

SCBC Interim Report

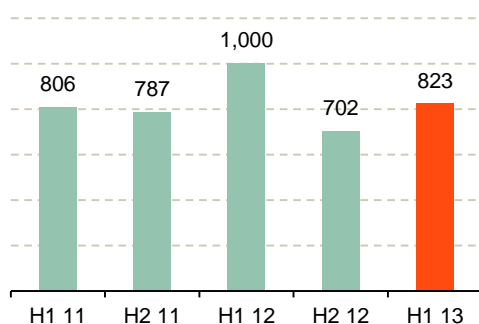
1 January – 30 June 2013 | The Swedish Covered Bond Corporation

January-June 2013 (January-June 2012)

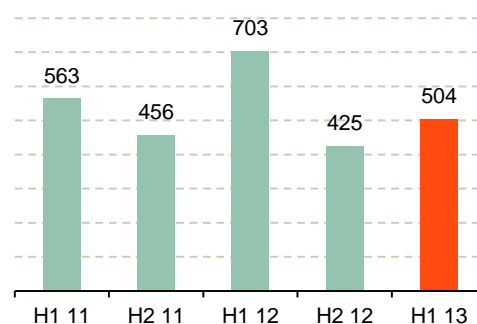
- Profit, excluding net result from financial transactions, amounted to SEK 504 million (703)
- NII amounted to SEK 864 million (1,043)
- Expenses totalled SEK 342 million (301)
- Loan losses amounted to positive SEK 23 million (positive 4), corresponding to a loan loss rate of negative 0.02 percent (negative 0.01)
- Operating profit amounted to SEK 405 million (loss 290)
- The Core Tier 1 capital ratio was 55.5 percent (30.7) without taking the transitional regulations into account and 10.5 percent (10.3) taking the transitional regulations into account

- All funding programmes continue to have the highest credit rating from both Moody's and S&P.

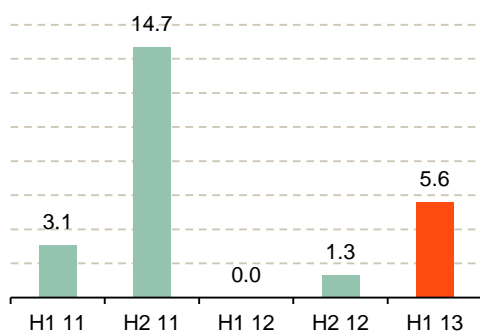
Operating income, excluding net result from financial transactions (SEK million)



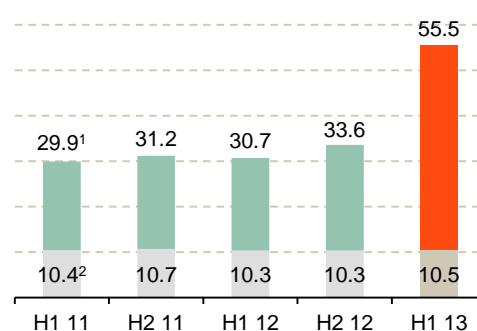
Operating profit, excluding net result from financial transactions (SEK million)



Return on equity (percent)



Core Tier 1 capital ratio without¹ and with² transitional regulations (percent)



Operations

The Swedish Covered Bond Corporation, SCBC, is a wholly owned subsidiary of SBAB Bank AB (publ).

SCBC's operations focus primarily on the issuance of covered bonds in Swedish and international capital markets. The operation shall be conducted in such a manner as to comply with the requirements specified in the Covered Bonds Act (2003:1223) pertaining to the issuance of covered bonds and the Swedish Financial Supervisory Authority's regulation FFFS 2004:11.

