

Disclosure of own funds leverage ratio

June 2020



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 adequacy

1.1

Overview

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 will apply from June 28, 2021. 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.

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.

Buffer requirements

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	SCBC		
	30 Jun 2020	31 Dec 2019	30 Jun 2019
CET1 capital	16,565	16,168	15,681
Tier 1 capital	16,565	16,168	15,681
Total capital	16,571	16,173	15,685
Risk exposure amount	99,057	94,966	92,375
CET1 capital ratio, %	16.7	17.0	17.0
Excess ¹⁾ of CET1 capital	12,108	11,894	11,524
Tier 1 capital ratio, %	16.7	17.0	17.0
Excess ¹⁾ of Tier 1 capital	10,622	10,470	10,139
Total capital ratio, %	16.7	17.0	17.0
Excess ¹⁾ of total capital	8,646	8,575	8,295

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	SCBC		
	30 Jun 2020	31 Dec 2019	30 Jun 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)	2,559	1,830	2,229
Independently verified interim profits net of any foreseeable charge or dividend ¹⁾	387	1,349	428
CET1 capital before regulatory adjustments	19,147	18,032	17,953
CET1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	-14	-12	-14
Fair value reserves related to gains or losses on cash-flow hedges	-2,559	-1,830	-2,229
Negative amounts resulting from the calculation of expected loss amounts	-9	-22	-29
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	-2,582	-1,864	-2,272
CET1 capital	16,565	16,168	15,681
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)	16,565	16,168	15,681
Tier 2 capital: Instruments and provisions			
Credit risk adjustments	6	5	4
Tier 2 capital before regulatory adjustments	6	5	4
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	-
Tier 2 capital	6	5	4
Total capital (Total capital=Tier 1 capital + Tier 2 capital)	16,571	16,173	15,685
Total risk-weighted assets	99,057	94,966	92,375

SEK million	SCBC		
	30 Jun 2020	31 Dec 2019	30 Jun 2019
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	16.7	17.0	17.0
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	16.7	17.0	17.0
Total capital (as a percentage of total risk-weighted exposure amount), %	16.7	17.0	17.0
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, %)	8.7	9.0	9.0
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 258 million based on Q2 2020. The results have been verified by Deloitte AB pursuant to Article 26, Point 2a of the Capital Requirements Regulation.

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

SEK million	SCBC			
	30 Jun 2020		31 Mar 2020	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Credit risk (excl. counterparty risk)	18,559	1,485	17,929	1,434
– of which, the standardised approach	336	27	270	21
– of which, the FIRB approach	6,790	543	6,262	501
– of which, the AIRB approach	11,433	915	11,397	912
Counterparty credit risk	672	54	510	42
– of which, mark to market	147	12	69	6
– of which, credit valuation adjustment risk (CVA)	525	42	441	36
Market risk	675	54	749	60
– of which, the standardised approach	675	54	749	60
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	74,094	5,928	72,492	5,799
Additional stricter prudential requirements under Article 3 of the CRR	616	49	616	49
Total	99,057	7,925	96,737	7,739

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 Jun 2020		31 Dec 2019		30 Jun 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	6,790	543	5,940	475	5,259	421
Retail exposures	11,433	915	11,274	902	11,279	902
– of which, exposures to SMEs	807	65	764	61	753	60
– of which, retail exposures secured by immovable property	10,626	850	10,510	841	10,526	842
Total exposures recognised with the IRB approach	18,223	1,458	17,214	1,377	16,538	1,323
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⁾	147	12	85	7	167	13
– of which, derivatives according to CRR, Appendix 2	136	11	64	5	90	7
– of which, repos	11	1	21	2	77	6
– 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	336	27	32	4	381	30
Total exposures recognised with standardised approach	483	39	117	11	548	43
Market risk	675	54	729	58	827	66
– of which, position risk	–	–	–	–	–	–
– of which, currency risk	675	54	729	58	827	66
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)	525	42	368	29	450	36
Additional requirements under Article 458 of the CRR	74,094	5,928	71,736	5,739	69,210	5,538
Additional requirements under Article 3 of the CRR	616	49	616	49	616	49
Total risk exposure amount and minimum capital requirements	99,057	7,925	94,966	7,598	92,375	7,390
Capital requirements for capital conservation buffer		2,476		2,374		2,309
Capital requirements for countercyclical buffer		0		2,374		1,848
Total capital requirements		10,401		12,346		11,547

¹⁾ The risk exposure amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 147 million (85).

