

# 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.

### Capital base

Group	30 Sept 2013	30 Sept 2012	30 Sept 2012
SEK million			
<b>Core Tier 1 capital</b>			
Equity	9,455	8,565	8,761
Unrealised value changes of loan and accounts receivable previously	24	38	37
Non-controlling interest	755	731	731
Intangible fixed assets	-183	-99	-122
Deferred tax assets	-	-39	-36
Net reserves for IRB exposures and net pension liabilities	-41	-78	-69
<b>Core Tier 1 capital</b>	<b>10,010</b>	<b>9,118</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>13,004</b>	<b>12,112</b>	<b>12,296</b>
<b>Tier 2 capital</b>			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	2,262	2,505	3,300
Net reserves for IRB exposures and net pension liabilities	-41	-78	-70
<b>Tier 2 capital</b>	<b>2,221</b>	<b>2,427</b>	<b>3,230</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>15,225</b>	<b>14,539</b>	<b>15,526</b>

\* Encompassed by transitional rules to FFFS 2007:1

### Capital requirements

Group	30 Sept 2013	30 Sept 2012	30 Sept 2012
SEK million			
<b>Credit risk recognised in accordance with IRB approach</b>			
Exposures to corporates	835	2,383	2,173
Retail exposures	1 011	834	908
Positions in securitisations	175	202	423
<b>Total exposures in accordance with IRB approach</b>	<b>2,021</b>	<b>3,217</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	403	412	387
Exposures to corporates	174	184	169
Retail exposures	98	77	76
Past due items	1	0	1
Exposures to CIUs	17	12	12
Other items	10	9	9
<b>Total exposures in accordance with standardised approach</b>	<b>703</b>	<b>682</b>	<b>654</b>
<b>Risk in commercial portfolio</b>	<b>230</b>	<b>166</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>3,108</b>	<b>4,276</b>	<b>4,531</b>
Addition to transitional rules	7,883	6,355	6,279
<b>Total capital requirements according to transition rules</b>	<b>10,991</b>	<b>10,631</b>	<b>10,810</b>

## Capital Adequacy

### Capital adequacy

Group		30 Sept 2013	30 Sept 2012	30 Sept 2012
SEK million				
Core Tier 1 capital		10,010	9,118	9,302
Tier 1 capital		13,004	12,112	12,296
Total capital		15,225	14,539	15,526
<b>Without transition rules</b>				
Risk-weighted assets		38,843	56,119	56,638
Core Tier 1 capital ratio		25,8%	16,2%	16,4%
Tier 1 capital ratio		33,5%	21,6%	21,7%
Capital adequacy ratio		39,2%	25,9%	27,4%
Capital quotient		4,90	3,24	3,43
<b>With transition rules</b>				
Risk-weighted assets		137,386	135,563	135,124
Core Tier 1 capital ratio		7,3%	6,7%	6,9%
Tier 1 capital ratio		9,5%	8,9%	9,1%
Capital adequacy ratio		11,1%	10,7%	11,5%
Capital quotient		1,39	1,34	1,44

SBAB Bank AB (publ)		30 Sept 2013	30 Sept 2012	30 Sept 2012
SEK million				
Core Tier 1 capital		8,072	7,877	7,920
Tier 1 capital		11,066	10,871	10,914
Total capital		13,308	13,340	14,179
<b>Without transition rules</b>				
Risk-weighted assets		21,129	24,543	26,688
Core Tier 1 capital ratio		38,2%	32,1%	29,7%
Tier 1 capital ratio		52,4%	44,3%	40,9%
Capital adequacy ratio		63,0%	54,4%	53,1%
Capital quotient		7,87	6,79	6,64
<b>With transition rules</b>				
Risk-weighted assets		31,671	32,155	30,719
Core Tier 1 capital ratio		25,5%	24,5%	25,8%
Tier 1 capital ratio		34,9%	33,8%	35,5%
Capital adequacy ratio		42,0%	41,5%	46,2%
Capital quotient		5,25	5,19	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		Currency distribution			
SEK million	September	SEK	EUR	USD	Other
<b>Liquidity Reserve</b>	2013				
Cash and holdings in central banks	-	-	-	-	-
Deposits in other banks available o/n	-	-	-	-	-
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	12 772	4 608	7 507	657	-
Securities issued or guaranteed by municipalities or Public Sector Entities	4 537	3 554	-	983	-
Covered bonds issued by other institutions	17 097	12 716	3 213	1 168	-
Covered bonds issued by SBAB	-	-	-	-	-
Securities issued by non-financial corporates	-	-	-	-	-
Securities issued by financial corporates (excl. covered bonds)	2 234	-	2 234	-	-
Other Securities	-	-	-	-	-
	<b>36 640</b>	<b>20 878</b>	<b>12 954</b>	<b>2 808</b>	<b>-</b>
Bank & Loan Facilities	-	-	-	-	-
<b>Total</b>	<b>36 640</b>	<b>20 878</b>	<b>13 051</b>	<b>2 808</b>	<b>-</b>
Currency distribution		<b>57%</b>	<b>35%</b>	<b>8%</b>	<b>0%</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 inflows cannot be higher than 75% of the outflows in each column.

**Group**  
SEK million

	<b>Total</b>	<b>EUR</b>	<b>USD</b>
Liquidity Coverage Ratio %	314%	16458%	332%
<b>Liquid Assets *</b>	<b>28 846</b>	<b>10 238</b>	<b>2 632</b>
Assets with 100% weight	17 308	7 507	1 640
Assets with 85% weight	11 539	2 731	993
<b>Cash Outflows</b>	<b>27 128</b>	<b>249</b>	<b>1 008</b>
Retail Deposits	2 597	-	-
Market Funding	18 806	4	641
Other cash outflows	5 725	245	367
<b>Cash Inflows</b>	<b>17 936</b>	<b>187</b>	<b>215</b>
Inflow from retail lending	577	-	-
Other cash inflows	17 359	187	215