

SBAB Bank AB (publ)

DISCLOSURE OF CAPITAL, LIQUIDITY AND LEVERAGE RATIO

March 2019

SBAB!

Consolidated situation

The information in this report is based on the disclosure requirements under Part 8 of regulation (EU) 575/2013 and Swedish Financial Supervisory Authority's Regulatory Code FFFS 2014:18 and FFFS 2014:12. According to these regulations, SBAB Bank AB (publ) (SBAB) shall publish the structure of own funds, risk exposure amount per exposure class, information

about capital adequacy and buffers as well as internally assessed capital requirement. In addition, leverage ratio and detailed information about liquidity coverage ratio are reported on a consolidated level. In accordance with FFFS 2010:7, liquidity reserve is also disclosed.

SBAB reports credit risk mainly in accordance with the IRB approach, and reports operational risk, market risk and CVA risk in accordance with the standardised approach.

1 Capital adequacy

1.1 Overview

TABLE 1. CAPITAL ADEQUACY ¹⁾

SEK million	31 Mar 2019	31 Dec 2018	31 Mar 2018
CET1 capital	14,533	14,263	13,658
Tier 1 capital	17,533	17,263	16,658
Total capital	20,985	20,713	20,105
Risk exposure amount	116,906	114,141	43,939
CET1 capital ratio, %	12.4	12.5	31.1
Excess ²⁾ of CET1 capital	9,273	9,127	11,680
Tier 1 capital ratio, %	15.0	15.1	37.9
Excess ²⁾ of Tier 1 capital	10,519	10,415	14,021
Total capital ratio, %	18.0	18.1	45.8
Excess ²⁾ of total capital	11,632	11,582	16,590

¹⁾ From the end of 2018, the risk exposure amount, the risk-weight floor for residential mortgages has affected risk exposure amount, excess capital and capital ratios.

²⁾ Excess capital has been calculated based on minimum requirements (without buffer requirements)

The Swedish FSA's decision regarding the shift of the risk-weight floor for residential mortgages

In August 2018, the Swedish FSA decided to apply the existing risk-weight floor for mortgages applied in Pillar 2 as a requirement within the framework of Article 458 of the Regulation on Prudential Requirements for Credit Institutions and Investment Firms. The amendment entered into force from 31 December 2018 and applies for two years.

The change means the capital requirement is set as a requirement in Pillar 1. The credit institutions encompassed by the measure are those authorised to use the IRB approach and which have exposures to Swedish residential mortgages. The branches of foreign credit institutions in Sweden that are exposed to Swedish residential mortgages and which apply the IRB approach for these may also be affected. The following calculation shows what the actual outcome would have been if the risk-weight floor had not been moved to Pillar 1.

OUTCOME PRIOR TO THE MOVE OF THE RISK-WEIGHT FLOOR FOR MORTGAGES

SEK million	31 Mar 2019	31 Dec 2018	31 Mar 2018
Risk exposure amount, SEK million	45,215	43,422	43,939
CET1 capital ratio, %	32.1	32.8	31.1
Tier 1 capital ratio, %	38.8	39.8	37.9
Total capital ratio, %	46.4	47.7	45.8

¹⁾ The table illustrates what the capital situation would have been if the risk-weight floor had not been moved. This information is solely for comparative purposes.

1.2 Own funds

TABLE 2. OWN FUNDS

Disclosure in accordance with Article 4 of Commission Implementing Regulation (EU) No 1423/2013, Annex V.

SEK million	31 Mar 2019	31 Dec 2018	31 Mar 2018
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	12,474	11,443	11,506
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	1,437	609	111
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	278	1,041	266
CET1 capital before regulatory adjustments	17,647	16,551	15,341
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-57	-59	-73
Intangible assets (net of related tax liability) (negative amount)	-140	-126	-107
Fair value reserves related to gains or losses on cash-flow hedges	-1,335	-488	80
Negative amounts resulting from the calculation of expected loss amounts	-46	-50	-65
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-36	-65	-18
Additional Tier 1 instruments in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-3,114	-2,288	-1,683
CET1 capital	14,533	14,263	13,658
Additional Tier 1 capital: Instrument			
Capital instruments and the related share premium accounts	3,000	3,000	3,000
<i>of which, classified as equity under applicable accounting standards</i>	1,500	1,500	1,500
<i>of which, classified as liabilities under applicable accounting standards</i>	1,500	1,500	1,500
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	-	-	-
Additional Tier 1 capital before regulatory adjustments	3,000	3,000	3,000
Additional Tier 1 capital: Regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital	-	-	-
Additional Tier 1 capital	3,000	3,000	3,000
Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)	17,533	17,263	16,658
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	3,447	3,447	3,447
Credit risk adjustments	5	3	-
Tier 2 capital before regulatory adjustments	3,452	3,450	3,447
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	3,452	3,450	3,447
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	20,985	20,713	20,105
Total risk-weighted assets	116,906	114,141	43,939

cont. OWN FUNDS

SEK million	31 Mar 2019	31 Dec 2018	31 Mar 2018
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	12.4	12.5	31.1
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	15.0	15.1	37.9
Total capital (as a percentage of total risk-weighted exposure amount), %	18.0	18.1	45.8
Institution-specific buffer requirements (CET1 capital requirement in accordance with Article 92(1)(a) plus the capital conservation buffer and countercyclical capital buffer requirements, plus the systemic risk buffer, plus the systemically important institution buffers [G-SII buffer and O-SII buffer] expressed as a percentage of the risk-weighted exposure amount), %	9.0	9.0	9.0
of which, CET1 capital, minimum requirement, %	4.5	4.5	4.5
of which, capital conservation buffer requirement, %	2.5	2.5	2.5
of which, countercyclical buffer requirement, %	2.0	2.0	2.0
of which, systemic risk buffer requirement, %	–	–	–
of which, G-SII buffer and O-SII buffer, %	–	–	–
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	7.9	8.0	26.6
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
Current cap on AT1 instruments subject to phase-out arrangements	–	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–	–

