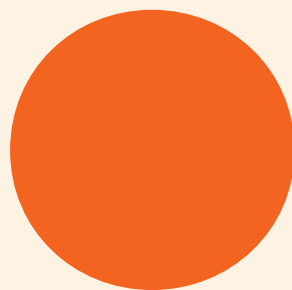


Disclosure of capital, liquidity and leverage ratio

March 2020

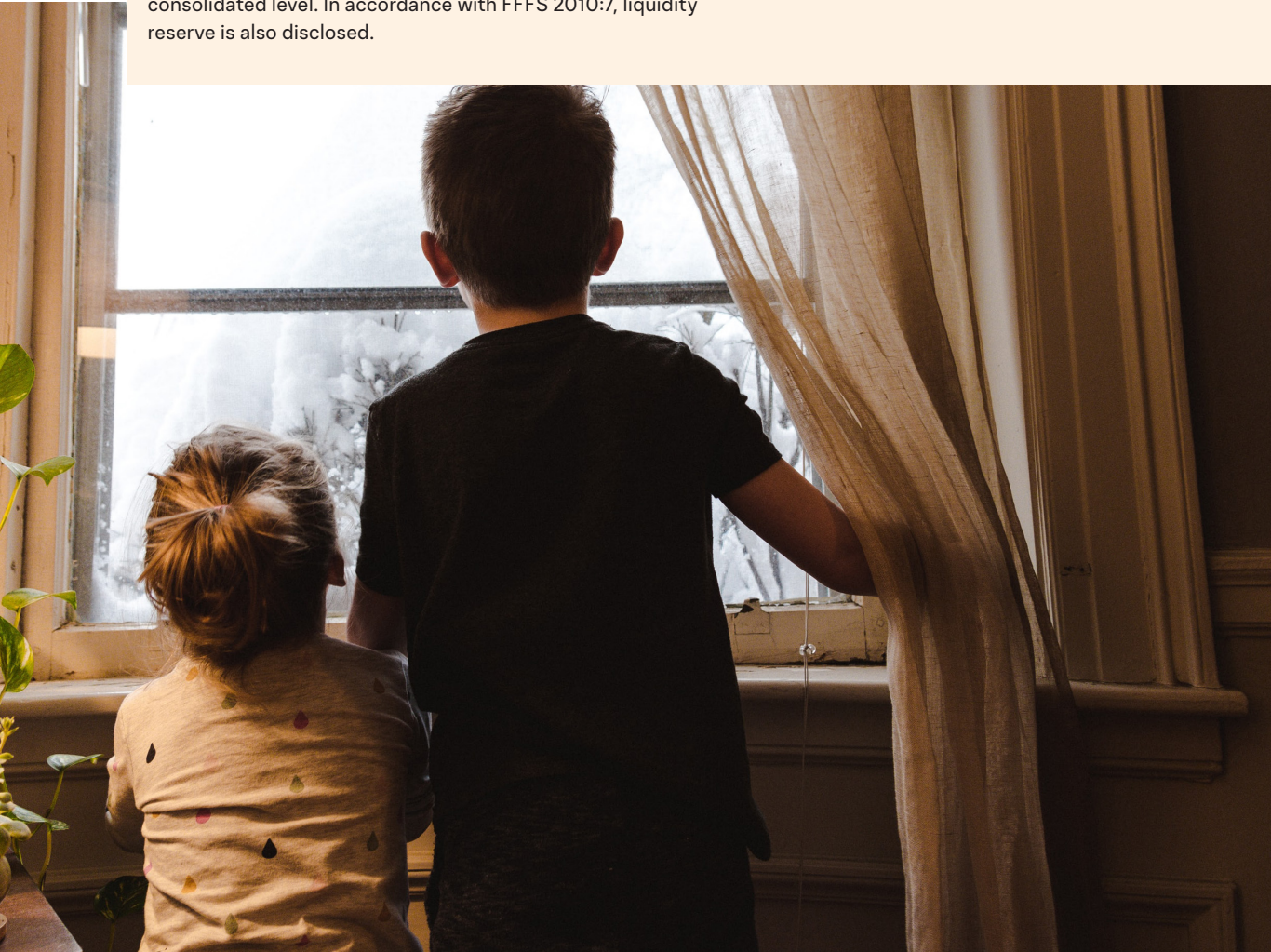


Consolidated situation



The information in this report is 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, SBAB Bank AB (publ) (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 and detailed information about liquidity coverage ratio are reported on a consolidated level. In accordance with FFFS 2010:7, liquidity reserve is also disclosed.

SBAB 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 adequacy

1.1 Overview

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 will apply from June 28, 2021.

In addition, changes to the Capital Requirements Regulation have been adopted on April 26, 2019 which relate to a deduction in own funds for new loans that have become non-performing. The deduction should act as a backstop for non-performing loans. On March 16, 2020, the Swedish FSA decided to lower the countercyclical buffer requirement for banks from 2.5 percent to 0.0 percent due to the current corona pandemic.

Capital adequacy

SEK million	CONSOLIDATED SITUATION		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
CET1 capital	15,926	15,830	14,533
Tier 1 capital	19,426	20,830	17,533
Total capital	21,877	24,282	20,985
Risk exposure amount	125,070	120,571	116,906
CET1 capital ratio, %	12,7	13.1	12.4
Excess ¹⁾ of CET1 capital	10,297	10,404	9,273
Tier 1 capital ratio, %	15,5	17.3	15.0
Excess ¹⁾ of Tier 1 capital	11,921	13,596	10,519
Total capital ratio, %	17,5	20.1	18.0
Excess ¹⁾ of total capital	11,871	14,636	11,632

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.