Financial performance

Performance for January-June 2013 compared with January-June 2012

Summary SEK million	2013 Jan-jun	2012 Jul-dec	2012 Jan-jun
Net interest income	864	744	1,043
Net commission income	-41	-43	-43
Net result from financial transactions (Note 2)	-99	-329	-993
Other operating income	0	1	-
Total operating income	724	373	7
Costs	-342	-286	-301
Loan losses, net (Note 3)	23	9	4
Operating profit/loss	405	96	-290
Operating profit excl. net result from financial transactions	504	425	703
Tax	-97	-24	76
Profit/loss for the period	308	72	-214
Balance sheet items			
Lending to the public, SEK billion	207.9	208.9	209.6
Key figures			
Core Tier 1 Capital ratio ¹⁾	55.5%	33.6%	30.7%
Rating, long-term funding			
Standard & Poor's	AAA	AAA	AAA
Moody's	Aaa	Aaa	Aaa

¹⁾ Without transitional regulations

Operating profit

SCBC's operating profit excluding net result from financial transactions decreased by 28 percent to SEK 504 million (703). The decline in profit derived mainly from lower net interest income and higher costs. SCBC's operating profit amounted to SEK 405 million (loss 290). The increase is primarily attributable to the change in net result from financial transactions.

Net interest income and commission income

SCBC's net interest income for the period was SEK 864 million (1,043). The lower net interest income is mainly due to increased financing costs for SCBC. Net commission income for the period amounted to an expense of SEK 41 million (expense 43), including a fee of SEK 32 million (33) for the government stability fund.

Expenses

SCBC's expenses totalled SEK 342 million (301). The increase in expenses is mainly attributable to higher costs for compensating SBAB for loan administration, which amounted to SEK 340 million (299).

Loan losses

Loan losses amounted to positive SEK 23 million (positive 4). This outcome is due to the redemption of collective provisions.

Net result of financial transactions

Net result from financial transactions amounted to an expense of SEK 99 million (expense 993) for the period. The single greatest factor impacting earnings was unrealised market value changes on basis swaps. Basis swaps are used to minimise interest-rate and currency risks that arise in conjunction with funding in foreign currency. For further information on fair-value recognition of derivative instruments, see Note 2.

Lending

SCBC does not conduct any new lending activities itself, and instead acquires loans from SBAB Bank on an ongoing basis or as required. The aim of securing these loans is to increase the collateral for investors who are holders of SCBC's covered bonds. SCBC's lending portfolio mainly comprises loans for residential mortgages, with the retail market as the largest segment. The portfolio contains no loans for purely commercial properties. Information regarding SCBC's lending, the cover pool, is published monthly on the website www.sbab.se.

Funding

SCBC's funding is conducted through the issuance of covered bonds, and to a certain extent through repo transactions.

The company uses three funding programmes: a Swedish mortgage bond programme for the issuance of covered bonds without a preset limit, a EUR 10 billion Euro Medium Term Covered Note Program (EMTCN program), and an AUD 4 billion Australian Covered Bonds Issuance Programme. All programmes have received the highest possible long-term ratings of Aaa and AAA from the rating agencies Moody's and Standard & Poor's.

Covered bonds are the SBAB Group's principal source of funding, and at 30 June, the total value of debt securities in issue under SCBC's lending programme was SEK 147.4 billion (150.0), distributed as follows: Swedish covered bonds SEK 88.1 billion (83.1) and the Euro Medium Term Covered Note Programme SEK 59.3 billion (66.9). During the quarter securities valued at SEK 16.6 billion were issued. At the same time, securities valued at SEK 9.6 billion were repurchased, while securities for SEK 10.6 billion matured. Alongside revaluations of liabilities due to changes in premiums/discounts, and changes in exchange rates for the SEK, this has caused issued securities to decline in value by SEK 5.5 billion.

Capital adequacy and risk

SCBC primarily recognises credit risk pursuant to the internal ratings-based approach (IRB approach) and operational and market risk in accordance with the standardised approach.

SCBC's capital adequacy ratio and core Tier 1 capital ratio under Pillar 1, with consideration for transitional regulations, amounted to 10.5 percent (10.3) at 30 June 2013. Without consideration for transitional regulations, the capital adequacy ratio and core Tier 1 capital ratio amounted to 55.5 percent (30.7). The increase is attributable to exposures to tenant-owner associations with turnover of less than EUR 50 million now being classified as household exposures. For other capital ratios, please refer to the table on page 8.