¹⁾ Net profit for the interim period was reduced by the expected dividend of SEK 183 million based on Q1 2019. Retained earnings was reduced by the expected dividend for 2018 of SEK 690 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

1.3 Risk exposure amounts and capital requirements

TABLE 3. RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS BY RISK TYPE (EBA OV1 TABLE)

SEK million	31 Mar 2019		31 Dec 2018	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Credit risk (excl. counterparty risk)	32,350	2,588	31,423	2,513
of which, the standardised approach	7,436	596	7,199	575
of which, the FIRB approach	12,930	1,034	12,128	970
of which, the AIRB approach	11,984	959	12,096	968
Counterparty credit risk	6,685	535	6,661	533
of which, the standardised approach	3,942	316	3,776	302
of which, credit valuation adjustment risk (CVA)	2,743	219	2,885	231
Market risk	534	43	999	80
of which, the standardised approach	534	43	999	80
Operational risks	4,854	388	4,339	347
of which, the standardised approach	4,854	388	4,339	347
Additional stricter prudential requirements under Article 458 of the CRR	71,691	5,735	70,719	5,658
Additional stricter prudential requirements under Article 3 of the CRR	792	63	–	–
Total	116,906	9,352	114,141	9,131

TABLE 4. RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS

At the start of 2019, SBAB's Board decided to apply Article 3 of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) for corporate exposures to small and medium-sized enterprises. The aim is to compensate for the current pro-cyclical effect that exists in the bank's internal models for credit risk, which has resulted in PD declining in line with the favourable economic climate. As a

result, the bank has introduced a capital surcharge of SEK 63 million under Pillar 1 as of 31 March 2019.

New rules on lease (IFRS 16) apply to consolidated situation from 1 January 2019 and impact the other items exposure class in an amount of SEK 7 million in capital requirements. The implementation has had a limited effect on SBAB's capital ratios.

SEK million	31 Mar 2019		31 Dec 2018		31 Mar 2018	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	12,930	1,034	12,128	970	12,229	978
Retail exposures	11,984	959	12,096	968	12,697	1,016
<i>of which, exposures to SMEs</i>	809	65	829	67	1,097	88
<i>of which, retail exposures secured by immovable property</i>	11,175	894	11,267	901	11,600	928
Total exposures recognised with the IRB approach	24,914	1,993	24,224	1,938	24,926	1,994
Credit risk recognised with the standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to institutions ¹⁾	3,943	315	3,777	302	3,347	268
<i>of which, derivatives according to CRR, Appendix 2</i>	3,802	304	3,776	302	3,223	258
<i>of which, repos</i>	141	11	0	0	125	10
<i>of which, other</i>	0	0	1	0	1	0
Retail exposures	2,204	176	2,236	179	2,176	174
Exposures in default	9	1	10	1	9	1
Exposures in the form of covered bonds	3,700	296	3,593	287	3,799	304
Exposures to institutions and corporates with a short-term credit rating	48	4	16	1	368	29
Equity exposures	1,179	94	1,116	89	1,078	86
Other items	295	25	227	18	330	26
Total exposures recognised with standardised approach	11,378	911	10,975	877	11,107	888
Market risk	534	43	999	80	758	61
<i>Of which, position risk</i>	-	-	-	-	-	-
<i>Of which, currency risk</i>	534	43	999	80	758	61
Operational risk	4,854	388	4,339	347	4,339	347
<i>Of which, standardised approach</i>	4,854	388	4,339	347	4,339	347
Credit valuation adjustment risk (CVA risk)	2,743	219	2,885	231	2,809	225
Additional requirements under Article 458 of the CRR	71,691	5,735	70,719	5,658	-	-
Additional requirements under Article 3 of the CRR	792	63	-	-	-	-
Total risk exposure amount and minimum capital requirements	116,906	9,352	114,141	9,131	43,939	3,515
Capital requirements for capital conservation buffer		2,923		2,854		1,098
Capital requirements for countercyclical buffer		2,327		2,266		869
Total capital requirements		14,602		14,251		5,482

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 3,943 million (3,776).

1.4 Credit risk in lending operations

TABLE 5. CREDIT RISK EXPOSURES AND CREDIT RISK MITIGATION (CRM) USING THE STANDARDISED APPROACH (EBA CR4 TABLE)

Exposure classes	Original exposure amount before credit risk conversion factors and mitigation methods		Original exposure amount after credit risk conversion factors and mitigation methods		Risk exposure amounts and risk exposure density	
	Carrying amount	Contingent liabilities	Carrying amount	Contingent liabilities	Risk exposure amount	Density (%)
Exposures to governments and central banks	31,759	-	31,804	-	-	-
Exposures to regional governments or local authorities or agencies	11,882	-	12,639	-	-	-
Exposures to multilateral development banks	2,462	-	2,462	-	-	-
Exposures to institutions ¹⁾	3	-	3	-	1	20
Exposures to corporates	-	-	-	-	-	-
Retail exposures	2,740	994	2,740	199	2,240	75
Exposures in default	8	1	8	-	9	109
Exposures in the form of covered bonds	37,004	-	37,004	-	3,700	10
Exposures to institutions and corporates with a short-term credit assessment	240	-	240	-	48	20
Equity exposures	94	-	94	-	1,179	1,250
Other items	466	-	466	-	295	63
Total	86,658	995	87,460	199	7,436	8

¹⁾ The institution exposure class excludes counterparty risk.