Own funds

SEK million	CONSOLIDATED SITUATION		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	14,129	12,360	12,474
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	2,589	1,959	1,437
Additional Tier 1 instruments	3,500	3,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	228	1,800	278
CET1 capital before regulatory adjustments	22,404	21,577	17,647
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-62	-55	-57
Intangible assets (net of related tax liability) (negative amount)	-204	-188	-140
Fair value reserves related to gains or losses on cash-flow hedges	-2,640	-1,921	-1,335
Negative amounts resulting from the calculation of expected loss amounts	-52	-64	-46
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-20	-19	-36
Additional Tier 1 instruments in equity	-3,500	-3,500	-1,500
Total regulatory adjustments to CET1 capital	-6,478	-5,747	-3,114
CET1 capital	15,926	15,830	14,533
Additional Tier 1 capital: Instrument			
Capital instruments and the related share premium accounts	3,500	5,000	3,000
– of which, classified as equity under applicable accounting standards	3,500	3,500	1,500
– of which, classified as liabilities under applicable accounting standards	–	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	–	–	–
Additional Tier 1 capital before regulatory adjustments	3,500	5,000	3,000
Additional Tier 1 capital: Regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital	–	–	–
Additional Tier 1 capital	3,500	5,000	3,000
Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)	19,426	20,830	17,533
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	2,447	3,447	3,447
Credit risk adjustments	4	5	5
Tier 2 capital before regulatory adjustments	2,451	3,452	3,452
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	–	–	–
Tier 2 capital	2,451	3,452	3,452
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	21,877	24,282	20,985
Total risk-weighted assets	125,070	120,571	116,906

1.2 Cont. Own funds

SEK million	CONSOLIDATED SITUATION		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	12.7	13.1	12.4
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	15.5	17.3	15.0
Total capital (as a percentage of total risk-weighted exposure amount), %	17.5	20.1	18.0
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	9.0
– 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	2.0
– 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, %)	8.2	8.6	7.9
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 150 million based on Q1 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

Risk exposure amounts and capital requirements by risk type (EU OV1 table)

SEK million	CONSOLIDATED SITUATION			
	31 Mar 2020		31 Dec 2019	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Credit risk (excl. counterparty risk)	35,195	2,815	32,876	2,631
– of which, the standardised approach	8,100	647	7,440	596
– of which, the FIRB approach	14,797	1,184	13,415	1,073
– of which, the AIRB approach	12,298	984	12,021	962
Counterparty credit risk	6,718	538	6,474	518
– of which, Mark-to-Market Method	4,472	358	4,078	326
– of which, credit valuation adjustment risk (CVA)	2,246	180	2,396	192
Market risk	483	39	462	37
– of which, the standardised approach	483	39	462	37
Operational risks	5,212	417	4,854	388
– of which, the standardised approach	5,212	417	4,854	388
Additional stricter prudential requirements under Article 458 of the CRR	76,670	6,134	75,113	6,009
Additional stricter prudential requirements under Article 3 of the CRR	792	63	792	63
Total	125,070	10,006	120,571	9,646

1.3 Cont. Risk exposure amounts and capital requirements

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. As a result, the bank has introduced a REA surcharge of SEK 792 million under Pillar 1, since 31 March 2019.

SEK million	CONSOLIDATED SITUATION					
	31 Mar 2020		31 Dec 2019		31 Mar 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	14,797	1,184	13,415	1,073	12,930	1,034
Retail exposures	12,298	984	12,021	962	11,984	959
– of which, exposures to SMEs	864	69	834	67	809	65
– of which, retail exposures secured by immovable property	11,434	915	11,187	895	11,175	894
Total exposures recognised with the IRB approach	27,095	2,168	25,436	2,035	24,914	1,993
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⁾	4,474	358	4,079	326	3,943	315
– of which, derivatives according to CRR, Appendix 2	4,368	350	4,057	324	3,802	304
– of which, repos	105	8	21	2	141	11
– of which, other	1	0	1	0	0	0
Retail exposures	2,333	187	2,253	180	2,204	176
Exposures in default	7	1	7	1	9	1
Exposures in the form of covered bonds	3,989	319	3,674	294	3,700	296
Exposures to institutions and corporates with a short-term credit rating	242	19	21	2	48	4
Equity exposures	1,266	101	1,266	101	1,179	94
Other items	261	20	218	18	295	25
Total exposures recognised with standardised approach	12,572	1,005	11,518	922	11,378	911
Market risk	483	39	462	37	534	43
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	483	39	462	37	534	43
Operational risk	5,212	417	4,854	388	4,854	388
– of which, standardised approach	5,212	417	4,854	388	4,854	388
Credit valuation adjustment risk (CVA risk)	2,246	180	2,396	192	2,743	219
Additional requirements under Article 458 of the CRR	76,670	6,134	75,113	6,009	71,691	5,735
Additional requirements under Article 3 of the CRR	792	63	792	63	792	63
Total risk exposure amount and minimum capital requirements	125,070	10,006	120,571	9,646	116,906	9,352
Capital requirements for capital conservation buffer		3,127		3,014		2,923
Capital requirements for countercyclical buffer		9		3,003		2,327
Total capital requirements		13,142		15,663		14,602

1) The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 4,473 million (4,078).

1.4 Credit risk in lending operations

Credit risk exposures and credit risk mitigation (CRM) using the standardised approach (EU CR4 table)

Exposure classes, SEK million	CONSOLIDATED SITUATION					
	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	37,500	–	37,527	–	–	–
Regional governments or local authorities or agencies	15,834	–	16,379	–	–	–
Multilateral development banks	2,400	–	2,400	–	–	–
Institutions ¹⁾	8	–	8	–	2	20
Corporates	–	–	–	–	–	–
Retail	2,839	1,356	2,839	271	2,333	75
Exposures in default	7	–	7	–	7	100
Covered bonds	39,886	–	39,886	–	3,989	10
Institutions and corporates with a short-term credit assessment	908	–	908	–	242	27
Equity	101	–	101	–	1,266	1,250
Other items	516	–	516	–	262	51
Total	99,999	1,356	100,571	271	8,101	8

1) The institution exposure class excludes counterparty risk.

