

Swedbank Mortgage

Interim report

January – June 2010

Stockholm, 22 July 2010



- Operating profit amounted to SEK 1 672m (1 813)
- Net interest income decreased by SEK 30m to SEK 2 011m
- Covered bonds amounting to SEK 125bn have been issued during the period

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

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

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

Profit analysis

Operating profit amounted to SEK 1 672m (1 813). Net interest income was SEK 30m lower than the previous year and amounted to SEK 2 011m (2 041). The lending margins have developed in a positive direction, primarily during the second quarter. Together with increased volumes there is a positive contribution to the net interest income. The strategy of extending the average maturities of the funding remains and has a negative effect on net interest income. Net interest income has also been negatively influenced by effects that occur due to funding concentrations in the form of benchmark loans, where there is a corresponding positive effect on net gains and losses on financial items at fair value. Replacement of extraordinary funding, in the form of funding from the Riksbank, has a negative effect, as well as lower interest levels resulting in a lower return on equity. All these factors combined contribute to a reduced net interest income for the period.

Commission expenses, arising from business interchange with the savings banks and partly owned banks, were SEK 253m (332). The reduction is mainly a result of changes in the agreement on commission costs with the savings banks.

Swedbank Mortgage applies the fair value option according to IAS 39 since the transition to the IFRS regulations. As of April 2009, a gradual transition to hedge accounting was initiated by application of fair value hedges. As of April 2010, cash flow hedges are also applied. The objective is to reduce the volatility of net gains and losses on financial items at fair value. The change in value, which mainly consists of unrealized results, amounted to SEK 65m (96) for the period.

Lending

Lending to the public increased by a nominal amount of SEK 9 314m (34 253) net during the period. Loans to the private sector rose by a nominal amount of SEK 12 106m (23 645) and lending to the agricultural and forestry sector increased by SEK 1 318m (3 036). Loans to the corporate sector decreased by SEK 4 100m (increase of 7 572). Swedbank Mortgage's loans to the public amounted to SEK 680 986m (657 589) as per 30 June 2010, of which the change in the market value of the loans accounted for SEK 7 334m (8 112).

The credit quality of the lending remains very high. Credit impairments amounted to SEK 174m (-1). Swedbank Mortgage has changed its valuation model for portfolio provisions which had a one-time effect on credit impairments, increasing them by SEK 153m during the period. The total loan loss ratio thereby amounts to 0.05% (0.00%). Provisions for anticipated losses amounted to SEK 224m (68) as per 30 June 2010. Credit impairments and provisions are specified in note 4 and 5.

Funding

Covered bonds are the company's primary source of funding. The quality of the covered bonds rests on the very high quality in Swedbank Mortgage's loan portfolio, where the average loan-to-value ratio is 45 percent calculated on loan level.

During the first six months 2010, the activity of issuing new covered bonds has been high. The nominal amount issued to external investors was SEK 67bn in the Swedish market and SEK 58bn in the international market.

Covered bonds issued to the parent company, which previously were used in order to utilize the funding facilities offered by the Riksbank and the National Debt Office, are replaced by ordinary funding in the same pace as the extraordinary funding is due.

From November 2008 to April 2010, Swedbank Mortgage participated in the Swedish state's guarantee programme for funding. At the end of 2009, Swedbank mortgage had a nominal outstanding volume of SEK 8bn in commercial papers to external investors under this guarantee. As of April 2010, all of these commercial papers have reached maturity.

Capital adequacy

At the end of the period, the capital quotient amounted to 1.23 (1.20 as per 31 December 2009) and the tier 1 capital ratio as well as the total capital adequacy ratio was 9.8 percent (9.6 as per 31 December 2009).

The capital requirement according to pillar 1 amounted to SEK 25 553m at the end of the period, compared to SEK 4 614m at full effect of Basel 2. A specification of capital adequacy is provided in note 10.

