

Interim report January – June 2013

Stockholm, 16 July 2013

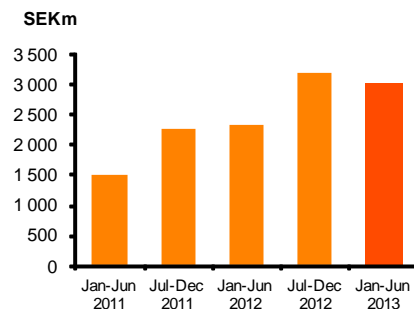
January - June 2013

Compared with January - June 2012

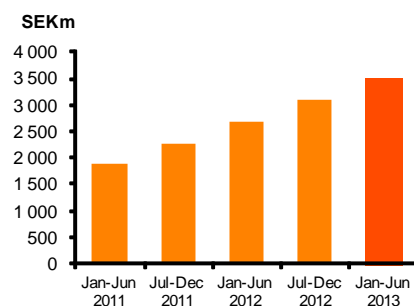
- Operating profit amounted to SEK 3 025m (2 333).
- Net interest income amounted to SEK 3 515m (2 666).
- Loans to the public increased by SEK 9 bn to SEK 746bn (727).
- Profit before impairments amounted to SEK 3 034m (2 384).
- The return on equity was 11.2 per cent (10.0).
- The tier 1 ratio according to Basel II was 9.5 per cent (9.5 on 31 December 2012).
- Covered bonds totaling the nominal amount of SEK 46bn (50) were issued during the period.

Figures in parentheses pertain to the same period in 2012 unless noted otherwise

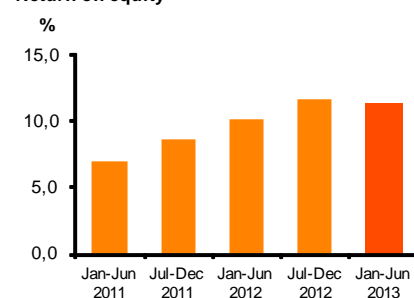
Operating profit



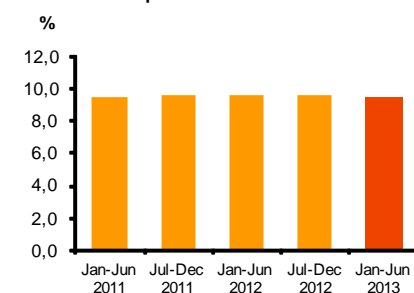
Net interest income



Return on equity



Core Tier 1 capital ratio



INTERIM REPORT

JANUARY – JUNE 2013

Swedbank Mortgage AB (in Swedish: Swedbank Hypotek) is a wholly owned subsidiary to Swedbank AB (publ). The Swedbank Mortgage group comprises the parent company, Swedbank Mortgage AB (publ) and the wholly owned subsidiary Swedbank Skog och Lantbruk AB (inactive company).

The mortgage lending is mainly originated through Swedbank's and the savings banks retail network, one of the largest bank-owned distribution networks in Sweden. No lending is performed outside of Sweden.

Numbers within parenthesis refer to the corresponding period from the previous year unless noted otherwise.

PROFIT ANALYSIS

Operating profit for the first half of 2013 rose by SEK 692m compared to the corresponding period previous year, and amounted to SEK 3 025m (2 333). Net interest income amounted to SEK 3 515m (2 666).

Interest income as well as interest cost decreased compared to the corresponding period last year, due to lower average interest rates on both lending and funding. Interest cost was lowered by repurchases of bonds originally issued at a higher interest rate, which were replaced by new issues at today's lower interest rate level. Interest income for the period amounted to SEK 12 959m (14 805) and interest cost to SEK 9 444m (12 139).

Net gains and losses on financial items at fair value (NGL) amounted to SEK -167m (3). NGL was negatively affected by repurchases of covered bonds by SEK -232m. Early redemption charges received contributed positively by SEK 69m. For further information, see note 3.

Other expenses include a large part of the compensation paid to the savings banks and partly owned banks. This cost amounted to SEK 338m (318). No such settlement is performed with Swedbank.