Due to the low risk in SCBC's operations the company is also well capitalised in accordance with forthcoming Basel III regulations.

Management of liquidity risks for SCBC is integrated with SBAB Bank. In addition, SCBC has a liquidity facility agreement with SBAB Bank, under which SCBC can borrow money for its operations from the Parent Company SBAB Bank, when necessary.

Other significant information

Merger of sales units for corporate market and tenant-owner associations

SCBC's Parent Company has a long history of financing multi-family dwellings, with a leading position in both the corporate and tenant-owner association markets. In order to build a strong and efficient unit for the financing of multi-family dwellings, in June SBAB therefore decided to merge the two sales

units. In connection with this, SBAB has also decided to discontinue the on-going process to sell its corporate portfolio and to retain its lending operations to property companies as part of SBAB's housing financing offer.

Risks and uncertainties

Although the uncertain European macroeconomic situation has affected SCBC's earnings, it has had no significant impact on the company's financial position. The functioning of the capital market has remained favourable despite the partial discontinuation of the ECB's support measures. However, future macroeconomic development in Europe remains uncertain.

The economic trend in Sweden is the primary risk factor for SCBC's future earnings capacity and the quality of its assets since the operation is mainly exposed to credit risks in the Swedish housing market. Household demand is showing stable growth, inflation remains low in part due to supportive measures, interest rates are low, while stock market and property prices are rising. The Swedish economy is sensitive to global economic developments and to conditions on the international financial markets. Risks regarding these factors are assessed to have decreased slightly. A strained housing market and high household indebtedness result in the economy also being sensitive to changes in interest rates and house prices. Risks regarding these factors are assessed to have increased slightly.

The management of interest-rate and currency risks entails some exposure to price risks.

For further information on SCBC's risks and risk management, please refer to the Risk Management section and Note 2 in the Annual Report for 2012.

Further information

For further information please see SBAB's interim report for the same period.

Financial calendar

Year-end report

February 2014

The Board of Directors and CEO affirm that this interim report provides an accurate overview of the operations, financial position and performance of the company and describes the significant risks and uncertainties faced by the company.

Stockholm, 17 July 2013

Carl-Viggo Östlund
Chairman of the Board

Sarah Bucknell
Board member

Christine Ehnström
Board member

Per O. Dahlstedt
Board member

Lennart Krän
CEO

For more information, contact CEO Lennart Krän, +46 8 614 43 28, lennart.kran@sbab.se.

Income statement

SEK million	2013 Jan-Jun	2012 Jul-Dec	2012 Jan-Jun	2012 Jan-Dec
Interest income	3,132	3,666	4,236	7,902
interest expense	-2,268	-2,922	-3,193	-6,115
Net interest income	864	744	1,043	1,787
Commission income	4	5	5	10
Commission expense	-45	-48	-48	-96
Net result from financial transactions (Note 2)	-99	-329	-993	-1,322
Other operating income	0	1	-	1
Total operating income	724	373	7	380
General administrative expenses	-342	-286	-300	-586
Other expenses	-0	-0	-1	-1
Total expenses before loan losses	-342	-286	-301	-587
Profit/loss before loan losses	382	87	-294	-207
Loan losses, net (Note 3)	23	9	4	13
Operating profit/loss	405	96	-290	-194
Tax	-97	-24	76	52
Profit/loss for the period	308	72	-214	-142

Statement of comprehensive income

SEK million	2013 Jan-Jun	2012 Jul-Dec	2012 Jan-Jun	2012 Jan-Dec
Profit/loss for the period	308	72	-214	-142
Other comprehensive income, net after tax	-	-	-	-
Total comprehensive income for the period	308	72	-214	-142

