

Interim report January – June 2014 for Nordea Hypotek AB (publ)

Result

Operating profit amounted to SEK 2,107 (1,889m), an increase of 11,5% from the same period last year.

The result compared to the previous period was mainly affected by the following factors:

- Net interest income rose SEK 229m, an increase of 9.9% compared to the same period last year.
- The net result from items at fair value decreased by SEK 14m. The item pertains to hedge accounting and interest differential compensation. Also buy-backs of issued bonds entered at amortised cost affected the item by a negative SEK 39m.
- Credit losses amounted to SEK -5.9m (-7.4) net, and are entirely attributable to household lending.

Income

Net interest income for the period amounted to SEK 2,534m (2,304). Net commission income for the period was charged with an estimated stability fee of SEK 57m and amounted to SEK -38m (-46). The stability fee for the full year is estimated at approx. SEK 114m.

Expenses

Operating expenses amounted to SEK 250m (243), an increase with 7m or 2.8% compared to the same period last year.

Lending

At the end of the period lending to the public was at SEK 464,338m (432,519), exceeding last year's volume by 7.4% (0.9).

Lending to household customers rose 9.3% (5.9), amounting at the close of the period to SEK 366,633m (335,342). Lending to legal entities rose slightly by 0.5% (-13.2), amounting at the close of the period to SEK 97,705m (97,177).

Impaired loans and loan losses

Impaired loans amounted to SEK 397m (484). The net amount from recoveries and new loan losses gave a loss of SEK -5,9m (loss of -7,4).

Funding

Long-term funding is mainly secured by means of the issuance of covered bonds on the Swedish market, with maturities from two to ten years. During the period, bonds equalling SEK 41,950m (41,826) were issued in Swedish kronor. Outstanding bond volume per 30 June 2014 amounted to

SEK 282,409m (281,879), of which SEK 31,925m (41,453) was denominated in currencies other than SEK.

At 30 June 2014, Nordea Hypotek had outstanding dated debenture loans from the parent company totalling SEK 4.4bn (4.4).

Covered bonds are funding instruments, regulated by a separate Swedish Act, which grant the investor priority in the event of the borrower's bankruptcy. Covered bonds may only be issued following special permission from the Financial Supervisory Authority and on the basis of high-quality assets. Covered bonds and assigned ratings provide the company with a broader base of funding sources.

In addition to the aforementioned long-term borrowing, during the period the company regularly secured funding through short-term borrowing with the parent company.

Rating

Since June 2006, the company has been rated Aaa by Moody's Investor Service and AAA by Standard & Poor's for the covered bonds which account for the company's main long-term funding.

Capital adequacy

Nordea uses the Internal Ratings-based (IRB) approach (internal risk classification) for calculating credit risk in the exposure classes corporate, institution and household. Other exposure classes, e.g. sovereigns, are calculated according to the standardised approach until further notice.

In 2014, new capital adequacy regulations were implemented in accordance with Basel III (CRR/CRD IV). The transition rules from Basel I remain in place with a floor according to which risk-weighted assets calculated pursuant to Basel III may be no less than 80% of the amount calculated pursuant to the Basel I rules.

At the end of June, Nordea Hypotek's REA amounted to SEK 227,771m applying the floor rule. The tier 1 capital ratio was 7.7% and the total capital ratio was 9.6%, including profit for the period. Excluding the premium for the transition rules, the company's REA amounted to SEK 37,143m with a tier 1 capital ratio of 47.1% and a capital ratio of 58.9 % including profit for the period.

Change in the Board of Directors

Erik Gref left the board in 2014. Erik Skoog, Head of Business Analytics in Operations Sweden, Retail Banking, was elected new ordinary board member on 12 March 2014.

Material events after the balance sheet date

No major events have occurred since 30 June 2014

Assurance of the Board of Directors

The January–June interim report provides a fair overview of the company's operations, financial position and result, and describes material risks and uncertainties faced by the company.

