 10m during the period and is recognised as net gains and losses on financial items. The cumulative value change amounted to SEK -122m. For loans to the public where there are no observable market inputs for the credit margin at the time of measurement, the credit margin of the last transaction executed with the same counterparty is used. The value change for loans to the public attributable to changes in credit risk amounted to SEK -12m during the period and is recognised as credit impairments. Cumulative value changes of that kind amounted to SEK -40m. The amount is determined as the difference between the current estimated credit worthiness and estimated credit worthiness of the borrower on the lending date. Other changes in fair value are considered to be attributable to changes in market risks. The valuation models may require certain internal estimates (Level 3), the scope of which is dependent on the instrument's complexity and the availability of market inputs. This category contains 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. Sales of assets are accounted for as recoveries in the income statement. See note 3 Critical accounting judgements and estimates.

There were no transfers of financial instruments between valuation levels during the year.

### 33 Fair value of financial instruments cont.

#### Financial instruments recognised at fair value

The table shows financial instruments measured at fair value as per 31 December 2014 distributed by valuation level.

Swedbank Mortgage AB	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Loans to the public		275 357		275 357		320 438		320 438
Shares and participating interest			1	1			3	3
Derivatives		33 265		33 265		17 802		17 802
<b>Total</b>		<b>308 622</b>	<b>1</b>	<b>308 623</b>		<b>338 240</b>	<b>3</b>	<b>338 243</b>
<b>Liabilities</b>								
Amounts owed to credit institutions							2 875	2 875
Debt securities in issue, etc.	23 237	11 123		34 360	31 417	13 330		44 747
Derivatives		10 751		10 751		17 355		17 355
<b>Total</b>	<b>23 237</b>	<b>21 874</b>		<b>45 111</b>	<b>31 417</b>	<b>30 685</b>	<b>2 875</b>	<b>64 977</b>

#### Financial instruments at fair value based on Level 3

	2014		2013	
	Assets	Liabilities	Assets	Liabilities
<b>Opening balance</b>	<b>3</b>	<b>2 875</b>	<b>1</b>	<b>3 713</b>
Gains or Loss in statement of comprehensive income*		-1		0
Acquisitions			2	
Sales of assets	-2			
Maturities		-2 874		-838
<b>Closing balance</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>2 875</b>

\* Unrealised changes in value.

#### Financial instruments recognised at amortised cost

The table shows fair value of financial instruments measured at amortised cost as per 31 December 2014 distributed by valuation level.

	2014				2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Assets</b>								
Loans to credit institutions		47 626		47 626		71 046		71 046
Loans to the public		554 806		554 806		453 294		453 294
<b>Total</b>		<b>602 432</b>		<b>602 432</b>		<b>71 046</b>		<b>524 340</b>
<b>Liabilities</b>								
Amounts to credit institutions						271 144		271 144
Debt securities in issue	296 763	195 226						480 790
Subordinated liabilities		4 006						
<b>Total</b>	<b>296 76</b>	<b>199 232</b>				<b>271 144</b>		<b>751 934</b>

### 34 Events after 31 December 2014

No important events have occurred.

# Signatures of the Board of Directors and the President

The Board of Directors and the President hereby affirm that the annual report has been prepared in accordance with the Act on Annual Accounts in Credit Institutions and Securities Companies (ÅRKL), the instructions and general guidelines of the Swedish Financial Supervisory Authority (FFFS 2008:25) and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities, and provides an accurate portrayal of the Company's position and earnings and that the Board of Directors' Report provides an accurate review of trends in the company's operations, position and earnings, as well as describes significant risks and instability factors faced by the company.

