



AB Svensk Exportkredit  
*Annual Report 2019*



SEK is to strengthen the competitiveness of the Swedish export industry to create employment and sustainable growth in Sweden.



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## How to read SEK's Annual Report

AB Svensk Exportkredit's (SEK's) Annual Report 2019 is an integrated report in which the sustainability report is included. The company's audited annual accounts and the consolidated financial statements are included on pages 8–131. The Report of the Directors can be found on pages 8–53. The Parent Company's results and assets correspond predominantly to those of the Group. Unless otherwise stated or when it is clear from the context, the information in these notes relates to the Consolidated Group and the Parent Company.

Alternative performance measures (APMs) are key performance indicators that are not defined under IFRS or in the Capital Requirements Directive IV (CRD IV) or in Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR). SEK has chosen to present these, either because they are in common use within the industry or because they accord with SEK's

mission from the Swedish government. The APMs are used internally to monitor and manage operations, and are not considered to be directly comparable with similar key performance indicators presented by other companies. For additional information regarding the APMs, refer to [www.sek.se](http://www.sek.se).

SEK's Swedish corporate identity number 556084-0315, with its registered office in Stockholm, Sweden is a public company as defined in the Swedish Companies Act. In some instances, a public company is obliged to add "(publ)" to its company name. For more information about SEK's operations, refer to [www.sek.se](http://www.sek.se) or contact SEK at [information@sek.se](mailto:information@sek.se) or on +46 8 613 83 00. Design and production: SEK, with production support from Ashman Original AB, Stockholm 2020. Images: Jan Danielsson, Shutterstock, Unsplash and SEK. Print: Print Run AB, Sundbyberg 2020.



# This is SEK

## Mission

SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. The mission also includes administration of the officially supported CIRR system.

## Vision

SEK is to strengthen the competitiveness of the Swedish export industry to create employment and sustainable growth in Sweden.

## Target group

SEK lends money to Sweden-based exporters, their suppliers and foreign customers.

Since 1962, SEK has offered loans that have enabled thousands of Swedish companies to grow by increasing production, making acquisitions, increasing the number of employees and selling products and services to clients across the globe.

With lending in about 65 countries, SEK allows companies to feel at home even when conducting business internationally by granting access to an entire ecosystem of banks, companies and business partners across the globe.

Sustainability is central to SEK's operations, and therefore it is a natural step to finance the industry's transition to a fossil-free society; a development that also creates new export opportunities.

SEK fulfills a well-defined function in companies' total loan portfolio. SEK specializes solely in international export financing with the sole concern that Swedish exporters are able to succeed with more export transactions. This is exactly why SEK was founded: to create more business for Swedish exporters, and thereby contributing to jobs and growth in Sweden.





## 2019 in brief

Despite the economic slowdown, SEK has been successful in attracting new clients. The number of clients increased 20 percent in 2019, up considerably on 2018. SEK repositioned itself successfully during the year and broadened its target group, which has resulted in more medium-sized companies than previously being able to use SEK's financing services.

75

billion Swedish kronor  
in new lending

270

billion Swedish kronor  
in the total lending portfolio

1,304

million Swedish kronor  
in operating profit

20%

more clients 2019

Return

5.5%

on equity

Rating

Standard & Poor's

AA+

Moody's

Aa1





**SEK has dedicated employees**  
*Empowerment*

76

Empowerment measures motivation, authority and competence

**Partnership within Team Sweden**

Within the framework of the government's export strategy, SEK develops partnerships with the other agencies in Team Sweden, including Almi, Business Sweden, EKN and Swedfund. That includes the establishment of regional collaboration and joint seminars.



**Export Credit Survey, December 2019:**

Export is slowing down – lower order intake and lower employment.



65

SEK had lending in about 65 countries during 2019

"SEK is a fantastic workplace, there is so much expertise here and the organization has developed a lot in recent years. We are an expert organization, which means you never become fully educated."

*Sirpa Rusanen, Chief Human Resources Officer*

The Career Company 2020 award entails that SEK is one of the most attractive companies are to simplify for Sweden's students and young professionals to find their next employer and reward successful employer branding work.

SEK wants to be a positive force in this work and now chooses to finance the industry's investments for conversion in Sweden.



**Level of satisfaction**

97%

of our clients recommend us to others



# Sustainable financing is the future for Swedish exports

Although 2019 has come with challenges and an economic slowdown, it has been a strong year for SEK. More new clients, broadened business and increased demand for financing have positively contributed to SEK's business. The focus of SEK's development and the key to our success during the year has been to better understand the needs of clients and identify our ability to meet these needs.

After a period of favorable growth to the global economy it has now slowed down and GDP growth is expected to decline from 3.0 percent in 2018 to 2.4 percent 2019, according to the World Bank. Increased protectionism, mounting trade conflicts between the US and China and uncertainty with the British exit from the EU has created uncertainty in companies, generating a negative impact on global trade.

The declining global economy has affected the Swedish economy. According to SEK's Export Credit Trends Survey, this is most apparent with reduced export order intakes and lower employment projections. Although export order intakes have decreased during the year, companies' financing requirements remain stable, even if we can expect a reduced need in one year.

**"Although export order intakes have decreased during the year, companies' financing requirements remain stable, even if we can expect a reduced need in one year."**

Emerging economies, particularly in Asia, take up an increasing amount of space on the global market, while Europe and North America are losing shares. Sweden's position in the global market for the exports of goods has, however, stabilized. In 2016, the downward trend of falling export shares was reversed, and Sweden's export market share has remained stable since then. In several industries (automotive, oil, food, electric power and steel), Sweden has even captured market shares. Figures from Statistics Sweden show that the value of exports of goods in 2019 has increased by 5 percent compared to 2018.

In recent years, SEK has worked with a clear strategy to reach more clients. The purpose of reaching out to more clients is contributing to increased exports and at the same time broadening the company's revenue base. In recent years, the internal improvement work has doubled the number of clients, the number of employees who work directly with clients has more than doubled and this has been made possible by streamlining administration.

Key factors for reaching more clients have been a structured way of working where we clarify our professional roles, clients' offers, and to a greater extent worked regionally in Sweden. The collaboration with both colleagues within Team Sweden, as well as the Swedish banks, have been absolutely decisive for this success.

In 2019, the number of new clients has increased by 20 percent, which is a big improvement even though we didn't reach the high operating targets. The high activity level has left positive effects in the number of clients as well as in increased lending volumes. SEK's new lending amounted to Skr 74.5 billion, a considerable increase compared to the previous year (2018: Skr 57.0 billion).

**"In 2019, the number of new clients has increased by 20 percent, which is a big improvement."**

Our unique expertise with financial solutions and international business strengthens companies' competitiveness and allows them to win more global business, leading in turn to more jobs and increased growth. In this way, we help the Swedish export industry to contribute to Sweden's welfare.

Every second year, SEK follows up its public policy assignment by conducting a survey. The 2018 client survey rated SEK extremely highly, both in terms of excellent business insight and high competence. 66 percent of clients are of the opinion that the collaboration exceeded their expectations, and 97 percent of clients could recommend SEK to others. This is a rare and outstanding rating for the finance industry, which makes SEK's employees and myself proud. At the same time, the results found that we could be more proactive and hone our offering. To meet these needs, we have started to develop the offering together with clients, which increases relevance and client advantage.

**"SEK aims to be a positive force in the transition towards a fossil-free society."**

At the end of the year, the government presented an update of Sweden's export strategy in which economic, social and environmental sustainability have gained extra focus. This means, inter alia, that export credits for investments in the exploration and extraction of fossil fuels will cease by 2022 at the latest. SEK aims to be a positive force in the transition towards a fossil-free society, and during the year, has initiated efforts to make a greater impact on reducing fossil-fuel emissions. This is not just about export credits, but also concerns how we can help industry transition in Sweden by finding climate-smart energy solutions and sustainable transportation





Sustainable financing has long been a key component of SEK's operations. In June, SEK issued a three-year fixed-rate green bond with a nominal value of Skr 1 billion. This provided investors with the opportunity to finance exports of Swedish environmental technology and environmental expertise across the globe.

International guidelines, primarily the UN Global Compact and the global Sustainable Development Goals, show the way forward for our sustainability efforts. In 2017, we adopted the Equator Principles, providing us with another tool for assessing and managing environmental and societal risks in conjunction with financing projects and export credits.

High sustainability risks could occur in financing in countries with high risk of corruption or human rights violations. In the credit granting process, we take into account these risks to see how our surroundings are impacted by our business decisions. We are proud of the mission to finance Swedish exporters on commercial and sustainable grounds, and are convinced that sustainable business is a crucial component of Sweden's export successes.

For almost 60 years, SEK has successfully strengthened the Swedish export industry and built strong relationships with clients, banks and business partners around the world. Working on a daily basis with clients and committed employees to strengthen the Swedish export industry's competitiveness globally is an invigorating journey.

Stockholm, February 20, 2020

A handwritten signature in blue ink, appearing to read 'Catrin Fransson', written in a cursive style.

Catrin Fransson  
Chief Executive Officer



# Business environment factors that impact operations

Global trends give shape to the future, both for Sweden's export industry and the finance industry. SEK has identified four trends that will impact the company's operations over the forthcoming years.



## Sustainability and climate issues

Climate change is more relevant than ever, and a lot is happening in the EU in which an action plan is starting to come together, and a series of regulations governing reporting and classification are being prepared. In all likelihood, increased capital requirements will apply for assets with high sustainability risk. The transition to a fossil-free economy is accelerating, and those who do not manage to achieve this will likely face future difficulties.

SEK has skills and experience from working with sustainability as an integrated part of operations. The UN Sustainable Development Goals will influence global investments and SEK will be able to act as a positive force through sustainable financing.



## Digitalization

The ongoing technological development is creating new business models in all industries, not least the financial sector. Physical goods will become digital services, digital platforms will cut out intermediaries, and automation and robotization will increase the efficiency of traditional industries. The companies, all now with their own digitalization strategies, will use the opportunities offered by digitalization as a means for achieving key objectives.

Digitalization is crucial for the development of SEK's operations. Digital solutions will be necessary for effectively handling larger flows in the form of more customers and transactions.





## Finance and policy

The coming years are expected to be marked by weaker global economic growth due to different types of trade wars and protectionism as well as the effects of the UK's exit from the EU. The World Bank expects global growth of around 2.5 percent in the next three-year period, approximately half a percentage point lower than the projection made one year ago. The continuation of interest rates remaining exceptionally low is positive for growth. However, more signs point to the effect of these being in decline, and some central banks are implying that additional cuts could be more harmful than anything else.



## Regulations

New regulations continue to come into effect in the wake of the financial crisis. Many regulations impact SEK as a financial institution, and it is therefore important that the company's network is developed and maintained to facilitate long-term planning and the ability to receive information from the various European regulatory forums.

One of the many new regulations coming into effect during the business plan period is the Banking Reform Package, that will change conditions for capital adequacy pertaining to corporate exposures. The reference rate reform is also expected to affect SEK, primarily through the replacement of LIBORs in 2022 with new risk-free rates (RFRs). To identify regulatory changes and assess their effect, active business environment monitoring is conducted.



# Commercial and sustainable terms

SEK is tasked with conducting lending operations on commercial and sustainable terms, with the aim of promoting the Swedish export industry by offering financing solutions that directly or indirectly promote Swedish exports.

## SEK's mission

SEK ensures access to financial solutions for the Swedish export industry on commercial and sustainable terms. SEK lends money to Swedish exporters, their suppliers and international buyers of Swedish products and services.

The mission includes administration of the officially supported CIRR system. CIRRs (Commercial Interest Reference Rates) allow exporters' customers to be offered financing at fixed interest rates. SEK and the EKN jointly constitute the Swedish export credit system.

SEK is owned by the Swedish government and is governed, inter alia, by the owner instruction and ownership policy.

SEK is a member of Team Sweden, which is made up of public sector export promotion agencies, including Business Sweden and the Swedish Export Credits Guarantee Board (EKN). Together, these organizations collaborate to create improved operating conditions for Swedish companies in international markets.

## Sustainable terms

SEK wants to set an example with regard to sustainability topics and drive development in sustainable business forward. SEK does this mainly by setting requirements when lending. Know your customer and sustainability assessments are conducted for all transactions prior to granting credit.

In conjunction with its lending, SEK's most material sustainability topics are anti-corruption, environmental and climate impact, labor conditions and human rights. Read more in sustainability notes 3, 5–8.

As lender, SEK has a responsibility for ensuring that the financed transactions comply with international sustainability guidelines. Read more in sustainability note 4.

The UN Sustainable Development Goals are part of Agenda 2030. The Agenda contains 17 Global Goals aimed at eradicating poverty and hunger, realizing human rights, and securing lasting protection for the planet and its natural resources. SEK works with the Global Goals in its strategy and its operations. Read more about the Global Goals in sustainability note 11.



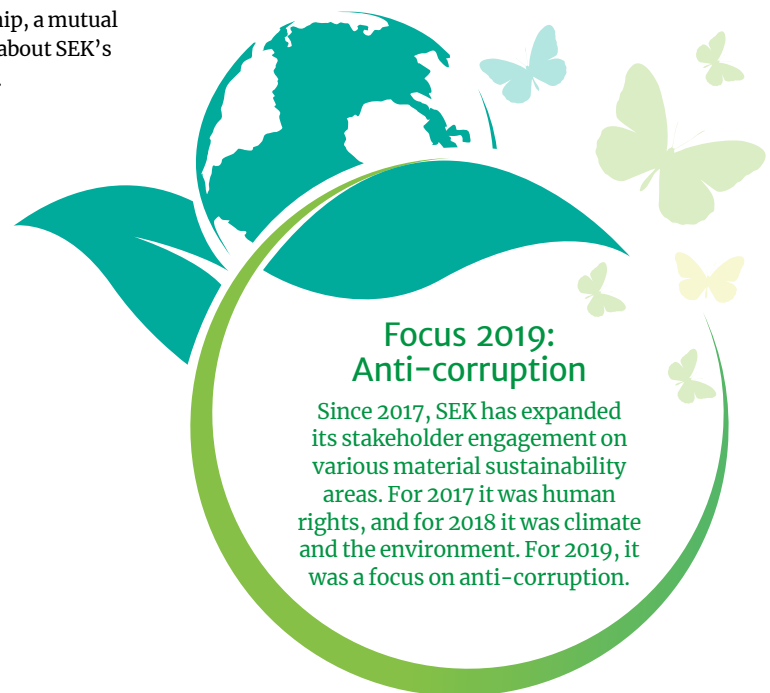


# Stakeholder dialogue

Stakeholders are defined as those who are directly or indirectly affected by SEK's operations. Continuous dialogue with the parties is crucial to achieving sustainable results. SEK's stakeholders comprise the Swedish government, exporters, investors, banks, Team Sweden, employees and stakeholder organizations.

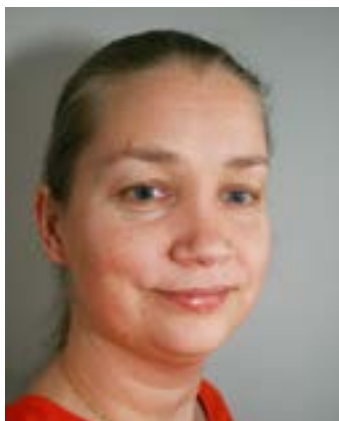
## Mutual stakeholder dialogue within Team Sweden

Efforts to promote Swedish exports are conducted in collaboration with a number of other organizations. In 2019, SEK entered into a collaboration with Business Sweden, EKN and Swedfund to develop our initiatives to combat corruption in international transactions. The collaboration has been part of the framework for SDG 16: Promote peaceful and inclusive societies. Within the framework of this partnership, a mutual stakeholder dialogue was conducted. Read more about SEK's Stakeholder engagement in sustainability note 2.



## Voices from the stakeholder dialogue

Ulrik Åshuvud and Lotta Rydström, Transparency International



”

”Team Sweden has a particular responsibility to set clear requirements for the companies that it works with and finances. Team Sweden must ask the necessary questions, regardless of how detailed and sometimes tricky they may be, to make the companies aware of the risks and what measures need to be taken to address them.”



# Client-centric strategy

SEK's strategy is client-centric and is based on the mission, macro-economic factors, stakeholders and the core values that guide our operations.

## Strategy

SEK has a key role in strengthening Sweden's export industry and contributing to increased growth and employment in Sweden. A big part of this increase is expected to come from medium-sized enterprises. Therefore, SEK's growth ambitions have focused on reaching more clients in the medium-sized company segment.

SEK will broaden the scope of business relationships with existing customers and attract new customers. Conditions will be created for more effective processing and servicing models through modernization and digitalization, creating profitability in transactions even if they are smaller. Increased collaboration with local banks, proactivity and marketing aimed at selected target groups will be a priority for creating new business opportunities.

Dialogue with clients is key to understanding their needs and challenges. Partnerships have been deepened and today, business development is often conducted in collaboration with the clients.

The transition to a fossil-free society is a global challenge. SEK aims to be a positive force for this drive and financing industry's investments for Sweden's transition is part of SEK's strategy.

The transition requires financing of large energy projects, climate-smart transportation, sustainable urban development, research facilities and fossil-frugal production. Swedish companies and Swedish environmental technology are already global leaders in several areas and contribute to positive climate impact.

## Core values

Together, SEK's employees have prepared a set of core values that guide us in our work. This is based on employees in their various occupational roles endeavoring to be solution-oriented and professional, and cooperating to achieve results. SEK's core values are a prerequisite for succeeding with the strategy.



The transition to a fossil-free society is a global challenge. SEK aims to be a positive force for this drive.





## Partners and collaboration

A large part of SEK's transactions derive from collaboration with banks throughout the world. Collaboration with Swedish and international banks, development banks, Almi, Business Sweden and the EKN is crucial to accomplishing the strategy.

With the purpose of increasing Swedish deliveries to international infrastructure projects, in particular in developing countries, a collaborative initiative has been prepared within the framework for Team Sweden where EKN, Business Sweden, Swedfund and SEK are included. The initiative aims to forge relationships with international construction companies, also known as EPC companies (Engineering, Procurement & Construction), and offer financing to allow these companies to purchase Swedish goods and services for their projects. SEK is establishing relationships with EPC companies that set high requirements for sustainability and follow international guidelines. Procurements with high sustainability requirements benefit Swedish exporters' competitiveness in general, since they are highly innovative and offer sustainable solutions.



## Strategy

- Deepening relationships with existing clients
- Attracting new clients
- Create new business opportunities through partners and collaborations
- Modernizing and digitalizing
- Efficient and client-driven processes



## Sustainability strategy

- Client offering with a sustainability focus
- Borrowing linked to the UN Sustainable Development Goals
- Corporate culture, where employees feel included, are motivated and assume responsibility.



**THE GLOBAL GOALS**  
For Sustainable Development



# Targets and outcomes

SEK's strategy is to attract new clients and to deepen relationships with existing clients through digitalization, collaboration and client-driven processes. The prioritized targets are as follows and the next page includes a follow-up of the public policy assignment.

		2018 OUTCOMES	2019 TARGETS	2019 OUTCOMES
Profitable growth	Number of clients	+12%	+42%	+20%
	Broadened businesses	7	13	11
	Client Satisfaction <sup>2</sup>	91%	>80%	91%
Swedish export industry's competitiveness	Value added for clients through export credits <sup>1</sup>	73% <sup>2</sup>	>60%	73% <sup>2</sup>
A sustainable workplace	Empowerment <sup>3</sup>	76	>80	76
	Attractive employer <sup>3</sup>	77	>85	78
Green financing	Number of green loans	14	10	9

		2018 OUTCOMES	2019 TARGETS	2019 OUTCOMES	LONG-TERM TARGETS
Financial targets <sup>4</sup>	Return on equity	3.6%	3.9%	5.5%	6.0%
	Dividend policy	30%	30%	30%	30%
	Capital target	20.1%	19-21% <sup>5</sup>	20.6%	See footnote <sup>5</sup>

<sup>1</sup> Proportion of the client survey that perceives that SEK's export credits contributed significantly or very significantly to the execution of their export transactions.

<sup>2</sup> Results from the 2018 client survey.

<sup>3</sup> See definitions on page 135.

<sup>4</sup> The general meeting of shareholders has decided the long-term financial targets for SEK. These were communicated at the 2015 annual general meeting and do not have any time limit.

<sup>5</sup> According to the capital target, SEK's total capital ratio is to exceed the Swedish FSA's capital adequacy requirement by 2 to 4 percentage points. The capital targets are decided annually by the annual general meeting and are valid until further notice.

## Comments on target attainment


SEK exceeded the financial targets for 2019. The company ended the year with a return on equity of 5.5 percent, significantly above both the 2019 target of 3.9 percent and the previous year's result of 3.6 percent. A very good financial result.

In addition to the financial goals, the company set ambitious business goals for 2019. The company had decided to increase its customer base by 42 percent but did not reach all the way. The year ended with an expansion of the customer base of 20 percent, far from the ambitious target, but the largest expansion of the customer base ever.

The target level for 2020 for the expansion of the customer base has been increased further in accordance with the strategy of attracting new clients by way of new offerings and structured client processing. The ambition to reach more clients with SEK's green offerings have proved fruitful and we almost reached our target. By 2020, the company's increased the ambition level significantly towards the goal of being a positive force in the transition. The green loans have a direct link to the UN Sustainable Development Goals. The long-term financial targets are established by the owner and are to be viewed over a longer horizon.

The employee survey reveal a positive shift to a sustainable workplace, even if there is some way to go in achieving the company's ambitious targets.





## Follow-up of the public policy assignment

SEK's administration of the official supported export credit system (CIRR system) is a specially commissioned public policy assignment by the Swedish parliament. The benefit to the national economy of this mission should be evaluated partly by measurement of the added value that SEK creates in terms of export credits (of which CIRRs comprise a part) and partly through the stakeholder dialogue.

The stakeholder dialogue is presented in sustainability note 2.

SEK follows up the public policy assignment using a biennial client survey. Below is parts of the results from the most recent survey that was conducted in 2018.

1. *"Have SEK's export credits helped execute clients' export transactions?"*

73 percent of clients who had engaged SEK's services for export credits stated that SEK's credits had contributed significantly or very significantly to the execution of their export transactions. This can be compared with 63 percent in the preceding survey.

2. *"The reason why the exporters decided to collaborate with SEK"*

The responses are shown as open replies, in which the clients say, for example, that SEK has excellent understanding of business and that they want to partake of SEK's competence. Other reasons stated are access to CIRR and that SEK is a bargaining tool for sales.

3. *"Did the collaboration match the client's expectations?"*

66 percent of clients stated that the collaboration exceeded their expectations. 28 percent responded that the collaboration significantly exceeded their expectations. The corresponding figures for the 2016 client survey were 73 and 18 percent, respectively.

