

# SBAB BANK

## Capital Base and Capital Requirements

SBAB reports credit risk mainly in accordance with the IRB approach, and reports operational and market risk in accordance with the standardised approach. The proposed amendments in the regulatory framework (CRD IV) published by the European Commission include new rules for liquidity risks, capital base, counterparty risks, pro-cyclicality and the implementation of what is known as a leverage ratio. The adaptations are planned to be gradually implemented until 2019.

### Capital base

Group	31 Mars 2012	31 Mars 2011	31 Dec 2011
SEK million			
<b>Core Tier 1 capital</b>			
Equity	8,256	7,901	8,384
Proposed dividend	-33	-26	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	47	72	51
Non-controlling interest	706	590	706
Intangible fixed assets	-64	-32	-38
Deferred tax assets	-255	-36	-
Net reserves for IRB exposures	-135	-91	-128
<b>Core Tier 1 capital</b>	<b>8,522</b>	<b>8,378</b>	<b>8,975</b>
<b>Tier 1 capital contribution</b>			
Tier 1 capital contribution without redemption incentives*	2,000	2,000	2,000
Tier 1 capital contribution with redemption incentives*	994	994	994
<b>Tier 1 capital</b>	<b>11,516</b>	<b>11,372</b>	<b>11,969</b>
<b>Tier 2 capital</b>			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	2,484	2,108	2,456
Net reserves for IRB exposures	-135	-91	-129
<b>Tier 2 capital</b>	<b>2,349</b>	<b>2,017</b>	<b>2,327</b>
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
<b>Amount for capital base net efter deductible items and limit value</b>	<b>13,865</b>	<b>13,389</b>	<b>14,296</b>

\* Encompassed by transitional rules to FFFS 2007:1

### Capital requirements

Group	31 Mars 2012	31 Mars 2011	31 Dec 2011
SEK million			
<b>Credit risk recognised in accordance with IRB approach</b>			
Exposures to corporates	2,467	2,323	2,491
Retail exposures	899	880	894
Positions in securitisations	221	-	229
<b>Total exposures in accordance with IRB approach</b>	<b>3,587</b>	<b>3,203</b>	<b>3,614</b>
<b>Credit risk reported in accordance with standardised approach</b>			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Exposures to institutions	548	215	514
Exposures to corporates	126	1 031	142
Retail exposures	55	26	48
Past due items	0	1	1
Other items	9	8	8
<b>Total exposures in accordance with standardised approach</b>	<b>738</b>	<b>1 281</b>	<b>713</b>
<b>Risk in commercial portfolio</b>	<b>197</b>	<b>259</b>	<b>239</b>
<b>Operational risk</b>	<b>211</b>	<b>217</b>	<b>217</b>
<b>Currency risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Raw material risk</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total minimum capital requirements</b>	<b>4,733</b>	<b>4,960</b>	<b>4,783</b>
Addition to transitional rules	6,107	5,646	5,930
<b>Total capital requirements according to transition rules</b>	<b>10,840</b>	<b>10,606</b>	<b>10,713</b>

## Capital Adequacy

### Capital adequacy

#### Group

SEK million	31 Mars 2012	31 Mars 2011	31 Dec 2011
Core Tier 1 capital	8,522	8,378	8,975
Tier 1 capital	11,516	11,372	11,969
Total capital	13,865	13,389	14,296
<b>Without transition rules</b>			
Risk-weighted assets	59,165	62,000	59,786
Core Tier 1 capital ratio	14,4%	13,5%	15,0%
Tier 1 capital ratio	19,5%	18,3%	20,0%
Capital adequacy ratio	23,4%	21,6%	23,9%
Capital quotient	2,93	2,70	2,99
<b>With transition rules</b>			
Risk-weighted assets	135,501	132,576	133,917
Core Tier 1 capital ratio	6,3%	6,3%	6,7%
Tier 1 capital ratio	8,5%	8,6%	8,9%
Capital adequacy ratio	10,2%	10,1%	10,7%
Capital quotient	1,28	1,26	1,33

#### SBAB Bank AB (publ)

SEK million	31 Mars 2012	31 Mars 2011	31 Dec 2011
Core Tier 1 capital	7,341	7,585	7,432
Tier 1 capital	10,335	10,579	10,426
Total capital	12,759	12,665	12,819
<b>Without transition rules</b>			
Risk-weighted assets	25,543	27,654	25,159
Core Tier 1 capital ratio	28,7%	27,4%	29,5%
Tier 1 capital ratio	40,5%	38,3%	41,4%
Capital adequacy ratio	50,0%	45,8%	51,0%
Capital quotient	6,24	5,72	6,37
<b>With transition rules</b>			
Risk-weighted assets	33,034	28,752	27,948
Core Tier 1 capital ratio	22,2%	26,4%	26,6%
Tier 1 capital ratio	31,3%	36,8%	37,3%
Capital adequacy ratio	38,6%	44,0%	45,9%
Capital quotient	4,83	5,51	5,73

## Liquidity Reserve

SBAB's liquidity portfolio comprises liquid, interest-bearing securities with high rating and is an integrated part of the Group's liquidity risk management. Holding in securities are limited by asset class and by country, respectively, and must have the highest rating upon acquisition. In addition to these collective limits, limits for individual issuers may also be set.

#### Group

SEK million

Liquidity Reserve, SEKm	March	Currency distribution			
	2012	SEK	EUR	USD	Other
Cash and holdings in central banks	0	0	0	0	0
Deposits in other banks available o/n	0	0	0	0	0
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	8 193	1 968	5 599	340	286
Securities issued or guaranteed by municipalities or Public Sector Entities	3 332	3 062	0	270	0
Covered bonds issued by other institutions	23 334	13 085	9 415	216	618
Covered bonds issued by SBAB	0	0	0	0	0
Securities issued by non-financial corporates	0	0	0	0	0
Securities issued by financial corporates (excl. covered bonds)	8 019	0	6 902	596	522
Other Securities	0	0	0	0	0
Bank & Loan Facilities	1 488	0	0	1 488	0
<b>Total</b>	<b>44 366</b>	<b>18 115</b>	<b>21 915</b>	<b>2 910</b>	<b>1 426</b>
Currency distribution		<b>41%</b>	<b>49%</b>	<b>7%</b>	<b>3%</b>

Remark: Book value for RMBS and market value for all other securities.

