

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.

Capital base

Group SEK million	30 Sep 2011	30 Sep 2010	31 Dec 2010
Core Tier 1 capital			
Equity	8 084	7 736	8 014
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	59	91	80
Value changes attributable to derivative instruments included in cash-flow hedges	1	3	1
Non-controlling interest	639	541	565
Intangible fixed assets	-31	-34	-34
Deferred tax assets	-93	-	-
Net reserves for IRB exposures	-120	-119	-109
Core Tier 1 capital	8 539	8 218	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	11 533	11 212	11 511
Supplementary capital			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	2 608	2 260	2 108
Net reserves for IRB exposures	-120	-120	-109
Supplementary capital	2 488	2 140	1 999
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Amount for capital base net after deductible items and limit value	14 021	13 352	13 510

* Encompassed by transitional rules to FFFS 2007:1

Capital requirements

Group SEK million	30 Sep 2011	30 Sep 2010	31 Dec 2010
Credit risk recognised in accordance with IRB approach			
Corporate exposures	2 233	2 243	2 317
Retail exposures	860	869	838
Total exposures in accordance with IRB approach	3 093	3 112	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	658	208	178
Corporate exposures	929	1 100	1 068
Retail exposures	37	18	17
Unregulated items	1	1	1
Other items	7	6	6
Total exposures in accordance with standardised approach	1 632	1 333	1 270
Risk in commercial portfolio	277	204	214
Operational risk	217	183	183
Currency risk	-	-	-
Raw material risk	-	-	-
Total minimum capital requirements	5 219	4 832	4 822
Addition to transitional rules	5 518	5 686	5 769
Total capital requirements according to transition rules	10 737	10 518	10 591

Capital Adequacy

Group SEK million	30 Sep 2011	30 Sep 2010	31 Dec 2010
Core Tier 1 capital	8 539	8 218	8 517
Tier 1 capital	11 533	11 212	11 511
Total capital	14 021	13 352	13 510
Without transition rules			
Risk-weighted assets	65 234	60 399	60 279
Core Tier 1 capital ratio	13.1%	13.6%	14.1%
Tier 1 capital ratio	17.7%	18.6%	19.1%
Capital adequacy ratio	21.5%	22.1%	22.4%
Capital quotient	2.69	2.76	2.80
With transition rules			
Risk-weighted assets	134 208	131 470	132 388
Core Tier 1 capital ratio	6.4%	6.2%	6.4%
Tier 1 capital ratio	8.6%	8.5%	8.7%
Capital adequacy ratio	10.4%	10.2%	10.2%
Capital quotient	1.31	1.27	1.28

SBAB Bank AB (publ) SEK million	30 Sep 2011	30 Sep 2010	31 Dec 2010
Core Tier 1 capital	7 561	7 673	7 653
Tier 1 capital	10 555	10 667	10 647
Total capital	13 117	12 875	12 711
Without transition rules			
Risk-weighted assets	30 872	27 327	26 891
Core Tier 1 capital ratio	24.5%	28.1%	28.5%
Tier 1 capital ratio	34.2%	39.0%	39.6%
Capital adequacy ratio	42.5%	47.1%	47.3%
Capital quotient	5.31	5.89	5.91
With transition rules *			
Risk-weighted assets	30 872	29 377	28 876
Core Tier 1 capital ratio	24.5%	26.1%	26.5%
Tier 1 capital ratio	34.2%	36.3%	36.9%
Capital adequacy ratio	42.5%	43.8%	44.0%
Capital quotient	5.31	5.48	5.50

* Since the capital requirement for SBAB Bank AB (publ) as of 30 September 2011 exceeds the limit value in accordance with the transitional regulations, risk-weighted assets and ratios are stated without the transitional regulations.

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	September 2011	Currency distribution			
Liquidity Reserve		SEK	EUR	USD	Other
Cash and holdings in central bank and deposits in other banks available o/n	0	0	0	0	0
Securities issued or guaranteed by sovereigns, central banks or multinational development banks	7 927	2 368	4 950	333	276
Securities issued or guaranteed by municipalities or Public Sector Entities	1 886	1 886	0	0	0
Covered bonds	20 360	10 500	9 303	0	557
Securities issued by non-financial corporations	0	0	0	0	0
Securities issued by financial corporations (excl. covered bonds)	9 585	0	8 102	614	869
Bank & Loan Facilities	2 485	2 485	0	0	0
Total	42 243	17 238	22 355	946	1 703
Currency distribution		41%	53%	2%	4%

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