

# DISCLOSURE OF CAPITAL, LIQUIDITY AND LEVERAGE RATIO

March 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 OWN FUNDS

TABLE 1. 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.

SEK million	31 Mar 2017	31 Dec 2016	31 Mar 2016
<b>CET1 capital instruments: Instruments and reserves</b>			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings <sup>1)</sup>	10,358	9,592	9,489
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	411	662	734
Additional Tier 1 securities	1,500	1,500	-
Independently verified interim profits net of any foreseeable charge or dividend	-	942	-
<b>CET1 capital before regulatory adjustments</b>	<b>14,227</b>	<b>14,654</b>	<b>12,181</b>
<b>CET1 capital: Regulatory adjustments</b>			
Additional value adjustments (negative amount)	-76	-67	-81
Intangible assets (net of related tax liability) (negative amount)	-149	-142	-124
Fair value reserves related to gains or losses on cash-flow hedges	-252	-526	-718
Negative amounts resulting from the calculation of expected loss amounts	-4	-3	-72
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-30	-31	-39
Tier 1 capital instruments in equity	-1,500	-1,500	-
<b>Total regulatory adjustments to CET1 capital</b>	<b>-2,011</b>	<b>-2,269</b>	<b>-1,034</b>
<b>CET1 capital</b>	<b>12,216</b>	<b>12,385</b>	<b>11,147</b>
<b>Additional Tier 1 capital: Instruments</b>			
Capital instruments and the related share premium accounts	3,000	3,000	1,500
<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	1,500
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	-	-	994
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>3,000</b>	<b>3,000</b>	<b>2,494</b>
<b>Additional Tier 1 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>3,000</b>	<b>3,000</b>	<b>2,494</b>
<b>Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)</b>	<b>15,216</b>	<b>15,385</b>	<b>13,641</b>
<b>Tier 2 capital: Instruments and provisions</b>			
Capital instruments and the related share premium accounts	4,447	4,447	5,447
Credit risk adjustments	2	1	-
<b>Tier 2 capital before regulatory adjustments</b>	<b>4,449</b>	<b>4,448</b>	<b>5,447</b>
<b>Tier 2 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital</b>	<b>4,449</b>	<b>4,448</b>	<b>5,447</b>
<b>Total capital (Total capital=Tier 1 capital + Tier 2 capital)</b>	<b>19,665</b>	<b>19,833</b>	<b>19,088</b>
<b>Total risk-weighted assets</b>	<b>40,903</b>	<b>38,413</b>	<b>40,384</b>
<b>Capital ratio and buffers</b>			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	29.9	32.2	27.6
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	37.2	40.1	33.8
Total capital (as a percentage of total risk-weighted exposure amount), %	48.1	51.6	47.3
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	8.0

cont. **OWN FUNDS – CONSOLIDATED SITUATION**

SEK million	31 Mar 2017	31 Dec 2016	31 Mar 2016
<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	1.0
<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, %)	25.4	27.7	23.1
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	-	-	1,796
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	-
Current cap on T2 instruments subject to phase-out arrangements	-	-	780

<sup>1)</sup> Retained earnings was reduced by the proposed dividend for 2016 of SEK 628 million and the expected dividend of SEK 169 million based on Q1 2017.

## 2 CAPITAL REQUIREMENT

TABLE 2. **RISK-WEIGHTED ASSETS 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" – Table OV1

SEK million	31 Mar 2017		31 Dec 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk (excl. counterparty risk)</b>	<b>30,250</b>	<b>2,420</b>	<b>29,455</b>	<b>2,356</b>
<i>of which, the standardised approach</i>	6,428	514	5,909	472
<i>of which, the FIRB approach</i>	12,121	970	12,106	969
<i>of which, the AIRB approach</i>	11,701	936	11,440	915
<b>Counterparty credit risk</b>	<b>4,986</b>	<b>399</b>	<b>3,753</b>	<b>300</b>
<i>of which, the standardised approach</i>	2,519	202	1,907	152
<i>of which, credit valuation adjustment risk (CVA)</i>	2,467	197	1,846	148
<b>Market risk</b>	<b>1,523</b>	<b>122</b>	<b>1,571</b>	<b>126</b>
<i>of which, the standardised approach</i>	1,523	122	1,571	126
<b>Operational risks</b>	<b>4,144</b>	<b>331</b>	<b>3,634</b>	<b>291</b>
<i>of which, the standardised approach</i>	4,144	331	3,634	291
<b>Adjustment for the Basel 1 floor</b>		<b>10,773</b>		<b>10,442</b>
<b>Total</b>	<b>40,903</b>	<b>14,045</b>	<b>38,413</b>	<b>13,515</b>