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	CONSOLIDATED SITUATION										Deducted ²⁾	Total	Of which unrated
	0%	10%	20%	50%	75%	100%	150%	250%	1,250%				
Governments and central banks	37,527	–	–	–	–	–	–	–	–	–	–	37,527	–
Regional governments or local authorities or agencies	16,379	–	–	–	–	–	–	–	–	–	–	16,379	–
Multilateral development banks	2,400	–	–	–	–	–	–	–	–	–	–	2,400	–
Institutions ¹⁾	–	–	3,326	7,618	–	–	–	–	–	–	–	10,944	–
Corporates	–	–	–	–	–	–	–	–	–	–	–	–	–
Retail	–	–	–	–	3,110	–	–	–	–	–	–	3,110	3,110
Exposures in default	–	–	–	–	–	7	–	–	–	–	–	7	7
Covered bonds	–	39,886	–	–	–	–	–	–	–	–	–	39,886	–
Institutions and corporates with a short-term credit assessment	–	–	708	200	–	–	–	–	–	–	–	908	–
Equity	–	–	–	–	–	–	–	–	101	–	–	101	101
Other items	254	–	–	–	–	262	–	–	–	–	–	516	516
Total	56,560	39,886	4,034	7,818	3,110	269	–	–	101	–	111,778	3,734	

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%.

1.4 Cont. Credit risk in lending operations

Credit risk exposure by exposure class and pd range (EU CR6 table)

CONSOLIDATED SITUATION														
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	11,119	667	20	11,241	0.09	113	35.4	2.5	1,702	15	4	-	
	0.15 to <0.25	5,023	226	20	5,069	0.21	59	35.1	2.5	1,230	24	4	-	
	0.25 to <0.50	1,935	158	20	1,966	0.45	50	35.2	2.5	749	38	3	-	
	Of which, Corporate SME													
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to <2.50	313	128	20	339	1.16	21	35.8	2.5	195	57	1	-	
	2.50 to <10.00	139	-	-	135	3.05	17	35.3	2.5	84	62	1	-	
	10.00 to <100.00	207	-	-	207	27.04	6	35.2	2.5	319	154	20	-	
	100.00 (Default)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Portfolio subtotal		18,736	1,179	20	18,957	0.49	266	35.3	2.5	4,279	23	33	5
	Corporates (advanced approach)	0.00 to <0.15	18,758	2,408	72	20,453	0.09	120	37.2	2.5	5,041	25	7	-
		0.15 to <0.25	3,763	2,329	75	5,510	0.21	36	43.6	2.5	2,552	46	5	-
		0.25 to <0.50	2,438	1,353	75	3,419	0.45	29	43.3	2.5	2,306	67	7	-
		Of which, Corporates Other												
		0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50		-	-	-	-	-	-	-	-	-	-	-	-	
2.50 to <10.00		-	-	-	-	-	-	-	-	-	-	-	-	
10.00 to <100.00		196	52	75	235	27.04	1	45.0	2.5	618	263	28	-	
100.00 (Default)		-	-	-	-	-	-	-	-	-	-	-	-	-
Portfolio subtotal			25,155	6,142	74	29,617	0.37	186	39.1	2.5	10,517	36	47	23
Retail (advanced approach)	0.00 to <0.15	33,004	243	83	32,955	0.09	1,112	7.0	-	411	1	2	-	
	0.15 to <0.25	12,485	116	93	12,418	0.21	533	7.6	-	316	3	2	-	
	0.25 to <0.50	2,186	64	81	2,210	0.45	121	7.5	-	96	4	1	-	
	Of which, Retail SME													
	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to <2.50	165	-	-	164	1.16	11	7.1	-	13	8	0	-	
	2.50 to <10.00	100	-	-	82	3.05	6	9.1	-	15	18	0	-	
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	0	-	
	100.00 (Default)	18	-	-	18	100.00	3	16.2	-	13	71	3	-	
	Portfolio subtotal		47,958	423	85	47,847	0.19	1,786	7.1	-	864	2	8	10
	Retail (foundation approach)	0.00 to <0.15	206,052	26,184	24	212,233	0.04	133,785	10.1	-	2,697	1	9	-
		0.15 to <0.25	45,160	17,640	28	50,123	0.16	34,565	11.1	-	2,011	4	9	-
		0.25 to <0.50	28,070	7,367	23	29,752	0.42	19,412	11.1	-	2,419	8	14	-
		Of which, Retail Other												
		0.50 till <0.75	-	-	-	-	-	-	-	-	-	-	-	-
0.75 to <2.50		12,139	300	82	12,382	1.55	7,218	11.5	-	2,510	20	22	-	
2.50 to <10.00		2,071	55	85	2,117	4.17	1,313	11.2	-	755	36	10	-	
10.00 to <100.00		1,126	26	56	1,141	24.67	788	10.9	-	766	67	31	-	
100.00 (Default)		276	-	-	276	100.00	208	11.9	-	277	100	18	-	
Portfolio subtotal			294,894	51,572	26	308,024	0.37	197,289	10.4	-	11,435	4	113	116
Total (all portfolios)		386,743	59,316	31	404,445	0.35	199,527	13.3	-	27,095	7	201	154	

1.4 Cont. Credit risk in lending operations

Trend for risk exposure amounts under the irb approach (EU CR8 table)

SEK million	CONSOLIDATED SITUATION			
	31 Mar 2020		31 Dec 2019	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Risk exposure amount at the end of the previous quarter	25,436	2,035	25,003	2,000
Asset size	1,459	117	768	62
Asset quality	199	16	-335	-27
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	-	-	-	-
Other	1	0	-	-
Risk exposure amount at the end of the reporting quarter	27,095	2,168	25,436	2,035

1.4 Cont. Credit risk in lending operations

Credit quality of exposures by exposure class and instrument (EU CR1-A table)

