

Swedbank



# Swedbank Mortgage

Interim report January – March

April 24, 2008

# Swedbank Mortgage

JANUARY – MARCH 2008 IN SUMMARY

(comparative figures refer to the corresponding period previous year)

- Operating profit amounted to SEK 736m (1,039)
- Lending increased by nominal SEK 7.4bn (12.0) and amounted to SEK 569bn (522)
- Credit risk in the portfolio remains very low

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, commercial properties, municipal investments and agricultural and forestry properties.

## Profit analysis

Operating profit for the period amounted to SEK 736m (1,039) and net interest income amounted to SEK 872m (1,056). The price competition in the market is continuously high, and older loans with fixed interest rate are renewed with lower margins. Another explanation to the reduction in net interest income is Swedbank Mortgage's decision to hold extra liquidity due to the turbulence on the financial markets, which has resulted in a higher cost for liquidity.

## Lending and funding

As of March 31, 2008 Swedbank Mortgage's loans to the public amounted to SEK 568,959m (521,979), of which the change in the market value of the loans accounted for SEK -3,418m (-1,690). The increase in volume reflects the lower activity in the market during the last months and amounted to SEK 7,436m (12,022) for the first quarter of 2008. Swedbank Mortgage's total market share was approximately 30 percent (30) as per February 29, 2008.

Of the total funding, 40 percent has been issued in foreign money and capital markets (47).

## Expenses and loan losses

Commission expenses, which are paid to the savings banks and partly owned banks, amounted to SEK 121m (129). Operating expenses amounted to SEK 12m (17).

Credit risk in the portfolio remains very low. Recoveries from previous provisions exceeded new losses and provisions, why loan losses net affected the earnings positively with SEK 6m (30). Provisions for anticipated loan losses amounted to SEK 74m (84) as of March 31, 2008. Loan losses and loans are further specified in notes 2 and 3.

## New capital adequacy rules

New rules on capital adequacy and large exposures, Basel 2, was introduced during 2007. During 2008 and 2009, transitional rules will apply, but full effect of Basel 2 will be achieved from 2010. For Swedbank Mortgage, the new capital adequacy rules will gradually mean lower capital requirements since the mortgage area is characterized by very low risk. According to the new rules, the capital requirement, excluding supplement, amounted to SEK 5,545m as per 31 March 2008, which can be compared to SEK 26,621m according to the old rules. According to the new rules and current transitional rules, the total capital adequacy quotient amounted to 1.12 as of March 31, 2008 (1.11 as per December 31, 2007) and the capital adequacy ratio amounted to 9.0 percent (8.9 as per December 31, 2007), of which the tier 1 capital ratio was 8.6 percent (8.2 on December 31, 2007).

A specification of capital adequacy is provided in note 7.

## Interest rate risk

An increase in market interest rates of one percentage point as of March 31, 2008 would have reduced the value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by approximately SEK 384m (498).

A one percentage point increase in market interest rates would have decreased net gains and losses on financial items at fair value by SEK 228m (22), referring to the financial instruments measured at fair value.

## Risks and uncertainties

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 2007. 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. 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 (replaced by the Financial Reporting Council as of April 1, 2007).

The accounting policies agree with those applied in the most recent annual report.

**Financial reporting**

Swedbank Mortgage's interim report for the first six months of 2008 will be released on 17 July 2008.

**Covered bonds**

On April 21, 2008, Swedbank Mortgage converted to covered bonds as its primary funding source. The transition took place through a conversion of outstanding long-term funding to covered bonds with AAA rating from Standard and Poor's and Aaa rating from Moody's.