Interest rate risk

An increase in market interest rates by one percentage point as per 30 June 2010 would have reduced the fair value of Swedbank Mortgage's interest-bearing assets and liabilities, including derivatives, by SEK 710m (75 as per 31 December 2009). A one percentage point increase in market interest rates as per 30 June 2010 would have reduced Swedbank Mortgage's net gains

and losses on financial items at fair value by SEK 213m (214 as per 31 December 2009) regarding financial items at fair value.

Risks and uncertainties

The primary risks are credit risk, financial risk and operational risk. Swedbank Mortgage maintains a low-risk profile through a well-diversified credit portfolio and limited financial and operational risks.

In addition to what is stated in this interim report, a description of the company's risks is provided in the annual report for 2009. No significant changes have taken place with regard to the distribution of risks compared to what is stated in the annual report.

Events after 31 December 2009

No significant events have occurred.

The Group – Key financial highlights 2006-2010

	30 Jun 2010	31 Dec 2009	30 Jun 2009	31 Dec 2008	31 Dec 2007	31 Dec 2006
Lending						
Loans to the public, SEKm	680 986	672 420	657 589	623 401	560 633	510 479
Profit						
Operating profit	1 672	3 631	1 813	3 603	3 828	3 759
Investment margin, % *	0,55	0,56	0,49	0,56	0,67	0,75
Return on equity, %	8,0	9,3	9,5	10,0	10,6	11,5
Earnings per share, SEK	53,57	113,26	58,09	116,52	119,70	117,65
Capital						
Capital base, SEKm **	31 309	29 744	28 462	27 005	26 882	26 823
Equity, SEKm	31 778	30 217	28 948	27 612	24 932	24 771
Number of shares in issue at beginning/end of period, million	23	23	23	23	23	23
Equity per share, SEK	1 381,65	1 313,78	1 258,61	1 200,52	1 084,00	1 077,00
Capital quotient **	1,23	1,20	1,18	1,05	1,11	
Capital adequacy ratio, % **	9,8	9,6	9,5	8,4	8,9	9,3
Tier 1 capital ratio, % **	9,8	9,6	9,5	8,4	8,2	8,6
Credit quality						
Credit impairments, SEKm	174	8	-1	6	-43	-8
Loan loss ratio, %	0,05	0,00	-0,00	0,00	-0,01	-0,00
Provision ratio for impaired loans, %	38,4	43,1	42,0	41,8	73,9	104,4
Share of impaired loans, net, loans to the public %	0,02	0,02	0,02	0,02	0,01	0,01

* Calculated as an average over 12 months since 2008. Previously calculated as an average for the report period.

** Swedbank Mortgage AB since 2008. Previous years refer to Financial companies group. Since 2007, capital ratios are calculated according to FFFS 2001:1 (Basel 2).

Statement of comprehensive income

SEKm	Note	Group		Swedbank Mortgage AB			
		Jan-Jun 2010	Jan-Jun 2009	%	Jan-Jun 2010	Jan-Jun 2009	%
Interest income		9 609	12 700	-24	9 609	12 700	-24
Interest expenses		-7 598	-10 659	-29	-7 598	-10 659	-29
Net interest income		2 011	2 041	-1	2 011	2 041	-1
Dividends received						150	
Commission income		23	28	-18	23	28	-18
Commission expenses		-257	-345	-26	-257	-345	-26
Net commissions		-234	-317	-26	-234	-317	-26
Net gains and losses on financial items at fair value	3	65	96	-32	65	96	-32
Other income		4	5	-20	4	5	-20
Total income		1 846	1 825	1	1 846	1 975	-7
Other expenses		-	11		-	11	
Depreciation/amortisation		-	2		-	0	
Total expenses		0	13		0	11	
Profit before impairments		1 846	1 812	2	1 846	1 964	-6
Credit impairments	4	174	-1		174	-1	
Operating profit		1 672	1 813	-8	1 672	1 965	-15
Tax expense		440	477	-8	440	477	-8
Profit for the period		1 232	1 336	-8	1 232	1 488	-17
Profit for the period reported via income statement		1 232	1 336	-8	1 232	1 488	-17
Cash flow hedges:							
Gains and losses arising during the period		446	-		446	-	
Income tax relating to components of other comprehensive income		-117	-		-117	-	
Total comprehensive income for the period		1 561	1 336	17	1 561	1 488	5
Earnings per share before and after dilution, SEK		53,57	58,09				