TABLE 6. BREAKDOWN OF EXPOSURE AMOUNTS USING THE STANDARDISED APPROACH BY EXPOSURE CLASS AND RISK WEIGHT AFTER APPLICATION OF THE CCF AND CREDIT RISK MITIGATION (CRM) (EBA CR5 TABLE) ¹⁾

Exposure classes	0%	10%	20%	50%	75%	100%	150%	250%	1,250 %	Deducted ²⁾	Total	Of which, unrated
Exposures to governments and central banks	31,804	-	-	-	-	-	-	-	-	-	31,804	-
Exposures to regional governments or local authorities	12,639	-	-	-	-	-	-	-	-	-	12,639	-
Exposures to multilateral development banks	2,462	-	-	-	-	-	-	-	-	-	2,462	-
Exposures to institutions ¹⁾	-	-	3,210	6,602	-	-	-	-	-	-	9,812	-
Exposures to corporates	-	-	-	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	2,939	-	-	-	-	-	2,939	2,939
Exposures in default	-	-	-	-	-	7	1	-	-	-	8	8
Exposures in the form of covered bonds	-	37,004	-	-	-	-	-	-	-	-	37,004	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	240	-	-	-	-	-	-	-	240	-
Equity exposures	-	-	-	-	-	-	-	-	94	-	94	94
Other items	171	-	-	-	-	295	-	-	-	-	466	466
Total	47,076	37,004	3,450	6,602	2,939	302	1	-	94	-	97,468	3,507

¹⁾ Exposures to institutions including counterparty risk.

²⁾ The exposure class, "other items" includes those items deducted from own funds. As a precautionary measure, capital adequacy for these is calculated with a risk weight of 0%.

TABLE 7. CREDIT RISK EXPOSURE BY EXPOSURE CLASS AND PD RANGE (EBA CR6 TABLE)

SEK million	PD scale	Original on-balance-sheet exposure	Off-balance-sheet exposures pre-CCF	Average CCF, %	Exposure value after CCF	Average PD, %	Number of borrowers	Average LGD, %	Average maturity	Risk exposure amount	Risk exposure density, %	Expected loss	Value adjustments and provisions	
Exposure class														
Corporates (foundation approach)	Of which, Corporate SME	0.00 to <0.15	8,419	77	20	8,421	0.09	82	35.2	2.5	1,278	15	3	-
		0.15 to <0.25	6,387	-	-	6,385	0.21	105	35.6	2.5	1,579	25	5	-
		0.25 to <0.50	1,696	217	20	1,739	0.45	63	35.1	2.5	631	36	3	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	289	-	-	289	1.16	14	36.6	2.5	172	60	1	-
		2.50 to <10.00	328	-	-	324	3.06	15	38.3	2.5	246	76	4	-
		10.00 to <100.00	11	5	20	12	27.04	4	35.3	2.5	15	127	1	-
		100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Portfolio subtotal	17,130	299	20	17,170	0.26	283	35.5	2.5	3,921	23	17	1	
	Of which, Corporates Other	0.00 to <0.15	18,497	1,920	75	19,894	0.09	124	37.5	2.5	4,946	25	7	-
		0.15 to <0.25	3,388	970	75	4,080	0.21	30	43.3	2.5	1,875	46	4	-
		0.25 to <0.50	1,674	1,369	75	2,700	0.45	18	43.4	2.5	1,826	68	5	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	50	-	-	50	1.16	1	35.0	2.5	40	80	3	-
		2.50 to <10.00	196	52	75	235	-	1	45.0	-	321	137	-	-
		10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
		100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
	Portfolio subtotal	23,805	4,311	75	26,959	0.17	174	39.0	2.5	9,008	33	19	6	
	Retail (advanced approach)	Of which, Retail SME	0.00 to <0.15	32,623	93	76	32,346	0.09	1,134	7.0	-	408	1	2
0.15 to <0.25			11,405	248	75	11,424	0.21	500	7.5	-	287	3	2	-
0.25 to <0.50			1,698	-	-	1,582	0.45	106	8.2	-	76	5	1	-
0.50 to <0.75			-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50			209	-	-	208	1.16	14	8.6	-	20	10	-	-
2.50 to <10.00			69	-	-	32	3.05	11	9.3	-	6	19	-	-
10.00 to <100.00			-	-	-	-	-	-	-	-	-	-	-	-
100.00 (Default)			19	-	-	19	100	3	15.6	-	13	67	3	-
Portfolio subtotal		46,023	341	75	45,611	0.18	1,769	7.2	-	810	2	8	10	
Of which, Retail Other		0.00 to <0.15	187,828	22,976	25	193,488	0.04	126,080	10.1	-	2,485	1	8	-
		0.15 to <0.25	46,017	16,108	28	50,478	0.16	34,490	11.0	-	2,003	4	9	-
		0.25 to <0.50	27,859	6,510	25	29,453	0.42	19,068	11.1	-	2,397	8	14	-
		0.50 till <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	11,777	238	73	11,948	1.55	7,023	11.5	-	2,423	20	21	-
		2.50 to <10.00	2,137	39	81	2,167	4.17	1,345	11.2	-	769	35	10	-
		10.00 to <100.00	1,339	44	20	1,348	24.67	965	11.0	-	913	68	37	-
		100.00 (Default)	204	2	94	206	100	151	12.0	-	185	90	19	-
Portfolio subtotal		277,161	45,917	26	289,088	0.38	189,122	10.4	-	11,175	4	118	103	
Total (all portfolios)			364,119	50,868	30	378,828	0.34	191,348	13.2	-	24,914	7	162	120

TABLE 8. TREND FOR RISK EXPOSURE AMOUNTS UNDER THE IRB APPROACH (EBA CR8 TABLE)

