

DISCLOSURE OF CAPITAL, LIQUIDITY AND LEVERAGE RATIO

September 2017 | SBAB Bank AB (publ)

SBAB!

från dröm till hem



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 Group, SEK million	30 Sep 2017	31 Dec 2016	30 Sep 2016
CET1 capital	13,090	12,385	11,656
Tier 1 capital	16,090	15,385	14,656
Total capital	20,541	19,833	19,104
Without transitional rules			
Risk exposure amount	41,705	38,413	40,860
CET1 capital ratio, %	31.4	32.2	28.5
Excess ¹⁾ of CET1 capital	11,213	10,656	9,817
Tier 1 capital ratio, %	38.6	40.1	35.9
Excess ¹⁾ of Tier 1 capital	13,588	13,080	12,204
Total capital ratio, %	49.3	51.6	46.8
Excess ¹⁾ of total capital	17,204	16,760	15,835
With transitional rules			
Own funds	20,563	19,835	19,144
Risk exposure amount	187,529	168,936	173,281
Total capital ratio, %	11.0	11.7	11.0

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 Group, SEK million	30 Sep 2017	31 Dec 2016	30 Sep 2016
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	10,469	9,592	9,600
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	245	662	1,033
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	748	942	268
CET1 capital before regulatory adjustments	14,920	14,654	14,359
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-73	-67	-65
Intangible assets (net of related tax liability) (negative amount)	-155	-142	-122
Fair value reserves related to gains or losses on cash-flow hedges	-59	-526	-933
Negative amounts resulting from the calculation of expected loss amounts	-26	-3	-39
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-17	-31	-44
Additional Tier 1 instruments in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-1,830	-2,269	-2,703
CET1 capital	13,090	12,385	11,656
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>1,500</i>
<i>Of which: classified as liabilities under applicable accounting standards</i>	<i>1,500</i>	<i>1,500</i>	<i>1,500</i>
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)	16,090	15,385	14,656
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	4,447	4,447	4,447
Credit risk adjustments	4	1	1
Tier 2 capital before regulatory adjustments	4,451	4,448	4,448
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	4,451	4,448	4,448
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	20,541	19,833	19,104
Total risk-weighted assets	41,705	38,413	40,860

cont. **OWN FUNDS – CONSOLIDATED SITUATION**

OWN FUNDS Group, SEK million	30 Sep 2017	31 Dec 2016	30 Sep 2016
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	31.4	32.2	28.5
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	38.6	40.1	35.9
Total capital (as a percentage of total risk-weighted exposure amount), %	49.3	51.6	46.8
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, %)	26.9	27.7	24.0
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⁾ Earnings for the interim period were reduced by the expected dividend of SEK 499 million based on Q3 2017. The interim results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation (see the explanation on page 10 of the administration report).

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 Sep 2017		31 Dec 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk (excl. counterparty risk)	30,862	2,469	29,455	2,356
<i>of which, the standardised approach</i>	6,058	485	5,909	472
<i>of which, the FIRB approach</i>	12,631	1,010	12,106	969
<i>of which, the AIRB approach</i>	12,173	974	11,440	915
Counterparty credit risk	5,489	439	3,753	300
<i>of which, the standardised approach</i>	2,782	222	1,907	152
<i>of which, credit valuation adjustment risk (CVA)</i>	2,707	217	1,846	148
Market risk	1,210	97	1,571	126
<i>of which, the standardised approach</i>	1,210	97	1,571	126
Operational risks	4,144	331	3,634	291
<i>of which, the standardised approach</i>	4,144	331	3,634	291
Adjustment for the Basel 1 floor		11,667		10,442
Total	41,705	15,002	38,413	13,515

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

RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS Group, SEK million	30 Sep 2017		31 Dec 2016		30 Sep 2016	
	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment	Risk exposure amount	Capital require- ment
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	12,631	1,010	12,106	969	11,471	918
Retail exposures	12,173	974	11,440	915	13,207	1,057
<i>Of which: exposures to SMEs</i>	1,109	89	1,211	97	1,272	102
<i>Of which: retail exposures secured by immovable property</i>	11,064	885	10,229	818	11,935	955
Total exposures recognised with the IRB approach	24,804	1,984	23,546	1,884	24,678	1,975
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⁾	2,782	222	1,907	152	2,123	170
<i>Of which: derivatives according to CRR, Appendix 2</i>	2,677	214	1,903	152	2,020	162
<i>Of which repos</i>	104	8	3	0	103	8
<i>Of which other</i>	1	0	1	0	0	0
Exposures to corporates	–	–	–	–	15	1
Retail exposures	2,331	186	1,933	155	1,959	156
Exposures in default	11	1	12	1	9	1
Exposures in the form of covered bonds	3,284	263	3,384	271	3,665	293
Exposures to institutions and corporates with a short-term credit rating	11	1	19	1	48	4
Other items	421	34	561	44	799	64
Total exposures recognised with standardised approach	8,840	707	7,816	624	8,618	689
Market risk	1,210	97	1,571	126	1,751	140
<i>Of which: position risk</i>	418	34	886	71	955	76
<i>Of which: currency risk</i>	792	63	685	55	796	64
Operational risk	4,144	331	3,634	291	3,634	291
Credit valuation adjustment risk	2,707	217	1,846	148	2,179	174
Total risk exposure amount and minimum capital requirements	41,705	3,336	38,413	3,073	40,860	3,269
Capital requirements for capital conservation buffer		1,043		960		1,021
Capital requirements for countercyclical buffer		826		571		608
Total capital requirements		5,205		4,604		4,898