Stockholm, 22 August 2014

Thomas Nyman
Chairman of the board

Torsten Allqvist
Deputy Chairman

Ulla Hermann

Nils Lindberg

Erik Skoog

Elisabeth Olin

Michael Skytt
Managing Director

Income statement

SEK (000s)	Note	Jan-Jun 2014	Jan-Jun 2013	Jan-Dec 2013
Operating income				
Interest income		6,146,711	6,659,243	13,144,496
Interest expense		-3,613,037	-4,354,808	-8,497,221
Net interest income		2,533,674	2,304,435	4,647,275
Fee and commission income	3	25,989	25,811	53,532
Fee and commission expense	3	-64,317	-72,210	-136,620
Net fee and commission income		-38,328	-46,399	-83,088
Net result from items at fair value	4	-133,030	-118,690	-167,634
Total operating income		2,362,316	2,139,346	4,396,553
Operating expenses				
General administrative expenses:				
Staff costs		-3,608	-3,483	-6,893
Other expenses		-246,220	-239,537	-491,809
Total operating expenses		-249,828	-243,020	-498,702
Net loan losses	5	-5,866	-7,411	-14,157
Operating profit		2,106,622	1,888,915	3,883,694
Appropriations	6	-	-	446,495
Income tax expense		-463,660	-416,484	-953,330
Net profit for the period		1,642,962	1,472,431	3,376,859

Statement of comprehensive income

SEK (000s)	Jan-Jun 2014	Jan-Jun 2013	Jan-Dec 2013
Net profit for the year	1,642,962	1,472,431	3,376,859
Items that may be reclassified subsequently to income statement			
Cash flow hedges			
Valuation gains/losses during the year	-66,596	4,831	-96,155
Tax on valuation gains/losses during the year	14,651	-1,063	21,154
Other comprehensive income, net of tax	-51,945	3,768	-75,001
Total comprehensive income	1,591,017	1,476,199	3,301,858

Balance sheet

SEK (000s)	Note	30 Jun 2014	31 Dec 2013	30 Jun 2013
Assets				
Loans to credit institutions	7	1,323,019	1,259,343	2,377,932
Loans to the public	7	464,338,165	451,742,142	432,518,998
Derivatives	8	8,418,715	8,823,676	6,713,365
Fair value changes of the hedged items in portfolio hedge of interest rate risk		644,039	580,869	646,678
Current tax assets		-	2,187	353,813
Other assets		1,137,011	-	713,764
Prepaid expenses and accrued income		499,844	588,211	787,538
Total assets		476,360,793	462,996,428	444,112,088
Liabilities				
Deposits by credit institutions		157,212,814	118,985,000	125,996,358
Debt securities in issue		284,298,821	305,232,969	284,241,603
Derivatives	8	2,106,527	4,418,333	4,964,511
Fair value changes of the hedged items in portfolio hedge of interest rate risk		7,714,666	4,867,664	5,379,497
Current tax liabilities		300,529	476,665	768,768
Other liabilities		1,128,376	2,183,843	59,333
Accrued expenses and prepaid income		1,331,849	6,141,108	1,678,126
Deferred tax liabilities		52,626	67,277	89,494
Subordinated liabilities		4,400,000	4,400,000	4,400,000
Total liabilities		458,546,208	446,772,859	427,577,690
Untaxed reserves	11	-	-	446,495
Equity				
Share capital		110,000	110,000	110,000
Other reserves		186,582	238,527	317,296
Retained earnings		17,518,003	15,875,041	15,660,607
Total equity		17,814,585	16,223,568	16,087,903
Total liabilities and equity		476,360,793	462,996,428	444,112,088
Assets pledged as security for own liabilities		441,288,090	428,313,341	409,075,683
Contingent liabilities		None	None	None
Commitments		145,000	145,000	145,000
Other notes				
Accounting policies	1			
Segment reporting	2			
Classification of financial instruments	9			
Fair value of financial assets and liabilities	10			
Capital adequacy	12			
Risks and uncertainties	13			

Statement of changes in equity

	Restricted equity	Unrestricted equity	Unrestricted equity	
SEK (000s)	Share capital¹⁾	Cash flow- hedges	Retained earnings	Total
Balance at 1 Jan 2014	110,000	238,527	15,875,041	16,223,568
Total comprehensive income	-	-51,945	1,642,962	1,591,017
Balance at 30 Jun 2014	110,000	186,582	17,518,003	17,814,585