SEK million	31 Mar 2019		31 Dec 2018	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Risk exposure amount at the end of the previous quarter	24,224	1,938	24,727	1,978
Asset size	807	65	1,814	145
Asset quality	-117	-9	-2,296	-184
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	-	-	-	-
Other	-	-	-21	-1
Risk exposure amount at the end of the reporting quarter	24,914	1,994	24,224	1,938

TABLE 9. CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT (EBA CRI-A TABLE)

SEK million	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	Net values (or net exposures)
	Exposures in default	Non-defaulted exposures					
Exposures to corporates	-	45,544	7	-	-	-1	45,537
– of which, Specialised lending	-	-	-	-	-	-	-
– of which, to SMEs	-	-	-	-	-	-	-
Retail exposures	225	369,216	113	-	26	9	369,328
Exposures to households secured against immovable property	225	369,216	113	-	26	9	369,328
– of which, to SMEs	19	46,344	10	-	23	-	46,353
– of which, to non-SMEs	206	322,871	103	-	3	9	322,975
Total exposure with IRB approach	225	414,760	120	-	26	8	414,865
Exposures to governments and central banks	-	31,759	-	-	-	-	31,759
Exposures to regional governments or local authorities or agencies	-	11,883	-	-	-	-	11,883
Exposures to public sector entities	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	2,462	-	-	-	-	2,462
Exposures to international organisations	-	-	-	-	-	-	-
Exposures to institutions	-	9,812	-	-	-	-	9,812
Retail exposures	13	3,741	7	-	-	-1	3,747
– of which, to SMEs	-	-	-	-	-	-	-
Exposures in default	13	-	4	-	-	-	9
Exposures in the form of covered bonds	-	37,005	1	-	-	-	37,004
Exposures to institutions and corporates with a short-term credit rating	-	240	-	-	-	-	240
Equity exposures	-	94	-	-	-	-	94
Other exposures	-	466	-	-	-	-	466
Deduction for retail exposures in default*	-13	-	-	-	-	-	-13
Total exposure with standardised approach	13	97,462	12	-	-	-1	97,463
Total	238	512,221	132	-	26	7	512,328
– Of which, loans	236	366,645	124	-	-	7	366,757
– Of which, debt securities	-	83,107	-	-	-	-	83,107
– Of which, off-balance-sheet exposures	-	51,861	7	-	-	5	51,857

* According to EBA guidelines, Q&A 2017:348

TABLE 10. CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES (EBA CR1-B TABLE)

SEK million	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	Net values
	Exposures in default	Non-defaulted exposures					
Construction	-	11,613	6	-	-	6	11,607
Real estate activities	225	403,147	114	-	26	3	403,258
Other services	13	16,184	11	-	-	-1	16,186
Financial services*	-	81,278	1	-	-	-	81,277
Total	238	512,222	132	-	26	8	512,328

*Credit institutions

TABLE 11. CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY (EBA CR1-C TABLE)

SEK million	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	Net values
	Exposures in default	Non-defaulted exposures					
Sweden	238	493,220	132	-	26	8	493,326
Denmark	-	5,304	-	-	-	-	5,304
Finland	-	3,183	-	-	-	-	3,183
Norway	-	2,951	-	-	-	-	2,951
Canada	-	760	-	-	-	-	760
USA	-	167	-	-	-	-	167
France	-	39	-	-	-	-	39
Germany	-	1,934	-	-	-	-	1,934
United Kingdom	-	1,975	-	-	-	-	1,975
Switzerland	-	-	-	-	-	-	-
Austria	-	226	-	-	-	-	226
Other countries*	-	2,463	-	-	-	-	2,463
Total	238	512,222	132	-	26	8	512,328

*Pertains to investments in securities issued by the European Investment Bank (EIB) and the Nordic Investment Bank (NIB)

TABLE 12. AGEING OF PAST-DUE EXPOSURES (EBA CR1-D TABLE)

SEK million	Gross carrying amounts					1 year
	< 30 days	> 30 days < 60 days	> 60 days < 90 days	> 90 days < 180 days	> 180 days < 1 year	
Loans	192	0	14	19	25	26
Interest-bearing securities	-	-	-	-	-	-
Total	192	0	14	19	25	26

TABLE 13. NON-PERFORMING AND FORBORNE EXPOSURES (EBA CR1-E TABLE)

SEK million	Gross carrying amounts						Accumulated impairment and provisions and negative fair value adjustments due to credit risk				Collaterals and financial guarantees received		
	Of which, performing but past due > 30 days and <= 60 days*	Of which, performing forborne*	Of which, non-performing*			On performing exposures*		On non-performing exposures*		Of which, non-performing exposures	Of which, forborne exposures		
			Of which, defaulted	Of which, individual loans with provisions	Of which, forborne	Of which, forborne	Of which, forborne						
Interest-bearing securities	37,823	-	-	-	-	-	-	-	-	-	-	-	
Loans and advances	373,669	159	21	237	235	235	16	-107	0	-32	-1	199	37
Off-balance-sheet exposures	51,803	-	-	-	-	-	-	-7	-	-	-	-	-

*Pertains to definitions pursuant to Appendix V to the Commission Implementing Regulation (EU) No 680/2014

TABLE 14. CHANGES IN THE STOCK OF GENERAL AND SPECIFIC CREDIT RISK ADJUSTMENTS (EBA CR2-A TABLE)

SEK million	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance (previous half-year)	124	-
Increases due to amounts set aside for estimated loan losses during the period	30	-
Decreases due to amounts reversed for estimated loan losses during the period	-21	-
Decreases due to amounts taken against accumulated credit risk adjustments	-2	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	-
Closing balance	131	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	0	-
Specific credit risk adjustments directly recorded to the statement of profit or loss.	-2	-

TABLE 15. CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS AND INTEREST-BEARING SECURITIES (EBA CR2-B TABLE)