4. *"How SEK can further improve its offering of export credits"*

Approximately two thirds of the clients considered SEK as proactive, but that it had improvement potential in this respect and scope to increase its proactivity.

5. *"How the clients perceived the Swedish export credit system compared with corresponding systems in key competing countries"*

73 percent of the client companies consider the Swedish export credit system to be better than the systems in key competitor countries. The corresponding figure for 2016 was 87 percent.



# Value creation and business model at SEK

SEK's mission, core values and strategy are the basis for its operations. The model shows how capital in the form of resources and relations are used and employed to generate value for various stakeholders and to fulfil SEK's mission.

## The resources SEK uses

### Financial capital

Equity **Skr 19,1 bn**  
Borrowing in the capital market **Skr 273,0 bn**  
Green borrowing **2%**

### Human capital

Employees **241**  
Consultants **40**

### Relationship capital

Team Sweden  
Swedish and international banks  
Investors

### Intellectual Capital

Policies and instructions  
IT systems and processes  
High credit rating **AA+, Aa1**  
Sustainability rating, prime

### Environmental capital

Office emissions tons CO<sub>2</sub>e **83**  
Business travel emissions tons CO<sub>2</sub>e **298**  
Carbon offsetting tons CO<sub>2</sub>e **381**

Lending to Swedish exporters and their customers around the globe.



Raising capital in the international capital market



## Value SEK creates

### Clients

Loans outstanding including committed  
undisbursed loans – exporters **Skr 98,3 bn**  
– exporters' customers **Skr 171,5 bn**  
Satisfied clients **97%**  
Value added by export credits **73%**

### Employees

Women/men in management positions **42/58%**  
Employees with foreign/Swedish background **33/67%**  
Empowerment **76**  
Attractive employer **78**

### Society

Indirect contribution to Sweden's GDP **Skr 51 bn**  
Indirect contribution to number of job  
opportunities **51,000**  
CIRR loans outstanding **Skr 76,1 bn**  
Resolution fee **Skr 169 mn**  
Income tax paid **Skr 529 mn**

### Lending

Green lending **Skr 10,6 bn**  
Fossil-related lending **Skr 1,8 bn**  
Other lending **Skr 257,4 bn**

### Owner

Dividend **Skr 308 mn**  
Return on equity was **5.5%**



# Financial solutions for the Swedish export industry

Since 1962, SEK has offered financial solutions that have enabled thousands of Swedish companies to grow by increasing production, making acquisitions, increasing the number of employees and selling products and services to clients across the globe. SEK lends money to Sweden-based exporters, their suppliers and foreign clients.

Most of Sweden's largest companies finance several of their export transactions with solutions from SEK, an option that is now available even for medium-sized companies. The companies view state-owned SEK as a competent and long-term specialist partner, who with lending in about 65 countries is just as global as the companies themselves, and grants access to an entire ecosystem of banks, companies and business partners across the globe.

Sustainable financing solutions are a cornerstone to SEK's business model, and SEK launched two new offers during the year: green loans and financing for the transition to fossil-free energy. With a wealth of experience in working with renewable energy internationally, SEK is in the perfect position to contribute to the industry's transition in Sweden, a development that also creates new export opportunities.

## An Export Credit with CIRR-interest\*



*"SEK has allowed us to expand faster globally"*  
*Swedish exporter*



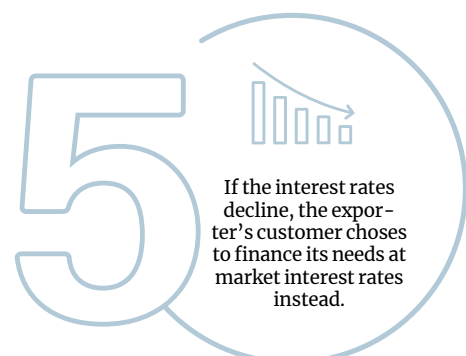
\*CIRR stands for Commercial Interest Reference Rate and is an agreement within OECD that ensures that individual countries do not favor their export industry in the wrong way. In Sweden, SEK administers the state supported CIRR system.



*"When the customer requests financing, SEK can offer competitive arrangements with favorable terms."*  
*Swedish exporter*



*"SEK is an important player for us in certain markets. They are important for our customers."*  
*Swedish exporter*





## Loans to exporters and their suppliers

### Working capital

Working capital, is SEK's most in demand loan. It is aimed for companies such as those that need to invest in a new facility, increase production, broaden their financial base or require capital for capital goods.

### "Enkla exportlånet"

This loan product is encompassed by the EU's InnovFin Guarantee Facility and provides innovative small and medium-sized companies with the ability to loan up to SEK 65 million, without posting collateral. With the "Enkla exportlånet", companies can, for example, make new investments, increase their production or establish themselves in new markets.

### Factoring services

Factoring services is an effective solution for companies who want to grow but need to release capital. The companies can sell their invoices to SEK, receive payment directly and improve their key performance indicators when accounts receivable are exchanged for cash on the balance sheet.

### Financing for the transition to fossil-free industry

Many companies in Sweden are actively working to realign their operations to reduce emissions from fossil fuels. SEK aims to be a positive force in these efforts and can finance everything from climate-smart energy solutions to sustainable transportation.

### Contract guarantees

Export transactions often entail foreign buyers demanding guarantees, such as for advance payment and performance bonds, before entering into an agreement. Such guarantees are issued by a third party, for example SEK, and guarantee compensation to the buyer should the exporter be unable to fulfill its undertakings. A guarantee entails SEK assuming risk for the exporter.

## Loans to the exporters' customers abroad

### Export credits

Swedish exporters can strengthen their competitiveness by offering their customers financing in connection with the sale of their products or services. Usually, three parties are involved in this: SEK as the financier, the Swedish Export Credits Guarantee Board (EKN) who eliminate the risk that the exporter does not get paid, and one or more commercial banks, who arrange the transaction and cover part of the risk that is not covered by EKN. See more information on page 18 and page 26.

### Leasing and installment plans

SEK offers financing in the form of leasing and installment plans for export transactions that utilize capital goods as collateral. This is a collaboration with the client's own finance companies and where SEK can engage in risk-sharing with the individual exporter, enabling smaller-scale transactions in various markets

### Factoring services

SEK can help exporters to offer their customers extended credit periods. When exporters sell their invoices, they widen their scope to sell more, while avoiding any negative impact on the company's liquidity and balance sheet. SEK takes over the exporter's claim against its customer and the exporter receives immediate payment

### Project financing

SEK offers financing in the form of leasing and installment plans for export transactions that utilize capital goods as collateral. This is a collaboration with the client's own finance companies and where SEK can engage in risk-sharing with the individual exporter, enabling smaller-scale transactions in various markets.

## Financing solutions for all parties

### Green loans

Companies whose products or operations contribute to reduced environmental impact or more effective usage of resources are eligible for green loans. On top of a lower interest rate, these companies also receive a green stamp proving that their operations contribute to the UN Sustainable Development Goals. All of SEK's financing solutions, from export credits to factoring services, can qualify as green loans provided that the borrower meets the necessary criteria.

### Loans in local currencies

SEK offers financing in more currencies than most of its fellow market participants. The loan can be returned in another currency than that included in the contract of sale. If the price has been agreed in Swedish kronor but the borrower desires USD, the loan can be returned with the equivalent value in USD. This also allows Swedish companies with subsidiaries abroad to take out loans in the local currency to eliminate interest and currency risk.





# Case: J2 Sourcing dared to capture huge order

J2 Sourcing is a Malmö based company that develops and distributes electronic components. The company, that has 50 employees and annual sales of Skr 200 million, was able to capture a huge order equivalent to half of the company's turnover last summer. However, for J2 Sourcing to accept the order, capital was required since the transaction required capital expenditure with large production costs.

"Traditionally, we have been forced to either invest or choose a larger customer. With an increase of capital, we can plan our expansion in a wider context. We are now going to set up warehouses and sales in both China and North America" says Jesper Andersson, CEO at J2 Sourcing.

Jesper Andersson believes that the "Enkla exportlån" has also contributed to an increase in competitiveness.

"Our competitors are often large companies with entirely different financial capabilities to us. We can now offer the same payment conditions as they can, making us more competitive."

## Facts

**Business:** "Enkla exportlån"

**Amount:** Skr 40 million

**Term:** 2 years

**Borrower:** J2 Sourcing AB

**Guarantee:** Europeiska Investeringsfonden (EIF)

## "Enkla exportlån"

The "Enkla exportlån" is aimed at exporters and their suppliers. Companies can borrow up to Skr 65 million at favorable interest rates, without posting any collateral. The requirement for the loan is that the companies have posted positive results in the past three years and have annual sales of at least Skr 200 million. The loan is encompassed by the EU InnovFin Guarantee Facility whose purpose is to support the growth of innovative small and medium-sized companies. The risk is shared between SEK and the European Investment Fund (EIF).

"Our competitors are often large companies with entirely different financial capabilities to us. We can now offer the same payment conditions as they can, making us more competitive."

Jesper Andersson, J2 Sourcing

”





# Case: Financing of the new ice-classed RoRo vessels

Historically, the shipping of forestry companies in the Baltic Sea has been carried out by vessels that only shipped the company's own products. This was not especially cost-effective, and combined with aging vessel fleets, a business opportunity arose for a neutral organization to offer the forestry sector with a more cost-effective and sustainable logistics system by collaborating with deliveries.

This resulted in the formation of Wallenius SOL, a jointly owned shipping company from Wallenius and Swedish Orient Line, that runs a route from five harbors in the Gulf of Bothnia to and from Europe.

Thanks to financing from SEK, Wallenius SOL has been able to procure two new RoRo vessels with LNG carriers, that will be constructed between 2019 and 2021. These vessels will allow the company to be able to offer transportation with higher efficiency and lower environmental impact.

"Banks came together with large sections of Swedish base industries and two well-reputed shipowner families in this transaction to create a new Swedish shipping company. The vessels will operate under the Swedish flag and will act in an environmentally positive way to make the forestry industry more efficient and secure its logistics chain. The transaction is positive for Swedish base industries and for the Baltic Sea."

*Jens Breaum, Client manager SEK*

## Facts

**Business:** Working capital financing

**Amount:** EUR 33 million

**Borrower:** Wallenius SOL AB

**Lender:** SEK and two nordic commercial banks

## Sustainability

The financing for this qualifies as a green loan and supports SDG 9 and target 9.4:

*Upgrade all industries and infrastructures for sustainability: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes*

The vessels will be operated with liquefied natural gas (LNG), a fuel used to decrease GHG emissions from international shipping. LNG-fuel cannot reduce energy consumption to the same degree as, for example, biofuel, but is considered today to be the best alternative for decreasing emissions of the global maritime industry.





# SEK on tour

2019 has been an eventful year for SEK. Focus for the year has been on its clients, national and international collaborations, local presence, sustainability and skills development.



SEK's yearly client mingle.



Per Åkerlind, Deputy CEO at SEK and Head of Strategic Partnerships and Relations, attended Construction Summit Istanbul in the autumn.

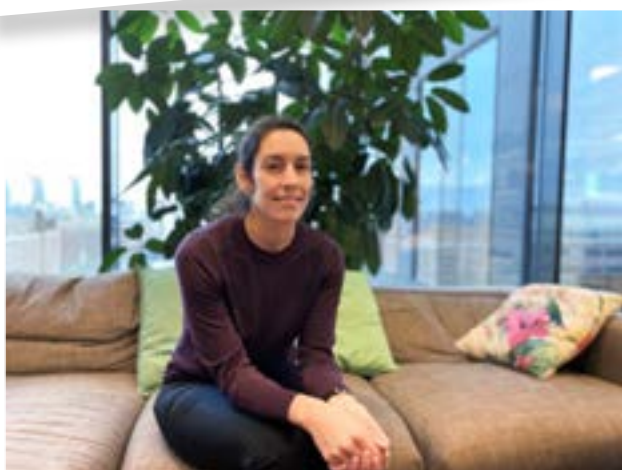




Swedish Export Academy got underway in September. Participating in the internal training program are SEK, Almi, Business Sweden, EKN and the Ministry for Foreign Affairs.



Jens Breum and Annette Johansson attended the Donsö Shipping Meet in September.

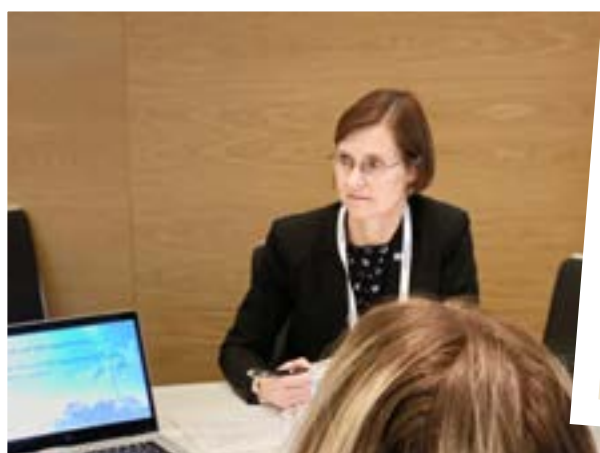


SEK arranged a number of seminars in the autumn with the theme of sustainability and the climate. One of the speakers was Beatrice Crona from Stockholm University, who discussed the consequences of climate emissions for the planet.



Another speaker at our sustainability seminar was Nordic construction company NCC's Head of Corporate Sustainability Christina Lindbäck.

At the 2019 GTR Nordics, SEK's Helena Engné Aili led a round-table discussion on the subject "Meeting CSR and ESG requirements". Discussion here pondered on which sustainability issues that would be the next focus area.



Andreas Theimer and Alexander Randmaa at SEK's stands during the 2019 GTR Nordics.

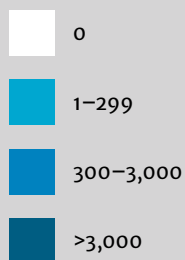




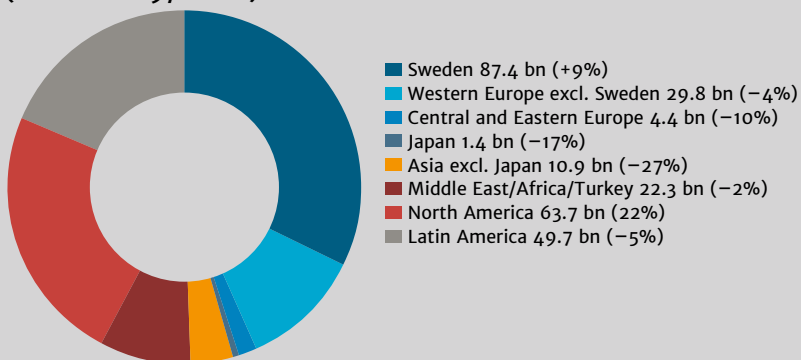
# Lending worldwide

The map shows the countries where SEK has lending to Swedish exporters or buyers of Swedish goods and services. At December 31, 2019, the total volume of loans outstanding and undisbursed loans amounted to Skr 269.7 billion.

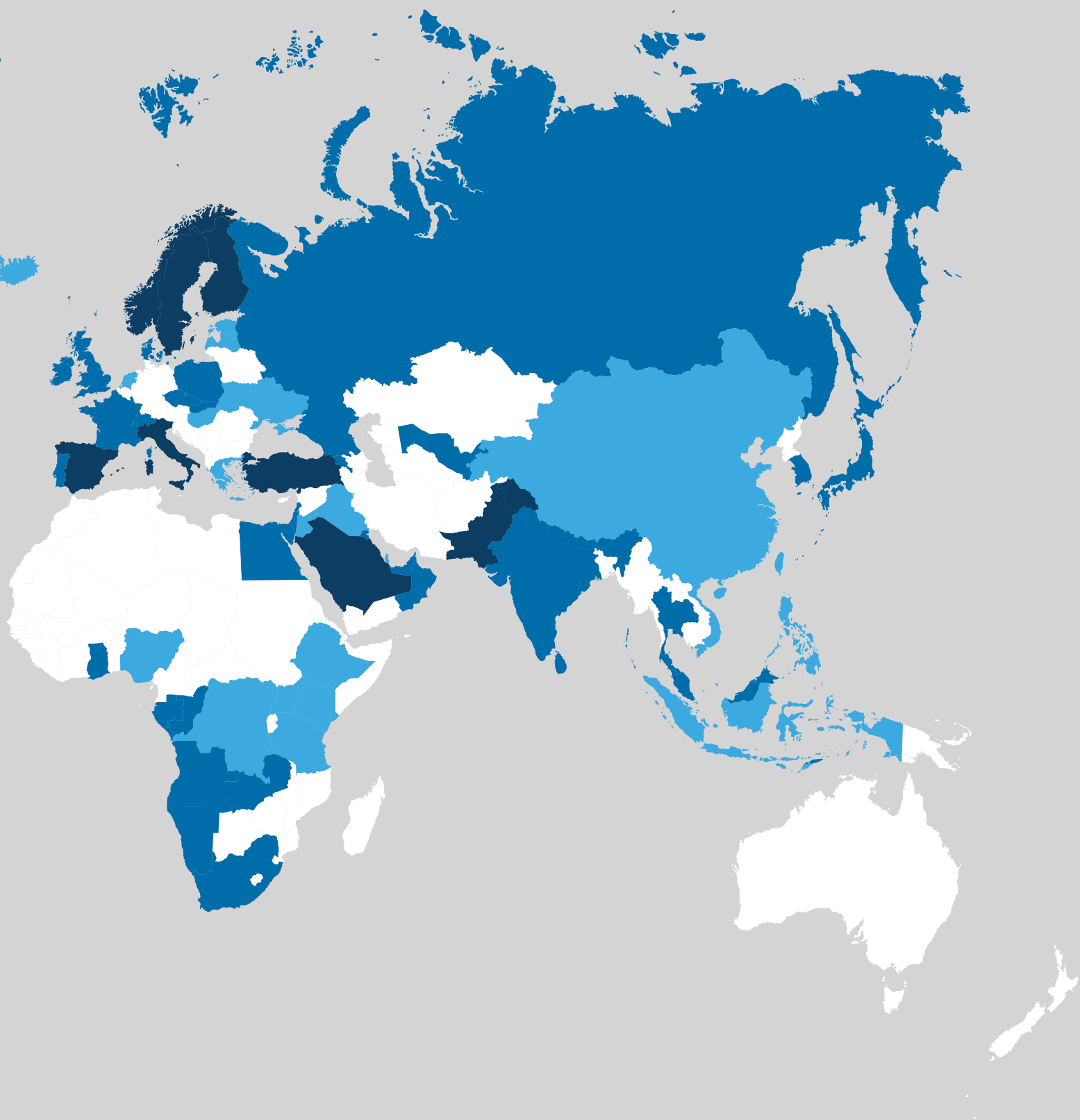
Lending, Skr mn



Lending by region 2019  
(trend 2019/2018)









# SEK's offering attracts new clients

SEK's ambition is to reach out to more clients, particularly medium-sized companies, to enable more Swedish export transactions. As a result, SEK now has more clients than ever before.

In 2019, SEK was very active in developing its offering, reaching new clients and broadening its business with existing clients. The number of clients increased in 2019 by 20 percent to a total of 183 clients, which is the highest number in the company's history. In total, SEK signed new loan agreements corresponding to Skr 74.5 billion (57.0) during the year.

SEK's offering to medium-sized companies performed very well during the year. Increasing numbers of clients are seeking solutions to improve their working capital and to be able to offer their customers better payment terms. Efforts to clarify and simplify SEK's offering have met with success and are one of the reasons behind the increase in clients. SEK's leasing and installment plans offering continues to perform well and business volumes doubled compared with 2018. These transactions are made in partnership with the clients' own finance companies and the largest markets in 2019 were the US, Mexico and Spain. Demand for working capital credits to Swedish exporters was high, with a business volume of Skr 25 billion, up 38 percent year-on-year. Export credits were dominated by a major transaction to the US, and SEK also completed its first, smaller export credit for the Mid Corporates business area, to a buyer in Ecuador.

SEK's investment in strengthening its customer offering and thereby reaching more Swedish exporters has led to a large number of new recruitments in 2019. The number of employees in business areas Large Corporates and Mid Corporates has increased by one-third in 2019.

During the autumn 2018, a customer survey was conducted that demonstrated a very strong result in terms of the experience of and attitude to SEK. 97 percent of clients could recommend SEK to others. The Swedish export credit system is now a competitive advantage for the Swedish export industry against international competition. 73 percent of clients responded that the Swedish export credit system had contributed significantly or very significantly to the execution of their export transactions.



## How an export credit is handled





# Responsible credit granting creates sustainable business

SEK endeavors to provide sound and sustainable credit granting throughout the lending process. This encompasses everything from a high standard for KYC to risk and sustainability analyses of transactions.

## How SEK works with credit analysis

**1.** When a business enquiry is received, SEK always carries out know your customer (KYC) and sustainability assessments on the parties in the deal. A basic requirement of any business transaction is that SEK obtains a level of KYC that meets the requirements in the applicable laws and regulations pertaining to money laundering and terrorism financing.

**2.** The account manager involves credit analysts who carry out a counterparty risk classification and a transaction credit risk assessment.

**3.** If a more in-depth sustainability review is required due to higher risk at country, counterparty or transaction levels, the account manager engages a sustainability analyst. The sustainability assessment covers areas such as human rights, including labor conditions, corruption and environmental impact.

**4.** The account manager structures the transaction and compiles documentation ahead of credit decisions, including profitability, credit and sustainability analyses.

**5.** Account managers, credit analysts and, where necessary, sustainability analysts participate when decisions are taken by SEK's Credit Committee.

**6.** SEK actively monitors its credit risk through ongoing follow-up of clients and transactions. All credit and risk classification decisions must be tested at least once per year in an annual report.

The credit portfolio has predominantly an extremely high credit quality. 94 percent of SEK's exposure is against risk counterparties who have a risk classification corresponding to investment grade. SEK's mission and longstanding partnerships with large exporters is reflected in a concentration in its credit portfolio.

In its business transactions, SEK often uses risk mitigation measures, primarily through guarantees from the EKN and other government export credit agencies in the OECD, and in certain cases credit derivatives. SEK's collaboration with the European Investment Fund, whose guarantees are aimed at innovative Swedish exporters, also continued to strengthen during the year in the form of a number of joint transactions. Risk mitigation leads to relatively large differentials between exposures before risk mitigation (gross exposures) and exposures after risk mitigation (net exposures) based on geography and industry. However, the credit portfolio has a favorable spread in terms of geographies and industries before taking into account risk mitigation, while net exposures are more concentrated.