SEK (000s)	Share capital¹⁾	Cash flow- hedges	Retained earnings	Total
Balance at 1 Jan 2013	110,000	313,528	14,188,176	14,611,704
Total comprehensive income	-	-75,001	3,376,859	3,301,858
Group contribution paid	-	-	-2,166,659	-2,166,659
Tax effect of group contribution	-	-	476,665	476,665
Balance at 31 Dec 2013	110,000	238,527	15,875,041	16,223,568

SEK (000s)	Share capital¹⁾	Cash flow- hedges	Retained earnings	Total
Balance at 1 Jan 2013	110,000	313,528	14,188,176	14,611,704
Total comprehensive income	-	3,768	1,472,431	1,476,199
Balance at 30 Jun 2013	110,000	317,296	15,660,607	16,087,903

¹⁾ 100,000 Shares

Cash flow statement

SEK (000s)	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Operating activities			
Operating profit	2,106,622	1,888,915	3,883,694
Adjustments for items not included in cash flow	-4,696,604	-5,137,586	-474,905
Income tax paid	-637,608	-352,997	-353,656
Cash flow from operating activities before changes in operating assets and liabilities	-3,227,590	-3,601,668	3,055,133
Changes in operating assets			
Changes in lending to the public	-12,606,653	-1,629,403	20,867,255
Changes in derivatives, net	796,732	2,523,325	-665,838
Changes in other assets	-1,137,010	-288,874	424,891
Changes in operating liabilities			
Change in deposits by credit institutions	38,227,814	23,521,034	16,509,677
Change in debt securities in issue	-20,934,149	-19,243,454	1,747,913
Change in other liabilities	-1,055,468	-1,727,049	-1,769,199
Cash flow from operating activities	63,676	-446,089	-1,564,678
Financing activities			
Issued subordinated liabilities	-	1,000,000	1,000,000
Amortised subordinated liabilities	-	-900,000	-900,000
Cash flow from financing activities	-	100,000	100,000
Cash flow for the period	63,676	-346,089	-1,464,678
Cash and cash equivalents at beginning of period	1,259,343	2,724,021	2,724,021
Cash and cash equivalents at end of period	1,323,019	2,377,932	1,259,343
Change	63,676	-346,089	-1,464,678

Cash and cash equivalents

SEK (000s)	30 Jun 2014	30 Jun 2013	31 Dec 2013
Loans to credit institutions, payable on demand	1,323,019	2,377,932	1,259,343

Note 1 Accounting policies

The financial statements for Nordea Hypotek AB (publ) are prepared in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and IFRS with the amendments and exceptions following the recommendation RFR 2 "Accounting for Legal Entities" issued by the Swedish Financial Reporting Board and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2 and 2013:24). Under RFR 2, Nordea Hypotek AB (publ) shall apply all standards and interpretations issued by the IASB and IFRS IC to the extent possible within the framework of Swedish accounting legislation and considering the close tie between financial reporting and taxation. The recommendation sets out the exceptions and amendments compared to IFRS.

This interim report complies with requirements according to IAS 34 "Interim Financial Reporting".

Changed accounting policies and presentation

The accounting policies, basis for calculations and presentations are, in all material aspects, unchanged compared with the 2013 Annual Report.

The Swedish Financial Supervisory Authority has issued amendments to FFFS 2008:25 in FFFS 2013:24 and the Swedish Financial Reporting Board has issued amendments to RFR 2 "Accounting for Legal Entities". The new requirement in FFFS 2013:24 for disclosing maturity information was early adopted as from 1 January 2013. All other amendments have been adopted as from 1 January 2014 but have not had any significant impact on Nordea Hypotek.

Impact on capital adequacy from new or amended IFRS standards

IFRS 9 "Financial Instruments" covering classification and measurement (Phase I) and general hedging (Phase III) has been adopted by the IASB but has not yet been implemented by Nordea Hypotek.

The changes in classifications and measurements (Phase I) are not expected to have a significant impact on Nordea Hypotek's income statement or balance sheet as the mixed measurement model will be maintained. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy or large exposures are not expected, but this is naturally dependent on the financial instruments on Nordea Hypotek's balance sheet at transition and the outcome of the final standard. It is expected that changes will be made to the standard before the standard becomes effective.

The main change to the general hedging requirements (Phase III) is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea Hypotek generally only uses macro (portfolio) hedge accounting Nordea Hypotek's assessment is that the new requirements will not have any significant impact on Nordea Hypotek's financial statements, capital adequacy or large exposures.