TABLE 3. CAPITAL REQUIREMENT – CONSOLIDATED SITUATION

SEK million	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>						
Exposures to corporates	12,121	970	12,106	969	11,232	899
Retail exposures	11,701	936	11,440	915	13,568	1,085
<i>Of which: exposures to SMEs</i>	1,168	93	1,211	97	1,499	120
<i>Of which: retail exposures secured by immovable property</i>	10,533	843	10,229	818	12,069	965
<b>Total exposures recognised with the IRB approach</b>	<b>23,822</b>	<b>1,906</b>	<b>23,546</b>	<b>1,884</b>	<b>24,800</b>	<b>1,984</b>
<b>Credit risk recognised with the standardised approach</b>						
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 <sup>1)</sup>	2,519	202	1,907	152	2,049	164
<i>Of which: derivatives according to CRR, Appendix 2</i>	2,409	193	1,903	152	1,654	132
<i>Of which repos</i>	110	9	3	0	117	9
<i>Of which other</i>	0	0	1	0	278	23
Exposures to corporates	-	-	-	-	15	1
Retail exposures	2,063	165	1,933	155	2,137	171
Exposures in default	11	1	12	1	9	1
Exposures in the form of covered bonds	3,504	280	3,384	271	3,670	293
Exposures to institutions and corporates with a short-term credit rating	366	29	19	1	270	22
Other items	484	39	561	44	878	70
<b>Total exposures recognised with standardised approach</b>	<b>8,947</b>	<b>716</b>	<b>7,816</b>	<b>624</b>	<b>9,028</b>	<b>722</b>
<b>Market risk</b>	<b>1,523</b>	<b>122</b>	<b>1,571</b>	<b>126</b>	<b>1,472</b>	<b>118</b>
<i>Of which: position risk</i>	749	60	886	71	869	70
<i>Of which: currency risk</i>	774	62	685	55	603	48
<b>Operational risk</b>	<b>4,144</b>	<b>331</b>	<b>3,634</b>	<b>291</b>	<b>3,634</b>	<b>291</b>
<b>Credit valuation adjustment risk</b>	<b>2,467</b>	<b>197</b>	<b>1,846</b>	<b>148</b>	<b>1,450</b>	<b>116</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>40,903</b>	<b>3,272</b>	<b>38,413</b>	<b>3,073</b>	<b>40,384</b>	<b>3,231</b>
<b>Capital requirements for capital conservation buffer</b>		<b>1,023</b>		<b>960</b>		<b>1,010</b>
<b>Capital requirements for countercyclical buffer</b>		<b>810</b>		<b>571</b>		<b>401</b>
<b>Total capital requirements</b>		<b>5,105</b>		<b>4,604</b>		<b>4,642</b>

<sup>1)</sup> The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 2,519 million (1,906).

TABLE 4. 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" – Table CR8

SEK million	31 Mar 2017		31 Dec 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Risk exposure amount at the end of the previous period</b>	<b>23,546</b>	<b>1,884</b>	<b>24,898</b>	<b>1,992</b>
Asset size	432	35	2,848	228
Asset quality	-155	-13	-2,692	-215
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-1,495	-120
Foreign exchange movements	-	-	-	-
Other	-1	0	-13	-1
<b>Risk exposure amount at the end of the reporting period</b>	<b>23,822</b>	<b>1,906</b>	<b>23,546</b>	<b>1,884</b>

