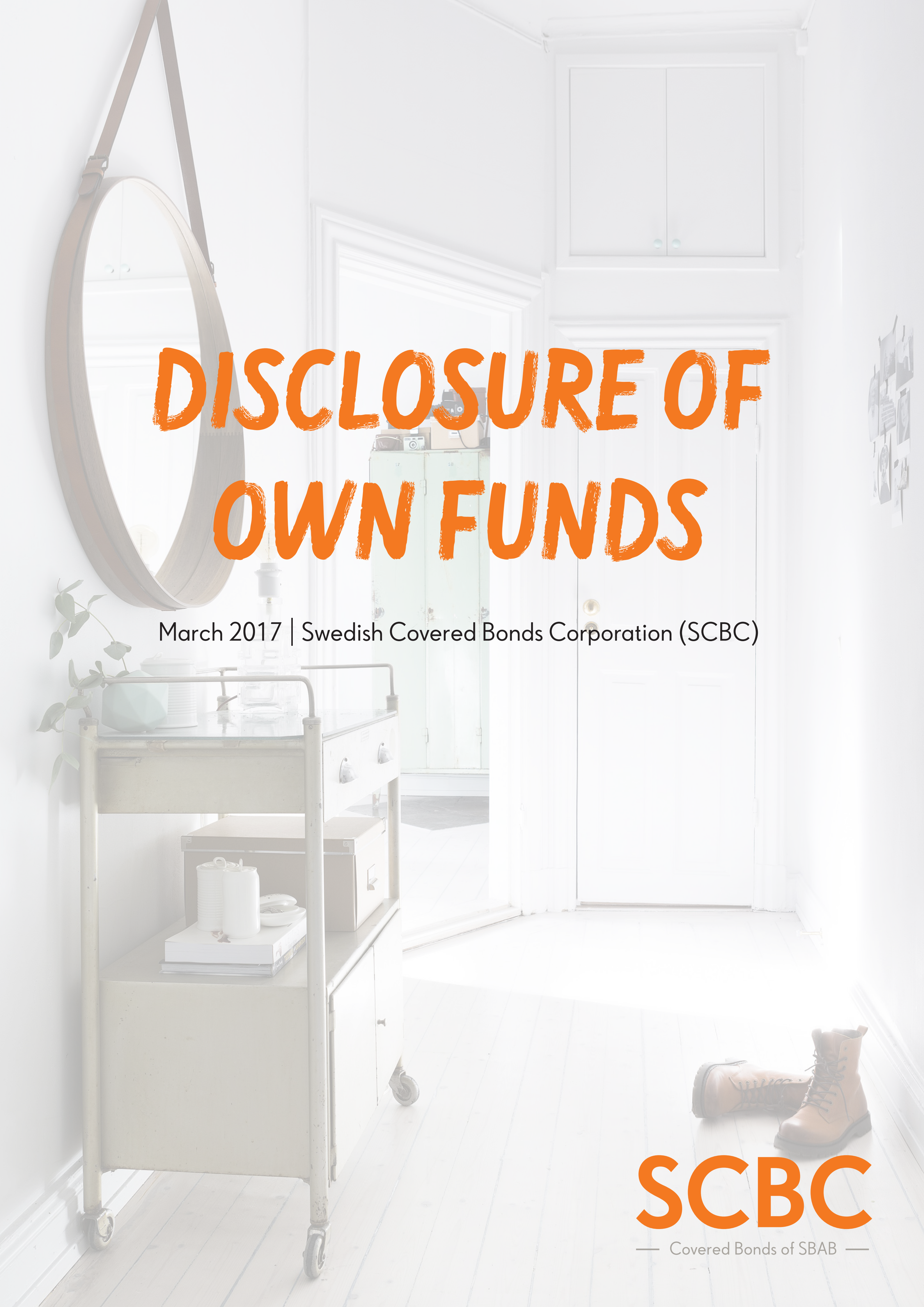

DISCLOSURE OF OWN FUNDS

March 2017 | Swedish Covered Bonds Corporation (SCBC)

SCBC

Covered Bonds of SBAB

SWEDISH COVERED BONDS CORPORATION (SCBC)

Swedish Covered Bonds Corporation (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.

The tables below are based on Swedish Financial Supervisory Authority's Regulatory Code FFFS 2014:18 and FFFS 2014:12. According to these regulations, 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.

For SCBC, the internal capital requirement without the risk weight floor amounted to SEK 4,006 million.

1 OWNS FUNDS

TABLE 1. **OWN FUNDS – SCBC**

Disclosures in accordance with Article 5 of Commission Implementing Regulation (EU) No 1423/2013. No amounts are subject to the provisions preceding Regulation (EU) No 575/2013 ("CRR") or the prescribed residual amount according to Regulation (EU) No 575/2013.