The IASB has also adopted IFRS 15 "Revenue from Contracts with Customers". The new standard has not yet been implemented by Nordea Hypotek. It is not expected that the standard will have any significant impact on Nordea Hypotek's financial statements, capital adequacy or large exposures.

Note 2 Segment reporting

	Operating segments					
	Banking Sweden		Group Treasury		Other Operating segments	
	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
SEKm						
Total operating income	5,989	6,475	-3,787	-4,535	69	97
Operating profit	5,983	6,468	-3,787	-4,535	52	87
Loans to the public	457,589	425,357	-	-	6,749	7,162
	Total Operating segments		Reconciliation		Total	
	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
SEKm						
Total operating income	2,271	2,037	91	102	2,362	2,139
Operating profit	2,248	2,020	-141	-131	2,107	1,889
Loans to the public	464,338	432,519	-	-	464,338	432,519

Reconciliation between total operating segments and financial statements

SEKm	Jan-Jun 2014		Jan-Jun 2013	
	Operating profit	Loans to the public	Operating profit	Loans to the public
Total operating segments	2,248	464,338	2,020	432,519
Group functions and unallocated items	-141	-	-131	-
Total	2,107	464,338	1,889	432,519

Reportable operating segments

Compared with the 2013 Annual Report there have been no changes in the basis of segmentation.

Banking Sweden provides full-service banking operations for private individuals and corporate customers and comprises Nordea Hypotek's biggest customer area. Other Operating segments mainly relate to Wholesale Banking and the support function Products within banking operations. Group functions and result that is not fully allocated to any of the operating segments are shown separately as reconciling items in the above table.

Note 3 Net fee and commission income

Tkr	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Loan commissions	13,165	14,176	27,764
Other commission income	12,824	11,635	25,768
Fee and commission income	25,989	25,811	53,532
Security commissions	-7,236	-12,758	-22,674
State guarantee fees	-56,916	-59,400	-113,841
Other commission expenses	-165	-52	-105
Fee and commission expenses	-64,317	-72,210	-136,620
Net fee and commission income	-38,328	-46,399	-83,088

Note 4 Net result from items at fair value

SEK (000s)	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Interest-bearing securities and other interest-related instruments	-133,030	-118,690	-167,634
Total	-133,030	-118,690	-167,634

Note 5 Net loan losses

SEK (000s)	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Loan losses divided by class			
Loans and receivables to the public	-5,866	-7,411	-14,157
- of which provisions	-	-	-
- of which write-offs	-13,256	-12,422	-27,130
- of which allowances used for covering write-offs	2,625	-	-
- of which reversals	-	-	-
- of which recoveries	4,765	5,011	12,973
Total	-5,866	-7,411	-14,157

Note 6 Appropriations

	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
SEK (000s)			
Resolution of tax allocation reserve	-	-	446 495
Total	-	-	446 495

Note 7 Loans and impairment

SEKm	Credit institutions			The public		
	30 Jun 2014	31 Dec 2013	30 Jun 2013	30 Jun 2014	31 Dec 2013	30 Jun 2013
Loans, not impaired	1,323	1,259	2,378	464,007	451,359	432,103
Impaired loans:	-	-	-	397	451	484
- Performing	-	-	-	34	35	35
- Non-performing	-	-	-	363	416	449
Loans before allowances	1,323	1,259	2,378	464,404	451,810	432,587
Allowances for individually assessed impaired loans	-	-	-	-39	-41	-41
- Performing	-	-	-	-37	-37	-37
- Non-performing	-	-	-	-2	-4	-4
Allowances for collectively assessed impaired loans	-	-	-	-27	-27	-27
Allowances	-	-	-	-66	-68	-68
Loans, carrying amount	1,323	1,259	2,378	464,338	451,742	432,519

SEKm	Total		
	30 Jun 2014	31 Dec 2013	30 Jun 2013
Loans, not impaired	465,330	452,619	434,481
Impaired loans:	397	451	484
- Performing	34	35	35
- Non-performing	363	416	449
Loans before allowances	465,727	453,070	434,965
Allowances for individually assessed impaired loans	-39	-41	-41
- Performing	-37	-37	-37
- Non-performing	-2	-4	-4
Allowances for collectively assessed impaired loans	-27	-27	-27
Allowances	-66	-68	-68
Loans, carrying amount	465,661	453,001	434,897