Balance sheet

SEK million	30/06/2013	30/06/2012	31/12/2012
ASSETS			
Lending to credit institutions	12,114	12,640	10,054
Lending to the public (Note 4)	207,873	209,558	208,875
Change in value of interest-rate-hedged items in portfolio hedges	1,221	1,625	2,129
Derivative instruments (Note 5)	4,539	8,240	9,578
Other assets	832	740	197
Prepaid expenses and accrued income	228	280	244
TOTAL ASSETS	226,807	233,083	231,077
LIABILITIES AND EQUITY			
Liabilities			
Liabilities to credit institutions	14,951	14,549	15,084
Debt securities in issue	147,366	149,977	152,874
Derivative instruments (Note 5)	6,135	8,317	9,806
Other liabilities	5	12	17
Accrued expenses and prepaid income	1,678	1,687	2,896
Deferred tax liabilities	160	30	7
Subordinated debt to the Parent Company (Note 9)	45,413	47,792	39,602
Total liabilities	215,708	222,364	220,286
Equity			
Share capital	50	50	50
Shareholder contribution	9,550	9,550	9,550
Retained earnings	1,191	1,333	1,333
Profit/loss for the period	308	-214	-142
Total equity	11,099	10,719	10,791
TOTAL LIABILITIES AND EQUITY	226,807	233,083	231,077
Memorandum items			
Assets pledged for own liabilities	204,671	210,905	203,010

Statement of changes in equity

SEK million	Share capital	Shareholder contribution	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2013	50	9,550	1,191		10,791
Total comprehensive income for the period				308	308
Closing balance, 30 June 2013	50	9,550	1,191	308	11,099
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	Share capital	Shareholder contribution	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2012	50	9,550	1,333		10,933
Total comprehensive income for the period				-214	-214
Closing balance, 30 June 2012	50	9,550	1,333	-214	10,719
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	Share capital	Shareholder contribution	Retained earnings	P/L for the period	Total equity
Opening balance, 1 January 2012	50	9,550	1,333		10,933
Total comprehensive income for the period				-142	-142
Closing balance, 31 December 2012	50	9,550	1,333	-142	10,791

Cash-flow statement

SEK million	2013 Jan-Jun	2012 Jan-Jun	2012 Jan-Dec
Cash and cash equivalents at the beginning of the period	10,054	11,562	11,562
Cash flow from operating activities	2,060	1,588	-998
Cash flow from investing activities	-	-	-
Cash flow from funding activities	-	-510	-510
Increase/Decrease in cash and cash equivalents	2,060	1,078	-1,508
Cash and cash equivalents at the end of the period	12,114	12,640	10,054

Cash and cash equivalents are defined as lending to credit institutions with a maturity not later than three months from the acquisition date.

Capital base

SEK million	30/06/2013	30/06/2012	31/12/2012
Core Tier 1 capital			
Equity	11,099	10,720	10,791
Net reserves for IRB exposures	-35	-101	-67
Core Tier 1 capital	11,064	10,619	10,724
Tier 1 capital	11,064	10,619	10,724
Tier 2 capital	-	-	-
Amount for capital base net efter deductible items and limit value	11,064	10,619	10,724

Capital requirements

SEK million	30/06/2013	30/06/2012	31/12/2012
Credit risk recognised in accordance with IRB approach			
Exposures to corporates	549	1,794	1,597
Retail exposures	672	511	555
Total exposures in accordance with IRB approach	1,221	2,305	2,152
Credit risk reported in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Exposures to institutions	194	295	226
Exposures to corporates	2	4	4
Retail exposures	4	5	1
Past due items	0	-	-
Other items	3	2	2
Total exposures in accordance with standardised approach	203	306	233
Risk in commercial portfolio	-	-	-
Operational risk	171	153	167
Currency risk	-	-	-
Total minimum capital requirements	1,595	2,764	2,552
Addition to transitional rules	6,808	5,453	5,745
Total capital requirements according to transition rules	8,403	8,217	8,297

In February 2013, SCBC's parent company SBAB received permission from Finansinspektionen (the Swedish Financial Supervisory Authority) to include tenant-owner associations with a turnover of less than EUR 50 million and with full collateral in the retail exposure category, and to apply an internal method for the calculation of Loss Given Default (LGD) for those exposures. Since this portfolio is secured, internal LGD is lower than that prescribed, resulting in a reduction in the minimum capital requirement without taking transitional regulations into account.