¹⁾ The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 2,781 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	15,932	-	-	-	-	-	-	-	15,932	-
Exposures to regional governments or local authorities	8,393	-	-	-	-	-	-	-	8,393	-
Exposures to multilateral development banks	1,793	-	-	-	-	-	-	-	1,793	-
Exposures to institutions ¹⁾	-	-	1,799	4,844	-	-	-	-	6,643	0
Exposures to corporates	-	-	-	-	-	-	-	-	0	-
Retail exposures	-	-	-	-	3,108	-	-	-	3,108	3,108
Exposures in default	-	-	-	-	-	6	3	-	9	9
Exposures in the form of covered bonds	-	32,835	-	-	-	-	-	-	32,835	-
Exposures to institutions and corporates with a short-term credit assessment	-	-	55	-	-	-	-	-	55	-
Other items	169	-	-	-	-	422	-	-	591	591
Total	26,287	32,835	1,854	4,844	3,108	428	3	0	69,359	3,708

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	15,861	-	15,932	-	-	-
Exposures to regional governments or local authorities or agencies	7,386	-	8,393	-	-	-
Exposures to multilateral development banks	1,793	-	1,793	-	-	-
Exposures to institutions ¹⁾	0	-	0	-	0	-
Exposures to corporates	-	-	-	-	-	-
Retail exposures	2,842	1,329	2,842	266	2,331	75%
Exposures in default	9	-	9	-	11	122%
Exposures in the form of covered bonds	32,835	-	32,835	-	3,284	10%
Exposures to institutions and corporates with a short-term credit assessment	55	-	55	-	11	20%
Other items	590	-	590	-	421	71%
Total	61,371	1,329	62,449	266	6,058	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	8,240	8	20	8,225	0.09	85	36.9	2.5	1,403	17	3	-
		0.15 to <0.25	7,802	36	20	7,809	0.21	120	35.6	2.5	1,907	24	6	-
		0.25 to <0.50	2,969	15	20	2,959	0.45	97	35.4	2.5	1,086	37	4	-
		0.50 to <0.75	-	-	-	-	0.45	-	-	-	-	-	-	-
		0.75 to <2.50	370	-	-	370	1.16	23	42.6	2.5	280	76	2	-
		2.50 to <10.00	334	-	-	329	3.06	18	35.6	2.5	271	82	4	-
		10.00 to <100.00	11	-	-	11	27.04	2	35.2	2.5	14	127	1	-
		100.00 (Default)	48	-	-	48	100.00	2	35.0	2.5	-	-	17	-
		Portfolio subtotal	19,774	59	20	19,751	0.52	347	35.9	2.5	4,961	25	37	19
	Of which, Corporates Other	0.00 to <0.15	13,955	2,400	71	15,536	0.09	92	37.7	2.5	3,890	25	5	-
		0.15 to <0.25	4,475	2,238	76	6,154	0.21	37	44.0	2.5	2,871	47	6	-
		0.25 to <0.50	825	102	75	902	0.45	14	43.9	2.5	616	68	2	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	57	-	-	15	1.16	4	35.1	2.5	12	80	-	-
		2.50 to <10.00	6	-	-	6	3.05	2	35.0	2.5	6	106	-	-
		10.00 to <100.00	-	139	75	105	27.04	1	45.0	2.5	275	263	13	-
		100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-
		Portfolio subtotal	19,318	4,879	74	22,718	0.26	150	39.7	2.5	7,670	34	26	-
Retail (advanced approach)	Of which, Retail SME	0.00 to <0.15	30,852	110	71	30,638	0.09	1,171	7.7	-	422	1	2	-
		0.15 to <0.25	13,280	79	78	12,959	0.21	795	8.4	-	366	3	2	-
		0.25 to <0.50	2,003	-	-	1,874	0.45	192	10.2	-	111	6	1	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	293	-	-	261	1.16	47	10.9	-	32	12	1	-
		2.50 to <10.00	120	-	-	94	3.35	29	12.6	-	26	26	-	-
		10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-
		100.00 (Default)	96	-	-	96	100.00	6	17.2	-	153	159	17	-
		Portfolio subtotal	46,644	189	73	45,922	0.36	2,240	8.1	-	1,110	2	23	21
	Of which, Retail Other	0.00 to <0.15	141,584	24,983	37	147,967	0.04	123,546	9.8	-	1,890	1	6	-
		0.15 to <0.25	50,254	16,724	41	55,473	0.16	41,099	11.0	-	2,206	4	10	-
		0.25 to <0.50	28,423	6,321	35	30,202	0.42	21,512	11.1	-	2,456	8	14	-
		0.50 till <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	12,281	332	78	12,533	1.55	8,251	11.5	-	2,546	20	22	-
		2.50 to <10.00	2,293	38	81	2,323	4.17	1,622	11.5	-	847	36	11	-
		10.00 to <100.00	1,311	104	26	1,329	24.67	1,166	12.0	-	982	74	39	-
		100.00 (Default)	278	-	40	278	100.00	210	12.7	-	136	49	32	-
		Portfolio subtotal	236,424	48,502	39	250,105	0.47	197,405	10.4	-	11,063	4	134	158
Total (all portfolios)		322,160	53,629	39	338,496	0.44	200,142	13.5	-	24,804	7	220	197	