SEK million	Gross carrying amount for defaulted exposures
Opening balance (previous half-year)	270
Loans and interest-bearing securities that have defaulted or impaired since the last reporting period	53
Returned to non-defaulted status	-54
Amounts written off	-2
Other changes	-29
Closing balance	238

TABLE 16. CREDIT RISK MITIGATION TECHNIQUES (EBA CR3 TABLE)

SEK million	Unsecured exposures – carrying amount	Secured exposures – carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total – loans	11,119	355,637	354,908	729	-
Total – interest-bearing securities	83,107	-	-	-	-
Total exposures	94,226	355,637	354,908	729	-
Of which, in default	9	196	196	-	-

1.5 Credit risk in treasury operations

TABLE 17. RISK WEIGHTS FOR COUNTERPARTY – CREDIT RISK EXPOSURES BY EXPOSURE CLASS (EBA CCR3 TABLE)

SEK million Exposure class	31 Mar 2019					31 Dec 2018				
	0%	10%	20%	50%	Total	0%	10%	20%	50%	Total
Institution	–	–	3,208	6,602	9,810	–	–	2,745	6,455	9,200
Total	–	–	3,208	6,602	9,810	–	–	2,745	6,455	9,200

TABLE 18. ANALYSIS OF THE COUNTERPARTY CREDIT RISK (CCR) EXPOSURE BY APPROACH (EBA CCR1 TABLE)

SEK million Exposure class	Replacement cost/current market value	Potential future credit exposure	EAD post CRM	RWA
Mark to market	10,554	7,041	9,332	3,802
Financial collateral comprehensive method (for SFTs)	–	–	478	141
Total	10,554	7,041	9,810	3,943

TABLE 19. IMPACT OF NETTING AND COLLATERAL HELD ON EXPOSURE VALUES (EBA CCR5-A TABLE)

SEK million	Gross positive fair value or net carrying	Netting benefits	Netted current credit	Collateral held	Net credit exposure
Derivatives	11,588	1,034	10,553	8,263	2,291
SFTs	6,517	–	6,517	6,316	201
Total	18,105	1,034	17,070	14,579	2,492

TABLE 20. COMPOSITION OF COLLATERAL FOR EXPOSURES TO COUNTERPARTY CREDIT RISK (EBA TABLE CCR5-B)

SEK million	Collateral used in derivative transaction				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
	Segregated	Unsegregated	Segregated	Unsegregated		
Total	–	-9,903	1,154	134	6,316	8,626

1.6 Market risk

TABLE 21. RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS FOR MARKET RISK (EBA MR1 TABLE)

SEK million Risk class	31 Mar 2019		31 Dec 2018	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Interest-rate risk (general and specific)	-	-	-	-
Foreign exchange risk	534	43	999	80
Total	534	43	999	80

2 Internally assessed capital requirement

SBAB shall quarterly publish the internally assessed capital requirement according to (the Swedish Financial Authority code) FFFS 2014:12. The internal capital adequacy assessment aims to ensure that SBAB has adequate capital to deal with any financial problems that arise.

SBAB quantifies the capital requirement for its risks using a model for economic capital within the scope of the internal capital adequacy assessment process (ICAAP). Economic capital is defined as the amount of capital needed to ensure solvency over a one-year period, given a predetermined level of confidence. In SBAB's case, the level of confidence is 99.97%, which corresponds

to SBAB's long-term AA-target rating (according to Standard & Poor's ratings scale). The internal capital requirement is defined as the higher of economic capital and the regulatory requirements for each type of risk. The table below sets out the internal capital requirement for the consolidated situation, with taking into account the Swedish FSA's supervisory practices with regard to the risk-weight floor for Swedish residential mortgages.

TABLE 22. INTERNALLY CALCULATED CAPITAL REQUIREMENTS PER RISKTYPE

SEK million	31 Mar 2019		31 Dec 2018		
	Internally assessed capital requirement		Internally assessed capital requirement		
	Incl. risk-weight floor, SEK million	Incl. risk-weight floor, %	Incl. risk-weight floor, SEK million	Incl. risk-weight floor, %	
Pillar 1	Credit risk & CVA risk	3,123	2.7	3,046	2.6
	Market risk	43	0.0	80	0.1
	Operational risk	388	0.3	347	0.3
	Risk-weight floor ¹⁾	5,735	4.9	5,658	5.0
	Surcharge, corporate exposures ²⁾	63	0.1	-	-
	Total Pillar 1	9,352	8.0	9,131	8.0
Pillar 2	Credit risk ³⁾	-	-	-	-
	Market risk	789	0.7	781	0.7
	Operational risk	-	-	-	-
	Concentration risk	914	0.8	968	0.8
	Sovereign risk	57	0.0	52	0.1
	Pension risk	-	-	-	-
Total Pillar 2	1,760	1.5	1,801	1.6	
Buffers	Capital conservation buffer	2,923	2.5	2,854	2.5
	Capital planning buffer	-	-	-	-
	Countercyclical buffer	2,327	2.0	2,266	2.0
	Total Buffers	5,250	4.5	5,120	4.5
Total	16,362	14.0	16,052	14.1	

¹⁾ Pillar 1 risk-weight floor under Article 458 of the CRR.

²⁾ Surcharge after decision by the Board pursuant to Article 3 of the CRR.

³⁾ Since the additional capital requirement for the risk-weight floor exceeds the additional capital requirement according to economic capital, only the risk-weight floor is included in the internal capital requirement with consideration for the risk-weight floor.

3 Leverage ratio

The CRR introduced a non-risk-sensitive metric to avoid excessive indebtedness. This metric is calculated as Tier 1 capital in relation to total assets and off-balance sheet exposures restated with the application of credit conversion factors.(CCF). Leverage ratio for

the consolidated situation, calculated according to article 429 i CRR(Regulation (EU) No 575/2013 of the European Parliament and of the council, amounted to 3.66%.

