

Swedbank



Swedbank Mortgage

Interim report

January – September 2007

Swedbank Mortgage

JANUARY – SEPTEMBER 2007 IN SUMMARY

(comparative figures refer to the corresponding period previous year)

- Net interest income amounted to SEK 3,143m (3,078)
- Lending increased by nominal SEK 40bn (31)
- Credit risk in the portfolio remains very low
- In September 2007, Swedbank Mortgage received approval to issue covered bonds

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

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

Profit analysis

Operating profit amounted to SEK 2,807m (2,816). Net interest income for the period, as well as for the third quarter, is stable and amounted to SEK 3,143m (3,078). The volume increase for the period was rather high and amounted to SEK 40,135m (30,891). The price competition in the market is continuously high, with interest margin pressure as a consequence.

Expenses and loan losses

Commission expenses, which are paid to the savings banks and partly owned banks, amounted to SEK 382m (386). Operating expenses amounted to SEK 42m (47).

Credit risk in the portfolio remains very low. Recoveries from previous provisions exceeded new losses and provisions, where recoveries due to previously concluded insolvency matters accounted for SEK 27m. Loan losses for the period, net, amounted to SEK -61m (12). Provisions for anticipated losses amounted to SEK 68m (138) as of September 30, 2007. Loan losses and loans are further specified in notes 2 and 3.

Lending and funding

As of September 30, 2007 Swedbank Mortgage's loans to the public amounted to SEK 547,494m (499,659), of which the change in the market value of the loans accounted for SEK -4,287m (196). The market share for new household loans amounted to 34 percent (31) during the period January-August.

On 14 September, Swedbank Mortgage received approval from the Swedish Financial Supervisory Authority to issue covered bonds. Swedbank Mortgage intends to convert the outstanding bonds to covered bonds during the second quarter of 2008. A preliminary assessment by Moody's indicates that Swedbank Mortgage has good prospects of receiving the highest

credit rating, AAA, on its covered bonds.

Of the total funding, 47 percent has been issued in foreign money and capital markets (48).

New capital adequacy rules

New rules on capital adequacy and large exposures, FFFS 2007:1 (Basel II), apply as of February 1, 2007. According to the new rules, the capital requirement will be more closely linked to the company's risk profile. In addition to a capital requirement for credit risks, a capital requirement is also being introduced for operational risks. Implementation is taking place in stages during a three-year period through 2009. For Swedbank Mortgage, the new capital adequacy rules will gradually mean lower capital requirements since its operations are in the mortgage area, which is characterized by very low risk. According to the new rules, the capital requirement excluding supplement amounted to SEK 4,822m as per 30 September 2007, which can be compared to SEK 25,189m according to the old rules.

The capital adequacy ratio according to the new rules amounted to 9.8 percent on September 30, 2007 (9.3 on December 31, 2006 according to the older rules), of which the tier 1 capital ratio was 9.0 percent (8.6 on December 31, 2006 according to the older rules).

A specification of capital adequacy are provided in note 6.

Interest rate risk

An increase in market interest rates of one percentage point as of September 30, 2007 would have reduced the value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by approximately SEK 498m (621).

A one percentage point increase in market interest rates would have decreased net gains and losses on financial items at fair value by SEK 70m (185).

Risks and uncertainties

Swedbank Mortgage's earnings may be affected by the surrounding world fluctuations that the company has no control over. The risks are primarily credit risk, financial risk and operational risk. Swedbank Mortgage maintains a low-risk profile through a well-diversified credit portfolio and limited financial and operational risks.

In addition to what is stated in this interim report, a description of the company's risks is provided in the annual report for 2006. No significant changes have taken place with regard to the distribution of risks compared with what is stated in the annual report.

Accounting policies

The interim report for the group has been prepared in accordance with IAS 34 Interim Financial Reporting and follows the same accounting policies as the most recent annual report.

