

Note 12 Capital-adequacy

Presentation of own funds in accordance with Article 5 of the European Commission Implementing Regulation (EU) No 1423/2013. Rows that are empty in the presentation in accordance with the Regulation have been excluded in the table below to provide a better overview. There are no items encompassed by the provisions applied before Regulation (EU) No 575/2013 or any prescribed residual amounts under the Regulation.

SEK M	Consolidated situation 31 Dec 2019	Consolidated situation 31 Dec 2018	Bank Group 31 Dec 2019	Bank Group 31 Dec 2018
Common Equity Tier 1 capital: instruments and reserves				
Capital instruments and associated share premium reserves	6,513.4	6,513.4	2,864.6	2,864.6
<i>Of which: share capital</i>	1,042.5	1,042.5	2,864.6	2,864.6
Non-distributed earnings (Retained earnings)	14,818.0	11,613.1	11,740.8	10,545.9
Accumulated Other comprehensive income	4,220.9	4,938.9	234.0	314.1
Interim profits, net, after deductions for foreseeable charge and dividends that have been verified by persons independent of the institution	1,245.2	2,488.3	1,427.9	1,179.5
Common Equity Tier 1 capital before legislative adjustments	26,797.4	25,553.7	16,267.3	14,904.1
Common Equity Tier 1 capital: legislative adjustments				
Additional value adjustments	-63.0	-54.4	-60.5	-53.5
Intangible assets (net after reduction for associated tax liabilities)	-1,968.3	-1,734.2	-1,252.0	-989.6
Fair value reserves related to gains or losses on cash-flow hedges	170.1	151.2	170.1	151.2
Negative amounts resulting from the calculation of expected loss amounts	-491.8	-372.9	-491.8	-372.9
Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities	-5,704.0	-5,794.1	-	-
Amounts exceeding threshold of 15%	-	-	-	-
<i>Of which: direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment in those entities</i>	-	-	-	-
<i>Of which: deferred tax assets arise from temporary differences</i>	-	-	-	-
Total legislative adjustments of Common Equity Tier 1 capital	-8,057.1	-7,804.4	-1,634.2	-1,264.8
Common equity Tier 1 capital	18,740.3	17,749.3	14,633.1	13,639.3
Additional Tier 1 instruments: instruments				
Capital instruments and associated share premium reserves	-	-	2,200.0	1,200.0
<i>Of which: classified as equity within the meaning of the applicable accounting framework</i>	-	-	2,200.0	1,200.0
Qualifying Tier 1 instruments included in consolidated Tier 1 capital issued by subsidiaries and held by a third party	743.4	927.6	-	-
Additional Tier 1 instruments	743.4	927.6	2,200.0	1,200.0
Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 instruments)	19,483.8	18,676.9	16,833.1	14,839.3
Tier 2 capital: instruments and provisions				
Capital instruments and associated share premium reserves	-	-	2,589.7	2,589.7
Qualifying own funds instruments included in consolidated Tier 2 capital issued by subsidiaries and held by a third party	768.1	2,035.5	-	-
Tier 2 capital	768.1	2,035.5	2,589.7	2,589.7
Total capital (total capital = Tier 1 capital + Tier 2 capital)	20,251.9	20,712.4	19,422.7	17,429.0
Total risk-weighted assets	121,827.0	113,283.1	104,924.9	95,927.8
Capital ratios and buffers				
Common Equity Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	15.4%	15.7%	13.9%	14.2%
Tier 1 capital (as a percentage of the total risk-weighted exposure amount)	16.0%	16.5%	16.0%	15.5%
Total capital (as a percentage of the total risk-weighted exposure amount)	16.6%	18.3%	18.5%	18.2%
Institution-specific buffer requirements	9.5%	9.0%	9.5%	9.0%
<i>Of which: capital conservation buffer requirement</i>	2.5%	2.5%	2.5%	2.5%
<i>Of which: countercyclical capital buffer requirement</i>	2.5%	2.0%	2.5%	2.0%
<i>Of which: systemic risk buffer requirement</i>	-	-	-	-
<i>Of which: buffer for globally systemically important institution or for another systemically important institution</i>	-	-	-	-
Common Equity Tier 1 capital available for use as a buffer (as a percentage of the risk-weighted exposure amount)	8.6%	10.3%	9.4%	9.5%

