Swedbank

Swedbank Mortgage
Annual Report 2012

Contents

Swedbank Mortgage in brief

Swedbank Mortgage is the leader in the Swedish mortgage market.

Market share: 25 per cent (26 per cent in 2011).

Distribution: Access to 555 branches, which through Swedbank and the savings banks forms Sweden's largest bank-owned retail network.

Loan portfolio: Residential mortgages account for over 90 per cent. The geografical distribution of Swedbank Mortgage reflects the location of the Swedish population. All lending is in Sweden with collateral in Swedish assets.

Collateral: value Maximum loan-to-value ratio of 75 per cent on residential mortgages. Average loan-to- ratio[1] in the loan portfolio of 60 per cent calculated by property level (60 per cent in 2011).

Funding: Swedbank Mortgage issued a total of SEK 77bn (233) during the year in covered bonds, of which SEK 59bn (157) in the domestic market. During the year a total of SEK 20bn (35) was redeemed, of which SEK 17bn (24) in the domestic market. [2]

The Swedish housing market

- Transparent information from, among others, UC AB, Sweden's leading credit information agency, which provides public data on income, debts, payment history, etc.
- Sweden's Consumer Credit Act requires financial institutions to conduct a detailed analysis of each customer's ability to pay, an "affordability" calculation, and stress tests if interest rates rise.
- Borrowers are fully responsible for repaying their debts and have an unlimited recourse obligation.
- Stable social welfare system with widespread unemployment insurance.
- Low speculative risk since there is no "buy-to-let" market.
- No third party origination.

[1] Volume weighted
[2] Book value

Swedbank Mortgage Rating

	Rating	Outlook
Standard & Poor's		
Short Term	A-1	
Long Term	A+	n
Covered bonds	AAA	s
Moody's		
Short Term	P-1	
Long Term	A2	s
Covered bonds	Aaa	*

* Based on Moody's rating methodology for covered bonds, no outlook is used.

About Swedbank Mortgage

Swedbank Mortgage is the leader in the Swedish mortgage market. Its loans are part of the overall offering from Swedbank and the savings banks.

Group relationship

Swedbank Mortgage AB (publ), corporate identification number 556003-3283, is a wholly owned subsidiary of Swedbank AB (publ), 502017-7753. The Swedbank Group includes four business areas – Retail (which in 2013 will be changed with greater independence for branches and regions), Large Corporates & Institutions, Baltic Banking and Asset Management – as well as support from the Group Functions & Other segment, which operates across the business areas and serves as strategic and administrative support for the business areas. Swedbank Mortgage AB (also called "the Company" where appropriate) is part of the Retail business area within Swedbank AB and is the parent company of a subgroup with responsibility for mortgage lending in Sweden. The subgroup comprises Swedbank Mortgage AB and the dormant wholly owned subsidiary Swedbank Skog och Lantbruk AB, 556061-5592.

Swedbank Mortgage's more than one million customers include Swedish homeowners, businesses, tenant-owner associations, municipalities and agricultural and forestry businesses. Swedbank Mortgage's products primarily consist of loans secured by underlying collateral in Swedish residential, agricultural and forest properties up to 75 per cent of their market value. Of Swedbank Mortgage's total lending volume of SEK 744bn[3] (SEK 711bn in 2011), slightly over 90 per cent is represented by mortgage loans to individuals. Swedbank Mortgage has a market share of 25 per cent (26 per cent 2011) of the Swedish mortgage market.

Co-ordination with Swedbank

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. This is an important reason for Swedbank Mortgage's strong market position. The 555 branches of Swedbank and the savings banks (310 and 245, respectively) and internet and telephone banks together make up Sweden's largest bank-owned distribution network. The savings banks consist of 59 independent savings banks that collaborate with Swedbank through a common framework agreement with the national association of savings banks, Sparbankernas Riksförbund, which is signed individually with the specific savings banks. The collaboration encompasses a common IT platform, mortgage lending and mutual fund sales.

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 utilises a number of partners in addition to its own brand, Swedbank Fastighetsbyrå, including home builders and other construction companies.

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 at fair value.

[3] Book value

Market trends

The global economy faces the risk of an extended period of weak growth. Historically low nominal interest rates and large budget deficits leave fewer options to respond to a slowing economy compared with the recession in 2008/09, not least in the US and the EMU countries.

The global economy faces macro economic instability. At the same time as low interest rates and large budget deficits limits responsive actions there is uncertainty and a lack of a long-term economic plan to address the growing imbalances. These factors tend to delay major investment and consumption decisions by companies and households. Although the risk of extensive fiscal austerity (fiscal cliff) has been avoided in the US, huge fiscal deficits still remain. In the short term at least the US economic recovery is expected to continue, which has also created increased optimism in the global financial markets. In Europe, the economic picture is different. The EMU countries are already in recession at the same time that unemployment has reached record levels. This raises growing concerns whether the ongoing budget consolidation has gone too far. The economic policies and reforms that take shape will be a decisive factor for growth in the EMU countries. Expectations that the Chinese economy will gain momentum in coming months driven by increased infrastructure investment are supported by incoming data, particularly for the industry. The stimulus measures are significantly smaller in scope than in 2009, however, which should have less effect on the Chinese economy and the rest of the world.

The Swedish economy's resilience to a slumping global economy, weakend during the latter part of 2012. Leading economic indicators during the last quarter of the year pointed to lower GDP with the risk that the economy could see a mild recession at the start of 2013. The export industry has been hardest hit by the global economy at the same time that the krona has strengthened. Historically the Swedish krona declines in pace with global conditions, but due to Sweden's strong finances, a higher repo rate relative to the rest of the world and a current account surplus, the appetite for Swedish assets in the financial market has increased, which is strengthening the value of the krona. The Swedish labour market also weakened significantly in late 2012. A major increase in the number of layoffs, especially in industry, and fewer available jobs suggest that unemployment will rise to over 8 per cent of the working population in the year ahead. Households have therefore become more pessimistic about the future, despite that their financial position has been somewhat helped by low inflation and interest rates. The economic slowdown and downward revisions to the growth outlook led the Riksbank to again cut its benchmark rate in December, to 1.00 per cent, which is likely to be followed by an additional rate cut in the coming quarter.

Mortgage market

Sweden was affected by macroeconomic instability in 2012. The debt crisis in several European countries and economic weakness with tendencies of gradual improvement in the US have increasingly impacted the Swedish economy.

During the autumn many major Swedish companies announced layoffs due to declining sales, especially in export markets. This has made companies and even households more cautious about investing.

Real estate market

Prices of single-family homes remained relatively stable during the year where as the prices for condominiums continued to increase on national level, although there were regional differences. New housing construction is still low, so there are shortages mainly in urban areas. There are also signs, however, that completed housing units are becoming harder to sell and that the time until sale of existing homes has been extended.

Continued low interest rates will help households hurt by unemployment. It is important for households that carry a lot of debt to amortise their mortgages in preparation for times with significantly higher interest rates than today.

Market shares and volumes

Volume growth in the mortgage market for private lending was 4.7 per cent on an annual basis as of November 2012. Corresponding growth for Swedbank Mortgage was 2.5 per cent, i.e. lower than the total market.

Swedbank Mortgage's market shares for private lending have declined. This has been part of a deliberate strategy where the bank has prioritised profitability and quality over market share. During the year there was considerable media focus on mortgage lenders' margins, because of which Swedbank reported its current funding costs in connection with each of its quarterly accounts.

Agricultural and forestry sector

Global overproduction of milk and high input prices squeezed the profitability of milk producers during the year. In some areas high levels of precipitation were a challenge for many growers, though they did benefit from high sales prices. Pork manufacturers received higher prices during the year, but came under pressure during the autumn from higher grain prices. The price increase for agricultural and forest properties leveled off during the year and the price level is similar to that of 2011. A strong krona and weak economic conditions in Europe put major pressure on the forest products industry during the year, due to which price levels for timber and pulpwood fell.

Loan portfolio

Slightly over 90 per cent of Swedbank Mortgage's lending is to the residential sector. During the year total lending increased by SEK 27bn before provisions or 4 per cent (SEK 19bn, 3 per cent in 2011).

The lending increase was higher in 2012 than 2011. The large part of the net increase stems from the private residential segment and a transfer of corporate loans from Swedbank AB to Swedbank Mortgage. The year was distinguished by global concerns, a slowing Swedish economy with relatively high unemployment and uncertainty about future housing prices. In 2012 the Riksbank cut its benchmark rate. Swedbank Mortgage originates loans to a maximal loan-to-value ratio of 75 per cent. According to the Swedish Financial Supervisory Authority´s rules, the maximum loan-to-value ratio on new lending or loan increases is 85 per cent.

Stable risk level in the loan portfolio

The loan portfolio periodically undergoes stress tests and the results indicate robust solvency among the company's mortgage customers and a loan-to-value ratio that suggests a low risk of credit impairments. Furthermore, a deep understanding of customers gained through their large retail network and an emphasis on each customer's solvency have helped Swedbank and the savings banks to maintain past due loans at very low levels.

A low loan-to-value ratio among Swedbank Mortgage's customers, combined with a continued stable real estate market, has meant that the customers who have incurred payment problems have usually been able to sell their properties without losing money.

Figure 4 on page 7 (Risk classification Swedbank Mortgage) illustrates how the overall portfolio of loans to homeowners, businesses and agricultural and forestry enterprises is distributed by risk class. On the scale, 21 represents the lowest risk and 0 the highest risk, with an additional class for defaults (def). In 2012 there was a marginal migration to better risk classes. The company's mortgage customers remain able to repay their debts, and the risk of credit impairments is low.

Swedbank Mortgage's low risk profile is the result of restrictive credit view, a geographical diversification of lending among many customers and close monitoring of customers locally. Loans judged as having higher risks are given added attention.

Lending to the corporate sector, which mainly consists of tenant-owner associations with low loan-to-value ratios, increased by SEK 8bn to SEK 124bn. Part of the increase was due to loan conversions from the bank portfolio.

Agricultural companies have been affected by major fluctuations in food prices due to the financial crisis and global changes. The need for larger, more efficient farms is growing and driving loan demand. Mortgage demand in the agricultural and forestry sector therefore remained high in 2012. Lending to the sector increased by SEK 3bn during the year to SEK 53bn.

Limited credit impairments during the year

In 2012 credit impairments affected profit by SEK 70m (SEK 56m in 2011). Established credit impairments amounted to SEK 78m (45), utilisation of previous provisions amounted to SEK 6m (6),

Figure 1: Loan portfolio by LTV

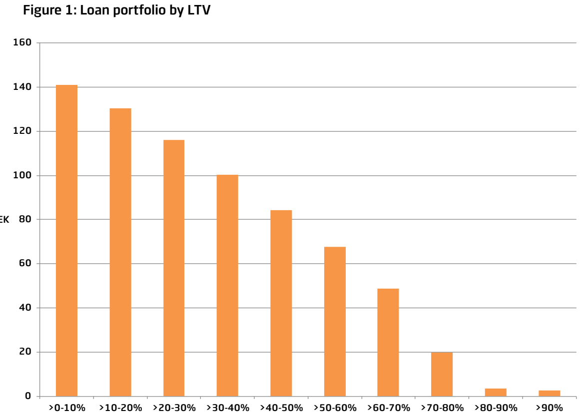


Figure 2: Loan portfolio as of 31 Dec 2012 distributed by collateral

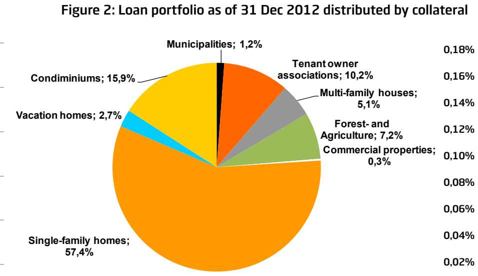
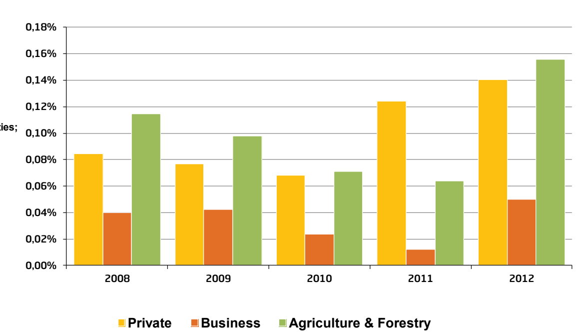


Figure 3: Receivables past due > 60 days as per cent of loan portfolio (segment)

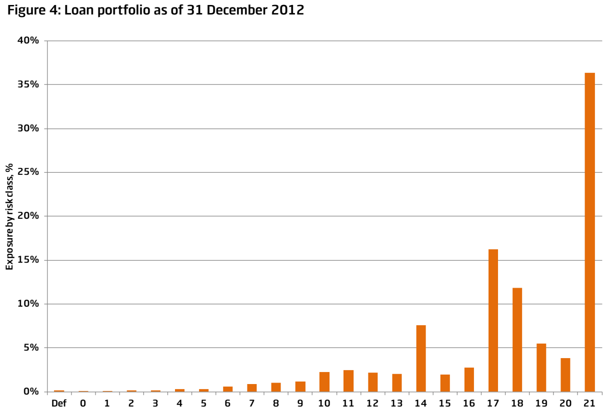


and recoveries from previous years' impairments totalled SEK 2m (2). Individual provisions for credit impairments amounted to SEK 27m (28) during the year, while the reversal of previous provisions amounted to SEK 2m (5). The change in the portfolio provisions was SEK -25m (-4).

