

SBAB BANK

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 proposed amendments in the regulatory framework (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 adaptations are planned to be gradually implemented until 2019. The current transitional rules under Basel II will apply at least until year-end 2011.

Capital base

Group SEK million	30 Jun 2011	30 Jun 2010	31 Dec 2010
Core Tier 1 capital			
Equity	7,931	7,666	8,014
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	67	105	80
Value changes attributable to derivative instruments included in cash-flow hedges	0	4	1
Non-controlling interest	614	516	565
Intangible fixed assets	-33	-37	-34
Deferred tax assets	-74	-	-
Net reserves for IRB exposures	-106	-102	-109
Core Tier 1 capital	8,399	8,152	8,517
Tier 1 capital contribution			
Tier 1 capital contribution without redemption incentives*	2,000	2,000	2,000
Tier 1 capital contribution with redemption incentives*	994	994	994
Tier 1 capital	11,393	11,146	11,511
Supplementary capital			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	2,608	2,260	2,108
Net reserves for IRB exposures	-105	-101	-109
Supplementary capital	2,503	2,159	1,999
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Amount for capital base net after deductible items and limit value	13,896	13,305	13,510

* Encompassed by transitional rules to FFFS 2007:1

Capital requirements

Group SEK million	30 Jun 2011	30 Jun 2010	31 Dec 2010
Credit risk recognised in accordance with IRB approach			
Corporate exposures	2,266	2,224	2,317
Retail exposures	860	876	838
Total exposures in accordance with IRB approach	3,126	3,100	3,155
Credit risk reported in accordance with standardised approach			
Exposures to governments and central banks	0	0	0
Exposures to municipalities and comparable associations	0	0	0
Institutional exposures	418	276	178
Corporate exposures	953	1,137	1,068
Retail exposures	35	27	17
Unregulated items	1	1	1
Other items	8	6	6
Total exposures in accordance with standardised approach	1,415	1,447	1,270
Risk in commercial portfolio	252	201	214
Operational risk	217	183	183
Currency risk	-	-	-
Raw material risk	-	-	-
Total minimum capital requirements	5,010	4,931	4,822
Addition to transitional rules	5,652	5,579	5,769
Total capital requirements according to transition rules	10,662	10,510	10,591

Capital adequacy

Group SEK million	30 Jun 2011	30 Jun 2010	31 Dec 2010
Core Tier 1 capital	8,399	8,152	8,517
Tier 1 capital	11,393	11,146	11,511
Total capital	13,896	13,305	13,510
Without transition rules			
Risk-weighted assets	62,630	61,642	60,279
Core Tier 1 capital ratio	13.4%	13.2%	14.1%
Tier 1 capital ratio	18.2%	18.1%	19.1%
Capital adequacy ratio	22.2%	21.6%	22.4%
Capital quotient	2.77	2.70	2.80
With transition rules			
Risk-weighted assets	133,276	131,379	132,388
Core Tier 1 capital ratio	6.3%	6.2%	6.4%
Tier 1 capital ratio	8.5%	8.5%	8.7%
Capital adequacy ratio	10.4%	10.1%	10.2%
Capital quotient	1.30	1.27	1.28

SBAB Bank AB (publ) SEK million	30 Jun 2011	30 Jun 2010	31 Dec 2010
Core Tier 1 capital	7,560	7,806	7,653
Tier 1 capital	10,554	10,800	10,647
Total capital	13,133	13,039	12,711
Without transition rules			
Risk-weighted assets	28,117	27,954	26,891
Core Tier 1 capital ratio	26.9%	27.9%	28.5%
Tier 1 capital ratio	37.5%	38.6%	39.6%
Capital adequacy ratio	46.7%	46.7%	47.3%
Capital quotient	5.84	5.83	5.91
With transition rules			
Risk-weighted assets	28,834	31,507	28,876
Core Tier 1 capital ratio	26.2%	24.8%	26.5%
Tier 1 capital ratio	36.6%	34.3%	36.9%
Capital adequacy ratio	45.5%	41.4%	44.0%
Capital quotient	5.69	5.17	5.50

Liquidity Reserve

SBAB:s liquidity portfolio comprises liquid, interest-bearing securities with high rating and is an integrated part of the Group's liquidity risk management. Holding 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.

Group SEK million	30 Jun 2011	Currency distribution			
Liquidity Reserve		SEK	EUR	USD	Other
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	7,207	2,317	4,333	306	251
Securities issued or guaranteed by municipalities or Public Sector Entities	1,250	1,250	-	-	-
Covered bonds	20,906	11,837	8,520	-	550
Securities issued by financial corporations (excl. covered bonds)	11,779	-	10,165	592	1,022
Bank & Loan Facilities	2,366	2,366	-	-	-
Total	43,509	17,770	23,018	898	1,823
Currency distribution		41%	53%	2%	4%

Remark: Book value for RMBS and market value for all other securities.