

DISCLOSURE OF CAPITAL, LIQUIDITY AND LEVERAGE RATIO

June 2017 | SBAB Bank AB (publ)

SBAB!

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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 in this report are based on 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

CAPITAL ADEQUACY SEK million	30 Jun 2017	31 Dec 2016	30 Jun 2016
CET1 capital	12,877	12,385	11,742
Tier 1 capital	15,877	15,385	14,742
Total capital	20,327	19,833	19,189
Without transitional rules			
Risk exposure amount	41,047	38,413	41,392
CET1 capital ratio, %	31.4	32.2	28.4
Excess ¹⁾ of CET1 capital	11,030	10,656	9,879
Tier 1 capital ratio, %	38.7	40.1	35.6
Excess ¹⁾ of Tier 1 capital	13,414	13,080	12,259
Total capital ratio, %	49.5	51.6	46.4
Excess ¹⁾ of total capital	17,043	16,760	15,878
With transitional rules			
Own funds	20,335	19,835	19,252
Risk exposure amount	181,838	168,936	171,338
Total capital ratio, %	11.2	11.7	11.2

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

1.2 OWN FUNDS

TABLE 2. **OWN FUNDS – CONSOLIDATED SITUATION**

Disclosure of own funds during a transitional period

Disclosures in accordance with Article 5 of Commission Implementing Regulation (EU) No 1423/2013. No amounts are subject to the provisions preceding Regulation (EU) No 575/2013 ("CRR") or the prescribed residual amount according to Regulation (EU) No 575/2013.

OWN FUNDS SEK million	30 Jun 2017	31 Dec 2016	30 Jun 2016
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	10,476	9,592	9,608
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	205	662	934
Additional Tier 1 securities	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	501	942	435
CET1 capital before regulatory adjustments	14,640	14,654	14,435
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-73	-67	-75
Intangible assets (net of related tax liability) (negative amount)	-154	-142	-121
Fair value reserves related to gains or losses on cash-flow hedges	-6	-526	-891
Negative amounts resulting from the calculation of expected loss amounts	-11	-3	-62
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-19	-31	-44
Additional Tier 1 securities in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-1,763	-2,269	-2,693
CET1 capital	12,877	12,385	11,742
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>	1,500	1,500	-
<i>Of which: classified as liabilities under applicable accounting standards</i>	1,500	1,500	3,000
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)	15,877	15,385	14,742
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	4,447	4,447	4,447
Credit risk adjustments	3	1	-
Tier 2 capital before regulatory adjustments	4,450	4,448	4,447
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	4,450	4,448	4,447
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	20,327	19,833	19,189
Total risk-weighted assets	41,047	38,413	41,392

cont. **OWN FUNDS – CONSOLIDATED SITUATION**

OWN FUNDS SEK million	30 Jun 2017	31 Dec 2016	30 Jun 2016
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	31.4	32.2	28.4
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	38.7	40.1	35.6
Total capital (as a percentage of total risk-weighted exposure amount), %	49.5	51.6	46.4
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	8.5	8.5
Of which: CET1 capital, minimum requirement, %	4.5	4.5	4.5
Of which: capital conservation buffer requirement, %	2.5	2.5	2.5
Of which: countercyclical capital buffer requirement, %	2.0	1.5	1.5
Of which: systemic risk buffer requirement, %	-	-	-
Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffers, %	-	-	-
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	26.9	27.7	23.9
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⁾ Reduced by the expected dividend of SEK 334 million based on Q2 2017.

1.3 RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTSTABLE 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 2017		31 Dec 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk (excl. counterparty risk)	30,948	2,475	29,455	2,356
of which, the standardised approach	6,469	517	5,909	472
of which, the FIRB approach	12,552	1,004	12,106	969
of which, the AIRB approach	11,927	954	11,440	915
Counterparty credit risk	4,570	367	3,753	300
of which, the standardised approach	2,208	177	1,907	152
of which, credit valuation adjustment risk (CVA)	2,362	190	1,846	148
Market risk	1,385	111	1,571	126
of which, the standardised approach	1,385	111	1,571	126
Operational risks	4,144	331	3,634	291
of which, the standardised approach	4,144	331	3,634	291
Adjustment for the Basel 1 floor		11,263		10,442
Total	41,047	14,547	38,413	13,515