LENDING

Swedbank Mortgage is a Swedish mortgage institution with a leading position on the Swedish market. Its business is long-term mortgage lending and the company has over one million clients.

Swedbank Mortgage grants loans up to a ratio of 85 per cent of the market value of the underlying collateral. During the period, a change regarding new lending to individuals has been imposed, where loans are granted up to a ratio of 85 per cent (75) of the market value of the underlying collateral. Swedbank Mortgage also lends directly to municipalities or to other lenders with local government guarantees as collateral, and to agricultural and forestry businesses under the secondary name Jordbrukskredit.

During the period, loans to the public increased by nominal SEK 8 893m (15 332) to SEK 745 914m (726 516). Lending to the private sector rose by SEK 5 963m (8 260), lending to the corporate sector by SEK 1 798m (5 554) and lending to the agricultural and forestry sector by SEK 1 132m (1 518). In total, Swedbank Mortgage's loans to the public amounted to SEK 750 499m (731 471) of which the accumulated change in market value accounted for SEK 4 585m (4 955).

The credit quality of the lending remains at a very high level and credit impairments at a low level. Compared to the first half of 2012, net credit impairments were reduced by SEK 41m to SEK 9m (50). Provisions amounted to SEK 183m (226). Credit impairments and loans are specified in note 4 and 5.

FUNDING

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

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

In the first half of 2013 the demand from both Swedish and international investors has remained at a high level. In total, Swedbank Mortgage issued nominal SEK 46bn in covered bonds. SEK 27bn was issued in the Swedish covered bond market and SEK 19bn in the international market. During the period, repurchases of nominal SEK 26bn has been performed in the Swedish covered bond market and nominal SEK 36bn have matured. In total Swedbank Mortgage plans to issue around nominal SEK 80bn of covered bonds in 2013 to counter maturities of nominal SEK 48bn as of the beginning of the year. Liquidity exceeding the refinancing need is used to repurchase bonds maturing in 2014.

The average maturity of all outstanding covered bonds is 40 months as per 30 June, compared to 39 months at the start of the year.

Debt to Swedbank AB has increased by SEK 55bn to SEK 280bn since year-end. For further information, see note 8 and 10.

CAPITAL ADEQUACY

The capital quotient amounted to 1.18 at the end of the period (1.19 as per 31 December 2012). The total capital adequacy ratio as well as the tier 1 capital ratio was 9.5 per cent (9.5 as per 31 December 2012). The capital requirement according to pillar 1 amounted to SEK 29 181m (28 640 as per December 2012), compared to SEK 3 942m (4 248 as per 31 December 2012) at full effect of Basel 2. Capital adequacy is specified in note 14.

RISKS

The primary risks are credit risk, liquidity risk, financial risk and operational risk. Swedbank Mortgage maintains a low-risk profile through a well-diversified credit portfolio and limited financial and operational risks. In addition to what is stated in this interim report, a description of the company's risks is provided in the annual report for 2012, page 9-10. No significant changes have taken place with regard to the distribution of risks compared to what is stated in the annual report.

INTEREST RATE RISK

An increase in market interest rates by one percentage point as per 30 June 2013 would have reduced the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 829m (723 as per 30 June 2012). A one percentage point increase in market interest rates as per 30 June 2013 would have reduced Swedbank Mortgage's net gains and losses on financial items at fair value by SEK 219m (232 as per 30 June 2012). This would have a negative effect of SEK 171m on equity. A one percentage point decrease in market interest rates would have increased the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 850m (SEK 715m as per 30 June 2012). The corresponding amount for Swedbank Mortgage's net gains and losses on financial items at fair value is an increase by SEK 219m (208 as per 30 June 2012). This would have a positive effect of SEK 171m on equity.

RATING

Swedbank Mortgage is one of the biggest issuers on the Swedish market for covered bonds with top-rating from both Moody's Investor Service and Standard & Poor's (Aaa/AAA).

On 4 June 2013, the rating institute Moody's upgraded Swedbank Mortgage's long-term rating from A2 to A1 with stable outlook, while the short-term rating was confirmed at an unchanged level (P-1) with stable outlook.