Balance sheet

SEKm	Note	Group			Swedbank Mortgage AB		
		30 Jun 2010	31 Dec 2009	30 Jun 2009	30 Jun 2010	31 Dec 2009	30 Jun 2009
Assets							
Loans to credit institutions	5	70 354	97 590	124 051	70 354	97 590	124 083
Loans to the public	5	680 986	672 420	657 589	680 986	672 420	657 589
Interest-bearing securities		-	-	90	-	-	90
Derivatives	6	12 689	10 544	15 911	12 689	10 544	15 911
Other assets		5 385	3 294	4 704	5 385	3 294	4 705
Total assets		769 414	783 848	802 345	769 414	783 848	802 378
Liabilities and equity							
Amounts owed to credit institutions		195 793	192 738	216 384	195 793	192 738	216 384
Debt securities in issue, etc		516 928	537 771	538 688	516 928	537 771	538 688
Derivatives	6	13 596	7 810	7 299	13 596	7 810	7 299
Other liabilities		11 319	15 312	11 026	11 319	15 312	10 839
Untaxed reserves		-	-	-	-	-	840
Equity		31 778	30 217	28 948	31 778	30 217	28 328
Total liabilities and equity		769 414	783 848	802 345	769 414	783 848	802 378

Statement of changes in equity

Group					
Equity attributable to the shareholder of Swedbank Mortgage AB					
SEKm	Share capital	Other contributed equity	Cash flow hedge	Retained earnings	Total
Opening balance 1 January, 2009	11 500	2 400		13 712	27 612
Total comprehensive income for the period				2 605	2 605
Closing balance 30 June, 2009	11 500	2 400		16 317	30 217
of which conditional shareholders' contributions					
Opening balance 1 January, 2010	11 500	2 400		16 317	30 217
Total comprehensive income for the period			329	1 232	1 561
Closing balance 30 June, 2010	11 500	2 400	329	17 549	31 778
of which conditional shareholders' contributions					

Swedbank Mortgage AB					
SEKm	Share capital	Statutory reserve	Cash flow hedge	Non-restricted equity	Total
Opening balance 1 January, 2009	11 500	3 100		12 240	26 840
Total comprehensive income for the period				3 377	3 377
Closing balance 30 June, 2009	11 500	3 100		15 617	30 217
of which conditional shareholders' contributions					
Opening balance 1 January, 2009	11 500	3 100		15 617	30 217
Total comprehensive income for the period			329	1 232	1 561
Closing balance 31 December, 2009	11 500	3 100	329	16 849	31 778
of which conditional shareholders' contributions					

Cash flow statement

SEKm	Group			Swedbank Mortgage AB		
	Jan-Jun 2010	Jan-Jun 2009	Full-gear 2009	Jan-Jun 2010	Jan-Jun 2009	Full-gear 2009
Cash flow from operating activities	-52 448	30 025	-1 271	-52 448	29 375	-1 920
Cash flow from investing activities					650	650
Cash flow from financing activities	29 207	-9 294	-4 380	29 207	-9 294	-4 380
Cash flow for the period	-23 241	20 731	-5 651	-23 241	20 731	-5 650
Cash and cash equivalents at beginning of period	60 079	65 730	65 730	60 079	65 729	65 729
Cash flow for the period	-23 241	20 731	-5 651	-23 241	20 731	-5 650
Cash and cash equivalents at end of period	36 838	86 461	60 079	36 838	86 460	60 079

Ratings

	S&P	Moody's
Covered bonds	AAA*	Aaa
Long		A2
Short	A-1	P-1

*On credit watch since 16 December 2009 due to revised rating criterion.