The volume of loans past due by more than 60 days remains at a very low level, but increased during the year. Swedbank's risk classification system and rules serve as the basis of efficient monitoring routines that are designed to minimise future impairments. Past due loans by more than 60 days as regards household loans as a share of the total loan portfolio, remained low at around 0.14 per cent (0.12). The corresponding figure is 0.05 per cent (0.01) for commercial loans and 0.16 per cent (0.06) for agricultural and forestry loans.

The portfolio's impaired loans, after deducting provisions of SEK 92m (73), amounted to SEK 183m (131) as of 31 December 2012, corresponding to 0.02 per cent (0.02) of the total loan portfolio. There are no loans with interest reductions. Provisions for impaired loans and book values are shown in note 4.

Figure 4: Loan portfolio as of 31 December 2012



Funding

The financial markets were strongly affected in 2012 by various actions by central banks. The loan programme launched by the ECB at the beginning of the year, LTRO, had impact on funding markets.

The ECB lent more than EUR 1 trillion to the European banking system with a maturity of three years. The surplus liquidity allowed many institutions that previously had been shut off from the market to again borrow money in the public market. The surplus liquidity also helped to significantly reduce funding costs early in the year.

After renewed turbulence in the financial markets during the spring and summer, the ECB decided to again take action by announcing it was prepared to do "whatever it takes" to defend the euro. Actions such as the buyback program where central banks have the possibility to purchase Euro denominated government bonds where implemented. This also impacted the market, sending funding costs even lower.

Swedish banks and mortgage institutions continued to benefit in 2012 from the country's relative strong economy and stable fiscal situation. Access to the funding market was good and demand for both Swedish bank bonds and mortgage bonds from international investors remained consistently high throughout the year.

In 2012 Swedbank Mortgage issued one benchmark bond, a USD transaction with a 5-year maturity under the bank's 144A program. Swedbank Mortgage now has four different USD transactions outstanding under this program. During the year no EUR benchmark bonds were issued mainly for two reasons: less demand for new financing and relatively unfavourable pricing in the EUR market during certain periods of the year. The cost to convert EUR to SEK, the so-called basis swap cost, has been high, because of which few EUR bonds were issued by Swedish mortgage institutions during the year. Demand in the domestic market was good throughout the year. Total funding amounted to SEK 77bn, of which SEK 59bn was issued in SEK[5]. This compares with a volume of SEK 226bn and 133bn respectively issued in 2011[5].

As part of Swedbank Mortgage´s liquidity planning to reduce the risk of large volumes of concentrated maturities, Swedbank Mortgage, commencing approximately one year before final maturity, actively repurchases large quantities of the maturing debt. In 2013 Swedbank Mortgage has one maturing domestic benchmark bond, Spintab 177 denominated in SEK. In 2012 large volumes of loan 177 had already been repurchased and the remaining volume maturing in 2013 amounts to SEK 49bn[5].

Swedbank Mortgage Rating

	Rating	Outlook
Standard & Poor's		
Short Term	A-1	
Long Term	A+	n
Covered bonds	AAA	s
Moody's		
Short Term	P-1	
Long Term	A2	s
Covered bonds	Aaa	[4]

[4] Based on Moody's rating methodology for covered bonds, no outlook is used.

Outstanding volume of covered bonds by program[6]
Book values Per 31 December 2012, SEKbn

Mortgage bonds in Sweden	309
Euro Medium Term Note program	148
USD 144A Medium Term Note program	30
Medium Term Note program	14
Registered Covered Bonds (RCB)	27
Norwegian mortgage bond program	8

[5] Refers to nominal amounts. Does not take into account market valuations according to IAS 39.
[6] For further information, see note 4.

Risk management

Swedbank Mortgage measures and reports risks in accordance with the guidelines and policies of the Swedbank Group. Swedbank Mortgage's principal risks are credit risks, financial risks and operational risks. For further information, see note 4a-d.

CREDIT RISK

Credit risk is the risk that a counterparty, or obligor, cannot meet its contractual obligations to Swedbank Mortgage and that pledged assets will not cover the company's claim. Credit risk also includes concentration risk, i.e. large exposures or concentrations in the loan portfolio to certain regions or industries.

Swedbank Mortgage's credit risks arise primarily in its lending to the public (private individuals, Forestry and Agriculture and companies). About 76 per cent of the credit portfolio consists of lending to private individuals secured by single-family homes and condominiums. About 17 per cent consists of lending to companies, the large part (about 90 per cent) of which is financing of tenant-owner associations and multi-family housing. The remaining 7 per cent of the portfolio consists of Forestry and Agriculture related credits with a low risk of default and low loan-to-value ratios. With just over 1.1 million customers geographically spread throughout Sweden, name concentration risk and geographical concentration risk are both considered insignificant.

Swedbank Mortgage's lending is handled through the distribution network of Swedbank and the savings banks. The right to grant loans has been delegated to Swedbank and the savings banks within specific limits. Decisions of principle regarding credit issues or otherwise of major importance are made by Swedbank Mortgage's Board of Directors. Furthermore, Swedbank Mortgage's Board sets loan limits for various types of properties.

Swedbank Mortgage has delegated the right to establish instructions for appraisal and management of collateral and for borrowers with financial difficulties to Swedbank. The delegation applies until further notice and can be recalled immediately by Swedbank Mortgage at any time. Swedbank Mortgage's Board regularly receives reports on credit risks in the company and various analyses of the loan portfolio.

Loan evaluations take into account the customer's ability to repay and the value of the collateral. The latter is based on the property's long-term market value as determined by an internally or externally appointed appraiser familiar with the local market. If a commitment exceeds SEK 25m and is backing collateral in a commercial property, an external appraiser or independent internal appraiser (working at a central Group level) must be used. Moreover, the customer is carefully analysed in an internal risk classification system and assigned a value on a risk scale. The risk classification system plays a central role in the Group's day-to-day lending operations. It is used in the preparation of loan applications, as guidance in making decisions and in monitoring.

The risk classification is also used to measure risks at an aggregate level according to Group-wide models. Swedbank Mortgage's loan portfolio has a very high credit quality with low risks and is evaluated according to Swedbank Group's risk classification system 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. In the risk classification of the credit portfolio, 88 per cent (88 per cent in 2011) have received an investment grade classification, which corresponds to risk classes 13 to 21, and are considered to have very low risk with a probability of default of less than 0.5 percentage points for the coming 12-month period.

The treasury department also faces counterparty risks, for Swedbank Mortgage mainly in derivative contracts. In the majority of derivative contracts, the parent company is the counterparty. 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.

Swedbank has been active for some time in the public debate by calling attention to the risks in the Swedish mortgage market. To reduce systemic risk, the Group has been the driving force on the issue of legislated amortisation requirements on mortgages with high loan-to-value ratios. In its own operations the Group has pushed for lower lending ratios in the household sector, e.g., through stricter requirements on down payments for housing purchases, amortisation requirements and differentiated pricing.

FINANCIAL RISK

Financial risks are divided into two main types: market risk and liquidity risk.

Market and liquidity risks that arise in lending are transferred to Swedbank Mortgage's treasury department, which has specific mandates for these risks. The department has a risk control function responsible for the day-to-day monitoring and compilation of information on financial risks. Financial risk utilisation is reported to the Board of Swedbank Mortgage and the Group's risk control unit on a continuous basis.

Swedbank Mortgage's Board sets comprehensive goals for market and liquidity risks. Moreover, it sets limits within the risks mandates assigned to Swedbank Mortgage by Swedbank. The Board also retains responsibility for ensuring that the requisite guidelines and instructions for risk management are established and followed.

Market risk

Market risk refers to the risk that Swedbank Mortgage's profit, equity or value will decline due to changes in risk factors in financial markets. Market risk includes interest rate risk, currency rate risk and risks following changes in volatilities and correlations.

Because Swedbank Mortgage's lending in SEK is partly financed with funding in other liquid currencies, a currency risk arises. This risk is managed through derivatives in the foreign exchange market. Despite extensive funding in foreign currency, Swedbank Mortgage's exposure to currency risks is very limited. Swedbank Mortgage had no open currency positions as of 31 December 2012.

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. The interest rate risk is managed chiefly through Swedbank Mortgage's active participation in the funding market, but also by using derivatives in the fixed income market, e.g., swaps and forwards. Interest rate risk cannot be eliminated completely, since residential mortgages are constantly refinanced at new terms and new loans are granted, and primarily due to the difference in maturity profile of the funding in relation to the lending. The remaining risk that affects Swedbank Mortgage's profit is limited, however, and is kept within the risk appetite and risk tolerance limits established by the company's Board.

Liquidity risks

Liquidity risk refers to the risk that of not being able to fulfil payment commitments on any given due date. Liquidity risks arise because the maturity structures of Swedbank Mortgage's assets and liabilities, including derivatives, do not coincide.

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.

OPERATIONAL RISK

Operational risk is defined as the risk of losses due to inadequate or insufficient internal processes or routines, human error, incorect systems, or external events. Swedbank Mortgage's work to minimise these operational risks is based on the methods and routines of the parent company, Swedbank AB. 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, insurance 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.

CAPITAL ADEQUACY

Swedbank Mortgage's capital adequacy ratio should not fall below the level that at any given time is considered appropriate in order to maintain financial stability while developing the business and consideration to applicable regulation.

Basel II

According to the current capital adequacy rules, Basel II, the capital requirement is closely linked to risk profile, risk measurement and the assessment of risk capital needs. With the approval of the Financial Supervisory Authority (FSA), Swedbank Mortgage bases capital requirements for credit risks primarily on internal risk measurements according to the Internal Ratings Based Method (IRB method) that has been developed by the Swedbank Group.

There is also a capital requirement for operational risks, which, with the approval of the Financial Supervisory Authority, is calculated according to a standardised method. For Swedbank Mortgage, the Basel II rules mean a limited need for equity, as its business is focused on mortgages, which are generally characterised by very low levels of risk.

In connection with the implementation of the current capital requirement regulations in 2007, special transition rules were introduced leading to a gradual decrease in the capital requirement due to the Basel II rules compared with the previous Basel I rules. The transition rules mean that the minimum requirement in 2009 was not allowed to fall below 80 per cent of the capital requirement calculated according to the older rules. The transition rules have been extended and no expiration date has been set, although they are expected to be eliminated in connection with the introduction of the new capital adequacy rules.

Pending regulations

In July 2011 the EU Commission published a proposal on new capital requirements, which it had expected to implement in 2013. The proposal conforms to the previously published Basel 3 regulation. In November 2011 the Swedish government, in consultation with the Riksbank and Swedish Financial Supervisory Authority, presented new capital requirements for systemically important Swedish banks as part of the new regulation, which means that the bank's Common Equity Tier 1 capital ratio according to Basel 3 must be not less than 10 per cent in 2013 and not less than 12 per cent in 2015, and that total capital in these years must be at least 3.5 percentage points higher. EU negotiations on the future regulation were scheduled to be completed in 2012, but have been delayed and will not be completed until the beginning of 2013 at the earliest. As a result, the new rules are likely to take effect on 1 January 2014.

On 26 November 2012 the SFSA published a memo describing the introduction of a risk weight floor of 15 per cent for the Swedish mortgage portfolio. The floor is being introduced as part of the SFSA's overall capital assessment of companies within the framework of its supervisory measures in so-called Pillar 2. Since the floor, as proposed, will be part of the overall risk assessment in Pillar 2, reported capital ratios will not be affected, since these calculations are made according to the rules for Pillar 1. The floor means that an institution must set aside more capital to the extent it does not already allocate capital in excess of the floor for Swedish mortgages. Within the framework of the internal capital assessment in Pillar 2 and in its internal controls, Swedbank has for some time been allocating additional capital to its mortgage business, corresponding to the proposed risk weight floor. These provisions are of the same size that the SFSA is now proposing and hence the Group as well as Swedbank Mortgage AB already meet the capital requirements for mortgages that have been announced.

