

Disclosure of own funds and leverage ratio

September 2020



CONTENTS

Page	Risk Section	Legal reference	Table according to EBA guidelines
04	1	Capital position	
04	1.1	Capital adequacy	
05	1.2	Own funds	
06	1.3	Risk exposure amounts and capital requirements by risk type	EU OV1
07	1.4	Risk exposure amounts and capital requirements	
08	1.5	LRSum: Summary reconciliation of accounting assets and leverage ratio exposures	EU LRSum
08	1.6	LRSpl: Split-up of on-balance sheet exposures (excluding derivatives and SFTs)	EU LRSpl
09	1.7	LRCCom: Leverage ratio common disclosure	EU LRCCom
10	1.8	Internally calculated capital requirements per risk type	
		FFFS 2019:6 amendments in FSA regulations (FFFS 2014:12)	
11	2	Credit risk	
11	2.1	Credit risk exposures and credit risk mitigation (CRM) using the standardised approach	EU CR4
12	2.2	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)	EU CR5
13	2.3	Credit risk exposure by exposure class and pd range	EU CR6
14	2.4	Trend for risk exposure amounts under the irb approach	EU CR8
15	2.5	Credit quality of exposures by exposure class and instrument	EU CR1-A
16	2.6	Credit quality of exposures by industry of counterparty types	EU CR1-B
16	2.7	Credit quality of exposures by geography	EU CR1-C
17	2.8	Changes in the stock of general and specific credit risk adjustments	EU CR2-A
17	2.9	Changes in the stock of defaulted and impaired loans and interest-bearing securities	EU CR2-B
18	2.10	Credit risk mitigation techniques	EU CR3
18	2.11	Credit quality of forborne exposures	EU NPL 1
19	2.12	Credit quality of performing and non-performing exposures by past due days	EU NPL 3
20	2.13	Performing and non-performing exposures and related provisions	EU NPL 4
21	2.14	Information on loans and advances subject to legislative and non-legislative moratoria	
22	2.15	Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	
23	2.16	Risk weights for counterparty – Credit risk exposures by class	EU CCR3
23	2.17	Analysis of the counterparty credit risk (CCR) exposure by approach	EU CCR1
23	2.18	Impact of netting and collateral held on exposure values	EU CCR5-A
24	2.19	Composition of collateral for exposures to counterparty credit risk	EU CCR5-B
25	3	Market risk	
25	3.1	Risk exposure amounts and capital requirements for market risk	EU MR1
26	4	Asset encumbrance	
26	4.1	Encumbered and unencumbered assets	
27	4.2	Collateral received	
27	4.3	Sources of encumbrance	

Swedish Covered Bond Association (SCBC)



The tables below are based on the disclosure requirements under Part 8 of regulation (EU) 575/2013 and Swedish Financial Supervisory Authority's Regulatory Code FFFS 2014:18 and FFFS 2014:12. According to these regulations, AB Sveriges Säkerställda Obligationer (publ) (Swedish Covered Bond Corporation – SCBC), shall publish the structure of own funds, risk exposure amount per exposure class and information about capital adequacy and buffers on a quarterly basis.

SCBC 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.



1 Capital position

1.1 Capital adequacy

Amendments to the Banking Package

The EU Official Journal has on June 7, 2019, published amendments to the Capital Requirements Regulation, the Capital Requirements Directive and the Bank Recovery & Resolution Directive (the 'Banking Package') which entered into force on June 27, 2019. The Banking Package includes changes to capital requirements and changes in the loss-absorbing and recapitalisation capacity of credit institutions. Most of the changes in the Capital Requirements Regulation will apply from June 28, 2021. Amendments in Swedish law due to the Capital Adequacy Directive will enter into force on 29 December 2020. Due to the corona pandemic, the EU made amendments to the CRR with effect from June 27, 2020. SCBC was affected by an earlier introduction of

a reduction of the capital requirement for loans to small and medium-sized enterprises (SME factor). For SCBC the changes has a limited effect on the capital requirement.

Buffer requirements

During the first quarter, the Swedish FSA reduced the countercyclical buffer requirement for banks from 2.5 percent to 0 percent, due to the current corona pandemic. On September 9, 2020, the Swedish FSA decided to keep the countercyclical capital buffer requirement for banks unchanged at 0 percent.

SEK million	SCBC		
	30 Sep 2020	31 Dec 2019	30 Sep 2019
CET1 capital	16,810	16,168	15,886
Tier 1 capital	16,810	16,168	15,886
Total capital	16,816	16,173	15,889
Risk exposure amount	101,200	94,966	94,162
CET1 capital ratio, %	16.6	17.0	16.9
Excess ¹⁾ of CET1 capital	12,256	11,894	11,649
Tier 1 capital ratio, %	16.6	17.0	16.9
Excess ¹⁾ of Tier 1 capital	10,738	10,470	10,236
Total capital ratio, %	16.6	17.0	16.9
Excess ¹⁾ of total capital	8,720	8,575	8,356

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

1.2 Own funds

Disclosures in accordance with Article 4 of Commission Implementing Regulation (EU) No 1423/2013, Annex IV.