Capital adequacy

SEK million	30/06/2013	30/06/2012	31/12/2012
Core Tier 1 capital	11,064	10,619	10,724
Tier 1 capital	11,064	10,619	10,724
Total capital	11,064	10,619	10,724
Without transition rules			
Risk-weighted assets	19,937	34,551	31,903
Core Tier 1 capital ratio	55.5%	30.7%	33.6%
Tier 1 capital ratio	55.5%	30.7%	33.6%
Capital adequacy ratio	55.5%	30.7%	33.6%
Capital quotient	6.94	3.84	4.20
With transition rules			
Risk-weighted assets	105,033	102,712	103,714
Core Tier 1 capital ratio	10.5%	10.3%	10.3%
Tier 1 capital ratio	10.5%	10.3%	10.3%
Capital adequacy ratio	10.5%	10.3%	10.3%
Capital quotient	1.32	1.29	1.29

Notes

Note 1 Accounting policies

SCBC applies statutory IFRS, which means that the interim report has been prepared in compliance with IFRS subject to the additions and exceptions that ensue from the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, the Swedish Financial Supervisory Authority's regulations and general guidelines on the annual accounts of credit institutions and securities companies (FFFS 2008:25) and the Annual Accounts Act for Credit Institutions and Securities Companies.

Compared with 2012, a number of disclosure requirements have been changed, affecting the appearance and contents of the annual reports for 2013.

In IFRS 7, Financial Instruments: Additional disclosure requirements have been added regarding the offsetting of financial assets and liabilities. The disclosure requirements apply to all recognised financial instruments that are offset in accordance with item 42 in IAS 32, but also to recognised financial instruments covered by a legally binding framework agreement on offsetting or any similar agreement, regardless of whether or not they are offset in accordance with item 42 in IAS 32. During 2013, these disclosures shall also be made in the interim reports.

IFRS 13 Fair Value Measurement entails a new uniform standard for the assessment of fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The new standard has not resulted in any change in how SCBC established fair value and does not result in any new items to be measured at fair value. Beyond this, IFRS 13 contains extensive disclosure requirements that, as a consequence of an addition to IAS 34 Interim Financial Reporting, shall also, to a large extent, be provided in the interim reports.

In other regards, the accounting policies and calculation methods are unchanged compared with the 2012 Annual Report.

According to SCBC's preliminary assessment, new or changed international accounting policies which have not yet been applied will have a limited effect on the financial reports.

Note 2 Net result of financial transactions

SEK million	2013 Jan-Jun	2012 Jul-Dec	2012 Jan-Jun	2012 Jan-Dec
Gains/losses on interest-bearing financial instruments				
- Change in value of hedged items in hedge accounting	810	-308	-879	-1,187
- Derivative instruments	-912	17	-55	-38
- Loan receivables	34	39	36	75
- Realised expense from financial liabilities	-32	-77	-94	-171
Currency translation effects	1	0	-1	-1
Total	-99	-329	-993	-1,322

Changes in the market value of basis swaps are attributable to "Derivative instruments". All derivative instruments represent financial hedges of interest-rate risk and/or currency risk in funding or lending.

Fair-value recognition

The currency and interest-rate risk inherent in funding conducted in foreign currency is generally hedged throughout the maturity of the funding through currency interest-rate derivatives, known as basis swaps. According to IFRS, all derivative instruments are to be recognised at fair value (market value), with changes in fair value included in net result from financial instruments. Major variations in the actual market value between reporting periods could result in significant changes in the carrying amount and thus also in capital adequacy. However, changes in the form of losses/gains remain unrealised as long as the basis swap is not closed prematurely. In cases where the derivative is held to maturity, earnings are not affected by the accumulated changes since the market value of each derivative contract starts and ends at zero. Most of SCBC's basis swaps are held to maturity.