Key financial highlights 2008–2012

SWEDBANK MORTGAGE GROUP

Definitions see page 40	2012	2011	2010	2009	2008
Profit					
Investment margin, % *	0.72	0,59	0.53	0.56	0,56
Return on equity, %	11.7	8,6	7,4	9.3	10,0
Earnings per share, SEK	178.26	120.91	101.70	113.26	116.52
Capital					
Capital base, SEKm	33 994	32 562	30 968	29 744	27 005
Capital quotient	1.19	1.19	1.17	1.2	1.05
Capital adequacy ratio, %	9.5	9,5	9.3	9.6	8.4
Tier 1 capital ratio, %	9.5	9.5	9.3	9.6	8.4
Number of shares at start/end of period, million	23	23	23	23	23
Equity per share, SEK	1 476.74	1 483.30	1 377.39	1 313.78	1 200.52
Credit quality					
Credit impairment ratio, %	0,01	0,01	0,02	0.05	0.00
Total provision ratio for impaired loans, %	76.1	105.4	141.8	43.1	41.8
Share of impaired loans, %	0.02	0.02	0.01	0.02	0.02
Other					
Number of employees	3	3	0	0	0

* Not restated according to IAS 39.

Profit analysis

Operating profit for the full-year 2012 increased by SEK 1 729m to SEK 5 502m (3 773). Net interest income increased by SEK 1 654m to SEK 5 734m (4 080).

Due to the repricing of lending, the average lending rate rose during 2012 compared to 2011, which, together with increased loan volumes as well as a higher average balance in Swedbank Mortgage's bank accounts,had a positive effect on interest income. Funding benefitted fromlower market interest rates, while increased volumes contributed to a higher interest expense. In total, the interest expense for funding was in line with 2011. Net interest income was also affected positively by repurchases of fixed-rate bonds which were originally issued at a higher rate level. In addition, a one-time correction related to the buyback of covered bonds affected net interest income positively by SEK 78m during the fourth quarter 2012. The correction also affected net gains and losses on financial items at fair value negatively by SEK 68m.

Realised and unrealised changes in market value are included in net gains and losses on financial items at fair value, which amounted to SEK 410m (233). Falling long-term rates during the year produced a positive effect on profit, while lower basis spreads to convert EUR to SEK contributed negatively.

Other expenses include a large part of the compensation paid to the savings banks and partly owned banks. No such settlement is performed with Swedbank. The expense amounted to SEK 635m (542). A new long-term co-operation agreement with the savings banks and partly owned the banks took effect on 1 July 2011 and expires on 30 June 2017, with the option of an extension. No such settlement is performed with Swedbank.

Credit quality in lending remains very good and credit impairments are at a low level. Compared with 2011 credit impairments increased by SEK 14m to SEK 70m (56). Provisions for anticipated losses amounted to SEK 209m (215).

Proposed distribution of profit

Proposed distribution of profit

	mSEK
Swedbank Mortgage AB (publ)	
Retained earnings	15 122
Profit for the year	3 723
Total available	**18 845**
The Board of Directors proposes that the following amount be carried forward	18 845
Total	**18 845**

Five-year summary

Income statement SEKm	2012	2011	2010	2009	2008
Interest income	29 036	27 413	20 137	23 148	32 150
Interest expenses	-23 302	-23 333	-16 068	-18 740	-28 669
Net interest income	**5 734**	**4 080**	**4 069**	**4 408**	**3 481**
Net commissions	58	51	-523	-626	-450
Other operating income	419	241	-199	-122	629
Total income	**6 211**	**4 372**	**3 347**	**3 660**	**3 660**
Other operating expenses	639	543	0	21	51
Profit before impairments	**5 572**	**3 829**	**3 347**	**3 639**	**3 609**
Credit impairments	70	56	168	8	6
Operating profit	**5 502**	**3 773**	**3 179**	**3 631**	**3 603**
Tax expense	1 402	992	840	1 026	923
Profit for the year	**4 100**	**2 781**	**2 339**	**2 605**	**2 680**

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. For further information, please see note 2, page 17.

Balance sheet SEKm	2012	2011	2010	2009	2008
Assets					
Loans to credit institutions	60 783	33 505	36 493	97 590	106 244
Loans to the public	743 931	716 695	697 299	672 420	623 401
Interest-bearing securities					50
Other assets	29 467	26 187	10 789	13 838	26 394
Total assets	**834 181**	**776 387**	**744 581**	**783 848**	**756 089**
Liabilities					
Amount owed to credit institutions	224 843	170 540	229 177	192 738	152 776
Debt securities in issue	533 223	538 734	451 328	537 771	552 321
Other liabilities	42 150	32 997	32 396	23 122	23 380
Total liabilities	**800 216**	**742 271**	**712 901**	**753 631**	**728 477**
Equity	33 965	34 116	31 680	30 217	27 612
Total liabilities and equity	**834 181**	**776 387**	**744 581**	**783 848**	**756 089**

Income statement

SEKm	Note	Group 2012	Group 2011	Swedbank Mortgage AB 2012	Swedbank Mortgage AB 2011
Interest income		29 036	27 413	29 036	27 413
Interest expenses		-23 302	-23 333	-23 302	-23 333
Net interest income	7	**5 734**	**4 080**	**5 734**	**4 080**
Commission income		80	64	80	64
Commission expenses		-22	-13	-22	-13
Net commissions	8	**58**	**51**	**58**	**51**
Net gains and losses on financial items at fair value	9	410	233	410	233
Other income		9	8	9	8
Total income		**6 211**	**4 372**	**6 211**	**4 372**
Other expenses	11	636	542	636	542
Staff costs	10	3	1	3	1
Total expenses		**639**	**543**	**639**	**543**
Profit before impairments		**5 572**	**3 829**	**5 572**	**3 829**
Net credit impairments	12	70	56	70	56
Operating profit		**5 502**	**3 773**	**5 502**	**3 773**
Appropriations	13			450	618
Tax expense	14	1 402	992	1 329	830
Profit for the year, attributable to shareholders		**4 100**	**2 781**	**3 723**	**2 325**
Earnings per share, before and after dilution, SEK	15	178,26	120,91		

Statement of comprehensive income

SEKm	Note	Group 2012	Group 2011	Swedbank Mortgage AB 2012	Swedbank Mortgage AB 2011
Profit for the year reported via income statement		**4 100**	**2 781**	**3 723**	**2 325**
Cash flow hedges:					
Gains/losses during the period		-2 048	829	-2 048	829
Reclassification adjustments to income statement, net interest income		3	6	3	6
Reclassification adjustments to income statement, net gains and losses on financial items at fair value		0	-3	0	-3
Income tax relating to components of other comprehensive income	16	522	-219	522	-219
Total comprehensive income for the year, attributable to shareholders		**2 577**	**3 394**	**2 200**	**2 938**

Balance sheet

		Group		Swedbank Mortgage AB	
SEKm	Note	2012	2011	2012	2011
Assets					
Loans to credit institutions	17	60 783	33 505	60 783	33 505
Loans to the public	18	743 931	716 695	743 931	716 695
Shares and participating interests	19	1	1	1	1
Investments in Group entities	20			0	0
Derivatives	21	25 207	21 345	25 207	21 345
Current tax assets		488	362	488	362
Deferred tax assets	14	88		88	
Other assets	22	108	647	108	647
Prepaid expenses and accrued income	23	3 575	3 832	3 575	3 832
Total assets		**834 181**	**776 387**	**834 181**	**776 387**
Liabilities and equity					
Liabilities					
Amounts owed to credit institutions	24	224 843	170 540	224 842	170 540
Debt securities in issue	25	533 223	538 734	533 223	538 734
Derivatives	21	23 420	15 677	23 420	15 677
Deferred tax liabilities	14	236	596	0	434
Other liabilities	26	3 909	1 404	3 909	1 404
Accrued expenses and prepaid income	27	14 586	15 320	14 587	15 320
Total liabilities		**800 216**	**742 271**	**799 981**	**742 109**
Untaxed reserves	28			**1 068**	**618**
Equity	29				
Share capital		11 500	11 500	11 500	11 500
Other capital contribution		2 400	2 400		
Statutory reserve				3 100	3 100
Fair value fund		-312	1 210	-312	1 210
Retained earnings		20 377	19 006	18 845	17 850
Total equity		**33 965**	**34 116**	**33 131**	**33 660**
Total liabilities and equity		**834 181**	**776 387**	**834 181**	**776 387**
Pledged assets	30	701 015	673 516	701 015	673 516
Commitments, nominal amount	30	9 028	8 256	9 028	8 256

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 judgments and estimates

Note 4 Risks

Note 5 Capital adequacy analysis

Note 6 Operating segments

Note 31 Related parties

Note 32 Fair value of financial instruments

Note 33 Events after 31 December 2012

Statement of changes in equity

Group, SEKm	Share capital	Other capital contribution	Fair value reserve*	Retained earnings	Total
	Equity attributable to shareholders of Swedbank Mortgage AB				
Opening balance 1 January 2011	**11 500**	**2 400**	**598**	**17 182**	**31 680**
Group contribution provided				-1 300	-1 300
Tax reduction due to Group contributions provided				342	342
Total comprehensive income for the year			612	2 781	3 394
of which through the Profit and loss acount				2 781	2 781
of which through other comprehensive income for the year before tax			832		832
of which tax through other comprehensive income for the year			-219		-219
Closing balance 31 December 2011	**11 500**	**2 400**	**1 210**	**19 005**	**34 116**
Opening balance 1 January 2012	**11 500**	**2 400**	**1 210**	**19 005**	**34 116**
Group contribution provided				-3 700	-3 700
Tax reduction due to Group contributions provided				973	973
Total comprehensive income for the year			- 1 522	4 100	2 577
of which through the Profit and loss acount				4 100	4 100
of which through other comprehensive income for the year before tax			-2 044		-2 044
of which tax through other comprehensive income for the year			522		522
Closing balance 31 December 2012	**11 500**	**2 400**	**-312**	**20 378**	**33 965**

* Cash flow hedge.

Swedbank Mortgage AB, SEKm	Share capital	Statutory reserve	Fair value reserve	Retained earnings	Total
	Restricted equity		Non-restricted equity		
Opening balance 1 January 2011	**11 500**	**3 100**	**598**	**16 483**	**31 680**
Group contribution provided				-1 300	-1 300
Tax reduction due to Group contributions provided				342	342
Total comprehensive income for the year			612	2 325	2 938
of which through the Profit and loss acount				2 325	2 325
of which through other comprehensive income for the year before tax			832		832
of which tax through other comprehensive income for the year			-219		-219
Closing balance 31 December 2011	**11 500**	**3 100**	**1 210**	**17 850**	**33 660**
of which, conditional shareholder's contributions				2 400	2 400
Opening balance 1 January 2012	**11 500**	**3 100**	**1 210**	**17 850**	**33 660**
Group contribution provided				-3 700	-3 700
Tax reduction due to Group contributions provided				973	973
Total comprehensive income for the year			-1 522	3 723	2 200
of which through the Profit and loss acount				3 723	3 723
of which through other comprehensive income for the year before tax			-2 044		-2 044
of which tax through other comprehensive income for the year			522		522
Closing balance 31 December 2012	**11 500**	**3 100**	**-312**	**18 845**	**33 131**
of which, conditional shareholder's contributions				2 400	2 400

Statement of cash flow

SEKm	Note	Group 2012	Group 2011	Swedbank Mortgage AB 2012	Swedbank Mortgage AB 2011
Operating activities					
Operating profit		5 502	3 773	5 502	3 773
Adjustments for non-cash items in operating activities*		3 237	-203	3 237	-203
Taxes paid		-482	-348	-482	-348
Increase/decrease in loans to credit institutions		3 000	15 011	3 000	15 011
Increase/decrease in loans to the public		-25 837	-16 426	-25 837	-16 426
Increase/decrease in amount owed to credit institutions		54 300	-58 635	54 300	-58 635
Increase/decrease in other liabilities		736	-2 567	736	-2 567
Cash flow from operating activities		**40 456**	**-59 395**	**40 456**	**-59 395**
Investing activities					
Increase in fixed assets			-1		-1
Cash flow from investing activities		**0**	**-1**	**0**	**-1**
Financing activities					
Issuance of debt securities		93 712	240 079	93 712	240 079
Redemption of debt securities		-107 624	-168 142	-107 624	-168 142
Increase/decrease in other funding		5 034	1 483	5 034	1 483
Group contribution paid		-1 300	-2 000	-1 300	-2 000
Cash flow from financing activities		**-10 178**	**71 420**	**-10 178**	**71 420**
Cash flow for the year		**30 278**	**12 024**	**30 278**	**12 024**
Cash and cash equivalents at beginning of the year		27 505	15 481	27 505	15 481
Cash flow for the year		30 278	12 024	30 278	12 024
Cash and cash equivalents at the end of the year	17	**57 783**	**27 505**	**57 783**	**27 505**

Comment on consolidated 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 29 270m (26 741) and interest payments, including capitalised interest, of SEK 24 007m (21 273).