SEK million	SCBC		
	30 Sep 2020	31 Dec 2019	30 Sep 2019
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	9,600	9,600	9,600
Retained earnings	6,601	5,253	5,696
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2,491	1,830	3,049
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	629	1,349	638
CET1 capital before regulatory adjustments	19,321	18,032	18,983
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-15	-12	-17
Fair value reserves related to gains or losses on cash-flow hedges	-2,491	-1,830	-3,049
Negative amounts resulting from the calculation of expected loss amounts	-5	-22	-31
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	0	0
Total regulatory adjustments to CET1 capital	-2,511	-1,864	-3,097
CET1 capital	16,810	16,168	15,886
Additional Tier 1 capital: Instrument			
Additional Tier 1 capital before regulatory adjustments	-	-	-
Additional Tier 1 capital: Regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital	-	-	-
Additional Tier 1 capital	-	-	-
Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)	16,810	16,168	15,886
Tier 2 capital: Instruments and provisions			
Credit risk adjustments	6	5	3
Tier 2 capital before regulatory adjustments	6	5	3
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	6	5	3
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	16,816	16,173	15,889
Total risk-weighted assets	101,200	94,966	94,162

1.2 Cont. Own funds

SEK million	SCBC		
	30 Sep 2020	31 Dec 2019	30 Sep 2019
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	16.6	17.0	16.9
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	16.6	17.0	16.9
Total capital (as a percentage of total risk-weighted exposure amount), %	16.6	17.0	16.9
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), %	7.0	9.5	9.5
– 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 buffer requirement, %	0.0	2.5	2.5
– of which, systemic risk buffer requirement, %	–	–	–
– of which, G-SII buffer and O-SII buffer, %	–	–	–
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	8.6	9.0	8.9
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 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) Net profit for the interim period was reduced by the expected dividend of SEK 419 million based on Q3 2020. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

1.3 Risk exposure amounts and capital requirements by risk type

(EU OV1 table)

SEK million	SCBC			
	30 Sep 2020		30 Jun 2020	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Credit risk (excl. counterparty risk)	19,461	1,557	18,559	1,485
– of which, the standardised approach	327	26	336	27
– of which, the FIRB approach	7,732	619	6,790	543
– of which, the AIRB approach	11,402	912	11,433	915
Counterparty credit risk	675	55	672	54
– of which, mark to market	152	12	147	12
– of which, credit valuation adjustment risk (CVA)	523	43	525	42
Market risk	629	50	675	54
– of which, the standardised approach	629	50	675	54
Operational risks	4,441	355	4,441	355
– of which, the standardised approach	4,441	355	4,441	355
Additional stricter prudential requirements under Article 458 of the CRR	75,378	6,030	74,094	5,928
Additional stricter prudential requirements under Article 3 of the CRR	616	49	616	49
Total	101,200	8,096	99,057	7,925

1.4 Risk exposure amounts and capital requirements

At the start of 2019, SBAB's Board decided to apply Article 3 of the Regulation (EU) No. 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (CRR) for corporate exposures to small and medium-sized enterprises. The aim is to compensate for the current pro-cyclical effect that exists in the bank's internal models for credit risk, which has resulted in PD declining in line with the favourable economic climate. e. As a result, the bank has since 31 March 2019 introduced a REA surcharge of SEK 616 million under Pillar 1.

In May 2020, SCBC started to apply a new definition of default according to guidelines submitted by European banking authority (EBA) aimed to harmonize calculations for credit risk between banks. At the transition to the new definition of default in May the share of defaulted exposures was reduced and the impact on REA was very limited which was in line with the bank's expectations.

