

Own funds and capital requirements

SBAB reports credit risk mainly in accordance with the IRB approach, and reports operational, market risk and CVA risk in accordance with the standardised approach. The regulatory framework (CRR and CRD IV) published by the European Commission include new rules for liquidity risk, the composition of the capital base, counterparty risk, pro-cyclicality and the implementation of leverage ratio. The framework are planned to be gradually implemented until 2019.

The tables below are based on 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 and information about capital adequacy and buffers on a quarterly basis. In compliance with FFFS 2010:7 liquidity reserve and Liquidity Coverage Ratio is published.

SBAB, consolidated situation

Disclosure according to Article 2 in Commission implementing regulation (EU) No. 1423/2013

Own funds

Group SEK million	30/09/2014	31/12/2013*	30/09/2013*
Common Equity Tier 1 capital			
Shareholders' equity according to the Group's balance sheet	10,541	9,681	9,455
Estimated dividend	-365	-	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	-	23	24
Cash flow hedge reserve	22	-	-
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-7	-	-
Value adjustment due to the requirements for prudent valuation	-64	-	-
Non-controlling interest	-	100	755
Intangible fixed assets	-47	-165	-183
IRB shortfall of credit risk adjustments to expected losses	-86	-38	-37
Net pension assets	-	-18	-4
Common Equity Tier 1 capital	9,994	9,583	10,010
Additional Tier 1 capital			
Additional Tier 1 instruments	2,395	2,994	2,994
Tier 1 capital	12,389	12,577	13,004
Tier 2 capital			
Time-limited subordinated debentures	2,747	2,123	2,262
Net reserves for IRB exposures	-	-38	-37
Net pension assets	-	-18	-4
Tier 2 capital	2,747	2,067	2,221
Total own funds	15,136	14,644	15,225

*According to earlier rules (Basel II)

Capital requirements

Group	30/09/2014		31/12/2013*		30/09/2013*	
	Capital requirement	Risk exposure	Capital requirement	Risk exposure	Capital requirement	Risk exposure
SEK million						
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	575	7,191	736	9,199	835	10,432
Retail exposures	1,043	13,040	1,124	14,051	1,011	12,639
- of which exposures to SME	135	1,693	211	2,638	199	2,494
- of which retail exposures secured by immovable property	908	11,347	913	11,413	812	10,145
Positions in securitisations	-	-	270	3,380	175	2,192
Total exposures in accordance with IRB approach	1,618	20,231	2,130	26,630	2,021	25,263
Credit risk reported in accordance with standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions	124	1,550	397	4,965	403	5,036
Exposures to corporates	143	1,791	196	2,454	174	2,171
Retail exposures	132	1,644	99	1,231	98	1,228
Exposures in default	1	10	1	11	1	12
Exposures in the form of covered bonds	223	2,788	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	154	1,925	-	-	-	-
Exposures to CIU:s	19	242	17	217	17	214
Other items	82	1,021	10	127	10	125
Total exposures in accordance with standardised approach	878	10,971	720	9,005	703	8,786
Market risk	336	4,195	287	3,591	230	2,871
Operational risk	164	2,048	154	1,923	154	1,923
CVA risk	73	913	-	-	-	-
Total capital requirements and risk exposure amount	3,069	38,358	3,291	41,149	3,108	38,843
Applicable capital buffer (Capital conservation buffer)	959	-	-	-	-	-
Total capital requirements (incl. Capital conservation buffer)	4,028	-	-	-	-	-

* According to earlier rules (Basel II)

Capital adequacy

Group	30/09/2014	31/12/2013*	30/09/2013*
SEK million			
Common Equity Tier 1 capital	9,994	9,583	10,010
Tier 1 capital	12,389	12,577	13,004
Total own funds	15,136	14,644	15,225
Without transition rules			
Risk exposure amount	38,358	41,149	38,843
Common Equity Tier 1 capital ratio	26.1%	23.3%	25.8%
Tier 1 capital ratio	32.3%	30.6%	33.5%
Total capital ratio	39.5%	35.6%	39.2%
With transition rules			
Own funds	15,223	14,644	15,225
Risk exposure amount	143,267	139,600	137,386
Total capital ratio	10.6%	10.5%	11.1%

* According to earlier rules (Basel II)

Liquidity Reserve

The assets in the liquidity reserve primarily comprises liquid, fixed income securities with a high rating and it is 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.