Stockholm, 20 February 2015

Leif Karlsson  
Chair

Magdalena Frostling  
President

Anders Ekedahl

Jonas Eriksson

Gunilla Domeij Hallros

Eva de Falck

Our auditor's report was submitted on 20 February 2015

Deloitte AB

Patrick Honeth  
Auktoriserad revisor

# Auditors' report

To the annual meeting of the shareholders of Swedbank Mortgage AB (publ)  
Corporate identity number 556003-3283

## REPORT ON THE ANNUAL ACCOUNTS

We have audited the annual accounts and consolidated accounts of Swedbank Mortgage AB (publ) for the financial year 2014-01-01 – 2014-12-31 with the exception of the corporate governance report on page 3. The annual accounts of the company are included in the printed version of this document on pages 3–32.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies for Credit Institutions and Securities Companies and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of Swedbank Hypotek AB (publ) as of 31 December 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. Our opinions does not include the corporate governance report on page 3. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts, we have also audited the proposed appropriations of the company's profit and the administration of the Board of Directors and the Managing Director of Swedbank Hypotek AB (publ) for the financial year 2014-01-01 – 2014-12-31. We have also performed a statutory audit of the corporate governance report.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance model is prepared according to the Annual Accounts Act.

### Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted

in contravention of the Companies Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

In addition, we have conducted our audit of the corporate governance report and based on our knowledge of the company we believe we have sufficient and appropriate audit evidence to provide a basis for our audit opinions. This means that our statutory audit of the corporate governance report have a different approach and a substantially narrower scope than a statutory audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden has.

#### Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

In our opinion, the corporate governance report has been prepared and is consistent with the annual accounts.

Stockholm, 20 February 2015

Deloitte AB

Patrick Honeth  
Authorized Public Accountant

# Definitions

## Capital quotient

The capital base in relation to the capital requirement.

## Capital adequacy ratio

The capital base in relation to the risk-weighted amount.

## Capital base

The sum of Tier 1 (primary) and Tier 2 (supplementary) capital less items in accordance with chapter 3 sections 5-8 of the Capital Adequacy and Large Exposures Act.

## Credit impairment ratio

Credit impairments on loans and other credit risk provisions, net, in relation to the opening balance of loans to the public.

## Credit impairments

Established and probable losses for the year less recoveries related to loans as well as the year's net expenses for guarantees and other contingent liabilities.

## Impaired loans

Loans where there is, on an individual level, objective evidence of a loss event, and where this loss event has an impact on the cash flow of the exposure. Impaired loans, gross, less specific provisions for loans assessed individually and provisions for homogenous loans assessed individually constitute impaired loans, net.

## Investment margin

Net interest income in relation to average total assets.

## Loan-to-value (LTV) ratio

Loan amount in relation to the market value of the collateral.

## Past due

A loan is past due when the counterparty has failed to make a payment within 5 days from due date.

## Provision for credit impairment

Impairment of loans if the solvency of the borrower is not expected to improve sufficiently within two years and the value of the collateral does not cover the loan amount.

## Provision ratio for individually identified impaired loans

Specific provisions for loans assessed individually and provisions for homogenous groups of loans assessed collectively in relation to impaired loans, gross.

## Restructured loan

Loan for which the borrower has been granted some form of concession due to a deteriorated financial position.

## Return on equity

Net profit for the year in relation to average equity.

## Risk-weighted assets

Total assets on the balance sheet and off-balance sheet commitments, divided into credit and market risks, valued and risk weighted according to current capital adequacy regulations.

## Share of impaired loans

Book value of impaired loans, net, in relation to book value of loans to the public.

## Tier 1 capital

Equity less deferred tax assets and intangible assets in the Group plus equity contributions and reserves that may be included in the capital base as Tier 1 capital according to chapter 3 section 4 of the Capital Adequacy and Large Exposures Act.

## Tier 1 capital ratio

Tier 1 capital in relation to risk-weighted assets.

## Total provision ratio for impaired loans

All provisions for loans in relation to impaired loans, gross.