SEK million	CONSOLIDATED SITUATION						
	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	-	51,213	27	-	-	9	51,186
– of which, Specialised lending	-	-	-	-	-	-	-
– of which, to SMEs	-	19,916	5	-	-	1	19,911
Retail exposures	294	394,553	127	-	27	14	394,720
Exposures to households secured against immovable property	294	394,553	127	-	27	14	394,720
– of which, to SMEs	18	48,363	10	-	23	0	48,371
– of which, to non-SMEs	276	346,190	116	-	4	14	346,350
Total exposure with IRB approach	294	445,766	154	-	27	23	445,906
Exposures to governments and central banks	-	37,501	0	-	-	0	37,501
Exposures to regional governments or local authorities or agencies	-	15,835	0	-	-	0	15,835
Exposures to public sector entities	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	2,400	0	-	-	0	2,400
Exposures to international organisations	-	-	-	-	-	-	-
Exposures to institutions	-	10,944	-	-	-	-	10,944
Retail exposures	11	4,202	7	-	-	-	4,206
– of which, to SMEs	-	-	-	-	-	-	-
Exposures in default	11	-	4	-	-	-	7
Exposures in the form of covered bonds	-	39,886	1	-	-	-	39,885
Exposures to institutions and corporates with a short-term credit rating	-	908	-	-	-	-	908
Equity exposures	-	101	-	-	-	-	101
Other exposures	-	516	-	-	-	-	516
Deduction for retail exposures in default ¹⁾	-11	-	-	-	-	-	-11
Total exposure with standardised approach	11	112,293	12	-	-	-	112,292
Total	305	558,059	166	-	-	-	558,198
– of which, loans	312	389,295	141	-	-	-	389,466
– of which, debt securities	-	91,336	0	-	-	-	91,336
– of which, off-balance-sheet exposures	-	60,673	24	-	-	-	60,649

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

1.4 Cont. Credit risk in lending operations

Credit quality of exposures by industry of counterparty types (EU CR1-B table)

CONSOLIDATED SITUATION							
SEK million	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	0	12,758	23	-	0	14	12,735
Real estate activities	294	448,944	131	-	27	9	449,107
Other services	11	4,718	11	-	0	2	4,718
Financial services ¹⁾	-	91,639	1	-	0	0	91,638
Total	305	558,059	166	-	27	25	558,198

1) Credit institutions

Credit quality of exposures by geography (EU CR1-C table)

CONSOLIDATED SITUATION							
SEK million	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	305	536,579	166	-	27	25	536,718
Denmark	-	4,913	0	-	-	0	4,913
Finland	-	4,189	0	-	-	0	4,189
Norway	-	2,491	0	-	-	0	2,491
Canada	-	527	0	-	-	0	527
USA	-	107	-	-	-	-	107
France	-	1	-	-	-	-	1
Germany	-	3,697	0	-	-	0	3,697
United Kingdom	-	2,926	-	-	-	-	2,926
Switzerland	-	-	-	-	-	-	-
Austria	-	229	-	-	-	-	229
Other ¹⁾	-	2,400	0	-	-	0	2,400
Total	305	558,059	166	-	27	25	558,198

1) Pertains to investments in securities issued by the European Investment Bank (EIB) and the Nordic Investment Bank (NIB)

1.4 Cont. Credit risk in lending operations

Changes in the stock of general and specific credit risk adjustments (EU CR2-A table)

SEK million	CONSOLIDATED SITUATION	
	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance (previous quarter)	141	–
Increases due to amounts set aside for estimated loan losses during the period	47	–
Decreases due to amounts reversed for estimated loan losses during the period	–19	–
Decreases due to amounts taken against accumulated credit risk adjustments	–3	–
Transfers between credit risk adjustments	–	–
Impact of exchange rate differences	–	–
Business combinations, including acquisitions and disposals of subsidiaries	–	–
Other adjustments	–	–
Closing balance	166	–
Recoveries on credit risk adjustments recorded directly to the statement of profit or loss	1	–
Specific credit risk adjustments directly recorded to the statement of profit or loss.	–3	–

Changes in the stock of defaulted and impaired loans and interest-bearing securities (EU CR2-B table)

SEK million	CONSOLIDATED SITUATION	
	Gross carrying amount for defaulted exposures	
Opening balance (previous quarter)	285	
Loans and interest-bearing securities that have defaulted or impaired since the last reporting period	107	
Returned to non-defaulted status	–53	
Amounts written off	–3	
Other changes	–31	
Closing balance	305	

Credit risk mitigation techniques (EU CR3 table)

SEK million	CONSOLIDATED SITUATION				
	Unsecured exposures – carrying amount	Secured exposures – carrying amount	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
Total – loans	10,951	378,509	377,983	526	–
Total – interest-bearing securities	91,336	–	–	–	–
Total exposures	102,287	378,509	377,983	526	–
– of which, in default	8	267	267	–	–

1.4 Cont. Credit risk in lending operations

Credit quality of forborne exposures (EU NPL 1 table)¹⁾

SEK million	CONSOLIDATED SITUATION							
	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 per-forming 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	8	13	13	13	0	-1	21	-
<i>Central banks</i>	-	-	-	-	-	-	-	-
<i>General governments</i>	-	-	-	-	-	-	-	-
<i>Credit institutions</i>	-	-	-	-	-	-	-	-
<i>Other financial corporations</i>	-	-	-	-	-	-	-	-
<i>Non-financial corporations</i>	-	-	-	-	-	-	-	-
<i>Household</i>	8	13	13	13	0	-1	21	-
Debt securities	-	-	-	-	-	-	-	-
Loan commitments given	-	-	-	-	-	-	-	-
Total	8	13	13	13	0	-1	21	-

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

1.4 Cont. Credit risk in lending operations

Credit quality of performing and non-performing exposures by past due days (EU NPL 3 table)¹⁾