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	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	261	-	288	-	-	-
Regional governments or local authorities or agencies	1	-	481	-	-	-
Multilateral development banks	-	-	-	-	-	-
Institutions ¹⁾	0	-	0	-	0	20
Corporates	-	-	-	-	-	-
Retail	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	0	-	0	-	0	20
Equity	-	-	-	-	-	-
Other items	336	-	336	-	336	100
Total	598	-	1,105	-	336	30

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	SCBC										Deducted ²⁾	Total	Of which unrated
	0%	10%	20%	50%	75%	100%	150%	250%	1,250%				
Governments and central banks	288	-	-	-	-	-	-	-	-	-	-	288	-
Regional governments or local authorities or agencies	482	-	-	-	-	-	-	-	-	-	-	482	-
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions ¹⁾	18,201	-	0	294	-	-	-	-	-	-	-	18,495	-
Corporates	-	-	-	-	-	-	-	-	-	-	-	-	-
Retail	-	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in default	-	-	-	-	-	-	-	-	-	-	-	-	-
Institutions and corporates with a short-term credit assessment	-	-	0	-	-	-	-	-	-	-	-	0	-
Equity	-	-	-	-	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	336	-	-	-	-	-	336	336
Total	18,971	-	0	294	-	336	-	-	-	-	-	19,601	336

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%.

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	19,687	-	-	19,678	0.09	131	35.1	2.5	2,919	15	6	-	
	0.15 to <0.25	4,388	-	-	4,388	0.21	54	35.1	2.5	1,053	24	3	-	
	0.25 to <0.50	1,195	-	-	1,195	0.45	37	35.1	2.5	399	33	2	-	
	Of which, Corporate SME	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to <2.50	158	-	-	157	1.16	15	35.0	2.5	75	48	1	-	
	2.50 to <10.00	159	-	-	156	3.16	8	35.0	2.5	97	62	2	-	
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	0	-	-	0	100.00	1	35.0	2.5	-	-	0	-	
	Portfolio subtotal	25,587	-	-	25,574	0.16	246	35.1	2.5	4,543	18	14	1	
	Of which, Corporates Other	0.00 to <0.15	7,242	-	-	7,215	0.09	59	35.1	2.5	1,681	23	2	-
		0.15 to <0.25	1,035	-	-	1,035	0.21	11	35.0	2.5	385	37	1	-
		0.25 to <0.50	356	-	-	331	0.45	6	35.2	2.5	181	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		8,633	-	-	8,581	0.12	76	35.1	2.5	2,247	26	4	-	
Retail (advanced approach)	0.00 to <0.15	33,208	-	-	32,961	0.09	1,091	6.9	-	407	1	2	-	
	0.15 to <0.25	11,795	-	-	11,635	0.21	513	7.4	-	288	2	2	-	
	0.25 to <0.50	1,847	-	-	1,833	0.45	119	7.3	-	77	4	1	-	
	Of which, Retail SME	0.50 to <0.75	-	-	-	-	-	-	-	-	-	-	-	
	0.75 to <2.50	211	-	-	211	1.16	15	8.3	-	20	9	-	-	
	2.50 to <10.00	26	-	-	7	3.05	4	6.0	-	1	12	-	-	
	10.00 to <100.00	-	-	-	-	-	-	-	-	-	-	-	-	
	100.00 (Default)	18	-	-	18	100.00	3	14.2	-	14	76	3	-	
	Portfolio subtotal	47,105	-	-	46,665	0.18	1,745	7.0	-	807	2	8	9	
	Of which, Retail Other	0.00 to <0.15	206,251	-	-	206,250	0.04	123,735	10.0	-	2,596	1	9	-
		0.15 to <0.25	46,457	-	-	46,457	0.16	27,388	10.8	-	1,812	4	8	-
		0.25 to <0.50	27,642	-	-	27,642	0.42	15,059	10.9	-	2,208	8	13	-
		0.50 till <0.75	-	-	-	-	-	-	-	-	-	-	-	-
		0.75 to <2.50	11,694	-	-	11,693	1.55	6,679	11.3	-	2,332	20	20	-
		2.50 to <10.00	2,036	-	-	2,036	4.17	1,195	11.4	-	735	36	10	-
10.00 to <100.00		1,222	-	-	1,222	24.67	792	10.9	-	820	67	33	-	
100.00 (Default)		143	-	-	143	100.00	125	12.0	-	123	86	11	-	
Portfolio subtotal		295,445	-	-	295,443	0.33	174,973	10.3	-	10,626	4	104	114	
Total (all portfolios)		376,770	-	-	376,263	0.30	177,040	12.1	-	18,223	5	130	124	