SEK million	SCBC					
	30 Sep 2020		31 Dec 2019		30 Sep 2019	
	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	7,732	619	5,940	475	5,807	465
Retail exposures	11,402	912	11,274	902	11,364	909
– of which, exposures to SMEs	814	65	764	61	744	60
– of which, retail exposures secured by immovable property	10,588	847	10,510	841	10,620	849
Total exposures recognised with the IRB approach	19,134	1,531	17,214	1,377	17,171	1,374
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 institutions ¹⁾	152	12	85	7	144	12
– of which, derivatives according to CRR, Appendix 2	137	11	64	5	98	8
– of which, repos	15	1	21	2	46	4
– of which, other	0	0	0	0	0	0
Exposures to institutions and corporates with a short-term credit rating	0	0	0	0	0	0
Other items	327	26	32	4	327	26
Total exposures recognised with standardised approach	479	38	117	11	471	38
Market risk	629	50	729	58	808	65
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	629	50	729	58	808	65
Operational risk	4,441	355	4,186	335	4,186	335
– of which, standardised approach	4,441	355	4,186	335	4,186	335
Credit valuation adjustment risk (CVA risk)	523	43	368	29	530	42
Additional requirements under Article 458 of the CRR	75,378	6,030	71,736	5,739	70,380	5,630
Additional requirements under Article 3 of the CRR	616	49	616	49	616	49
Total risk exposure amount and minimum capital requirements	101,200	8,096	94,966	7,598	94,162	7,533
Capital requirements for capital conservation buffer		2,530		2,374		2,354
Capital requirements for countercyclical buffer		0		2,374		2,354
Total capital requirements		10,626		12,346		12,241

1) The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 152 million (85).

1.5 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

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 SCBC, calculated according to article 429 in Regulation (EU) No 575/2013 of the European Parliament and of the council (CRR), amounted to 4.33%.

SEK million	SCBC Applicable amount
Total assets as per published financial statements	400,992
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
Adjustments for derivative financial instruments	-13,541
Adjustment for securities financing transactions (SFTs)	1,108
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	0
(Adjustment for intragroup exposures excluded from the leverage ratio total exposure measure in accordance with Article 429(7) of Regulation (EU) No 575/2013)	-19,123
Other adjustments	19,128
Leverage ratio total exposure measure	388,564

1.6 LRSpl: Split-up of on-balance sheet exposures (excluding derivatives and SFTs)

SEK million	SCBC CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	387,182
– of which, trading book exposures	-
Banking book exposures, of which:	387,182
– of which, covered bonds	0
Exposures treated as sovereigns	738
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
Institutions	0
Secured by mortgages of immovable properties	385,978
Retail exposures	0
Corporate	-
Exposures in default	139
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	327

1.7

LRCom: Leverage ratio common disclosure

SEK million	SCBC CRR leverage ratio exposures
On-balance sheet exposures (excluding derivatives and SFTs)	
On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) (Asset amounts deducted in determining Tier 1 capital)	387,182 0
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	387,182
Derivative Exposures	
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	13,259
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method) (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	6,138 -
Total derivatives exposures	19,397
SFT Exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions Netted amounts of cash payables and cash receivables of gross SFT assets	1,108 -
Total securities financing transaction exposures	1,108
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount Adjustments for conversion to credit equivalent amounts)	0 0
Other off-balance sheet exposures	0
Exempted exposures in accordance with Article 429(7) and (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	
(Intragroup exposures (solo basis) exempted in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet))	-19,123
Capital and total exposure measure	
Tier 1 capital	16,810
Leverage ratio total exposure measure	388,564
Leverage ratio	
Leverage ratio	4.33%
Choice on transitional arrangements and amount of derecognised fiduciary items	
Choice on transitional arrangements for the definition of the capital measure	Fully phased in

Description of the processes used to manage the risk of excessive leverage

Leverage ratio is included in SCBC:s forward looking capital planning in order to proactively manage the risk of excessive leverage. The ratio is targeted in SCBC's capital policy. The outcome and development of the ratio is monitored and reported monthly to the CEO and Board. In a situation of excessive leverage where the ratio is in cause of concern, actions in the form of reduced dividend, capital injection from owner or emission of Additional Tier 1 Capital instruments could be implemented. In addition and if necessary, balance sheet actions could also be implemented to reduce the exposure measure.

- The effect of the exposure measure attributable to derivatives has increased, which had a negative impact on leverage ratio by 0.01%.
- An increase mainly in mortgage exposures entailed a negative impact of 0.11%.
- The exempted amount of intra group exposures has increased, which had a positive impact on leverage ratio by 0.01%.

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

The leverage ratio amounted to 4.39% (4.33%) as per September 2020. The change in the leverage ratio compared to the previous quarter is explained by:

- Tier 1 capital increased due to accrued earnings, which had a positive impact on the leverage ratio by 0.06%.
- The effect on the exposure measure attributable to SFT:s has increased and impacted the ratio negatively by 0.01%.

1.9 Internally calculated capital requirements per risk type

The internal capital adequacy assessment aims to ensure that SCBC has adequate capital to deal with any financial problems that arise. The internally assessed capital requirement for SCBC amounted to SEK 11,523 million (SEK 12,839 million on 31 December 2019). The internal capital requirement is assessed using SCBC's internal models for economic capital.

SCBC 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. The internal capital requirement is defined as the higher of economic capital and the regulatory requirements for each type of risk.

