

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	30 June 2012	30 June 2011	31 Dec 2011
SEK million			
Core Tier 1 capital			
Equity	8,422	7,931	8,384
Profit/loss for this period, not reviewed	-29	-	-
Profit/loss, last reviewed period	-132	-	-
Unrealised value changes of loan and accounts receivable previously	42	67	51
Value changes attributable to derivative instruments included in cash-flow	-	0	-
Non-controlling interest	706	614	706
Intangible fixed assets	-87	-33	-38
Deferred tax assets	-	-74	-
Net reserves for IRB exposures	-93	-106	-128
Core Tier 1 capital	8,829	8,399	8,975
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	11,823	11,393	11,969
Tier 2 capital			
Perpetual subordinated debentures	-	-	-
Time-limited subordinated debentures	2,313	2,608	2,456
Net reserves for IRB exposures	-93	-105	-129
Tier 2 capital	2,220	2,503	2,327
Expanded part of capital base	-	-	-
Deduction from entire capital base	-	-	-
Amount for capital base net after deductible items and limit value	14,043	13,896	14,296

* Encompassed by transitional rules to FFFS 2007:1

Capital requirements

Group	30 June 2012	30 June 2011	31 Dec 2011
SEK million			
Credit risk recognised in accordance with IRB approach			
Exposures to corporates	2,409	2,266	2,491
Retail exposures	846	860	894
Positions in securitisations	221	-	229
Total exposures in accordance with IRB approach	3,476	3,126	3,614
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
Exposures to institutions	413	418	514
Exposures to corporates	164	953	142
Retail exposures	72	35	48
Past due items	0	1	1
Other items	10	8	8
Total exposures in accordance with standardised approach	659	1 415	713
Risk in commercial portfolio			
Operational risk	178	252	239
Currency risk	211	217	217
Raw material risk	-	-	-
Total minimum capital requirements	4,524	5,010	4,783
Addition to transitional rules	6,251	5,652	5,930
Total capital requirements according to transition rules	10,775	10,662	10,713

Capital Adequacy

Capital adequacy

Group

SEK million	30 June 2012	30 June 2011	31 Dec 2011
Core Tier 1 capital	8,829	8,399	8,975
Tier 1 capital	11,823	11,393	11,969
Total capital	14,043	13,896	14,296
Without transition rules			
Risk-weighted assets	56,547	62,630	59,786
Core Tier 1 capital ratio	15,6%	13,4%	15,0%
Tier 1 capital ratio	20,9%	18,2%	20,0%
Capital adequacy ratio	24,8%	22,2%	23,9%
Capital quotient	3,10	2,77	2,99
With transition rules			
Risk-weighted assets	134,687	133,276	133,917
Core Tier 1 capital ratio	6,6%	6,3%	6,7%
Tier 1 capital ratio	8,8%	8,5%	8,9%
Capital adequacy ratio	10,4%	10,4%	10,7%
Capital quotient	1,30	1,30	1,33

SBAB Bank AB (publ)

SEK million	30 June 2012	30 June 2011	31 Dec 2011
Core Tier 1 capital	7,737	7,560	7,432
Tier 1 capital	10,731	10,554	10,426
Total capital	13,002	13,133	12,819
Without transition rules			
Risk-weighted assets	23,931	28,117	25,159
Core Tier 1 capital ratio	32,3%	26,9%	29,5%
Tier 1 capital ratio	44,8%	37,5%	41,4%
Capital adequacy ratio	54,3%	46,7%	51,0%
Capital quotient	6,79	5,84	6,37
With transition rules			
Risk-weighted assets	23,931	28,834	27,948
Core Tier 1 capital ratio	32,3%	26,2%	26,6%
Tier 1 capital ratio	44,8%	36,6%	37,3%
Capital adequacy ratio	54,3%	45,5%	45,9%
Capital quotient	6,79	5,69	5,73

Liquidity Reserve

The assets in SBAB Bank's liquidity reserve primarily comprise liquid, interest-bearing 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.

Group

SEK million	June	Currency distribution			
Liquidity Reserve, SEKm	2012	SEK	EUR	USD	Other
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	9 818	3 534	5 813	181	290
Securities issued or guaranteed by municipalities or Public Sector Entities	3 257	2 969	-	288	-
Covered bonds issued by other institutions	16 723	9 037	7 616	70	-
Covered bonds issued by SBAB	-	-	-	-	-
Securities issued by non-financial corporates	-	-	-	-	-
Securities issued by financial corporates (excl. covered bonds)	5 812	-	5 183	356	273
Other Securities	-	-	-	-	-
Total assets	35 610	15 540	18 612	895	563
Bank & Loan Facilities	1 556	-	-	1 556	-
Total liquidity reserve	37 166	15 540	18 612	2 451	563
Currency distribution		42%	50%	7%	1%

Remark: RMBS are recognized at the accrued cost, while other securities are recognized at fair value.