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

SEK million	SCBC			
	30 Jun 2020		31 Mar 2020	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Risk exposure amount at the end of the previous quarter	17,659	1,413	17,214	1,377
Asset size	1,680	134	435	35
Asset quality	-1,116	-89	8	1
Model updates	-	-	-	-
Methodology and policy	-	-	-	-
Acquisitions and disposals	-	-	-	-
Foreign exchange movements	-	-	-	-
Other	0	0	2	0
Risk exposure amount at the end of the reporting quarter	18,223	1,458	17,659	1,413

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

SEK million	SCBC						Net values (or net exposures)
	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	
	Exposures in default	Non-default- ed exposures					
Exposures to corporates	0	34,220	1	-	-	1	34,219
– of which, specialised lending	-	-	-	-	-	-	-
– of which, to SMEs	0	25,587	1	-	-	1	25,586
Retail exposures	161	342,389	123	-	4	16	342,427
Exposures to households secured against immovable property	161	342,389	123	-	4	16	342,427
– of which, to SMEs	18	47,087	9	-	-	0	47,096
– of which, to non-SMEs	143	295,302	114	-	4	16	295,331
Total exposure with IRB approach	162	376,609	124	-	4	17	376,646
Exposures to governments and central banks	-	261	-	-	-	-	261
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	-	18,495	-	-	-	-	18,495
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	-	336	-	-	-	-	336
Deduction for retail exposures in default ¹⁾	-	-	-	-	-	-	-
Total exposure with standardised approach	-	19,093	-	-	-	-	19,093
Total	162	395,702	124	-	4	17	395,739
– of which, loans	162	376,610	124	-	4	17	376,647
– of which, debt securities	-	-	-	-	-	-	-
– of which, off-balance-sheet exposures	-	-	-	-	-	-	-

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

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

SEK million	SCBC						Net values
	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	
	Exposures in default	Non-default exposures					
Construction	-	271	0	-	-	0	271
Real estate activities	162	376,338	124	-	4	17	376,375
Other services	-	337	-	-	-	-	337
Financial services ¹⁾	-	18,756	-	-	-	-	18,756
Total	162	395,702	124	-	4	17	395,739

1) Credit institutions

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

SEK million	SCBC						Net values
	Gross carrying amount of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges for the period	
	Exposures in default	Non-default exposures					
Sweden	162	395,691	124	-	4	17	395,728
Denmark	-	11	-	-	-	-	11
Finland	-	-	-	-	-	-	-
Norway	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-
USA	-	-	-	-	-	-	-
France	-	-	-	-	-	-	-
Germany	-	-	-	-	-	-	-
United Kingdom	-	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	-
Austria	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	162	395,702	124	-	4	17	395,739