Note 7 Continuation**Allowances and provisions**

	30 Jun 2014	31 Dec 2013	30 Jun 2013
SEK (000s)			
Allowances for items in the balance sheet	-65,616	-68,241	-68,241
Total allowances	-65,616	-68,241	-68,241

Key ratios

	30 Jun 2014	31 Dec 2013	30 Jun 2013
Impairment rate, gross ¹ , basis points	8.5	10.0	11.1
Impairment rate, net ² , basis points	7.7	9.0	10.2
Total allowance rate ³ , basis points	1.4	1.5	1.6
Allowances in relation to impaired loans ⁴ , %	9.7	9.1	8.5
Total allowances in relation to impaired loans ⁵ , %	16.5	15.1	14.1

¹ Individually assessed impaired loans before allowances divided by total loans before allowances, basis points.

² Individually assessed impaired loans after allowances divided by total loans before allowances, basis points.

³ Total allowances divided by total loans before allowances, basis points.

⁴ Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances, %.

⁵ Total allowance divided by total impaired loans before allowances, %.

Note 8 Derivatives

	30 Jun 2014		31 Dec 2013		30 Jun 2013	
Fair value, SEKm	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Derivatives used for hedging						
Interest rate derivatives	7,228	1,118	7,929	1,542	5,753	1,949
Foreign exchange derivatives	1,191	989	895	2,876	960	3,016
Total	8,419	2,107	8,824	4,418	6,713	4,965

	30 Jun 2014	31 Dec 2013	30 Jun 2013
Nominal amount, SEKm			

Derivatives used for hedging			
Interest rate derivatives	258,754	296,791	303,576
Foreign exchange derivatives	34,175	46,677	46,663
Total	292,929	343,468	350,239

Note 9 Classification of financial instruments

SEKm	Loans and receivables	Derivatives used for hedging	Non financial assets	Total
Financial assets				
Loans to credit institutions	1,323	-	-	1,323
Loans to the public	464,338	-	-	464,338
Derivatives	-	8,419	-	8,419
Fair value changes of the hedged items in portfolio hedge of interest rate risk	644	-	-	644
Other assets	212	-	925	1,137
Prepaid expenses and accrued income	500	-	-	500
Total 30 Jun 2014	467,017	8,419	925	476,361
Total 31 Dec 2013	454,170	8,824	2	462,996

SEKm	Derivatives used for hedging	Other financial liabilities	Non financial liabilities	Total
Financial liabilities				
Deposits by credit institutions	-	157,213	-	157,213
Debt securities in issue	-	284,299	-	284,299
Derivatives	2,107	-	-	2,107
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	7,715	-	7,715
Other liabilities	-	5	1,475	1,480
Accrued expenses and prepaid income	-	1,156	176	1,332
Subordinated liabilities	-	4,400	-	4,400
Total 30 Jun 2014	2,107	454,788	1,651	458,546
Total 31 Dec 2013	4,418	441,687	667	446,772

Note 10 Fair value of financial assets and liabilities

SEKm	30 Jun 2014	30 Jun 2014	31 Dec 2013	31 Dec 2013
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Loans	466,305	466,305	453,582	453,582
Derivatives ¹	8,419	8,419	8,824	8,824
Other assets	212	212	-	-
Prepaid expenses and accrued income	500	500	588	588
Total assets	475,436	475,436	462,994	462,994
Financial liabilities				
Deposits and debt instruments	453,627	457,090	433,485	438,405
Derivatives ¹	2,107	2,107	4,418	4,418
Other liabilities	5	5	2,181	2,181
Accrued expenses and prepaid income	1,156	1,156	6,021	6,021
Total liabilities	456,895	460,358	466,105	451,025

¹ Valuation techniques using observable data (level 2) have been used for determination of fair value regarding derivatives.

The determination of fair value is described in the Annual report 2013, Note 26 "Assets and liabilities at fair value".

Measurement of offsetting positions

Financial assets and liabilities with offsetting positions in market risk or credit risk are measured on the basis of the price that would be received to sell the net asset exposed for that particular risk or paid to transfer the net liability exposed for that particular risk. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2013, Note 26 "Assets and liabilities at fair value".