TABLE 23. LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

	Applicable amount
Total assets as per published financial statements	469,904
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-10
Adjustments for derivative financial instruments	-2,256
Adjustment for securities financing transactions (SFTs)	1,348
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	11,665
Other adjustments	-1,264
Leverage ratio total exposure measure	479,387

TABLE 24. LRSPL: SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)

	CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	450,664
<i>Trading book exposures</i>	-
Banking book exposures, of which:	450,664
<i>Covered bonds</i>	37,004
Exposures treated as sovereigns	46,904
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
Institutions	3
Secured by mortgages of immovable properties	363,008
Retail exposures	2,740
Corporate	-
Exposures in default	205
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	800

TABLE 25. LRCOM: LEVERAGE RATIO COMMON DISCLOSURE

	CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	450,664
(Asset amounts deducted in determining Tier 1 capital) 3	-139
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	450,525
Derivative Exposures	
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	2,908
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	7,041
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-617
Total derivatives exposures	9,332
SFT Exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	7,865
Netted amounts of cash payables and cash receivables of gross SFT assets	-
Total securities financing transaction exposures	7,865
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	51,861
Adjustments for conversion to credit equivalent amounts)	-40,196
Other off-balance sheet exposures	11,665
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	
(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-
Capital and total exposure measure	
Tier 1 capital	17,553
Leverage ratio total exposure measure	479,387
Leverage ratio	
Leverage ratio	3.66%
Choice on transitional arrangements and amount of derecognised fiduciary items	
Choice on transitional arrangements for the definition of the capital measure	Fully phased in

Description of the processes used to manage the risk of excessive leverage

Leverage ratio is included in SBAB:s forward looking capital planning in order to proactively manage the risk of excessive leverage. The ratio is targeted in SBAB:s capital policy. The outcome and development of the ratio is monitored and reported monthly to the CEO and Board. In a situation of excessive leverage where the ratio is in cause of concern, actions in the form of reduced dividend, capital injection from owner or emission of Additional Tier 1 Capital instruments could be implemented. In addition and if necessary, balance sheet actions could also be implemented to reduce the exposure measure.

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The leverage ratio amounted to 3.66% at 31 March 2019 compared with 3.66% at 31 December 2018. The change is explained by:

- Tier 1 Capital has increased due to profit generation, which has impacted the ratio positively by 0.06%
- The effect on the exposure measure attributable to SFT:s has increased and impacted the ratio negatively by 0.06%
- The effect on the exposure measure attributable to Derivatives has increased and impacted the ratio negatively by 0.01%
- The effect on the exposure measure attributable to off-balance sheet items has increased and impacted the ratio negatively by 0.02%
- The effect on the exposure measure attributable to other assets has increased and impacted the ratio negatively by 0.08%.

4 Liquidity risk

The assets in SBAB's liquidity reserve comprises liquid, interest-bearing securities with high ratings and form an integrated part of the Group's liquidity risk management. Securities holdings are limited by asset class and by country, respectively, and must have a AA rating on acquisition. In addition to these collective limits, limits for individual issuers may also be set. The following table is reported according to the Swedish Bankers' Association's template for liquidity reserve disclosures.

SBAB and SCBC are managed collectively as one sub-consolidated liquidity group with regard to liquidity management and control in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council (CRR), which allows free disposition of liquid funds in the liquidity group. That means that the liquidity requirements in the CRR only are applicable for the consolidated situation and not for the individual entities within the group.

TABLE 26. LIQUIDITY RESERVE

SEK million	31 Mar 2019				31 Dec 2018			
	Total	Distribution by currency			Total	Distribution by currency		
		SEK	EUR	USD		SEK	EUR	USD
Cash and balances at central banks	500	500	-	-	2,515	2,515	-	-
Balances at other banks	-	-	-	-	-	-	-	-
Securities issued or guaranteed by governments, central banks or multinational development banks	32,604	22,308	7,377	2,919	25,144	15,577	7,187	2,380
Securities issued or guaranteed by municipalities or non-public sector entities	11,273	8,062	1,676	1,535	10,681	8,391	1,145	1,145
Covered bonds issued by other institutions	41,535	37,468	3,447	620	35,339	30,840	3,905	594
Covered bonds issued by SBAB	-	-	-	-	-	-	-	-
Securities issued by non-financial corporates	-	-	-	-	-	-	-	-
Securities issued by financial corporates (excl. covered bonds)	-	-	-	-	-	-	-	-
Other securities	-	-	-	-	-	-	-	-
Total	85,912	68,338	12,500	5,074	73,679	57,323	12,237	4,119
Bank and loan facilities	-	-	-	-	-	-	-	-
Total	85,912	68,338	12,500	5,074	73,679	57,323	12,237	4,119
Distribution by currency, %		79.5	14.5	6.0		77.8	16.6	5.6

TABLE 27. LIQUIDITY COVERAGE RATIO UNDER THE CRR (EBA TABLE EU LIQ1)