# List of bond loans

Benchmark bonds issued abroad for Swedbank Hypotek AB (publ)

Bond ID	ISIN	Interest rate	Issue date	Maturity date	Currency	Nominal amount in	
						local currency, 31 Dec 2014	SEKm 31 Dec 2014
USCB 1	XS0609192678	2,95%	11-03-28	16-03-28	USD	1 000	7 800
USCB 3	XS0670236842	2,13%	11-08-31	16-08-31	USD	1 000	7 800
USCB 4	XS0762447075	2,38%	12-03-23	17-04-05	USD	1 500	11 700
USCB 5	XS0909788456	1,38%	13-03-28	18-03-28	USD	1 000	7 800
EMTN 852	XS0517421920	2,50%	10-06-15	15-06-15	EUR	1 100	10 434
EMTN 891	XS0673599097	2,25%	11-09-07	15-09-07	EUR	1 500	14 228
EMTN 877	XS0581062675	3,00%	11-01-21	16-01-21	EUR	1 000	9 485
EMTN 827	XS0455687920	3,63%	09-10-05	16-10-05	EUR	1 250	11 857
EMTN 839	XS0496542787	3,38%	10-03-22	17-03-22	EUR	1 100	10 434
EMTN 838	CH0110878490	1,63%	10-03-29	15-05-29	CHF	300	2 364
EMTN 833	CH0109730207	2,14%	10-02-26	16-08-26	CHF	350	2 758
EMTN 873	CH0118532776	1,63%	10-12-08	17-12-08	CHF	260	2 049
EMTN 937	XS0925525510	1,13%	13-05-07	20-05-07	EUR	1 000	9 485
EMTN 875	CH0123069038	2,13%	11-02-08	21-02-08	CHF	100	788
EMTN 953	XS1069674825	1,13%	14-05-21	21-05-21	EUR	1 000	9 485
<b>Totalt</b>							<b>118 468</b>

# List of bond loans

## Bonds issued abroad for Swedbank Mortgage AB (publ)

Bond ID	ISIN	Interest rate	Issue date	Maturity date	Currency	Nominal	Nominal
						amount in local currency, 31 Dec 2014	amount in SEKm 31 Dec 2014
EMTN 903	XS0737415215	3m Stibor + 0,50%	12-01-26	15-01-26	SEK	200	200
EMTN 884	XS0626774656	2,80%	11-05-16	15-02-16	EUR	20	190
EMTN 906	XS0750350984	3m Stibor + 0,17%	12-02-24	15-02-24	SEK	90	90
EMTN 868	XS0548248151	3m Stibor + 0,75%	10-10-11	15-03-18	SEK	575	575
EMTN 905	XS0742410771	3m Stibor + 0,45%	12-02-07	15-03-18	SEK	1 400	1 400
EMTN 887	XS0640350020	3m Stibor + 0,53%	11-06-23	15-06-23	SEK	600	600
EMTN 606	XS0225632206	Indexobligation	05-08-03	15-08-03	JPY	2 000	130
EMTN 920	XS0811468619	3m Libor + 0,60%	12-08-03	15-08-03	USD	75	585
EMTN 806	XS0381281160	5,14%	08-08-05	15-08-05	EUR	20	190
EMTN 921	XS0815645584	3m Stibor + 0,15%	12-08-14	15-08-14	SEK	350	350
EMTN 694	XS0265056159	5,60%	06-08-21	15-08-21	USD	11	86
EMTN 610	XS0227718250	Indexobligation	05-08-25	15-08-25	EUR	10	95
EMTN 807	XS0382884079	3m Euribor + 0,26%	08-08-14	15-09-14	EUR	60	569
EMTN 910	XS0764657895	3m Stibor + 0,40%	12-03-27	15-09-16	SEK	500	500
EMTN 874	XS0563479848	2,60%	10-11-30	15-11-30	EUR	10	95
EMTN 498	XS0190092469	Indexobligation	04-04-07	15-12-01	SEK	500	500
EMTN 515	XS0193630661	Indexobligation	04-06-01	15-12-01	SEK	200	200
EMTN 917	XS0794744010	3m Stibor + 0,40%	12-06-18	15-12-18	SEK	600	600
EMTN 595	XS0221399834	Nollkupongobligation	05-06-07	15-12-30	HKD	220	221
EMTN 931	XS0875344136	3m Stibor + 0,18%	13-01-15	16-01-15	SEK	2 250	2 250
EMTN 642	XS0242882008	4,62%	06-02-08	16-02-08	HKD	80	80
EMTN 907	XS0750348574	3m Nibor + 0,17%	12-02-24	16-02-24	NOK	75	79
EMTN 825	XS0445433039	3,75%	09-08-12	16-05-12	EUR	20	190
EMTN 915	XS0791635898	3m Stibor + 0, 53%	12-06-13	16-06-13	SEK	375	375
EMTN 948	XS1026221629	3m Stibor + 0, 07%	14-02-03	16-08-03	SEK	1 400	1 400
EMTN 692	XS0265270073	5,07%	06-08-22	16-08-22	HKD	110	111
EMTN 695	XS0265586973	4,92%	06-08-25	16-08-25	HKD	110	111
EMTN 939	XS0969365674	0,76%	13-09-06	16-09-06	EUR	20	190
EMTN 892	XS0677387721	3m Nibor + 0,65%	11-09-15	16-09-15	NOK	150	157
EMTN 893	XS0677306663	3,93%	11-09-15	16-09-15	USD	7	55
EMTN 943	XS0992295948	3m Stibor + 0,13%	13-11-11	16-11-11	SEK	500	500
EMTN 947	XS1008142777	3 m Stibor + 0,12%	13-12-20	16-12-20	SEK	300	300
EMTN 904	XS0737883743	3m Stibor + 0,95%	12-01-27	17-01-27	SEK	425	425
EMTN 908	XS0755790127	3m Euribor + 0,50%	12-03-09	17-03-09	EUR	100	949
EMTN 909	XS0761323301	3m Euribor + 0,57%	12-03-21	17-03-21	EUR	25	237
EMTN 911	XS0765411839	3m Euribor + 0,50%	12-03-28	17-03-28	EUR	100	949
EMTN 912	XS0767173387	3m Stibor + 0,83%	12-04-04	17-04-04	SEK	410	410
EMTN 916	XS0791636359	3m Stibor + 0,74%	12-06-12	17-06-12	SEK	225	225