Note 11 Untaxed reserves

SEK (000s)	Jan-Jun 2014	Jan-Jun 2013	Full year 2013
Tax allocation reserve ¹	-	446,495	-
Total	-	446,495	-

¹ Tax rate 22 %

Note 12 Capital adequacy**Summary of items included in own funds**

SEKm	30 jun ³ 2014	31 dec ³ 2013	30 jun 2013
Calculation of own funds			
Equity	17,815	17,914	14,964
Proposed/actual dividend	-	-1,690	-
IRB provisions excess (+)/shortfall (-) ¹	-151	-93	-93
Other items, net	-187	-239	-318
Common Equity Tier 1 capital (net after deduction)	17,477	15,892	14,553
Tier 2 instruments	4,400	4,400	4,400
IRB provisions excess (+)/shortfall (-) ¹	-	-93	-93
Other items, net	-	-	-
Own funds (net after deduction)²	21,877	20,199	18,860

¹ Shortfall is now deducted 100% CET1, previously 50% T1, 50% T2

² Own funds adjusted IRB provisions, i.e., adjusted own funds equal 22,208m by 30 June 2014

³ Including profit

Capital base

	30 Jun 2014	31 Dec 2013	30 Jun 2013
SEKm			
Common Equity Tier 1 capital, including profit	17,477	15,892	16,026
Own Funds, including profit	21,877	20,199	20,333
Common Equity Tier 1 capital, excluding profit	15,834	12,863	14,553
Own Funds, excluding profit	20,234	17,170	18,860

Minimum capital requirement and REA

	30 Jun 2014		31 Dec 2013		30 Jun 2013	
SEKm	Min. Capital- requirement	REA	Min. Capital- requirement	REA	Min. Capital- requirement	REA
Credit risk	2,504	31,292	3,570	44,621	3,544	44,287
IRB	2,490	31,112	3,569	44,605	3,541	44,245
- of which corporate	976	12,196	2,066	25,820	2,048	25,588
- of which advanced	976	12,194	-	-	0	0
- of which foundation	0	2	2,066	25,820	2,048	25,588
- of which institutions	5	61	0	2	10	129
- of which retail	1,507	18,836	1,501	18,753	1,480	18,489
- of which other	2	19	2	30	3	39
Standardised	14	180	1	16	3	42
- of which sovereign	0	0	0	0	0	0
- of which retail	0	0	0	0	0	0
- of which other	14	180	1	16	3	42
Credit Value Adj. Risk	-	-	-	-	-	-
Market risk	-	-	-	-	-	-
Operational risk	468	5,851	410	5,130	410	5,130
Standardised	468	5,851	410	5,130	410	5,130
Sub total	2,972	37,143	3,980	49,751	3,954	49,417
Adjustment for Basel 1 floor						
Additional capital requirement	15,250	190,627	13,507	168,837	12,698	158,728
Total	18,222	227,770	17,487	218,588	16,652	208,145

Minimum Capital Requirement & Buffers

	Buffers					
Percentage	Minimum Capital Requirement	CCB	CCCB	SIFI	SRB	Total
Common Equity Tier capital	4.5	N/A	N/A	N/A	N/A	4.5
Tier 1 Capital	6.0	N/A	N/A	N/A	N/A	6.0
Own funds	8.0	N/A	N/A	N/A	N/A	8.0

SEKm

Common Equity Tier capital	1,671	N/A	N/A	N/A	N/A	1,671
Tier 1 Capital	2,229	N/A	N/A	N/A	N/A	2,229
Own funds	2,972	N/A	N/A	N/A	N/A	2,972

Capital ratios

	30 Jun	31 Dec	30 Jun
Percentage	2014	2013	2013
Common Equity Tier I capital ratio, including profit	47.1	31.9	32.4
Tier I ratio, including profit	47.1	31.9	32.4
Total Capital ratio, including profit	58.9	40.6	41.1

Note 13 Risks and uncertainties

The company's main risk exposure is credit risk. The company also assumes liquidity risk and operational risk. None of the above exposures and risks is expected to have any significant adverse effect on the company or its financial position in the next six months.

There are no disputes or legal proceedings in which material claims have been lodged against the company.