The importance is constantly increasing of more highly developed credit analysis of new and existing counterparties to leverage business opportunities and meet regulatory requirements. The analysis models are continuously reviewed in pace with changes in SEK's macro environment. In 2019, SEK reviewed and adapted the company's processes for managing defaults and non-performing exposures to meet regulatory requirements, and started the adjustment of our risk classification methods to better manage environmental, social and governance (ESG) factors.

SEK is a member of the Equator Principles, a globally recognized framework for assessing and managing environmental and societal risks in conjunction with financing projects. SEK has also complied for many years with the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, see note 26 and sustainability note 8.





# Borrowing, liquidity and green financing

Even during times of financial turbulence, SEK should always have the capacity to finance the Swedish export industry. This can be safeguarded through maintaining diversified borrowing and high liquidity. SEK strives to maintain the company's solid credit rating and the favorable reputation that it has earned through its longstanding experience and presence in the world.

## Borrowing and liquidity



During 2019, the market was dominated by heightened concerns about protectionism and trade barriers, which have inhibited the world market. Despite geopolitical concerns, liquidity in the capital market was favorable.

During the year, SEK issued three public benchmark bonds that were well received by investors, totaling USD 3.5 billion. SEK has remained active in the Japanese Uridashi market, where it remains one of the largest foreign issuers. In nominal terms, borrowing activities in Japan in 2019 were larger than the year before in an otherwise shrinking market.

During the year, SEK completed approximately 180 borrowing transactions in ten currencies at a total volume of Skr 80 billion, compared with approximately 170 transactions in nine different currencies at a total volume of Skr 60 billion during 2018.

SEK continues to maintain high liquidity for new lending and remains well prepared to meet the future financing needs of the Swedish export industry.

## Green loans

SEK provides green loans for exports that promote a transition to a climate-neutral economy and to meet the UN Sustainable Development Goals. An increased volume of green loans contributes to increasing exports of Swedish environmental expertise worldwide and is also a profitable business for SEK, refer to sustainability note 6.

## Green bonds

By issuing green bonds in international capital markets, SEK finances green loans using money from investors who want to make a difference for society and the environment. To date, SEK has issued two green bonds of USD 500 million and Skr 1 billion respectively. The funds from the bond has been allocated to green projects.





# A sustainable workplace means sustainable employees

A sustainable workplace starts with healthy values. SEK's core values build on professional, solution-oriented employees who collaborate.

## Leadership and employeeship

In a sustainable workplace, employees can thrive and develop together. During the year, both managers and employees had training in coaching leadership. The purpose is to create a culture characterized by openness and mutual responsibility.

## Temperature measurement

The Temperature measurement in 2019 measure two areas, Attractive Employer and Empowerment. Participation in the survey was high which showcases the commitment of our employees. The results found that leadership was perceived as coaching and that the score had risen compared with last year. The scores for competence, commitment and motivation remained high, while the score for development opportunities had risen most among those areas surveyed this year.

## Competence and development

SEK needs to continuously develop employees to ensure a high level of competence in the organization. SEK encourages its staff to take greater responsibility for their own development through means including internal job rotation. In addition, SEK has a training program, the Swedish Export Academy, with other participants including Business Sweden, EKN, Almi and the Ministry for Foreign Affairs. The program aims to develop employees as well as collaboration between the organizations.

## Diversity and work environment

SEK aims to be a workplace where equality and diversity are naturally included. Every year, SEK establishes goals for its diversity work. One goal is to achieve as even a gender distribution as possible in executive management and other management positions. At year-end 2019, the proportion of women in management positions was 42 percent and the

proportion of men 58 percent. Another goal is that the number of employees with a foreign background should exceed 25 percent, which SEK measures every third year. The most recent measurement in 2017 showed that 33 percent of SEK's employees had a foreign background.

## Procurement of products and services

A well-functioning procurement process is important if SEK is to have cost-efficient operations and to ensure that supplies meet SEK's sustainability requirements. SEK has an established approval process for suppliers. Suppliers with an annual purchasing volumes exceeding Skr 20.000 have committed to comply with SEK's Code of Conduct for Suppliers or have demonstrated an equivalent approach. Most of the company's suppliers are based in Sweden, although several IT companies are under foreign ownership.

## Health

SEK's long-term ambition is to be a workplace that contributes to good health and wellbeing. A benefits package was introduced in 2017, which includes providing employees with a generous wellness contribution, private medical and health insurance, and domestic services.

## New employees







Over the year, SEK recruited more staff to Large Corporates, Mid Corporates and IT to be able to meet clients' needs. At the end of the year, SEK had 244 employees. 27 employees chose to change their jobs internally and 40 new employees were recruited.





# Sustainability Report

SEK's sustainability information is integrated into the annual report. In accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act, SEK has, however, chosen to prepare part of the statutory sustainability report separate from the Report of the Directors. See details below for where to find the various parts.

					
Business model	Policy	Result of policies	Material risks	Risk management	Performance indicators
Sustainability efforts are integrated in the business plan.	SEK has a sustainability policy that includes all material sustainability topics. The risk policy includes managing sustainability risks.	The policies are followed up with operating targets and risk appetites.	SEK's material sustainability risks are anti-corruption and business ethics, and environment, climate, human rights and labor conditions in conjunction with lending.	Sustainability risk is a type of risk and is managed in SEK's risk framework.	The key performance indicators relate to the climate, projects and green financing. We also have KPIs for a sustainable workplace.
SEK's value creation and business model pages 16–17	Sustainability notes 4–8 pages 124–127	Targets and outcomes page 14, note 26 page 103, sustainability notes 5–8 pages 124–127	Risk section page 36, note 26 page 103, sustainability notes 5–8 pages 124–127	Risk section page 36, note 26 page 103, sustainability notes 5–8 pages 124–127	Targets and outcomes page 14, KPIs page 31, sustainability notes 5–9 pages 124–127



# Key performance indicators

Amounts (other than %) in Skr mn	2019	2018	2017	2016	2015
<b>Results</b>					
Net interest income	1,717	1,442	1,683	1,747	1,662
Operating profit	1,304	852	1,007	1,002	1,535
Net profit	1,027	648	772	780	1,187
C/I-ratio	0.35	0.41	0.36	0.34	0.34
After-tax return on equity	5.5%	3.6%	4.5%	4.6%	7.2%
After-tax return on assets	0.3%	0.2%	0.3%	0.3%	0.4%
Earnings per share before and after dilution (Skr)	257	162	193	195	297
Dividend	308	194	232	234	356
<b>Statement of financial position</b>					
Total assets	317,296	302,033	264,392	299,442	280,411
Total liabilities	298,214	283,794	246,818	282,306	263,583
Total equity	19,082	18,239	17,574	17,136	16,828
<b>Lending</b>					
New customer financing	74,515	57,015	89,305	54,856	104,583
<i>of which to Swedish exporters</i>	24,901	18,014	21,643	18,107	19,254
<i>of which to exporters' customers</i>	49,614	39,001	67,662	36,749	85,329
<i>CIRR-loans as a percentage of new lending</i>	21%	9%	41%	20%	49%
Loans outstanding and undisbursed loans	269,744	260,040	268,034	263,483	268,535
<b>Borrowing</b>					
New borrowing	81,053	60,411	82,441	70,388	47,025
Outstanding senior debt	273,017	257,847	224,833	252,948	233,556
Outstanding subordinated liabilities	–	–	2,040	2,266	2,088
<b>Capital and liquidity position</b>					
Common Equity Tier 1 capital	20.6%	20.1%	20.6%	22.1%	21.6%
Tier 1 capital ratio	20.6%	20.1%	20.6%	22.1%	21.6%
Total capital ratio	20.6%	20.1%	23.0%	25.1%	24.5%
Leverage ratio	5.6%	5.6%	5.9%	5.3%	5.4%
Liquidity coverage ratio (LCR)	620%	266%	169%	215%	n.a.
Net stable funding ratio (NSFR)	120%	144%	140%	132%	99%
<b>Sustainability</b>					
New lending to green loans (Skr mn)	3,036	2,044	2,385	3,334	988
Total greenhouse gas emissions from own operations in ton CO <sub>2</sub> e <sup>1</sup>	381	415	440	402	360
Allocation of women/men in management positions	42/58	41/59	42/58	36/64	38/62
Percentage of employees who have completed training in SEK's Code of Conduct including anti-corruption	100%	99%	96%	97%	97%

<sup>1</sup> Comparative figures have been recalculated, see sustainability note 6.

For definitions, see page 135.



# Review of 2019<sup>1</sup>

## Business reporting

In 2019, SEK met considerable success in attracting new clients and expanding its business with existing clients. Since the year-end 2018, the client base has increased 20 percent, which means SEK now has more clients than ever before. SEK experienced an increased demand for green financing, and in the fall launched two new product offerings; green loans and financing for the transition to fossil free energy. Moreover, the simplified loan product “Enkla exportlånet” aimed at medium-sized companies also performed strongly and is an efficient means for SEK’s clients to finance their export transactions. New lending was up on an annual basis, which was attributable, in part, to an increased demand for working capital and export credits. Total new lending amounted to Skr 74.5 billion (2018: Skr 57.0 billion).

SEK remains active in the public sector USD market. The company continues to maintain a strong presence in the Japanese market and has retained its increased borrowing diversification in terms of financial instruments and currencies. At the end of the year, the borrowing cost of debt outstanding was slightly lower than at year-end 2018. SEK continues to have high liquidity for new lending and is well prepared to meet the future financing needs of the Swedish export industry.

In 2019, credits were granted to three larger international projects where SEK conducted separate sustainability reviews in line with the OECD’s Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence as well as the Equator Principles. In 2019, new lending that qualified for classification as green loans amounted to Skr 3.1 billion (2018: Skr 2.0 billion).

## New lending

Skr bn	2019	2018
Lending to Swedish exporters <sup>1</sup>	24.9	18.0
Lending to exporters’ customers <sup>2</sup>	49.6	39.0
<b>Total</b>	<b>74.5</b>	<b>57.0</b>
CIRR-loans as percentage of new financial transactions	21%	9%

<sup>1</sup> Of which Skr 1.8 billion (year-end 2018: Skr 0.0 billion) had not been disbursed at period end.

<sup>2</sup> Of which Skr 16.3 billion (year-end 2018: Skr 5.1 billion) had not been disbursed at period end.

## SEK’s borrowing

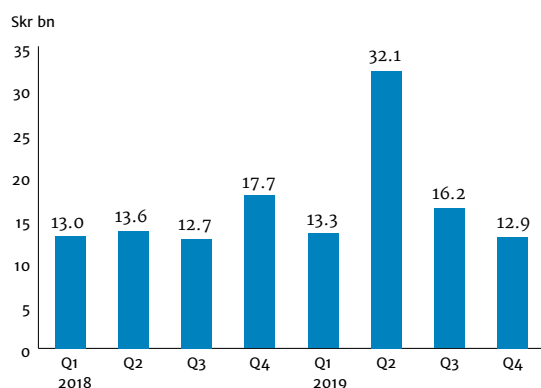
Skr bn	2019	2018
New long-term borrowing	81.1	60.4
Outstanding senior debt	273.0	257.8
Repurchase and redemption of own debt	21.3	9.9

## Factors affecting SEK’s total comprehensive income

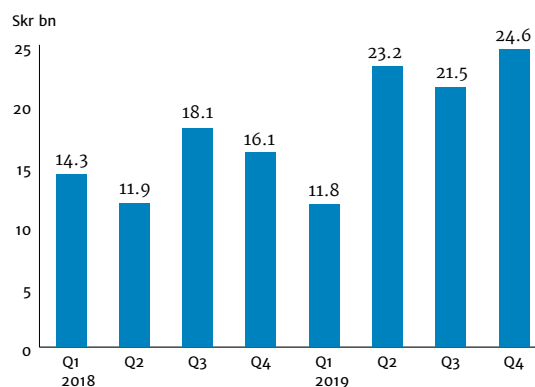
A major part of SEK’s operating profit derives from net interest income, which is earned mainly on loans to clients, but also to a lesser extent on liquidity investments. Borrowing for these assets comes from equity and from securities issued in international capital markets. Accordingly, the key determinants of SEK’s operating profit are: the interest rate on interest-bearing assets, the interest rate of issued securities, the outstanding volume of interest-bearing assets and the proportion of assets financed by equity.

SEK issues debt instruments with terms that may be fixed, floating or linked to various indices. SEK’s strategy is to economically hedge these terms at floating rates with the aim of matching the terms of its debt-financed assets. The quality of

## New lending



## New borrowing, long-term borrowing



<sup>1</sup> All amounts in this Report of the Directors relate to the Consolidated Group, unless otherwise stated (see note 1). As of December 31, 2019, the Consolidated Group comprised SEK and wholly-owned, non-active subsidiary, SEKETT AB. These are jointly referred to as the “Consolidated Group” or the “Group”. The Parent Company’s results and assets correspond predominantly to those of the Group and, accordingly, the information essentially reflects the conditions in the Parent Company. For differences in the accounting policies between the Group and Parent Company, see note 1 (r).



SEK's operating profit, its relatively stable credit ratings and SEK's public role have enabled SEK to achieve borrowing at levels that are competitive within the market. Another factor affecting net interest income is the size of the resolution fee, which SEK is required to pay to a fund to support the recovery of credit institutions.

In addition to net interest income, another key influence on SEK's operating earnings has been changes in the fair value of certain assets, liabilities and derivatives. The factor that mainly impacts unrealized changes in fair value is cross-currency basis spreads. Cross-currency basis spread is the deviation in the nominal interest rate between two currencies in a currency interest rate swap caused by the difference between the base interest rate of the currencies. Operating expenses also have an important impact on SEK's operating profit.

Other comprehensive income is primarily affected by unrealized changes in value attributable to credit spreads on SEK's own debt, which relate to the credit rating attributed to SEK by its investors.

### Operating profit

Operating profit amounted to Skr 1,304 million (2018: Skr 852 million). Net profit amounted to Skr 1,027 million (2018: Skr 648 million). The increase compared to the previous year was due to higher net interest income and net results of financial transactions.

### Net interest income

Net interest income amounted to Skr 1,717 million (2018: Skr 1,442 million), an increase of 19 percent compared to the previous year. A weak Swedish krona and a higher market interest rate in Swedish krona, together with increased lending volumes, have positively impacted the net interest income. Net interest income also increased by Skr 97 million due to a lower resolution fee that amounted to a total of Skr 169 million (2018: Skr 266 million), which SEK is required to pay to a fund to support the recovery of credit institutions. In 2019, the resolution fee amounts to 0.090 percent of the calculation basis (2018: 0.125 percent), which essentially corresponds to SEK's debt financed assets less the officially supported export credit (CIRR) loans. In 2020, the resolution fee will be 0.05 percent. The table below shows average interest-bearing assets and liabilities.

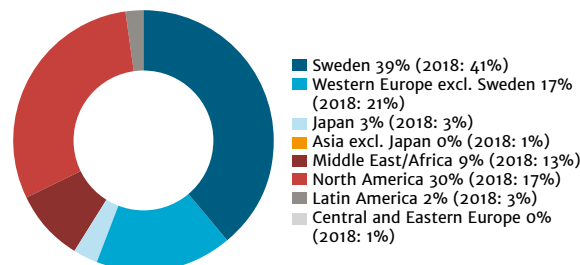
Skr bn, Average	2019	2018	Change
Total loans	213.4	202.2	6%
Liquidity investments <sup>1</sup>	62.9	53.8	17%
<b>Interest-bearing assets</b>	<b>284.8</b>	<b>269.3</b>	<b>6%</b>
<b>Interest-bearing liabilities</b>	<b>265.4</b>	<b>242.4</b>	<b>10%</b>

<sup>1</sup> Since 2019, SEK has excluded cash collateral under the security agreements for derivative contracts from the definition of liquidity investments. Comparative figures have been adjusted.

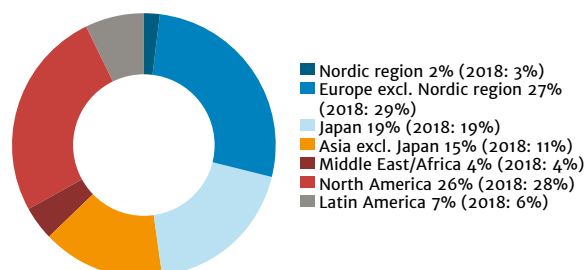
### Commission earned and commission incurred

Commission earned and commission incurred amounted to Skr -33 million (2018: Skr -32 million). Commission earned amounted to Skr 1 million (2018: Skr 5 million). Commission incurred amounted to Skr -34 million (2018: Skr -37 million).

### SEK's markets for new lending 2019, Skr 74.5 billion (2018: Skr 57.0 billion)



### SEK's markets for new borrowing 2019, Skr 81.1 billion (2018: Skr 60.4 billion)



### Net results of financial transactions

Net results of financial transactions amounted to Skr 226 million (2018: Skr 19 million). The result was mainly due to unrealized changes in fair value of derivatives as well as realized gains related to repurchase of SEK's own debt and early repayment of loans.

### Operating expenses

Skr mn	2019	2018	Change
Personnel expenses	-333	-311	7%
Other administrative expenses	-206	-231	-11%
Depreciation and impairment of non-financial assets	-57	-40	43%
<b>Total operating expenses</b>	<b>-596</b>	<b>-582</b>	<b>2%</b>

Operating expenses increased 2 percent compared to the previous year, which is mainly due to an increase in personnel expenses at the same time as SEK had lower depreciation and impairment costs related to intangible assets. In 2019, a provision of Skr 10 million was made for the individual variable remuneration program (2018: Skr - million). Due to International Financial Reporting Standards (IFRS) 16 Leases, all leases are to be recognized as assets subject to depreciation, and therefore, operating lease expense has been replaced by an expense for depreciation of the lease asset. Due to this change, Skr 32 million is now reported as a depreciation of the lease asset instead of a lease expense under other administrative expenses.



## Net credit losses

Net credit losses amounted to Skr -10 million (2018: Skr 7 million). The net credit losses were attributable to increased individual impairments, which were offset by the reversal of the excess of previously recorded reserves for established losses above the realized loss. Loss allowances as of December 31, 2019 amounted to Skr -128 million compared to Skr -139 million as of December 31, 2018 of which exposures in stage 3 amounted to Skr -64 million (year-end 2018: Skr -84 million). The reserve was affected negatively by exchange rate effects.

## Taxes

Tax costs amounted to Skr -277 million (2018: Skr -204 million), of which Skr -570 million (2018: Skr -448 million) consisted of current tax and Skr 291 million (2018: Skr 245 million) consisted of deferred tax (see note 10). The effective tax rate amounted to 21.2 percent (2018: 24.0 percent), compared to the nominal tax rate for 2019 of 21.4 percent (2018: 22.0 percent). The decrease in the effective tax rate was due to a redemption in November 2018 of subordinated debt which had non-deductible interest expenses. Starting from 2019, the corporate tax rate in Sweden is 21.4 percent (2018: 22.0 percent).

## Other comprehensive income

Skr mn	2019	2018
Items to be reclassified to operating profit	-8	-25
<i>of which other comprehensive income effects related to cash-flow hedges</i>	-8	-25
Items not to be reclassified to operating profit	20	326
<i>of which own credit risk</i>	24	374
<i>of which revaluation of defined benefit plans</i>	-4	-48
<b>Other comprehensive income before tax</b>	<b>12</b>	<b>301</b>

Other comprehensive income before tax amounted to Skr 12 million (2018: Skr 301 million), mainly due to a positive result related to changes in own credit risk, which was offset by a negative result related to the revaluation of defined benefit plans and dissolution of cash-flow hedges.

Items to be reclassified to operating profit related to cash flow hedges. The effect was related to reclassification from other comprehensive income to net interest income due to the fact that hedging instruments previously were included in cash flow hedges. Of the items not to be reclassified to operating profit a large proportion were related to changes in own credit risk, the item was also impacted by the revaluation of defined-benefit pension plans due to a changed discount rate.

## Return on equity

After-tax return on equity amounted to 5.5 percent (2018: 3.6 percent).

## Statement of financial position

### Total assets and liquidity

Total assets increased compared to the end of 2018, mainly due to exchange rate effects and increased lending volume.

Skr bn	2019	2018	Change
Total assets	317.3	302.0	5%
Liquidity investments <sup>1</sup>	63.6	62.2	2%
Outstanding loans	217.6	209.2	4%
<i>of which loans in the CIRR-system</i>	<i>76.1</i>	<i>69.9</i>	<i>9%</i>

<sup>1</sup> Since 2019, SEK has excluded cash collateral under the security agreements for derivative contracts from the definition of liquidity investments. Comparative figures have been adjusted.

## Liabilities and equity

As of December 31, 2019, the aggregate volume of available funds and shareholders' equity exceeded the aggregate volume of loans outstanding and loans committed at all maturities. Accordingly, SEK considers all of its outstanding commitments to be covered through maturity.

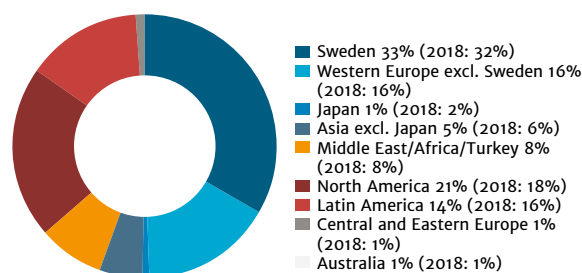
SEK has a credit facility in place with the Swedish National Debt Office of up to Skr 125 billion. To date, SEK has not utilized the credit facility. The credit facility can only be utilized for loans covered by the CIRR-system and is intended as a reserve when funding markets are not available to SEK. In December 2019, the Swedish Parliament confirmed that the credit facility will continue to be available in 2020 in an amount up to Skr 125 billion.

## Credit risks

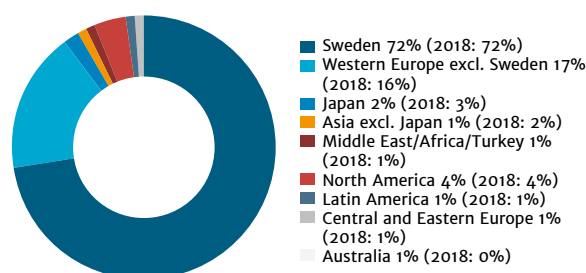
Total exposures amounted to Skr 374.5 billion on December 31, 2019 (year-end 2018: Skr 337.4 billion). SEK's exposures to central governments, regional governments and corporates have increased while exposures to financial institutions have decreased. See note 26.

The credit risk is limited primarily through the use of guarantees. The guarantors are predominantly government export credit agencies in the OECD, of which the Swedish Export Credits Guarantee Board (EKN) is the largest, which explains the higher net exposure toward Sweden in the following diagram.