SEK million		SCBC			
		30 Sep 2020		31 Dec 2019	
		Internally assessed capital requirement		Internally assessed capital requirement	
	Incl. risk-weight floor, SEK million	Incl. risk-weight floor, %	Incl. risk-weight floor, SEK million	Incl. risk-weight floor, %	
Pillar 1	Credit risk & CVA risk	1,611	1.6	1,417	1.5
	Market risk	51	0.0	58	0.1
	Operational risk	355	0.4	335	0.4
	Risk-weight floor ¹⁾	6,030	6.0	5,739	6.0
	Surcharge, corporate exposures ²⁾	49	0.0	49	0.0
	Total Pillar 1	8,096	8.0	7,598	8.0
Pillar 2	Credit risk	-	-	-	-
	Market risk	406	0.4	65	0.1
	Operational risk	-	-	-	-
	Concentration risk	491	0.5	428	0.4
	Sovereign risk	-	-	-	-
	Pension risk	-	-	-	-
Total Pillar 2	897	0.9	493	0.5	
Buffers	Capital conservation buffer	2,530	2.5	2,374	2.5
	Capital planning buffer	-	-	-	-
	Countercyclical buffer	-	-	2,374	2.5
	Total Buffers	2,530	2.5	4,748	5.0
Total	11,523	11.4	12,839	13.5	
Total own funds	16,816		16,173		

1) Pillar 1 risk-weight floor under Article 458 of the CRR.

2) Surcharge after decision by the Board pursuant to Article 3 of the CRR.

2 Credit risk

2.1 Credit risk exposures and credit risk mitigation (CRM) using the standardised approach

(EU CR4 table)

Exposure classes, SEK million	SCBC					
	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 (%)
Governments and central banks	273	-	275	-	-	-
Regional governments or local authorities or agencies	1	-	463	-	-	-
Multilateral development banks	-	-	-	-	-	-
Institutions ¹⁾	-	-	-	-	-	-
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	0	-	0	-	0	20
Equity	-	-	-	-	-	-
Other items	327	-	327	-	327	100
Total	601	-	1,065	-	327	31

1) The institution exposure class excludes counterparty risk.

2.2

Breakdown of exposure amounts using the standardised approach by exposure class and risk weight after application of the ccf and credit risk mitigation (CRM)

(EU CR5 table)¹⁾

Exposure classes, SEK million	SCBC										Deduc- ted ²⁾	Total	Of which unrated
	0%	10%	20%	50%	75%	100%	150%	250%	1,250%				
Governments and central banks	275	-	-	-	-	-	-	-	-	-	-	275	-
Regional governments or local authorities or agencies	462	-	-	-	-	-	-	-	-	-	-	462	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions ¹⁾	19,123	-	27	293	-	-	-	-	-	-	-	19,443	-
Corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	0	-	-	-	-	-	-	-	-	0	-
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	327	-	-	-	-	-	327	327
Total	19,860	-	27	293	-	327	-	-	-	-	-	20,507	327

1) Exposures to institutions including counterparty risk.

2) The exposure class, "other items" includes those items deducted from own funds. As a precautionary measure, capital adequacy for these is calculated with a risk weight of 0%.

2.3 Credit risk exposure by exposure class and pd range

(EU CR6 table)