Notes

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.

New or revised IFRS and interpretations by IFRIC have not had any effect on the financial position, results and disclosures of the Group or the Parent Company.

From April 2010 Swedbank Mortgage applies hedge accounting for derivative instruments that hedges future cash flows and meets the requirements for hedge accounting. This implies that the effective part of the change in fair value is accounted for directly in other comprehensive income and reclassified to profit and loss in the same period which the hedged item affects profit and loss.

The accounting principles applied in the interim report is the same as those applied in the preparation of the Annual Report for 2009.

Note 2 Business segments

Group	January - June 2010				January - June 2009			
	Private	Corporate and Forestry	Agricultural	Total	Private	Corporate and Forestry	Agricultural	Total
SEKm								
Total income	1095	220	93	1 408	978	212	86	1 276
Operating profit	977	164	93	1 234	961	230	86	1 277
Loans to the public	515 227	120 619	45 140	680 986	489 230	127 036	41 323	657 589

Coordination of segment reporting and financial report

Group	January - June 2010			January - June 2009		
	Total segment	Coordination	Total financial report	Total segment	Coordination	Total financial report
SEKm						
Total income	1408	438	1846	1276	549	1825
Operating profit	1234	438	1672	1277	536	1813
Assets	680 986	88 428	769 414	657 589	144 756	802 345

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.

Note 3 Net gains and losses on financial items at fair value

SEKm	Group		Swedbank Mortgage AB	
	Jan-Jun 2010	Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
Fair value through profit or loss				
<i>Trading and derivatives</i>				
Interest-bearing instruments	-7 593	-4 513	-7 593	-4 513
<i>Fair value option</i>				
Interest-bearing instruments	7 608	4 546	7 608	4 546
Total	15	33	15	33
Hedge accounting at fair value				
Hedging instruments	3 192	-4	3 192	-4
Hedged item	-3 202	0	-3 202	0
Total	-10	-4	-10	-4
Interest income compensation, loans valued at amortised cost				
	60	67	60	67
Total	65	96	65	96

Note 4 Credit impairments

SEKm	Group		Swedbank Mortgage AB	
	Jan-Jun 2010	Jan-Jun 2009	Jan-Jun 2010	Jan-Jun 2009
Provisions for loans that individually are assessed as impaired				
Provisions	22	0	22	0
Reversal of previous provisions	-5	-5	-5	-5
Provisions for homogenous groups of impaired loans, net	-1	7	-1	7
Total	16	2	16	2
Portfolio provisions for loans that individually are not assessed as impaired				
	142	-3	142	-3
Write-offs				
Established losses	21	13	21	13
Utilisation of previous provisions	-5	-1	-5	-1
Recoveries	0	-12	0	-12
Total	16	0	16	0
Credit impairments	174	-1	174	-1

Note 5 Loans to credit institutions and loans to the public

SEKm	Group			Swedbank Mortgage AB		
	30 Jun 2010	31 Dec 2009	30 Jun 2009	30 Jun 2010	31 Dec 2009	30 Jun 2009
Lending						
Carrying amount before provisions	751 564	770 081	781 708	751 564	770 081	781 740
Provisions for loans that individually are assessed as impaired	-69	-57	-58	-69	-57	-58
Portfolio provisions for loans that individually are not assessed as impaired	-155	-14	-10	-155	-14	-10
Total provisions	-224	-71	-68	-224	-71	-68
Carrying amount of loans after provisions	751 340	770 010	781 640	751 340	770 010	781 672
Impaired loans						
Impaired loans, gross	180	165	162	180	165	162
Provisions for individually assessed impaired loans	-69	-57	-58	-69	-57	-58
Carrying amount of impaired loans	111	108	104	111	108	104
Share of impaired loans, gross, loans to the public, %	0,03	0,02	0,02	0,03	0,02	0,02
Share of impaired loans, net, loans to the public, %	0,02	0,02	0,02	0,02	0,02	0,02
Total provision ratio for impaired loans, %	38,4	43,1	42,0	38,4	43,1	42,0
Provision ratio for individually identified impaired loans, %	38,4	34,8	36,0	38,4	34,8	36,0