### Gross exposures per region, December 31, 2019



### Net exposures per region, December 31, 2019





## Other exposures and risks

SEK's hedging transactions are expected to be effective in offsetting changes in fair value attributable to hedged risks. The determination of the gross value of certain items in the statements of financial position, particularly derivatives and unsubordinated liabilities, which effectively hedge each other, requires complex judgments regarding the most appropriate valuation technique, assumptions and estimates. If different valuation models or assumptions are used, or if assumptions change, a different result may arise. Excluding the impact on the valuation of spreads on SEK's own debt and basis spreads, which can be significant, such changes in fair value would generally offset each other, with little impact on the value of net assets.

SEK maintains a conservative policy with regard to market risk exposures, primarily consisting of interest rate risks and currency risks. For quantitative and qualitative information about risks and exposures, see the "Risk and capital management" section of this annual report as well as note 26 Risk Information.

## Capital adequacy

As of December 31, 2019, SEK's total own funds amounted to Skr 18.3 billion (year-end 2018: Skr 17.5 billion). The total capital ratio was 20.6 percent (year-end 2018: 20.1 percent), representing a margin of 3.8 percentage points above the requirement of 16.8 percent from Finansinspektionen (the Swedish FSA). The corresponding Common Equity Tier 1 capital requirement was 12.0 percent. Given that SEK's own funds are comprised solely of Common Equity Tier 1 capital, this represents a margin of 8.6 percentage points above the requirement. Overall, SEK is strongly capitalized and has healthy liquidity.

Percent	Dec 31, 2019	Dec 31, 2018
Common Equity Tier 1 capital ratio	20.6	20.1
Tier 1 capital ratio	20.6	20.1
Total capital ratio	20.6	20.1
Leverage ratio	5.6	5.6
Liquidity coverage ratio (LCR)	620	266
Net stable funding ratio (NSFR) <sup>1</sup>	120	144

<sup>1</sup> In the second quarter of 2019, SEK has changed its methodology for calculating NSFR as an adaptation to future regulatory requirement.

## Results under the CIRR-system

Pursuant to the company's assignment as stated in its owner instruction issued by the Swedish government, SEK administers credit granting in the Swedish system for officially supported export credits (CIRR-system). The CIRR-system paid net compensation to SEK of Skr 192 million (2018: Skr 155 million). This is compensation paid to SEK for carrying the CIRR-system loans and their related credit risks on SEK's balance sheet. The compensation is included in SEK's net interest income.

Skr mn	2019	2018	Change
Results from the CIRR-system	-24	18	-233%
of which interest differential compensation	1	20	-95%

The CIRR-loans are provided under agreements within the OECD, which is a common regulatory framework for the

individual countries' subsidies on their export industries. Exporters are offered the opportunity to fix interest rates for the period of the offer. CIRR-loans are provided in collaboration between SEK, EKN and commercial banks.

The aggregate surplus for CIRR-based export credits under the system for the period from 1990 to 2019 amounted to approximately Skr 3.3 billion, with the average year-end volume of outstanding loans at Skr 21.1 billion. The surplus for the past five years amounts to Skr 518 million and the average volume of outstanding loans amounts to Skr 57.6 billion.

## Investments

SEK continually invests in the development of new IT systems in order to meet regulatory requirements, to develop the business and to ensure appropriate and effective IT support for the company's business and support processes. During 2019, an intensive development work on methods and processes related to SEK's increased client focus has been made, which has implicated large IT expenditures. Capital expenditures in IT systems during 2019 amounted to Skr 28 million (2018: Skr 7 million).

## Proposal for the distribution of profits

All amounts are in Skr million, unless otherwise indicated.

The results of the Consolidated Group's and the Parent Company's operations during the year and its financial position at December 31, 2019, can be seen in the statement of comprehensive income, statement of financial position and statement of cash flows for the Consolidated Group as well as the income statement, balance sheet and statement of cash flows for the parent company and related notes. The Board has decided to propose the payment of a dividend of Skr 308 million (2018: Skr 194 million) at the Annual General Meeting, corresponding to the company's dividend policy of 30 percent of the profit for the year. The following proposal regarding distribution of profits relates to the Parent Company.

At the disposal of the Annual General Meeting	14,903
The Board of Directors proposes that the Annual General Meeting dispose of these funds as follows:	
– Dividend to the shareholder of Skr 77.23 per share, amounting to	308
<b>Remaining disposable funds to be carried forward</b>	<b>14,595</b>

Unrealized changes on assets and liabilities at fair value have affected the equity of the Parent Company with one percent.

The own funds for the Group amounted to, as of December 31, 2019, Skr 18,307 million resulting in a total capital adequacy ratio of 20.6 percent. It is the assessment of the Board of Directors that the proposed dividend has coverage in equity. The own funds and the volume of liquidity investments will, even after the proposed dividend continue to be satisfactory in relation to the line of business the company operates in, and the company is assumed to fulfill its obligations in the short and long term. Thus, it is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the company's and the Group's equity, which are imposed by the nature, scope and risks associated with the business, and the company's and the Group's need for consolidation, volume of liquidity investments and financial position in general.



# Risk and capital management

The Risk and capital management section addresses significant aspects of SEK's risk and capital management. For detailed descriptions, including quantitative information on SEK's capital adequacy and its risk and capital management, refer to note 25 Capital adequacy and note 26 Risk information, respectively. For supplementary and expanded information, refer to the separate risk report, "Capital Adequacy and Risk Management Report — Pillar 3 2019," available at [www.sek.se](http://www.sek.se).

## Events in 2019

2019 was marked by an economic downturn, though occurring after years of strong growth. Conditions stabilized somewhat in the fourth quarter, albeit at a substantially lower level than at the start of the year. Developments in the geopolitical situation have helped stabilize the situation. The first step in this direction appear to have been the trade agreement between the US and China. Remaining uncertainty primarily pertains to developments in the relationship between the US and Iran, and the political unrest in Hong Kong.

In 2019, new regulations were introduced which are now subject to implementation. SEK has started preparations for the implementation of the Banking Reform Package. Work with the reference rate framework will intensify during 2020, even if the timetables for the various reference rates have yet to be finalized. Regulations are in place to manage the financial sector over the Brexit transition period.

SEK's capital adequacy has increased slightly in 2019. At the end of the year, the total capital ratio was 20.6 percent (2018: 20.1 percent), of which the Tier 1 capital ratio and the Common Equity Tier 1 ratio both amounted to 20.6 percent (2018: 20.1 percent). The main reason behind the increase in capital adequacy was a lower average risk weight for the liquidity portfolio as a result of a larger share of exposure to government debt. SEK's total exposure has increased somewhat since the end of 2018 due to the weakening of the Skr against the USD and EUR as well as due to higher lending. SEK's largest financial risks are credit risk (Skr 7.3 billion (2018: Skr 7.0 billion) in allocated capital), market risk (Skr 1.1 billion (2018: Skr 1.1 billion) in allocated capital) and operational risk (Skr 0.2 billion (2018: Skr 0.2 billion) in allocated capital) in line with internally assessed capital adequacy. The leverage ratio amounted to 5.7 percent (2018: 5.6 percent) at year end.

The minimum requirement for own funds and eligible liabilities (MREL) is 7.2 percent for 2020 (for 2019: 8.3 percent) of total liabilities and own funds. Under the applicable Swedish legislation, SEK needs to issue at least Skr 11 billion in senior non-preferred (SNP) debt before 2022, said debt being subordinate to other senior debt (senior preferred). However, current legislation does not take into account the updated Bank Recovery and Resolution Directive (BRRD II) of 2019. The government's review committee has presented proposed legislation to include the changes in the Bank Recovery and Resolution Directive. The proposed legislation would mean that SEK needs to issue a somewhat lower volume of SNP debt. The time frame is proposed to be extended to 1 January

2024, but with a gradual transition period to be decided by the Swedish National Debt Office.

SEK's liquidity was stable during the year. Capacity for managing operational and structural liquidity risk has been good. This was confirmed by new lending capacity, which has been at a high level and amounted to 5 months (2018: 5 months), and by the liquidity coverage ratio (LCR), which was 620 percent (2018: 266 percent) at year end. The net stable funding ratio (NSFR) amounted to 120 percent (2018: 144 percent) at year end. The decline in the NSFR was partly attributable to the fact that SEK chose to change a calculation method from second quarter of 2019.

The VaR for all positions at fair value amounted to Skr 18 million (2018: Skr 14 million) at year end.

## Capital target

The company's capital target, which is one of the principal control instruments, is established by the Swedish Government at a general meeting of the shareholders. The capital target is designed to ensure that SEK has sufficient capital to support its strategy and that regulatory requirements are met, even in the event of deep economic declines. In addition, SEK's own funds must also cover the volatility that may be expected under normal conditions. The capital target was changed at the Extraordinary General Meeting in June 2019. The capital target is for SEK's total capital ratio to amount to between two (2) and four (4) percentage points over the requirement communicated by Finansinspektionen (the Swedish FSA). Moreover, SEK's Common Equity Tier 1 ratio is in total at least four (4) percentage points above the requirement communicated by the Swedish FSA. As a result of the Swedish FSA's review and evaluation process, SEK was required to have a total capital ratio of 16.4 percent (September 30, 2018: 16.7 percent), based on the balance sheet at September 30, 2019, as compared with a total capital ratio and CET1 ratio on December 31, 2019 of 20.6 percent (December 31, 2018: 20.1 percent), which means that SEK meets the capital target.

## Core risk management principles

SEK must be selective in its choice of counterparties and clients in order to ensure a strong credit rating.

SEK only lends funds to clients who have successfully undergone SEK's procedure for gaining understanding of the customer and its business relations (know your customer), and have a business structure that complies with SEK's mission of promoting the Swedish export industry.

The business operations are limited to financial solutions and positions that the Company has approved and has pro-



cedures for, whose risks can be measured and evaluated and where the Company complies with international sustainability risk guidelines.

SEK's liquidity strategy entails that the Company secures financing that, at the very least, has the same maturities as the funds that it lends.

### Risk appetite

The Board decides on the Company's risk appetite, which is to encompass all of the Company's significant risk classes and to express the outer limits for the business operations. The risk appetite must specify the risk measurements that, in the opinion of the Board, provide information that is sufficient for the members of the Board to be well versed in the type and scope of the Company's risks. The risk appetite is strongly connected to the Company's loss capacity and thus to its equity. At least on a quarterly basis, the Board is provided with a comprehensive update of the risk exposures' relationship to the risk appetite.

Refer also to the "SEK's risks and risk management" section, where the risk appetite by risk class is described in detail.

### SEK's risk framework

Effective risk management and control in SEK are based on a sound risk culture, a shared approach and a well-functioning control environment. SEK emphasizes the importance of high risk awareness among personnel and an understanding of the importance of preventive risk management to, thereby, keep

risk exposure within the determined level. SEK also has a risk framework (see the Risk Framework illustration).

The structure of the risk framework is ultimately governed by SEK's mission from its owner, the Swedish government, and SEK's business model.

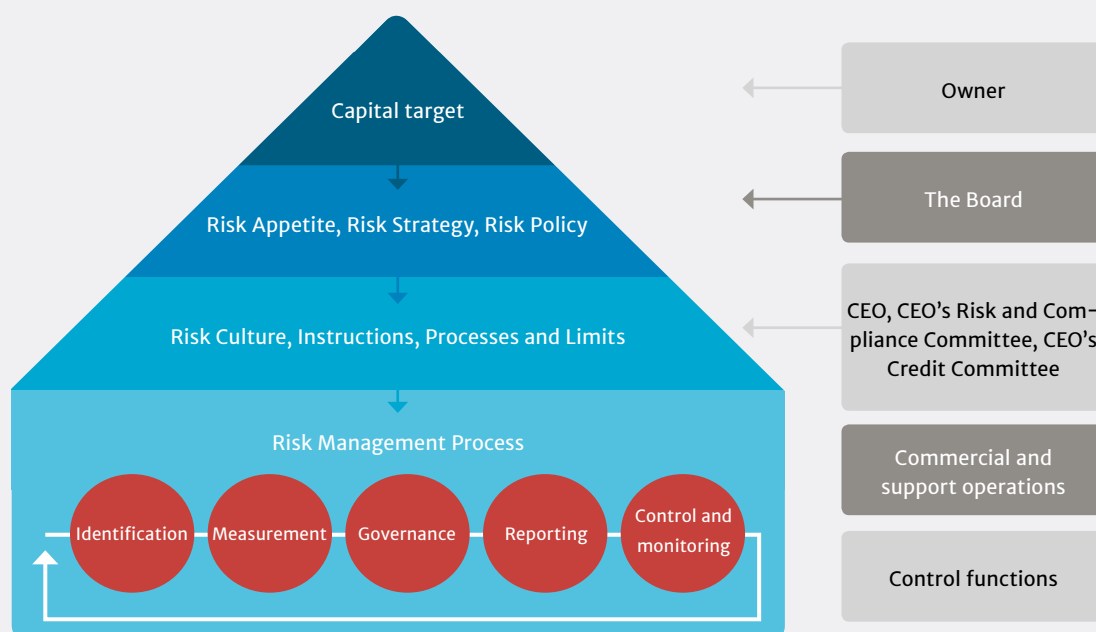
The capital target constitutes the outer boundary for SEK's strategy. Within the restrictions of the capital target, risk appetite is stated, which is expressed by risk class and comprises the risk to which the Board is prepared to expose SEK in order to achieve its strategic objectives. Risk governance is specified in the form of a risk strategy, a risk policy, in SEK's risk culture, and in instructions, processes and limits. These policy documents describe the risk management process and define what activities and operations are included in the process, and how they should be performed. The policy documents also indicate how responsibility is structured in terms of the execution, monitoring of and compliance with risk management.

### Risk governance

The Board of Directors has ultimate responsibility for governing and monitoring risk exposure and risk management, and for ensuring satisfactory internal control. The Board determines the overall risk governance by taking decisions on such matters as risk appetite and risk strategy. The Board also decides on risk policies and on matters of considerable importance to credit granting. For a detailed description of the Board of Directors' rules of procedure, refer to the Corporate Governance Report.

## SEK's risk framework

The risk framework encompasses the entire operations and is ultimately governed by SEK's mission.





SEK has organized risk management and risk control in accordance with the principle of three lines of defense in the form of clear-cut separation of responsibility between the commercial and support operations that own the risks, the control functions that independently identify and monitor the risks and an internal audit, which reviews these matters and reports directly to the Board; see diagram below.

### Risk management process

The Company's risk management process encompasses: identification, measurement, management, reporting, control and monitoring of those risks with which the business is associated and for which SEK has formulated internal controls with this purpose in mind. SEK's risk management process consists of the following key elements:

**Risk identification** — at any given time, SEK must be aware of the risks to which it is exposed. Risks are identified, primarily in new transactions, in external changes in SEK's operating environment or internally in, for example, products, processes, systems and through annual risk analyses that include all aspects of SEK. Both forward-looking and historical analyses and testing are performed.

**Measurement** — the size of the risks is measured on a daily basis in respect of significant measurable risks or is assessed qualitatively as frequently as necessary. For those risks that are not directly measurable, SEK evaluates the risk according to models that are based on SEK's risk appetite for the respective risk class, specifying appropriate scales of probability and consequence.

**Governance** — SEK aims to oversee the development of business, actively utilize risk-reduction capabilities and control the development of risks over time to ensure that the business activities are kept within the risk appetite and limits. SEK also plans and draws up documentation to ensure the continuity of business-critical processes and systems and that planning is carried out for crisis management. Exercises and training regarding the management of situations that require crisis and/or continuity planning are performed continuously.

**Reporting** — the Company reports on the current risk situation, on the use of capital and on related matters to the CEO, the Finance and Risk Committee and the Board, at least once each quarter.

**Control and monitoring** — SEK checks and monitors compliance with capital targets, risk appetite, limits, risk management and internal and external regulations to ensure that risk exposures are kept at an acceptable level for SEK and that risk management is effective and appropriate.

## Division of responsibility for risk, liquidity and capital management in SEK

### First line of defense

- Business and support operations
- Day-to-day management of risk, capital and liquidity in compliance with risk appetite and strategy as well as applicable laws and rules
- Credit and sustainability analyses
- Daily control and follow-up of credit, market and liquidity risk

### Second line of defense

- Independent risk control and compliance functions
- Identification, quantification, monitoring and control of risks and risk management
- Risk, liquidity and capital reporting
- Maintain an efficient risk management framework and internal control framework
- Compliance monitoring and reporting

### Third line of defense

- Independent internal audit
- Review and evaluation of the efficiency and integrity of risk management
- Performance of audit activities in line with the audit plan confirmed by the Board
- Direct reporting to the Board





### Internal capital and liquidity assessment processes

The internal capital adequacy assessment process is an integral part of SEK's strategic planning<sup>1</sup>. The purposes of the internal capital adequacy assessment process are to ensure that SEK has sufficient capital to meet the regulatory requirements under both normal and stressed financial conditions and to support SEK's high credit rating. The capital kept by SEK must be sufficient in relation to the risks that SEK has, or can be exposed to. The capital adequacy assessment is based on SEK's internal assessments of the risks and their development, as well as assessments of risk measurement models, risk governance and risk management. It is integrated into business planning and forms the foundation for SEK's strategy for maintaining an adequate level of capital. Capital adequacy assessments are conducted at least for the forthcoming three-year period.

In addition to the internal capital adequacy assessment process, an in-depth liquidity analysis is performed. During the planning period, the liquidity requirement and its composition in terms of liquidity requirements for different currencies, among other items, are evaluated to ensure the Company has adequate liquidity to implement the business plan and meet regulatory requirements.

To arrive at an adequate capitalization level that also applies under stressed financial conditions, an analysis is conducted of how the capitalization is affected by stress in global financial markets, as well as of other factors that impact SEK's business model and net risk exposure.

When SEK performs the internal capital adequacy assessment, it applies methods other than those used for the Swedish FSA's capital requirement. The assessment is based on SEK's internal calculation of economic capital, which captures all of the specific risks to which SEK's operations are exposed, even risks over and above those included in the Swedish FSA's capital requirement. For example, for credit risk, economic capital is based on a quantitative approach whereby Value at Risk (VaR) is calculated at a confidence level of 99.9 percent. This quantitative estimate is performed using a simulation-based tool that produces a probability distribution of the value of the credit portfolio over a defined time horizon (usually one year). The methodology used in the VaR quantification is based on the Credit Metrics model. In addition to the internal capital adequacy assessment, SEK also estimates the total capital requirement as set for SEK by the Swedish FSA in its annual review and evaluation process. The capital adequacy assessment estimated by the Swedish FSA is a minimum requirement for SEK's own funds. In SEK's assessment, SEK has own funds that comfortably exceed both the internally estimated need of own funds and the total capital requirement calculated by the Swedish FSA. For supplementary and expanded information, refer to the separate risk report, "Capital Adequacy and Risk Management Report — Pillar 3 2019", available at [www.sek.se](http://www.sek.se).





## Detailed risk statement

Risk class	Risk profile	Risk appetite metrics	Risk management
<b>Liquidity and refinancing risk</b> Liquidity and refinancing risk is the risk, of the Company not being able to refinance its existing assets or being unable to meet increased demands for liquid funds. Liquidity risk also includes the risk of the Company having to borrow at an unfavorable interest rate or needing to sell assets at unfavorable prices in order to meet its payment commitments. Liquidity risk encompasses refinancing risk and market liquidity risk.	SEK has secured funding for all its credit commitments, including those agreed but not yet disbursed. In addition, the size of SEK's liquidity investments allow new lending to continue at a normal pace, even during times of stress. As a consequence of SEK having secured funding for all its credit commitments, the remaining term to maturity for available funding is longer than the remaining term to maturity for lending.	<ul style="list-style-type: none"> <li>• All lending transactions are to be funded on a portfolio basis using at least the same maturity. Equity capital is included here as funding with perpetual maturity.</li> <li>• The Company is to have contingencies in a stressed scenario for new lending (including CIRR) of at least two months, without access to the credit facility.</li> <li>• The maturity profile of the liquidity investments must reflect the anticipated net maturity of borrowing and lending. Under normal circumstances, the assets should be held until maturity. LCR assets are calculated to mature within two days.</li> <li>• The Company is to operate with an LCR for the entire balance sheet, and in EUR and USD, of not less than 110 percent.</li> <li>• The Company is to operate with a Net Stable Funding Ratio (NSFR) exceeding 100 percent.</li> </ul>	SEK must have diversified funding to ensure that funding is available through maturity for all credit commitments — credits outstanding as well as agreed but undisbursed credits. The size of SEK's liquidity investments must ensure that new lending can take place even during times of financial stress.
<b>Credit risk</b> Credit risk is the risk of losses due to the failure of a credit (or an arrangement similar to that of a credit) to be fulfilled. Credit risk is divided into issuer risk, counterparty risk, concentration risk, settlement risk and country risk (including transfer risk).	SEK's lending portfolio is of a high credit quality. The Company's mission naturally entails certain concentration risks, such as geographical concentration risk against Sweden. The net risk is principally limited to counterparties with high creditworthiness, such as export credit agencies (ECAs), major Swedish exporters, banks and insurers. SEK invests its liquidity in high credit quality securities, primarily with short maturities.	<ul style="list-style-type: none"> <li>• Individual and collectively limited exposures must not exceed 20 percent of SEK's own funds.</li> <li>• The Company's expected loss within one year must not exceed two percent, and the total portfolio maturity must not exceed eight percent of the Common Equity Tier 1 capital.</li> <li>• The average risk weight for SEK's credit-risk exposures to corporates and institutions may not exceed 55 percent.</li> <li>• Credit-risk-related concentration risk must not exceed 30 percent of the Swedish FSA's assessed total capital requirement for credit risk.</li> <li>• The Company's net exposures to counterparties in the segment ≤BB- must not exceed 80 percent of SEK's Tier 1 capital.</li> </ul>	Lending must be based on in-depth knowledge of SEK's counterparties as well as counterparties' repayment capacity. Lending must also be aligned with SEK's mission based on its owner instruction. SEK's credit risks are mitigated through a risk-based selection of counterparties and managed through the use of guarantees and other types of collateral. Furthermore, SEK's lending is guided by the use of a normative credit policy, specifying principles for risk levels and lending terms. Concentrations that occur naturally as a result of the Company's mission are accepted, but the Company continuously works towards reducing the risk of concentration where this is possible.
<b>Market risk</b> Market risk is the risk of loss or reduction of future net income due to changes in, for example, interest rates, exchange rates, commodity prices or share prices. A distinction should be made between market risk for assets and liabilities not marked to market, and financial assets and liabilities at fair value. Market risk includes price risk in connection with sales of assets or the closing of exposures.	SEK's business model leads to exposure mainly to spread risks, interest-rate risk and currency risk. SEK's largest net exposures are to changes in spread risk, mainly to credit spreads associated with assets and liabilities and to cross-currency basis spreads.	<ul style="list-style-type: none"> <li>• SEK's aggregated market risk measure for all the exposures at fair value must not exceed Skr 1,100 million.</li> <li>• Value-at-Risk for exposures at fair value must not exceed Skr 100 million.</li> <li>• VaR for the liquidity portfolio must not exceed Skr 50 million.</li> <li>• Total interest rate sensitivity to a 100 bps parallel shift of all yield curves, comprising the entire balance sheet, must not exceed Skr 500 million.</li> <li>• Net interest income risk, 1 year, meaning the impact on SEK's future earnings margin resulting from a change in interest rates (100 bps parallel shift) and a change in basis spreads (20 bps parallel shift), must not exceed Skr 350 million.</li> <li>• The Company must hedge at least 75 percent of interest-rate risk in loans outstanding in the CIRR system.</li> </ul>	SEK conducts no active trading. The core of SEK's market risk strategy is to borrow funds in the form of bonds which, regardless of the market risk exposures in the bonds, are hedged by being swapped to a floating interest rate. Borrowed funds are used either immediately for lending, mainly at a floating rate of interest, or swapped to a floating rate, or to ensure that SEK has sufficient liquidity. The aim is to hold assets and liabilities to maturity.
<b>Operational risk</b> Operational risk is the risk of losses resulting from inappropriate, inadequate or faulty processes or procedures, systems, human error, or from external events. Operational risk includes legal, IT and information security risk.	Operational risks arise in all parts of the business. The vast majority of incidents that have occurred are minor events that are rectified promptly within the respective functions. Overall operational risk is low as a result of effective internal control measures and a focus on continuous improvement.	<ul style="list-style-type: none"> <li>• Measures are to be taken without delay to minimize the likelihood of possible losses in excess of Skr 150 million as estimated by the Company. In the event that adequate measures cannot be taken within two months, the CEO must inform the Finance and Risk Committee.</li> <li>• Measures are to be taken without delay to reduce an expected loss exceeding Skr 2 million to an amount of less than Skr 2 million within six months.</li> <li>• The risk appetite for expected losses due to operational risk is limited to Skr 20 million over a one-year period.</li> <li>• Critical internal audit remarks must be mitigated without delay, but no later than within six months.</li> <li>• Critical external audit remarks must be mitigated without delay, but no later than within two months.</li> </ul>	SEK manages the operational risk on an ongoing basis through mainly efficient internal control procedures, performing risk analysis before changes, focus on continuous improvements and business continuity management. Costs to reduce risk exposures must be in proportion to the effect that such measures have.