# Swedbank Mortgage Group – Key financial highlights 2004–2008

	Mar 31 2008	Mar 31 2007	Dec 31 2007	Dec 31 2006	Dec 31 2005	Dec 31 2004*
<b>Lending</b>						
Loans to the public, SEKm	568,959	521,979	560,633	510,479	472,058	428,628
<b>Profitability</b>						
Operating profit, SEKm	736	1,039	3,828	3,759	4,815	4,602
Investment margin**, %	0.63	0.73	0.67	0.75	0.98	1.11
Return on equity, %	8.41	11.9	10.6	11.5	17.1	17.0
Earnings per share, SEK	23.04	32.52	119.70	117.65	150.74	144.04
<b>Capital</b>						
Capital base, SEKm.	26,420	27,015	26,882	26,823	26,116	23,673
Equity, SEKm	25,462	25,519	24,932	24,771	22,065	18,840
Number of shares at beginning/end of period,SEKm	23	23	23	23	23	23
Equity per share, SEK	1,107.04	1,109.52	1,084.00	1,077.00	959.35	819.13
Total capital adequacy quotient***	1.12	1.25	1.11	1.16	1.26	1.29
Capital adequacy ratio, % ***	9.0	10.0	8.9	9.3	10.1	10.3
Tier 1 Capital ratio, % ***	8.6	9.3	8.2	8.6	8.5	8.2
<b>Credit quality</b>						
Loan losses, SEKm	-6	-30	-43	-8	-18	-46
Loan loss level, %	-0.00	-0.02	-0.01	-0.00	-0.00	-0.01
Provision ratio for impaired loans, %	65.4	87.9	73.9	104.4	96.6	73.3
Share of impaired loans, according to loans to the public, %	0.01	0.01	0.01	0.01	0.02	0.04

\* According to previously applied accounting policies

\*\* Calculated as an average of 12 months. Previously calculated as an average of the period

\*\*\* Since 2007, capital ratios are calculated according to FFFS 2007:1 (Basel 2)

# Income statement

## Group

SEKm	Note	Jan - Mar 2008	Jan - Mar 2007	Change %
Interest income		7,529	5,771	30
Interest expenses		-6,657	-4,715	41
<b>NET INTEREST INCOME</b>		<b>872</b>	<b>1,056</b>	<b>-17</b>
Commission income		14	7	
Commission expenses		-128	-136	-6
<b>NET COMMISSION INCOME</b>		<b>-114</b>	<b>-129</b>	<b>-12</b>
Net gains and losses on financial items at fair value	1	-19	97	
Other operating income		3	2	50
<b>TOTAL INCOME</b>		<b>742</b>	<b>1,026</b>	<b>-28</b>
Staff costs		2	4	-50
Other general administrative expenses		7	10	-30
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<b>9</b>	<b>14</b>	<b>-36</b>
Depreciation/amortization and impairment of tangible and intangible fixed assets		3	3	
<b>TOTAL EXPENSES</b>		<b>12</b>	<b>17</b>	<b>-29</b>
<b>PROFIT BEFORE LOAN LOSSES</b>		<b>730</b>	<b>1,009</b>	<b>-28</b>
Loan losses	2	-6	-30	-80
<b>OPERATING PROFIT</b>		<b>736</b>	<b>1,039</b>	<b>-29</b>
Tax expense for the period		206	291	-29
<b>PROFIT FOR THE PERIOD</b>		<b>530</b>	<b>748</b>	<b>-29</b>
Earnings per share, before and after dilution, SEK		23.04	32.52	-29

## Swedbank Mortgage AB

SEKm	Note	Jan - Mar 2008	Jan - Mar 2007	Change %
Interest income		7,438	5,692	31
Interest expenses		-6,636	-4,712	41
<b>NET INTEREST INCOME</b>		<b>802</b>	<b>980</b>	<b>-18</b>
Commission income		12	5	
Commission expenses		-115	-119	-3
<b>NET COMMISSIONS INCOME</b>		<b>-103</b>	<b>-114</b>	<b>-10</b>
Net gains and losses on financial items at fair value	1	-14	110	
Other operating income		3	1	
<b>TOTAL INCOME</b>		<b>688</b>	<b>977</b>	<b>-30</b>
Staff costs		2	3	-33
Other general administrative expenses		7	10	-30
<b>TOTAL ADMINISTRATIVE EXPENSES</b>		<b>9</b>	<b>13</b>	<b>-31</b>
Depreciation/amortization and impairment of tangible and intangible fixed assets		0	0	
<b>TOTAL EXPENSES</b>		<b>9</b>	<b>13</b>	<b>-31</b>
<b>PROFIT BEFORE LOAN LOSSES</b>		<b>679</b>	<b>964</b>	<b>-30</b>
Loan losses	2	-6	-30	-80
<b>OPERATING PROFIT</b>		<b>685</b>	<b>994</b>	<b>-31</b>
Tax expense for the period		192	279	-31
<b>PROFIT FOR THE PERIOD</b>		<b>493</b>	<b>715</b>	<b>-31</b>