The parent company, Swedbank Mortgage AB, prepares its accounts according to the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of the Financial Supervisory Authority and recommendation RR 32:06 of the Swedish Financial

Accounting Standards Council. As of 2007 the parent company values derivatives at fair value. As a result, separate portfolios of lending and securities in issue are also measured at fair value according to the so-called fair value option. The change means that the parent company's recognition of financial instruments follows the same policies as already applied in the group. All comparative figures have been restated. The change in the parent company described above reduced profit for the year 2006 by SEK 90m and the closing equity balance for 2006 by SEK 205m. Other accounting policies agree with those applied in the most recent annual report.

Financial reporting

Swedbank Mortgage's year-end results 2007 will be released on 14 February 2008.

Swedbank Mortgage Group – Key financial highlights 2003–2007

	2007*	2006*	2006**	2005**	2004***	2003***
Lending						
Loans to the public, SEKm	547,494	499,659	510,479	472,058	428,628	398,752
Profitability						
Operating profit, SEKm	2,807	2,816	3,759	4,815	4,602	4,255
Investment margin, %	0.69	0.75	0.75	0.98	1.11	1.17
Return on equity, %	10.4	11.7	11.5	17.1	17.0	16.5
Earnings per share, SEK	87.87	88.16	117.65	150.74	144.04	133.17
Capital						
Capital base, SEKm.	28,682	26,204	26,823	26,116	23,673	22,723
Equity, SEKm	26,792	24,093	24,771	22,065	18,840	17,654
Number of shares at beginning/end of period,SEKm	23	23	23	23	23	23
Equity per share, SEK	1,164.87	1,047.52	1,077.00	959.35	819.13	767.57
Capital adequacy ratio, % ****	9.8	9.4	9.3	10.1	10.3	11.0
Tier 1 Capital ratio, % ****	9.0	8.6	8.6	8.5	8.2	8.5
Credit quality						
Loan losses, SEKm	-61	12	-8	-18	-46	18
Loan loss level, %	-0.02	0.00	-0.00	-0.00	-0.01	0.00
Provision ratio for impaired loans, %	67.8	125.8	104.4	96.6	73.3	70.2
Share of impaired loans, according to loans to the public, %	0.01	0.01	0.01	0.02	0.04	0.04

* As of September 30 according to IFRS

** As of December 31 according to IFRS

*** As of December 31 according to previously applied accounting principles

**** Since 2007, capital ratios are calculated according to FFFS 2007:1 (Basel II)

Income statement

Group

SEKm	Note	Jan - Sep 2007	Jan - Sep 2006	Change %	July - Sep 2007	July - Sep 2006	Change %
Interest income		18,406	14,737	25	6,436	5,105	26
Interest expenses		-15,263	-11,659	31	-5,384	-4,039	33
NET INTEREST INCOME		3,143	3,078	2	1,052	1,066	-1
Commission income		24	23	4	8	7	14
Commission expenses		-405	-410	-1	-130	-133	-2
NET COMMISSION INCOME		-381	-387	-2	-122	-126	-3
Net gains and losses on financial items at fair value	1	19	173	-89	-126	43	-
Other operating income		7	11	-36	2	3	-33
TOTAL INCOME		2,788	2,875	-3	806	986	-18
Staff costs		-11	-13	-15	-2	-4	-50
Other general administrative expenses		-20	-21	-5	-4	-8	-50
TOTAL ADMINISTRATIVE EXPENSES		-31	-34	-9	-6	-12	-50
Depreciation/amortization and impairment of tangible and intangible fixed assets		-11	-13	-15	-4	-4	0
TOTAL EXPENSES		-42	-47	-11	-10	-16	-38
PROFIT BEFORE LOAN LOSSES		2,746	2,828	-3	796	970	-18
Loan losses	2	61	-12	-	1	-1	-
OPERATING PROFIT		2,807	2,816	0	797	969	-18
Tax expense for the period		-786	-788	0	-223	-272	-18
PROFIT FOR THE PERIOD		2,021	2,028	0	574	697	-18
Earnings per share, before and after dilution, SEK		87.87	88.16		24.96	30.29	