Risk class	Risk profile	Risk appetite metrics	Risk management
<b>Compliance risk</b> Compliance risk is the risk of failure to meet obligations pursuant to the one hand to legislation, ordinances and other regulations, and on the other hand to internal rules.. Compliance risk includes the risk of money laundering and financing of terrorism.	SEK's operations lead to exposure to the risk of failing to comply with current regulatory requirements and ordinances in markets in which the Company operates.	<ul style="list-style-type: none"> <li>• The Company does not accept material or systematic non-compliance with legislation, ordinances and other regulations, or internal regulations.</li> </ul>	SEK works continuously to develop tools and knowledge to help identify the Company's compliance risks. The company analyzes and monitors compliance risks with the intention of continuously reducing the risk of non-compliance with regulations pertaining to operations requiring permits.
<b>Business and strategic risk</b> Business risk is the risk of an unexpected decline in revenue resulting from, for example, changes to competitive conditions with a consequent decrease in volumes and/or falling margins. Strategic risk is the risk of lower revenue because strategic initiatives fail to achieve the pursued results, inefficient organizational changes, improper implementation of decisions, unwanted effects from outsourcing, or the lack of adequate response to changes in the regulatory and business environment. Strategic risk focuses on large-scale and structural risk factors.	SEK's strategic risks mainly arise through changes in the external operating environment, such as market conditions, which could result in limited lending opportunities for SEK, and regulatory reforms from two perspectives: (1) the impact of these reforms on SEK's business model; and (2) the requirements on the organization resulting from increased regulatory complexity.	<ul style="list-style-type: none"> <li>• SEK's appetite for business and strategic risk is derived from the mission which is expressed in the owner instruction and is implemented strategically and operatively in the Company's business plan.</li> </ul>	SEK's executive management is responsible for identifying and managing the strategic risks and monitoring the external business environment and developments in the markets in which SEK conducts operations and for proposing the strategic direction to the Board. A risk analysis in the form of a self-assessment concerning strategic risk is to be conducted each year.
<b>Sustainability risk</b> Sustainability risk is the risk that SEK's operations directly or indirectly impact their surroundings negatively with respect to business ethics, corruption, climate and the environment, human rights and labor conditions. Human rights includes the child rights perspective; labor conditions encompasses gender equality and diversity; and ethics includes tax transparency.	SEK is indirectly exposed to sustainability risks in connection to its lending activities. High sustainability risks could occur in financing of large projects or of businesses in countries with high risk of corruption or human rights violations.	<ul style="list-style-type: none"> <li>• In project-related financing, the Company must comply with the Equator Principles or the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.</li> <li>• When lending in complex markets, the exporters or other market participants covered by the financing must have the capacity to manage sustainability risks in line with international guidelines.</li> <li>• Lending for coal-fired power is not permitted. In exceptional cases, loans may be offered for measures aimed at improving the environment. Gross lending to fossil operations (coal, oil and gas) should be less than 5 percent of SEK's total lending.</li> <li>• For existing transactions that no longer align with SEK's risk appetite, SEK will based on the opportunities available take measures to influence and to report deviations to the Board.</li> <li>• Lending is not permitted for business transactions where the main purpose is to withhold tax.</li> </ul>	Sustainability risks are managed according to a risk-based approach. In cases of heightened sustainability risk, a detailed sustainability review is performed and measures could be required in order to mitigate environmental and social risks. Requirements are based on national and international regulations and guidelines within the areas of environment and climate, anti-corruption, human rights including labor conditions and business ethics including tax.





Lars Linder-Aronson,  
*Chairman of the Board*

## Chairman's statement:

# More clients and an expanded product portfolio

"SEK's mission from its owner, the Swedish government, is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. SEK acts as an accompaniment to banks and capital markets, and offers our clients and their customers attractive and competitive financing." This statement is not merely a description of our mission, it also governs the company's daily operations and future planning.

Just over one year ago, the Board decided on a plan aiming at substantially improve SEK's ability to carry out its mission. The objective was to offer competitive financing to many more exporters than before, and especially to medium-sized companies with high growth potential. As this increase was to be accomplished with next to no additional cost, significant change to the company's organization and work methods was required. These efforts have now come a long way and have resulted in a client increase of 20 percent compared with last year. Much remains to be done before the high operating targets are realized, but the foundations have been laid.

SEK's work with sustainability issues is constantly developing. By setting high requirements for exporters and their customers, in terms of environmental and climate issues, corruption, labor conditions and human rights, SEK can directly and indirectly influence Swedish exports and contribute to increased sustainability in many places around the world.

SEK has increased its focus on product development in order to attract more clients. During the year, the product portfolio has expanded with the new "Enkla exportlånet" loan and Green loans. The former is primarily aimed at medium-sized companies while the latter applies to the financing of companies who meet set environmental and climate-related targets.

SEK has also embarked on a new initiative of financing industry investments in Sweden that aim to reduce fossil-fuel emissions. This offer is in line with governmental plans for how Sweden is to meet its set climate targets.

SEK does not merely require good organization, competent employees and financial strength to carry out its mission optimally. The operation also needs to deliver healthy profitability. Profits strengthen equity and make it possible to expand lending to our customers, but it also contributes to the ongoing perception of SEK as a company that is associated with quality and stability in international capital markets. Additionally, profits result in a dividend being distributed to the Swedish state as an owner. 2019 was a good year for SEK in terms of profitability. Earnings increased Skr 1,304 million resulting in a return on equity of 5.5 percent, and the Board has proposed a dividend of Skr 308 million to the Annual General Meeting. Capitalization also remains strong with a capital ratio of 20.6 percent.

Exports are and will remain extremely important for the welfare of Sweden. As a small country on the outskirts of Europe, Sweden has a flourishing and competitive trade and industry, the success of which relies largely on exports. Sweden has a well-functioning export system in which SEK is a vital component. Now that global economic growth is languishing, access to competitive financing will become even more crucial for the Swedish export industry. SEK remains well-equipped to fulfill its pivotal mission.

SEK's many competent employees and executive management are making committed and valuable efforts to develop operations. I would like to thank them and my colleagues on the Board for their great work over the past year, and I am looking forward to a new and exciting fiscal year.



# Corporate Governance Report 2019

SEK is a Swedish credit market institution, with its seat in Stockholm, Sweden. SEK is wholly owned by the Swedish state and under the administration of the Swedish Ministry of Enterprise and Innovation.

The government considers SEK a key actor in the state's promotion of the Swedish export industry and in the realization of the government's export strategy.

Corporate governance at SEK is based on Swedish law and the applicable Swedish and international regulations, including the international guidelines adopted by SEK.

The owner's governance of SEK is executed through the state's ownership policy and owner instruction and, as for all Swedish limited companies, through the Swedish Companies Act (*aktiebolagslagen* (2005:551)) its Articles of Association, general meeting of shareholders, its Board and its CEO. In addition to its effort to operate responsibly, SEK complies with international sustainability guidelines.

## The state's ownership policy and guidelines for companies with state ownership

On December 22, 2016, the Swedish Government adopted a new ownership policy for state-owned companies. The policy applies since January 1, 2017. In the state's ownership policy, the government details its mission and objectives, the applicable frameworks and its position on key policy issues pertaining to corporate governance at all state-owned companies. The state's ownership policy includes the government's guidelines for external reporting and guidelines for terms of employment for senior executives. Moreover, the state's ownership policy means that the Swedish Corporate Governance Code (the "Code") shall be applied.

As set out in the state's ownership policy, inter alia, as a state-owned company, SEK is to set a positive example for sus-

tainable business. For governance pertaining to sustainability, see sustainability note 4.

State-owned companies are subject to more substantial information requirements regarding sustainability reporting and, therefore, are to apply such regulations as the GRI Sustainability Reporting Guidelines or other international frameworks for sustainability reporting.

## The Code

The Code is part of the Swedish government's framework for corporate governance. SEK complies with the Code in line with the owner's guidelines.

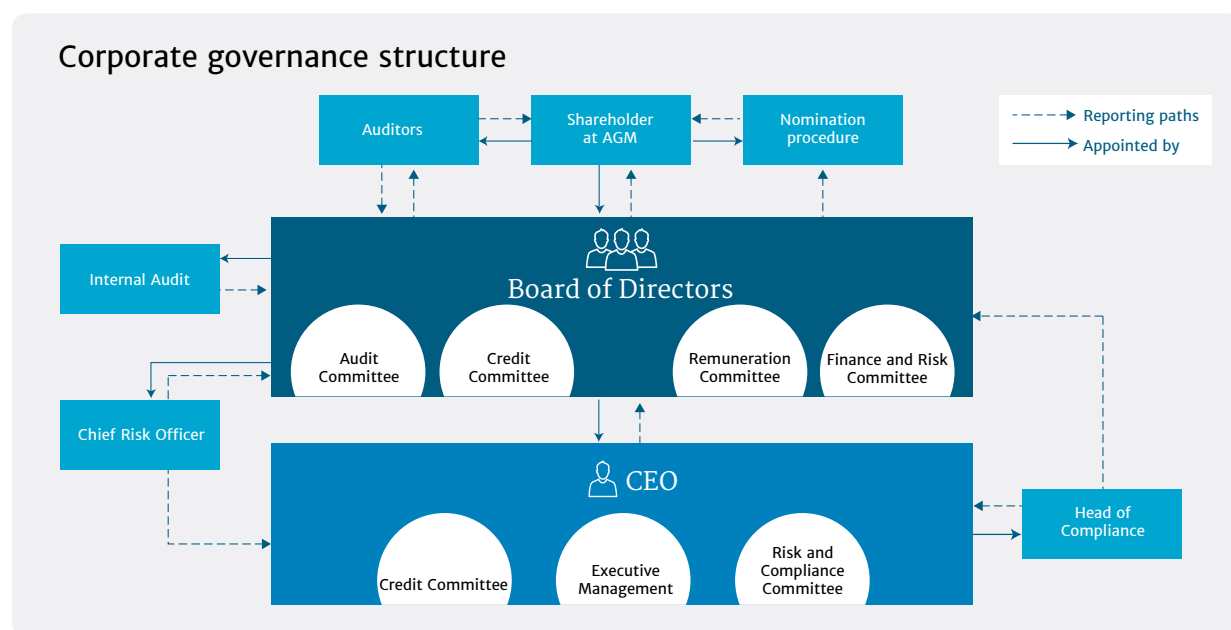
## Deviations from the Code

SEK chooses to deviate from the Code in regard to certain aspects, in accordance with the Code's regulations regarding "comply or explain." The reason for such deviations is that SEK is wholly owned by the state and it is not a publicly listed company with diverse ownership. SEK's corporate governance deviated from the requirements of the Code on the following points in the 2019 fiscal year:

**Nomination Committee.** The nomination process for Directors and auditors adheres to the principles described in the state's ownership policy.

**Chairman of the General Meeting.** The nomination process for the Chairman of the General Meeting adheres to the principles described in the state's ownership policy.

**The Board of Directors' independence from the owner.** In accordance with the state's ownership policy, SEK does not disclose whether the Directors are independent in relation to the owner.





### Owner instruction

The owner instruction states, inter alia, that SEK is to: (a) conduct lending operations on commercial and sustainable terms, within the scope of the objects set out in the Articles of Association, with the aim of promoting the Swedish export industry by offering financing solutions that directly or indirectly promote Swedish exports; (b) provide export credits, including the officially supported credits (CIRR loans); (c) in periods when the market can not satisfactorily provide financing to the Swedish export industry, constitute a tool whereby the government can take separate measures to ensure that such financing can be provided; and (d) promote compliance with international guidelines within the area of sustainable business relating to the environment, anti-corruption, human rights, labor conditions and business ethics. Where relevant when making credit assessments, SEK is to comply with international frameworks, such as the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles, and observe the OECD's Recommendation of the Council on Sustainable Lending Practices and Officially Supported Export Credits. Accordingly, SEK's sustainability work is integrated into its corporate governance.

The owner instruction sets further requirements for the reporting and control of SEK's administration of the CIRR system under the specially commissioned public policy assignment from the government. The socioeconomic value of this can be evaluated in part by measuring the added value that SEK generates in terms of export credits, of which CIRRs comprise a part, and in part through the company conducting a stakeholder dialogue.

### Articles of Association

SEK's Articles of Association regulate such issues as the operating targets of the company. The Articles of Association does not include any provisions for the appointment or removal of Directors, except for a provision stipulating that the Chairman of the Board is to be appointed by the general meeting of shareholders and the maximum and minimum number of Directors. For amendments to be made to the Articles of Association, the notice of the extraordinary general meeting that will address amendments to the Articles of Association is to be issued not earlier than six weeks and not later than four weeks prior to the meeting. SEK's Articles of Association do not contain any limitations on the number of votes that the shareholder can cast at a general meeting of shareholders.

### General meeting of shareholders

#### *Annual General Meeting*

SEK's Annual General Meeting was held on March 28, 2019. External parties were entitled to attend the meeting. The minutes of the Annual General Meeting are available at [www.sek.se](http://www.sek.se).

The Annual General Meeting re-elected the following Directors: Lars Linder-Aronson, Cecilia Ardröm, Anna Brandt, Reinhold Geijer, Hans Larsson, Eva Nilsagård and Ulla Nilsson. Hanna Lagercrantz was elected as a new Director. Lars Linder-Aronson was re-elected Chairman of the Board by the Annual General Meeting.

The Annual General Meeting adopted the Annual Report for 2018 submitted by the Board and the CEO, and discharged

the Board and the CEO from liability for the fiscal year 2018. The Annual General Meeting also resolved, in line with the Board's proposed appropriation of profits, to pay a dividend of Skr 194 million to the shareholder. The decision was in accordance with SEK's dividend policy.

In addition, the Annual General Meeting resolved on unchanged guidelines for the remuneration of senior executives, see also under note 5 of the Annual Report, as well as the state's ownership policy, the government's Guidelines for external reporting in state-owned companies, and the government's Guidelines for remuneration and other terms of employment for senior executives in state-owned companies as adopted by the government on December 22, 2016.

### The Board of Directors

#### *The Board's composition and nomination procedure*

The nomination procedure for Directors complies with the state's ownership policy and is conducted and coordinated by the Division for State-owned companies at the Swedish Ministry of Enterprise and Innovation. A working group analyzes the skills requirements based on the composition of the Board as well as the company's operations, status, future challenges and completed Board of Directors training. Any recruitment needs are then established and the recruitment process initiated. The state's ownership policy sets out that the government seeks to achieve an even gender balance and the target is a minimum of 40 percent board representation for both women and men. Boards with six to eight directors elected by the general meeting of shareholders must include at least three persons of each gender. Directors are to be selected from a broad recruitment base with the aim of utilizing the expertise of women and men, as well as of individuals with various backgrounds and experience. Discrimination based on gender, transgender identity or expression, ethnic affiliation, religion or other belief, disability, sexual preference or age is prohibited.

SEK carries out a suitability assessment of Directors and senior executives pursuant to the regulatory framework issued by the European Banking Authority (EBA). SEK's assessment of potential new Directors is based on the owner having identified the candidate in question according to a job specification. The owner is informed of the outcome following SEK's assessment. When the procedure is complete, the nominations are disclosed publicly in accordance with the provisions of the Code.

The Articles of Association stipulate that the Board is to comprise no less than six and no more than eight Directors. Directors are elected each year at the Annual General Meeting to serve until the end of the following Annual General Meeting. The CEO is not a Director. The Board of Directors consists of five women and three men. The names, ages, and main education of the Directors, and the number of Board and Committee meetings held during the year are presented on pages 45 and 50–51. None of the Directors or the CEO hold shares or financial instruments issued by SEK.

#### *Chairman of the Board*

The Chairman of the Board is elected by the annual general meeting of shareholders. Should the Chairman resign from the assignment during the term of office, the Board is to elect a new Chairman from within its ranks to serve until the



end of the general meeting that elects a new Chairman. The Chairman leads the Board's work, monitors to ensure that the Board is performing its duties, represents the Board in relation to the owner and maintains contact with the owner. The Chairman is also responsible for initiating the annual evaluation of the Board's and the CEO's work. The Chairman ensures that the Board receives adequate information and decision data for its work by, inter alia, informing the Board about what has transpired from contact with the owner. The Chairman also ensures that the Board receives the requisite training for the Board work to function efficiently, and checks that Board decisions are implemented.

#### *The Board and its working methods*

The Board is responsible for the organization and the administration of SEK's affairs of which sustainability forms an integral part. The Board is also tasked with ensuring that the company's financial statements, including sustainability reporting, are prepared in accordance with applicable

legislation, accounting standards and other requirements. The Board must continually assess SEK's financial position and ensure that SEK is structured in such a way that its accounting, management of funds and SEK's other financial circumstances are governed by satisfactory controls. The Board adopts the operating targets and strategies for the operations, and issues general internal regulations in policies and instructions. The Board ensures that an efficient system is in place to monitor and control SEK's operations. In addition, the Board is tasked with appointing, and dismissing if necessary, the CEO and the Chief Risk Officer, and deciding on the remuneration of these individuals and other members of executive management.

The Board's work follows the rules of procedure and the Board's annual plan, which are adopted each year at the statutory Board meeting. The Board of Directors met on 12 occasions in 2019. The CEO attends all Board meetings except those addressing matters in which there is a conflict of interest, such as when evaluating the CEO's work.

### Attendance at Board and committee meetings in 2019

	Total	Board of Directors	Remuneration Committee	Finance and Risk Committee	Credit Committee	Audit Committee
Number of meetings	50	12	5	9	17	7
Lars Linder-Aronson	48	12	5	8	17	6
Cecilia Ardrström	28	12	0	9	0	7
Anna Brandt	29	12	0	0	17	0
Reinhold Geijer	33	12	5	0	16	0
Hanna Lagercrantz <sup>1</sup>	18	9	3	0	0	6
Hans Larsson	21	12	0	9	0	0
Eva Nilsagård <sup>2</sup>	20	10	3	0	0	7
Ulla Nilsson	38	12	0	9	17	0
Hélène Westholm <sup>3</sup>	2	1	0	0	0	1

<sup>1</sup> Hanna Lagercrantz was elected as a member of the Board, the Remuneration Committee and the Audit Committee on March 28, 2019, and was co-opted from January 31, 2019.

<sup>2</sup> Eva Nilsagård was elected as a member of the Remuneration Committee on March 28, 2019

<sup>3</sup> Hélène Westholm stepped down from the Board, the Remuneration Committee and the Audit Committee on January 31, 2019.

#### *Board's work during the year*

In 2019, the Board has closely monitored the internal organizational development efforts that are intended to further improve SEK's ability to realize its mission. The Board has also followed up on the company's adaptation of its operations to various regulations and market changes. This includes the issues pertaining to the minimum requirement for own funds and eligible liabilities (MREL) and its implementation. The Board has also examined strategic issues such as the SEK brand.

The Board held its annual strategy meeting in June. This meeting focused on how the company can create even greater advantages for the export industry. Ann Linde, who was then Minister for Foreign Trade and now sits as Minister for Foreign Affairs, participated and spoke about Sweden's export strategy and the role of SEK.

In November 2019, the annual Board trip was made to visit clients and business partners. This year, the Board

visited Skåne. In Skåne, the Board visited five of SEK's clients, who gave presentations of the respective companies and their products. Tours of factories and premises were also conducted.

In addition to the scheduled meetings in 2019, the Board participated in targeted training activities on six occasions. The training activities have covered: measures to be taken to combat money laundering and financing of terrorism, exports for sustainable development, cybersecurity, HR issues, credit granting and OECD regulations.



The Board established the following committees. The Board's rules of procedure include establishing annual instructions for all of its committees. The minutes from each committee are reported at Board meetings by the respective committee's chairman.

## Remuneration Committee

Lars Linder-Aronson (Chairman), Reinhold Geijer, Hanna Lagercrantz and Eva Nilsagård



During the year, the Remuneration Committee focused in particular on culture, leadership and skills supply matters as well as preparation for the recruitment of a Chief Risk Officer.