SEK million	TOTAL UNWEIGHTED VALUE (AVERAGE)				TOTAL WEIGHTED VALUE (AVERAGE)			
	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018	31 Mar 2019	31 Dec 2018	30 Sep 2018	30 Jun 2018
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets (HQLA)								
Total HQLA	-	-	-	-	82,221	80,239	78,335	75,103
Cash outflows								
Retail deposits and deposits from small business customers, of which:								
- Stable deposits	99,514	96,793	93,606	90,337	8,205	7,941	7,629	7,326
- Less stable deposits	64,968	63,349	61,668	60,039	3,248	3,167	3,083	3,002
- Unsecured wholesale funding	34,546	33,445	31,938	30,298	4,956	4,773	4,546	4,324
- Operational deposits (all counterparties) and deposits in networks of cooperative banks	25,517	25,705	25,870	25,783	12,745	12,967	13,124	13,100
- Non-operational deposits (all counterparties)	-	-	-	-	-	-	-	-
- Unsecured debt	21,965	21,831	21,759	21,579	9,193	9,094	9,013	8,896
Secured wholesale funding	3,552	3,874	4,111	4,204	3,552	3,874	4,111	4,204
Additional requirements	-	-	-	-	71	57	60	55
- Outflows related to derivative exposures and other collateral requirements	52,612	52,221	51,737	49,895	18,979	17,996	16,601	13,999
- Outflows related to loss of funding on debt products	11,799	11,326	10,899	9,295	11,799	11,326	10,899	9,295
- Credit and liquidity facilities	5,410	4,869	3,852	2,815	5,410	4,869	3,852	2,815
Other contractual funding obligations	35,403	36,027	36,986	37,785	1,770	1,801	1,849	1,889
Other contingent funding obligations	152	149	141	125	9	9	9	0
Total cash outflows	10,775	10,964	11,311	11,534	3,700	3,770	4,193	4,759
Total cash outflows	-	-	-	-	39,992	38,955	37,414	34,479
Cash inflows								
Secured lending (e.g. reverse repos)	3,643	3,100	3,965	4,634	251	189	214	206
Inflows from fully performing exposures	1,769	1,654	1,679	1,697	1,118	1,055	1,066	1,073
Other cash inflows	13,241	12,381	11,671	9,817	13,241	12,381	11,671	9,817
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-	-	-	-	-
(Excess inflows from a related specialised credit institution)	-	-	-	-	-	-	-	-
Total cash inflows	37,306	34,269	34,630	32,294	29,219	27,250	25,900	22,192
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	18,653	17,135	17,315	16,147	14,609	13,625	12,950	11,096
TOTAL ADJUSTED VALUE								
Liquidity buffer	-	-	-	-	82,221	80,239	78,335	75,103
Total net cash outflows	-	-	-	-	29,092	29,109	28,667	28,144
Liquidity coverage ratio (%)	-	-	-	-	283%	276%	273%	267%

In accordance with the EBA's guidelines (EBA/GL/2017/01), detailed information is reported about the liquidity coverage ratio (LCR) as defined in the European Commission delegated regulation (EU) 2015/61. LCR calculates the degree to which a bank's liquid assets cover its net cash flows for the coming 30 days in a stressed scenario and is calculated as liquid assets/(cash outflows - cash inflows). The values presented are simple averages for observations at the end of each month over the 12-month period preceding the end of each quarter.

During the past 12 months, the item "Outflows related to derivative exposures and other collateral requirements" averaged SEK 11,8 billion. The majority of the amount pertains to derivative liabilities for which SBAB has posted collateral. Slightly more than SEK 1,2 billion corresponds to a simulated outflow as a result of additional collateral being required in extremely stressed market scenarios pursuant to Article 30 (3) of the European Commission delegated regulation (EU) 2015/61. The amount also includes excess collateral posted by counterparties and contracted collateral that has yet to be posted by the bank.

SBAB BANK AB (PUBL)

PARENT COMPANY

1 Capital adequacy

1.1 Overview

TABLE 1. CAPITAL ADEQUACY – PARENT COMPANY ¹⁾

SEK million	PARENT COMPANY		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
CET1 capital	9,342	6,398	6,947
Tier 1 capital	12,342	9,398	9,947
Total capital	15,789	12,845	13,394
Risk exposure amount	37,646	36,404	32,993
CET1 capital ratio, %	24.8	17.6	21.1
Excess ²⁾ of CET1 capital	7,648	4,760	5,463
Tier 1 capital ratio, %	32.8	25.8	30.2
Excess ²⁾ of Tier 1 capital	10,083	7,214	7,968
Total capital ratio, %	41.9	35.3	40.6
Excess ²⁾ of total capital	12,278	9,933	10,755

¹⁾ The risk-weight floor for residential mortgages has affected the risk exposure amount, excess capital and capital ratios.

²⁾ Excess capital has been calculated based on minimum requirements (without buffer requirements)

The Swedish FSA's decision regarding the shift of the risk-weight floor for residential mortgages

In August 2018, the Swedish FSA decided to apply the existing risk-weight floor for mortgages applied in Pillar 2 as a requirement within the framework of Article 458 of the Regulation on Prudential Requirements for Credit Institutions and Investment Firms. The amendment entered into force from 31 December 2018 and applies for two years.

The change means the capital requirement is set as a requirement in Pillar 1. The credit institutions encompassed by the measure are those authorised to use the IRB approach and which have exposures to Swedish residential mortgages. The branches of foreign credit institutions in Sweden that are exposed to Swedish residential mortgages and which apply the IRB approach for these may also be affected. The following calculation shows what the actual outcome would have been if the risk-weight floor had not been moved to Pillar 1.

OUTCOME PRIOR TO THE MOVE OF THE RISK-WEIGHT FLOOR FOR MORTGAGES ¹⁾

SEK million	PARENT COMPANY		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
REA, SEK million	33,835	33,360	32,993
CET1 capital ratio, %	27.6	19.2	21.1
Tier 1 capital ratio, %	36.5	28.2	30.2
Total capital ratio, %	46.7	38.5	40.6

¹⁾ The table illustrates what the capital situation would have been if the risk-weight floor had not been moved. This information is solely for comparative purposes.

1.2 Own funds

TABLE 2. OWN FUNDS – PARENT COMPANY

Disclosure in accordance with Article 4 of Commission Implementing Regulation (EU) No 1423/2013, Annex V.