SEK million	CONSOLIDATED SITUATION											
	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	406,244	406,230	14	303	225	25	20	24	9	-	-	303
Central banks	4,050	4,050	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	13,030	13,030	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	91,695	91,695	-	18	18	-	-	-	-	-	-	18
– of which SMEs	64,961	64,961	-	18	18	-	-	-	-	-	-	18
Household	297,470	297,455	14	285	207	25	20	24	9	-	-	285
Debt securities	50,961	50,961	-	-	-	-	-	-	-	-	-	-
Central banks	20,936	20,936	-	-	-	-	-	-	-	-	-	-
General governments	18,051	18,051	-	-	-	-	-	-	-	-	-	-
Credit institutions	11,974	11,974	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off balance sheet exposures	60,674			-								-
Central banks	-			-								-
General governments	-			-								-
Credit institutions	-			-								-
Other financial corporations	-			-								-
Non-financial corporations	7,745			-								-
Household	52,929			-								-
Total	517,879	457,191	14	303	225	25	20	24	9	-	-	303

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

1.4 Cont. Credit risk in lending operations

Performing and non-performing exposures and related provisions (EU NPL 4 table)¹⁾

SEK million	CONSOLIDATED SITUATION												Collateral received and financial guarantees received		
	Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions								
	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	406,244	385,950	20,294	303	-	303	-118	-41	-77	-30	-	-30	-	-	266
Central banks	4,050	4,050	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	13,030	13,030	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	91,695	89,790	1,904	18	-	18	-9	-5	-5	-8	-	-8	-	-	10
- of which SMEs	64,961	63,827	1,133	18	-	18	-8	-4	-4	-8	-	-8	-	-	10
Household	297,470	279,080	18,390	285	-	285	-109	-36	-72	-22	-	-22	-	-	257
Debt securities	50,961	50,961	-	-	-	-	-1	-1	-	-	-	-	-	-	-
Central banks	20,936	20,936	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	18,051	18,051	-	-	-	-	-1	-1	-	-	-	-	-	-	-
Credit institutions	11,974	11,974	-	-	-	-	-1	-1	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Off balance sheet exposures	60,674	60,138	536	0	-	0	24	-11	-13	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	7,745	7,224	520	-	-	-	22	-9	-13	-	-	-	-	-	-
Household	52,929	52,914	15	-	-	-	2	-2	0	-	-	-	-	-	-
Total	466,918	446,088	20,830	303	-	303	-94	-52	-90	-30	-	-30	-	-	266

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

1.5 Credit risk in treasury operations

Risk weights for counterparty – Credit risk exposures by class (EU CCR3 table)

Exposure class, SEK million	CONSOLIDATED SITUATION									
	31 Mar 2020					31 Dec 2019				
	0%	10%	20%	50%	Total	0%	10%	20%	50%	Total
Institution	-	-	3,317	7,619	10,936	-	-	3,318	6,829	10,147
Total	-	-	3,317	7,619	10,936	-	-	3,318	6,829	10,147

Analysis of the counterparty credit risk (CCR) exposure by approach (EU CCR1 table)

Exposure class, SEK million	CONSOLIDATED SITUATION			
	Replacement cost/current market value	Potential future credit exposure	EAD post CRM	Risk exposure amount
Mark to market	18,875	7,388	10,589	4,368
Financial collateral comprehensive method (for SFTs)	-	-	346	105
Total	18,875	7,388	10,935	4,473

Impact of netting and collateral held on exposure values (EU CCR5-A table)

SEK million	CONSOLIDATED SITUATION				
	Gross positive fair value or net carrying	Netting benefits	Netted current credit	Collateral held	Net credit exposure
Derivatives	20,518	1,643	18,875	15,682	3,193
SFTs	21,658	-	21,658	21,203	455
Total	42,176	1,643	40,533	36,885	3,648

Composition of collateral for exposures to counterparty credit risk (EU CCR5-B table)

SEK million	CONSOLIDATED SITUATION					
	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	-	-17,599	1,543	82	21,203	5,919

1.6 Market risk

Risk exposure amounts and capital requirements for market risk (EU MR1 table)

Risk class, SEK million	CONSOLIDATED SITUATION			
	31 Mar 2020		31 Dec 2019	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Interest-rate risk (general and specific)	-	-	-	-
Foreign exchange risk	483	39	462	37
Total	483	39	462	37

2 Internally assessed capital requirement

2.1 Internally assessed capital requirement

The internal capital adequacy assessment aims to ensure that SBAB has adequate capital to deal with any financial problems that arise. The internally assessed capital requirement for the Group amounted to SEK 14,622 million (SEK 16,970 million on 31 December 2019). The internal capital requirement is assessed using SBAB's internal models for economic capital and is not fully comparable to the estimated capital published by the Swedish FSA (Finansinspektionen) due to differences in assumptions and methodologies, mainly within market risk approach. SBAB estimates that the Swedish FSA's expected total capital requirement as of 31 March 2020 amounted to SEK 15,390 million, of which SEK 2,249 million comprised the capital requirement in Pillar 2. The Swedish FSA will publish updated capital requirements of the largest Swedish

banks and credit institutions that belong to supervisory categories 1 and 2 at the end of Q 1 2020 during May.

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

Internally calculated capital requirements per risk type

SEK million		CONSOLIDATED SITUATION			
		31 Mar 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	3,353	2.7	3,149	2.6
	Market risk	39	0.0	37	0.0
	Operational risk	417	0.3	388	0.3
	Risk-weight floor ¹⁾	6,134	4.9	6,009	5.0
	Surcharge, corporate exposures ²⁾	63	0.1	63	0.1
	Total Pillar 1	10,006	8.0	9,646	8.0
Pillar 2	Credit risk ³⁾	-	-	-	-
	Market risk	418	0.3	280	0.2
	Operational risk	-	-	-	-
	Concentration risk	975	0.8	951	0.8
	Sovereign risk	76	0.1	65	0.1
	Pension risk	11	0.0	11	0.0
Total Pillar 2	1,480	1.2	1,307	1.1	
Buffers	Capital conservation buffer	3,127	2.5	3,014	2.5
	Capital planning buffer	-	-	-	-
	Countercyclical buffer	9	0.0	3,003	2.5
	Total Buffers	3,136	2.5	6,017	5.0
Total	14,622	11.7	16,970	14.1	
Total own funds	21,877		24,282⁴⁾		

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

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

3) 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.

