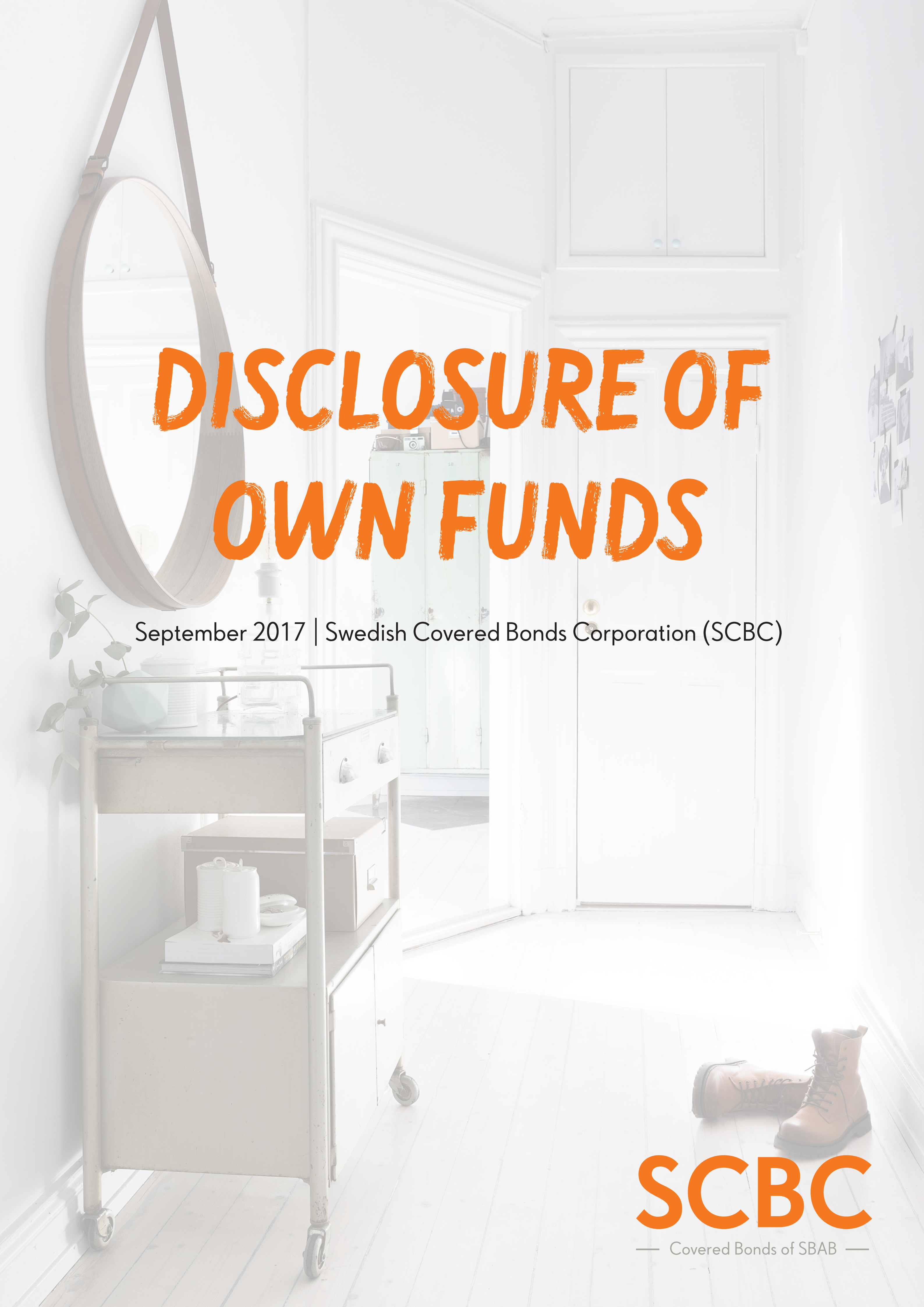

DISCLOSURE OF OWN FUNDS

September 2017 | Swedish Covered Bonds Corporation (SCBC)

SCBC

Covered Bonds of SBAB

SWEDISH COVERED BONDS CORPORATION (SCBC)

AB Sveriges Säkerstallda Obligationer (publ) (Swedish Covered Bond 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 3,717 million.

TABLE 1. **CAPITAL ADEQUACY – SCBC**

CAPITAL ADEQUACY SCBC, **SEK million**	**30 Sep 2017**	**31 Dec 2016**	**30 Sep 2016**
CET1 capital	16,340	15,162	14,587
Tier 1 capital	16,340	15,162	14,587
Total capital	16,340	15,165	14,587
Without transitional rules			
Risk exposure amount	17,099	18,402	19,209
CET1 capital ratio, %	95.6	82.4	75.9
Excess [1] of CET1 capital	15,571	14,334	13,723
Tier 1 capital ratio, %	95.6	82.4	75.9
Excess [1] of Tier 1 capital	15,314	14,058	13,434
Total capital ratio, %	95.6	82.4	75.9
Excess [1] of total capital	14,792	13,693	13,050
With transitional rules			
Own funds	16,345	15,162	14,597
Risk exposure amount	134,532	133,171	132,939
Total capital ratio, %	12.1	11.4	11.0

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

TABLE 2. 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.