SCBC														
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 amount density, %	Expected loss	Value adjustments and provisions	
Exposure class														
Corporates (foundation approach)	0.00 to <0.15	22,899	-	-	22,890	0.09	112	35.0	2.5	3,341	15	7	-	
	0.15 to <0.25	4,387	-	-	4,387	0.21	54	35.0	2.5	1,052	24	3	-	
	0.25 to <0.50	1,642	-	-	1,642	0.45	48	35.1	2.5	549	33	3	-	
	Of which, Corporate SME	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to <2.50	130	-	-	130	1.16	14	35.0	2.5	62	48	1	-	
	2.50 to <10.00	159	-	-	155	3.16	8	35.0	2.5	96	62	2	-	
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	0	-	-	0	100.00	1	35.0	2.5	-	-	-	-	
	Portfolio subtotal		29,217	-	-	29,204	0.15	237	35.0	2.5	5,100	17	16	5
	Of which, Corporates Other	0.00 to <0.15	8,100	-	-	8,073	0.09	61	35.1	2.5	1,880	23	3	-
		0.15 to <0.25	1,483	-	-	1,483	0.21	10	35.1	2.5	553	37	1	-
		0.25 to <0.50	388	-	-	363	0.45	6	35.1	2.5	199	55	1	-
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	-	-	-	-	-	-	-	-	-	-	-	-
		2.50 to <10.00	-	-	-	-	-	-	-	-	-	-	-	-
10.00 to <100.00		-	-	-	-	-	-	-	-	-	-	-	-	
100.00 (Default)		-	-	-	-	-	-	-	-	-	-	-	-	
Portfolio subtotal		9,971	-	-	9,919	0.12	77	35.1	2.5	2,632	27	5	1	
Retail (advanced approach)	0.00 to <0.15	33,697	-	-	33,434	0.09	1,117	6.9	-	414	1	2	-	
	0.15 to <0.25	11,642	-	-	11,529	0.21	503	7.5	-	290	3	2	-	
	0.25 to <0.50	1,966	-	-	1,963	0.45	121	7.2	-	82	4	1	-	
	Of which, Retail SME	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to <2.50	136	-	-	136	1.16	17	9.3	-	14	10	-	-	
	2.50 to <10.00	18	-	-	-	-	2	-	-	-	-	-	-	
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	18	-	-	18	100.00	2	14.4	-	14	78	3	-	
	Portfolio subtotal		47,477	-	-	47,080	0.18	1,762	7.1	-	814	2	8	9
	Of which, Retail Other	0.00 to <0.15	209,892	-	-	209,890	0.04	124,744	10.0	-	2,637	1	9	-
		0.15 to <0.25	47,642	-	-	47,642	0.16	27,881	10.8	-	1,870	4	8	-
		0.25 to <0.50	27,732	-	-	27,732	0.42	14,921	10.9	-	2,213	8	13	-
		0.50 till <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	11,546	-	-	11,546	1.55	6,548	11.3	-	2,307	20	20	-
		2.50 to <10.00	1,947	-	-	1,947	4.17	1,145	11.3	-	695	36	9	-
10.00 to <100.00		1,145	-	-	1,145	24.67	763	10.6	-	748	65	30	-	
100.00 (Default)		142	-	-	142	100.00	126	12.0	-	118	83	13	-	
Portfolio subtotal		300,046	-	-	300,044	0.32	176,128	10.2	-	10,588	4	102	115	
Total (all portfolios)		386,711	-	-	386,247	0.29	178,204	12.4	-	19,134	5	131	130	

2.4 Trend for risk exposure amounts under the irb approach

(EU CR8 table)

SEK million	SCBC			
	30 Sep 2020		30 Jun 2020	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Risk exposure amount at the end of the previous quarter	18,223	1,458	17,659	1,413
Asset size	1,229	98	1,680	134
Asset quality	-323	-25	-1,116	-89
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	-	-	-	-
Other	5	0	0	0
Risk exposure amount at the end of the reporting quarter	19,134	1,531	18,223	1,458

2.5 Credit quality of exposures by exposure class and instrument

(EU CR1-A table)

SEK million	SCBC						
	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	Net values (or net exposures)
Exposures in default	Non-defaulted exposures						
Exposures to corporates	0	39,188	6	-	-	5	39,182
– of which, specialised lending	-	-	-	-	-	-	-
– of which, to SMEs	0	29,217	5	-	-	5	29,212
Retail exposures	160	347,362	124	-	4	-	347,398
Exposures to households secured against immovable property	160	347,362	124	-	4	-	347,398
– of which, to SMEs	18	47,458	9	-	-	-	47,467
– of which, to non-SMEs	142	299,904	115	-	4	-	299,931
Total exposure with IRB approach	160	386,550	130	-	4	23	386,580
Exposures to governments and central banks	-	273	-	-	-	-	273
Exposures to regional governments or local authorities or agencies	-	1	-	-	-	-	1
Exposures to public sector entities	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-
Exposures to international organisations	-	-	-	-	-	-	-
Exposures to institutions	-	19,443	-	-	-	-	19,443
Retail exposures	-	-	-	-	-	-	-
– of which, to SMEs	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-
Exposures in the form of covered bonds	-	-	-	-	-	-	-
Exposures to institutions and corporates with a short-term credit rating	-	0	-	-	-	-	0
Equity exposures	-	-	-	-	-	-	-
Other exposures	-	327	-	-	-	-	327
Deduction for retail exposures in default ¹⁾	-	-	-	-	-	-	-
Total exposure with standardised approach	-	20,044	-	-	-	-	20,044
Total	160	406,594	130	-	4	23	406,624
– of which, loans	160	386,551	130	-	-	23	386,582
– of which, debt securities	-	-	-	-	-	-	-
– of which, off-balance-sheet exposures	-	-	-	-	-	-	-

1) According to EBA guidelines, Q&A 2017:348

2.6 Credit quality of exposures by industry of counterparty types

(EU CR1-B table)

SEK million	SCBC						
	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	Net values
	Exposures in default	Non-default exposures					
Construction	-	746	1	-	-	0	745
Real estate activities	160	385,804	129	-	4	23	385,835
Other services	-	328	-	-	-	-	328
Financial services ¹⁾	-	19,716	-	-	-	-	19,716
Total	160	406,594	130	-	4	23	406,624