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

RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS SEK million	30 Jun 2017		31 Dec 2016		30 Jun 2016	
	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	12,552	1,004	12,106	969	11,638	931
Retail exposures	11,927	954	11,440	915	13,579	1,086
<i>Of which: exposures to SMEs</i>	1,139	91	1,211	97	1,313	105
<i>Of which: retail exposures secured by immovable property</i>	10,788	863	10,229	818	12,266	981
Total exposures recognised with the IRB approach	24,479	1,958	23,546	1,884	25,217	2,017
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⁾	2,208	177	1,907	152	2,011	161
<i>Of which: derivatives according to CRR, Appendix 2</i>	2,046	164	1,903	152	1,918	154
<i>Of which repos</i>	162	13	3	0	87	7
<i>Of which other</i>	0	0	1	0	6	0
Exposures to corporates	–	–	–	–	15	1
Retail exposures	2,341	187	1,933	155	2,154	172
Exposures in default	12	1	12	1	10	1
Exposures in the form of covered bonds	3,553	284	3,384	271	3,762	301
Exposures to institutions and corporates with a short-term credit rating	24	2	19	1	26	2
Other items	539	43	561	44	898	72
Total exposures recognised with standardised approach	8,677	694	7,816	624	8,876	710
Market risk	1,385	111	1,571	126	1,608	129
<i>Of which: position risk</i>	531	43	886	71	847	68
<i>Of which: currency risk</i>	854	68	685	55	761	61
Operational risk	4,144	331	3,634	291	3,634	291
Credit valuation adjustment risk	2,362	190	1,846	148	2,057	164
Total risk exposure amount and minimum capital requirements	41,047	3,284	38,413	3,073	41,392	3,311
Capital requirements for capital conservation buffer		1,026		960		1,035
Capital requirements for countercyclical buffer		813		571		629
Total capital requirements		5,123		4,604		4,975

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 2,208 million (1,906).

TABLE 5. 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%	Deducted ²⁾	Total	Of which, unrated
Exposures to governments and central banks	15,165	-	-	-	-	-	-	-	15,165	-
Exposures to regional governments or local authorities	7,498	-	-	-	-	-	-	-	7,498	-
Exposures to multilateral development banks	1,659	-	-	-	-	-	-	-	1,659	-
Exposures to institutions ¹⁾	-	-	1,302	3,895	-	-	-	-	5,197	-
Exposures to corporates	-	-	-	-	-	-	-	-	-	-
Retail exposures	-	-	-	-	3,121	-	-	-	3,121	3,121
Exposures in default	-	-	-	-	-	6	4	-	10	10
Exposures in the form of covered bonds	-	35,531	-	-	-	-	-	-	35,531	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	52	27	-	-	-	-	79	-
Other items	168	-	-	-	-	539	-	-	707	707
Total	24,490	35,531	1,354	3,922	3,121	545	4	-	68,967	3,838

TABLE 6. 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	15,084	-	15,165	-	-	-
Exposures to regional governments or local authorities or agencies	6,454	-	7,498	-	-	-
Exposures to multilateral development banks	1,659	-	1,659	-	-	-
Exposures to institutions ¹⁾	1	-	1	-	0	-
Exposures to corporates	-	-	-	-	-	-
Retail exposures	2,867	1,269	2,867	254	2,341	75%
Exposures in default	10	-	10	-	12	119%
Exposures in the form of covered bonds	35,531	-	35,531	-	3,553	10%
Exposures to institutions and corporates with a short-term credit assessment	79	-	79	-	24	30%
Other items	707	-	707	-	539	76%
Total	62,392	1,269	63,517	254	6,469	10%

¹⁾ The institution exposure class excludes counterparty risk.