Lending distributed by sector/industry

Group SEKm	Real estate		Other	Total			
	Private customers	Manage- ment	corporate lending	Munici- palities	lending to the public	Credit institutions	Total lending
Book value before accounting for provisions	566 448	103 947	6 899	3 916	681 210	70 354	751 564
Provisions for loans that individually are assessed as impaired	-34	-34	-1		-69		-69
Portfolio provisions for loans that individually are not assessed as impaired	-104	-52			-155		-155
Book value after accounting for provisions	566 310	103 861	6 898	3 916	680 986	70 354	751 340
Book value of impaired loans	69	42			111		111

Note 6 Derivatives

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

Group SEKm	30 Jun 2010			30 Jun 2009		
	Interest	Currency	Total	Interest	Currency	Total
Derivatives with positive book values	10 139	2 550	12 689	8 252	7 659	15 911
Derivatives with negative book values	7 037	6 559	13 596	6 825	474	7 299
Nominal amount	431 170	160 188	591 358	364 934	83 230	448 164

Note 7 Financial instruments

Financial instruments distributed by valuation category according to IAS 39

Group SEKm	30 Jun 2010	31 Dec 2009	30 Jun 2009
Assets			
Loans to credit institutions	70 354	97 590	124 051
valuation category, loans and receivables	70 354	97 590	124 051
Loans to the public	680 986	672 420	657 589
valuation category, loans and receivables	227 824	176 309	158 329
valuation category, fair value through profit or loss	453 162	496 111	499 260
Interest-bearing securities	-	-	90
valuation category, fair value through profit or loss	-	-	90
Derivatives	12 689	10 544	15 911
hedge accounting at fair value	4 621	1 053	15 881
cash flow hedge	0	-	-
other	8 068	9 491	30
Liabilities			
Amounts owed to credit institutions	195 793	192 738	216 384
other financial liabilities	184 968	147 188	37 540
valuation category, fair value through profit or loss	10 825	45 550	178 844
Debt securities in issue, etc	516 928	537 771	538 688
other financial liabilities	306 840	292 037	67 411
change in value due to hedge accounting at fair value	3 355	153	0
valuation category, fair value through profit or loss	206 733	245 581	471 277
Derivatives	13 596	7 810	7 299
hedge accounting at fair value	243	185	7 277
cash flow hedge	4 309	-	-
other	9 044	7 625	22

Determination of fair value for financial instruments

Group 30 June 2010	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
SEKm				
Assets				
Loans to the public	-	453 162	-	453 162
Derivatives	-	12 689	-	12 689
Total	0	465 851	0	465 851
Liabilities				
Amounts owed to credit institutions	-	38	10 787	10 825
Debt securities in issue, etc	76 811	129 922	-	206 733
Derivatives	-	13 596	-	13 596
Total	76 811	143 556	10 787	231 154

Group 31 December 2009	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
SEKm				
Assets				
Loans to the public	-	496 111	-	496 111
Derivatives	-	10 544	-	10 544
Total	0	506 655	0	506 655
Liabilities				
Amounts owed to credit institutions	-	34 551	10 999	45 550
Debt securities in issue, etc	111 468	134 113	-	245 581
Derivatives	-	7 810	-	7 810
Total	111 468	176 474	10 999	298 941

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 8 Assets pledged for own liabilities and commitments

SEKm	Group			Swedbank Mortgage AB		
	30 Jun 2010	31 Dec 2009	30 Jun 2009	30 Jun 2010	31 Dec 2009	30 Jun 2009
Assets pledged for own liabilities						
Loans pledged for securities in issue *	620 417	610 456	597 236	620 417	610 456	597 236
Securities pledged for other liabilities	80	80	90	80	80	90
Commitments, nominal amount						
Loans granted but not paid	11 623	11 188	15 581	11 623	11 188	15 581
Total	632 120	621 724	612 907	632 120	621 724	612 907

* Consists of collateral for covered bonds. Collateral refers to the customer's nominal debt including accrued interest.