1) Credit institutions

2.7 Credit quality of exposures by geography

(EU CR1-C table)

SEK million	SCBC						
	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	Net values
	Exposures in default	Non-default exposures					
Sweden	160	406,556	130	-	4	23	406,586
Denmark	-	11	-	-	-	-	11
Finland	-	27	-	-	-	-	27
Norway	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-
USA	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-
Germany	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	160	406,594	130	-	4	23	406,624

2.8 Changes in the stock of general and specific credit risk adjustments

(EU CR2-A table)

SEK million	SCBC	
	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance (previous quarter)	124	-
Increases due to amounts set aside for estimated loan losses during the period	27	-
Decreases due to amounts reversed for estimated loan losses during the period	-21	-
Decreases due to amounts taken against accumulated credit risk adjustments	0	-
Transfers between credit risk adjustments	-	-
Impact of exchange rate differences	-	-
Business combinations, including acquisitions and disposals of subsidiaries	-	-
Other adjustments	0	-
Closing balance	130	-
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	-	-
Specific credit risk adjustments directly recorded to the statement of profit or loss.	-1	-

2.9 Changes in the stock of defaulted and impaired loans and interest-bearing securities

(EU CR2-B table)

SEK million	SCBC
	Gross carrying amount for defaulted exposures
Opening balance (previous quarter)	162
Loans and interest-bearing securities that have defaulted or impaired since the last reporting period	23
Returned to non-defaulted status	-10
Amounts written off	0
Other changes	-15
Closing balance	160

2.10 Credit risk mitigation techniques

(EU CR3 table)

SEK million	SCBC				
	Unsecured exposures – carrying amount	Secured exposures – carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total – loans	112	386,469	386,007	462	–
Total – interest-bearing securities	–	–	–	–	–
Total exposures	112	386,469	386,007	462	–
– of which, in default	1	138	138	–	–

2.11 Credit quality of forborne exposures

(EU NPL 1 table)¹⁾

SEK million	SCBC							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Per-forming forborne	Non-performing forborne		On performing forborne exposures	On non performing forborne exposure	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures		
	Of which defaulted	Of which impaired						
Loans and advances	12	12	12	12	0	0	24	–
Central banks	–	–	–	–	–	–	–	–
General governments	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Other financial corporations	–	–	–	–	–	–	–	–
Non-financial corporations	7	–	–	–	–	–	7	–
Household	5	12	12	12	0	0	17	–
Debt securities	–	–	–	–	–	–	–	–
Loan commitments given	–	–	–	–	–	–	–	–
Total	12	12	12	12	0	0	24	–

1) Template 1 in Final report on Guidelines on disclosure of non-performing and forborne exposures EBA/GL/2018/10.

2.12 Credit quality of performing and non-performing exposures by past due days

(EU NPL 3 table)¹⁾

SEK million	SCBC											
	Gross carrying amount/nominal amount											
	Performing exposures				Non-performing exposures							
	Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days			Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 years ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Loans and advances	386,438	386,413	25	178	105	24	26	17	5	-	-	177
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	0	0	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	86,552	86,552	-	18	18	-	-	-	-	-	-	18
– of which, SMEs	71,977	71,977	-	18	18	-	-	-	-	-	-	18
Household	299,886	299,861	25	160	87	24	26	17	5	-	-	160
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off balance sheet exposures	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Household	-	-	-	-	-	-	-	-	-	-	-	-
Total	386,438	386,413	25	178	105	24	26	17	5	-	-	177

1) Template 3 in Final report on Guidelines on disclosure of non-performing and forborne exposures EBA/GL/2018/10.

2.13 Performing and non-performing exposures and related provisions

(EU NPL 4 table)¹⁾

SEK million	SCBC														
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral received and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provision		Non-performing exposures accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Accumulated partial write-off	On performing exposures	On non-performing exposures
	Of which stage 1	of which stage 2		Of which stage 2	of which stage 3		Of which stage 1	of which stage 2	Of which stage 2	of which stage 3					
Loans and advances	386,438	369,825	16,613	178	0	178	-113	-48	-65	-22	0	-22	0	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	86,552	85,888	664	18	-	18	-8	-7	-1	-8	-	-8	-	-	-
– of which, SMEs	71,977	71,312	664	18	-	18	-3	-3	0	-8	-	-8	-	-	-
Household	299,886	283,937	15,949	160	0	160	-105	-41	-64	-14	0	-14	0	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off balance sheet exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Household	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	386,438	369,825	16,613	178	0	178	-113	-48	-65	-22	0	-22	0	-	-

1) Template 4 in Final report on Guidelines on disclosure of non-performing and forborne exposures EBA/GL/2018/10.