EVENTS AFTER 30 JUNE 2013

No significant events have occurred.

SWEDBANK MORTGAGE financial summary

	2013 30 Jun	2012 31 Dec	2012 30 Jun	2011 31 Dec	2010 31 Dec
Lending					
Loans to the public, SEKm	750 499	743 931	731 471	716 695	697 299
Profit					
Operating profit	3 025	5 502	2 333	3 773	3 179
Investment margin, % ^{a)}	0,80	0,72	0,64	0,59	0,53
Return on equity, %	11,2	11,7	10,0	8,6	7,4
Earnings per share, SEK	102,6	178,3	74,8	120,9	101,7
Capital					
Capital base, SEKm	34 487	33 994	34 367	32 562	30 968
Equity, SEKm	34 817	33 965	34 665	34 116	31 680
Number of shares in issue at beginning/end of period, million	23	23	23	23	23
Equity per share, SEK	1 514	1 477	1 507	1 483	1 377
Capital quotient	1,18	1,19	1,22	1,19	1,17
Capital adequacy ratio, %	9,5	9,5	9,8	9,5	9,3
Tier 1 capital ratio, %	9,5	9,5	9,8	9,5	9,3
Credit quality					
Credit impairments, SEKm	9	70	50	56	168
Loan loss ratio, %	0,00	0,01	0,01	0,01	0,02
Provision ratio for impaired loans, % ^{b)}	251	76	234	204	142
Share of impaired loans, net, loans to the public %	0,02	0,02	0,02	0,02	0,01

^{a)} Calculated as an average over 12 months.

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

INCOME STATEMENT condensed

SEKm	Note	Group			Swedbank Mortgage AB		
		2013 Jan-Jun	2012 Jan-Jun	%	2013 Jan-Jun	2012 Jan-Jun	%
Interest income		12 959	14 805	-12	12 959	14 805	-12
Interest expense		-9 444	-12 139	-22	-9 444	-12 139	-22
Net interest income		3 515	2 666	32	3 515	2 666	32
Commission income		39	40	-3	39	40	-3
Commission expenses		-18	-12	53	-18	-12	53
Net commissions		21	28	-26	21	28	-26
Net gains and losses on financial items at fair value	3	-167	3		-167	3	
Other income		4	5	-4	4	5	-4
Total income		3 373	2 702	25	3 373	2 702	25
Other expenses		339	318	7	339	318	7
Total expenses		339	318	7	339	318	7
Profit before impairments		3 034	2 384	27	3 034	2 384	27
Credit impairments	4	9	50	-82	9	50	-82
Operating profit		3 025	2 333	30	3 025	2 333	30
Tax		666	614	8	666	614	8
Profit for the period		2 360	1 720	37	2 360	1 720	37

STATEMENT OF COMPREHENSIVE INCOME condensed

SEKm	Group			Swedbank Mortgage AB		
	2013 Jan-Jun	2012 Jan-Jun	%	2013 Jan-Jun	2012 Jan-Jun	%
Profit for the period	2 360	1 720	37	2 360	1 720	37
Items that may be reclassified to the income statement						
Cash flow hedges:						
Gains and losses arising during the period	-84	-1 589	-95	-84	-1 589	-95
Reclassification adjustments to income statement, net interest income	2	2		2	2	
Reclassification adjustments to income statement, net gains and losses on financial items at fair value	0	0		0	0	
Income tax relating to components of other comprehensive income	18	418	-96	18	418	-96
Total comprehensive income for the period	2 296	551	317	2 296	551	317

Total change in value on derivatives included in cash flow hedges amounted to SEK 3 849m during the period, of which SEK 3 931m is transferred to the income statement.