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 Sep 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⁾	24,479	1,958	24,898	1,992
Asset size	979	78	2,848	228
Asset quality	-656	-52	-2,692	-215
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-1,495	-120
Foreign exchange movements	-	-	-	-
Other	2	0	-13	-1
Risk exposure amount at the end of the reporting period	24,804	1,984	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 Sep 2017					31 Dec 2016				
	0%	10%	20%	50%	Total	0%	10%	20%	50%	Total
Institution	-	-	1,799	4,844	6,643	-	-	712	3,529	4,241
Total	-	-	1,799	4,844	6,643	-	-	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 Sep 2017		31 Dec 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Interest-rate risk (general and specific)	418	34	886	71
Foreign exchange risk	792	63	685	55
Total	1,210	97	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 – CONSOLIDATED SITUATION

SEK million	Pillar 1	30 Sep 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	2,908	2,908	2,908	2,656	2,656	2,656
	Market risk	97	97	97	126	126	126
	Operational risk	331	331	331	291	291	291
Pillar 2							
	Credit risk ¹⁾	-	1,242	0	-	1,019	0
	Market risk	-	990	990	-	1,118	1,118
	Operational risk	-	115	115	-	91	91
	Risk-weight floor	-	-	7,729	-	-	6,532
	Concentration risk	-	840	840	-	669	669
	Sovereign risk	-	58	58	-	59	59
	Pension risk	-	0	0	-	0	0
Buffers							
	Capital conservation buffer	1,043	1,043	1,043	960	960	960
	Capital planning buffer ²⁾	-	807	0	-	1,000	0
	Countercyclical buffer	826	826	826	571	571	571
Total		5,205	9,257	14,937	4,604	8,560	13,073

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 situationi calculated according to article 429 i CRR(Regulation (EU) No 575/2013 of the European Parliament and of the council, amounts to 3.77 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 Group, SEK million	30 Sep 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	830	830	–	–	–	632	632	–	–	–
Balances at other banks	–	–	–	–	–	–	–	–	–	–
Securities issued or guaranteed by governments, central banks or multinational development banks	25,331	15,352	7,585	2,394	–	25,166	14,343	7,602	3,221	–
Securities issued or guaranteed by municipalities or public sector entities	11,964	10,353	173	1,438	–	6,596	5,311	–	1,285	–
Covered bonds issued by other institutions	37,216	31,838	4,586	792	–	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	75,341	58,373	12,344	4,624	–	69,464	51,650	12,341	5,473	–
Bank and loan facilities	–	–	–	–	–	–	–	–	–	–
Total	75,341	58,373	12,344	4,624	–	69,464	51,650	12,341	5,473	–
Distribution by currency, %		77.5	16.4	6.1	–		74.3	17.8	7.9	–