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	SCBC	
	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance (previous quarter)	121	–
Increases due to amounts set aside for estimated loan losses during the period	25	–
Decreases due to amounts reversed for estimated loan losses during the period	–22	–
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	124	–
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	–

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)	273
Loans and interest-bearing securities that have defaulted or impaired since the last reporting period	27
Returned to non-defaulted status	–129
Amounts written off	0
Other changes	–9
Closing balance	162

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	108	376,539	376,058	481	–
Total – interest-bearing securities	–	–	–	–	–
Total exposures	108	376,539	376,058	481	–
– of which, in default	1	141	141	–	–

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	
	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	
	Per-forming forborne	Of which defaulted	Of which impaired					
Loans and advances	12	15	14	14	0	0	26	–
Central banks	–	–	–	–	–	–	–	–
General governments	–	–	–	–	–	–	–	–
Credit institutions	–	–	–	–	–	–	–	–
Other financial corporations	–	–	–	–	–	–	–	–
Non-financial corporations	7	–	–	–	0	–	7	–
Household	5	15	14	14	0	0	19	–
Debt securities	–	–	–	–	–	–	–	–
Loan commitments given	–	–	–	–	–	–	–	–
Total	12	15	14	14	0	0	26	–

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	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	376,732	376,714	18	183	107	28	20	24	4	-	-	183
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	254	254	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	81,197	81,197	-	18	18	-	-	-	-	-	-	18
– of which, SMEs	66,808	66,808	-	18	18	-	-	-	-	-	-	18
Household	295,281	295,263	18	165	89	28	20	24	4	-	-	165
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	376,732	376,714	18	183	107	28	20	24	4	-	-	183

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

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

SEK million	SCBC													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	376,732	359,000	17,732	183	0	183	-111	-42	-69	-20	0	-20	0	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	254	254	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	81,197	80,394	803	18	-	18	-5	-4	-1	-8	-	-8	-	-	-
– of which, SMEs	66,808	66,005	803	18	-	18	-4	-4	0	-8	-	-8	-	-	-
Household	295,281	278,352	16,929	165	0	165	-106	-38	-68	-12	0	-12	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	376,732	359,000	17,732	183	0	183	-111	-42	-69	-20	0	-20	0	-	-

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

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
			Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Of which: Of which: Unlikely to pay that are not past-due or past-due <= 90 days					Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)			Of which: Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
Loans and advances subject to moratorium	37,609	37,603	-	2,851	6	-	-	24	24	-	15	0	-	-	2
- of which, households	37,609	37,603	-	2,851	6	-	-	24	24	-	15	0	-	-	2
- of which, collateralised by residential immovable property	37,609	37,603	-	2,851	6	-	-	24	24	-	15	0	-	-	2
- of which, non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which, SMEs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which, Collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

SEK million	SCBC								
	Gross carrying amount								
	Number of obligors	Of which: legislative moratoria	Of which: Expired	Residual maturity of moratoria					
				<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year	
Loans and advances for which moratorium was offered	17,700	37,612							
Loans and advances subject to moratorium (granted)	17,697	37,609	37,609	298	8,108	8,615	3,696	337	16,555
– of which, households		37,609	37,609	298	8,108	8,615	3,696	337	16,555
– of which, collateralised by residential immovable property		37,609	37,609	298	8,108	8,615	3,696	337	16,555
– of which, non-financial corporations		–	–	–	–	–	–	–	–
– of which, SMEs		–	–	–	–	–	–	–	–
– of which, Collateralised by commercial immovable property		–	–	–	–	–	–	–	–

1.5 Credit risk in treasury operations

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

Exposure class, SEK million	SCBC									
	30 Jun 2020					31 Mar 2020				
	0%	10%	20%	50%	Total	0%	10%	20%	50%	Total
Institution	18,201	-	-	294	18,495	23,217	-	318	11	23,546
Total	18,201	-	-	294	18,495	23,217	-	318	11	23,546

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	12,433	6,039	18,472	136
Financial collateral comprehensive method (for SFTs)	-	-	23	11
Total	12,433	6,039	18,495	147