Swedbank Mortgage AB

SEKm	Note	Jan - Sep 2007	Jan - Sep 2006	Change %	July - Sep 2007	July - Sep 2006	Change %
Interest income		18,159	14,403	26	6,358	5,020	27
Interest expenses		-15,251	-11,583	32	-5,379	-4,036	33
NET INTEREST INCOME		2,908	2,820	3	979	984	-1
Commission income		18	17	6	6	5	20
Commission expenses		-360	-365	-1	-116	-119	-3
NET COMMISSIONS INCOME		-342	-348	-2	-110	-114	-4
Net gains and losses on financial items at fair value	1	63	241	-74	-124	112	-
Other operating income		7	10	-30	3	4	-25
TOTAL INCOME		2,636	2,723	-3	748	986	-24
Staff costs		-9	-12	-25	-1	-3	-67
Other general administrative expenses		-20	-29	-31	-5	-10	-50
TOTAL ADMINISTRATIVE EXPENSES		-29	-41	-29	-6	-13	-54
Depreciation/amortization and impairment of tangible and intangible fixed assets		0	-5	-	0	-1	-
TOTAL EXPENSES		-29	-46	-37	-6	-14	-57
PROFIT BEFORE LOAN LOSSES		2,607	2,677	-3	742	972	-24
Loan losses	2	61	-12	-	1	-1	-
OPERATING PROFIT		2,668	2,665	0	743	971	-23
Tax expense for the period		-747	-746	0	-208	-272	-24
PROFIT FOR THE PERIOD		1,921	1,919	0	535	699	-23

Balance sheet

SEKm	Note	Group			Swedbank Mortgage AB		
		Sep 30 2007	Sep 30 2006	Dec 31 2006	Sep 30 2007	Sep 30 2006	Dec 31 2006
Assets							
Treasury bills eligible for refinancing with central banks		149		99	149		99
Loans to credit institutions	3	48,031	52,094	47,232	78,594	80,323	76,126
Loans to the public	3	547,494	499,659	510,479	512,828	467,486	477,672
Derivatives	4	3,214	5,364	2,537	3,214	5,336	2,537
Other assets		8,427	5,328	7,059	10,450	7,260	8,863
TOTAL ASSETS		607,315	562,445	567,406	605,235	560,405	565,297
Liabilities and equity							
Liabilities							
Amount owed to credit institutions		114,401	94,715	99,238	114,388	94,700	99,238
Debt securities in issue		446,326	428,650	421,647	445,217	427,490	420,536
Derivatives	4	7,144	4,947	8,109	7,111	4,900	8,048
Other liabilities		10,303	7,673	11,313	10,184	7,499	11,082
Subordinated liabilities		2,349	2,367	2,328	2,349	2,367	2,328
TOTAL LIABILITIES		580,523	538,352	542,635	579,249	536,956	541,232
Equity							
Shareholders' equity		26,792	24,093	24,771	25,986	23,449	24,065
TOTAL EQUITY		26,792	24,093	24,771	25,986	23,449	24,065
TOTAL LIABILITIES AND EQUITY		607,315	562,445	567,406	605,235	560,405	565,297

Financial instruments distributed by valuation category according to IAS 39

SEKm	Sep 30, 2007
Assets	
Treasury bills eligible for refinancing with central banks	149
valuation category, Fair value through profit or loss, trading	149
Loans to credit institutions	48,031
valuation category, Loans and receivables	48,031
Loans to the public	547,494
valuation category, Loans and receivables	111,300
valuation category, Fair value through profit or loss	436,194
Liabilities	
Amount owed to credit institutions	114,401
valuation category, Other financial liabilities	103,878
valuation category, Fair value through profit or loss, other	10,523
Debt securities in issue	446,326
valuation category, Fair value through profit or loss, other	446,326
Subordinated liabilities	2,349
valuation category, Other financial liabilities	2,349
changes in the value according to hedge accounting	0

