

Own Funds and Capital Requirements

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

Own funds

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Common Equity Tier 1 capital			
Equity	10,312	9,681	9,257
Profit for the period	-629	-	-482
Profit, verified by auditor	265	-	253
Dividend	-251	-	-
Unrealised revenues	-36	-	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	-	23	30
Price adjustments	-7	-	-
Non-controlling interest	-	100	755
Intangible fixed assets	-149	-165	-168
Net reserves for IRB exposures	-89	-38	-41
Net pension assets	-35	-18	-5
Common Equity Tier 1 capital	9,381	9,583	9,599
Additional Tier 1 capital			
Additional Tier 1 instruments	2,395	2,994	2,994
Tier 1 capital	11,776	12,577	12,593
Tier 2 capital			
Time-limited subordinated debentures	2,782	2,123	2,272
Net reserves for IRB exposures	-	-38	-41
Net pension assets	-	-18	-5
Tier 2 capital	2,782	2,067	2,226
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Total own funds	14,558	14,644	14,819

*According to earlier rules (Basel II)

Capital requirements

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Credit risk recognised in accordance with IRB approach			
Exposures to corporates	683	736	905
Retail exposures	1,058	1,124	1,083
Positions in securitisations	275	270	182
Total exposures in accordance with IRB approach	2,016	2,130	2,170
Credit risk reported in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to regional governments or local authorities	0	0	0
Exposures to institutions	73	397	439
Exposures to corporates	127	196	164
Retail exposures	127	99	120
Exposures in default	1	1	1
Exposures in the form of covered bonds	188	-	-
Exposures to institutions and corporates with a short-term credit assessment	18	-	-
Exposures to CIUs	19	17	16
Other items	81	10	11
Total exposures in accordance with standardised approach	634	720	751
Market risk	324	287	150
Operational risk	164	154	154
CVA risk	53	-	-
Total capital requirements	3,191	3,291	3,225

*According to earlier rules (Basel II)

Risk exposure amount

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Credit risk	33,130	35,635	36,506
Market risk	4,048	3,591	1,876
Operational risk	2,047	1,923	1,923
CVA risk	667	-	-
Total risk exposure amount	39,892	41,149	40,305

*According to earlier rules (Basel II)

Capital adequacy

Group SEK million	30/06/2014	31/12/2013*	30/06/2013*
Common Equity Tier 1 capital	9,381	9,583	9,599
Tier 1 capital	11,776	12,577	12,593
Total own funds	14,558	14,644	14,819
Without transition rules			
Risk exposure amount	39,892	41,149	40,305
Common Equity Tier 1 capital ratio	23.5%	23.3%	23.8%
Tier 1 capital ratio	29.5%	30.6%	31.2%
Total capital ratio	36.5%	35.6%	36.8%
With transition rules			
Own funds	14,647	14,644	14,819
Risk exposure amount	142,521	139,600	136,648
Total capital ratio	10.3%	10.5%	10.8%

*According to earlier rules (Basel II)

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.

Liquidity Reserve SEK million	Distribution by currency				
	30/06/2014	SEK	EUR	USD	Other
Cash and balances from central banks	-	-	-	-	-
Balances from other banks	-	-	-	-	-
Securities issued or guaranteed by central governments, central banks or multinational development banks	16,290	5,966	9,634	690	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	4,945	3,906	-	1,039	-
Covered bonds issued by others	25,836	19,241	5,209	1,165	221
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	2,228	-	2,228	-	-
Other securities	-	-	-	-	-
Total	49,299	29,113	17,071	2,894	221
Bank and loan facilities	-	-	-	-	-
Total	49,299	29,113	17,071	2,894	221
Distribution by currency		59%	35%	6%	0%

Liquidity Coverage Ratio

Liquidity Coverage Ratio = Liquid Assets / (Cash Outflows – Cash inflows). The figures are reported in accordance with the definitions and weights 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 %	317%	1031218%	997%
Liquid Assets	35,392	14,061	2,720
Assets with 100% weight	21,235	9,634	1,729
Assets with 85% weight	14,157	4,427	991
Cash Outflows	23,354	5	1,092
Retail Deposits	4,031	-	-
Market Funding	14,850	-	1,092
Other cash outflows	4,473	5	-
Cash Inflows	12,200	4	819
Inflow from retail lending	369	-	-
Other cash inflows	11,831	4	819