



DISCLOSURE OF CAPITAL, LIQUIDITY AND LEVERAGE RATIO

June 2018 | SBAB Bank AB (publ)

SBAB!



CONSOLIDATED SITUATION

SBAB Bank AB (publ) 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.

The tables below are based on 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 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 is reported on a consolidated level.

In accordance with FFFS 2010:7, liquidity reserve and liquidity coverage ratio are also disclosed on a consolidated level.

1 CAPITAL ADEQUACY

1.1 OVERVIEW

TABLE 1. CAPITAL ADEQUACY – CONSOLIDATED SITUATION

SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
CET1 capital	13,857	13,443	12,877
Tier 1 capital	16,857	16,443	15,877
Total capital	20,304	19,890	20,327
Risk exposure amount	45,712	41,797	41,047
CET1 capital ratio, %	30.3	32.2	31.4
Excess ¹⁾ of CET1 capital	11,799	11,563	11,030
Tier 1 capital ratio, %	36.9	39.3	38.7
Excess ¹⁾ of Tier 1 capital	14,114	13,936	13,414
Total capital ratio, %	44.4	47.6	49.5
Excess ¹⁾ of total capital	16,647	16,547	17,043

¹⁾ Excess capital has been calculated based on minimum requirements (without buffer requirements)

Proposed movement of the risk-weight floor for residential mortgages

The Swedish FSA has proposed introducing the existing risk-weight floor for mortgages applied in Pillar 2 as a requirement within the framework of Article 458 of the Capital Requirements Regulation. The change is proposed to enter force from 31 December 2018. The Swedish FSA maintains that the main reason for the proposed change is structural changes in the Swedish banking market. On 15 March 2018, Nordea Bank AB decided to move its headquarters from Sweden to Finland. The Swedish FSA believes that this change in the market's structure may lead to operators in the Swedish residential mortgage market facing different capital requirements for their Swedish mortgage exposures. Therefore, the Swedish FSA has evaluated how distortion of market competition can be countered and assesses that the current design of the risk-weight floor needs amendment. This is also required to ensure exist-

ing capital requirement levels for mortgage exposures in Sweden. The Swedish FSA believes that both these goals can be achieved by replacing the existing risk-weight floor with a requirement under the framework of Article 458 of the Capital Requirements Regulation. The change means the capital requirement is set as a requirement in Pillar 1. The credit institutions proposed to be 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 is preliminary and is based on SBAB's interpretation of the consultation memorandum FI Ref. 18-6251.

In accordance with the Swedish FSA's proposed movement of the risk-weight floor for residential mortgages

	30 Jun 2018
Risk exposure amount, SEK million	112,658
CET1 capital ratio, %	12.3
Total capital ratio, %	18.0

1.2 OWN FUNDS

TABLE 2. OWN FUNDS – CONSOLIDATED SITUATION

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

SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	11,460	10,452	10,476
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	262	189	205
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	534	1,026	501
CET1 capital before regulatory adjustments	15,714	15,125	14,640
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-66	-62	-73
Intangible assets (net of related tax liability) (negative amount)	-122	-83	-154
Fair value reserves related to gains or losses on cash-flow hedges	-68	9	-6
Negative amounts resulting from the calculation of expected loss amounts	-70	-29	-11
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-31	-17	-19
Additional Tier 1 instruments in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-1,857	-1,682	-1,763
CET1 capital	13,857	13,443	12,877
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>	<i>1,500</i>	<i>1,500</i>	<i>1,500</i>
<i>Of which: classified as liabilities under applicable accounting standards</i>	<i>1,500</i>	<i>1,500</i>	<i>1,500</i>
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)	16,857	16,443	15,877
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	3,447	3,447	4,447
Credit risk adjustments	-	-	3
Tier 2 capital before regulatory adjustments	3,447	3,447	4,450
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	3,447	3,447	4,450
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	20,304	19,890	20,327
Total risk-weighted assets	45,712	41,797	41,047

cont. **OWN FUNDS – CONSOLIDATED SITUATION**

SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	30.3	32.2	31.4
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	36.9	39.3	38.7
Total capital (as a percentage of total risk-weighted exposure amount), %	44.4	47.6	49.5
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 capital buffer requirement, %</i>	2.0	2.0	2.0
<i>Of which: systemic risk buffer requirement, %</i>	-	-	-
<i>Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffers, %</i>	-	-	-
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	25.8	27.7	26.9
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 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⁾ Profit for the interim period is reduced by the expected dividend of SEK 355 million based on Q2 2018.