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	Group 2012	Group 2011	Swedbank Mortgage AB 2012	Swedbank Mortgage AB 2011
Unrealised translation differences, bonds in issue	4 747	-1267	4 747	-1267
Prepaid expenses and accrued income	-105	-394	-105	-394
Accrued expenses and prepaid income	-733	1912	-733	1912
Change in value of loans to the public and credit institutions	-1 399	-2969	-1 399	-2969
Change in value of funding and derivatives	2 685	1683	2 685	1683
Increase in other liabilities	-1 958	832	-1 958	832
Total	**3 237**	**-203**	**3 237**	**-203**

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 2012 were approved for issuance by the Board of Directors and the President on 28 January 2013. Swedbank Mortgage AB, which maintains its registered office in Stockholm, Sweden, is a wholly owned subsidiary of Swedbank AB (publ). The Group's operations are described in the Board of Directors' report. The consolidated financial statements and annual report will be adopted by the Parent 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 (IFRIC). The standards and interpretations become mandatory for listed companies' consolidated financial statements concurrently with their approval by the EU. Complete financial reports refer to:

- balance sheet at the conclusion 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 consolidated financial statements also apply recommendation RFR 1 Complementary accounting rules for groups, issued by the Swedish Financial Reporting Board, the pronouncements of the Swedish Financial Reporting Board, certain complementary rules in the Annual Accounts Act for Credit Institutions and Securities Companies and the regulations and general advice of the Swedish Financial Supervisory Authority, FFFS 2008:25.

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 (SEKm) unless indicated otherwise.

PARENT COMPANY

As a rule, the parent company follows IFRS and the accounting principles applied in the consolidated financial statements above. In addition, the parent company is required to consider and prepare its annual report in accordance with 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 parent company's annual report is therefore prepared in accordance with IFRS to the extent the standards are compatible with the Annual Accounts Act for Credit Institutions and Securities Companies, RFR 2 and the Swedish Financial Supervisory Authority regulations. The most significant differences in principle between the parent company's accounting and the Group's accounting policies relate to the recognition of untaxed reserves.

CHANGES IN ACCOUNTING POLICIES

The savings banks receive compensation for sales to their customers of Swedbank Mortgage's products and services. In mid-2011 a new agreement governing this compensation took effect.

The presentation of the compensation in the income statement has been adapted as of 2012 based on the new agreement to better illustrate its significance. Comparative figures have been restated; see the tables below. The change affects interest income, commission expenses and expenses, but not the result as a whole.

	New reporting 2011	**Previous reporting 2011**
Interest income from the public	26 743	26 810
Interest income	27 413	27 480
Net interest income	4 080	4 147
Commissions to savings banks		-609
Net commissions	51	-558
Purchased services	542	
Total expenses	543	1

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 recognised in the income statement as well as the components included in other comprehensive income.

Consolidated financial statements (IFRS 3, IAS 27)

The consolidated financial statements comprise Swedbank Hypotek AB (publ) and those entities in which the parent company has control, i.e., the power to govern a company's financial and operating strategies to obtain economic benefits. These entities, subsidiaries, are included in the consolidated financial statements in accordance with the acquisition method from the day that control is obtained and are excluded from the day that control ceases. All intra-Group transactions and intra-Group gains are eliminated.

Investments in subsidiaries are recognised according to the acquisition cost method in the parent company. When there is an indication that the value has decreased, the investment's value is tested for impairment. If the value has decreased, there is a write-down to the Group value.

Assets and liabilities in foreign currency (IAS 21)

The consolidated financial statements are presented in SEK, which is also the Group'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 recognised through profit or loss as changes in exchange rates in net gains and losses on financial items at fair value.

Financial instruments (IAS 32, IAS 39)

The large part of the Group'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 categorised as available-for-sale financial assets in the valuation category available-for-sale. All financial instruments are initially recognised 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 in the Group 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 at fair value. 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 recognised 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 is hedged with derivatives. With hedge accounting, the hedged risk in the hedged instrument is also measured at fair value. 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 at fair value. 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 must be expected to be and during reported periods have been 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 at fair value. 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 recognised 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 at fair value. 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. Confirmed tax rates on the closing day 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 per-

spective 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 accounting 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 the Group'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

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 parent 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 non-restricted equity after tax adjustment.

NEW STANDARDS AND INTERPRETATIONS

The International Accounting Standard Board (IASB) and IFRS Interpretations Committee (IFRIC) have issued the following standards, amendments to standards and interpretations that apply in or after 2013 and which will affect Swedbank Mortgage's financial reporting. The IASB permits earlier application. For Swedbank Mortgage to apply them also requires that they be 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 2012 annual report.

Financial Instruments: Disclosures (amendments to IFRS 7)

The amendment on Offsetting Financial Assets and Financial Liabilities will apply to financial years beginning on or after 1 January 2013. The EU has approved the amendment. New requirements have been introduced on disclosures of financial assets and financial liabilities whose carrying amounts are offset in the balance sheet. Disclosures will also be made if financial assets and financial liabilities are subject to various netting arrangements or other risk-reducing transactions, even if they are not netted in the balance sheet.

Presentation of Items of Other Comprehensive Income (amendment to IAS 1)

The amendment will apply to financial years beginning on or after 1 July 2012. The EU has approved the amendment, which requires companies to separate the components in the portion of the statement of comprehensive income related to other comprehensive income into two groups. The grouping will be based on whether or not the component can presumably be reclassified to the income statement in the future. Components that will not be reclassified include actuarial gains and losses attributable to defined benefit pensions. Components that could be reclassified include deferred gains and losses on cash flow hedges and translation differences through the consolidation of subsidiaries with a functional currency other than the presentation currency.

Fair Value Measurement (IFRS 13)

The new standard will apply to the financial year beginning on 1 January 2013. The EU has approved the standard, which replaces the guidance on measuring fair value that had been in each IFRS standard. The new standard defines fair value and disclosure requirements for measuring fair value. It does not state when fair value has to be measured, but rather how. Fair value is the price that would be received on the measurement date to sell an asset or paid to transfer a liability in a transaction between market participants under normal conditions, a so-called exit price.

Improvements to IFRs standards 2009-2011

Improvements to IFRS Standards (Annual Improvements) are a collection of additions and amendments to current standards to remove inconsistencies between different standards, clarify formulations and to some extent make it easier for users of the financial reports. The improvements begin to apply to the financial year beginning on 1 January 2013. The annual improvements have been approved by the EU.

Offsetting Financial Assets and Financial Liabilities (amendment to IAS 32)

The amendment will apply to the financial year beginning on 1 January 2014. The EU has approved the amendment, which concerns when and how financial assets and financial liabilities are offset.

Financial Instruments: Recognition and Measurement (IFRS 9)

The new standard on the recognition and measurement of financial instruments together with subsequent amendments to IFRS 7 Financial Instruments: Disclosures, will apply to financial years beginning on 1 January 2015. The new standard has not been adopted by the EU, nor is there a timetable when an approval can be expected. The standard is a complete revision and will replace the current standard IAS 39, Financial Instruments: Recognition and Measurement. The standard reduces the number of valuation categories for financial assets and means that they are recognised at amortised cost or fair value through profit or loss. The rules for financial liabilities correspond to the existing rules in IAS 39 plus a supplement on how credit risk is presented when financial liabilities are measured at fair value. The change in the credit risk for financial liabilities designated at fair value according to the so-called fair value option is normally presented in other comprehensive income and not in the traditional income statement, provided that further inconsistencies do not arise in presentation of any eliminated changes in value. The standard will be complemented by new rules for impairment of financial assets that are categorised as financial assets at amortised cost and new rules for hedge accounting. IFRS 9 will probably be applied to financial years beginning on or after 1 January 2015.

Effect on Swedbank Mortgage's financial reports

The changes that have been issued are currently being evaluated to determine how they will affect the consolidated financial reports. IFRS 13 Fair Value Measurement describes how fair value is determined. Since Swedbank Mortgage measures financial instruments at fair value, the standard is important. At this point, however, the new standard is expected to contain only minor clarifications compared with how Swedbank Mortgage calculates fair value for financial instruments according to current standards.

The new standard IFRS 9 Financial Instruments will affect Swedbank's financial reporting. The scope of the effect cannot be determined at present, since the valuation of Swedbank's financial assets is largely dependent on how the rules on hedge accounting and on the impairment of financial assets in the valuation category amortised cost are eventually worded. A judgment cannot be made until the remaining sections are issued. The other changes that have been issued and which apply to financial years beginning on or after 1 July 2012 are not expected to have a significant effect on Swedbank's financial reports.

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 macroeconomic 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 60 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 32 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 2012 financial instruments measured at fair value with internal assumptions which have a significant effect on the valuation amounted to SEK 3 713m. A change in the assumed valuation rate of 10 bp would have changed the value by SEK 5m.

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.

Risk is defined 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 company. The Board of Directors has adopted an Enterprise Risk Management (ERM) policy detailing the risk framework, as well as roles and responsibilities in risk management. Swedbank continuously identifies the risks its operations generate and has designed a process to manage them.

The process is general, encompassing all of the risk areas, at the same time that concrete activities are adapted to each risk area to protect the bank against unwanted risk-taking. the risk process also provides a description of Swedbank Mortgage risk profile, which then 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 fullfil 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 loses 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.

Risk classification

To quantify its credit risks, the Swedbank Group, which thus also includes credits in Swedbank Mortgage, the customer is carefully analysed in an internal risk classification system and assigned a value on a risk scale.

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

Risk management is descibed in the board of directors report on page 9-10.

4a Credit risks

Definition
Credit risks refer to the risk that a counterparty will not fulfill its contractual obligations to Swedbank Mortgage and that the assets pledged do not cover claims. Credit risk also includes counterparty risk and concentration risk.

Loans to the public and credit institutions, book values 2012

	Loans individually assessed as not impaired				Loans individually assessed as impaired			
	Book value before provisions							
Group and Swedbank Mortgage AB	**Payments on time**	**Past due**	**Portfolio provisions**	**Book value after provisions**	**Book value before provisions**	**Provisions**	**Book value after provisions**	**Total**
Loans to the public and credit institutions	802 211	2 437	-117	804 531	275	-92	183	804 714
Total loans to the public and credit institutions	**802 211**	**2 437**	**-117**	**804 531**	**275**	**-92**	**183**	**804 714**
Sector/industry*								
Private customers	623 265	1 901	-100	625 066	235	-77	158	625 224
Real estate management	107 538	536	-17	108 057	19	-14	5	108 062
Retail, hotels, restaurants	848			848				848
Construction	852			852				852
Manufacturing	114			114				114
Transportation	111			111				111
Forestry and agriculture	722			722				722
Other corporate lending	5 182			5 182	21	-1	20	5 202
Municipalities	2 796			2 796				2 796
Total	**741 428**	**2 437**	**-117**	**743 748**	**275**	**-92**	**183**	**743 931**
Credit institutions	60 783			60 783				60 783
Total loans to the public and credit institutions	**802 211**	**2 437**	**-117**	**804 531**	**275**	**-92**	**183**	**804 714**
Collateral held as security								
Residential properties incl. condominiums	674 500	1 901	-100	676 301	235	-77	158	676 459
Other real estate	57 148	536	-17	57 667	40	-15	25	57 692
Municipalities	9 780			9 780				9 780
Total	**741 428**	**2 437**	**-117**	**743 748**	**275**	**-92**	**183**	**743 931**
Credit institutions	60 783			60 783				60 783
Total loans to the public and credit institutions	**802 211**	**2 437**	**-117**	**804 531**	**275**	**-92**	**183**	**804 714**

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

4a Credit risks, cont.