- Prepare matters relating to employment terms and conditions, salaries, pensions and other benefits for the CEO and the management, and general issues relating to salaries, pensions and other benefits.
- Prepare proposals regarding the remuneration policy for decision by the Board.
- Prepare proposals on salaries for other individuals in management positions for whom the Board determines the terms of remuneration.
- Evaluate compliance with the Annual General Meeting's resolutions on remuneration.

## Finance and Risk Committee

Cecilia Ardström (Chairman), Hans Larsson, Lars Linder-Aronson and Ulla Nilsson

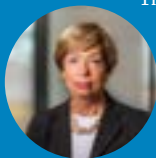


In 2019, the Committee focused in particular on preparation for the coming regulatory changes and changes in the market, including the MREL, IBOR transition and the possibility of issuing SDG and green bonds. A new CRO has been appointed.

- Ensure that the company can identify, measure, manage, report internally and control the risks to which it is or can be expected to be exposed.
- Prepare matters pertaining to general policies, strategies and risk appetite in all risk and capital-related issues where sustainability risk is a component, as well as regarding over-all issues concerning the company's financial operations.
- Set limits for such risk and capital-related matters that the Board delegates to the Committee to determine, and to establish measurement methods and limits concerning market and liquidity risk, in addition to models for valuing financial instruments.

## Credit Committee

Ulla Nilsson (Chairman), Anna Brandt, Reinhold Geijer and Lars Linder-Aronson



The Credit Committee decided 58 (2018: 71) cases over the year. The Committee is the final instance for credit decisions with the exception of credit decisions that are of fundamental or otherwise significant importance to the company, which are determined by the Board. In 2019, the Committee addressed one issue where the credit risk exceeded the risk appetite. The Committee has further examined various overviews of industries and portfolios in 2019.

- Ensure the Board's involvement in decision-making regarding credit risks.
- Prepare matters relating to credits and credit decisions that are of fundamental or otherwise significant importance to the company, and also to take decisions regarding credits in accordance with the delegation rules determined by the Board and in which sustainability aspects are included.

## Audit Committee

Cecilia Ardström (Chairman), Hanna Lagercrantz, Lars Linder-Aronson and Eva Nilsagård



In 2019, the Audit Committee has, in addition to its ordinary work with audit matters, continued its work with reporting to regulatory bodies with IFRS9 and followed up the company's advancement of analysis methodology. As a follow-up on the previous year's procurement of new internal auditors, the Committee has focused on evaluating how this work has proceeded.

- Monitor the company's financial reporting and submit recommendations and proposals aimed at assuring the reliability of the company's reporting.
- Monitor the efficiency of the company's internal control, internal audit and risk management in terms of the financial reporting.
- Evaluate the audit process and inform the Board of the results and, through the Chairman of the Board, to inform the company's owner about the results of the evaluation.
- Keep informed about the audit of the annual accounts and the consolidated financial statements, as well as the conclusions of the Supervisory Board of Public Accountants' quality control.
- Assist in the preparation of proposals regarding the selection of auditors for resolution by the general meeting of shareholders.



## Policy documents

In 2019, SEK's Board and committees adopted the following policies and instructions:

### Document

The Board's rules of procedure  
Code of Conduct  
Sustainable Business Policy  
Risk Policy  
Credit Policy  
Instruction for the CEO  
Instruction for the Chief Risk Officer, CRO  
Instruction for the Internal Audit function  
Instruction for the Compliance function  
Limits for market risk  
Limits for liquidity risk  
HR policy  
Financing and liquidity strategy  
Credit Instruction  
Audit instruction

## Evaluation of the work of the Board of Directors and the CEO

A separate assessment of the work of the Board and CEO is carried out once a year under the leadership of the Chairman. The results of this assessment were reported to the Board and, by the Board's Chairman, to the owner. An evaluation is also performed by the owner in conjunction with the nomination of Directors. The evaluation for 2019 was conducted with particular focus on the assessment that is to be made of the Board of Directors' suitability as a group in accordance with the regulations issued by the EBA.

## Remuneration of the Board of Directors and senior executives

Information regarding remuneration of the Board, CEO and executive management and the Board's proposals to the Annual General Meeting are presented in note 5 of this Annual Report.

## Chief Executive Officer

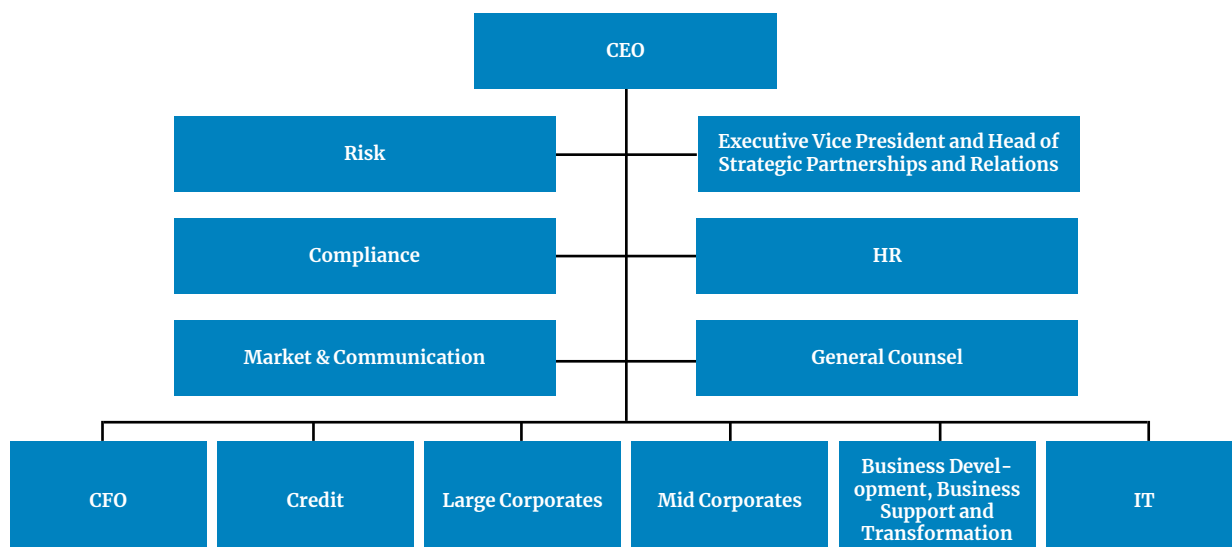
Catrin Fransson has been the CEO of SEK since the 2014 Annual General Meeting. Catrin Fransson was born in 1962 and has an MSc in Economics and Business from Luleå University of Technology. The Board of Directors has established an instruction for the CEO's work. The CEO is responsible for day-to-day management of business operations in accordance with the Board's guidelines, established policies and instructions. The executive management (EM) is tasked with supporting the CEO in the operational management of the company.

The CEO has appointed a Risk and Compliance Committee (RCC), which has the main task of acting as a consultative body supporting the CEO on risk-related questions and questions pertaining to regulatory compliance. The RCC is tasked with preparing questions pertaining to risk and regulatory compliance, and which are to be addressed or decided by the Finance and Risk Committee, the Audit Committee or the Board. Moreover, the RCC is responsible for following up risk reports, deviations from planned measures due to identified deficiencies, and for the implementation of new and amended regulations. The internal audit function is co-opted to all of the RCC's meetings.

According to the Credit Instruction, all decisions pertaining to credits/exposures are taken by not less than two employees jointly. Accordingly, the CEO may not take any unilateral credit decision. The Board's Credit Committee has instead delegated the mandate to the company's Credit Committee (CC). The CEO is Chairman of the CC and the Committee is to be comprised of the members appointed by the Board's Credit Committee. For the CC to be quorate three members must participate in the meeting. Decisions by the CC must be unanimously. In the case of disagreement, the case is referred to the Board's Credit Committee for decision.

## Organization

Effective from January 1, 2019, SEK has implemented a new organization aimed at focusing client operations and strengthening business support. The Lending business area was split into two separate functions, Large Corporates and Mid Corporates. Two new functions have been established: Business Development, Business Support and Transformation; and Strategic Partnerships and Relations. Moreover, the accounting and treasury units have been reorganized as one function under the CFO.





### Internal governance, control and risk management

The Board is responsible for SEK's internal governance and control. Effective internal control is built on a sound culture regarding risk, effective internal processes and procedures, as well as the proper functioning of the control environment through operationally integrated internal controls. The functions for compliance, risk and internal audit monitor the management of operational risk, and compliance with policy documents. All managers in each area of responsibility have an obligation to ensure that the operation for which they are responsible is conducted with good internal governance and control.

#### Compliance function

The compliance function assignment comprises identifying risks that the company may not meet its obligations according to legislation, regulations and other rules that apply to its operations requiring permits. The compliance function shall also assess the appropriateness of the measures taken to mitigate these risks. The compliance function is independent of the business operations and reports directly to the CEO. Within the framework of its assignment, the function monitors and controls the function of compliance with external and internal rules, provides advice and support to the business on compliance-related issues, and informs and trains the relevant executives. Reporting is made continuously to the CEO and quarterly in written and verbal form to the Board and the CEO. The scope and direction of the compliance function's work is established in an annual plan determined by the Board of Directors.

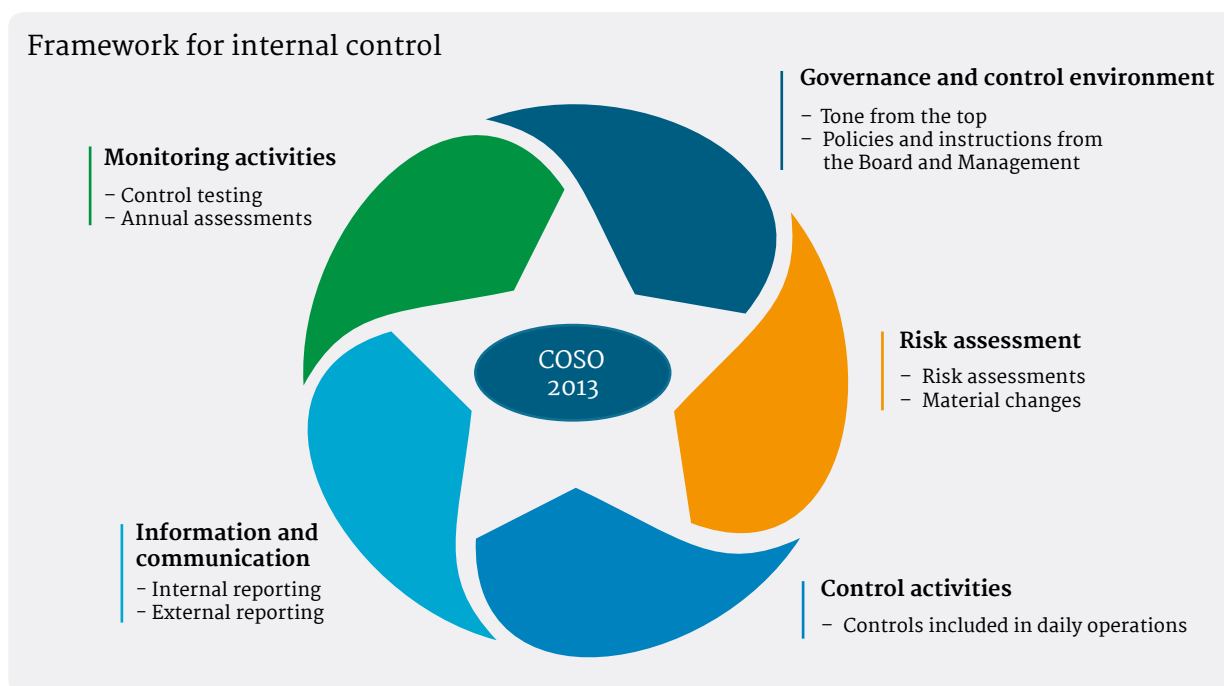
#### Risk function

The risk function is assigned responsibility for ensuring compliance with the overall approach and the internal rules for risk management at the company, as well as monitor-

ing compliance with the decisions of the Board and the CEO regarding risk management and control. The assignment also includes monitoring that the company's business operations and support functions manage risk in a satisfactory manner. The Risk function is to monitor that all material risks to which SEK is exposed, or can expect to be exposed to, are identified and managed by the relevant functions. In addition, the Risk function is to check that the company has adequate ability to, as quickly as possible, collect and automatically collate data for the company's material and measurable risks and check that the IT systems that support the collation can meet various analysis requirements. The Risk function is to comprise individuals with sufficient knowledge of methods and procedures to manage risks, and of markets and products, to be able to provide relevant and independent information, analyses and expert opinions about the company's risks. The person responsible for the independent risk control function is the CRO, who reports directly to the CEO, and reports regularly to the Board of Directors and the CEO.

#### Internal audit

SEK has an independent internal audit function that reviews the company's internal governance and control. The Board establishes the auditing assignment each year by means of an audit plan, which takes into account the mandatory audits required by applicable legislation. The assignment involves checking and assessing whether the company's risk management, governance, control, reporting and management processes and regulatory compliance are effective and suitable. The internal audit reports its observations to the Board and the CEO. As of 2019, the external party conducting the internal audit is Deloitte. The appointment of an external party to perform the internal audit provides SEK with access to significant and extensive capabilities for auditing the company's regu-





latory compliance, particularly capital adequacy, including audits of ICAAP and the company's IRB model.

#### *Code of Conduct*

It is the responsibility of the CEO to establish guidelines so that all employees understand the requirement for maintaining ethical values and the role of each individual in such work, as regulated in part by the Code of Conduct, which is adopted each year by the Board, and confirmed in writing by all employees. The Code of Conduct demands integrity and ethical conduct and is communicated to employees through annual training sessions. Suspected conduct that could involve or lead to a breach of the law, unethical behavior, infringement or suspected breach of the Code of Conduct must be reported. These types of breaches can also be reported anonymously via SEK's whistleblow system, which is managed by a third party. SEK's Code of Conduct is available at [www.sek.se](http://www.sek.se).

#### **Internal governance, control and risk management with regard to financial reporting**

To ensure correct and reliable financial reporting, SEK has developed a management system for financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control (2013 version). This internal control framework is divided into five components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

#### *Governance and control environment*

The governance and control environment comprises, for example, the attitude from the management, as well as policies and instructions from the Board of Directors and executive management. For a strong internal control environment, it is important that the Board of Directors and executive management indicate the significance of good internal control and that there are relevant and appropriate policies and instructions in the area.

#### *Risk assessment*

SEK performs an annual risk assessment at management, function and process level. The aim is to identify, document and quantify the consequences and probability of events occurring that could entail that SEK's targets cannot be achieved or errors in the financial reporting. The company carries out regular risk assessments during the year in the event of material changes for the company.

#### *Control activities*

Controls have been designed based on identified risks to prevent, detect and correct errors and discrepancies.

The controls are conducted as company-wide controls, as general IT controls and at transaction level. Company-wide controls include instructions and procedures regarding authorizations, powers and responsibilities relating to credit granting, and monitoring of compliance. General IT controls include change management, back-up procedures and rights.

Transaction-based controls, whether manual or automated, are carried out to manage the risk of errors occurring in financial reporting. Such controls include reconciliations and analyses. Processes and controls are documented in the

form of flow charts and descriptions of individual control activities, which specify who executes a particular control, how it is implemented and how implementation of the control is to be documented.

#### *Information and communication*

Policies, instructions, guidelines and operating procedures are continually updated and communicated to the staff via relevant channels, primarily via the intranet, internal training and personnel meetings. Formal and informal communication between staff and management is promoted by the small number of employees and their geographic location, primarily at one office.

#### *Monitoring activities*

Monitoring and testing of control activities are carried out on an ongoing basis throughout the year to ensure that risks are taken into account and managed satisfactorily. Testing is carried out by staff who are independent of the implementation of controls and who are capable of evaluating the implementation of controls. Measures to address any deficiencies are monitored by the Risk and Compliance Committee and the Audit Committee. The executive management has also established controls to ensure that appropriate measures are taken in response to the recommendations made by the internal audit function and by the auditors elected by the Annual General Meeting.

SEK is a foreign private issuer as defined by US regulations and is therefore also affected by the US Sarbanes-Oxley Act (SOX). SOX requires the executive management to assess and comment, each year, on the efficiency of the internal control of financial reporting based on the testing of internal controls. No corresponding expression of opinion is required of the company's auditors for the category of companies to which SEK belongs under the US regulatory framework. The executive management has assessed the internal control of financial reporting in accordance with the rules applicable to foreign private issuers. At December 31, 2019, the conclusion was that effective and efficient controls were in place relating to internal control of financial reporting.

#### **Auditors**

The 2019 Annual General Meeting elected Öhrlings Pricewaterhouse Coopers AB as auditor of the company, with auditor Authorized Public Accountant Peter Nyllinge as Principal Auditor and Authorized Public Accountant Anneli Granqvist as co-signing auditor. The Swedish National Audit Office may appoint one or more auditors to participate in the annual audit. However, this did not occur in 2019.

Each year, the Audit Committee reviews the audit plan and is informed of the audit observations on an ongoing basis. The company's auditors are always present at the meetings of the Audit Committee and were present at one Board meeting. The Board of Directors holds a meeting with the company's auditors at least once a year without the attendance of the CEO or any other member of the executive management. The Board also receives summary audit reports.



# The Board of Directors



**Lars Linder-Aronson**

**Chairman of the Board**, Chairman of SEK's Remuneration Committee.

Member of SEK's Finance and Risk Committee, SEK's Credit Committee and SEK's Audit Committee

**Born:** 1953

**Education:** MSc Economics and Business, Stockholm School of Economics

**Elected:** 2011

**Previous positions:** Managing Director Enskilda Securities AB and Deputy Managing Director Skandinaviska Enskilda Banken AB

**Other appointments:** Chairman of the Board: Nordisk Renting AB. Director: Facility Labs AB and Bright Group Oy



**Cecilia Ardström**

**Director**, Chairman of SEK's Audit Committee and SEK's Finance and Risk Committee

**Born:** 1965

**Education:** Economics, Gothenburg School of Business, Economics and Law

**Elected:** 2011

**Previous positions:** Chief Financial Officer and Head of Asset Management, Länsförsäkringar AB. Head of Treasury, Tele2 Group. Head of Asset Management and CIO, Folksam Group

**Other appointments:** Director: Guldskillen AB; Stockholms Stads Brandförsäkringskontor AB and AMF Fonder AB

**Current position:** CFO, Corpia Group AB



**Anna Brandt**

**Director**, Member of SEK's Credit Committee

**Born:** 1961

**Education:** MSc Economics and Business, Stockholm School of Economics

**Elected:** 2017

**Previous positions:** Executive Director and Member of the Board: the World Bank; the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). Ambassador for Agenda 2030 at the Ministry for Foreign Affairs, Ambassador to Nairobi, Kenya and Ambassador to Dublin, Ireland

**Current position:** Ambassador and permanent representative of Sweden to the OECD and UNESCO, Paris



**Reinhold Geijer**

**Director**, Member of SEK's Credit Committee and SEK's Remuneration Committee

**Born:** 1953

**Education:** MSc Economics and Business, Stockholm School of Economics

**Elected:** 2017

**Previous positions:** Chief Executive Officer, the Royal Bank of Scotland, Nordic Branch. Chief Executive Officer, Nordisk Renting AB. Executive Vice President, Telia AB. Chief Executive Officer, Swedbank. Earlier employments in Ericsson Radio Systems AB, SSAB Swedish Steel and Weyerhaeuser Integrated Forest Company, USA

**Other appointments:** Chairman of the Board, BTS Group AB. Director, Edsbyn Senab AB; Eterna Invest AB; Zacco A/S and Livförsäkringsaktiebolaget Skandia ömsesidigt

**Auditors:** Öhrlings Pricewaterhouse Coopers AB, auditors at SEK since 2017.

**Principal auditor:** Authorized Public Accountant Peter Nyllinge. Born: 1966. Auditor at SEK since 2017.

**Co-signing auditor:** Authorized Public Accountant Anneli Granqvist. Born: 1972. Auditor at SEK since 2017.





#### Hanna Lagercrantz

**Director**, Member of SEK's Audit Committee and SEK's Remuneration Committee

**Born:** 1970

**Education:** M.Sc, Stockholm School of Economics, M. Phil Economics Cambridge University, UK

**Elected:** 2019

**Previous positions:** Member of the Board at LKAB, SBAB, SOS Alarm AB, Swedish Space Corporation (SSC), Svenska Skeppshypotek, Swedfund International AB and AO Dom Shvet-sii. She has previously served at SEB, UBS and S.G. Warburg

**Other appointments:** Board member of Almi Företagspartner AB and Research Institutes of Sweden Holding (RISE) AB

**Current position:** Investment Director, Ministry of Enterprise



#### Hans Larsson

**Director**, Member of SEK's Finance and Risk Committee

**Born:** 1961

**Education:** Bachelor of Business Administration and Economics, Uppsala University. Advanced Management Program (AMP), Stockholm School of Economics (SSE)

**Elected:** 2017

**Previous positions:** Head of Group Strategy & Business Development, SEB. Executive Vice President and Chief of Staff, Lindorff Group. Director Nordax AB and Nordax Bank AB

**Other appointments:** Director, Nordnet AB, Nordnet Bank AB and Intrum Justitia AB. Chairman of the Board, Linderyd Advisory AB

**Current position:** Founder and CEO, Linderyd Advisory AB and Lunda Advisory AB



#### Eva Nilsagård

**Director**, Member of SEK's Audit Committee and SEK's Remuneration Committee

**Born:** 1964

**Education:** MSc in accounting and financial management and Executive MBA from the School of Business, Economics and Law at the University of Gothenburg

**Elected:** 2018

**Previous positions:** CFO, Plastal Industri AB. SVP Strategy & Business development, Volvo Trucks (EMEA). CFO, Vitrolife AB. VP Finance & IT, Volvo Penta. Other senior positions within finance and business development in Volvo, the AstraZeneca Group and SKF.