Liquidity reserve

Group SEK million	Distribution by currency				
	30/09/2014	SEK	EUR	USD	Other
Cash and balances from central banks	-	-	-	-	-
Balances from other banks	-	-	-	-	-
Securities issued or guaranteed by central governments, central banks or multinational development banks	17,105	6,748	9,616	741	-
Securities issued or guaranteed by municipalities or non-governmental public sector entities	4,993	3,879	-	1,114	-
Covered bonds issued by others	25,916	19,515	4,919	1,254	228
Own covered bonds	-	-	-	-	-
Securities issued by non-financial companies	-	-	-	-	-
Securities issued by financial companies (excl. covered bonds)	-	-	-	-	-
Other securities	-	-	-	-	-
Total	48,014	30,142	14,535	3,109	228
Bank and loan facilities	-	-	-	-	-
Total	48,014	30,142	14,535	3,109	228
Distribution by currency		62.7%	30.3%	6.5%	0.5%

Liquidity Coverage Ratio

Liquidity Coverage Ratio = Liquid Assets / (Cash Outflows – Cash inflows). The figures are reported in accordance with the definitions and weights in FFFS 2012:6. The calculation takes into account that assets with 85% weight must not represent more than 40% of the liquid assets, and that inflows cannot be higher than 75% of the outflows in each column.

Liquidity Coverage Ratio

Group SEK million	Total	EUR	USD
	439%	653%	679%
Liquid assets	37,163	13,798	2,921
Assets with 100% weight	22,298	9,616	1,855
Assets with 85% weight	14,865	4,181	1,066
Cash Outflows	28,693	8,458	1,722
Retail Deposits	4,271	-	-
Market Funding	19,871	6,570	1,721
Other cash outflows	4,552	1,888	1
Cash Inflows	20,220	6,344	1,291
Inflow from retail lending	495	-	-
Other cash inflows	19,726	6,344	1,291

SBAB Bank AB (publ)

Own funds

SBAB Bank AB (publ)

SEK million	30/09/2014	31/12/2013*	30/09/2013*
Common Equity Tier 1 capital			
Shareholders' equity according to the Group's balance sheet	8,577	8,276	8,080
Estimated dividend	-365	-	-
Unrealised value changes of loan and accounts receivable previously classified as assets available-for-sale	-	23	24
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-1	-	-
Value adjustment due to the requirements for prudent valuation	-64	-	-
Intangible fixed assets	-14	-14	-12
IRB shortfall of credit risk adjustments to expected losses	-47	-17	-20
Common Equity Tier 1 capital	8,086	8,268	8,072
Additional Tier 1 capital			
Additional Tier 1 instruments	2,395	2,994	2,994
Tier 1 capital	10,481	11,262	11,066
Tier 2 capital			
Time-limited subordinated debentures	2,748	2,123	2,262
Net reserves for IRB exposures	-	-17	-20
Tier 2 capital	2,748	2,106	2,242
Total own funds	13,229	13,368	13,308

*According to earlier rules (Basel II)

Capital requirements

SBAB Bank AB (publ)	30/09/2014		31/12/2013*		30/09/2013*	
	Capital requirement	Risk exposure	Capital requirement	Risk exposure	Capital requirement	Risk exposure
SEK million						
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	175	2,187	297	3,716	324	4,044
Retail exposures	326	4,075	411	5,135	386	4,828
- of which exposures to SME	35	433	75	938	64	806
- of which retail exposures secured by immovable property	291	3,642	336	4,197	322	4,022
Positions in securitisations	-	-	271	3,381	175	2,192
Total exposures in accordance with IRB approach	501	6,262	979	12,232	885	11,064
Credit risk reported in accordance with standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions	83	1,036	184	2,299	175	2,185
Exposures to corporates	144	1,799	194	2,428	172	2,148
Retail exposures	131	1,634	98	1,219	97	1,215
Exposures in default	1	11	1	11	1	12
Exposures in the form of covered bonds	114	1,421	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	8	105	-	-	-	-
Exposures to CIU:s	19	242	17	217	17	214
Equity exposures	827	10,338	-	-	-	-
Other items	7	87	7	90	7	90
Total exposures in accordance with standardised approach	1,334	16,673	501	6,264	469	5,864
Market risk	308	3,852	287	3,591	230	2,871
Operational risk	112	1,402	106	1,330	106	1,330
CVA risk	43	532	-	-	-	-
Total capital requirements and risk exposure amount	2,298	28,721	1,873	23,417	1,690	21,129
Applicable capital buffer (Capital conservation buffer)	718	-	-	-	-	-
Total capital requirements (incl. Capital conservation buffer)	3,016	-	-	-	-	-