Loans to the public and credit institutions, book values 2011

Group and Swedbank Mortgage AB	Loans individually assessed as not impaired: Book value before provisions: Payments on time	Past due	Portfolio provisions	Book value after provisions	Loans individually assessed as impaired: Book value before provisions	Provisions	Book value after provisions	Total
Loans to the public and credit institutions	748 380	1 831	-142	750 069	204	-73	131	750 200
Total loans to the public and credit institutions	**748 380**	**1 831**	**-142**	**750 069**	**204**	**-73**	**131**	**750 200**
Sector/industry*								
Private customers	605 031	1 483	-105	606 409	177	-53	124	606 533
Real estate management	98 982	348	-37	99 293	20	-15	5	99 298
Retail, hotels, restaurants	694			694				694
Construction	808			808				808
Manufacturing	107			107				107
Transportation	62			62				62
Forestry and agriculture	680			680				680
Other corporate lending	5 973			5 973	7	-5	2	5 975
Municipalities	2 538			2 538				2 538
Total	**714 875**	**1 831**	**-142**	**716 564**	**204**	**-73**	**131**	**716 695**
Credit institutions	33 505			33 505				33 505
Total loans to the public and credit institutions	**748 380**	**1 831**	**-142**	**750 069**	**204**	**-73**	**131**	**750 200**
Collateral held as security								
Residential properties incl. condominiums	650 333	1 483	-105	651 711	177	-53	124	651 835
Other real estate	52 890	348	-37	53 201	27	-20	7	53 208
Municipalities	11 652			11 652				11 652
Total	**714 875**	**1 831**	**-142**	**716 564**	**204**	**-73**	**131**	**716 695**
Credit institutions	33 505			33 505				33 505
Total loans to the public and credit institutions	**748 380**	**1 831**	**-142**	**750 069**	**204**	**-73**	**131**	**750 200**

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

4a Credit risks, cont.

Impaired, past due, and restructured loans

Group and Swedbank Mortgage AB	2012	2011
Impaired loans		
Book value before provisions	275	204
Provisions for the year	-92	-73
Book value after provisions	183	131
Net impaired loans ratio, %	**0,02**	**0,02**
Gross impaired loans ratio, %	**0,04**	**0,03**
Book value of impaired loans returned in status to normal loans during the period	2	2
Past due loans that are not impaired		
Valuation category, loans and receivables		
Loans past due, 5-30 days	455	267
Loans past due, 31-60 days	263	215
Loans past due, 61 days or more	350	169
Valuation category, fair value through profit or loss		
Loans past due, 5-30 days	536	491
Loans past due, 31-60 days	294	312
Loans past due, 61 days or more	539	377
Total	**2 437**	**1 831**

Provisions

Group and Swedbank Mortgage AB	2012	2011
Opening balance	**215**	**202**
Provisions for the year	27	28
Recoveries of previous provisions	-8	-11
Provisions during the fiscal period, for loans that are not impaired	-25	-4
Closing balance	**209**	**215**
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)	76,1%	105,4%
Provision ratio for individually identified impaired loans, %	33,3%	35,7%

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 generally 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 25m as per 31 December 2012.

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.

	2012					2011				
Exposure at default	**Riskgrades**	**Private customers**	**Corporates**	**Forestry & Agriculture**	**Total**	**Riskgrades**	**Private customers**	**Corporates**	**Forestry & Agriculture**	**Totalt**
Defaults	Default	898	256	140	1 294	Default	748	227	107	1 082
High risk	0-5	4 687	1 437	1 961	8 085	0-5	4 640	1 811	1 786	9 237
Augmented risk	6-8	7 270	5 356	5 925	18 551	6-8	7 125	6 969	5 445	19 539
Normal risk	9-12	22 250	24 531	12 858	59 639	9-12	22 445	23 398	11 806	57 658
Low risk	13-21	484 849	132 367	32 443	649 659	13-21	471 387	122 448	31 042	624 877
Non-rated					2					5
Total		**519 954**	**163 947**	**53 327**	**737 230**		**506 354**	**154 853**	**50 187**	**711 399**

4b Liquidity risks

Definition

Liquidity risks arise because the maturity structures of the Group's assets and liabilities, including derivatives, do not coincide. the Group defines liquidity risk as the risk of payment commitments remaining unfulfilled on each maturity date.

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 8. Funding, and page 9, Risk management.

Remaining maturity, 2012

	Undiscounted contractual cash flows							
Group and Swedbank Mortgage AB	**Payable on demand**	**< 3 mths**	**3 mths-1 yr**	**1-5 yrs**	**5-10 yrs**	**> 10 yrs**	**Without maturity date/ discount effect***	**Total**
Assets								
Loans to credit institutions	57 783	500	2 500					60 783
Loans to the public		2 065	6 131	36 094	45 020	647 918	6 702	743 931
Derivatives		550	6 682	15 395	1 720	711	148	25 207
Other assets							4 260	4 260
Total assets	**57 783**	**3 115**	**14 813**	**51 989**	**46 740**	**648 629**	**11 110**	**834 181**
Liabilities								
Amounts owed to credit institutions		67 978	123 105	33 660	98			224 842
Debt securities in issue		18 199	41 455	422 553	28 120	16 932	5 963	533 223
Derivatives		2 963	3 950	18 853	2 431	2 606	-7 382	23 420
Other liabilities							18 731**	18 731 **
Total liabilities		**89 141**	**168 510**	**475 065**	**30 650**	**19 538**	**17 312**	**800 216**

* Refers to discount effect for all items except other assets and other liabilities where without maturity date applies.
** Other liabilities, Swedbank Mortgage AB: 18 496

Remaining maturity, 2011

	Undiscounted contractual cash flows							
Group and Swedbank Mortgage AB	**Payable on demand**	**< 3 mths**	**3 mths-1 yr**	**1-5 yrs**	**5-10 yrs**	**> 10 yrs**	**Without maturity date/ discount effect***	**Total**
Assets								
Loans to credit institutions	27 505		3 000	3 000				33 505
Loans to the public		6 172	7 448	29 556	32 962	635 262	5 296	716 695
Derivatives		118	2 629	15 221	1 602	796	980	21 345
Other assets							4 842	4 842
Total assets	**27 505**	**6 290**	**13 076**	**47 776**	**34 564**	**636 058**	**11 117**	**776 387**
Liabilities								
Amounts owed to credit institutions		40 753	69 384	60 405			-1	170 540
Debt securities in issue		1 683	34 930	407 494	69 863	17 459	7 305	538 734
Derivatives		331	3 383	14 746	2 273	1 753	-6 810	15 677
Other liabilities							17 320**	17 320**
Total liabilities		**42 767**	**107 697**	**482 645**	**72 136**	**19 211**	**17 813**	**742 271**

* Refers to discount effect for all items except other assets and other liabilities where without maturity date applies.
** Other liabilities, Swedbank Mortgage AB: 17 157

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 finacial 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 interest-bearing 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 813m (597) as of 31 December 2012. An increase of one percentage point in all market interest rates as of 31 December 2012 would have reduced net gains and losses on financial items by SEK 83m (254) 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 61m on equity.

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.

Group and Swedbank Mortgage AB 2012	<=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	384	109	-519	-507	-113	-93	-121	17	30	-813
Foreign currency	0	0	0	0	0	0	0	0	0	0
Total	**384**	**109**	**-519**	**-507**	**-113**	**-93**	**-121**	**17**	**30**	**-813**
of which financial instruments measured at fair value through profit or loss.										
SEK	-49	-41	-125	226	43	-88	-143	64	30	-83
Foreign currency	0	0	0	0	0	0	0	0	0	0
Total	**-49**	**-41**	**-125**	**226**	**43**	**-88**	**-143**	**64**	**30**	**-83**

Group and Swedbank Mortgage AB 2011	<=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	112	-27	-104	-387	-279	-183	182	86	3	-597
Foreign currency	0	0	0	0	0	0	0	0	0	0
Total	**112**	**-27**	**-104**	**-387**	**-279**	**-183**	**182**	**86**	**3**	**-597**
of which financial instruments measured at fair value through profit or loss.										
SEK	-150	-92	-33	-7	-73	-94	107	49	39	-254
Foreign currency	0	0	0	0	0	0	0	0	0	0
Total	**-150**	**-92**	**-33**	**-7**	**-73**	**-94**	**107**	**49**	**39**	**-254**

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.

Currency distribution

Group and Swedbank Mortgage AB, 2012	SEK	EUR	USD	CHF	NOK	Other	Total
Assets							
Loans to credit institutions	60 783	-	-	-	-	-	60 783
Loans to the public	743 931	-	-	-	-	-	743 931
Other assets, undistributed	29 468	-	-	-	-	-	29 468
Total assets	**834 181**	**0**	**0**	**0**	**0**	**0**	**834 181**
Liabilities							
Amounts owed to credit institutions	224 843	-	-	-	-	-	224 843
Debt securities in issue and subordinated liabilities	339 468	132 938	30 847	18 387	10 043	1 539	533 223
Other liabilities, undistributed	42 151*	-	-	-	-	-	42 151*
Total liabilities	**606 462**	**132 938**	**30 847**	**18 387**	**10 043**	**1 539**	**800 217**
Other assets and liabilities, including positions in derivatives	-	132 938	30 847	18 387	10 043	1 539	
Net position in currency	-	-	-	-	-	-	

* Other liabilities, Swedbank Mortgage AB: 41 916

4d Market risk – Currency risk, cont

Group and Swedbank Mortgage AB, 2011	SEK	EUR	USD	CHF	NOK	Other	Total
Assets							
Loans to credit institutions	33 505	-	-	-	-	-	33 505
Loans to the public	716 695	-	-	-	-	-	716 695
Other assets, undistributed	26 187	-	-	-	-	-	26 187
Total assets	**776 387**	**0**	**0**	**0**	**0**	**0**	**776 387**
Liabilities							
Amounts owed to credit institutions	170 540	-	-	-	-	-	170 540
Debt securities in issue and subordinated liabilities	358 511	129 942	21 257	18 671	8 567	1 786	538 734
Other liabilities, undistributed	32 997*	-	-	-	-	-	32 997*
Total liabilities	**562 048**	**129 942**	**21 257**	**18 671**	**8 567**	**1 786**	**742 271**
Other assets and liabilities, including positions in derivatives		129 942	21 257	18 671	8 567	1 786	
Net position in currency	-	-	-	-	-	-	

* Other liabilities, Swedbank Mortgage AB: 32 834

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. In accordance with the Capital Adequacy and Large Exposures Act, the capital base must at a minimum correspond to the sum of the capital requirement for credit risks, market risks and operating risks. Accordingly, the capital quotient, i.e., the capital base divided by the capital requirement, must be greater than 1.0.

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. The capital requirement constitutes the buffer that is required in order to protect Swedbank from future losses, with the objective of fulfilling the minimum capital requirements and maintaining access to capital markets.

	Swedbank Mortgage AB	
Capital adequacy	**2012**	**2011**
Equity in annual report according to reported balance sheet	33 132	33 660
Share of equity of accrual reserve	833	455
Unrealised changes in value of financial liabilities due to changes in own credit worthiness	92	-23
Cash flow hedges	312	-1 212
Deferred tax assets	-88	-
Net reserves for IRB reported credit exposures -	287	-319
Total Common Equity Tier 1 capital	**33 994**	**32 562**
Total Tier 1 capital	**33 994**	**32 562**
Total capital base	**33 994**	**32 562**
Capital requirement for credit risks according to standard method	0	0
Capital requirement for credit risks according to IRB approach	3 809	3 963
Capital requirement for operational risk	440	460
Capital requirement	**4 248**	**4 423**
Surplus of capital	**29746**	**28 139**
Risk-weighted amount credit risks	47 610	49 546
Risk-weighted amount operational risk*	3 663	3 836
Risk-weighted assets	51 273	53 382
Common Equity Tier 1 capital ratio, %, Basel 2	**66,3**	**61,0**
Tier 1 capital ratio, %, Basel 2	**66,3**	**61,0**
Capital adequacy ratio, %, Basel 2	**66,3**	**61,0**
Capital quotient, Basel 2	**8,00**	**7,36**

* according to standard method, household bank

5 Capital adequacy, cont.

Capital adequacy Basel 2 according to transition rules	Swedbank Mortgage AB 2012	2011
Capital requirement	4 248	4 423
Complement during transition period	24 391	23 004
Capital requirement including complement	**28 640**	**27 427**
Risk-weighted assets according to transition rules	**357 996**	**342 852**
Surplus of capital	**5 354**	**5 134**
Common Equity Tier 1 capital ratio, %, according to transition rules	**9,5**	**9,5**
Tier 1 capital ratio, %, according to transition rules	**9,5**	**9,5**
Capital adequacy ratio, %, according to transition rules	**9,5**	**9,5**
Capital quotient according to transition rules	**1,19**	**1,19**

Capital adequacy Basel 3	Swedbank Mortgage AB 2012	2011
Common Equity Tier 1 capital, Basel 3	**34 082**	**32 562**
Risk-weighted assets, Basel 3	**51 310**	**53 470**
Core Tier 1 capital ratio, %, Basel 3	**66,4**	**60,9**

	2012			2011		
Capital requirement for credit risks Swedbank Mortgage AB	**Exposed amount after credit risk protection**	**Average risk weight, %**	**Capital requirement**	**Exposed amount after credit risk protection**	**Average risk weight, %**	**Capital requirement**
Institutional exposures	203	20	3	225	16	3
Corporate exposures	34 261	48	1 317	29 485	56	1 318
Household exposures	695 893	4	2 483	673 010	5	2 620
Non-credit obligations	64	100	5	284	100	23
Total credit risks according to IRB approach	**730 421**	**7**	**3 809**	**703 004**	**7**	**3 963**
Total credit risks according to standard method	80 266	0	0	59 677	0	0
Total	**810 687**	**6**	**3 809**	**762 681**	**6**	**3 963**

Internal Capital Adequacy Assessment Process (ICAAP)

Definition

The Internal Capital Adequacy Assessment Process is the bank's process to ensure that Swedbank Mortgage is adequately capitalised to cover its risks and to conduct and develop its operations. The internal capital adequacy assessment therefore takes into account all relevant risks that arise within Swedbank Mortgage.