**Other appointments:** Director and Chairman of the audit committee, AddLife AB and Irras AB. Director and member of the audit committee, Bufab AB

**Current position:** Founder and CEO, Nilsagård consulting



#### Ulla Nilsson

**Director**, Chairman of SEK's Credit Committee and member of SEK's Finance and Risk Committee

**Born:** 1947

**Education:** M. Pol. Sc.; and Economics and Business Administration, Uppsala University.

**Elected:** 2011

**Previous positions:** Managing Director, Swedish Chamber of Commerce to the United Kingdom. Skandinaviska Enskilda Banken AB: Global Head of SEB Futures London, Chairman of Enskilda Futures Limited London, Head of Trading & Capital Markets Singapore, Head of Treasury Luxemburg and Skånska Banken

**Other appointments:** Honorary Vice President, Swedish Chamber of Commerce to the United Kingdom

*No members of the Board hold shares or other financial instruments in the company.*



# Management



**Catrin Fransson**  
**CEO**

**Born:** 1962

**Education:** MSc Economics and Business, Luleå University

**Employed:** 2014

**Other appointments:** Chairman of the Board, Almi Företagspartner Stockholm Sörmland AB and member of the Board of Trustees, SNS (Centre for Business and Policy Studies)



**Per Åkerlind**  
**Deputy CEO and Head of Strategic Partnerships and Relations**

**Born:** 1962

**Education:** MSc in Engineering, the Royal Institute of Technology, Stockholm

**Employed:** 1990

**Other appointments:** Chairman of the Credit Markets Group



**Karl Johan Bernerfalk**  
**General Counsel**

**Born:** 1972

**Education:** LLM, Lund University

**Employed:** 2007

**Other appointments:** –



**Andreas Ericson**  
**Head of Mid Corporates**

**Born:** 1976

**Education:** Business Studies Program, University of Westminster

**Employed:** 2010

**Other appointments:** Director, Cold Lake AB; Hanson Motor i Mora AB and Gravesen Invest AB



**Stefan Friberg**  
**Chief Risk Officer**

**Born:** 1968

**Education:** MSc Business and Economics, Stockholm University

**Employed:** 2015

**Other appointments:** –



**Teresa Hamilton Burman**  
**Chief Credit Officer**

**Born:** 1962

**Education:** MSc Business and Economics, Stockholm University

**Employed:** 2015

**Other appointments:** –





**Jens Hedar**  
**Head of Large Corporates**  
**Born:** 1974  
**Education:** Studies at the Stockholm School of Economics  
**Employed:** 2007  
**Other appointments:** –



**Petra Könberg**  
**Head of Marketing and Communications**  
**Born:** 1969  
**Education:** Market Economist DIHM, IHM Business School Stockholm  
**Employed:** 2017  
**Other appointments:** –



**Sirpa Rusanen**  
**Chief Human Resources Officer**  
**Born:** 1964  
**Education:** Behavioral Science Degree, Lund University  
**Employed:** 2005  
**Other appointments:** –



**Susanna Rystedt**  
**Chief Administrative Officer**  
**Born:** 1964  
**Education:** MSc Economics and Business, Stockholm School of Economics  
**Employed:** 2009  
**Other appointments:** Director, AB Trav och Galopp



**Peter Svensén**  
**Chief Risk Officer**  
**Born:** 1974  
**Education:** MSc in Industrial Engineering and Management, Linköping University  
**Employed:** 2019  
**Other appointments:** –



**Madeleine Widaeus**  
**Chief Information Officer**  
**Born:** 1970  
**Education:** MSc in Engineering, Mechanical Engineering, Manufacturing Systems, the Royal Institute of Technology, Stockholm (KTH) and University certificate in Business Administration, Stockholm University  
**Employed:** 2018  
**Other appointments:** –



# Consolidated Statement of Comprehensive Income

Skr mn	Note	2019	2018
Interest income calculated using effective interest method		5,187	4,390
Other interest income		896	763
Interest expenses		-4,366	-3,711
<b>Net interest income</b>	<b>2</b>	<b>1,717</b>	<b>1,442</b>
Net fee and commission expense	3	-33	-32
Net results of financial transactions	4	226	19
Other operating income		-	-2
<b>Total operating income</b>		<b>1,910</b>	<b>1,427</b>
Personnel expenses	5	-333	-311
Other administrative expenses	6	-206	-231
Depreciation and impairment of non-financial assets	7	-57	-40
<b>Total operating expenses</b>		<b>-596</b>	<b>-582</b>
<b>Operating profit before credit losses</b>		<b>1,314</b>	<b>845</b>
Net credit losses	9	-10	7
<b>Operating profit</b>		<b>1,304</b>	<b>852</b>
Tax expenses	10	-277	-204
<b>Net profit<sup>1</sup></b>		<b>1,027</b>	<b>648</b>
<b>Other comprehensive income related to:</b>			
Items to be reclassified to profit or loss			
<i>Derivatives in cash-flow hedges</i>		-8	-25
Tax on items to be reclassified to profit or loss	10	2	6
<b>Net items to be reclassified to profit or loss</b>		<b>-6</b>	<b>-19</b>
Items not to be reclassified to profit or loss			
<i>Own credit risk</i>		24	374
<i>Revaluation of defined benefit plans</i>		-4	-48
Tax on items not to be reclassified to profit or loss	10	-4	-72
<b>Net items not to be reclassified to profit or loss</b>		<b>16</b>	<b>254</b>
<b>Total other comprehensive income</b>		<b>10</b>	<b>235</b>
<b>Total comprehensive income<sup>1</sup></b>		<b>1,037</b>	<b>883</b>
<b>Skr</b>			
Basic and diluted earnings per share <sup>2</sup>		257	162

1 The entire profit is attributable to the shareholder of the Parent Company.

2 The average number of shares in 2019 amounted to 3,990,000 (2018: 3,990,000)



# Consolidated Statement of Financial Position

Skr mn	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Cash and cash equivalents	11, 12	1,362	2,416
Treasuries/government bonds	11, 12	8,344	11,117
Other interest-bearing securities except loans	11, 12	53,906	48,665
Loans in the form of interest-bearing securities	11, 12	43,627	36,781
Loans to credit institutions	9, 11, 12	27,010	27,725
Loans to the public	8, 9, 11, 12	163,848	161,094
Derivatives	12, 14	6,968	6,529
Tangible and intangible assets	7	134	69
Other assets	16	9,334	4,980
Prepaid expenses and accrued revenues	17	2,747	2,657
Deferred tax assets	10	16	-
<b>Total assets</b>		<b>317,296</b>	<b>302,033</b>
<b>Liabilities and equity</b>			
Borrowing from credit institutions	12, 18	3,678	2,247
Debt securities issued	12, 18	269,339	255,600
Derivatives	12, 14	20,056	21,934
Other liabilities	19	2,466	1,069
Accrued expenses and prepaid revenues	20	2,582	2,583
Deferred tax liabilities	10	-	276
Provisions	5, 21	93	85
<b>Total liabilities</b>		<b>298,214</b>	<b>283,794</b>
Share capital		3,990	3,990
Reserves		-143	-153
Retained earnings		15,235	14,402
<b>Total equity</b>	<b>22</b>	<b>19,082</b>	<b>18,239</b>
<b>Total liabilities and equity</b>		<b>317,296</b>	<b>302,033</b>



# Consolidated Statement of Changes in Equity

Skr mn	Equity	Share capital	Reserves			Retained earnings
			Hedge reserve	Fair value reserve	Own credit risk	Defined benefit plans
<i>Effects of the implementation of IFRS 9<sup>2</sup></i>	14			-9	-409	432
<b>Adjusted opening balance of equity Jan 1, 2018</b>	<b>17,588</b>	<b>3,990</b>	<b>25</b>	<b>-</b>	<b>-409</b>	<b>-4</b>
Net profit for the year	648					648
Other comprehensive income related to:						
Items to be reclassified to profit or loss						
<i>Derivatives in cash-flow hedges</i>	-25		-25			
Tax on items to be reclassified to profit or loss	6		6			
Items not to be reclassified to profit or loss						
<i>Own credit risk</i>	374				374	
<i>Revaluation of defined benefit plans</i>	-48					-48
Tax on items not to be reclassified to profit or loss	-72				-82	10
<b>Total other comprehensive income</b>	<b>235</b>		<b>-19</b>		<b>292</b>	<b>-38</b>
<b>Total comprehensive income</b>	<b>883</b>		<b>-19</b>		<b>292</b>	<b>-38</b>
Dividend	-232					-232
<b>Closing balance of equity 2018<sup>1,2</sup></b>	<b>18,239</b>	<b>3,990</b>	<b>6</b>	<b>-</b>	<b>-117</b>	<b>-42</b>
<b>Opening balance of equity Jan 1, 2019</b>	<b>18,239</b>	<b>3,990</b>	<b>6</b>	<b>-</b>	<b>-117</b>	<b>-42</b>
Net profit for the year	1,027					1,027
Other comprehensive income related to:						
Items to be reclassified to profit or loss						
<i>Derivatives in cash-flow hedges</i>	-8		-8			
Tax on items to be reclassified to profit or loss	2		2			
Items not to be reclassified to profit or loss						
<i>Own credit risk</i>	24				24	
<i>Revaluation of defined benefit plans</i>	-4					-4
Tax on items not to be reclassified to profit or loss	-4				-5	1
<b>Total other comprehensive income</b>	<b>10</b>		<b>-6</b>		<b>19</b>	<b>-3</b>
<b>Total comprehensive income</b>	<b>1,037</b>		<b>-6</b>		<b>19</b>	<b>-3</b>
Dividend	-194					-194
<b>Closing balance of equity 2019<sup>1,2</sup></b>	<b>19,082</b>	<b>3,990</b>	<b>-</b>	<b>-</b>	<b>-98</b>	<b>-45</b>

1 The entire equity is attributable to the shareholder of the Parent Company.

2 See note 22.



# Statement of Cash Flows in the Consolidated Group

Skr mn	2019	2018
<b>Operating activities</b>		
Operating profit <sup>1</sup>	1,304	852
<b>Adjustments for non-cash items in operating profit</b>		
Provision for credit losses, net	10	-7
Depreciation and impairment of non-financial assets	57	40
Exchange-rate differences	7	5
Unrealized changes in fair value	-185	-40
Other	-5	16
<b>Total adjustments for non-cash items in operating profit</b>	<b>-116</b>	<b>14</b>
Income tax paid	-529	-366
Increase (-)/decrease (+) in lending	-2,540	-9,016
Increase (-)/decrease (+) in bonds and securities held	-889	-13,782
Other changes in assets and liabilities – net	1,996	-1,347
<b>Cash flow from operating activities</b>	<b>-774</b>	<b>-23,645</b>
<b>Investing activities</b>		
Investments	-40	-21
<b>Cash flow from investing activities</b>	<b>-40</b>	<b>-21</b>
<b>Financing activities</b>		
Senior debt	126,412	92,045
Repayments of debt	-112,190	-59,390
Repurchase and early redemption of own long-term debt	-18,642	-7,553
Change in subordinated debt	-	-2,322
Derivatives	4,049	1,830
Payment of lease liability	-39	-
Dividend paid	-194	-232
<b>Cash flow from financing activities</b>	<b>-604</b>	<b>24,378</b>
<b>Net cash flow for the period</b>	<b>-1,418</b>	<b>712</b>
Cash and cash equivalents at beginning of the year	2,416	1,231
Net cash flow for the period	-1,418	712
Exchange-rate differences on cash and cash equivalents	364	473
<b>Cash and cash equivalents at end of year<sup>2</sup></b>	<b>1,362</b>	<b>2,416</b>
<i>of which cash at banks</i>	<i>651</i>	<i>374</i>
<i>of which cash equivalents</i>	<i>711</i>	<i>2,042</i>

1 Interest payments received and expenses paid

Interest payments received	9,057	4,586
Interest expenses paid	4,366	3,192

2 Cash and cash equivalents include, in this context, cash at banks that can be immediately converted into cash and short-term deposits for which the time to maturity does not exceed three months from trade date. See note 11.



# Parent Company Income Statement

Skr mn	Note	2019	2018
Interest income calculated using the effective interest method		5,187	4,390
Other interest income		896	763
Interest expenses		-4,366	-3,711
<b>Net interest income</b>	<b>2</b>	<b>1,717</b>	<b>1,442</b>
Net fee and commission income	3	-33	-32
Net results of financial transactions	4	250	393
Other operating income		-	-2
<b>Total operating income</b>		<b>1,934</b>	<b>1,801</b>
Personnel expenses	5	-335	-319
Other administrative expenses	6	-207	-232
Depreciation and impairment of non-financial assets	7	-57	-40
<b>Total operating expenses</b>		<b>-599</b>	<b>-591</b>
<b>Operating profit before credit losses</b>		<b>1,335</b>	<b>1,210</b>
Net credit losses	9	-5	0
Impairment of financial fixed assets <sup>1</sup>		-5	7
<b>Operating profit</b>		<b>1,325</b>	<b>1,217</b>
Changes in untaxed reserves	10	1,321	1,123
Taxes expenses	10	-572	-531
<b>Net profit</b>		<b>2,074</b>	<b>1,809</b>

1 Impairment of financial fixed assets represents impairment of loans in the form of interest bearing securities.

# Parent Company Statement of Comprehensive Income

Skr mn	Note	2019	2018
<b>Net profit for the year (after taxes)</b>		<b>2,074</b>	<b>1,809</b>
<b>Other comprehensive income related to:</b>			
Items to be reclassified to profit or loss			
<i>Derivatives in cash-flow hedges<sup>1</sup></i>		-8	-26
Tax on items to be reclassified to profit or loss	10	2	6
<b>Net items to be reclassified to profit or loss</b>		<b>-6</b>	<b>-20</b>
<b>Total other comprehensive income</b>		<b>-6</b>	<b>-20</b>
<b>Total comprehensive income</b>		<b>2,068</b>	<b>1,789</b>

1 See the Parent Company Statement of Changes in Equity.



# Parent Company Balance Sheet

Skr mn	Note	December 31, 2019	December 31, 2018
<b>Assets</b>			
Cash and cash equivalents	11, 12	1,362	2,415
Treasuries/government bonds	11, 12	8,344	11,117
Other interest-bearing securities except loans	11, 12	53,906	48,665
Loans in the form of interest-bearing securities	11, 12	43,627	36,782
Loans to credit institutions	9, 11, 12	27,010	27,725
Loans to the public	8, 9, 11, 12	163,848	161,094
Derivatives	12, 14	6,968	6,529
Shares in subsidiaries	15	0	0
Tangible and intangible assets	7	134	69
Other assets	16	9,334	4,980
Prepaid expenses and accrued revenues	17	2,747	2,657
<b>Total assets</b>		<b>317,280</b>	<b>302,033</b>
<b>Liabilities and equity</b>			
Borrowing from credit institutions	12, 18	3,678	2,247
Debt securities issued	12, 18	269,339	255,600
Derivatives	12, 14	20,056	21,934
Other liabilities	19	2,467	1,069
Accrued expenses and prepaid revenues	20	2,582	2,583
Provisions	5, 21	20	15
<b>Total liabilities</b>		<b>298,142</b>	<b>283,448</b>
<b>Untaxed reserves</b>	<b>10</b>	<b>-</b>	<b>1,321</b>
<b>Non-distributable capital</b>			
Share capital		3,990	3,990
Legal reserve		198	198
Fund for internally developed software		47	22
<b>Distributable capital</b>			
Fair value reserve		-	6
Retained earnings		12,829	11,239
Net profit for the year		2,074	1,809
<b>Total equity</b>	<b>22</b>	<b>19,138</b>	<b>17,264</b>
<b>Total liabilities and equity</b>		<b>317,280</b>	<b>302,033</b>



# Parent Company Statement of Changes in Equity

	Equity	Share capital	Legal reserve	Fund for internally developed software	Fair value reserve		Retained earnings
					Hedge reserve	Fair value reserve	
Skr mn							
Effects of the implementation of IFRS 9	14					-9	23
<b>Adjusted opening balance of equity Jan 1, 2018</b>	<b>15,707</b>	<b>3,990</b>	<b>198</b>	<b>28</b>	<b>26</b>	<b>-</b>	<b>11,465</b>
Net profit for the year	1,809						1,809
Other comprehensive income related to:							
Items to be reclassified to profit or loss							
<i>Derivatives in cash-flow hedges</i>	-26				-26		
Tax on items to be reclassified to profit or loss	6				6		
<b>Total other comprehensive income</b>	<b>-20</b>				<b>-20</b>		
<b>Total comprehensive income</b>	<b>1,789</b>				<b>-20</b>		<b>1,809</b>
To the net results	-			-6			6
Dividend	-232						-232
<b>Closing balance of equity 2018<sup>1</sup></b>	<b>17,264</b>	<b>3,990</b>	<b>198</b>	<b>22</b>	<b>6</b>	<b>-</b>	<b>13,048</b>
<b>Opening balance of equity Jan 1, 2019</b>	<b>17,264</b>	<b>3,990</b>	<b>198</b>	<b>22</b>	<b>6</b>	<b>-</b>	<b>13,048</b>
Net profit for the year	2,074						2,074
Other comprehensive income related to:							
Items to be reclassified to profit or loss:							
<i>Derivatives in cash-flow hedges</i>	-8				-8		
Tax on items to be reclassified to profit or loss	2				2		
<b>Total other comprehensive income</b>	<b>-6</b>				<b>-6</b>		
<b>Total comprehensive income</b>	<b>2,068</b>				<b>-6</b>		<b>2,074</b>
To the net results	-			25			-25
Dividend	-194						-194
<b>Closing balance of equity 2019<sup>1</sup></b>	<b>19,138</b>	<b>3,990</b>	<b>198</b>	<b>47</b>	<b>-</b>	<b>-</b>	<b>14,903</b>

1 See note 22.



# Statement of Cash Flows in the Parent Company

Skr mn	2019	2018
<b>Operating activities</b>		
Operating profit <sup>1</sup>	1,325	1,217
<b>Adjustments for non-cash items in operating profit</b>		
Provision for credit losses, net	10	-7
Depreciation and impairment of non-financial assets	57	40
Gain on sale of subsidiary	-	24
Exchange-rate differences	2	-3
Unrealized changes in fair value	-185	-40
Other	-18	-303
<b>Total adjustments for non-cash items in operating profit</b>	<b>-134</b>	<b>-289</b>
Income tax paid	-529	-366
Increase (-)/decrease (+) in lending	-2,539	-9,017
Increase (-)/decrease (+) in bonds and securities held	-889	-13,782
Other changes in assets and liabilities - net	1,994	-1,394
<b>Cash flow from operating activities</b>	<b>-772</b>	<b>-24,559</b>
<b>Investing activities</b>		
Capital expenditures	-40	-21
<b>Cash flow from investing activities</b>	<b>-40</b>	<b>-21</b>
<b>Financing activities</b>		
Senior debt	126,412	92,045
Repayments of debt	-112,190	-59,390
Repurchase and early redemption of own long-term debt	-18,642	-7,553
Change in subordinated debt	-	-2,322
Derivatives	4,048	1,830
Payment of lease liability	-39	-
Dividend paid	-194	-232
<b>Cash flow from financing activities</b>	<b>-605</b>	<b>24,378</b>
<b>Net cash flow for the period</b>	<b>-1,417</b>	<b>726</b>
Cash and cash equivalents at beginning of the year	2,415	1,216
Net cash flow for the period	-1,417	726
Exchange-rate differences on cash and cash equivalents	364	473
<b>Cash and cash equivalents at end of year<sup>2</sup></b>	<b>1,362</b>	<b>2,415</b>
<i>of which cash at banks</i>	<i>651</i>	<i>374</i>
<i>of which cash equivalents</i>	<i>711</i>	<i>2,041</i>
<b>1 Interest payments received and expenses paid</b>		
Interest payments received	9,057	4,586
Interest expenses paid	4,366	3,192

2 Cash and cash equivalents include, in this context, cash at banks that can be immediately converted into cash and short-term deposits for which the time to maturity does not exceed three months from trade date. See note 11.



# Notes

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## Note 1. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated Financial Statements, unless otherwise stated.

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### (a) Reporting entity

AB Svensk Exportkredit (the "Parent Company", the "Company" or "SEK") is domiciled in Sweden. The address of the Company's registered office is Klarabergsviadukten 61–63, P.O. Box 194, SE-101 23 Stockholm, Sweden. The Consolidated Group as of December 31, 2019 consists of SEK and its wholly owned, inactive subsidiary, SEKET AB. These are jointly referred to as the "Consolidated Group" or the "Group". During 2018, the winding-down of the subsidiary Venantius AB, including its wholly owned subsidiary VF Finans AB, was completed.

## (b) Basis of presentation

### (i) Statement of compliance

The consolidated accounts have been compiled in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS standards applied by SEK are all endorsed by the European Union (EU). Additional standards, consistent with IFRS, are imposed by the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) (ÅRKL), Recommendation RFR 1, Supplementary Accounting Principles for Groups, issued by the Swedish Financial Reporting Board (RFR), and the accounting regulations of the Swedish FSA (FFFS 2008:25), all of which have been complied with in preparing the Consolidated Financial Statements, of which these notes form a part. SEK also follows the Swedish Government's general guidelines regarding external reporting in accordance with the State's ownership policy and guidelines for state-owned companies. The accounting policies of the Parent Company match those used in the preparation of the Consolidated Financial Statements, except as stated in note 1, section (q) below. The Parent Company's results and total assets represent most of the results and total assets of the Consolidated Group. The information in these notes relates to both the Consolidated Group and the Parent Company, unless otherwise stated.

Certain additional disclosures required by applicable regulations or legislation are included in the notes, or with reference to the "Risk and Capital Management" section, pages 36–41. Such information is deemed to be incorporated herein by reference. Disclosures regarding sustainability and policy for diversity are included in the financial- and sustainability notes, and on pages 29 and 43–49.

The Consolidated Financial Statements and the Parent Company's annual report were approved for issuance by SEK's Board of Directors on February 20, 2020. The Group's Statements of Comprehensive Income and Financial Position and the Parent Company's Income Statement and Balance Sheet will be subject to approval by SEK's shareholder at the Annual General Meeting to be held on March 26, 2020.

### (ii) Basis of measurement

The Consolidated Financial Statements have been prepared on an amortized cost basis, subject to the following exceptions:

- all derivatives are measured at fair value,
- financial instruments — measured at fair value through profit or loss — are measured at fair value, and
- when applying hedge accounting at fair value, amortized cost is adjusted in the Consolidated Financial Statements based on the underlying hedged item, to reflect changes in fair value with regard to the hedged risk.

### (iii) Functional and presentation currency

SEK has determined that the Swedish krona (Skr) is the Parent Company's functional and presentation currency under IFRS. Significant factors are that SEK's equity is denominated in Swedish kronor, its performance is evaluated based on a result expressed in Swedish kronor, and that a large portion of SEK's expenses, especially personnel expenses, other expenses and taxes, are denominated in Swedish kronor. SEK manages its foreign currency risk by hedging exposures between the Swedish kronor and other currencies.

### (iv) Going concern

SEK's Board of Directors and management have made an assessment of SEK's ability to continue as a going concern and are satisfied that SEK has the resources to continue operations for the foreseeable future. The Board of Directors and management are not aware of any material uncertainties that could cast significant doubt upon SEK's ability to continue as a going concern. Therefore, the Financial Statements continue to be prepared on a going-concern basis.