1.4 CREDIT RISK IN LENDING OPERATIONS

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	7,401	239	95.9	7,433	0.09	83	35.3	2,5	1,192	16	2	-
		0.15 to <0.25	5,448	140	97.4	5,475	0.21	107	35.7	2,5	1,350	25	4	-
		0.25 to <0.50	3,889	-	95.8	3,876	0.45	104	35.9	2,5	1,457	38	6	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	0	-	-
		0.75 to <2.50	592	-	92.9	563	1.16	28	40.4	2,5	401	71	3	-
		10.00 to <100.00	33	-	72.2	28	3.19	16	44.2	2,5	28	99	-	-
		2.50 to <10.00	11	-	90.0	11	27.04	2	35.2	2,5	14	127	1	-
		100.00 (Default)	48	-	100.0	48	100.00	1	35.0	2,5	-	-	17	-
		Portfolio subtotal	17,422	379	95.1	17,434	0.54	341	35.7	2,5	4,442	25	33	19
	Of which, Corporates Other	0.00 to <0.15	14,998	3,015	92.9	16,392	0.09	95	36.9	2,5	4,019	25	6	-
		0.15 to <0.25	5,868	1,955	96.1	7,334	0.21	45	41.7	2,5	3,246	44	6	-
		0.25 to <0.50	1,123	163	97.7	1,245	0.45	18	42.6	2,5	826	66	2	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	57	-	30.8	15	1.16	4	35.1	2,5	12	80	0	-
		10.00 to <100.00	5	-	100.0	6	3.05	2	35.0	2,5	6	106	-	-
		2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
		100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
		Portfolio subtotal	22,051	5,133	93.6	24,992	0.15	164	38.6	2,5	8,109	32	14	-
Retail (advanced approach)	Of which, Retail SME	0.00 to <0.15	30,812	129	99.0	30,607	0.09	1,183	7.7	-	423	1	2	-
		0.15 to <0.25	13,614	193	97.2	13,384	0.21	827	8.6	-	388	3	3	-
		0.25 to <0.50	2,085	35	94.6	1,985	0.45	199	10.0	-	116	6	1	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	263	-	96.6	249	1.16	47	11.8	-	33	13	0	-
		10.00 to <100.00	120	-	89.3	94	3.44	28	12.6	-	25	26	0	-
		2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
		100.00 (Default)	97	-	100.0	97	100.00	6	17.2	-	154	159	17	-
		Portfolio subtotal	46,991	357	97.9	46,416	0.36	2,290	8.1	-	1,139	2	23	21
	Of which, Retail Other	0.00 to <0.15	135,054	24,931	96.8	140,728	0.04	120,619	9.8	-	1,787	1	6	-
		0.15 to <0.25	47,928	16,375	93.0	52,495	0.16	39,766	11.0	-	2,084	4	9	-
		0.25 to <0.50	27,442	6,059	94.5	29,089	0.42	21,101	11.1	-	2,364	8	14	-
		0.50 till <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	12,124	349	99.2	12,373	1.55	8,172	11.6	-	2,535	20	22	-
		10.00 to <100.00	2,356	45	99.4	2,391	4.17	1,665	11.6	-	876	37	12	-
		2.50 to <10.00	1,323	62	98.4	1,340	24.67	1,158	12.1	-	1,000	75	40	-
		100.00 (Default)	273	-	99.7	273	100.00	205	12.8	-	143	52	33	-
		Portfolio subtotal	226,500	47,821	95.9	238,689	0.49	192,686	10.4	-	10,789	5	136	158
Total (all portfolios)		312,964	53,690	96.0	327,531	0.45	195,481	13.6	-	24,479	7	206	198	

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 2017		31 Dec 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Risk exposure amount at the end of the previous period ¹⁾	23,822	1,905	24,898	1,992
Asset size	1,124	90	2,848	228
Asset quality	-477	-38	-2,692	-215
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-1,495	-120
Foreign exchange movements	-	-	-	-
Other	10	1	-13	-1
Risk exposure amount at the end of the reporting period	24,479	1,958	23,546	1,884

¹⁾ Risk exposure amount at the previous quarter.

1.5 CREDIT RISK IN TREASURY OPERATIONS

TABLE 9. **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 Exposure class	30 Jun 2017					31 Dec 2016				
	0%	10%	20%	50%	Total	0%	10%	20%	50%	Total
Institution	0	0	1,302	3,895	5,197	-	-	712	3,529	4,241
Total	0	0	1,302	3,895	5,197	-	-	712	3,529	4,241

1.6 MARKET RISK

TABLE 10. **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 2017		31 Dec 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Interest-rate risk (general and specific)	531	43	886	71
Foreign exchange risk	854	68	685	55
Total	1,385	111	1,571	126

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 11. INTERNALLY CALCULATED CAPITAL REQUIREMENTS PER RISKTYPE – CONS. SITUATION

SEK million	Pillar 1	30 Jun 2017		31 Dec 2016	
		EXCL. RISK-WEIGHT FLOOR	INCL. RISK-WEIGHT FLOOR	EXCL. RISK-WEIGHT FLOOR	INCL. RISK-WEIGHT FLOOR
		Internally assessed capital requirement			
Pillar 1	Credit risk & CVA risk	2,842	2,842	2,656	2,656
	Market risk	111	111	126	126
	Operational risk	331	331	291	291
Pillar 2	Credit risk ¹⁾		1,056		1,019
	Market risk		1,062		1,118
	Operational risk		103		91
	Risk-weight floor		-	7,419	-
	Concentration risk		767	767	669
	Sovereign risk		62	62	59
	Pension risk		0	0	0
Buffers	Capital conservation buffer	1,026	1,026	960	960
	Capital planning buffer ²⁾		824		1,000
	Countercyclical buffer	813	813	571	571
Total	5,123	8,997	14,536	4,604	8,560

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.