1.3 RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS

TABLE 3. **RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS BY RISK TYPE – CONS. SITUATION**

According to the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013" (EBA OV1 table)

SEK million	30 Jun 2018		31 Mar 2018	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Credit risk (excl. counterparty risk)	33,270	2,662	32,687	2,614
<i>of which, the standardised approach</i>	7,810	625	7,761	620
<i>of which, the FIRB approach</i>	12,505	1,000	12,229	978
<i>of which, the AIRB approach</i>	12,955	1,037	12,697	1,016
Counterparty credit risk	7,036	563	6,155	493
<i>of which, the standardised approach</i>	3,710	297	3,346	268
<i>of which, credit valuation adjustment risk (CVA)</i>	3,326	266	2,809	225
Market risk	1,067	85	758	61
<i>of which, the standardised approach</i>	1,067	85	758	61
Operational risks	4,339	347	4,339	347
<i>of which, the standardised approach</i>	4,339	347	4,339	347
Total	45,712	3,657	43,939	3,515

TABLE 4. **RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS**
– CONSOLIDATED SITUATION

SEK million	30 Jun 2018		31 Dec 2017		30 Jun 2017	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	12,505	1,000	12,258	981	12,552	1,004
Retail exposures	12,955	1,037	12,469	997	11,927	954
<i>Of which: exposures to SMEs</i>	881	71	1,160	93	1,139	91
<i>Of which: retail exposures secured by immovable property</i>	12,074	966	11,309	904	10,788	863
Total exposures recognised with the IRB approach	25,460	2,037	24,727	1,978	24,479	1,958
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⁾	3,710	297	2,593	207	2,208	177
<i>Of which: derivatives according to CRR, Appendix 2</i>	3,544	284	2,583	206	2,046	164
<i>Of which repos</i>	166	13	9	1	162	13
<i>Of which other</i>	0	0	1	0	0	0
Retail exposures	2,254	180	2,193	175	2,341	187
Exposures in default	10	1	11	1	12	1
Exposures in the form of covered bonds	3,832	307	3,282	263	3,553	284
Exposures to institutions and corporates with a short-term credit rating	165	13	21	2	24	2
Equity exposures	1,078	86	1,078	86	-	-
Other items	471	38	331	27	539	43
Total exposures recognised with standardised approach	11,520	922	9,509	761	8,677	694
Market risk	1,067	85	1,159	93	1,385	111
<i>Of which: position risk</i>	-	-	413	33	531	43
<i>Of which: currency risk</i>	1,067	85	746	60	854	68
Operational risk	4,339	347	4,144	331	4,144	331
Credit valuation adjustment risk	3,326	266	2,258	181	2,362	190
Total risk exposure amount and minimum capital requirements	45,712	3,657	41,797	3,344	41,047	3,284
Capital requirements for capital conservation buffer		1,143		1,045		1,026
Capital requirements for countercyclical buffer		903		829		813
Total capital requirements		5,703		5,218		5,123

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 3,710 million (2,592).

1.4 CREDIT RISK IN LENDING OPERATIONS

TABLE 5. CREDIT RISK EXPOSURES AND CREDIT RISK MITIGATION (CRM) USING THE STANDARDISED APPROACH – CONSOLIDATED SITUATION

According to the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013" (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	38,214	-	38,260	-	-	-
Exposures to regional governments or local authorities or agencies	10,402	-	11,256	-	-	-
Exposures to multilateral development banks	2,533	-	2,533	-	-	-
Exposures to institutions ¹⁾	2	-	2	-	0	20%
Exposures to corporates	-	-	-	-	-	-
Retail exposures	2,776	1,146	2,776	229	2,254	75%
Exposures in default	10	-	10	-	10	106%
Exposures in the form of covered bonds	38,318	-	38,318	-	3,832	10%
Exposures to institutions and corporates with a short-term credit assessment	377	-	377	-	165	44%
Equity exposures	86	-	86	-	1,078	1 250%
Other items	600	-	600	-	471	79%
Total	93,318	1,146	94,218	229	7,810	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) ¹⁾ – CONSOLIDATED SITUATION