## 3 CAPITAL ADEQUACY

TABLE 5. CAPITAL ADEQUACY – CONSOLIDATED SITUATION

SEK million	31 Mar 2017	31 Dec 2016	31 Mar 2016
CET1 capital	12,216	12,385	11,147
Tier 1 capital	15,216	15,385	13,641
Total capital	19,665	19,833	19,088
<b>Without transitional rules</b>			
Risk exposure amount	40,903	38,413	40,384
CET1 capital ratio, %	29.9	32.2	27.6
Excess <sup>1)</sup> of CET1 capital	10,375	10,656	9,329
Tier 1 capital ratio, %	37.2	40.1	33.8
Excess <sup>1)</sup> of Tier 1 capital	12,762	13,080	11,218
Total capital ratio, %	48.1	51.6	47.3
Excess <sup>1)</sup> of total capital	16,393	16,760	15,857
<b>With transitional rules</b>			
Own funds	19,667	19,835	19,159
Risk exposure amount	175,559	168,936	169,866
Total capital ratio, %	11.2	11.7	11.3

<sup>1)</sup> Excess of capital has been calculated based on the minimum capital requirements (without buffer requirements)

## 4 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 6. INTERNALLY CALCULATED CAPITAL REQUIREMENTS PER RISKTYPE – CONS. SITUATION

		31 Mar 2017			31 Dec 2016		
		Pillar 1	EXCL. RISK-WEIGHT FLOOR Internally assessed capital requirement	INCL. RISK-WEIGHT FLOOR Internally assessed capital requirement	Pillar 1	EXCL. RISK-WEIGHT FLOOR Internally assessed capital requirement	INCL. RISK-WEIGHT FLOOR Internally assessed capital requirement
Pillar 1	Credit risk & CVA risk	2,819	2,819	2,819	2,656	2,656	2,656
	Market risk	122	122	122	126	126	126
	Operational risk	331	331	331	291	291	291
Pillar 2	Credit risk <sup>1)</sup>		904			1,019	
	Market risk		1,138	1,138		1,118	1,118
	Operational risk		80	80		91	91
	Risk-weight floor		-	7,137		-	6,532
	Concentration risk		680	680		669	669
	Sovereign risk		60	60		59	59
Buffers	Pension risk		0	0		0	0
	Capital conservation buffer	1,023	1,023	1,023	960	960	960
	Capital planning buffer <sup>2)</sup>		937	-		1,000	
	Countercyclical buffer	810	810	810	571	571	571
<b>Total</b>		<b>5,105</b>	<b>8,904</b>	<b>14,200</b>	<b>4,604</b>	<b>8,560</b>	<b>13,073</b>

<sup>1)</sup> 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.

<sup>2)</sup> 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 is calculated according to article 429 i CRR( Regulation (EU) No 575/2013 of the European Parliament and of the council, amounts to 4.06 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 7. LIQUIDITY RESERVE – CONSOLIDATED SITUATION

SEK million	31 Mar 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	1,310	1,310	–	–	–	632	632	–	–	–
Balances at other banks	–	–	–	–	–	–	–	–	–	–
Securities issued or guaranteed by governments, central banks or multinational development banks	27,105	16,936	7,533	2,636	–	25,166	14,343	7,602	3,221	–
Securities issued or guaranteed by municipalities or public sector entities	10,375	8,666	133	1,576	–	6,596	5,311	–	1,285	–
Covered bonds issued by other institutions	40,982	35,226	4,711	1,045	–	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	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>79,772</b>	<b>62,138</b>	<b>12,377</b>	<b>5,257</b>	<b>–</b>	<b>69,464</b>	<b>51,650</b>	<b>12,341</b>	<b>5,473</b>	<b>–</b>
Bank and loan facilities	–	–	–	–	–	–	–	–	–	–
<b>Total</b>	<b>79,772</b>	<b>62,138</b>	<b>12,377</b>	<b>5,257</b>	<b>–</b>	<b>69,464</b>	<b>51,650</b>	<b>12,341</b>	<b>5,473</b>	<b>–</b>
Distribution by currency, %		77.9	15.5	6.6	–		74.3	17.8	7.9	–