2.14

Information on loans and advances subject to legislative and non-legislative moratoria

SCBC															
SEK million	Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk						Gross carrying amount		
	Performing			Non performing			Performing			Non performing					
				<i>Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)</i>			<i>Of which: Unlikely to pay that are not past-due <= 90 days</i>				<i>Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)</i>			<i>Of which: Unlikely to pay that are not past-due <= 90 days</i>	<i>Inflows to non-performing exposures</i>
Loans and advances subject to moratorium	43,810	43,801	-	3,010	9	-	3	27	27	-	15	0	-	0	6
- of which, households	43,810	43,801	-	3,010	9	-	3	27	27	-	15	0	-	0	6
- of which, collateralised by residential immovable property	43,810	43,801	-	3,010	9	-	3	27	27	-	15	0	-	0	6
- of which, non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which, SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which, Collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

2.15

Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

SCBC									
Gross carrying amount									
SEK million	Number of obligors	Residual maturity of moratoria							
		<i>Of which: legislative moratoria</i>	<i>Of which: Expired</i>	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year	
Loans and advances for which moratorium was offered	20,352	43,812							
Loans and advances subject to moratorium (granted)	20,350	43,810	43,810	1,184	11,582	6,585	347	25,284	12
– of which, households		43,810	43,810	1,184	11,582	6,585	347	25,284	12
– of which, collateralised by residential immovable property		43,810	43,810	1,184	11,582	6,585	347	25,284	12
– of which, non-financial corporations		–	–	–	–	–	–	–	–
– of which, SMEs		–	–	–	–	–	–	–	–
– of which, Collateralised by commercial immovable property		–	–	–	–	–	–	–	–

2.16 Risk weights for counterparty – Credit risk exposures by class

(EU CCR3 table)

Exposure class, SEK million	SCBC									
	30 Sep 2020					30 Jun 2020				
	0%	10%	20%	50%	Total	0%	10%	20%	50%	Total
Institution	19,123	–	27	293	19,443	18,201	–	–	294	18,495
Total	19,123	–	27	293	19,443	18,201	–	–	294	18,495

2.17 Analysis of the counterparty credit risk (CCR) exposure by approach

(EU CCR1 table)

Exposure class, SEK million	SCBC			
	Replacement cost/current market value	Potential future credit exposure	EAD post CRM	REA
Mark to market	13,259	6,138	19,397	137
Financial collateral comprehensive method (for SFTs)	–	–	46	15
Total	13,259	6,138	19,443	152

2.18 Impact of netting and collateral held on exposure values

(EU CCR5-A table)

SEK million	SCBC				
	Gross positive fair value or net carrying	Netting benefits	Netted current credit	Collateral held	Net credit exposure
Derivatives	13,816	–557	13,259	–	13,259
SFTs	1,108	–	1,108	–1,077	31
Total	14,924	–557	14,367	–1,077	13,290

2.19 Composition of collateral for exposures to counterparty credit risk

(EU CCR5-B table)

SEK million	SCBC					
	Collateral used in derivative transaction				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received	Fair value of posted collateral
Segregated	Unsegregated	Segregated	Unsegregated			
Total	-	-	-	-	1,077	11,345

3 Market risk

3.1 Risk exposure amounts and capital requirements for market risk

(EU MR1 table)

Risk class, SEK million	SCBC			
	30 Sep 2020		30 Jun 2020	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Interest-rate risk (general and specific)	-	-	-	-
Foreign exchange risk	629	50	675	54
Total	629	50	675	54

4 Asset encumbrance

4.1 Encumbered and unencumbered assets

Of the assets included in Table Assets encumbered disclosures below, under the heading Unencumbered assets, carrying amount with the amount recognised in the item Other assets, SCBC has reported any items that are not available for mortgaging or other collateral arrangements in the regular operations. Such assets include deferred tax assets, property, plant and equipment, intangible assets and certain other assets that are not mortgaged, pledged as collateral or used as security in the regular operations.