# List of bond loans

## Bonds issued abroad for Swedbank Mortgage AB (publ)

Bond ID	ISIN	Interest rate	Issue date	Maturity date	Currency	Nominal amount in local cur- rency,	Nominal amount in SEKm
						31 Dec 2014	31 Dec 2014
EMTN 918	XS0796286382	3m Stibor + 0,73%	12-06-26	17-06-26	SEK	250	250
EMTN 922	XS0821177093	3m Stibor + 0,60%	12-08-29	17-08-29	SEK	310	310
EMTN 923	XS0827572107	1,00%	12-09-11	17-09-11	EUR	10	95
EMTN 924	XS0828512326	3m Euribor + 0,20%	12-09-13	17-09-13	EUR	15	142
EMTN 936	XS0921764527	0,750%	13-04-25	17-10-25	EUR	10	95
EMTN 926	XS0848683024	3m Stibor + 0,52%	12-10-26	17-10-26	SEK	300	300
EMTN 925	XS0848471354	3m Libor + 0,25%	12-10-30	17-10-30	USD	10	78
EMTN 927	XS0850341545	3m Euribor + 0,18%	12-11-01	17-11-01	EUR	50	474
EMTN 928	XS0851135425	3m Euribor + 0,18%	12-11-02	17-11-02	EUR	50	474
EMTN 942	XS0989882625	3m Stibor + 0,25%	13-11-06	17-11-06	SEK	550	550
EMTN 949	XS1028252689	3m Stibor + 0,20%	14-02-04	18-02-05	SEK	500	500
EMTN 935	XS0907334949	3m Stibor + 0,37%	13-03-22	18-03-22	SEK	330	330
EMTN 913	XS0773510432	1,75%	12-04-23	18-04-23	EUR	10	95
EMTN 802	XS0371402875	5,95%	08-06-18	18-06-18	NOK	500	525
EMTN 955	XS1107222496	3m Stibor + 0,08%	14-09-10	18-09-10	SEK	200	200
EMTN 940	XS0976010032	3m Stibor + 0,42%	13-10-02	18-10-02	SEK	300	300
EMTN 941	XS0985815371	3m Stibor + 0,40%	13-10-25	18-10-25	SEK	500	500
EMTN 944	XS0993962025	3 m Stibor + 0,36%	13-11-14	18-11-14	SEK	200	200
EMTN 929	XS0857212327	3m Euribor + 0,20%	12-11-21	18-11-21	EUR	30	285
EMTN 930	XS0858168379	3m Euribor + 0,20%	12-11-26	18-11-26	EUR	19	180
EMTN 945	XS0999662892	3 m Stibor + 0,32%	13-12-03	18-12-03	SEK	100	100
EMTN 946	XS1000746997	3 m Stibor + 0,31%	13-12-06	18-12-06	SEK	100	100
EMTN 938	XS0927665272	3m Euribor + 0,13%	13-05-10	18-12-10	EUR	50	474
EMTN 951	XS1048650383	3m Stibor + 0,30%	14-03-25	19-03-25	SEK	175	175
EMTN 952	XS1059373776	3m Stibor + 0,28%	14-04-23	19-04-23	SEK	300	300
EMTN 914	XS0778358902	6m Euribor + 0,40%	12-05-02	19-05-02	EUR	50	474