4) Figure restated in relation to the latest published interim report (Year-end report 2019) in accordance with the Board's decision to propose to the AGM the distribution of no dividend for the 2019 financial year.

3 Leverage ratio

3.1 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, calculated according to article 429 i CRR(Regulation (EU) No 575/2013 of the European Parliament and of the council, amounted to 3.69%.

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

SEK million	CONSOLIDATED SITUATION
	Applicable amount
Total assets as per published financial statements	519,992
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-16
Adjustments for derivative financial instruments	-9,929
Adjustment for securities financing transactions (SFTs)	2,954
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	13,932
Other adjustments	-284
Leverage ratio total exposure measure	526,649

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

SEK million	CONSOLIDATED SITUATION
	CRR leverage ratio exposures
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	486,613
– of which, trading book exposures	–
Banking book exposures, of which:	486,613
– of which, covered bonds	39,886
Exposures treated as sovereigns	56,306
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	–
Institutions	8
Secured by mortgages of immovable properties	385,773
Retail exposures	2,839
Corporate	–
Exposures in default	275
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,526

3.1 Cont. Leverage ratio

LRCOM: Leverage ratio common disclosure

SEK million	CONSOLIDATED SITUATION
	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)	486,613
(Asset amounts deducted in determining Tier 1 capital)	-204
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	486,409
Derivative Exposures	
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	5,784
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	7,388
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-2,583
Total derivatives exposures	10,589
SFT Exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	15,719
Netted amounts of cash payables and cash receivables of gross SFT assets	-
Total securities financing transaction exposures	15,719
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	60,673
Adjustments for conversion to credit equivalent amounts)	-46,741
Other off-balance sheet exposures	13,932
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))	0
Capital and total exposure measure	
Tier 1 capital	19,425
Leverage ratio total exposure measure	526,649
Leverage ratio	
Leverage ratio	3.69%
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 SBAB:s forward looking capital planning in order to proactively manage the risk of excessive leverage. The ratio is targeted in SBAB: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.

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 3.69% on 31 March 2020 in comparison to 4.30% on 31 December 2019. This change is explained by:

- Tier 1 Capital has decreased due to early redemption of Additional Tier 1 Capital instruments, which has impacted the ratio negatively by 0.29%
- The effect on the exposure measure attributable to SFT:s has increased and impacted the ratio negatively by 0.11%
- The effect on the exposure measure attributable to off balance items has increased and impacted the ratio negatively by 0.3%
- The effect on the exposure measure attributable to other assets has increased and impacted the ratio negatively by 0.18%.

4 Liquidity risk

4.1 Liquidity reserve

The assets in SBAB's liquidity reserve comprises liquid, interest-bearing securities with high ratings and form an integrated part of the Group's liquidity risk management. Securities holdings are limited by asset class and by country, respectively, and must have a AA rating on acquisition. In addition to these collective limits, limits for individual issuers may also be set. The following table is reported according to the Swedish Bankers' Association's template for liquidity reserve disclosures.

SBAB and SCBC are managed collectively as one sub-consolidated liquidity group with regard to liquidity management and control in accordance with Regulation (EU) No. 575/2013 of the European Parliament and of the Council (CRR), which allows free disposition of liquid funds in the liquidity group. That means that the liquidity requirements in the CRR only are applicable for the consolidated situation and not for the individual entities within the group.

Liquidity reserve

SEK billion		CONSOLIDATED SITUATION									
		31 Mar 2020					31 Dec 2019				
		Total	Distribution by currency				Total	Distribution by currency			
SEK	EUR		USD	Other	SEK	EUR		USD	Other		
	Level 1 assets	97.3	73.4	17.1	6.8	-	73.8	56.6	11.4	5.8	-
	Cash and balances with central banks 1)	1.2	1.2	-	-	-	7	7	-	-	-
Level 1	Securities issued or guaranteed by sovereigns, central banks, MDBs and international organisations	27.5	16.6	7.8	3.1	-	19.6	13	4.1	2.5	-
	Securities issued by municipalites and PSEs	16.6	7.3	5.7	3.6	-	15	7.6	4.2	3.2	-
	Extremely high quality covered bonds	52.0	48.3	3.6	0.1	-	32.2	29	3.1	0.1	-
	Other assets	-	-	-	-	-	-	-	-	-	-
	Level 2 assets	4.1	3.6	0.5	-	-	3.8	3.3	0.5	-	-
	Level 2A assets	4.1	3.6	0.5	-	-	3.8	3.3	0.5	-	-
	Securities issued or guaranteed by sovereigns, central banks, municipalities and PSEs	-	-	-	-	-	-	-	-	-	-
	High quality covered bonds	4.1	3.6	0.5	-	-	3.8	3.3	0.5	-	-
Level 2	Corporate debt securities (lowest rating AA-)	-	-	-	-	-	-	-	-	-	-
	Other assets	-	-	-	-	-	-	-	-	-	-
	Level 2B assets	-	-	-	-	-	-	-	-	-	-
	Asset-backed securities	-	-	-	-	-	-	-	-	-	-
	High quality covered bonds	-	-	-	-	-	-	-	-	-	-
	Corporate debt securities (rated A+ to BBB-)	-	-	-	-	-	-	-	-	-	-
	Shares (major stock index)	-	-	-	-	-	-	-	-	-	-
	Other assets ¹⁾	-	-	-	-	-	-	-	-	-	-
	Liquidity reserve	101.4	77.0	17.6	6.8	-	77.6	59.9	11.9	5.8	-

1) Includes central bank facilities.