Note 3 Loan losses, net

SEK million	2013 Jan-Jun	2012 Jul-Dec	2012 Jan-Jun	2012 Jan-Dec
CORPORATE MARKET				
COLLECTIVE PROVISION FOR CORPORATE MARKET LOANS				
Allocations to/redemption of collective provisions	5	5	-6	-1
Guarantees	3	-1	-6	-7
Net income/cost for the period for collective provisions for corporate market loans	8	4	-12	-8
RETAIL MARKET				
INDIVIDUAL PROVISION FOR RETAIL MARKET LOANS				
Write-off of confirmed loan losses for the period	-	-	-3	-3
Reversal of prior year provisions for probable loan losses recognised as confirmed loan losses in the financial statements for the period	-	-	3	3
Provision for probable loan losses for the period	-	-	-	-
Net cost for the period for individual provisions for retail market loans	-	-	0	0
COLLECTIVE PROVISION FOR RETAIL MARKET LOANS				
Write-off of confirmed loan losses for the period	-1	-1	-1	-2
Recoveries in respect of confirmed loan losses in prior years	-	-	-	-
Allocation to/redemption of collective provisions	18	12	21	33
Guarantees	-2	-6	-4	-10
Net income/cost for the period for collective provisions for retail market loans	15	5	16	21
NET INCOME/COST FOR THE PERIOD FOR LOAN LOSSES	23	9	4	13

Guarantees pertain to received or anticipated receivables from the Swedish National Housing Credit Guarantee Board, insurance companies and banks.

Note 4 Lending to the public

SEK million	30/06/2013		30/06/2012		31/12/2012	
	Lending	Provision	Lending	Provision	Lending	Provision
Single-family dwellings and holiday homes	85,012	-58	83,374	-73	84,471	-68
Tenant-owner rights	53,793	-32	50,253	-44	51,650	-39
Tenant-owner associations	45,557	-5	46,577	-15	46,668	-6
Private multi-family dwellings	19,668	-3	24,412	-14	21,688	-8
Municipal multi-family dwellings	3,862	-	4,998	-	4,439	-
Commercial properties	79	-	90	-	80	-
Provision for probable loan losses	-98	-	-146	-	-121	-
Total	207,873	-98	209,558	-146	208,875	-121
Doubtful and non-performing loan receivables			30/06/2013	30/06/2012	31/12/2012	
a) Doubtful loan receivables			-	-	-	
b) Specific provisions for individually measured loan receivables			-	-	-	
c) Collective provisions for corporate market loans			8	29	14	
d) Collective provisions for retail market loans			90	117	107	
e) Total provisions (b+c+d)			98	146	121	
f) Doubtful loan receivables after individual provisions (a-b)			-	-	-	
g) Provision ratio for individual provisions (b/a)			-	-	-	

Note 5 Derivative instruments

SEK million	30/06/2013		
	Assets measured at fair value	Liabilities measured at fair value	Total nominal amount
Interest-rate related	3,321	1,864	168,925
Currency related	1,218	4,271	54,819
Total	4,539	6,135	223,744

Currency interest-rate swaps are classified as interest-rate-related derivative instruments.

Note 6 Classification of financial instruments

Financial assets SEK million	30/06/2013				Total fair value
	Assets measured at fair value through P/L	Hedge-accounted derivative instruments	Loan receivables	Total	
Lending to credit institutions			12,114	12,114	12,114
Lending to the public			207,873	207,873	210,138
Change in value of interest-rate-hedged items in portfolio			1,221	1,221	-
Derivative instruments	20	4,519		4,539	4,539
Other assets			832	832	832
Prepaid expenses and accrued income			228	228	228
Total	20	4,519	222,268	226,807	227,851