According to the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013" (EBA CR5 TABLE)

Exposure classes	0%	10%	20%	50%	75%	100%	150%	1,250%	Deducted ²⁾	Total	Of which, unrated
Exposures to governments and central banks	38,260	-	-	-	-	-	-	-	-	38,260	-
Exposures to regional governments or local authorities	11,256	-	-	-	-	-	-	-	-	11,256	-
Exposures to multilateral development banks	2,533	-	-	-	-	-	-	-	-	2,533	-
Exposures to institutions ¹⁾	-	-	3,566	5,994	-	-	-	-	-	9,560	-
Exposures to corporates	-	-	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	3,005	-	-	-	-	3,005	3,005
Exposures in default	-	-	-	-	-	9	1	-	-	10	10
Exposures in the form of covered bonds	-	38,318	-	-	-	-	-	-	-	38,318	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	78	299	-	-	-	-	-	377	-
Equity exposures	-	-	-	-	-	-	-	86	-	86	86
Other items	129	-	-	-	-	471	-	-	-	600	600
Total	52,178	38,318	3,644	6,293	3,005	480	1	86	-	104,005	3,701

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 – CONS. SITUATION

According to the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013" (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	8,181	17	20	8,171	0.09	85	35.2	2.5	1,221	15	3	-
		0.15 to <0.25	6,659	74	20	6,671	0.21	98	36.8	2.5	1,757	26	5	-
		0.25 to <0.50	1,975	-	-	1,975	0.45	84	35.4	2.5	729	37	3	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	296	-	-	285	1.16	15	35.0	2.5	177	62	1	-
		2.50 to <10.00	26	-	-	22	5.86	13	35.7	2.5	16	76	1	-
		10.00 to <100.00	0	-	-	0	27.04	1	45.0	2.5	0	162	0	-
		100.00 (Default)	47	-	-	47	100.00	1	35.0	2.5	-	-	16	-
		Portfolio subtotal	17,184	91	20	17,171	0.48	297	35.8	2.5	3,900	23	29	2
	Of which, Corporates Other	0.00 to <0.15	17,649	3,582	75	20,252	0.09	117	38.7	2.5	5,203	26	7	-
		0.15 to <0.25	5,181	1,886	75	6,596	0.21	51	42.9	2.5	3,005	46	6	-
		0.25 to <0.50	469	133	75	569	0.45	5	44.7	2.5	396	70	1	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	2	-	-	2	1.16	1	35.0	2.5	1	80	0	-
		2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
		10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
		100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
		Portfolio subtotal	23,301	5,601	75	27,419	0.13	174	39.9	2.5	8,605	31	14	4
Retail (advanced approach)	Of which, Retail SME	0.00 to <0.15	33,330	59	92	33,042	0.09	1,152	7.0	-	416	1	2	-
		0.15 to <0.25	11,189	112	62	10,978	0.21	557	8.0	-	297	3	2	-
		0.25 to <0.50	1,640	-	-	1,544	0.45	121	8.6	-	78	5	1	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	53	-	-	52	1.16	14	12.4	-	7	14	0	-
		2.50 to <10.00	171	-	-	153	6.63	17	13.1	-	61	40	1	-
		10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
		100.00 (Default)	22	-	-	20	100.00	4	23.1	-	22	111	5	-
		Portfolio subtotal	46,405	171	72	45,789	0.20	1,865	7.4	-	881	2	11	10
	Of which, Retail Other	0.00 to <0.15	163,334	22,743	25	168,938	0.04	117,603	9.8	-	2,136	1	7	-
		0.15 to <0.25	51,114	14,932	27	55,141	0.16	36,234	11.4	-	2,272	4	10	-
		0.25 to <0.50	30,409	5,667	28	31,976	0.42	19,718	11.5	-	2,704	8	16	-
		0.50 till <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	13,511	288	72	13,716	1.55	7,747	12.0	-	2,911	21	25	-
		2.50 to <10.00	2,423	41	80	2,455	4.17	1,464	11.4	-	886	36	12	-
		10.00 to <100.00	1,311	55	20	1,321	24.67	988	11.2	-	906	69	36	-
		100.00 (Default)	269	-	-	269	100.00	186	12.2	-	259	96	20	-
		Portfolio subtotal	262,371	43,726	26	273,816	0.44	183,940	10.4	-	12,074	4	126	94
Total (all portfolios)		349,261	49,589	32	364,195	0.39	186,276	13.5	-	25,460	7	180	110	