BALANCE SHEET condensed

SEKm	Note	Group			Swedbank Mortgage AB		
		2013 30 Jun	2012 31 Dec	2012 30 Jun	2013 30 Jun	2012 31 Dec	2012 30 Jun
Assets							
Loans to credit institutions	5	17 857	60 783	36 205	17 857	60 783	36 205
Loans to the public	5	750 499	743 931	731 471	750 499	743 931	731 471
Value change of interest hedged item in portfolio hedge		-234			-234		
Derivatives	6	18 381	25 207	21 303	18 381	25 207	21 303
Other assets	7	64 661	4 260	5 341	64 896	4 260	5 341
Total assets		851 164	834 181	794 319	851 400	834 181	794 319
Liabilities and equity							
Amounts owed to credit institutions	8	280 100	224 843	185 417	280 100	224 842	185 417
Debt securities in issue	10	507 872	533 223	544 722	507 872	533 223	544 722
Derivatives	6	17 591	23 420	18 960	17 591	23 420	18 960
Other liabilities	9	10 785	18 730	10 555	10 785	18 497	10 392
Untaxed reserves					1 068	1 068	618
Equity		34 817	33 965	34 665	33 984	33 131	34 210
Total liabilities and equity		851 164	834 181	794 319	851 400	834 181	794 319

STATEMENT OF CHANGES IN EQUITY condensed

Group, SEKm	Equity attributable to shareholders of Swedbank Mortgage AB				
	Share capital	Other contributed equity	Fair value reserve	Retained earnings	Total
Opening balance 1 January, 2012	11 500	2 400	1 210	19 005	34 116
Group contributions paid				-3 700	-3 700
Tax reduction due to Group contributions paid				973	973
Total comprehensive income for the period			-1 522	4 100	2 577
Closing balance 31 December, 2012	11 500	2 400	-312	20 378	33 965

Opening balance 1 January, 2013	11 500	2 400	-312	20 378	33 965
Group contributions paid				-1 850	-1 850
Tax reduction due to Group contributions paid				407	407
Total comprehensive income for the period			-64	2 360	2 296
Closing balance 30 June, 2013	11 500	2 400	-376	21 294	34 817

Swedbank Mortgage AB, SEKm	Equity attributable to shareholders of Swedbank Mortgage AB				
	Share capital	Other contributed equity	Fair value reserve	Retained earnings	Total
Opening balance 1 January, 2012	11 500	3 100	1 210	17 850	33 660
Group contributions paid				-3 700	-3 700
Tax reduction due to Group contributions paid				973	973
Total comprehensive income for the period			-1 522	3 723	2 200
Closing balance 31 December, 2012	11 500	3 100	-312	18 845	33 131
of which conditional shareholders' contributions				2 400	2 400

Opening balance 1 January, 2013	11 500	3 100	-312	18 845	33 131
Group contributions paid				-1 850	-1 850
Tax reduction due to Group contributions paid				407	407
Total comprehensive income for the period			-64	2 360	2 296
Closing balance 30 June, 2013	11 500	3 100	-376	19 762	33 984
of which conditional shareholders' contributions				2 400	2 400

CASH FLOW STATEMENT condensed

Group, SEKm	2013 Jan-Jun	2012 Jan-Jun	2012 Full-year
Operating activities			
Operating profit	3 025	2 333	5 502
Adjustments for non-cash items in operating activities	-6 026	3 032	3 237
Taxes paid	-460	-22	-482
Increase/decrease in loans to credit institutions	2 500	1 500	3 000
Increase/decrease in loans to the public	-8 893	-15 332	-25 837
Increase/decrease in amounts owed to credit institutions	55 258	14 873	54 300
Increase/decrease in other assets and liabilities, net	-58 451	1 772	736
Cash flow from operating activities	-13 047	8 156	40 456
Financing activities			
Issuance of interest-bearing securities	46 304	59 040	93 712
Redemption of interest-bearing securities	-64 678	-61 510	-107 624
Increase/decrease in other funding	-5 305	-186	5 034
Group contributions paid	-3 700	-1 300	-1 300
Cash flow from financing activities	-27 379	-3 956	-10 178
Cash flow for the period	-40 427	4 200	30 278
Cash and cash equivalents at the beginning of the period	57 783	27 505	27 505
Cash flow for the period	-40 427	4 200	30 278
Cash and cash equivalents at end of the period	17 356	31 705	57 783

Cash and cash equivalents consist of cash accounts with Swedbank AB and are included in Loans to credit institutions.

RATING

Swedbank Mortgage AB	Moody's	Standard & Poor's
Covered bonds	Aaa	AAA
Long-term	A1	A+
Short-term	P-1	A-1

NOTES

Note information refers to both the Parent Company and the Group.