TABLE 8. LIQUIDITY COVERAGE RATIO – CONSOLIDATED SITUATION

SEK million	31 Mar 2017			31 Dec 2016		
	DISTRIBUTION BY CURRENCY			DISTRIBUTION BY CURRENCY		
	Total	EUR	USD	Total	EUR	USD
Liquidity coverage ratio (LCR), % <sup>1)</sup>	295	8,453	1,141	243	182,704	258
<b>Liquid assets</b>	<b>73,627</b>	<b>11,671</b>	<b>5,100</b>	<b>63,904</b>	<b>11,630</b>	<b>5,329</b>
Assets with 100% weight	38,793	7,666	4,212	32,394	7,602	4,506
Assets with 85% weight	34,834	4,005	888	31,510	4,028	822
<b>Cash outflows</b>	<b>27,977</b>	<b>552</b>	<b>1,787</b>	<b>25,886</b>	<b>25</b>	<b>2,634</b>
Retail deposits	17,650	0	0	15,886	0	0
Market funding	5,453	535	1,786	5,190	0	2,633
Other outflows	4,874	17	1	4,810	25	1
<b>Cash inflows</b>	<b>6,056</b>	<b>641</b>	<b>1,628</b>	<b>3,674</b>	<b>1,594</b>	<b>571</b>
Inflow from retail lending	3,075	0	0	586	0	0
Other inflows	2,981	641	1,628	3,088	1,594	571



# **SBAB BANK AB (PUBL)**

**PARENT COMPANY**



# 1 OWN FUNDS

TABLE 9. 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.

SEK million	31 Mar 2017	31 Dec 2016	31 Mar 2016
<b>CET1 capital instruments: Instruments and reserves</b>			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings <sup>1)</sup>	5,568	6,094	5,992
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	130	118	8
Additional Tier 1 securities	1,500	1,500	-
Independently verified interim profits net of any foreseeable charge or dividend	-	-350	-26
<b>CET1 capital before regulatory adjustments</b>	<b>9,156</b>	<b>9,320</b>	<b>7,932</b>
<b>CET1 capital: Regulatory adjustments</b>			
Additional value adjustments (negative amount)	-79	-70	-83
Intangible assets (net of related tax liability) (negative amount)	-30	-31	-11
Fair value reserves related to gains or losses on cash-flow hedges	45	27	3
Negative amounts resulting from the calculation of expected loss amounts	-3	-7	-35
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-29	-31	-39
Tier 1 capital instruments in equity	-1,500	-1,500	-
<b>Total regulatory adjustments to CET1 capital</b>	<b>-1,596</b>	<b>-1,612</b>	<b>-165</b>
<b>CET1 capital</b>	<b>7,560</b>	<b>7,708</b>	<b>7,767</b>
<b>Additional Tier 1 capital: Instruments</b>			
Capital instruments and the related share premium accounts	3,000	3,000	1,500
<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	1,500
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	-	-	994
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>3,000</b>	<b>3,000</b>	<b>2,494</b>
<b>Additional Tier 1 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>3,000</b>	<b>3,000</b>	<b>2,494</b>
<b>Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)</b>	<b>10,560</b>	<b>10,708</b>	<b>10,261</b>
<b>Tier 2 capital: Instruments and provisions</b>			
Capital instruments and the related share premium accounts	4,447	4,447	5,447
Credit risk adjustments	3	2	-
<b>Tier 2 capital before regulatory adjustments</b>	<b>4,450</b>	<b>4,449</b>	<b>5,447</b>
<b>Tier 2 capital: Regulatory adjustments</b>			
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 2 capital</b>	<b>4,450</b>	<b>4,449</b>	<b>5,447</b>
<b>Total capital (Total capital=Tier 1 capital + Tier 2 capital)</b>	<b>15,010</b>	<b>15,157</b>	<b>15,708</b>
<b>Total risk-weighted assets</b>	<b>34,379</b>	<b>31,484</b>	<b>32,592</b>
<b>Capital ratio and buffers</b>			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	22.0	24.5	23.8
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	30.7	34.0	31.5
Total capital (as a percentage of total risk-weighted exposure amount), %	43.7	48.1	48.2
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	8.0

cont. **OWN FUNDS – PARENT COMPANY**

<b>SEK million</b>	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>	<b>31 Mar 2016</b>
<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	1.0
<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, %)	17.5	20.0	19.3
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 January 2013 and 1 January 2022)</b>			
Current cap on AT1 instruments subject to phase-out arrangements	–	–	1,796
Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	–	–
Current cap on T2 instruments subject to phase-out arrangements	–	–	780

<sup>1)</sup> Retained earnings was reduced by the proposed dividend for 2016 of SEK 628 million and the expected dividend of SEK 169 million based on Q1 2017.