4.2 LCR

Liquidity coverage ratio under the CRR (EU LIQ1 table)

SEK million	CONSOLIDATED SITUATION							
	Total unweighted value (average)				Total weighted value (average)			
	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2020	31 Dec 2019	30 Sep 2019	31 Jun 2019
Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets (HQLA)								
Total HQLA	-	-	-	-	86,806	84,527	85,418	83,694
Cash outflows								
Retail deposits and deposits from small business customers, of which:	105,555	104,896	103,565	101,693	8,650	8,653	8,561	8,399
– Stable deposits	69,901	68,991	67,839	66,479	3,495	3,450	3,392	3,324
– Less stable deposits	35,654	35,905	35,726	35,214	5,155	5,204	5,169	5,076
Unsecured wholesale funding	25,365	24,930	24,914	24,523	11,478	11,277	11,511	11,460
– Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
– Non-operational deposits (all counterparties)	23,441	23,250	23,018	22,486	9,554	9,597	9,615	9,423
– Unsecured debt	1,924	1,680	1,896	2,037	1,924	1,680	1,896	2,037
Secured wholesale funding	-	-	-	-	40	50	38	43
Additional requirements	55,867	54,766	54,447	52,808	18,061	18,450	19,265	18,239
– Outflows related to derivative exposures and other collateral requirements	11,764	11,913	11,781	10,664	11,764	11,913	11,781	10,664
– Outflows related to loss of funding on debt products	4,308	4,626	5,632	5,756	4,308	4,626	5,632	5,756
– Credit and liquidity facilities	39,796	38,227	37,033	36,388	1,990	1,911	1,852	1,819
Other contractual funding obligations	200	199	190	197	44	44	44	53
Other contingent funding obligations	13,068	12,150	11,644	11,030	4,807	4,430	4,254	3,956
Total cash outflows					38,211	38,419	39,361	38,131
Cash inflows								
Secured lending (e.g. reverse repos)	6,783	5,541	4,266	3,548	406	349	272	244
Inflows from fully performing exposures	1,702	1,767	1,755	1,747	1,104	1,133	1,123	1,111
Other cash inflows	11,463	12,252	12,622	12,007	11,463	12,252	12,622	12,007
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	-	-	-	-	-	-	-	-
(Excess inflows from a related specialised credit institution)	-	-	-	-	-	-	-	-
Total cash inflows					25,947	27,470	28,032	26,725
Fully exempt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% cap	-	-	-	-	-	-	-	-
Inflows subject to 75% cap	19,948	19,560	18,644	17,302	12,973	13,735	14,016	13,362
					Total adjusted value			
Liquidity buffer	-	-	-	-	86,806	84,527	85,418	83,694
Total net cash outflows	-	-	-	-	30,089	29,159	29,643	28,776
Liquidity coverage ratio (%)	-	-	-	-	289	290	288	291

4.2 Cont. LCR

In accordance with the EBA's guidelines (EBA/GL/2017/01), detailed information is reported about the liquidity coverage ratio (LCR) as defined in the European Commission delegated regulation (EU) 2015/61. LCR calculates the degree to which a bank's liquid assets cover its net cash flows for the coming 30 days in a stressed scenario and is calculated as liquid assets/(cash outflows - cash inflows). The values presented are simple averages for observations at the end of each month over the 12-month period preceding the end of each quarter.

During the past 12 months, the item "Outflows related to derivative exposures and other collateral requirements" averaged SEK 11,8 billion. The majority of the amount pertains to derivative liabilities for which SBAB has posted collateral. Slightly more than SEK 658 million corresponds to a simulated outflow as a result of additional collateral being required in extremely stressed market scenarios pursuant to Article 30 (3) of the European Commission delegated regulation (EU) 2015/61. The amount also includes excess collateral posted by counterparties and contracted collateral that has yet to be posted by the bank.

5 Funding

5.1 Encumbered 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, SBAB 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.

Assets encumbered disclosures

SEK million	CONSOLIDATED SITUATION							
	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	254,411	-			230,449	90,807		
Equity instruments	-	-			-	-		
Debt securities	-	-	-	-	90,927	90,807	82,853	82,733
– of which: covered bonds	-	-	-	-	39,616	39,496	39,698	39,578
– of which: asset-backed securities	-	-	-	-	-	-	-	-
– of which: issued by general governments	-	-	-	-	33,142	33,142	25,250	25,250
– of which: issued by financial corporations	-	-	-	-	18,169	18,169	17,905	17,905
– of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
Other assets	254,411	-			139,522	-		

5.1 Cont. Encumbered assets

Collateral received

SEK million	CONSOLIDATED SITUATION			
	Fair value of encumbered collateral received or own debt securities issued	Unencumbered		
		Fair value of collateral received or own debt securities issued available for encumbrance		
	<i>of which notionally eligible EHQLA and HQLA</i>	<i>of which notionally eligible EHQLA and HQLA</i>		
Collateral received by the reporting institution	1,808	–	–	–
– Equity instruments	–	–	–	–
– Debt securities	–	–	–	–
– Other collateral received	1,808	–	–	–
Own debt securities issued other than own covered bonds or ABSs	–	–	–	–

Encumbered assets/collateral received and resulting liabilities

SEK million	CONSOLIDATED SITUATION	
	Matching contingent liabilities or securities lent	Assets, collateral received and own debt securities other than covered bonds and ABSs encumbered
Carrying amount of selected financial liabilities	254,411	254,411

Parent Company



The information in this report is 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, SBAB Bank AB (publ) (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 and detailed information about liquidity coverage ratio are reported on a consolidated level. In accordance with FFFS 2010:7, liquidity reserve is also disclosed.

SBAB 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 adequacy

1.1 Overview

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 will apply from June 28, 2021.