NOTE 1 Accounting policies

The interim report has been prepared in accordance with IAS 34.

As previously, the Parent Company, Swedbank Mortgage AB, has prepared its accounts in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies, the directives of the Financial Supervisory Authority, and recommendation RFR 2 of the Financial Reporting Council.

IFRS 13 Fair Value Measurement

The new standard IFRS 13 replaces the guidance on fair value measurement which had been found in each IFRS standard. The standard defines fair value and how it is determined. It also includes new disclosure requirements, due to which IAS 34 Interim reporting has been expanded and interim reports issued as of 2013 will include specific disclosures on financial instruments measured at fair value and whose fair value is calculated in accordance with level 3 in the fair value hierarchy. The revision to IAS 34 also means that disclosures on the fair value of financial instruments recognised at amortised cost will be provided in interim reports see note 11. The introduction of the standard

has otherwise had no material impact on how the Group measures fair values or on its financial position or results.

No changes in the legal accounting framework have had a substantial effect on the financial position, results and disclosures of the Group or the Parent Company.

During the first quarter 2013 the Group initiated the application of Fair Value Hedge Accounting for a Portfolio Hedge of interest rate risk. In these types of hedges, the hedged portion is identified as a single amount rather than individual assets. Because the hedge relates to a portfolio rather than individual balance sheet items, the effective portion of the change in fair value for the hedged item is recognized on a separate line in the balance sheet called Value change of interest hedged item in portfolio hedge. The hedged item is recognised in the same way as other individual balance sheet items.

The accounting principles applied in the interim report is otherwise the same as those applied in the preparation of the Annual Report for 2012.

NOTE 2 Business segments

Group, SEKm	January - June 2013				January - June 2012			
	Private	Corporate	Agricultural & Forestry	Total	Private	Corporate	Agricultural & Forestry	Total
Total income	2 442	386	246	3 073	1 774	183	181	2 138
Total cost	278	21	39	338	266	17	38	321
Operating profit	2 154	366	206	2 726	1 462	166	143	1 771
Loans to the public	568 932	126 769	54 798	750 499	557 246	122 152	52 072	731 470

Reconciliation of segment accounting and financial report

Group, SEKm	January - June 2013			January - June 2012		
	Total segment	Coord-ination	Total financial report	Total segment	Coord-ination	Total financial report
Total income	3 073	300	3 373	2 138	563	2 701
Total cost	338	1	339	321	-3	318
Operating profit	2 726	299	3 025	1 771	562	2 333
Assets	750 499	100 665	851 164	731 470	62 849	794 319

Income and balance in the Private segment arises from loans to private individuals for financing of residential housing. Corresponding items for the Corporate segment refers to loans to municipally owned real estate companies and residential property companies with underlying collateral in apartment buildings. The Agricultural and Forestry segment includes loans for financing of agricultural and forestry properties. P/L-posts such as net gains and losses on financial items at fair value, return on legal capital and other minor posts are not distributed on business segments. Non-distributed asset posts consist of loans to credit institutions, value change of interest hedged item in portfolio hedge, derivatives, and other assets.

NOTE 3 Net gains/losses on financial items at fair value

Group, SEKm	2013 Jan-Jun	2012 Jan-Jun	%	2012 Full-year
Fair value through profit or loss				
<i>Trading and derivatives</i>				
Interest-bearing instruments	6 533	-1 815		-6 282
<i>Fair value option</i>				
Interest-bearing instruments	-6 534	1 741		6 559
Total fair value through profit or loss	-1	-74	-99	277
Hedge accounting, fair value hedges				
Inefficiency in hedge accounting at fair value	7	52	-87	90
of which hedging instruments	-5 989	2 034		4 343
of which hedged items	5 996	-1 982		-4 253
Total hedge accounting, fair value hedges	7	52	-87	90
Hedge accounting, portfolio hedges				
Inefficiency in portfolio hedge accounting	1			
of which hedging instruments	235			
of which hedged items	-234			
Total hedge accounting, portfolio hedges	1			
Financial liabilities at amortised cost	-232	-22		-68
Loan receivables at amortised cost	58	47	23	111
Total	-167	3		410