Note 9 Related parties

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

SEKm	Group			Swedbank Mortgage AB		
	30 Jun 2010	31 Dec 2009	30 Jun 2009	30 Jun 2010	31 Dec 2009	30 Jun 2009
Assets						
Loans to credit institutions	70 335	97 576	123 959	70 335	97 576	123 959
Derivatives	12 470	10 411	15 592	12 470	10 411	15 592
Other assets	468	591	1 594	468	591	1 594
Total	83 273	108 578	141 145	83 273	108 578	141 145
Liabilities						
Amounts owed to credit institutions	195 708	192 699	216 304	195 708	192 699	216 304
Debt securities in issue, etc	103 653	176 012	263 518	103 653	176 012	263 518
Derivatives	13 595	7 767	7 018	13 595	7 767	7 018
Other liabilities	5 618	7 649	12 293	5 618	7 649	12 293
Total	318 574	384 127	499 133	318 574	384 127	499 133
Income statement						
Interest income	235	1 050	787	235	1 050	787
Interest expenses	-1 052	-7 236	-2 473	-1 052	-7 236	-2 473
Net gains and losses on financial items at fair value	-4 607	10 062	-4 156	-4 607	10 062	-4 156
Commission expenses	-62	-167	-73	-62	-167	-73
Other expenses	-	-4	-2	-	-4	-2
Total	-5 486	3 705	-5 917	-5 486	3 705	-5 917

Note 10 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 are now applied up to and including 2011.

Swedbank Mortgage AB SEKm	30 Jun 2010	31 Dec 2009	30 Jun 2009
Tier 1 capital	31 309	29 744	28 462
Total capital base	31 309	29 744	28 462
Risk-weighted assets	319 417	310 556	301 032
Capital requirement for credit risks, IRB	4 143	4 194	4 244
Capital requirement for operational risks	471	467	467
Capital requirement	4 614	4 661	4 711
Complement during transition period	20 939	20 183	19 372
Capital requirement including complement	25 553	24 844	24 083
Capital quotient excluding complement	6,79	6,38	6,04
Tier 1 capital ratio, %, excluding complement	56,2	52,8	50,0
Total capital adequacy ratio, %, excluding complement	56,2	52,8	50,0
Capital quotient, transition rules	1,23	1,20	1,18
Tier 1 capital ratio, %, transition rules	9,8	9,6	9,5
Total capital adequacy ratio, %, transition rules	9,8	9,6	9,5

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 2010 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, 20 July 2010

Anders Ekedahl
Chair

Helena Silvander
President

Johan Smedman

Ingvar Svensson

Ragnar Udin

Review Report

Introduction

We have reviewed the interim report for Swedbank Mortgage AB (publ) for the period 1 January to 30 June 2010. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and IAS 34. Our responsibility is to express a conclusion on this interim 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 Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden RS and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Act for Credit Institutions and Securities Companies regarding the Group, and with the Swedish Annual Act for Credit Institutions and Securities Companies, regarding the Parent Company.

Stockholm, 20 July 2010

Deloitte AB

Jan Larsson
Authorised Public Accountant

For further information, please contact:

Helena Silvander, President
Telephone +46 8 585 935 06

Christina Linderöth, Head of accounting
Telephone +46 8 585 970 20

Swedbank Mortgage AB (publ)

Registration no. 556003-3283
Brunkebergstorg 8
SE-106 11 Stockholm, Sweden
Telephone +46 8 585 921 00
www.swedbank.se/hypotek