Development 2012

The models and calculations have been further elaborated, including with regard to credit risks and concentration risks. Swedbank Mortgage's ICAAP is a process where business units are involved in measuring risks and incorporating the results in business strategies. Given the turmoil and the great uncertainty in the global economy, the 2011 ICAAP was based on very negative scenarios. The results shown in the sections below indicate that Swedbank Mortgage is adequately capitalised on 31 December 2011. The ICAAP was approved by the Board of Directors on 16 July 2012.

Measurement

Swedbank Mortgage's internal capital adequacy assessment process is based on two different methods: the Building Block model and the Scenario model. The former is a static model with an evaluation horizon of one year, while the Scenario model is a dynamic model with a multi-year horizon. Since the capital adequacy assessment represents the bank's own estimation of its requirement according to Pillar 2, the assessment may deviate, upwards or downwards, from the corresponding capital requirement according to Pillar 1.

Types of risk

Risks that have been identified and for which Swedbank Mortgage has allocated mitigating capital are:

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

Other forms of strategic risk and reputational risk usually are not dealt with in capital adequacy simulations, even though the capital buffer also implicitly protects against such risks.

These risks remain an important part of Swedbank Mortgage's potential risk exposure, which is why they are carefully monitored and managed. Liquidity constraints may arise as a result of an imbalance between risks and capital. The Internal Capital Adequacy Assessment Process is designed to ensure that such imbalances do not arise. Consequently, a conservative view of liquidity risks is crucial to the capital process.

Total capital requirement

The ultimate capital need for Swedbank Mortgage according to the assessment is given through a combination of the Building Block model and the Scenario model, together SEK 9.8bn, and through current transition rules from Basel I to Basel II. The transition rules account for SEK 17.7bn of Swedbank Mortgage's capital supply. As of 31 December 2011 the total capital requirement according to the two models and the transition rules was SEK 27.4bn.

The total capital supply as per the same date amounted to SEK 32.6bn. As long as Swedbank Mortgage maintains a larger capital supply than the Pillar 2 requirement, all risks are covered, including the negative effects that an adverse scenario may have on the capital supply. An important conclusion of the 2012 Internal Capital Adequacy Assessment Process was that Swedbank Mortgage's capital buffer is adequate to maintain a Tier 1 capital ratio exceeding the minimum capital requirements by a comfortable margin even in the unlikely but possible event of adverse macroeconomic developments that are extremely unfavourable to Swedbank Mortgage. To estimate the ultimate capital need, these quantitative calculations are included in a general assessment and discussion, which consider analyses of the market's expectations, competitive comparisons and other factors.

Economic conditions remained highly uncertain, and the consensus view in the market that banks are in need of higher capitalisation was reinforced.

6 Operating segments

Group	2012 Private	2012 Corporate	2012 Forestry and Agriculture	2012 Total	2011 Private	2011 Corporate	2011 Forestry and Agriculture	2011 Total
Net interest income	3 789	434	399	4 622	2 540	276	250	3 066
Net commissions	44	10	4	58	39	8	4	51
Total income	**3 833**	**444**	**403**	**4 680**	**2 579**	**284**	**254**	**3 117**
Purchased services	526	35	74	635	416	88	38	542
Total expenses	**526**	**35**	**74**	**635**	**416**	**88**	**38**	**542**
Credit impairments	72	-11	9	70	57	-4	3	56
Operating profit	**3 235**	**420**	**320**	**3 975**	**2 106**	**200**	**213**	**2 519**
Lending to the public	564 564	125 523	53 844	**743 931**	549 408	116 692	50 595	**716 695**

Reconciliation between segment reporting and financial report

Group	2012 Net interest income	2012 Total income	2012 Total expenses	2012 Operating profit	2011 Net interest income	2011 Income	2011 Expenses	2011 Operating profit
Total segments	4 622	4 680	635	3 975	3 066	3 118	542	2 519
Return on legal equity	1 111	1 111		1 111	1 014	1 014		1 014
Net gains and losses on financial items at fair value		410		410		233		233
Other income		9		9		8		8
Staff costs			3	3			1	1
Total financial report	**5 733**	**6 210**	**638**	**5 502**	**4 080**	**4 373**	**543**	**3 773**

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

Group and Swedbank Mortgage AB	2012	2011
Interest income		
Loans to credit institutions	819	670
Loans to the public	28 218	26 743
Total	**29 036**	**27 413**
Interest expenses		
Amount owed to credit institutions	-5 447	-5 107
Debt securities in issue	-17 642	-18 013
of which derivatives	-312	-1 177
Other	-213	-213
of which state stabilisation fee	-191	-195
Total	**-23 302**	**-23 333**
Total net interest income	**5 734**	**4 080**
Average balance		
Loans to credit institutions	40 817	32 704
Loans to the public	730 527	705 729
Amount owed to credit institutions	187 095	183 142
Debt securities in the issue	540 702	509 307
Interest income on financial credit institutions	14 581	11 712
Interest income on financial liabilities at amortised cost	14 495	12 694
Interest income on impaired loans	6	4

8 Net commissions

Group and Swedbank Mortgage AB	2012	2011
Commission income		
Payment processing	80	64
Total	**80**	**64**
Commission expenses		
Bankkreditnämnden fees	-1	-1
Market maker fees	-21	-11
Total	**-22**	**-13**
Total net commissions	**58**	**51**

9 Net gains and losses on financial items at fair value

Group and Swedbank Mortgage AB	2012	2011
Valuation category, fair value through profit or loss		
Trading and derivatives		
Interest-bearing securities	-6 282	1 013
Total	**-6 282**	**1 013**
Other		
Interest-bearing securities	6 559	-658
Total	**6 559**	**-658**
Hedge accounting at fair value		
Hedging instruments	4 343	11 650
Hedged item	-4 253	-11 786
Total	**90**	**-136**
Financial liabilities at amortised cost	-68	-66
Valuation category, loans and receivables	111	80
Total net gains and losses on financial items at fair value	**410**	**233**

10 Staff costs

Remuneration within Swedbank Mortgage
All senior executives receive compensation from Swedbank AB.

Swedbank has a common remuneration policy for the group, this annual report makes reference to quantitative information published in the annual report for Swedbank AB (publ) (swedbank.com).

Group and Swedbank Mortgage AB	2012	2011
Salaries and other remuneration	2	1
Pension costs	1	0
Social insurance charges	1	0
Allocation to profit-sharing fund	0	0
Training costs	0	0
Other staff costs	0	0
Total	**3**	**1**
of which profit-based costs	-	-

Number of employees
As of 1 September 2011 Swedbank Mortgage AB has employees.
The average number of employees in the company during the year was 3, of whom 33 per cent were women and 67 per cent were men.

Salaries and other remuneration

Group and Swedbank Mortgage AB	2012	2011
Loans to President	1	0
Loans to Board members	4	5
No. of persons with loans	4	3

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

Group and Swedbank Mortgage AB	2012		2011	
Gender distribution	Men	Women	Men	Women
Board of Directors	3	2	4	1

Information on senior executives

The number of senior executives as of 31 December 2012 was 5 (5).

11 Other expenses

Group and Swedbank Mortgage AB	2012	2011
Purchased services	636	542
Other	0	0
Total	**636**	**542**

12 Net credit impairments

Group and Swedbank Mortgage AB	2012	2011
Provisions for loans that individually are assessed as impaired		
Provisions	19	12
Reversed of previous provisions	-2	-5
Provisions for homogenous groups of impaired loans, net	8	16
Total	**25**	**23**
Portfolio provisions for loans that individually are not assessed as impaired	**-25**	**-4**
Write-offs		
Established losses	78	45
Utilisation of previous provisions	-6	-6
Recoveries	-2	-2
Total	**70**	**37**
Net credit impairments	70	56
Credit impairments by valuation category		
Loans and receivables	36	25
Fair value through profit or loss	34	31
Total	**70**	**56**
Credit impairments by borrower category, General public		
Write-off and provisions	80	69
Recoveries from previous years' actual credit impairments	-10	-13
Total	**70**	**56**

13 Appropriations

Swedbank Mortgage AB	2012	2011
Untaxed reserves		
Tax allocation reserve	450	618
Total	**450**	**618**

14 Tax

Tax expense	Group 2012	Group 2011	Swedbank Mortgage AB 2012	Swedbank Mortgage AB 2011
Tax related to previous years	-26			
Current tax	1 329	830	1329	830
Deferred tax	99	162		
Total	**1 402**	**992**	**1 329**	**830**

Group

The tax expense corresponds to 26.3% of the Group's pre-tax profit. The difference between the Group's tax expense and the tax expense based on current tax rates is explained below:

	2012 SEKm	2012 per cent	2011 SEKm	2011 per cent
Result	1 402	25,50	992	26,30
26.3% of pre-tax profit	1 447	26,30	992	26,30
Total	**46**	**0,8**		
The difference consists of the following items:				
Tax previous years	-26	-0,5		
Standard income tax allocation reserve	99	1,8		
Tax revaluation	-27	-0,5		
Total	**46**	**0,8**		

Swedbank Mortgage AB

The tax expense corresponds to 26.3% 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:

	2012 SEKm	2012 per cent	2011 SEKm	2011 per cent
Result	1 329	26,3	830	26,3
26.3% of pre-tax profit	1 329	26,3	830	26,3
Difference				

Group

In 2012 the Swedish company tax rate was reduced from 26.3% to 22.0% effective 2013. As a result, the deferred tax assets and tax liabilities which will be subject to Swedish taxation beginning in 2013 were revalued at the new tax rate as of the closing day.

The revaluation, which totalled SEK 99m, had a positive effect on the year's tax expense of SEK 72m, which is recognised through profit or loss, a negative effect of SEK26m from tax attributable to components in other comprehensive income and a positive effect of SEK 53m recognised directly in the statement of changes in equity.

20 12

Deferred tax liabilities	Opening balance	Income Statement	Other comprehensive income	Closing balance
Cash flow hedges	434		-434	
Untaxed reserves	162	73		236
Total	**596**	**-73**	**-434**	**236**

Deferred tax assets	Opening balance	Income Statement	Other comprehensive income	Closing balance
Cash flow hedges			88	88
Total			**88**	**88**

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.

	2012	2011
Profit attributable to shareholders of the company	4 100	2 781
Average number of shares outstanding, million	23	23
Earnings per share, SEK	178,26	120,91

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

Group and Swedbank Mortgage AB	2012 Before tax amount	2012 Deferred tax	2012 Current tax	2012 After tax amount
Cash flow hedges	-400	-88		-312
Other comprehensive income	**-400**	**-88**		**-312**

Group and Swedbank Mortgage AB	2011 Before tax amount	2011 Deferred tax	2011 Current tax	2011 After tax amount
Cash flow hedges	1 644	434		1 210
Other comprehensive income	**1 644**	**434**		**1 210**

17 Loans to credit institutions

Group and Swedbank Mortgage AB	2012	2011
Valuation category, loans and receivables		
Swedish banks*	60 783	33 505
Total	**60 783**	**33 505**
* of which liquid assets, bank deposits	57 783	27 505

18 Loans to the public

Group and Swedbank Mortgage AB	2012	2011
Valuation category, loans and receivables		
Swedish public	383 709	321 069
Total	**383 709**	**321 069**
Valuation category, fair value through profit or loss		
Other		
Swedish public *	360 222	395 625
Total	**360 222**	**395 625**
Total loans to the public	**743 931**	**716 695**
* Nominal amount	353 281	390 103
Number of loans	1 590 806	1 585 512

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

19 Shares and participating interests

	Book value		Cost	
Group and Swedbank Mortgage AB	**2012**	**2011**	**2012**	**2011**
Valuation category, AFS				
Condominiums	1	1	1	1
Total	**1**	**1**	**1**	**1**
of which, unlisted	1	1	1	1

20 Investments in Group entities

Shares in subsidiaries, Swedbank Mortgage AB's shareholdings, 31 December 2012	**Number**	**Quota value/ share**	**Book value**
Swedbank Skog och Lantbruk AB 100% *	200	500,0	0,1
Total	**200**	**500,0**	**0,1**

* Corporate identification number 556061-5592, Stockholm.