Cash flow statement

SEKm	Group			Swedbank Mortgage AB		
	Jan - Sep 2007	Jan - Sep 2006	Jan - Dec 2006	Jan - Sep 2007	Jan - Sep 2006	Jan - Dec 2006
Cash and cash equivalents at beginning of period*	900	6,547	6,547	461	6,311	6,311
Cash flow from operating activities	-25,842	-30,175	-44,043	-25,591	-30,127	-44,255
Cash flow from investing activities			-9			-
Cash flow from financing activities	27,119	38,567	38,405	27,119	38,567	38,405
CASH FLOW FOR THE PERIOD	1,277	8,392	-5,647	1,528	8,440	-5,850
CASH AND CASH EQUIVALENTS AT END OF PERIOD*	2,177	14,939	900	1,989	14,751	461
* of which securities pledged for OMX AB						
at beginning of period	99	99	100	99	99	100
at end of period	149	-	99	149	-	99

Statement of changes in equity

Group	Equity attributable to Shareholders' equity
SEKm	
Opening balance January 1, 2006	22,065
Profit for the period	2,028
CLOSING BALANCE SEPTEMBER 30, 2006	24,093
Opening balance January 1, 2007	24,771
Profit for the period	2,021
CLOSING BALANCE SEP 30, 2007	26,792

Swedbank Mortgage AB

SEKm	Restricted equity	Non- restricted equity	Total
Closing balance December 31, 2005	14,600	7,045	21,645
Change in accounting policies according to FFFS 2006:16		-115	-115
Opening balance January 1, 2006	14,600	6,930	21,530
Profit for the period		1,919	1,919
CLOSING BALANCE SEPTEMBER 30, 2006	14,600	8,849	23,449
of which conditional shareholders' contributions		2,400	2,400
Closing balance december 31, 2005	14,600	7,045	21,645
Change in accounting policies according to FFFS 2006:16		-115	-115
Opening balance January 1, 2006	14,600	6,930	21,530
Profit for the period		2,535	2,535
CLOSING BALANCE DECEMBER 31, 2006	14,600	9,465	24,065
of which conditional shareholders' contributions		2,400	2,400
Opening balance January 1, 2007	14,600	9,465	24,065
Profit for the period		1,921	1,921
CLOSING BALANCE SEPTEMBER 30, 2007	14,600	11,386	25,986
of which conditional shareholders' contributions		2,400	2,400

Notes

1 Net gains and losses on financial items at fair value

Group	jan - sep	jan - sep	july - sep	july - sep
SEKm	2007	2006	2007	2006
Valuation category, Fair value through profit or loss				
<i>Trading and derivatives</i>				
Interest-bearing securities	1,816	-2,120	-2,846	3,990
TOTAL	1,816	-2,120	-2,846	3,990
<i>Other</i>				
Interest-bearing securities	-1,811	2,245	2,717	-3,956
TOTAL	-1,811	2,245	2,717	-3,956
<i>Hedge accounting at fair value</i>				
Hedging instruments	-2	-23	-1	-3
Hedged item	2	27	1	3
TOTAL	0	4	0	0
Interest income compensation, loans valued at cost	14	44	3	9
Change in exchange rates	0	0	0	0
TOTAL NET PROFIT ON FINANCIAL ITEMS AT FAIR VALUE	19	173	-126	43

Swedbank Mortgage AB	jan-sep	jan-sep	july-sep	july-sep
SEKm	2007	2007	2007	2007
Interest-bearing securities	63	241	-124	112
TOTAL	63	241	-124	112
Changes in exchange rates	0	0	0	0
TOTAL NET PROFIT ON FINANCIAL ITEMS AT FAIR VALUE	63	241	-124	112