5 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, amounts to 3.79 percent.

6 LIQUIDITY RISK

SBAB's liquidity reserve comprises liquid, interest-bearing securities with high ratings and is an integrated part of the SBAB 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 are also set.

Liquidity coverage ratio

Liquidity coverage ratio = liquid assets/(cash outflow-cash inflow). The liquidity coverage ratio is recognised according to the definitions and weights in FFFS 2012:6. The calculation takes into consideration that assets with 85% weight must not constitute more than 40% of the reserve, and that inflows must not exceed 75% of the outflow in each column.

TABLE 12. LIQUIDITY RESERVE – CONSOLIDATED SITUATION

LIQUIDITY RESERVE SEK million	30 Jun 2017					31 Dec 2016				
	Total	DISTRIBUTION BY CURRENCY				Total	DISTRIBUTION BY CURRENCY			
		SEK	EUR	USD	Other		SEK	EUR	USD	Other
Cash and balances at central banks	833	833	-	-	-	632	632	-	-	-
Balances at other banks	-	-	-	-	-	-	-	-	-	-
Securities issued or guaranteed by governments, central banks or multinational development banks	24,149	13,828	7,842	2,479	-	25,166	14,343	7,602	3,221	-
Securities issued or guaranteed by municipalities or public sector entities	11,063	9,441	134	1,488	-	6,596	5,311	-	1,285	-
Covered bonds issued by other institutions	37,794	32,374	4,600	820	-	37,070	31,364	4,739	967	-
Covered bonds issued by SBAB	-	-	-	-	-	-	-	-	-	-
Securities issued by non-financial corporates	-	-	-	-	-	-	-	-	-	-
Securities issued by financial corporates (excl. covered bonds)	-	-	-	-	-	-	-	-	-	-
Other securities	-	-	-	-	-	-	-	-	-	-
Total	73,839	56,476	12,576	4,787	-	69,464	51,650	12,341	5,473	-
Bank and loan facilities	-	-	-	-	-	-	-	-	-	-
Total	73,839	56,476	12,576	4,787	-	69,464	51,650	12,341	5,473	-
Distribution by currency, %	-	76.5	17.0	6.5	-	-	74.3	17.8	7.9	-

TABLE 13. LIQUIDITY COVERAGE RATIO – CONSOLIDATED SITUATION

LIQUIDITY COVERAGE RATIO SEK million	30 Jun 2017			31 Dec 2016		
	DISTRIBUTION BY CURRENCY			DISTRIBUTION BY CURRENCY		
	Total	EUR	USD	Total	EUR	USD
Liquidity coverage ratio (LCR), % ¹⁾	240	1,787	1,860	243	182,704	258
Liquid assets	68,167	11,887	4,664	63,904	11,630	5,329
Assets with 100% weight	36,048	7,976	3,967	32,394	7,602	4,506
Assets with 85% weight	32,119	3,910	697	31,510	4,028	822
Cash outflows	32,859	2,661	257	25,886	25	2,634
Retail deposits	18,379	0	0	15,886	0	0
Market funding	7,394	2,659	0	5,190	0	2,633
Other outflows	7,086	2	257	4,810	25	1
Cash inflows	7,860	3,210	6	3,674	1,594	571
Inflow from retail lending	3,378	0	0	586	0	0
Other inflows	4,482	3,210	6	3,088	1,594	571

¹⁾ Liquidity coverage ratio = liquid assets / (cash outflow - cash inflow). The LCR is recognised according to the definitions and weights in FFFS 2012:6. The calculation takes into consideration that assets with 85% weight must not constitute more than 40% of the reserve, and that inflows must not exceed 75% of the outflow in each column.



SBAB BANK AB (PUBL)

PARENT COMPANY



1 CAPITAL ADEQUACY

1.1 OVERVIEW

TABLE 1. CAPITAL ADEQUACY – PARENT COMPANY

CAPITAL ADEQUACY Parent Company, SEK million	30 Jun 2017	31 Dec 2016	30 Jun 2016
CET1 capital	7,430	7,708	7,694
Tier 1 capital	10,430	10,708	10,694
Total capital	14,880	15,157	15,141
Without transitional rules			
Risk exposure amount	34,510	31,484	32,893
CET1 capital ratio, %	21.5	24.5	23.4
Excess ¹⁾ of CET1 capital	5,877	6,292	6,214
Tier 1 capital ratio, %	30.2	34.0	32.5
Excess ¹⁾ of Tier 1 capital	8,360	8,819	8,721
Total capital ratio, %	43.1	48.1	46.0
Excess ¹⁾ of total capital	12,119	12,639	12,510
With transitional rules			
Own funds	14,885	15,162	15,180
Risk exposure amount	48,176	35,833	38,671
Total capital ratio, %	30.9	42.3	39.3