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	12,982	-549	12,433	-	12,433
SFTs	254	0	254	-248	6
Total	13,236	-549	12,687	-248	12,439

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	-	-	-	-	248	8,222

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

Risk class, SEK million	SCBC			
	30 Jun 2020		31 Mar 2020	
	Risk exposure amount	Minimal capital requirement	Risk exposure amount	Minimal capital requirement
Interest-rate risk (general and specific)	-	-	-	-
Foreign exchange risk	675	54	749	60
Total	675	54	749	60

2 Internally assessed capital requirement

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 10,860 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.

Internally calculated capital requirements per risk type

SEK million		SCBC			
		30 Jun 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	1,539	1.5	1,417	1.5
	Market risk	54	0.1	58	0.1
	Operational risk	355	0.4	335	0.4
	Risk-weight floor ¹⁾	5,928	6.0	5,739	6.0
	Surcharge, corporate exposures ²⁾	49	0.0	49	0.0
	Total Pillar 1	7,925	8.0	7,598	8.0
Pillar 2	Credit risk	-	-	-	-
	Market risk	12	0.0	65	0.1
	Operational risk	-	-	-	-
	Concentration risk	447	0.5	428	0.4
	Sovereign risk	-	-	-	-
	Pension risk	-	-	-	-
	Total Pillar 2	459	0.5	493	0.5
Buffers	Capital conservation buffer	2,476	2.5	2,374	2.5
	Capital planning buffer	-	-	-	-
	Countercyclical buffer	-	0.0	2,374	2.5
	Total Buffers	2,476	2.5	4,748	5.0
Total	10,860	11.0	12,839	13.5	
Total own funds	16,571		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.

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 SCBC, calculated according to article 429 in Regulation (EU) No 575/2013 of the European Parliament and of the council (CRR), amounted to 4.39%.

LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

SEK million	SCBC Applicable amount
Total assets as per published financial statements	390,473
Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	-
Adjustments for derivative financial instruments	-12,710
Adjustment for securities financing transactions (SFTs)	0
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)	-18,201
Other adjustments	18,208
Leverage ratio total exposure measure	377,770

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:	377,244
– of which, trading book exposures	-
Banking book exposures, of which:	377,244
– of which, covered bonds	-
Exposures treated as sovereigns	769
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-
Institutions	0
Secured by mortgages of immovable properties	375,997
Retail exposures	-
Corporate	-
Exposures in default	142
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	336

3.1 Cont. Leverage ratio

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)	377,244 0
Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	377,244
Derivative Exposures	
Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin)	12,434
Add-on amounts for PFE associated with all derivatives transactions (mark- to-market method)	6,039
(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
Total derivatives exposures	18,473
SFT Exposures	
Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	254
Netted amounts of cash payables and cash receivables of gross SFT assets	-
Total securities financing transaction exposures	254
Other off-balance sheet exposures	
Off-balance sheet exposures at gross notional amount	0
Adjustments for conversion to credit equivalent amounts)	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))	-18,201
Capital and total exposure measure	
Tier 1 capital	16,565
Leverage ratio total exposure measure	377,770
Leverage ratio	
Leverage ratio	4.39%
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.

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% (4.48%) as per June 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 0.05%.
- The effect on the exposure measure attributable to SFT:s has decreased and impacted the ratio positively by 0.01%.
- The effect of the exposure measure attributable to derivatives has decreased, which had a positive impact on leverage ratio by 0.06%.
- An increase mainly in mortgage exposures entailed a negative impact of 0.15%.

5 Asset encumbrance

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, 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.

Encumbered and unencumbered assets

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	268,896	–			121,577	–		
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	268,896	–			121,577	–		

5.1 Cont. Encumbered assets

Collateral received

SEK million	SCBC			
	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	of which notionally eligible EHQLA and HQLA	
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	-	-	-	-

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	268,896	268,896



Financial calendar

SCBC Year-end Report 2020

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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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