NOTE 4 Credit impairments

Group, SEKm	2013 Jan-Jun	2012 Jan-Jun	%	2012 Full-year
Provisions for loans that are assessed as impaired				
Provisions	1	7	-86	19
Reversal of previous provisions	-3	-1		-2
Provisions for homogenous groups of impaired loans, net	-4	8		8
Total	-6	14		25
Portfolio provision for loans that individually are not assessed as impaired				
	-19	2		-25
Write-offs				
Established losses	37	39	-5	78
Utilisation of previous provisions	-1	-4	-75	-6
Recoveries	-2	-1		-2
Total	34	34		70
Credit impairments	9	50	-82	70

NOTE 5 Loans

Group, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Lending			
Carrying amount before provisions	768 539	804 923	767 902
Provisions for loans that individually are assessed as impaired	-85	-92	-82
Portfolio provisions for loans that individually are not assessed as impaired	-98	-117	-144
Total provisions	-183	-209	-226
Carrying amount of loans after provisions	768 356	804 714	767 676
Impaired loans			
Impaired loans, gross	251	275	233
Provisions for individually assessed impaired loans	-84	-92	-82
Carrying amount of impaired loans	167	183	151
Share of impaired loans, gross, loans to the public, %	0,03	0,04	0,03
Share of impaired loans, net, loans to the public, %	0,02	0,02	0,02
Total provision ratio for impaired loans, % ^{c)}	72,7	76,1	96,8
Provision ratio for individually identified impaired loans, %	33,6	33,3	35,3

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

Loans by borrower category

Group, SEKm	Private customers	Real estate manage- ment	Other corporate lending	Munici- palities	Total lending to the public	Credit institutions	Total lending
Book value before accounting for provisions	630 935	109 115	8 203	2 429	750 682	17 857	768 539
Provisions for loans that individually are assessed as impaired	-70	-14	-1		-85		-85
Portfolio provisions for loans that individually are not assessed as impaired	-82	-16			-98		-98
Book value after accounting for provisions	630 783	109 085	8 202	2 429	750 499	17 857	768 356
Book value of impaired loans	145	22			167		167

NOTE 6 Derivative instruments

Swedbank Mortgage trades derivatives to hedge positions with regard to the value of interest rates and currencies.

Group, SEKm	30 Jun 2013			31 Dec 2012			30 Jun 2012		
	Interest	Currency	Total	Interest	Currency	Total	Interest	Currency	Total
Derivatives with positive book values	15 031	3 350	18 381	22 296	2 911	25 207	16 934	4 369	21 303
of which in hedge	12 807	283	13 089	19 847	9	19 856	15 181		15 181
Derivatives with negative book values	4 919	12 671	17 591	6 038	17 382	23 420	4 942	14 018	18 960
of which in hedge	987	11 083	12 070		14 912	14 912	19	12 351	12 370
Notional amount	578 344	207 007	785 351	562 380	208 770	771 150	642 574	207 430	850 004

NOTE 7 Other assets

Group, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Prepaid expenses and accrued income	3 669	3 576	4 077
Security settlement claims	60 271		1 056
Current tax assets	560	488	
Other assets	161	196	208
Total	64 661	4 260	5 341

NOTE 8 Amounts owed to credit institutions

Group, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Valuation category, other financial liabilities			
Swedish banks	276 565	221 130	180 282
Total	276 565	221 130	180 282
Valuation category, fair value through profit or loss			
Swedish banks ^{d)}	3 535	3 713	5 135
Total	3 535	3 713	5 135
Total	280 100	224 843	185 417
^{d)} Nominal amount	3 534	3 712	5 133

NOTE 9 Other liabilities

Group, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Security settlement liabilities	73		10
Group contribution to parent company	1 850	3 700	
Accrued expenses and deferred income	8 620	14 587	9 984
Deferred tax liabilities		235	178
Other liabilities	242	209	383
Total	10 785	18 730	10 555