2 Loan losses, net

Group

SEKm	jan - sep 2007	jan - sep 2006	july - sep 2007	july - sep 2006
Loans assessed individually				
The period's write-off for established loan losses	13	7	7	2
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established	-7	-3	-2	-2
The period's provisions for anticipated loan losses	2	3	-4	-2
Recoveries from previous years' established loan losses	-33	-2	-1	-1
Recovered provisions for anticipated loan losses	-7	-9	-2	-6
THE PERIOD'S NET EXPENSE FOR LOANS ASSESSED INDIVIDUALLY	-32	-4	-2	-9
Collective provisions for loans assessed individually				
Allocation to/withdrawal from collective provisions	-36	8	0	7
Collectively assessed homogenous groups of loans with limited value and similar credit risk				
The period's write-off for established loan losses	4	8	1	2
Recoveries from previous year's established loan losses	0	0	0	0
Allocations to/ withdrawal from loan loss reserve	3	0	0	0
THE PERIOD'S NET EXPENSE FOR COLLECTIVELY ASSESSED LOANS	7	8	1	2
THE PERIOD'S NET LOAN LOSS EXPENSE	-61	12	-1	1
Loan losses distributed by valuation category				
Loans and receivables	-12	3	0	1
Fair value through profit or loss	-49	9	-1	0
TOTAL	-61	12	-1	1

Swedbank Mortgage AB

SEKm	jan - sep 2007	jan - sep 2006	july - sep 2007	july - sep 2006
Loans assessed individually				
The period's write-off for established loan losses	13	7	7	2
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established	-7	-3	-2	-2
The period's provisions for anticipated loan losses	2	3	-4	-2
Recoveries from previous years' established loan losses	-33	-3	-1	-1
Recovered provisions for anticipated loan losses	-7	-8	-2	-6
THE PERIOD'S NET EXPENSE FOR LOANS ASSESSED INDIVIDUALLY	-32	-4	-2	-9
Collective provisions for loans assessed individually				
Allocation to/withdrawal from collective provisions	-36	8	0	7
Collectively assessed homogenous groups of loans with limited value and similar credit risk				
The period's write-off for established loan losses	4	8	1	2
Recoveries from previous year's established loan losses	0	0	0	0
Allocations to/ withdrawal from loan loss reserve	3	0	0	0
THE PERIOD'S NET EXPENSE FOR COLLECTIVELY ASSESSED LOANS	7	8	1	2
THE PERIOD'S NET LOAN LOSS EXPENSE	-61	12	-1	1
Loan losses distributed by valuation category				
Loans and receivables	-13	3	0	1
Fair value through profit or loss	-48	9	-1	0
TOTAL	-61	12	-1	1

3 Loans to credit institutions and loans to the public

SEKm	Group			Swedbank Mortgage AB		
	Sep 30 2007	Sep 30 2006	Dec 31 2006	Sep 30 2007	Sep 30 2006	Dec 31 2006
Book value (before accounting for provisions)	595,593	551,891	557,825	591,489	547,946	553,911
Specific provisions for individually assessed loans	-23	-35	-35	-22	-34	-34
Collective provisions for loans assessed individually	-23	-84	-60	-23	-84	-60
Provisions for collectively valued homogenous groups of loans with limited value and similar credit risk	-22	-19	-19	-22	-19	-19
TOTAL PROVISIONS	-68	-138	-114	-67	-137	-113
BOOK VALUE	595,525	551,753	557,711	591,422	547,809	553,798
of which valuation category Loans and receivables	159,331	162,319	154,225	186,449	187,804	180,439
of which valuation category Fair value through profit or loss, other	436,194	389,434	403,486	404,973	360,005	373,359
Book value of impaired loans (unsettled)	56	55	55	53	53	52
Total provision ratio for impaired loans, %	67.8	125.8	104.4	69.1	129.0	107.0
Provision ratio for individually identified impaired loans, %	44.9	49.7	49.9	45.2	50.2	50.4
Impaired loans as % of total lending, %	0.01	0.01	0.01	0.01	0.01	0.01

Specification: Sector/branch

Sector SEKm	Book value before provisions	Specific provisions for individually assessed loans	Collective provisions for individually assessed loans	Provisions for collectively assessed homogenous groups	Book value of loans after provisions	Book value of impaired loans
Private individuals	447,304	-3		-22	447,279	42
Real estate management	86,592	-19	-23		86,550	12
Other corporate lending	7,993	-1			7,992	2
Municipalities	5,673				5,673	
TOTAL	547,562	-23	-23	-22	547,494	56
Credit institutions	48,031				48,031	
TOTAL LOANS TO CREDIT INSTITUTIONS AND PUBLIC	595,593	-23	-23	-22	595,525	56

4 Specification of derivatives in the Group as of September 30, 2007

Swedbank Mortgage trades in derivatives for the purpose of hedging certain positions with regard to the value of interest rates and foreign currencies. The following table is prepared in accordance with the directives of the Swedish Financial Supervisory Authority and includes all derivatives in the Group.