21 Derivatives

The Group 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 at fair value, 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.

	Remaining contractual term to maturity, nominal amount					Positive values		Negative values	
Group and Swedbank Hypotek AB	**< 1 år**	**1-5 år**	**> 5 år**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Derivatives in hedge accounting									
Fair value hedge									
Interest-rate swaps	38 158	264 038	32 187	334 383	323 404	19 847	14 595		1
Cash flow hedge									
Currency swaps	10 208	96 182	24 293	130 683	107 967	9	339	14 912	7 545
Total	**48 366**	**360 220**	**56 480**	**465 066**	**431 371**	**19 856**	**14 934**	**14 912**	**7 546**
Other derivatives									
Interest-rate-related									
Options	6 500			6 500	15 500	4	8		
Forward contracts	1 694			1 694	2 245			0	1
Swaps	64 314	150 525	4 963	219 802	162 152	2 445	2 339	6 038	5 372
Currency-related									
Swaps	13 893	55 121	9 074	78 088	84 949	2 902	4 004	2 470	2 757
Total	**86 401**	**205 646**	**14 037**	**306 084**	**264 846**	**5 351**	**6 411**	**8 508**	**8 130**
Grand total	**134 767**	**565 866**	**70 517**	**771 150**	**696 217**	**25 207**	**21 345**	**23 420**	**15 676**

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)	9 579	58 116	31 215	10 166	15 413
Net cash flows	**-9 579**	**-58 116**	**-31 215**	**-10 166**	**-15 413**

22 Other assets

Group and Swedbank Mortgage AB	2012	2011
Security settlement claims		530
Other	108	117
Total	**108**	**647**

23 Prepaid expenses and accrued income

Group and Swedbank Mortgage AB	2012	2011
Accrued interest income	3 574	3 809
Other	1	23
Total	**3 575**	**3 832**

24 Amounts owed to credit institutions

Group and Swedbank Mortgage AB	2012	2011
Valuation category, other financial liabilities		
Swedish banks	221 130	163 842
Total	**221 130**	**163 842**
Valuation category, fair value through profit or loss		
Other*		
Swedish banks	3 713	6 698
Total	**3 713**	**6 698**
Total	**224 843**	**170 540**
* Nominal amount	3 712	6 699

25 Debt securities in issue

Group and Swedbank Mortgage AB	2012	2011
Valuation category, other financial liabilities		
Commercial paper	5 839	3 597
Bond loans	457 401	426 263
Change in value due to hedge accounting	11 033	11 033
Other	3 557	765
Total	**477 830**	**441 659**
Valuation category, fair value through profit or loss		
Other *		
Bond loans	55 393	97 075
Total	**55 393**	**97 075**
Total	**533 223**	**538 734**
* Nominal amount	51 002	100 089

26 Other liabilities

Group and Swedbank Mortgage AB	2012	2011
Liabilities to parent company	3 700	1 300
Security settlement liabilities		10
Other	209	94
Total	**3 909**	**1 404**

27 Accrued expenses and prepaid income

Group and Swedbank Mortgage AB	2012	2011
Accrued interest expenses	14 001	14 787
Other	585	533
Total	**14 586**	**15 320**

28 Untaxed reserves

Swedbank Mortgage AB	2012	2011
Opening balance	**618**	**0**
Provision to tax allocation reserve	450	618
Closing balance	**1 068**	**618**

29 Equity according to Annual Accounts Act ÅRKL

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

	Group		Swedbank Mortgage AB	
	2012	2011	2012	2011
Restricted equity				
Share capital	11 500	11 500	11 500	11 500
Statutory reserve	3 100	3 100	3 100	3 100
Total	**14 600**	**14 600**	**14 600**	**14 600**
Non-restricted equity				
Conditional shareholder's contribution	2 400	2 400	2 400	2 400
Retained earnings	16 965	17 116	16 131	16 660
Total	**19 365**	**19 516**	**18 531**	**19 060**
Total equity	**33 965**	**34 116**	**33 131**	**33 660**

	2012	2011
Number of shares		
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

Group and Swedbank Mortgage AB	2012	2011
Assets pledged		
Assets pledged for own liabilities*	700 907	673 410
Securities pledged for forward contracts	108	106
Commitments, nominal amount		
Loans granted but not paid	9 028	8 256
Total	**710 043**	**681 772**

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.

	Group		Swedbank Mortgage AB	
	2012	**2011**	**2012**	**2011**
Group receivables				
Loans to credit institutions	60 781	33 498	60 781	33 498
Derivatives	25 127	21 035	25 127	21 035
Other assets	35	33	35	33
Prepaid expenses and accrued income	143	167	143	167
Total	**86 086**	**54 733**	**86 086**	**54 733**
Group liabilities				
Amounts owed to credit institutions	224 803	170 501	224 803	170 501
Debt securities in issue	9 146	9 748	9 146	9 748
Derivatives	23 420	15 676	23 420	15 676
Other liabilities	3 700	1 300	3 700	1 300
Accrued expenses and prepaid income	3 975	3 381	3 975	3 381
Total	**265 044**	**200 606**	**265 044**	**200 606**

	Group		Swedbank Mortgage AB	
	2012	**2011**	**2012**	**2011**
Statement of comprehensive income				
Interest income	819	858	818	858
Interest expenses	-6 325	-7 224	-6 325	-7 224
Total	**-5 506**	**-6 366**	**-5 506**	**-6 366**

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.

	Group		Swedbank Mortgage AB	
	2012	**2011**	**2012**	**2011**
Group liabilities				
Securities in issue	1 614	1 598	1 614	1 598
Accrued expenses and prepaid income	86	71	86	71
Total	**1 700**	**1 668**	**1 700**	**1 668**
Statement of comprehensive income				
Interest expenses	-44	-4	-44	-4
Commission expenses	-154	-144	-154	-144
Total	**-198**	**-148**	**-198**	**-148**

III. Senior executives
See note 10 for further information.

32 Fair value of financial instruments

Carrying amounts and fair values of financial instruments
A comparison between the carrying amounts and fair value of the Group's financial assets and financial liabilities according to the definition in IAS 39 is presented below.

Group	2012			2011		
	Book value	**Fair value**	**Difference**	**Book value**	**Fair value**	**Difference**
Assets						
Financial Assets						
Loans to credit institutions	60 783	60 783		33 505	33 509	4
Loan receivables	60 783	60 783		33 505	33 509	4
Loans to the public	743 931	749 831	5 900	716 695	719 612	2 917
Loan receivables	383 709	389 609	5 900	321 069	323 987	2 917
Fair value through profit or loss	360 222	360 222		395 625	395 625	
Shares and participating interests	1	1		1	1	
Available for sale investments	1	1		1	1	
Derivatives	25 207	25 207		21 345	21 345	
Other financial assets	4 171	4 171		4 841	4 841	
Non-financial assets	88	88		0	0	
Total	**834 181**	**840 081**	**5 900**	**776 387**	**779 308**	**2 921**
Liabilities						
Financial liabilities						
Amounts owed to credit institutions	224 843	225 761	918	170 541	171 189	649
Other financial liabilities	221 130	222 048	918	163 842	164 491	649
Fair value through profit or loss	3 713	3 713		6 698	6 698	
Debt securities in issue, etc.	533 223	540 751	7 528	538 734	540 528	1 794
Other financial liabilities	477 830	485 358	7 528	441 659	443 453	1 794
Fair value through profit or loss	55 393	55 393		97 075	97 075	
Derivatives	23 420	23 420		15 677	15 677	
Other financial liabilities	18 496	18 496		16 724	16 724	
Non-financial liabilities	236	236		596*	596*	
Total	**800 216**	**808 664**	**8 446**	**742 271**	**744 714**	**2 443**

* Non-financial liabilities, Swedbank Mortgage AB: 0 (434)

32 Fair value of financial instruments, cont.

Determination of fair value of financial instruments
The Group 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.

If market activity is deemed insufficient, 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 from the financial markets and how valuations are performed on those 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
Following tables describe fair values divided on the three different valuation levels for financial instruments that are 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 -155m during the period and is recognised as net gains and losses on financial items at fair value. The cumulative value change amounted to SEK -125m. 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 -34m during the period and is recognised as credit impairments. Cumulative value changes of that kind amounted to SEK -102m. 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 loans from Swedbank AB whose valuation is based on observable interbank interest rates adjusted for the difference between the interbank rate and the contractual interest rate at the time the contract was entered into. See also note 3 Critical accounting judgements and estimates.

There were no significant transfers of financial instruments between valuation levels during the year despite concerns in the financial markets.

The table shows financial instruments measured at fair value as per 31 December 2012 distributed by valuation level.

Financial instruments at fair value

	2012				2011			
Group	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Loans to the public		360 222		360 222		395 625		395 625
Derivatives		25 207		25 207		21 345		21 345
Total		**385 429**		**385 429**		**416 970**		**416 970**
Liabilities								
Amounts owed to credit institutions			3 713	3 713			6 698	6 698
Debt securities in issue, etc.	37 998	17 395		55 393	88 226	8 849		97 075
Derivatives		23 420		23 420		15 677		15 677
Total	**37 998**	**40 815**	**3 713**	**82 526**	**88 226**	**24 526**	**6 698**	**119 450**

Financial instruments at fair value based on Level 3

	2012	2011
Opening balance	**6 698**	**10 096**
Gains or Loss in statement of comprehensive income*	-2	1
Maturities	2 987	3 397
Closing balance	**3 713**	**6 698**

* Unrealised changes in value.

33 Events after 31 December 2012

No important events have occured.

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 Parent 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.

The Board of Directors and the President hereby affirm that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide an accurate portrayal of the Group's position and earnings and that the Board of Directors' report for the Group provides an accurate review of trends in the Group's operations, position and earnings, as well as describes significant risks and instability factors faced by the company.

Stockholm, 20 February 2013

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

Johan Smedman Head of Central Region Swedish Retail	Gunilla Domeij Hallros Head of Treasury Analytics and Reporting Group Treasury/Group Functions	Eva de Falck Head of Legal Swedish Retail/Channels & Concepts

Peter Stenborn
President of Swedbank Mortgage

Our auditors' report was submitted on 20 February 2013

Deloitte AB

Jan Larsson
Authorised Public Accountant

Auditors' report

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Swedbank Mortgage AB (publ) for the year 2012. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 4-36.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated 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 and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act 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 and consolidated 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 and consolidated 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 and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated 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 and consolidated 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 and consolidated accounts.

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

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 the parent company as of 31 December 2012 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, and the consolidated 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 the group as of 31 December 2012 and of their financial performance and cash flows in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Swedbank Mortgage AB (publ) for the year 2012.

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 or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and the Banking and Financing Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss 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 or loss, 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 and consolidated 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 Banking and Financing 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 opinion.

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.

Stockholm, 20 February 2013

Deloitte AB

Jan Larsson
Authorised 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.