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

1.2 OWN FUNDS

TABLE 2. **OWN FUNDS – PARENT COMPANY**

Disclosure of own funds during a transitional period

Disclosures in accordance with Article 5 of Commission Implementing Regulation (EU) No 1423/2013. No amounts are subject to the provisions preceding Regulation (EU) No 575/2013 ("CRR") or the prescribed residual amount according to Regulation (EU) No 575/2013.

OWN FUNDS Parent Company, SEK million	30 Jun 2017	31 Dec 2016	30 Jun 2016
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	5,686	6,094	5,849
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	191	118	67
Additional Tier 1 securities	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	-335	-350	-
CET1 capital before regulatory adjustments	9,000	9,320	9,374
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-77	-70	-79
Intangible assets (net of related tax liability) (negative amount)	-28	-31	-9
Fair value reserves related to gains or losses on cash-flow hedges	61	27	-10
Negative amounts resulting from the calculation of expected loss amounts	-7	-7	-39
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-19	-31	-43
Additional Tier 1 securities in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-1,570	-1,612	-1,680
CET1 capital	7,430	7,708	7,694
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>-</i>
<i>Of which: classified as liabilities under applicable accounting standards</i>	<i>1,500</i>	<i>1,500</i>	<i>3,000</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)	10,430	10,708	10,694
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	4,447	4,447	4,447
Credit risk adjustments	3	2	-
Tier 2 capital before regulatory adjustments	4,450	4,449	4,447
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	4,450	4,449	4,447
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	14,880	15,157	15,141
Total risk-weighted assets	34,510	31,484	32,893

cont. **OWN FUNDS – PARENT COMPANY**

OWN FUNDS Parent Company, SEK million	30 Jun 2017	31 Dec 2016	30 Jun 2016
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	21.5	24.5	23.4
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	30.2	34.0	32.5
Total capital (as a percentage of total risk-weighted exposure amount), %	43.1	48.1	46.0
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	8.5	8.5
<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	1.5	1.5
<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, %)	17.0	20.0	18.9
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⁾ Reduced by the expected dividend of SEK 334 million based on Q2 2017.

1.3 CAPITAL REQUIREMENT

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

RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS Parent Company, SEK million	30 Jun 2017		31 Dec 2016		30 Jun 2016	
	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	7,248	580	6,474	518	6,238	499
Retail exposures	4,108	328	3,172	254	3,928	314
<i>Of which: exposures to SMEs</i>	390	31	351	28	369	29
<i>Of which: retail exposures secured by immovable property</i>	3,718	297	2,821	226	3,559	285
Total exposures recognised with the IRB approach	11,356	908	9,646	772	10,166	813
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⁾	2,073	166	1,645	132	1,755	140
<i>Of which: derivatives according to CRR, Appendix 2</i>	1,959	157	1,645	132	1,679	134
<i>Of which repos</i>	114	9	–	–	71	6
<i>Of which other</i>	0	0	0	0	5	0
Exposures to corporates	–	–	–	–	15	1
Retail exposures	2,340	187	1,933	155	2,155	172
Exposures in default	12	1	12	1	10	1
Exposures in the form of covered bonds	3,553	284	3,384	271	3,762	301
Exposures to institutions and corporates with a short-term credit rating	22	2	16	1	24	2
Equity exposures	10,386	831	10,386	831	10,386	831
Other items	135	11	85	6	110	9
Total exposures recognised with standardised approach	18,521	1 482	17,461	1,397	18,217	1,457
Market risk	826	66	1,195	96	1,158	93
<i>Of which: position risk</i>	531	42	887	71	847	68
<i>Of which: currency risk</i>	295	24	308	25	311	25
Operational risk	1,570	126	1,478	118	1,478	118
Credit valuation adjustment risk	2,234	178	1,704	136	1,874	150
Total risk exposure amount and minimum capital requirements	34,507	2,760	31,484	2,519	32,893	2,631
Capital requirements for capital conservation buffer		863		787		822
Capital requirements for countercyclical buffer		683		467		500
Total capital requirements		4,306		3,773		3,953

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 2,073 million (1,645).

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 5,797 million.