* According to earlier rules (Basel II)

Capital adequacy

SBAB Bank AB (publ)

SEK million

	30/09/2014	31/12/2013*	30/09/2013*
Common Equity Tier 1 capital	8,086	8,268	8,072
Tier 1 capital	10,481	11,262	11,066
Total own funds	13,229	13,368	13,308
Without transition rules			
Risk exposure amount	28,721	23,417	21,129
Common Equity Tier 1 capital ratio	28.2%	35.3%	38.2%
Tier 1 capital ratio	36.5%	48.1%	52.4%
Total capital ratio	46.1%	57.1%	63.0%
With transition rules			
Own funds	13,276	13,368	13,308
Risk exposure amount	28,070	32,507	31,671
Total capital ratio	47.3%	41.1%	42.0%

*According to earlier rules (Basel II)

Swedish Covered Bonds Corporation (SCBC)

Own funds

SCBC

SEK million

	30/09/2014	31/12/2013*	30/09/2013*
Common Equity Tier 1 capital			
Shareholders' equity according to the balance sheet	12,534	11,907	11,230
Profit for the period	-649	-	-439
Profit, verified by auditor	-	-	308
Not received group contribution	-	-546	-
Cash flow hedge reserve	22	-	-
Fair value gains and losses arising from the institution's own credit risk related to derivative liabilities	-5	-	-
Value adjustments due to the requirements for prudent valuation	-9	-	-
IRB shortfall of credit risk adjustments to expected losses	-40	-43	-31
Common Equity Tier 1 capital	11,853	11,318	11,068
Tier 1 capital	11,853	11,318	11,068
Tier 2 capital	11,853	11,318	11,068
Total own funds	11,853	11,318	11,068

*According to earlier rules (Basel II)

Capital requirements

SCBC SEK million	30/09/2014		31/12/2013*		30/09/2013*	
	Capital requirement	Risk exposure	Capital requirement	Risk exposure	Capital requirement	Risk exposure
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	400	5,003	439	5,483	511	6,384
Retail exposures	717	8,965	713	8,916	619	7,739
- of which exposures to SME	101	1,259	136	1,699	135	1,687
- of which retail exposures secured by immovable property	616	7,706	577	7,217	484	6,052
Total exposures in accordance with IRB approach	1,117	13,968	1,152	14,399	1,130	14,123
Credit risk reported in accordance with standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions	41	514	212	2,653	222	2,769
Exposures to corporates	1	17	2	25	2	23
Retail exposures	1	10	1	12	1	11
Exposures in default	0	0	0	0	0	0
Exposures in the form of covered bonds	110	1,367	-	-	-	-
Exposures to institutions and corporates with a short-term credit assessment	144	1,805	-	-	-	-
Other items	99	1,235	3	38	3	36
Total exposures in accordance with standardised approach	396	4,948	218	2,728	228	2,839
Market risk	53	665	-	-	-	-
Operational risk	147	1,836	171	2,136	171	2,136
CVA risk	31	382	-	-	-	-
Total capital requirements and risk exposure amount	1,744	21,799	1,541	19,263	1,528	19,098
Applicable capital buffer (Capital conservation buffer)	545	-	-	-	-	-
Total capital requirement (incl. Capital conservation buffer)	2,289	-	-	-	-	-

* According to earlier rules (Basel II)

Capital adequacy

SCBC SEK million	30/09/2014	31/12/2013*	30/09/2013*
Common Equity Tier 1 capital	11,853	11,318	11,068
Tier 1 capital	11,853	11,318	11,068
Total own funds	11,853	11,318	11,068
Without transition rules			
Risk exposure amount	21,799	19,263	19,098
Common Equity Tier 1 capital ratio	54.4%	58.8%	58.0%
Tier 1 capital ratio	54.4%	58.8%	58.0%
Total capital ratio	54.4%	58.8%	58.0%
With transition rules			
Own funds	11,892	11,318	11,068
Risk exposure amount	115,476	107,089	105,033
Total capital ratio	10.3%	10.6%	10.5%

* According to earlier rules (Basel II)