TABLE 13. LIQUIDITY COVERAGE RATIO – CONSOLIDATED SITUATION

LIQUIDITY COVERAGE RATIO Group, SEK million	30 Sep 2017			31 Dec 2016		
	Total	DISTRIBUTION BY CURRENCY		Total	DISTRIBUTION BY CURRENCY	
		EUR	USD		EUR	USD
Liquidity coverage ratio (LCR), % ¹⁾	265	52,772	193	243	182,704	258
Liquid assets	69,760	11,657	4,505	63,904	11,630	5,329
Assets with 100% weight	38,126	7,758	3,832	32,394	7,602	4,506
Assets with 85% weight	31,634	3,898	673	31,510	4,028	822
Cash outflows	28,884	88	2,336	25,886	25	2,634
Deposits from the public	19,065	-	-	15,886	-	-
Market funding	4,595	-	2,045	5,190	-	2,633
Other outflows	5,225	88	291	4,810	25	1
Cash inflows	4,868	2,183	7	3,674	1,594	571
Inflow from retail lending	2,291	-	-	586	-	-
Other inflows	2,577	2,183	7	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 Sep 2017	31 Dec 2016	30 Sep 2016
CET1 capital	7,232	7,708	7,615
Tier 1 capital	10,232	10,708	10,615
Total capital	14,683	15,157	15,064
Without transitional rules			
Risk exposure amount	36,124	31,484	33,237
CET1 capital ratio, %	20.0	24.5	22.9
Excess ¹⁾ of CET1 capital	5,606	6,292	6,120
Tier 1 capital ratio, %	28.3	34.0	31.9
Excess ¹⁾ of Tier 1 capital	8,064	8,819	8,621
Total capital ratio, %	40.6	48.1	45.3
Excess ¹⁾ of total capital	11,793	12,639	12,405
With transitional rules			
Own funds	14,700	15,162	15,094
Risk exposure amount	53,027	35,833	40,425
Total capital ratio, %	27.7	42.3	37.3

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 Sep 2017	31 Dec 2016	30 Sep 2016
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	5,678	6,094	6,104
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	150	118	150
Additional Tier 1 instruments	1,500	1,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	-485	-350	-429
CET1 capital before regulatory adjustments	8,801	9,320	9,283
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-76	-70	-70
Intangible assets (net of related tax liability) (negative amount)	-27	-31	-9
Fair value reserves related to gains or losses on cash-flow hedges	71	27	-16
Negative amounts resulting from the calculation of expected loss amounts	-21	-7	-30
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-16	-31	-43
Additional Tier 1 instruments in equity	-1,500	-1,500	-1,500
Total regulatory adjustments to CET1 capital	-1,569	-1,612	-1,668
CET1 capital	7,232	7,708	7,615
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>1,500</i>
<i>Of which: classified as liabilities under applicable accounting standards</i>	<i>1,500</i>	<i>1,500</i>	<i>1,500</i>
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)	10,232	10,708	10,615
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	4,447	4,447	4,447
Credit risk adjustments	4	2	1
Tier 2 capital before regulatory adjustments	4,451	4,449	4,448
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	4,451	4,449	4,448
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	14,683	15,157	15,063
Total risk-weighted assets	36,124	31,484	33,237

cont. **OWN FUNDS – PARENT COMPANY**

OWN FUNDS Parent Company, SEK million	30 Sep 2017	31 Dec 2016	30 Sep 2016
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	20.0	24.5	22.9
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	28.3	34.0	31.9
Total capital (as a percentage of total risk-weighted exposure amount), %	40.6	48.1	45.3
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, %)	15.5	20.0	18.4
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⁾ Earnings for the interim period were reduced by the expected dividend of SEK 499 million based on Q3 2017. The interim results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation (see the explanation on page 10 of the administration report)

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 Sep 2017		31 Dec 2016		30 Sep 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	8,127	650	6,474	518	6,607	529
Retail exposures	4,378	350	3,172	254	3,950	316
<i>Of which: exposures to SMEs</i>	390	31	351	28	421	34
<i>Of which: retail exposures secured by immovable property</i>	3,988	319	2,821	226	3,529	282
Total exposures recognised with the IRB approach	12,505	1,000	9,646	772	10,557	845
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⁾	2,676	214	1,645	132	1,768	141
<i>Of which: derivatives according to CRR, Appendix 2</i>	79	6	1,645	132	1,709	137
<i>Of which repos</i>	2,597	208	–	–	58	4
<i>Of which other</i>	0	0	0	0	1	0
Exposures to corporates	–	–	–	–	15	1
Retail exposures	2,331	186	1,933	155	1,959	157
Exposures in default	11	1	12	1	9	1
Exposures in the form of covered bonds	3,283	263	3,384	271	3,665	293
Exposures to institutions and corporates with a short-term credit rating	10	1	16	1	46	4
Equity exposures	10,386	831	10,386	831	10,386	831
Other items	98	8	85	6	97	8
Total exposures recognised with standardised approach	18,795	1,504	17,461	1,397	17,945	1,436
Market risk	681	54	1,195	96	1,331	106
<i>Of which: position risk</i>	418	33	887	71	955	76
<i>Of which: currency risk</i>	263	21	308	25	376	30
Operational risk	1,570	126	1,478	118	1,478	118
Credit valuation adjustment risk	2,573	206	1,704	136	1,926	154
Total risk exposure amount and minimum capital requirements	36,124	2,890	31,484	2,519	33,237	2,659
Capital requirements for capital conservation buffer		903		787		831
Capital requirements for countercyclical buffer		715		467		494
Total capital requirements		4,508		3,773		3,984

¹⁾The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 2,676 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 6,043 million.