SCBC **SEK million**	**31/03/2017**	**31/12/2016**	**31/03/2016**
Common Equity Tier 1 capital: Instruments and reserves			
Capital instruments and the related share premium reserves	9,600	9,600	9,600
Retained earnings	5,568	4,347	4,348
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	298	552	721
Independently reviewed interim profits net of any foreseeable charge or dividend	–	1,221	–
Common Equity Tier 1 capital before regulatory adjustments	**15,466**	**15,720**	**14,669**
Common Equity Tier 1 capital: Regulatory adjustments			
Additional value adjustments (negative amount)	–4	–5	–8
Fair value reserves to gain or losses on cash flow hedges	–298	–552	–721
Negative amounts resulting from the calculation of expected loss amounts	–1	0	–36
Gains or losses on liabilities valued at fair value resulting from changes in the own credit standing	0	–1	–1
Total regulatory adjustments to the Common Equity Tier 1 capital	**–303**	**–558**	**–766**
Common Equity Tier 1 capital	**15,163**	**15,162**	**13,903**
Additional Tier 1 capital: Instruments			
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 = Common Equity Tier 1 capital + Additional Tier 1 capital)	**15,163**	**15,162**	**13,903**
Tier 2 capital: Instruments and provisions			
Credit risk adjustment	–	3	–
Tier 2 capital before regulatory adjustments	**–**	**3**	**–**
Tier 2 capital: Regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	**–**	**–**	**–**
Tier 2 capital	**–**	**3**	**–**
Total capital (Total capital = Tier 1 capital + Tier 2 capital)	**15,163**	**15,165**	**13,903**
Total risk-weighted assets	**18,636**	**18,402**	**19,220**
Capital ratios and buffers			
Common Equity Tier 1 (as a percentage of risk exposure amount)	81.4	82.4	72.3
Tier 1 (as a percentage of total risk exposure amount	81.4	82.4	72.3
Total capital (as a percentage of total risk exposure amount	81.4	82.4	72.3
Institution specific buffer requirement (common equity Tier 1 capital requirement in accordance with Article 92(1)(a) plus capital conservation buffer and countercyclical capital buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII buffer and O-SII buffer) expressed as a percentage of risk exposure amount, %	9.0	8.5	8.0
- of which: Common Equity Tier 1 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, %	*2.0*	*1.5*	*1.0*
- of which: systemic risk buffer requirement, %	–	–	–
- of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer, %	–	–	–
Common Equity Tier 1 capital, available to meet buffers (as a percentage of risk exposure amount), %	73.4	74.4	64.3

2 CAPITAL REQUIREMENTS

TABLE 2. **CAPITAL REQUIREMENTS – SCBC**

SCBC SEK million	31/03/2016		31/12/2016		31/03/2016	
	Risk exposure amount	Capital requirement	Risk exposure amount	Capital requi-rement	Risk exposure amount	Capital requi-rement
Credit risk recognised in accordance with IRB approach						
Exposures to corporates	5,480	438	5,632	451	4,950	396
Retail exposures	7,995	640	8,269	662	9,534	763
- of which: exposures to SME	*813*	*65*	*860*	*69*	*1,068*	*86*
- of which: retail exposures secured by immovable property	*7,182*	*575*	*7,409*	*593*	*8,466*	*677*
Total exposures in accordance with IRB approach	**13,475**	**1,078**	**13,901**	**1,112**	**14,484**	**1,159**
Credit risk reported in accordance with standardised approach						
Exposures to governments and central banks	0	0	0	0	0	0
Exposures to regional governments or local authorities	0	0	0	0	0	0
Exposures to institutions [1]	145	12	262	21	178	14
-of which: derivatives according to CRR, Appendix 2	*91*	*8*	*259*	*21*	*135*	*11*
- of which: repos	*54*	*4*	*3*	*0*	*36*	*3*
- of which: others	*0*	*0*	*0*	*0*	*7*	*0*
Exposures to institutions and corporates with a short-term credit assessment	168	13	0	0	2	0
Other items	469	38	565	45	935	75
Total exposures in accordance with standardised approach	**782**	**63**	**827**	**66**	**1,115**	**89**
Market risk	**589**	**47**	**377**	**30**	**433**	**35**
- of which: currency risk	*589*	*47*	*377*	*30*	*433*	*35*
Operational risk	**3,486**	**279**	**3,008**	**241**	**3,008**	**241**
Credit valuation adjustment risk	**304**	**24**	**289**	**23**	**180**	**14**
Total capital requirements and risk exposure amount	**18,636**	**1,491**	**18,402**	**1,472**	**19,220**	**1,538**
Capital requirements for capital conservation buffer		**466**		**460**		**480**
Capital requirements for countercyclical buffer		**373**		**276**		**192**
Total capital requirements		**2,330**		**2,208**		**2,210**

[1] The risk-weighted exposure amount for counterparty risk according to CRR, Article 92, item 3(f), amounts to SEK 145 million (262).

3 CAPITAL ADEQUACY

TABLE 3. **CAPITAL ADEQUACY – SCBC**

SCBC SEK million	31/03/2017	31/12/2016	31/03/2016
Common Equity Tier 1 capital	15,163	15,162	13,903
Tier 1 capital	15,163	15,162	13,903
Total own funds	15,163	15,165	13,903
Without transition rules			
Risk exposure amount	18,636	18,402	19,220
Common Equity Tier 1 capital ratio, %	81.4	82.4	72.3
Excess [1] Common Equity Tier 1 capital	14,325	14,334	13,038
Tier 1 capital ratio, %	81.4	82.4	72.3
Excess [1] Tier 1 capital	14,045	14,058	12,750
Total capital ratio, %	81.4	82.4	72.3
Excess [1] total capital	13,672	13,693	12,366
With transition rules			
Own funds	15,164	15,162	13,939
Risk exposure amount	133,687	133,171	132,459
Total capital ratio, %	11.3	11.4	10.5

[1] Excess of capital has been calculated based on the minimum capital requirements (without buffer requirements)