EMTN 828	XS0457848199	4,90%	09-10-22	19-10-22	NOK	750	787
EMTN 596	XS0221213837	0,83%	05-06-15	20-06-15	JPY	500	33
EMTN 857	XS0523143567	3m Euribor + 0,46%	10-07-02	20-09-27	EUR	10	95
EMTN 597	XS0223127746	3,60%	05-06-30	20-12-01	SEK	350	350
EMTN 655	XS0252775464	Indexobligation	06-04-28	20-12-01	SEK	220	220
EMTN 885	CH0131220631	2,25%	11-06-21	21-06-21	CHF	100	788
EMTN 954	XS1100253191	3m Euribor + 0,115%	14-08-19	21-08-19	EUR	10	95
EMTN 900	XS0720522779	6m Euribor + 0,58%	11-12-16	21-12-16	EUR	50	474
EMTN 883	CH0129918071	2,50%	11-06-03	22-06-03	CHF	150	1 182
EMTN 933	XS0877991827	1,93%	13-01-23	23-01-23	EUR	10	95
EMTN 950	XS1039945867	3m Euribor + 0,19%	14-02-28	24-02-28	EUR	20	190
EMTN 847	XS0507697711	4,01%	10-05-21	25-05-20	EUR	10	95

# List of bond loans

## Other benchmark bonds issued abroad for Swedbank Hypotek AB (publ)

Bond ID	ISIN	Interest rate	Issue date	Maturity date	Currency	Nominal amount in local currency,	Nominal amount in SEKm
						31 Dec 2014	31 Dec 2014
EMTN 854	XS0520001578	3,72%	10-06-24	25-06-24	EUR	10	95
EMTN 815	XS0430266741	5,07%	09-05-22	29-05-22	EUR	10	95
EMTN 816	XS0430512029	5,08%	09-05-26	29-05-28	EUR	10	95
EMTN 822	XS0435543011	5,30%	09-06-25	29-06-25	SEK	300	300
EMTN 932	XS0876113704	3,33%	13-01-17	33-01-18	USD	6	2 340
EMTN 895	XS0679425230	3,13%	11-09-20	36-09-22	SEK	1 000	65
EMTN 809	XS0387371551	5,35%	08-09-10	38-09-10	EUR	20	190
EMTN 834	XS0488083287	4,57%	10-03-01	40-03-01	EUR	40	379
EMTN 934	XS0896120044	3,20%	13-03-06	43-03-06	EUR	25	237
NCB 3	NO0010563786	4,50%	10-01-26	15-01-26	NOK	300	315
NCB 5	NO0010601347	3m Nibor + 0,60%	11-03-01	16-03-01	NOK	1 000	1 050
NCB 6	NO0010601339	4,60%	11-03-01	16-03-01	NOK	250	262
NCB 7	NO0010661457	3m Nibor + 0,45%	12-10-09	17-10-09	NOK	2 000	2 100
NCB 2	NO0010548365	5,10%	09-11-10	19-11-11	NOK	850	892
NCB 9	NO0010709892	3m Nibor + 0,35%	14-04-16	20-04-16	NOK	300	315
NCB 4	NO0010600315	5,25%	11-03-16	21-03-16	NOK	1 050	1 102
NCB 8	NO0010708118	3m Nibor + 0,40%	14-03-19	21-03-19	NOK	1 000	1 050
<b>Total</b>							<b>38 960</b>