# Balance sheet

SEKm	Note	Group			Swedbank Mortgage AB		
		Mar 31 2008	Mar 31 2007	Dec 31 2007	Mar 31 2008	Mar 31 2007	Dec 31 2007
<b>Assets</b>							
Treasury bills eligible for refinancing with central banks		99	99		99	99	
Loans to credit institutions	3	95,298	80,941	66,838	127,168	110,392	98,281
Loans to the public	3	568,959	521,979	560,633	532,995	488,576	525,164
Derivatives	4	4,663	5,100	6,034	4,659	5,096	6,030
Other assets		18,225	6,112	5,034	20,151	7,998	7,403
<b>TOTAL ASSETS</b>		<b>687,244</b>	<b>614,231</b>	<b>638,935</b>	<b>685,072</b>	<b>612,161</b>	<b>636,878</b>
<b>Liabilities and equity</b>							
<b>Liabilities</b>							
Amount owed to credit institutions		139,546	104,804	125,006	139,546	104,804	125,006
Debt securities in issue		487,145	462,715	464,064	486,023	461,567	462,919
Derivatives	4	9,735	3,336	4,608	9,729	3,319	4,616
Other liabilities		23,947	15,484	17,936	23,792	15,318	17,868
Subordinated liabilities		1,409	2,373	2,389	1,409	2,373	2,389
<b>TOTAL LIABILITIES</b>		<b>661,782</b>	<b>588,712</b>	<b>614,003</b>	<b>660,499</b>	<b>587,381</b>	<b>612,798</b>
<b>Equity</b>							
Shareholders' equity		25,462	25,519	24,932	24,573	24,780	24,080
<b>TOTAL EQUITY</b>		<b>25,462</b>	<b>25,519</b>	<b>24,932</b>	<b>24,573</b>	<b>24,780</b>	<b>24,080</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>687,244</b>	<b>614,231</b>	<b>638,935</b>	<b>685,072</b>	<b>612,161</b>	<b>636,878</b>

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

SEKm	Mar 31, 2008	Mar 31, 2007	Dec 31, 2007
<b>Assets</b>			
Treasury bills eligible for refinancing with central banks	99	99	
valuation category, Fair value through profit or loss, trading	99	99	
Loans to credit institutions	95,298	80,941	66,838
valuation category, Loans and receivables	95,298	80,941	66,838
Loans to the public	568,959	521,979	560,633
valuation category, Loans and receivables	127,831	111,252	117,711
valuation category, Fair value through profit or loss, other	441,128	410,727	442,922
Derivatives	4,663	5,100	6,034
valuation category, Fair value through profit or loss, trading and derivatives	4,663	5,100	6,034
<b>Liabilities</b>			
Amount owed to credit institutions	139,546	104,804	125,006
valuation category, Other financial liabilities	136,139	92,498	114,552
valuation category, Fair value through profit or loss, other	3,407	12,306	10,454
Debt securities in issue	487,145	462,715	464,064
valuation category, Fair value through profit or loss, other	487,145	462,715	464,064
Derivatives	9,735	3,336	4,608
valuation category, Fair value through profit or loss, trading and derivatives	9,735	3,336	4,608
Subordinated liabilities	1,409	2,373	2,389
valuation category, Other financial liabilities	1,409	2,372	2,389
changes in the value according to hedge accounting		1	

## Cash flow statement

SEKm	Group			Swedbank Mortgage AB		
	Jan-Mar 2008	Jan-Mar 2007	Jan-Dec 2007	Jan - Mar 2008	Jan - Mar 2007	Jan - Dec 2007
<b>Cash and cash equivalents at beginning of period*</b>	<b>22,572</b>	<b>900</b>	<b>900</b>	<b>21,778</b>	<b>461</b>	<b>461</b>
Cash flow from operating activities	5,884	-3,262	-18,213	5,389	-3,357	-18,568
Cash flow from financing activities	20,964	39,803	39,885	20,964	39,803	39,885
<b>CASH FLOW FOR THE PERIOD</b>	<b>26,848</b>	<b>36,541</b>	<b>21,672</b>	<b>26,353</b>	<b>36,446</b>	<b>21,317</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD*</b>	<b>49,420</b>	<b>37,441</b>	<b>22,572</b>	<b>48,131</b>	<b>36,907</b>	<b>21,778</b>

\* of which securities pledged for OMX AB

at beginning of period		99	99		99	99
at end of period	99	99		99	99	

## Statement of changes in equity

Group	Equity attributable to
SEKm	Shareholders of Swedbank Mortgage AB
<b>Opening balance January 1, 2007</b>	<b>24,771</b>
Profit for the period	748
<b>CLOSING BALANCE MARCH 31, 2007</b>	<b>25,519</b>
<b>Opening balance January 1, 2008</b>	<b>24,932</b>
Profit for the period	530
<b>CLOSING BALANCE MARCH 31, 2008</b>	<b>25,462</b>