Financial liabilities SEK million	30/06/2013				Total fair value
	Liabilities measured at fair value through P/L	Hedge-accounted derivative instruments	Other financial liabilities	Total	
Liabilities to credit institutions			14,951	14,951	14,951
Debt securities in issue			147,366	147,366	146,864
Derivative instruments	866	5,269		6,135	6,135
Other liabilities			5	5	5
Accrued expenses and prepaid income			1,678	1,678	1,678
Subordinated debt to the Parent Company			45,413	45,413	45,413
Summa	866	5,269	209,413	215,548	215,041

Note 7 Information about fair value

SEK million	30/06/2013			Total
	Quoted market prices (Level 1)	Other observable market data (Level 2)	Unobservable market data (Level 3)	
Assets				
Derivatives in the category trade	-	20	-	20
Other derivatives	-	4,519	-	4,519
Total	-	4,539	-	4,539
Liabilities				
Derivatives in the category trade	-	866	-	866
Other derivatives	-	5,269	-	5,269
Total	-	6,135	-	6,135

In the table, financial assets and liabilities recognised at fair value in the balance sheet are divided on the basis of the measurement methods used.

Quoted market prices (Level 1)

Measurement at quoted prices on an active market. A market is deemed to be active where prices are available with satisfactory regularity. This valuation method is currently not used for any assets or liabilities.

Measurement based on observable market data (Level 2)

Measurement aided by external market information, such as quoted interest rates or prices for closely related instruments. This group includes all non-quoted derivative instruments.

Measurement based in part on unobservable market data (Level 3)

Measurement whereby a material component of the model is based on estimates or assumptions that do not originate directly from the market. This method is currently not used for any assets or liabilities.

Note 8 Information about offsetting

Disclosure by type of instrument.

SEK million	Amount recognised in the balance sheet	30/06/2013			Net amount
		Financial assets and liabilities covered by a legally binding agreement regarding netting or a similar agreement but that are not offset in the balance sheet			
		Related amounts that are not offset in the balance sheet			
		Financial instruments	Provided (+)/ Received (-) collateral - securities	Provided (+)/ Received (-) cash collateral	
Assets					
Derivative instruments	4,539	-3,061		-836	642
Repos	12,112	-11,760	-352		0
Liabilities					
Derivative instruments	-6,135	3,061			-2,695
Repos	-13,961	11,760	2,201		0
Total	-3,445	0	1,849	-836	-1,470

Note 9 Subordinated debt to Parent Company

SEK million	30/06/2013	30/06/2012	31/12/2012
Subordinated debt to the Parent Company	45,413	47,792	39,602
Total	45,413	47,792	39,602

Terms and conditions governing subordination

The subordinated debt was issued by the Parent Company. The subordinated debt is the subordinate to the company's other liabilities in the event of bankruptcy or liquidation, which means that it carries an entitlement to payment after other claimants have received payment.

Review report

The auditors' review report on the condensed interim financial information (interim report)

Introduction

We have reviewed the report of the Swedish Covered Bond Corporation, SCBC, at 30 June 2013 and the six-month period ended at such date. The Board of Directors and the Managing Director are responsible for preparing and presenting this interim financial information in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express an opinion on this interim report, based on our review.

The direction and extent of the review

We have performed this review in accordance with the Swedish Standard on Review Engagements SÖG 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making enquiries, primarily to persons responsible for financial and accounting matters, performing an analytical review and undertaking other review measures. A review has another direction and is substantially more limited in scope than an audit conducted in accordance with the Auditing Standard in Sweden (RS) and generally accepted auditing practice otherwise. The measures undertaken in a review do not permit us to be certain that we have become aware of all significant matters that might have been identified in an audit. The expressed opinion based on a review does not therefore have the degree of certainty that an opinion expressed as a result of an audit has.

Opinion

On the basis of our review, nothing has come to our attention which gives us cause to believe that the enclosed year-end report has not been prepared, in all essentials, in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

Stockholm, 17 July 2013

KPMG AB

Hans Åkervall
Authorised Public Accountant