TABLE 8. TREND FOR RISK EXPOSURE AMOUNTS UNDER THE IRB APPROACH – CONS. SITUATION

According to the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013" (EBA CR8 TABLE)

SEK million	30 Jun 2018		31 Mar 2018	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Risk exposure amount at the end of the previous quarter	24,926	1,994	23,822	1,906
Asset size	969	78	2,828	226
Asset quality	-437	-35	-1,682	-135
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	-	-	-	-
Other	2	0	-42	-3
Risk exposure amount at the end of the reporting quarter	25,460	2,037	24,926	1,994

TABLE 9. CREDIT QUALITY OF EXPOSURES BY EXPOSURE CLASS AND INSTRUMENT
– CONSOLIDATED SITUATION

(EBA CR1-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	47	46,131	6	-	-	-13	46,172
– of which, Specialised lending	-	-	-	-	-	-	-
– of which, to SMEs	47	17,229	2	-	-	-17	17,274
Retail exposures	291	352,381	104	-	26	-75	352,568
Exposures to households secured against immovable property	291	352,381	104	-	26	-75	352,568
– of which, to SMEs	22	46,553	10	-	23	-11	46,565
– of which, to non-SMEs	269	305,828	94	-	3	-65	306,003
Total exposure with IRB approach	338	398,512	110	-	26	-88	398,740
Exposures to governments and central banks	-	38,214	-	-	-	-	38,214
Exposures to regional governments or local authorities or agencies	-	10,402	0	-	-	0	10,402
Exposures to public sector entities	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	2,533	-	-	-	-	2,533
Exposures to international organisations	-	-	-	-	-	-	-
Exposures to institutions	-	9,560	-	-	-	-	9,560
Retail exposures	15	3,929	7	-	-	-2	3,937
– of which, to SMEs	-	-	-	-	-	-	-
Exposures in default	15	-	5	-	-	0	10
Exposures in the form of covered bonds	-	38,318	-	-	-	-	38,318
Exposures to institutions and corporates with a short-term credit rating	-	377	-	-	-	-	377
Equity exposures	-	86	-	-	-	-	86
Other exposures	-	600	-	-	-	-	600
Deduction for retail exposures in default*	-15	-	-	-	-	-	-15
Total exposure with standardised approach	15	104,019	12	-	-	-2	104,022
Total	353	502,531	122	-	26	-90	502,762
– Of which, loans	353	351,708	117	-	-	-95	351,944
– Of which, debt securities	-	89,466	-	-	-	-	89,466
– Of which, off-balance-sheet exposures	-	50,735	5	-	-	5	50,730

* According to EBA guidelines, Q&A 2017:3481

TABLE 10. CREDIT QUALITY OF EXPOSURES BY INDUSTRY OR COUNTERPARTY TYPES
– CONSOLIDATED SITUATION

(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	-	13,792	4	-	-	-	13,788
Real estate activities	353	388,649	118	-	26	-90	388,884
Other services	-	11,088	0	-	-	0	11,088
Financial services*	-	89,002	-	-	-	-	89,002
Total	353	502,531	122	-	26	-90	502,762

* Credit institutions

TABLE 11. CREDIT QUALITY OF EXPOSURES BY GEOGRAPHY
– CONSOLIDATED SITUATION

(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	353	483,689	122	-	26	-90	483,920
Denmark	-	6,051	-	-	-	-	6,051
Finland	-	2,270	-	-	-	-	2,270
Norway	-	2,383	-	-	-	-	2,383
Canada	-	922	-	-	-	-	922
USA	-	177	-	-	-	-	177
France	-	41	-	-	-	-	41
Germany	-	2,535	-	-	-	-	2,535
United Kingdom	-	1,462	-	-	-	-	1,462
Switzerland	-	20	-	-	-	-	20
Austria	-	448	-	-	-	-	448
Other countries*	-	2,533	-	-	-	-	2,533
Total	353	502,531	122	-	26	-90	502,762