OWN FUNDS SCBC, SEK million	30 Sep 2017	31 Dec 2016	30 Sep 2016
CET1 capital instruments: Instruments and reserves			
Capital instruments and the related share premium accounts	9,600	9,600	9,600
Retained earnings	5,568	4,347	4,347
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	131	552	918
Independently verified interim profits net of any foreseeable charge or dividend	1,181	1,221	657
CET1 capital before regulatory adjustments	**16,480**	**15,720**	**15,522**
CET1 capital: regulatory adjustments			
Additional value adjustments (negative amount)	–4	–5	–7
Fair value reserves related to gains or losses on cash-flow hedges	–131	–552	–918
Negative amounts resulting from the calculation of expected loss amounts	–5	0	–9
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	–1	–1
Total regulatory adjustments to CET1 capital	**–140**	**–558**	**–935**
CET1 capital	**16,340**	**15,162**	**14,587**
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=CET1 + Additional Tier 1 capital)	**16,340**	**15,162**	**14,587**
Tier 2 capital: Instruments and provisions			
Credit risk adjustments	–	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)	**16,340**	**15,165**	**14,573**
Total risk-weighted assets	**17,099**	**18,402**	**19,209**
Capital ratio and buffers			
CET1 capital (as a percentage of total risk-weighted exposure amount), %	95.6	82.4	75.9
Tier 1 capital (as a percentage of total risk-weighted exposure amount), %	95.6	82.4	75.9
Total capital (as a percentage of total risk-weighted exposure amount), %	95.6	82.4	75.9
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), %	9.0	8.5	8.5
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 capital buffer requirement, %	*2.0*	*1.5*	*1.5*
Of which: systemic risk buffer requirement, %	–	–	–
Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffers, %	–	–	–
CET1 capital available to meet buffers (as a share of risk-weighted exposure amounts, %)	87.6	74.4	67.9

TABLE 3. **RISK EXPOSURE AMOUNTS AND CAPITAL REQUIREMENTS – SCBC**

RISK EXPOSURE AMOUNT & CAPITAL REQUIREMENTS, SCBC, SEK million	**30 Sep 2017**		**31 Dec 2016**		**30 Sep 2016**	
	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	4,504	360	5,632	451	4,864	389
Retail exposures	7,795	624	8,269	662	9,257	741
Of which: exposures to SMEs	*719*	*58*	*860*	*69*	*850*	*68*
Of which: retail exposures secured by immovable property	*7,076*	*566*	*7,409*	*593*	*8,407*	*673*
Total exposures recognised with IRB approach	**12,299**	**984**	**13,901**	**1,112**	**14,121**	**1,130**
Credit risk recognised with the standardised approach						
Exposure 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]	106	9	262	21	355	28
Of which: derivatives according to CRR, Appendix 2	*81*	*7*	*259*	*21*	*311*	*25*
Of which, repos	*25*	*2*	*3*	*0*	*44*	*3*
Of which other	–	–	*0*	*0*	*0*	*0*
Exposures to corporates	–	–	–	–	–	–
Retail exposures	–	–	–	–	–	–
Exposures in default	–	–	–	–	–	–
Exposures in the form of covered bonds	–	–	–	–	–	–
Exposures to institutions and corporates with a short-term credit rating	0	0	0	0	0	0
Other items	364	29	565	45	812	65
Total exposures recognised with standardised approach	**470**	**38**	**827**	**66**	**1,167**	**93**
Market risk	**529**	**42**	**377**	**30**	**420**	**34**
Of which: position risk	–	–	–	–	–	–
Of which: currency risk	*529*	*42*	*377*	*30*	*420*	*34*
Operational risk	**3,486**	**279**	**3,008**	**241**	**3,008**	**241**
Credit valuation adjustment risk	**315**	**25**	**289**	**23**	**493**	**39**
Total risk exposure amount and minimum capital requirement	**17,099**	**1,368**	**18,402**	**1,472**	**19,209**	**1,537**
Capital requirements for capital conservation buffer		**427**		**460**		**480**
Capital requirements for countercyclical buffer		**342**		**276**		**288**
Total capital requirement		**2,137**		**2,208**		**2,305**

[1] The risk-weighted amount for counterparty risk according to the CRR, Article 92(3)(f), amounts to SEK 106 million (262).