Swedbank Mortgage AB	Restricted equity	Non-restricted equity	Total
SEKm			
<b>Opening balance January 1, 2007</b>	<b>14,600</b>	<b>9,465</b>	<b>24,065</b>
Profit for the period		715	715
<b>CLOSING BALANCE MARCH 31, 2007</b>	<b>14,600</b>	<b>10,180</b>	<b>24,780</b>
of which conditional shareholders' contributions		2,400	2,400
<b>Opening balance January 1, 2007</b>	<b>14,600</b>	<b>9,465</b>	<b>24,065</b>
Group contribution		-3,600	-3,600
Tax due to Group contribution		1,008	1,008
Profit for the period		2,607	2,607
<b>CLOSING BALANCE DECEMBER 31, 2007</b>	<b>14,600</b>	<b>9,480</b>	<b>24,080</b>
of which conditional shareholders' contributions		2,400	2,400
<b>Opening balance January 1, 2008</b>	<b>14,600</b>	<b>9,480</b>	<b>24,080</b>
Profit for the period		493	493
<b>CLOSING BALANCE MARCH 31, 2008</b>	<b>14,600</b>	<b>9,973</b>	<b>24,573</b>
of which conditional shareholders' contributions		2,400	2,400

# Notes

## 1 Net gains and losses on financial items at fair value

<b>Group</b>	<b>Jan - Mar</b>	<b>Jan - Mar</b>
<b>SEKm</b>	<b>2008</b>	<b>2007</b>
<b>Valuation category, Fair value through profit or loss</b>		
<i>Trading and derivatives</i>		
Interest-bearing securities	-6,895	6,649
<b>TOTAL</b>	<b>-6,895</b>	<b>6,649</b>
<i>Other</i>		
Interest-bearing securities	6,873	-6,558
<b>TOTAL</b>	<b>6,873</b>	<b>-6,558</b>
Interest income compensation, loans valued at cost	3	6
Change in exchange rates	0	0
<b>TOTAL NET GAINS AND LOSSES ON FINANCIAL ITEMS AT FAIR VALUE</b>	<b>-19</b>	<b>97</b>

### Swedbank Mortgage AB

	<b>Jan-Mar</b>	<b>Jan-Mar</b>
<b>SEKm</b>	<b>2008</b>	<b>2007</b>
<b>Valuation category, Fair value through profit or loss</b>		
<i>Trading and derivatives</i>		
Interest-bearing securities	-6,890	6,662
<b>TOTAL</b>	<b>-6,890</b>	<b>6,662</b>
<i>Other</i>		
Interest-bearing securities	6,873	-6,558
<b>TOTAL</b>	<b>6,873</b>	<b>-6,558</b>
Interest income compensation, loans valued at cost	3	6
Change in exchange rates	0	0
<b>TOTAL NET GAINS AND LOSSES ON FINANCIAL ITEMS AT FAIR VALUE</b>	<b>-14</b>	<b>110</b>



## 2 Loan losses, net

### Group

SEKm	Jan - Mar 2008	Jan - Mar 2007
<b>Loans assessed individually</b>		
The period's write-off for established loan losses	0	4
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established		-2
The period's provisions for anticipated loan losses	1	-
Recoveries from previous years' established loan losses		-5
Recovered provisions for anticipated loan losses	-6	-4
<b>THE PERIOD'S NET EXPENSE FOR LOANS ASSESSED INDIVIDUALLY</b>	<b>-5</b>	<b>-7</b>
<b>Collective provisions for loans assessed individually</b>		
Allocation to/withdrawal from collective provisions	-2	-24
<b>Collectively assessed homogenous groups of loans with limited value and similar credit risk</b>		
The period's write-off for established loan losses	1	2
Recoveries from previous year's established loan losses	0	0
Allocations to/ withdrawal from loan loss reserve	0	-1
<b>THE PERIOD'S NET EXPENSE FOR COLLECTIVELY ASSESSED LOANS</b>	<b>2</b>	<b>1</b>
<b>THE PERIOD'S NET LOAN LOSS EXPENSE</b>	<b>-6</b>	<b>-30</b>
<b>Loan losses distributed by valuation category</b>		
Loans and receivables	-1	-7
Fair value through profit or loss	-5	-23
<b>TOTAL</b>	<b>-6</b>	<b>-30</b>