* 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 – CONSOLIDATED SITUATION

(EBA CR1-D TABLE)

SEK million	Gross carrying amounts					
	← 30 days	>30 days ← 60 days	>60 days ← 90 days	> 90 days ← 180 days	> 180 days ← 1 year	1 year
Loans	341	1	24	30	38	18
Interest-bearing securities	-	-	-	-	-	-
Total	341	1	24	30	38	18

TABLE 13. NON-PERFORMING AND FORBORNE EXPOSURES – CONSOLIDATED SITUATION

(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 provisions	Of which, forborne	Of which, forborne							
						Of which, forborne	Of which, forborne						
Interest-bearing securities	34,033	-	-	-	-	-	-	-	-	-	-	-	
Loans and advances	364,360	682	44	353	353	45	11	98	0	37	1	308	54
Off-balance-sheet exposures	50,672	-	-	-	-	-	-	5	-	-	-	-	-

* 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 – CONSOLIDATED SITUATION**

(EBA CR2-A TABLE)

SEK million	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance (previous half-year)	190	-
Increases due to amounts set aside for estimated loan losses during the period	50	-
Decreases due to amounts reversed for estimated loan losses during the period	-113	-
Decreases due to amounts taken against accumulated credit risk adjustments	-5	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	-	-
Closing balance	122	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss.	-	-

TABLE 15. **CHANGES IN THE STOCK OF DEFAULTED AND IMPAIRED LOANS AND INTEREST-BEARING SECURITIES – CONSOLIDATED SITUATION**

(EBA CR2-B TABLE)

SEK million	Gross carrying amount for defaulted exposures
Opening balance (previous half-year)	451
Loans and interest-bearing securities that have defaulted or impaired since the last reporting period	141
Returned to non-defaulted status	-187
Amounts written off	-4
Other changes	-48
Closing balance	353

TABLE 16. **CREDIT RISK MITIGATION TECHNIQUES – CONSOLIDATED SITUATION**

(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	13,306	338,637	337,806	831	-
Total – interest-bearing securities	89,466				-
Total exposures	102,772	338,637	337,806	831	-
Of which, in default	11	308	306	2	-

1.5 CREDIT RISK IN TREASURY OPERATIONS

TABLE 17. **RISK WEIGHTS FOR COUNTERPARTY – CREDIT RISK EXPOSURES BY EXPOSURE CLASS – CONSOLIDATED SITUATION**

According to the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013" (EBA CCR3 TABLE)

SEK million	30 Jun 2018					31 Dec 2017				
	0%	10%	20%	50%	Total	0%	10%	20%	50%	Total
Institution	-	-	3,564	5,994	9,558	-	-	1,633	4,547	6,180
Total	-	-	3,564	5,994	9,558	-	-	1,633	4,547	6,180

1.6 MARKET RISK

TABLE 18. **RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS FOR MARKET RISK – CONSOLIDATED SITUATION**

According to the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013" (EBA MR1 TABLE)

SEK million Risk class	30 Jun 2018		31 Dec 2017	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Interest-rate risk (general and specific)	-	-	413	33
Foreign exchange risk	1,067	85	746	60
Total	1,067	85	1,159	93

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 and without taking into account Finansinspektionen's supervisory practices with regard to the risk-weight floor for Swedish residential mortgages.