SEK million	PARENT COMPANY		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	4,418	4,993	5,057
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	300	222	188
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	2,901	-567	-187
CET1 capital before regulatory adjustments	11,077	8,106	8,521
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-77	-76	-79
Intangible assets (net of related tax liability) (negative amount)	-24	-25	-26
Fair value reserves related to gains or losses on cash-flow hedges	-81	-31	69
Negative amounts resulting from the calculation of expected loss amounts	-18	-11	-20
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-35	-65	-18
Additional Tier 1 instruments in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-1,735	-1,708	-1,574
CET1 capital	9,342	6,398	6,947
Additional Tier 1 capital: Instruments			
Capital instruments and the related share premium accounts	3,000	3,000	3,000
<i>of which, classified as equity under applicable accounting standards</i>	1,500	1,500	1,500
<i>of which, classified as liabilities under applicable accounting standards</i>	1,500	1,500	1,500
Amount of qualifying items referred to in Article 484(4) and the related share premium accounts subject to phase out from Additional Tier 1 capital	-	-	-
Additional Tier 1 capital before regulatory adjustments	3,000	3,000	3,000
Additional Tier 1 capital: Regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital	-	-	-
Additional Tier 1 capital	3,000	3,000	3,000
Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)	12,342	9,398	9,947
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	3,447	3,447	3,447
Credit risk adjustments	-	-	-
Tier 2 capital before regulatory adjustments	3,447	3,447	3,447
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	3,447	3,447	3,447
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	15,789	12,845	13,394
Total risk-weighted assets	37,646	36,404	32,993

cont. OWN FUNDS – PARENT COMPANY

SEK million	PARENT COMPANY		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	24.8	17.6	21.1
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	32.8	25.8	30.2
Total capital (as a percentage of total risk-weighted exposure amount), %	41.9	35.3	40.6
Institution-specific buffer requirements (CET1 capital requirement in accordance with Article 92(1)(a) plus the capital conservation buffer and countercyclical capital buffer requirements, plus the systemic risk buffer, plus the systemically important institution buffers [G-SII buffer and O-SII buffer] expressed as a percentage of the risk-weighted exposure amount), %	9.0	9.0	9.0
<i>of which, CET1 capital, minimum requirement, %</i>	4.5	4.5	4.5
<i>of which, capital conservation buffer requirement, %</i>	2.5	2.5	2.5
<i>of which, countercyclical buffer requirement, %</i>	2.0	2.0	2.0
<i>of which, systemic risk buffer requirement, %</i>	–	–	–
<i>of which, G-SII buffer and O-SII buffer, %</i>	–	–	–
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	20.3	13.1	16.6
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
Current cap on AT1 instruments subject to phase-out arrangements	–	–	–
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–	–

¹⁾ Net profit for the interim period was reduced by the expected dividend of SEK 183 million based on Q1 2019. Retained earnings was reduced by the expected dividend for 2018 of SEK 690 million. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation. Furthermore, an extra dividend of SEK 3,000 million has been paid by SCBC to the Parent Company pursuant to the resolution by the EGM.

1.3 Capital requirement

TABLE 3. RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS – PARENT COMPANY

SEK million	PARENT COMPANY					
	31 Mar 2019		31 Dec 2018		31 Mar 2018	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	6,972	558	7,087	567	6,633	531
Retail exposures	813	65	743	59	1,026	82
<i>of which, exposures to SMEs</i>	73	6	59	5	154	12
<i>of which, retail exposures secured by immovable property</i>	740	59	684	54	872	70
Total exposures recognised with the IRB approach	7,785	623	7,830	626	7,659	613
Credit risk recognised with the standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities or agencies	0	0	0	0	0	0
Exposures to multilateral development banks	0	0	0	0	0	0
Exposures to institutions ¹⁾	3,825	306	3,751	300	3,204	256
<i>of which, derivatives according to CRR, Appendix 2</i>	3,726	298	3,723	298	3,142	251
<i>of which, repos</i>	64	5	–	–	40	3
<i>of which, other</i>	35	3	28	2	22	2
Retail exposures	2,204	176	2,236	179	2,176	174
Exposures in default	9	1	10	1	9	1
Exposures in the form of covered bonds	3,700	296	3,593	287	3,799	304
Exposures to institutions and corporates with a short-term credit rating	27	2	16	1	368	29
Equity exposures	11,479	918	11,416	913	11,378	910
Other items	87	8	83	7	76	6
Total exposures recognised with standardised approach	21,331	1,707	21,105	1,688	21,010	1,680
Market risk	152	12	248	20	232	19
<i>Of which, position risk</i>	–	–	–	–	–	–
<i>Of which, currency risk</i>	152	12	248	20	232	19
Operational risk	1,813	145	1,412	113	1,412	113
<i>Of which, standardised approach</i>	1,813	145	1,412	113	1,412	113
Credit valuation adjustment risk (CVA risk)	2,578	206	2,765	221	2,680	214
Additional requirements under Article 458 of the CRR	3,811	305	3,044	244	–	–
Additional requirements under Article 3 of the CRR	176	14	–	–	–	–
Total minimum capital requirements and risk exposure amount	37,646	3,012	36,404	2,912	32,993	2,639
Capital requirements for capital conservation buffer		941		910		825
Capital requirements for countercyclical buffer		748		722		651
Total capital requirements		4,701		4,544		4,115

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 3,790 million (3,723).

2 Internally assessed capital requirement

For the Parent Company, SBAB Bank AB (publ), the internal capital requirement amounted to SEK 6,092 million.

3 Leverage ratio

Leverage ratio for the Parent Company, calculated according to article 429 i CRR (Regulation (EU) No 575/2013 of the European Parliament and of the council), amounted to 8.54%.