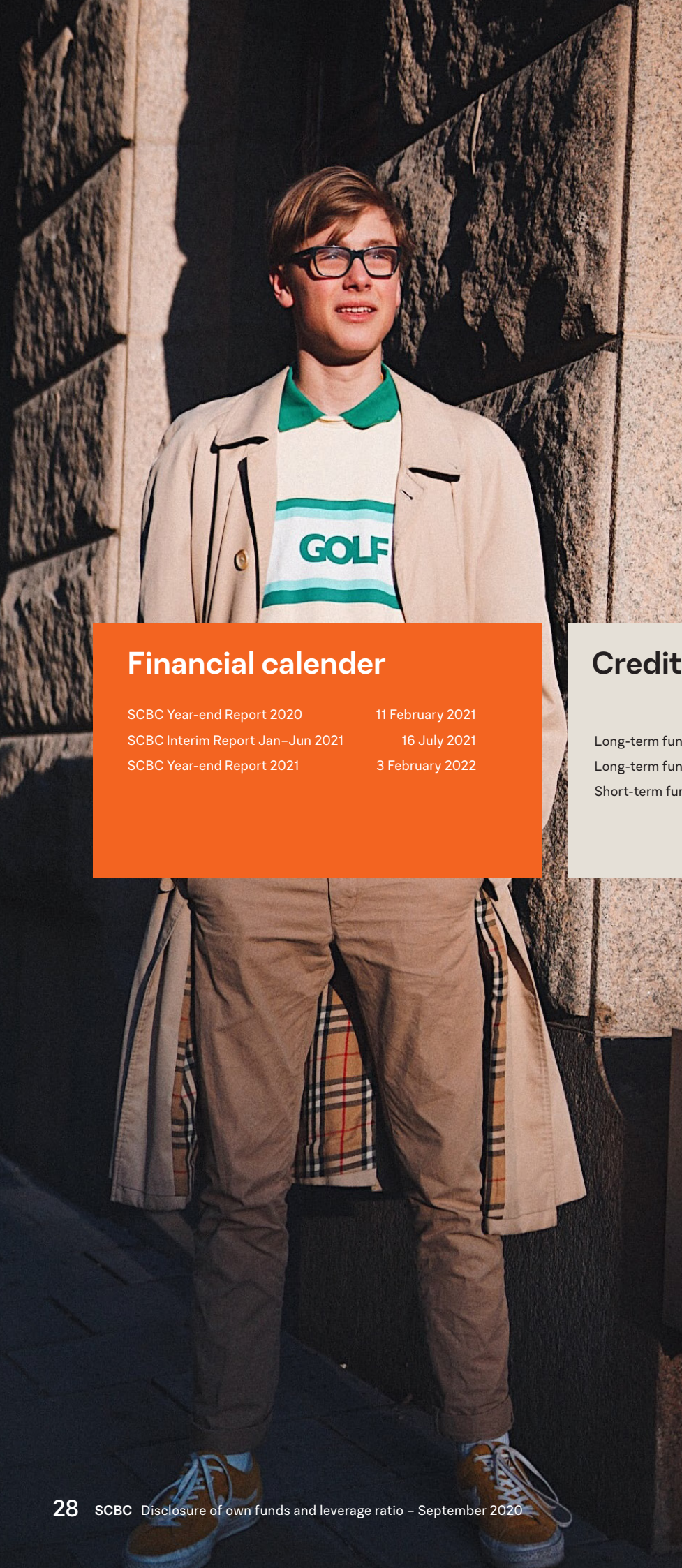
SEK million	SCBC							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		<i>of which notionally eligible EHQLA and HQLA</i>		<i>of which notionally eligible EHQLA and HQLA</i>		<i>of which EHQLA and HQLA</i>		<i>of which EHQLA and HQLA</i>
Assets of the reporting institution	279,283	–			121,709	–		
Equity instruments	–	–			–	–		
Debt securities	–	–	–	–	–	–	–	–
– of which, covered bonds	–	–	–	–	–	–	–	–
– of which, asset-backed securities	–	–	–	–	–	–	–	–
– of which, issued by general governments	–	–	–	–	–	–	–	–
– of which, issued by financial corporations	–	–	–	–	–	–	–	–
– of which, issued by non-financial corporations	–	–	–	–	–	–	–	–
Other assets	279,283	–			121,709			

4.2 Collateral received

SEK million	SCBC			
	Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
		<i>of which notionally eligible EHQLA and HQLA</i>	Fair value of collateral received or own debt securities issued available for encumbrance	<i>of which notionally eligible EHQLA and HQLA</i>
Collateral received by the reporting institution	0	-	-	-
- Equity instruments	-	-	-	-
- Debt securities	-	-	-	-
- Other collateral received	0	-	-	-
Own debt securities issued other than own covered bonds or ABSs	-	-	-	-

4.3 Sources of encumbrance

SEK million	SCBC	
	Matching contingent liabilities or securities lent	Assets, collateral received and own debt securities other than covered bonds and ABSs encumbered
Acquisitions and disposals	279,283	279,283



Financial calendar

SCBC Year-end Report 2020	11 February 2021
SCBC Interim Report Jan–Jun 2021	16 July 2021
SCBC Year-end Report 2021	3 February 2022

Credit ratings

	<u>Moody's</u>	<u>Standard & Poor's</u>
Long-term funding, SBAB	A1	A
Long-term funding, SCBC	Aaa	–
Short-term funding, SBAB	P-1	A-1



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