SEKm	Interest rate-related	Foreign exchange-related	Others
	Book value	Book value	Book value
Derivatives with positive values	1,769	1,445	-
Derivatives with negative values	1,527	5,617	0
Nominal amount	242,050	228,724	7,122

5 Memorandum items

SEKm	Group			Swedbank Mortgage AB		
	Sep 30 2007	Sep 30 2006	Dec 31 2006	Sep 30 2007	Sep 30 2006	Dec 31 2006
Assets pledged	149	-	99	149	-	99
Contingent liabilities	1,141	1,182	1,172	1,141	1,182	1,172
Commitments	14,227	5,315	6,756	13,807	4,841	6,294

6 Capital adequacy

For Swedbank Mortgage the new capital adequacy rules mean that the minimum capital requirement for credit risks now, with the permission of the Financial Supervisory Authority, will be based on an internal risk measurement according to the Internal Ratings Based Approach ("IRB") established by Swedbank. For a small portion of lending the capital requirement for credit risks is calculated according to the older rules. In addition, a special capital requirement for operational risks has been added, which the company, with the approval of the Swedish Financial Supervisory Authority, has chosen to calculate with the help of the standardized method.

Special transitional rules that apply during a transitional period through 2009 gradually reduce the capital requirement owing to the new rules. The transitional rules mean that the minimum capital requirement in 2007 may not be less than 95 percent of the capital requirement calculated according to the older rules, which for 2008 and 2009 corresponds to a floor of 90 percent and 80 percent, respectively.

The financial companies group Swedbank Mortgage comprises Swedbank Mortgage AB and Swedbank Jordbrukskredit AB.

Financial companies group	According to older rules			
	Sep 30 2007	Sep 30 2007	Dec 31 2006	Sep 30 2006
SEKm				
Primary capital	26,546	26,780	24,683	24,025
Supplementary capital	2,136	2,162	2,140	2,179
Capital base	28,682	28,942	26,823	26,204
Risk-weighted assets	60,280	314,861	288,169	279,250
Capital requirement for credit risks, older rules	0	25,189	23,054	22,340
Capital requirement for credit risks, IRB	4,290			
Capital requirement for operational risks	532			
Capital requirement	4,822	25,189	23,054	22,340
Supplement during transition period (95%)	18,681			
Capital requirement including supplement	23,503			
Tier 1 capital ratio, % excluding supplement	44.0	8.5	8.6	8.6
Capital adequacy ratio, % excluding supplement	47.6	9.2	9.3	9.4
Capital base in relation to capital requirement excluding supplement	5.95	1.15	1.16	1.17
Tier 1 capital ratio, % including supplement	9.0			
Capital adequacy ratio, % including supplement	9.8			
Capital base in relation to capital requirement including supplement	1.22			

Swedbank Mortgage's ratings

	S&P	Moody's	Fitch
Long-term		Aa1	AA-
Short-term	A-1	P-1	F1+

The signatures of the Board of Directors and the President

The Board of Directors and the President assure that the interim report for the period January 1, 2007 to September 30, 2007 provides a fair and accurate overview of the operations, financial position and results of the parent company and the group, and that it describes the significant risks and uncertainties faced by the parent company and the companies in the group.

Stockholm 24 October 2007

Jan Lidén
Chairman

Kjell Hedman
Deputy Chairman

Jan Lilja
President

Lars Ljungälv

Ingvar Svensson

Ragnar Udin

Review Report of interim financial information**Introduction**

We have reviewed the interim report for the period January 1 to September 30, 2007, for Swedbank Mortgage AB (publ). The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information for Swedbank Mortgage AB (publ) is not, in all material aspects, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34.

Stockholm, October 24, 2007

Deloitte AB

Jan Palmqvist
Authorized Public Accountant

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