Swedbank Mortgage AB, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Security settlement liabilities	73		10
Group contribution to parent company	1 850	3 700	
Accrued expenses and deferred income	8 620	14 587	9 984
Deferred tax liabilities			15
Other liabilities	242	209	383
Total	10 785	18 497	10 392

NOTE 10 Debt securities in issue

Group, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Valuation category, other financial liabilities			
Commercial paper	3 753	5 839	3 348
Bond loans	458 306	467 416	455 595
Change in value due to hedge accounting	103	1 018	13 019
Other	338	3 557	828
Total	462 499	477 830	472 790
Valuation category, fair value through profit or loss			
Bond loans	45 372	55 393	71 932
Total	45 372	55 393	71 932
Total	507 872	533 223	544 722

NOTE 11 Financial instruments

Group, SEKm	30 Jun 2013			31 Dec 2012		
	Fair value	Carrying amount	Difference	Fair value	Carrying amount	Difference
Assets						
Financial assets covered by IAS 39						
Loans to credit institutions	17 857	17 857		60 783	60 783	
Loans to the public	754 444	750 499	3 945	749 831	743 931	5 900
Shares and participating interest	1	1		1	1	
Derivatives	18 381	18 381		25 207	25 207	
Other financial assets	63 866	63 866		4 171	4 171	
Total	854 550	850 604	3 945	839 993	834 093	5 900
Non-financial assets^{e)}	560	560		88	88	
Total	855 110	851 164	3 945	840 081	834 181	5 900
Liabilities						
Financial liabilities covered by IAS 39						
Amounts owed to credit institutions	280 489	280 100	389	225 761	224 843	918
Debt securities in issue	513 037	507 872	5 165	540 751	533 223	7 528
Derivatives	17 591	17 591		23 420	23 420	
Other financial liabilities	10 785	10 785		18 496	18 496	
Total	821 902	816 348	5 554	808 427	799 981	8 446
Non-financial liabilities				236	236	
Total	821 902	816 348	5 554	808 662	800 216	8 446

^{e)} Non-financial assets, Swedbank Mortgage AB: 795 (88)

NOTE 11 Financial instruments, cont.

Determination of fair value for financial instruments

30 Jun 2013 Group, SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non- observable data (Level 3)	Total
Assets				
Loans to the public		338 386		338 386
Derivatives		18 381		18 381
Total		356 767		356 767
Liabilities				
Amounts owed to credit institutions			3 535	3 535
Debt securities in issue	31 460	13 912		45 372
Derivatives		17 591		17 591
Total	31 460	31 503	3 535	66 498

30 Dec 2012 Group, SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non- observable data (Level 3)	Total
Assets				
Loans to the public		360 222		360 222
Derivatives		25 207		25 207
Total		385 429		385 429
Liabilities				
Amounts owed to credit institutions			3 713	3 713
Debt securities in issue	37 998	17 395		55 393
Derivatives		23 420		23 420
Total	37 998	40 815	3 713	82 526

30 Jun 2012 Group, SEKm	Instruments with quoted market prices in active markets (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using non- observable data (Level 3)	Total
Assets				
Loans to the public		378 514		378 514
Derivatives		21 303		21 303
Total		399 817		399 817
Liabilities				
Amounts owed to credit institutions			5 135	5 135
Debt securities in issue	56 332	15 600		71 932
Derivatives		18 960		18 960
Total	56 332	34 560	5 135	96 027

The table above indicates valuation method for financial instruments measured at fair value. These methods are divided into three levels based on the degree of observability in the valuation.

If possible, fair value of the financial instruments is established from quoted market prices in active markets (Level 1). Where quoted market prices can't be established, generally accepted valuation techniques using observable data are used (Level 2). These techniques may require certain assumptions (Level 3) and the scope of these depend on the complexity of the instrument and the availability of market data. This group includes loans from Swedbank AB. The valuation of these loans is based on observable interbank rates adjusted for the difference between the interbank rate and the issue terms that existed at the time of issuance.

NOTE 11 Financial instruments, cont.