### Swedbank Mortgage AB

SEKm	Jan - Mar 2008	Jan - Mar 2007
<b>Loans assessed individually</b>		
The period's write-off for established loan losses	0	4
Reversal of previous provisions for anticipated loan losses reported in the period's accounts as established		-2
The period's provisions for anticipated loan losses		
Recoveries from previous years' established loan losses	0	-5
Recovered provisions for anticipated loan losses	-5	-4
<b>THE PERIOD'S NET EXPENSE FOR LOANS ASSESSED INDIVIDUALLY</b>	<b>-6</b>	<b>-7</b>
<b>Collective provisions for loans assessed individually</b>		
Allocation to/withdrawal from collective provisions	-2	-24
<b>Collectively assessed homogenous groups of loans with limited value and similar credit risk</b>		
The period's write-off for established loan losses	1	2
Recoveries from previous year's established loan losses	0	0
Allocations to/ withdrawal from loan loss reserve	0	-1
<b>THE PERIOD'S NET EXPENSE FOR COLLECTIVELY ASSESSED LOANS</b>	<b>2</b>	<b>1</b>
<b>THE PERIOD'S NET LOAN LOSS EXPENSE</b>	<b>-6</b>	<b>-30</b>
<b>Loan losses distributed by valuation category</b>		
Loans and receivables	-1	-7
Fair value through profit or loss	-5	-23
<b>TOTAL</b>	<b>-6</b>	<b>-30</b>

### 3 Loans to credit institutions and loans to the public

SEKm	Group			Swedbank Mortgage AB		
	Mar 31 2008	Mar 31 2007	Dec 31 2007	Mar 31 2008	Mar 31 2007	Dec 31 2007
Book value (before accounting for provisions)	664,331	603,004	627,553	660,236	599,051	623,526
Specific provisions for individually assessed loans	-20	-29	-25	-19	-28	-24
Collective provisions for loans assessed individually	-25	-36	-28	-25	-36	-28
Provisions for collectively valued homogenous groups of loans with limited value and similar credit risk	-29	-19	-29	-29	-19	-29
<b>TOTAL PROVISIONS</b>	<b>-74</b>	<b>-84</b>	<b>-82</b>	<b>-73</b>	<b>-83</b>	<b>-81</b>
<b>BOOK VALUE</b>	<b>664,257</b>	<b>602,920</b>	<b>627,471</b>	<b>660,163</b>	<b>598,968</b>	<b>623,445</b>
of which valuation category Loans and receivables	223,129	192,193	184,549	250,493	218,513	212,170
of which valuation category Fair value through profit or loss, other	441,128	410,727	442,922	409,670	380,455	411,275
Book value of impaired loans	65	48	57	62	45	54
Total provision ratio for impaired loans, %	65.4	87.9	73.9	66.6	90.1	75.3
Provision ratio for individually identified impaired loans, %	43.1	50.2	48.9	43.4	50.8	49.4
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	471,042	-2		-29	471,011	51
Real estate management	82,926	-16	-25		82,885	11
Other corporate lending	10,220	-2			10,218	3
Municipalities	4,845				4,845	
<b>TOTAL</b>	<b>569,033</b>	<b>-20</b>	<b>-25</b>	<b>-29</b>	<b>568,959</b>	<b>65</b>
Credit institutions	95,298				95,298	
<b>TOTAL LOANS TO CREDIT INSTITUTIONS AND PUBLIC</b>	<b>664,331</b>	<b>-20</b>	<b>-25</b>	<b>-29</b>	<b>664,257</b>	<b>65</b>

### 4 Specification of derivatives in the Group as of March 31, 2008

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	2,324	2,339	
Derivatives with negative values	1,739	7,996	0
Nominal amount	210,285	118,667	5,616

## 5 Assets pledged, contingent liabilities and commitments

SEK m	Group			Swedbank Hypotek AB		
	Mar 31 2008	Mar 31 2007	Dec 31 2007	Mar 31 2008	Mar 31 2007	Dec 31 2007
Contingent liabilities						
Loan guarantees	1,124	1,172	1,132	1,124	1,172	1,132
Assets pledged						
Securities pledged for other liabilities	99	99		99	99	
Commitments, nominal amounts						
Letters of credit granted but not utilized	10,881	5,946	11,620	10,522	5,533	11,232
<b>TOTAL</b>	<b>12,104</b>	<b>7,217</b>	<b>12,752</b>	<b>11,745</b>	<b>6,804</b>	<b>12,364</b>