## 2 CAPITAL REQUIREMENT

TABLE 10. CAPITAL REQUIREMENT – PARENT COMPANY

SEK million	31 Mar 2017		31 Dec 2016		31 Mar 2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
<b>Credit risk recognised in accordance with IRB approach</b>						
Exposures to corporates	6,641	531	6,474	518	6,282	502
Retail exposures	3,706	297	3,172	254	4,035	323
<i>Of which: exposures to SMEs</i>	356	28	351	28	432	35
<i>Of which: retail exposures secured by immovable property</i>	3,350	269	2,821	226	3,603	288
<b>Total exposures recognised with the IRB approach</b>	<b>10,347</b>	<b>828</b>	<b>9,646</b>	<b>772</b>	<b>10,317</b>	<b>825</b>
<b>Credit risk recognised with the standardised approach</b>						
Exposures to governments and central banks	0	0	0	0	36	3
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 <sup>1)</sup>	2,374	190	1,645	132	1,871	150
<i>Of which: derivatives according to CRR, Appendix 2</i>	2,318	185	1,645	132	1,515	121
<i>Of which repos</i>	56	5	–	–	83	7
<i>Of which other</i>	0	0	0	0	273	22
Exposures to corporates	–	–	–	–	15	1
Retail exposures	2,063	165	1,933	155	2,137	171
Exposures in default	11	1	12	1	9	1
Exposures in the form of covered bonds	3,504	280	3,384	271	3,670	293
Exposures to institutions and corporates with a short-term credit rating	195	16	16	1	266	21
Equity exposures	10,386	831	10,386	831	10,386	831
Other items	91	7	85	6	95	8
<b>Total exposures recognised with standardised approach</b>	<b>18,624</b>	<b>1,490</b>	<b>17,461</b>	<b>1,397</b>	<b>18,485</b>	<b>1,479</b>
<b>Market risk</b>	<b>1500</b>	<b>120</b>	<b>1,195</b>	<b>96</b>	<b>1,042</b>	<b>83</b>
<i>Of which: position risk</i>	750	60	887	71	869	70
<i>Of which: currency risk</i>	750	60	308	25	173	13
<b>Operational risk</b>	<b>1,570</b>	<b>126</b>	<b>1,478</b>	<b>118</b>	<b>1,478</b>	<b>118</b>
<b>Credit valuation adjustment risk</b>	<b>2,338</b>	<b>186</b>	<b>1,704</b>	<b>136</b>	<b>1,270</b>	<b>102</b>
<b>Total risk exposure amount and minimum capital requirements</b>	<b>34,379</b>	<b>2,750</b>	<b>31,484</b>	<b>2,519</b>	<b>32,592</b>	<b>2,607</b>
<b>Capital requirements for capital conservation buffer</b>		<b>860</b>		<b>787</b>		<b>815</b>
<b>Capital requirements for countercyclical buffer</b>		<b>680</b>		<b>467</b>		<b>323</b>
<b>Total capital requirements</b>		<b>4,290</b>		<b>3,773</b>		<b>3,745</b>

<sup>1)</sup> The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 2,374 million (1,645).

## 3 CAPITAL ADEQUACY

TABLE 11. CAPITAL ADEQUACY – PARENT COMPANY

SEK million	31 Mar 2017	31 Dec 2016	31 Mar 2016
CET1 capital	7,560	7,708	7,767
Tier 1 capital	10,560	10,708	10,261
Total capital	15,010	15,157	15,708
<b>Without transitional rules</b>			
Risk exposure amount	34,379	31,484	32,592
CET1 capital ratio, %	22.0	24.5	23.8
Excess <sup>1)</sup> of CET1 capital	6,013	6,292	6,300
Tier 1 capital ratio, %	30.7	34.0	31.5
Excess <sup>1)</sup> of Tier 1 capital	8,498	8,819	8,305
Total capital ratio, %	43.7	48.1	48.2
Excess <sup>1)</sup> of total capital	12,259	12,639	13,101
<b>With transitional rules</b>			
Own funds	15,011	15,162	15,744
Risk exposure amount	41,925	35,833	37,525
Total capital ratio, %	35.8	42.3	42.0

<sup>1)</sup> Excess of capital has been calculated based on the minimum capital requirements (without buffer requirements)

## 4 INTERNALLY ASSESSED CAPITAL REQUIREMENT

For the Parent Company, SBAB Bank AB (publ), the internal capital requirement without the risk weight floor amounted to SEK 5,781 million.