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, millions 31 dec 2012	Nominal amount in SEKm 31 dec 2012
EMTN 831	XS0479630013	2,50%	10-01-21	13-01-21	EUR	1 000	8 600
EMTN 876	CH0123031269	3m Chf-Libor + 0,22%	11-02-08	13-02-08	CHF	175	1 246
EMTN 841	CH0110741102	1,25%	10-04-22	13-04-22	CHF	375	2 671
EMTN 867	CH0117529856	3m Chf-Libor + 0,30%	10-10-05	13-10-04	CHF	150	1 068
EMTN 872	XS0554369081	2,00%	10-11-02	14-01-31	EUR	1 000	8 600
EMTN 878	CH0124339422	1,13%	11-02-28	14-02-28	CHF	150	1 068
USCB 2	XS0609425011	3m Libor + 0,45%	11-03-28	14-03-28	USD	1 000	6 504
EMTN 882	CH0128250492	3m Chf-Libor + 0,27%	11-05-16	14-05-16	CHF	100	712
EMTN 818	XS0432619087	4,13%	09-06-09	14-06-09	EUR	1 250	10 750
EMTN 880	XS0603232165	2,75%	11-03-10	14-09-10	EUR	1 500	12 899
EMTN 838	CH0110878490	1,63%	10-03-29	15-05-29	CHF	300	2 137
EMTN 852	XS0517421920	2,50%	10-06-15	15-06-15	EUR	1 100	9 460
EMTN 891	XS0673599097	2,25%	11-09-07	15-09-07	EUR	1 500	12 899
EMTN 877	XS0581062675	3,00%	11-01-21	16-01-21	EUR	1 000	8 600
USCB 1	XS0609192678	2,95%	11-03-28	16-03-28	USD	1 000	6 504
EMTN 833	CH0109730207	2,14%	10-02-26	16-08-26	CHF	350	2 493
USCB 3	XS0670236842	2,13%	11-08-31	16-08-31	USD	1 000	6 504
EMTN 827	XS0455687920	3,63%	09-10-05	16-10-05	EUR	1 250	10 750
EMTN 839	XS0496542787	3,38%	10-03-22	17-03-22	EUR	1 100	9 460
USCB 4	XS0762447075	2,38%	12-03-23	17-04-05	USD	1 500	9 756
EMTN 873	CH0118532776	1,63%	10-12-08	17-12-08	CHF	260	1 852
EMTN 875	CH0123069038	2,13%	11-02-08	21-02-08	CHF	100	712
Total							**135 244**

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 currency, millions 31 dec 2012	Nominal amount in SEKm 31 dec 2012
EMTN 846	XS0506537066	3,58%	10-05-07	13-01-07	NOK	400	466
EMTN 861	XS0531051067	3m Euribor + 0,16%	10-08-03	13-02-04	EUR	70	602
EMTN 879	XS0592436678	3m Euribor + 0,24%	11-02-18	13-02-18	EUR	100	712
EMTN 842	XS0503535915	3m Stibor + 0,50%	10-04-19	13-04-19	SEK	300	300
EMTN 871	XS0551319022	3m Stibor + 0,45%	10-10-20	13-06-19	SEK	1 400	1 400
EMTN 859	XS0528104770	3m Euribor + 0,29%	10-07-23	13-07-23	EUR	100	860
EMTN 865	XS0541310206	3m Stibor + 0,43%	10-09-10	13-09-10	SEK	300	300
EMTN 898	XS0718292278	3m Stibor + 0,28%	11-12-12	13-12-12	SEK	950	950
EMTN 901	XS0721120243	3m Stibor + 0,29%	11-12-16	13-12-16	SEK	500	500
EMTN 605	XS0226070141	Zero coupon bond	05-08-01	13-12-27	HKD	299	251
EMTN 729	XS0282029627	4,17%	07-01-12	14-01-13	HKD	48	40
EMTN 551	XS0207877753	Zero coupon bond	04-12-14	14-04-01	SEK	200	200
EMTN 881	XS0618186695	3m Stibor + 0,46%	11-04-18	14-04-17	SEK	400	400
EMTN 863	XS0532509121	3m Stibor + 055%	10-08-12	14-05-05	SEK	3 250	3 250
EMTN 897	XS0718300634	3m Stibor + 0,43%	11-12-12	14-06-12	SEK	800	800
EMTN 886	XS0712133403	3m Stibor + 0,35%	11-06-23	14-06-23	SEK	550	550
EMTN 823	XS0437361248	3,61%	09-07-02	14-07-02	EUR	10	86
EMTN 889	XS0644955006	3m Stibor + 0,39%	11-07-07	14-07-07	SEK	500	500
EMTN 888	CH0132525293	3m Chf-Libor + 0,32%	11-07-15	14-07-15	CHF	175	1 246
EMTN 902	XS0733712524	3m Stibor + 0,40%	12-01-19	14-09-19	SEK	1 100	1 100
EMTN 894	CH0138253130	3m Chf-Libor + 0,38%	11-10-06	14-10-06	CHF	110	783
NCB 1	NO0010546047	3m Nibor + 0,35%	09-10-16	14-10-16	NOK	1 750	2 039
EMTN 899	XS0719042375	1,70%	11-12-19	14-12-19	EUR	5	43
EMTN 704	XS0272010082	5,37%	06-10-23	14-12-23	USD	23	150
EMTN 542	XS0207287441	Zero coupon bond	04-12-06	14-12-30	HKD	130	109
EMTN 603	XS0225552271	Zero coupon bond	05-07-26	14-12-30	HKD	346	290
EMTN 903	XS0737415215	3m Stibor + 0,50%	12-01-26	15-01-26	SEK	200	200
NCB 3	NO0010563786	4,50%	10-01-26	15-01-26	NOK	300	350
EMTN 884	XS0626774656	2,80%	11-05-16	15-02-16	EUR	20	172
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	Index bond	05-08-03	15-08-03	JPY	2 000	151
EMTN 920	XS0811468619	3m Libor + 0,60%	12-08-03	15-08-03	USD	75	488
EMTN 806	XS0381281160	5,14%	08-08-05	15-08-05	EUR	20	172
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	72
EMTN 610	XS0227718250	Index bond	05-08-25	15-08-25	EUR	10	86
EMTN 807	XS0382884079	3m Euribor + 0,26%	08-08-14	15-09-14	EUR	60	516
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	86
EMTN 498	XS0190092469	Index bond	04-04-07	15-12-01	SEK	500	500
EMTN 515	XS0193630661	Index bond	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	Zero coupon bond	05-06-07	15-12-30	HKD	220	185
EMTN 642	XS0242882008	4,62%	06-02-08	16-02-08	HKD	80	67
EMTN 907	XS0750348574	3m Nibor + 0,17%	12-02-24	16-02-24	NOK	75	87
NCB 5	NO0010601347	3m Nibor + 0,60%	11-03-01	16-03-01	NOK	1 000	1 165
NCB 6	NO0010601339	4,60%	11-03-01	16-03-01	NOK	250	291
EMTN 825	XS0445433039	3,75%	09-08-12	16-05-12	EUR	20	172
EMTN 915	XS0791635898	3m Stibor + 0, 53%	12-06-13	16-06-13	SEK	125	125
EMTN 692	XS0265270073	5,07%	06-08-22	16-08-22	HKD	110	92
EMTN 695	XS0265586973	4,92%	06-08-25	16-08-25	HKD	110	92
EMTN 892	XS0677387721	3m Nibor + 0,65%	11-09-15	16-09-15	NOK	150	175
EMTN 893	XS0677306663	3,93%	11-09-15	16-09-15	USD	7	46

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 currency, millions 31 dec 2012	Nominal amount in SEKm 31 dec 2012
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	860
EMTN 909	XS0761323301	3m Euribor + 0,57%	12-03-21	17-03-21	EUR	25	215
EMTN 911	XS0765411839	3m Euribor + 0,50%	12-03-28	17-03-28	EUR	100	860
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	125	125
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	86
EMTN 924	XS0828512326	3m Euribor + 0,20%	12-09-13	17-09-13	EUR	15	129
NCB 7	NO0010661457	3m Nibor + 0,45%	12-10-09	17-10-09	NOK	1 000	1 165
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	65
EMTN 927	XS0850341545	3m Euribor + 0,18%	12-11-01	17-11-01	EUR	50	430
EMTN 928	XS0851135425	3m Euribor + 0,18%	12-11-02	17-11-02	EUR	50	430
EMTN 896	XS0712133403	2,35%	11-12-08	17-12-08	EUR	20	172
EMTN 913	XS0773510432	1,75%	12-04-23	18-04-23	EUR	10	86
EMTN 802	XS0371402875	5,95%	08-06-18	18-06-18	NOK	500	583
EMTN 929	XS0857212327	3m Euribor + 0,20%	12-11-21	18-11-21	EUR	30 000	257 988
EMTN 930	XS0858168379	3m Euribor + 0,20%	12-11-26	18-11-26	EUR	19 000	163 392
EMTN 914	XS0778358902	6m Euribor + 0,40%	12-05-02	19-05-02	EUR	50	58
EMTN 828	XS0457848199	4,90%	09-10-22	19-10-22	NOK	750	874
NCB 2	NO0010548365	5,10%	09-11-10	19-11-11	NOK	850	990
EMTN 596	XS0221213837	0,83%	05-06-15	20-06-15	JPY	500	38
EMTN 854	XS0520001578	3,72%	10-06-24	20-06-24	EUR	10	86
EMTN 857	XS0523143567	3m Euribor + 0,46%	10-07-02	20-09-27	EUR	10	86
EMTN 597	XS0223127746	3,60%	05-06-30	20-12-01	SEK	350	350
EMTN 655	XS0252775464	Index bond	06-04-28	20-12-01	SEK	220	220
NCB 4	NO0010600315	5,25%	11-03-16	21-03-16	NOK	1 050	1 223
EMTN 885	CH0131220631	2,25%	11-06-21	21-06-21	CHF	100	712
EMTN 900	XS0720522779	6m Euribor + 0,58%	11-12-16	21-12-16	EUR	50	430
EMTN 883	CH0129918071	2,50%	11-06-03	22-06-03	CHF	150	1 068
EMTN 430	XS0171857997	Index bond	03-07-07	23-07-14	JPY	500	38
EMTN 847	XS0507697711	4,01%	10-05-20	25-05-20	EUR	10	86
EMTN 815	XS0430266741	5,07%	09-05-22	29-05-22	EUR	10	86
EMTN 816	XS0430512029	5,08%	09-05-26	29-05-28	EUR	10	86
EMTN 822	XS0435543011	5,30%	09-06-25	29-06-25	SEK	300	300
EMTN 424	XS0170186554	Index bond	06-06-26	33-06-27	JPY	1 000	76
EMTN 443	XS0174053909	Index bond	03-06-26	33-08-26	JPY	1 000	76
EMTN 895	XS0679425230	3,13%	11-09-20	36-09-22	SEK	1 000	76
EMTN 809	XS0387371551	5,35%	08-09-10	38-09-10	EUR	20	172
EMTN 834	XS0488083287	4,57%	10-03-01	40-03-01	EUR	40	344
Total							**463 289**

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, millions 31 dec 2012	Nominal amount in SEKm 31 dec 2012
RCB					EUR	2 673 500	22 991 031
Total							**22 991 031**

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 2012
177	SE0002373696	4,75%	07-06-19	13-06-19	SEK	52 663
166	SE0000426371	6,75%	97-05-05	14-05-05	SEK	27 972
182	SE0003041045	3,75%	09-03-18	15-03-18	SEK	9 748
183	SE0003585785	3,75%	10-09-16	15-09-16	SEK	50 963
184	SE0003585793	3,75%	10-06-15	16-06-15	SEK	32 489
185	SE0003585801	3,75%	10-03-15	17-03-15	SEK	54 659
186	SE0004270007	3,75%	10-12-20	17-12-20	SEK	40 113
180	SE0002576561	5,70%	08-05-12	20-05-12	SEK	17 550
Total						**286 157**

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 2012
MTN 3091	SE0004390896	3m Stibor + 0,15%	11-12-30	13-12-30	SEK	900
MTN 3089	SE0003909266	3m Stibor + 0,46%	11-03-21	14-03-21	SEK	1 100
MTN 3090	SE0004328516	3m Stibor + 0,53%	11-11-28	14-11-28	SEK	200
MTN 3092	SE0004390904	3m Stibor + 0,42%	11-12-30	14-12-30	SEK	595
MTN 3093	SE0004390912	3m Stibor + 0,70%	11-12-30	15-12-30	SEK	2 100
MTN 3088	SE0003909258	3m Stibor + 0,87%	11-03-21	16-03-21	SEK	1 750
179	SE0002576553	5,80%	08-05-12	16-05-12	SEK	83
MTN 3094	SE0004390920	3m Stibor + 0,95%	11-12-30	16-12-30	SEK	2 575
MTN 3096	SE0004810059	3m Stibor + 0,62%	12-09-14	17-12-29	SEK	1 305
Total						**10 608**

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 SEKm 31 dec 2012
7170		Zero coupon bond	00-05-02	14-05-05	SEK	5 758
Total						**5 758**

Board of Directors, Auditors and Executive Committee

Board members appointed by the Annual General Meeting:

Anders Ekedahl
Head of Group Business Control
CFO/Group Functions
Born 1960

Peter Stenborn
President of Swedbank Mortgage
Born 1965

Johan Smedman
Head of Central Region
Swedish Retail
Born 1964

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

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

Auditor appointed by the Annual General Meeting:

Deloitte AB
Jan Larsson

Swedbank Mortgage's Executive Committee:

Peter Stenborn
President of Swedbank Mortgage
e-mail: peter.stenborn@swedbank.com

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

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