TABLE 19. INTERNALLY CALCULATED CAPITAL REQUIREMENTS PER RISKTYPE – CONSOLIDATED SITUATION

SEK million		30 Jun 2018			31 Dec 2017		
		Pillar 1	EXCL. RISK-WEIGHT FLOOR	INCL. RISK-WEIGHT FLOOR	Pillar 1	EXCL. RISK-WEIGHT FLOOR	INCL. RISK-WEIGHT FLOOR
			Internally assessed capital requirement	Internally assessed capital requirement		Internally assessed capital requirement	Internally assessed capital requirement
Pillar 1	Credit risk & CVA risk	3,225	3,225	3,225	2,920	2,920	2,920
	Market risk	85	85	85	93	93	93
	Operational risk	347	347	347	331	331	331
Pillar 2	Credit risk ¹⁾	-	1,246	0	-	1,119	0
	Market risk	-	882	882	-	1,002	1,002
	Operational risk	-	0	0	-	0	0
	Risk-weight floor	-	-	8,368	-	-	7,940
	Concentration risk	-	971	971	-	898	898
	Sovereign risk	-	55	55	-	57	57
	Pension risk	-	0	0	-	0	0
Buffers	Capital conservation buffer	1,143	1,143	1,143	1,045	1,045	1,045
	Capital planning buffer ²⁾	-	1,147	0	-	1,125	0
	Countercyclical buffer	903	903	903	829	829	829
Total		5,703	10,004	15,979	5,218	9,419	15,115

¹⁾ In the internal capital requirement without taking the risk-weight floor into account, additional credit risks in Pillar 2 consist of SBAB's estimated capital requirement in economic capital. 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.

²⁾ The higher of the stress test buffer and the capital planning buffer is included in the internally assessed capital requirement. After taking into account the risk-weight floor, the stress test buffer is calculated without consideration for risk migration in the residential mortgage portfolios and, accordingly, the required buffer is smaller.

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 3.56%.

TABLE 20. **LRSUM: SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES – CONSOLIDATED SITUATION**

	Applicable amount
Total assets as per published financial statements	464,476
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-5
Adjustments for derivative financial instruments	-1,480
Adjustment for securities financing transactions (SFTs)	-1
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	11,757
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	0
Other adjustments	-1,007
Leverage ratio total exposure measure	473,740

TABLE 21. **LRSPL: SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS) – CONSOLIDATED SITUATION**

	Bruttosoliditetsgrad för exponering - tillsynsförordningen
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	442,474
<i>Trading book exposures</i>	0
Banking book exposures, of which:	442,474
<i>Covered bonds</i>	38,318
Exposures treated as sovereigns	52,049
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	0
Institutions	2
Secured by mortgages of immovable properties	347,949
Retail exposures	2,776
Corporate	0
Exposures in default	317
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,063

TABLE 22. **LRCOM: LEVERAGE RATIO COMMON DISCLOSURE – CONSOLIDATED SITUATION**

	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)	442,474
(Asset amounts deducted in determining Tier 1 capital) 3	-123
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	442,351
Derivative Exposures	
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	10,735
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	6,533
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-8,195
Total derivatives exposures	9,073
SFT Exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	10,558
Netted amounts of cash payables and cash receivables of gross SFT assets	-
Total securities financing transaction exposures	10,558
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	50,735
Adjustments for conversion to credit equivalent amounts)	-38,977
Other off-balance sheet exposures	11,758
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))	0
Capital and total exposure measure	
Tier 1 capital	16,856
Leverage ratio total exposure measure	473,740
Leverage ratio	
Leverage ratio	3.56%
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 change in leverage ratio, compared to the previous quarter, is explained by:

- Tier 1 Capital has increased due to profit generation, which has impacted the ratio positively by 0.04%
- The effect on the exposure measure attributable to SFT:s 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 0.01%
- An increase in exposure from retail mortgage, covered bonds, central governments and central banks has impacted the ratio negatively by 0.12%.

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 AAA 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 group and not for the individual entities within the group.

TABLE 23. LIQUIDITY RESERVE – CONSOLIDATED SITUATION

SEK million	30 Jun 2018				31 Dec 2017			
	Total	DISTRIBUTION BY CURRENCY			Total	DISTRIBUTION BY CURRENCY		
		SEK	EUR	USD		SEK	EUR	USD
Cash and balances at central banks	1,200	1,200	0	0	500	500	-	-
Balances at other banks	-	-	-	-	-	-	-	-
Securities issued or guaranteed by governments, central banks or multinational development banks	34,314	25,239	6,918	2,157	28,033	17,926	7,714	2,393
Securities issued or guaranteed by municipalities or non-public sector entities	9,783	8,255	746	782	8,621	7,003	176	1,442
Covered bonds issued by other institutions	37,170	31,720	4,857	593	35,501	30,146	4,564	791
Covered bonds issued by SBAB	-	-	-	-	-	-	-	-
Securities issued by non-financial corporates	-	-	-	-	-	-	-	-
Securities issued by financial corporates (excl. covered bonds)	-	-	-	-	-	-	-	-
Other securities	-	-	-	-	-	-	-	-
Total	82,467	66,414	12,521	3,532	72,655	55,575	12,454	4,626
Bank and loan facilities	-	-	-	-	-	-	-	-
Total	82,467	66,414	12,521	3,532	72,655	55,575	12,454	4,626
Distribution by currency, %		80.5	15.2	4.3		76.5	17.1	6.4