In addition, changes to the Capital Requirements Regulation have been adopted on April 26, 2019 which relate to a deduction in own funds for new loans that have become non-performing. The deduction should act as a backstop for non-performing loans. On March 16, 2020, the Swedish FSA decided to lower the countercyclical buffer requirement for banks from 2.5 percent to 0.0 percent due to the current corona pandemic.

Capital adequacy

SEK million	PARENT COMPANY		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
CET1 capital	9,300	9,530	9,342
Tier 1 capital	12,800	14,530	12,342
Total capital	15,247	17,977	15,789
Risk exposure amount	40,576	37,573	37,646
CET1 capital ratio, %	22.9	25.4	24.8
Excess ¹⁾ of CET1 capital	7,474	7,839	7,648
Tier 1 capital ratio, %	31.5	38.7	32.8
Excess ¹⁾ of Tier 1 capital	10,365	12,276	10,083
Total capital ratio, %	37.6	47.8	41.9
Excess ¹⁾ of total capital	12,001	14,971	12,278

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.

Own funds

SEK million	PARENT COMPANY		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	1,958	1,958	1,958
Retained earnings	7,556	4,324	4,418
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	210	237	300
Additional Tier 1 instruments	3,500	3,500	1,500
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	-115	3,263	2,901
CET1 capital before regulatory adjustments	13,109	13,282	11,077
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-90	-76	-77
Intangible assets (net of related tax liability) (negative amount)	-22	-24	-24
Fair value reserves related to gains or losses on cash-flow hedges	-136	-91	-81
Negative amounts resulting from the calculation of expected loss amounts	-41	-42	-18
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-20	-19	-35
Additional Tier 1 instruments in equity	-3,500	-3,500	-1,500
Total regulatory adjustments to CET1 capital	-3,809	-3,752	-1,735
CET1 capital	9,300	9,530	9,342
Additional Tier 1 capital: Instrument			
Capital instruments and the related share premium accounts	3,500	5,000	3,000
– of which, classified as equity under applicable accounting standards	3,500	3,500	1,500
– of which, classified as liabilities under applicable accounting standards	–	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	–	–	–
Additional Tier 1 capital before regulatory adjustments	3,500	5,000	3,000
Additional Tier 1 capital: Regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 capital	–	–	–
Additional Tier 1 capital	3,500	5,000	3,000
Tier 1 capital (Tier 1 capital=CET1 + Additional Tier 1 capital)	12,800	14,530	12,342
Tier 2 capital: Instruments and provisions			
Capital instruments and the related share premium accounts	2,447	3,447	3,447
Credit risk adjustments	–	–	–
Tier 2 capital before regulatory adjustments	2,447	3,447	3,447
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	–	–	–
Tier 2 capital	2,447	3,447	3,447
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	15,247	17,977	15,789
Total risk-weighted assets	40,576	37,573	37,646

1.2

Cont. Own funds

SEK million	PARENT COMPANY		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	22.9	25.4	24.8
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	31.5	38.7	32.8
Total capital (as a percentage of total risk-weighted exposure amount), %	37.6	47.8	41.9
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	9.0
– 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	2.0
– 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, %)	18.4	20.9	20.3
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 150 million based on Q1 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

Risk exposure amounts and capital requirements

SEK million	PARENT COMPANY					
	31 Mar 2020		31 Dec 2019		31 Mar 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	8,535	683	7,475	598	6,972	558
Retail exposures	902	72	747	60	813	65
– of which, exposures to SMEs	80	6	70	6	73	6
– of which, retail exposures secured by immovable property	822	66	677	54	740	59
Total exposures recognised with the IRB approach	9,437	755	8,222	658	7,785	623
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⁾	4,432	355	4,034	323	3,825	306
– of which, derivatives according to CRR, Appendix 2	4,313	346	3,993	319	3,726	298
– of which, repos	90	7	–	–	64	5
– of which, other	29	2	41	3	35	3
Retail exposures	2,333	187	2,253	180	2,204	176
Exposures in default	7	1	6	0	9	1
Exposures in the form of covered bonds	3,989	319	3,674	294	3,700	296
Exposures to institutions and corporates with a short-term credit rating	41	3	21	2	27	2
Equity exposures	11,566	925	11,566	925	11,479	918
Other items	119	9	107	9	87	8
Total exposures recognised with standardised approach	22,487	1,799	21,661	1,733	21,331	1,707
Market risk	113	9	94	8	152	12
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	113	9	94	8	152	12
Operational risk	2,148	172	1,813	145	1,813	145
– of which, standardised approach	2,148	172	1,813	145	1,813	145
Credit valuation adjustment risk (CVA risk)	2,037	163	2,230	178	2,578	206
Additional requirements under Article 458 of the CRR	4,178	334	3,377	270	3,811	305
Additional requirements under Article 3 of the CRR	176	14	176	14	176	14
Total risk exposure amount and minimum capital requirements	40,576	3,246	37,573	3,006	37,646	3,012
Capital requirements for capital conservation buffer	–	1,014	–	939	–	941
Capital requirements for countercyclical buffer	–	4	–	935	–	748
Total capital requirements	–	4,264	–	4,880	–	4,701

¹⁾ The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 4,403 million (3,993).

2 Internally assessed capital requirement

For the Parent Company, SBAB Bank AB (publ), the internal capital requirement amounted to SEK 5,843 million.

3 Leverage ratio

Leverage ratio for the Parent Company, calculated according to article 429 i CRR (Regulation (EU) No 575/2013 of the European Parliament and of the council), amounted to 7.44%.

Financial calendar

SBAB Interim Report Jan-Jun 2020	17 Jul 2020
SBAB Interim Report Jan-Sep 2020	23 Oct 2020
SBAB Year-end Report 2020	11 Feb 2021

Credit ratings

	Moody's	Standard & Poor's
Long-term funding, SBAB	A1	A
Long-term funding, SCBC	Aaa	-
Short-term funding, SBAB	P-1	A-1



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