

# SBAB!

## 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 new regulatory framework (CRR and 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 framework are planned to be gradually implemented until 2019.

Group	30 June 2013	30 June 2012	30 June 2012
SEK million			
<b>Core Tier 1 capital</b>			
Equity	9,257	8,422	8,761
Profit/loss for this period, not reviewed	-482	-29	-
Profit/loss, last reviewed period	253	-132	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	30	42	37
Non-controlling interest	755	706	731
Intangible fixed assets	-168	-87	-122
Deferred tax assets	-	-	-36
Net reserves for IRB exposures and net pension liabilities	-46	-93	-69
<b>Core Tier 1 capital</b>	<b>9,599</b>	<b>8,829</b>	<b>9,302</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>12,593</b>	<b>11,823</b>	<b>12,296</b>
<b>Tier 2 capital</b>			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	2,272	2,313	3,300
Net reserves for IRB exposures and net pension liabilities	-46	-93	-70
<b>Tier 2 capital</b>	<b>2,226</b>	<b>2,220</b>	<b>3,230</b>
<b>Amount for capital base net after deductible items and limit value</b>	<b>14,819</b>	<b>14,043</b>	<b>15,526</b>

\* Encompassed by transitional rules to FFFS 2007:1

## Capital requirements

Group	30 June 2013	30 June 2012	30 June 2012
SEK million			
<b>Credit risk recognised in accordance with IRB approach</b>			
Exposures to corporates	905	2,409	2,173
Retail exposures	1 083	846	908
Positions in securitisations	182	221	423
<b>Total exposures in accordance with IRB approach</b>	<b>2,170</b>	<b>3,476</b>	<b>3,504</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	439	413	387
Exposures to corporates	164	164	169
Retail exposures	120	72	76
Past due items	1	0	1
Exposures to CIUs	16	-	12
Other items	11	10	9
<b>Total exposures in accordance with standardised approach</b>	<b>751</b>	<b>659</b>	<b>654</b>
<b>Risk in commercial portfolio</b>	<b>150</b>	<b>178</b>	<b>162</b>
<b>Operational risk</b>	<b>154</b>	<b>211</b>	<b>211</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>3,225</b>	<b>4,524</b>	<b>4,531</b>
Addition to transitional rules	7,707	6,251	6,279
<b>Total capital requirements according to transition rules</b>	<b>10,932</b>	<b>10,775</b>	<b>10,810</b>

## Capital Adequacy

Group SEK million	30 June 2013	30 June 2012	30 June 2012
Core Tier 1 capital	9,599	8,829	9,302
Tier 1 capital	12,593	11,823	12,296
Total capital	14,819	14,043	15,526
<b>Without transition rules</b>			
Risk-weighted assets	40,305	56,547	56,638
Core Tier 1 capital ratio	23,8%	15,6%	16,4%
Tier 1 capital ratio	31,2%	20,9%	21,7%
Capital adequacy ratio	36,8%	24,8%	27,4%
Capital quotient	4,60	3,10	3,43
<b>With transition rules</b>			
Risk-weighted assets	136,648	134,687	135,124
Core Tier 1 capital ratio	7,0%	6,6%	6,9%
Tier 1 capital ratio	9,2%	8,8%	9,1%
Capital adequacy ratio	10,8%	10,4%	11,5%
Capital quotient	1,36	1,30	1,44

SBAB Bank AB (publ) SEK million	30 June 2013	30 June 2012	30 June 2012
Core Tier 1 capital	8,024	7,737	7,920
Tier 1 capital	11,018	10,731	10,914
Total capital	13,266	13,002	14,179
<b>Without transition rules</b>			
Risk-weighted assets	21,785	23,931	26,688
Core Tier 1 capital ratio	36,8%	32,3%	29,7%
Tier 1 capital ratio	50,6%	44,8%	40,9%
Capital adequacy ratio	60,9%	54,3%	53,1%
Capital quotient	7,61	6,79	6,64
<b>With transition rules</b>			
Risk-weighted assets	31,592	23,931	30,719
Core Tier 1 capital ratio	25,4%	32,3%	25,8%
Tier 1 capital ratio	34,9%	44,8%	35,5%
Capital adequacy ratio	42,0%	54,3%	46,2%
Capital quotient	5,25	6,79	5,77

## Liquidity Reserve

The assets in SBAB's liquidity reserve primarily comprise liquid, fixed income securities with a high rating and are an integrated part of the Group's liquidity risk management. Holdings 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. RMBSs are reported in the table at market value. These assets are excluded from the calculation of internal and regulatory liquidity measurements.

Group SEK million	June	Currency distribution		
Liquidity Reserve	2013	SEK	EUR	USD
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	12 171	4 298	7 185	688
Securities issued or guaranteed by municipalities or Public Sector Entities	4 164	3 408	-	756
Covered bonds issued by other institutions	15 270	11 494	2 646	1 130
Securities issued by financial corporates (excl. covered bonds)	2 280	-	2 280	-
<b>Total</b>	<b>33 885</b>	<b>19 201</b>	<b>12 111</b>	<b>2 574</b>
Currency distribution		<b>57%</b>	<b>36%</b>	<b>8%</b>

## Liquidity Coverage Ratio

Liquidity Coverage Ratio = Liquid Assets / (Cash Outflows – Cash inflows). Liquid Assets in accordance with definitions in FFFS 2012:6. The calculation takes into account that assets with 85% weight must not represent more than 40% of the liquid assets and that inflows cannot be higher than 75% of the outflows in each column.

Group  
SEK million

	Total	EUR	USD
Liquidity Coverage Ratio %	213%	1332%	402%
<b>Liquid Assets *</b>	<b>25 961</b>	<b>9 434</b>	<b>2 405</b>
Assets with 100% weight	15 577	7 185	1 444
Assets with 85% weight	10 385	2 249	961
<b>Cash Outflows</b>	<b>26 003</b>	<b>803</b>	<b>2 394</b>
Retail Deposits	2 322	-	-
Market Funding	18 144	329	2 369
Other cash outflows	5 537	474	24
<b>Cash Inflows</b>	<b>13 823</b>	<b>95</b>	<b>1 988</b>
Inflow from retail lending	518	-	-
Other cash inflows	13 305	95	1 988