TABLE 24. LIQUIDITY COVERAGE RATIO UNDER THE CRR – CONSOLIDATED SITUATION

(EBA TABLE EU LIQ1)

SEK million	TOTAL UNWEIGHTED VALUE (AVERAGE)				TOTAL WEIGHTED VALUE (AVERAGE)			
	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2018	31 Mar 2018	31 Dec 2017	30 Sep 2017
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	-	-	-	-	75,103	72,357	71,947	70,311
Cash outflows								
Retail deposits and deposits from small business customers, of which:	90,337	86,919	83,989	81,625	7,326	6,999	6,736	6,528
<i>Stable deposits</i>	60,039	58,338	56,559	54,898	3,002	2,917	2,828	2,745
<i>Less stable deposits</i>	30,298	28,581	27,430	26,727	4,324	4,082	3,908	3,783
Unsecured wholesale funding	25,783	24,446	23,685	22,022	13,100	11,901	11,721	10,985
<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-	-	-	-	-
<i>Non-operational deposits (all counterparties)</i>	21,579	21,353	20,439	18,929	8,896	8,808	8,474	7,891
<i>Unsecured debt</i>	4,204	3,093	3,246	3,093	4,204	3,093	3,246	3,093
Secured wholesale funding	-	-	-	-	55	51	63	68
Additional requirements	49,895	47,346	47,251	44,831	13,999	10,666	11,401	10,706
<i>Outflows related to derivative exposures and other collateral requirements</i>	9,295	6,101	5,696	4,821	9,295	6,101	5,696	4,821
<i>Outflows related to loss of funding on debt products</i>	2,815	2,634	3,818	4,088	2,815	2,634	3,818	4,088
<i>Credit and liquidity facilities</i>	37,785	38,611	37,737	35,921	1,889	1,931	1,887	1,796
Other contractual funding obligations	125	124	127	121	0	-	5	4
Other contingent funding obligations	11,534	11,583	11,202	10,527	4,759	5,308	5,572	5,439
Total cash outflows	-	-	-	-	34,479	29,612	29,904	28,262
Cash inflows								
Secured lending (e.g. reverse repos)	4,634	4,381	5,145	5,173	206	147	167	173
Inflows from fully performing exposures	1,697	1,669	1,627	1,570	1,073	1,055	1,033	1,003
Other cash inflows	9,817	6,617	6,811	6,328	9,817	6,617	6,811	6,328
(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	32,294	25,333	27,165	26,143	22,192	15,639	16,021	15,007
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	16,147	12,666	13,583	13,071	11,096	7,820	8,010	7,503
TOTAL ADJUSTED VALUE								
Liquidity buffer	-	-	-	-	75,103	72,357	71,947	70,311
Total net cash outflows	-	-	-	-	28,144	27,100	27,470	26,202
Liquidity coverage ratio (%)	-	-	-	-	267%	267%	262%	268%

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 in Table 13 above. 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. LCR = 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 9.3 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

SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
CET1 capital	6,751	7,127	7,430
Tier 1 capital	9,751	10,127	10,430
Total capital	13,198	13,574	14,880
Risk exposure amount	34,038	31,776	34,510
CET1 capital ratio, %	19.8	22.4	21.5
Excess ¹⁾ of CET1 capital	5,219	5,697	5,877
Tier 1 capital ratio, %	28.6	31.9	30.2
Excess ¹⁾ of Tier 1 capital	7,709	8,221	8,360
Total capital ratio, %	38.8	42.7	43.1
Excess ¹⁾ of total capital	10,475	11,032	12,119

¹⁾ Excess capital has been calculated based on minimum requirements (without buffer requirements)