Changes in Level 3

Group, SEKm	2013 30 Jun	2012 30 Jun
Opening balance	3 713	6 698
Gains or losses	0	-3
Maturities	178	1 566
Closing balance	3 535	5 135

NOTE 12 Assets pledged for own liabilities and commitments

Group, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Assets pledged for own liabilities			
Loans pledged for securities in issue ^{f)}	724 664	700 907	689 965
Securities pledged for other liabilities	None	108	106
Contingent liabilities	None	None	None
Commitments, nominal amount	7 072	9 028	8 377
Total	731 736	710 043	698 448

^{f)} Consists of collateral for covered bonds. Collateral refers to the customer's nominal debt including accrued interest.

NOTE 13 Related parties

The following headings in the balance sheet and statement of comprehensive income include transactions with other companies in the Swedbank Group in the amounts specified.

Group, SEKm	2013 30 Jun	2012 31 Dec	2012 30 Jun
Assets			
Loans to credit institutions	17 850	60 781	36 202
Derivatives	18 320	25 127	21 043
Other assets	388	178	553
Total	36 558	86 086	57 798
Liabilities			
Amounts owed to credit institutions	280 100	224 803	185 406
Debt securities in issue	7 178	10 760	12 512
Derivatives	17 566	23 420	18 954
Other liabilities	4 248	7 675	4 106
Total	309 092	266 658	220 978
Income statement			
Interest income	346	819	385
Interest expenses	-1 586	-6 369	-3 295
Other expenses	-78	-154	-74
Total	-1 318	-5 704	-2 984

NOTE 14 Capital adequacy

For Swedbank Mortgage, the Basel 2 capital adequacy rules mean that the minimum capital requirement for credit risks, with the approval of the Financial Supervisory Authority, will be based on an internal risk classification according to an Internal Ratings-based Approach ("IRB") developed by Swedbank. For a small portion of assets, the capital requirement for credit risks is calculated according to the standardised approach. The capital requirement for operational risk is calculated according to the standardised approach with the approval of the Financial Supervisory Authority.

The transitional rules, stating that the minimum capital requirement should not fall below 80 percent of the capital requirement calculated according to the old rules, have been extended and no date has been set for their expiration.

Capital base	2013	2012		2012	
Group, SEKm	30 Jun	31 Dec	%	30 Jun	%
Tier 1 capital	34 487	33 994	1	34 367	0
Total capital base	34 487	33 994	1	34 367	0

Capital requirement	2013	2012		2012	
Group, SEKm	30 Jun	31 Dec	%	30 Jun	%
Capital requirement for credit risks, IRB	3 407	3 809	-11	4 086	-17
Capital requirement for operational risks	535	440	22	440	22
Capital requirement	3 942	4 248	-7	4 526	-13
Complement during transition period	25 239	24 391	3	23 618	7
Capital requirement including complement	29 181	28 640	2	28 144	4
Risk-weighted assets	364 768	357 996	2	351 802	4

Capital adequacy analysis	2013	2012		2012	
Group	30 Jun	31 Dec	per-centage	30 Jun	per-centage
Capital quotient excluding complement	8,75	8,00	0,75	7,59	1,16
Tier 1 capital ratio, %, excluding complement	73,3	66,3	7,00	62,8	10,50
Total capital adequacy ratio, %, excluding complement	73,3	66,3	7,00	62,8	10,50
Capital quotient, transition rules	1,18	1,19	-0,01	1,22	-0,04
Tier 1 capital ratio, %, transition rules	9,5	9,5	0,00	9,8	-0,30
Total capital adequacy ratio, %, transition rules	9,5	9,5	0,00	9,8	-0,30

Signatures of the Board of Directors and the President

The Board of Directors and the President certify that the interim report for the period 1 January to 30 June 2013 provides a fair and accurate overview of the operations, financial position and results of the Parent Company and the Group, and that it describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

Stockholm, 16 July 2013

Anders Ekedahl

Peter Stenborn
President

Review report

Introduction

We have reviewed the interim report for Swedbank Mortgage AB (publ) for the period 1 January to 30 June 2013. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the Group is not, in all material aspects, in accordance with IAS 34 and the Annual Accounts Act for Credit Institutions and Securities Companies and as regards the parent company in accordance the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 16 July 2013

Deloitte AB

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