## 6 Related parties

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

SEK m	Group			Swedbank Hypotek AB		
	Mar 31 2008	Mar 31 2007	Dec 31 2007	Mar 31 2008	Mar 31 2007	Dec 31 2007
Assets						
Loans to credit institutions	93,293	80,561	66,233	92,204	80,216	65,627
Derivatives	899	1,402	2,051	899	1,402	2,051
Other assets	11	10	22	11	10	21
Prepaid expenses and accrued income	1		38	1		38
<b>TOTAL</b>	<b>94,204</b>	<b>81,973</b>	<b>68,344</b>	<b>93,115</b>	<b>81,628</b>	<b>67,737</b>
Liabilities						
Amounts owed to credit institutions	132,353	104,646	124,637	132,353	104,646	124,637
Debt securities in issue	54,378	13,382	27,582	54,378	13,382	27,582
Derivatives	4,771	784	1,559	5,361	784	1,559
Other assets	3,600	3	3,600	3,600	3	3,600
Accrued expenses and prepaid income	7,332	3,522	6,438	7,329	3,522	6,435
<b>TOTAL</b>	<b>202,434</b>	<b>122,337</b>	<b>163,816</b>	<b>203,021</b>	<b>122,337</b>	<b>163,813</b>
Income statement						
Interest income	930	478	2,341	923	477	2,334
Interest expenses	-1,586	-926	-4,270	-1,586	-926	-4,270
Net gains and losses on financial items at fair value	-4,457	-1,867	1,957	-4,457	-1,867	1,957
Commission expenses	-24	-6	-33	-21	-6	-30
General administrative expenses	-1	-3	145	-1	-3	145
<b>TOTAL</b>	<b>-5,138</b>	<b>-2,324</b>	<b>140</b>	<b>-5,142</b>	<b>-2,324</b>	<b>136</b>

## 7 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. The capital requirement for operational risks is, with approval of the Swedish Financial Supervisory Authority, calculated with 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 2008 and 2009, shall not be less than 90 per cent and 80 percent, respectively of the capital requirement calculated according to the older rules.

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

Financial companies group	According to older rules			
	Mar 31 2008	Mar 31 2008	Dec 31 2007	Mar 31 2007
<b>SEKm</b>				
Primary capital	25,231	24,932	24,705	25,068
Supplementary capital	1,189	1,221	2,177	1,947
<b>Capital base</b>	<b>26,420</b>	<b>26,153</b>	<b>26,882</b>	<b>27,015</b>
<b>Risk-weighted assets</b>	<b>69,319</b>	<b>332,769</b>	<b>54,923</b>	<b>100,243</b>
Capital requirement for credit risks, older rules	0	26,621	0	0
Capital requirement for credit risks, IRB	5,044		3,862	7,487
Capital requirement for operational risks	501		532	532
<b>Capital requirement</b>	<b>5,545</b>	<b>26,621</b>	<b>4,394</b>	<b>8,019</b>
Supplement during transition period (95%)	17,976		19,724	13,637
<b>Capital requirement including supplement</b>	<b>23,521</b>	<b>26,621</b>	<b>24,118</b>	<b>21,656</b>
Tier 1 capital ratio, % excluding supplement	36.4	7.5	45.0	25.0
Capital adequacy ratio, % excluding supplement	38.1	7.9	48.9	26.9
Capital base in relation to capital requirement excluding supplement	4.76	0.98	6.12	3.37
Tier 1 capital ratio, % including supplement	8.6	7.5	8.2	9.3
Capital adequacy ratio, % including supplement	9.0	7.9	8.9	10.0
Capital base in relation to capital requirement including supplement	1.12	0.98	1.11	1.25

### 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, 2008 to March 31, 2008 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 April 22, 2008

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 March 31, 2008, 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, April 22, 2008

Deloitte AB

Jan Larsson  
Authorized Public Accountant

For further information, please contact

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Phone +46-8-5859 1019

Pia Heldesjö, Head of Accounting  
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## **Swedbank Mortgage AB (publ)**

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**Stockholm**

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**Postal address: 106 11 Stockholm**

**Telephone: 08-5859 21 00**

**Telefax: 08-10 79 70**

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