Note 12 Capital-adequacy, continued

SEK M	Consolidated situation 31 Dec 2019		Consolidated situation 31 Dec 2018		Bank Group 31 Dec 2019		Bank Group 31 Dec 2018	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requirement
Credit risk according to Standardised Approach								
Exposures to institutions	1,916.9	153.4	1,344.9	107.6	1,872.7	149.8	1,303.1	104.2
Exposures to corporates	2,289.2	183.1	2,041.3	163.3	2,290.7	183.3	2,039.2	163.1
Retail exposures	2,111.0	168.9	1,978.8	158.3	2,111.0	168.9	1,978.8	158.3
Defaulted exposures	26.5	2.1	20.0	1.6	26.5	2.1	20.0	1.6
High risk items	0.4	0.0	0.4	0.0	0.4	0.0	0.4	0.0
Covered bonds	3,635.0	290.8	3,060.1	244.8	3,384.2	270.7	2,971.0	237.7
Equity exposures	6,220.8	497.7	5,971.7	477.7	102.1	8.2	78.4	6.3
Other items	3,366.5	269.3	4,736.3	378.9	1,279.5	102.4	1,014.9	81.2
Total capital requirement and risk exposure amount	19,566.2	1,565.3	19,153.6	1,532.3	11,067.0	885.4	9,405.9	752.5
Credit risk according to IRB Approach								
<i>Retail exposures</i>								
Secured by real estate SME	2,616.4	209.3	1,932.1	154.6	2,616.4	209.3	1,932.1	154.6
Secured by real estate non-SME	15,567.8	1,245.4	14,841.4	1,187.3	15,567.8	1,245.4	14,841.4	1,187.3
Other SME	4,573.5	365.9	4,332.5	346.6	4,573.5	365.9	4,332.5	346.6
Other non-SME	7,193.6	575.5	6,879.4	550.4	7,193.6	575.5	6,879.4	550.4
Total retail exposures	29,951.3	2,396.1	27,985.3	2,238.8	29,951.3	2,396.1	27,985.3	2,238.8
Exposures to corporates	8,689.1	695.1	7,496.3	599.7	8,689.3	695.1	7,496.3	599.7
Total capital requirement and risk exposure amount	38,640.4	3,091.2	35,481.6	2,838.5	38,640.7	3,091.3	35,481.6	2,838.5
Operational risks								
Standardised Approach	13,543.1	1,083.4	12,305.6	984.4	5,140.0	411.2	4,697.9	375.8
Total capital requirement for operational risk	13,543.1	1,083.4	12,305.6	984.4	5,140.0	411.2	4,697.9	375.8
Total capital requirement for credit valuation adjustments	1,458.1	116.6	1,323.4	105.9	1,458.1	116.6	1,323.4	105.9
Additional Risk Exposure Amounts according to Article 458 CRR	48,619.2	3,889.5	45,018.9	3,601.5	48,619.2	3,889.5	45,018.9	3,601.5
Total capital requirement and risk exposure amount	121,827.0	9,746.2	113,283.1	9,062.6	104,924.9	8,394.0	95,927.8	7,674.2

Note 13 Disclosures on related parties

Significant agreements for the Bank Group are primarily outsourcing agreements with the 23 regional insurance companies and outsourcing agreements with Länsförsäkringar AB regarding development, service, finance and IT. The Group's remuneration to the regional insurance companies in accordance with prevailing outsourcing agreements is presented in note Commission expense. Normal business transactions took place between Group companies as part of the outsourced operations.