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	30 Jun 2018	31 Dec 2017	30 Jun 2017
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	5,012	5,663	5,686
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	256	157	191
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	-334	-593	-335
CET1 capital before regulatory adjustments	8,392	8,685	9,000
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-74	-66	-77
Intangible assets (net of related tax liability) (negative amount)	-29	-26	-28
Fair value reserves related to gains or losses on cash-flow hedges	21	79	61
Negative amounts resulting from the calculation of expected loss amounts	-29	-28	-7
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-30	-17	-19
Additional Tier 1 instruments in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-1,641	-1,558	-1,570
CET1 capital	6,751	7,127	7,430
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>	<i>1,500</i>	<i>1,500</i>	<i>1,500</i>
<i>Of which: classified as liabilities under applicable accounting standards</i>	<i>1,500</i>	<i>1,500</i>	<i>1,500</i>
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)	9,751	10,127	10,430
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	3,447	3,447	4,447
Credit risk adjustments	-	-	3
Tier 2 capital before regulatory adjustments	3,447	3,447	4,450
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	3,447	3,447	4,450
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	13,198	13,574	14,880
Total risk-weighted assets	34,038	31,776	34,510

cont. **OWN FUNDS – PARENT COMPANY**

SEK million	30 Jun 2018	31 Dec 2017	30 Jun 2017
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	19.8	22.4	21.5
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	28.6	31.9	30.2
Total capital (as a percentage of total risk-weighted exposure amount), %	38.8	42.7	43.1
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 capital buffer requirement, %</i>	2.0	2.0	2.0
<i>Of which: systemic risk buffer requirement, %</i>	-	-	-
<i>Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffers, %</i>	-	-	-
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	15.3	17.9	17.0
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 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⁾ Profit for the interim period is reduced by the expected dividend of SEK 355 million based on Q2 2018.

1.3 CAPITAL REQUIREMENT

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

SEK million	30 Jun 2018		31 Dec 2017		30 Jun 2017	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	7,085	567	6,800	544	7,248	580
Retail exposures	868	69	1,125	90	4,108	328
<i>Of which: exposures to SMEs</i>	70	5	244	20	390	31
<i>Of which: retail exposures secured by immovable property</i>	799	64	881	70	3,718	297
Total exposures recognised with the IRB approach	7,953	636	7,925	634	11,356	908
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⁾	3,533	283	2,524	202	2,073	166
<i>Of which: derivatives according to CRR, Appendix 2</i>	3,448	276	2,523	202	1,959	157
<i>Of which repos</i>	55	5	-	-	114	9
<i>Of which other</i>	30	2	1	0	0	0
Exposures to corporates	-	-	-	-	-	-
Retail exposures	2,254	180	2,193	175	2,340	187
Exposures in default	10	1	11	1	12	1
Exposures in the form of covered bonds	3,832	307	3,282	263	3,553	284
Exposures to institutions and corporates with a short-term credit rating	16	1	21	2	22	2
Equity exposures	11,378	910	11,378	910	10,386	831
Other items	118	9	77	6	135	11
Total exposures recognised with standardised approach	21,141	1,691	19,486	1,559	18,521	1,482
Market risk	356	29	648	52	826	66
<i>Of which: position risk</i>	-	-	414	33	531	42
<i>Of which: currency risk</i>	356	29	234	19	295	24
Operational risk	1,412	113	1,570	126	1,570	126
Credit valuation adjustment risk	3,176	254	2,147	171	2,234	178
Total risk exposure amount and minimum capital requirements	34,038	2,723	31,776	2,542	34,507	2,760
Capital requirements for capital conservation buffer		851		794		863
Capital requirements for countercyclical buffer		670		629		683
Total capital requirements		4,244		3,965		4,306

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 3,503 million (2,523).

2 INTERNALLY ASSESSED CAPITAL REQUIREMENT

For the Parent Company, SBAB Bank AB (publ), the internal capital requirement without the risk weight floor amounted to SEK 5,481 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 6.45%. As of June 30, 2018, Swedish FSA has granted permission to exclude intragroup

exposures when calculating the leverage ratio. This change however does not affect the consolidated situation, but it has positively affected SCBC's leverage ratio by 0.3 percentage points and the parent company's leverage ratio by 2.7 percentage points.