## Other Swedish benchmark bonds issued in Sweden for Swedbank Mortgage AB (publ)

Bond ID	ISIN	Interest rate	Issue date	Maturity date	Currency	Nominal amount in local currency,	Nominal amount in SEKm
						31 Dec 2014	31 Dec 2014
RCB					EUR	2 914	27 635
<b>Total</b>							<b>27 635</b>

# List of bond loans

Swedish benchmark bonds issued in Sweden for Swedbank Mortgage AB (publ)

Bond ID	ISIN	Interest rate	Issue date	Maturity date	Currency	Nominal amount in SEKm 31 Dec 2014
180	SE0002576561	5,70%	08-05-12	20-05-12	SEK	10 298
182	SE0003041045	3,75%	09-03-18	15-03-18	SEK	21 923
183	SE0003585785	3,75%	10-09-16	15-09-16	SEK	21 755
184	SE0003585793	3,75%	10-06-15	16-06-15	SEK	54 659
185	SE0003585801	3,75%	10-03-15	17-03-15	SEK	59 163
186	SE0004270007	3,75%	10-12-20	17-12-20	SEK	59 923
187	SE0004270015	3,75%	11-09-19	18-09-19	SEK	53 300
188	SE0004270023	3,75%	11-06-19	19-06-19	SEK	14 250
<b>Total</b>						<b>295 271</b>

Bonds issued in Sweden for Swedbank Mortgage AB (publ)

Bond ID	ISIN	Interest rate	Issue date	Maturity date	Currency	Nominal amount in SEKm 31 Dec 2014
MTN 3088	SE0003909258	3m Stibor + 0,87%	11-03-21	16-03-21	SEK	860
MTN 3093	SE0004390912	3m Stibor + 0,70%	11-12-30	15-12-30	SEK	1 865
MTN 3094	SE0004390920	3m Stibor + 0,95%	11-12-30	16-12-30	SEK	2 760
MTN 3096	SE0004810059	3m Stibor + 0,62%	12-09-14	17-12-29	SEK	1 840
MTN 3097	SE0005423498	3m Stibor + 0,45%	13-09-25	18-12-28	SEK	1 180
179	SE0002576553	5,80%	08-05-12	16-05-12	SEK	83
<b>Totalt</b>						<b>8 588</b>

# Board of Directors, Auditors and Executive Committee

## Board members appointed by the Annual General Meeting:

Leif Karlsson  
Head of Group Lending  
Born 1966

Magdalena Frostling  
President of Swedbank Mortgage  
Born 1965

Anders Ekedahl  
Head of Group IT  
Born 1960

Jonas Ericsson  
Head of Group Products  
Born 1974

Gunilla Domeij Hallros  
Senior Vice President  
Head of Treasury Analytics and Reporting  
Born 1961

Eva de Falck  
Head of Legal  
Swedish Retail/Channels & Concepts  
Born 1960

## Auditor appointed by the Annual General Meeting:

Deloitte AB  
Patrick Honeth

## Swedbank Mortgage's Executive Committee:

Magdalena Frostling  
President of Swedbank Mortgage  
e-mail: [magdalena.frostling@swedbank.com](mailto:magdalena.frostling@swedbank.com)

Board members' shareholdings: Since Swedbank Mortgage AB is a wholly owned subsidiary of Swedbank, board members have no shareholdings in the company.

Design: Swedbank Mortgage Inhouse Production  
Graphic production: Inhouse Production, Marketing  
Copy: Swedbank  
Photography: Swedbank

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