**(c) Changes to accounting policies and presentation**

In all significant respects, the accounting policies, bases of calculation and presentation are unchanged compared with the 2018 annual report, except for the changes described below. In addition to the changes below, certain amounts reported in prior periods have been restated to conform to the current presentation. SEK analyzes and assesses the application and impact of changes in financial reporting standards that are applied within the Group. Changes that are not mentioned are either not applicable to SEK or have been determined to not have a material impact on SEK's financial reporting.

**(i) IFRS 16 Leasing**

As of January 1, 2019, SEK began applying IFRS 16 Leases to the Consolidated Group and the Parent Company. The standard replaces IAS 17, and related interpretations with changes for lessees. The standard became applicable January 1, 2019. All leases with the exception of short-term and low-value leases are to be recognized as right-of-use assets subject to depreciation with corresponding liabilities in the lessee's balance sheet, and the lease payments are to be recognized as repayments and interest expenses. As a result, the straight-line operating lease expense is replaced by an expense for depreciation of the right-of-use lease assets and an interest expense on the lease liability. In the statement of cash flows, payments for the principal portion of the lease liability are presented within financing activities and payments for the interest portion are presented within operating activities.

Lessor accounting remains essentially unchanged. IFRS 16 has primarily affected SEK's recognition of operational leases for rental premises, as the lease definition and lease criteria have not resulted in other agreements being regarded as leases as compared to IAS 17. SEK has also decided to apply the exceptions for short-term and low-value leases. The right-of-use asset is accounted for under Tangible and intangible assets and the leasing liability is accounted for under Other liabilities. The lease term is determined as the non-cancellable period of a lease, together with any extension or termination options when SEK is reasonably certain to exercise them. The future cash flows are discounted using SEK's incremental borrowing rate. SEK applied the simplified approach during the transition to IFRS 16, and measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease. Right-of-use assets, leasing liabilities, depreciation and interest expenses are not expected to have any material impact on SEK's financial statements or capital adequacy or large exposure ratios. The table shows the transition effect of IFRS 16 reconciling the closing balances under IAS 17 as of December 31, 2018, with the opening balances under IFRS 16 as of January 1, 2019.

**Transition effect from IFRS 16 on Consolidated Statement of Financial Position**

Skr mn	Dec 31, 2018	Effect	Jan 1, 2019
<b>Assets</b>			
Tangible and intangible assets	69	94	163
<b>Total assets</b>	<b>302,033</b>	<b>94</b>	<b>302,127</b>
<b>Liabilities</b>			
Other liabilities	1,069	95	1,164
Accrued expenses and prepaid revenues	2,583	-1	2,582
<b>Total liabilities</b>	<b>283,794</b>	<b>94</b>	<b>283,888</b>

**Reconciliation of lease commitments according to IAS 17 at December 31, 2018 to lease liabilities at January 1, 2019**

Skr mn	
<b>Future minimum lease payments under non-callable leases at December 31, 2018<sup>1</sup></b>	<b>-92</b>
Discounting effect <sup>2</sup>	0
Increase in lease term	-2
Deduction for leases reclassified as low value leases	0
Other changes	-1
<b>Lease liability at January 1, 2019</b>	<b>-95</b>

1 According to IAS 17, see note 8.

2 The average incremental borrowing rate is 0.32%.

**(ii) Changes in IFRS 9 and IFRS 7 - reform for new reference rates**

SEK has elected early adoption of the amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform issued by IASB in September 2019 (IBOR reform). The amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief for hedge accounting requirements for hedging relationships directly affected by IBOR reform and allow hedge accounting to continue as before during the relief period. The reliefs that apply to SEK are 1) in assessing the economic relationship between the hedged item and the hedging instrument assume that the interest rate benchmark on which the hedged risk is based on is not altered by IBOR reform, and 2) the risk component only needs to be separately identifiable at initial recognition and not on an ongoing basis. The amendments become applicable at January 1, 2020, and must be applied retrospectively. The changes are not expected to have any material impact on SEK's financial statements, capital adequacy or large exposure ratios.

**(iii) Changes in Swedish regulations**

FFFS 2008:25 was amended to include new disclosure requirements related to capital requirements and own funds. The new disclosure requirements are included in note 25 Capital adequacy.

In addition, the Swedish Financial Reporting Board has amended the accounting recommendation for legal entities by issuing "RFR 2 Supplementary Accounting Rules for Legal Entities - January 2019". SEK implemented those amendments on January 1, 2019 but they have not had any significant impact on SEK's Financial Statements.

**(d) Basis of consolidation**

The Consolidated Financial Statements encompass the Parent Company and subsidiaries, meaning companies over which the Parent Company has control and that are impacted by the Company's results. The Consolidated Financial Statements have been prepared using the purchase method. The Financial Statements of the subsidiary are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiary are consistent with Group policies. Intra-group transactions and balances, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unless otherwise stated or when it is clear from the context, the information in these notes relates to the Consolidated Group and the Parent Company. Consolidation of SEK pursuant to the supervisory regulations does differ from the consolidation made in the Consolidated Financial Statements for 2019, as SEKETT AB is not a financial company and no consolidation of SEK pursuant to the supervisory regulation was made. Since no subsidiary is an institute pursuant to the CRR definition, no subsidiary is subject to the supervisory regulations on an individual basis. No current or anticipated material restrictions to prompt transfer of own funds or repayment of liabilities among the parent or its subsidiary have been identified.



### (e) Segment reporting

Segments are identified based on internal reporting to the chief executive officer ("CEO") who serves as the chief operating decision maker. SEK has one segment, lending, based partly on the Company's assignment from the owner, which is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms, and partly on how governance and earnings monitoring of the business are conducted. Accordingly, no segment reporting has been prepared. Disclosures regarding the geographic breakdown and revenue per product group are presented in note 2.

### (f) Recognition of operating income

#### (i) Net interest income

Interest income and interest expense related to all financial assets and liabilities, regardless of classification, are recognized in net interest income. Interest income and interest expense are recognized on a gross basis, with the exception of interest income and interest expenses related to derivatives, which are reported on a net basis. Interest for derivatives used to hedge borrowing is recognized as interest expense and interest on all derivatives used to hedge assets is recognized as interest income, regardless of whether the contracts' net interest is positive or negative. This reflects the real interest expense of borrowing after taking economic hedges into account. Negative interest rates on assets are recognized as interest expense and negative interest rates on liabilities are recognized as interest income. Interest income calculated using the effective interest method presented in SEK's Financial Statements applies only to those assets that are subsequently measured at amortized cost and the interest for hedging instruments related to those assets as the effective interest method is a measurement technique whose purpose is to calculate amortized cost and allocate interest income over the relevant time period. This interest income and corresponding interest expense are calculated and recognized based on the effective interest rate method or based on a method that results in interest income or interest expense that is a reasonable approximation of the result that would be obtained using the effective interest method as the basis for the calculation. The effective interest rate is regarded as an integral part of the effective interest rate of a financial instrument (usually fees received as compensation for risk). The effective interest rate is equivalent to the rate used to discount contractual future cash flows to the carrying amount of the financial asset or liability. The item Other interest income covers interest income of financial assets at fair value through profit or loss and the administrative remuneration for the CIRR-system, as defined below. In addition to interest income and interest expense, net interest income, where these are recognized as interest expense, includes the resolution fee (formerly called the stability fund fee) and guarantee commissions that are comparable to interest.

Pursuant to the Company's assignment as stated in its owner instruction issued by the Swedish government, SEK administers credit granting in the Swedish system for officially supported export credits (the "CIRR-system"). SEK receives compensation from the Swedish government in the form of an administration fee, which is calculated based on the principal amount outstanding. SEK has determined that the CIRR-system should be considered an assignment whereby SEK acts as an agent on behalf of the Swedish government, rather than being the principal in individual transactions. Accordingly, interest income, interest expense and other costs pertaining to CIRR-system assets and liabilities are not recognized in SEK's Statement of Comprehensive Income. The administrative compensation received by SEK from the Swedish government is recognized as part of interest income in SEK's Statement of Comprehensive Income since the commission received in compensation is equivalent to interest. Any income for SEK that arises from its credit arranger role is recognized in SEK's Statement of Comprehensive Income under net interest income.

All assets and liabilities related to the CIRR-system are respectively included in the Consolidated Statement of Financial Position and in the Parent Company's balance sheet since SEK bears the credit risk for the

lending and acts as the counterparty for lending and borrowing. Unrealized revaluation effects on derivatives related to the CIRR-system are recognized net under other assets.

#### (ii) Net fee and commission expense

Commissions earned and commissions incurred are recognized as net fee and commission expense in SEK's Statement of Comprehensive Income. The gross amounts of commissions earned and commissions incurred are disclosed in the notes to the Financial Statements. The major part of the revenues classified as commission earned constitutes revenue from contracts with customers according to IFRS 15. The recognition of commissions earned depends on the purpose for which the fee is charged. Fees are either recognized as revenue when services are performed or accrued over the period of a specific business transaction. Lending fees that are not part of the effective interest of a financial instrument are recognised at a point of time, such as when the transaction has been performed. Commissions incurred are transaction-based, and are recognized in the period in which the services are received. Guarantee commissions that are comparable to interest and fees that comprise integrated components of financial instruments, and therefore included in the effective interest rate, are not recognized as commissions and are instead included under net interest income.

#### (iii) Net results of financial transactions

Net results of financial transactions include realized gains and losses related to all financial instruments and unrealized gains and losses on all financial instruments measured at fair value, except for the types of financial instruments for which the change is to be recognized in other comprehensive income. Gains and losses include gains and losses related to currency exchange effects, interest-rate changes, changes in basis-spreads and changes in the credit rating of the counterparty to the financial contract. The item also includes the hedge ineffectiveness, i.e., market value changes attributable to hedged risks and derivatives in fair-value hedges. Realized gains and losses from financial instruments measured at amortized cost, such as interest rate compensation received and realized gains/losses from the repurchase of issued own debt, are recognized as they arise directly under net results of financial transactions.

### (g) Foreign currency transactions

Monetary assets and liabilities in foreign currencies have been translated into the functional currency (Swedish krona) at the exchange rates applicable on the last day of each reporting period. Revenues and costs in foreign currencies are translated into Swedish kronor at the exchange rate prevailing on the dates that they arise. Any changes in the exchange rates between the relevant currencies and the Swedish krona relating to the period between the dates that they arise and the date of settlement are recognized as currency exchange effects. Currency exchange effects on the nominal amounts of financial assets and liabilities measured at fair value are recognized as currency exchange effects, although the currency exchange effect on the change in fair value that arises due to other components is not separated. Currency exchange effects are included as a component of net results of financial transactions.

### (h) Financial instruments

#### (i) Recognition and derecognition in the Statement of Financial Position

When recognizing financial instruments, trade date accounting is applied for the recognition and derecognition of securities bought, securities issued and derivatives. Other financial instruments are recognized in the Statement of Financial Position and derecognized from this on the relevant settlement date. The difference between the carrying amount of a financial liability or an asset (or part of a financial liability or an asset) that is extinguished or transferred to another party and the consideration paid is recognized in the Statement of Comprehensive Income under net results of financial transactions. A financial asset or



liability is recognized in the Statement of Financial Position only when SEK becomes a party to the contractual provisions of the instrument. A financial asset is derecognized from the Statement of Financial Position when the contractual rights to receive the cash flows from the asset cease or when the asset is transferred and the transfer qualifies for derecognition. A financial liability (or part of a financial liability) is derecognized from the Statement of Financial Position only when it is extinguished, such as when the obligation specified in the contract is discharged, canceled or expires. In the case of renegotiated financial assets, such as lending, the asset is derecognized from the Statement of Financial Position when the terms of the loan are deemed to be substantially different. The terms are deemed to be substantially different when the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, differs by not less than 10 percent from the discounted present value of the remaining cash flows for the original debt instrument. A change of currency or counterparty are deemed substantially different terms. Should the renegotiated loan entail terms that are substantially different, it is recognized as a new loan.

#### (ii) Measurement on initial recognition

When financial instruments are initially recognized, they are measured at fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, any transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability.

#### (iii) Offsetting

Financial assets and liabilities are offset and presented in the Statement of Financial Position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Derivative assets and derivatives liabilities in relation to central clearing counterparties are offset in the Consolidated Statement of Financial Position, but cash collateral received or paid is accounted for separately as paid or received cash collaterals. Refer to note 14 for further information about the offsetting of financial assets and financial liabilities.

#### (iv) Classification of financial assets and liabilities

Financial assets and liabilities are categorized in two categories for valuation purposes: amortized cost ("AMC") and fair value through profit or loss (FVTPL).

*Financial assets at amortized cost (AMC).* The balance sheet items Cash and cash equivalents, Loans to credit institutions, Loans to the public and Loans in the form of interest-bearing securities are recognized at amortized cost, provided that the following criteria are met by all assets:

- The financial asset is included in a portfolio where the business model aims to collect contractual cash flows and
- the terms and conditions for the financial asset entail that the cash flows received comprise solely payments of principal and interest (SPPI) on nominal amounts outstanding.

The business model is based on SEK's overriding portfolio objective, and on how the Company manages, monitors and evaluates the financial assets in the portfolio from both a business and a risk perspective.

The business model is established at a level (homogenous portfolio) that reflects how the asset is treated in relation to the objective/business goal.

The following parameters have been evaluated in relation to the liquidity portfolio:

- Internal targets and governance of the liquidity portfolio, and documentation thereof;
- Administration and commercial follow-up;
- Risk management, follow-up and reporting;
- Frequency, objective and volume in terms of noted sales; and

- Remuneration models, and how these are impacted by valuation methods.

IFRS 9 requires that SEK categorize financial assets based on the properties of the contractual cash flows, where the financial asset is held in a business model with the objective of holding assets to collect contractual cash flows (hold to collect).

The assessment of the properties of the contractual cash flows aims to identify if the contractual cash flows comprise solely payments of principal and interest, which is an SPPI test. Contractual cash flows that solely payments of principal and interest qualify as a basic lending arrangement, which is a prerequisite for measuring the instrument at amortized cost. SEK has prepared a tool for the implementation and documentation of evaluations and assessments of financial assets in the lending portfolios, whereby relevant factors are taken into consideration, such as the tenor of the interest rate in relation to the interest-rate setting period, interest-rate cap/floor, index-linked coupon/interest, payment trigger, currency mismatch, government interest rates and early repayment.

*Financial assets measured at fair value through profit or loss (FVTPL).* Derivatives are measured at FVTPL. Interest-bearing securities included in SEK's liquidity investments, consisting of the balance-sheet items Treasuries/government bonds and Other interest-bearing securities except loans, are measured at fair value (FVTPL) and, accordingly, they are included in a portfolio, where the business model entails measurement at fair value. Financial assets measured at fair value through profit or loss (FVTPL) are recognized at fair value in the Statement of Financial Position. Changes in fair value are recognized in profit or loss under the item Net results of financial transactions.

*Financial liabilities measured at fair value through profit or loss (FVTPL).* There are two main subcategories in the category of financial liabilities at fair value through profit or loss: financial liabilities designated upon initial recognition at fair value through profit or loss (FVO) and financial liabilities mandatorily measured at fair value. Securities issued by SEK containing embedded derivatives are in their entirety irrevocably classified as financial liabilities at fair value through profit or loss. Derivatives are measured at FVTPL. Financial liabilities measured at fair value through profit and loss are recognized at fair value in the Statement of Financial Position. Changes in fair value are recognized in profit or loss under the item Net results of financial transactions with the exception of gains and losses that arise from changes in SEK's own credit risk on liabilities classified in accordance with FVO. Such changes are recognized in the Reserve for changes in own credit risk under Other comprehensive income and are not reclassified to profit or loss.

*Financial liabilities at amortized cost (AMC).* All debt securities issued by SEK other than those classified as financial liabilities at fair value through profit or loss are measured at amortized cost, using the effective interest rate method. Where one or more derivative is used to hedge currency, interest rate and/or other exposures, fair-value hedge accounting is applied. Subordinated debt is classified as other financial liabilities and is subject to fair-value hedge accounting. When applying fair-value hedge accounting on subordinated debt, hedging is applied to the subordinated debt for the period corresponding to the derivative's time to maturity, when the maturities do not coincide.

#### (v) Presentation of certain financial instruments in the Statement of Financial Position

The presentation of financial instruments in the Statement of Financial Position differs in certain respects from the categorization of financial instruments made for valuation purposes. Loans in the form of interest-bearing securities comprise loans granted to customers that are contractually documented in the form of interest-bearing securities, as opposed to bilateral loan agreements, which are classified in the Statement of Financial Position either as loans to credit institutions or loans to the public. All other financial assets that are not classified in the Statement of Financial Position as loans in the form of interest-bearing



securities are presented as cash and cash equivalents, treasuries/government bonds, other interest-bearing securities except loans or derivatives.

#### (vi) Presentation of certain financial instruments

**Derivatives.** In the ordinary course of its business, SEK uses various types of derivatives for the purpose of hedging or eliminating SEK's interest-rate, currency-exchange-rate or other exposures. Derivatives are classified as financial assets or liabilities at fair value through profit or loss. Where SEK decides to categorize a financial liability at fair value through profit or loss (FVO), the purpose is to avoid the mismatch that would otherwise arise from the fact that the changes in the value of the derivative, measured at fair value, would not match the changes in value of the underlying liability, measured at amortized cost.

**Guarantees.** SEK holds financial guarantees in connection with certain loans. Such guarantees are ordinarily accounted for as guarantees in accordance with SEK's established accounting policy and are therefore not recognized in the Consolidated Statement of Financial Position (except for the deferred costs of related guarantee fees paid in advance for future periods). When SEK classifies a risk-mitigating instrument as a financial guarantee, SEK always owns the specific asset whose risk the financial guarantee mitigates and the potential amount that SEK can receive from the counterparty under the guarantee represents only the actual loss incurred by SEK related to its holding. Premiums on financial guarantees are accrued and recognized as interest expense in net interest income. Credit default swaps are recognized at fair value at fair value through profit or loss.

**Embedded derivatives.** In the ordinary course of its business, SEK issues financial liabilities that frequently contain embedded derivatives. When financial liabilities contain embedded derivatives, where the financial characteristics and risks of the instrument's unique components are not related, the entire instrument is irrevocably classified as financial liabilities measured at fair value through profit or loss (FVO), and thus does not separate the embedded derivatives.

**Leasing assets (SEK as a lessor).** In the ordinary course of its business, SEK acquires leases that are classified as finance leases (as opposed to operating leases). When making such a classification, all aspects of the leasing contract, including third-party guarantees, are taken into account. Any lease payment that is received from a lessee is divided into two components for the purposes of measurement: one component constituting a repayment of the loan and the other component recognized as interest income.

**Lease liability (SEK as a lessee).** All leases, with the exception of short-term and low-value leases, are to be recognized as right-of-use assets subject to depreciation with corresponding liabilities in the lessee's balance sheet, and the lease payments are to be recognized as repayments and interest expenses. The leasing liability is accounted for under Other liabilities. The lease term is determined as the non-cancellable period of a lease, together with any extension or termination options when SEK is reasonably certain to exercise them. Reassessments of extensions and terminations options are made upon the occurrence of either a significant event or a significant change in circumstances that is within the control of SEK and will affect the assessment of whether it is reasonably certain to exercise the option. The lease term is revised if there is a change in the non-cancellable period of lease, for example, if an option not previously included in the lease term is exercised. The lease liability consists of the future cash flows, which are discounted using SEK's incremental borrowing rate. SEK has also decided to apply the exceptions for short-term and low-value leases, for example office machinery, which are accounted for as leasing cost under other administrative expenses. SEK has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease component, except for expenses for real estate tax and non-deductible value added tax, as a single lease.

**Committed undisbursed loans and binding offers.** Committed undisbursed loans and binding offers, disclosed under the heading "Commitments" in note 24 are measured as the undiscounted future cash flows concerning loan disbursements related to loans committed but not yet disbursed at the reporting period end date, as well as binding offers.

**Repurchased debt.** SEK repurchases its own debt from time to time. Gains or losses that SEK realizes when repurchasing own debt instruments are recognized in the Statement of Comprehensive Income as a component of Net results of financial transactions.

#### (vii) Hedge accounting

SEK applies hedge accounting in cases where derivatives are used to create economic hedging and the hedge relationship is eligible for hedge accounting, with the exception of lending within the CIRR-system, for which hedge accounting is not applied. The method used for hedge accounting is either fair-value hedge accounting or cash-flow hedge accounting. In order to be able to apply hedge accounting in accordance with IFRS 9, the hedge relationship must meet the hedge effectiveness criteria at the beginning of each hedged period which requires that:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge; and
- the effects of the forthcoming reforms to reference rates, as this might have a different impact on the hedged item and the hedging instrument, see note 14 for further information.

**Fair-value hedge accounting.** Fair-value hedge accounting is used for transactions in which one or several derivatives are used to hedge the interest-rate risk that has arisen from a fixed-rate financial asset or liability. When applying fair-value hedging, the hedged item is revalued at fair value with regard to the risk being hedged. SEK defines the risk being hedged in fair-value hedge accounting as the risk of a change in fair value with regard to a chosen reference rate (referred to as interest-rate risk). The hedged item may be a component of the financial asset or liability, i.e., comprises less than the entire fair value change for the financial asset or liability. That could be a component of the nominal amount or the tenor of the item. The hedging instrument may consist of one or several derivatives that exchange fixed interest for floating interest in the same currency (interest-rate derivatives) or one or several instruments that exchange fixed interest in one currency for floating interest in another currency (interest and currency derivatives), in which case the currency risk is a part of the fair value hedge.

Both at inception of the hedge and on an ongoing basis, SEK's hedging relationships are expected to be highly effective in achieving offsetting changes in fair values attributable to the hedged risk. An assessment of effectiveness is performed by comparing critical terms for the hedged item and the hedging transaction. If they are identical, but reversed, the hedge relationship is regarded 100% effective. The hedge ratio is 1:1 other than in specific circumstances where SEK may choose a hedge ratio other than 1:1 in order to improve the effectiveness. Potential sources of ineffectiveness in the hedge relationship are:

- changes in timing of the payment of the hedged item,
- use of an existing derivative with a non-zero fair value,
- changes in timing of the trade date of the derivative and the validation of the hedge relationship,
- the different treatment of currency basis in calculating changes in the fair value of the hedging instrument and hedged item and
- a significant change in the credit risk of either party to the hedge relationship.

The credit risk of the entities is monitored by the Credit Department on an ongoing basis. The risk associated with SEK and the counterparty at the inception of the hedge relationship is considered minimal and does not dominate the value changes that result from the economic relationship. This will be reassessed in cases where there is a significant



change in either party's circumstances, for example if the counterparty is in default. In addition, the hedging instruments used by SEK consist of derivatives subject to margining, clearing and cash collateralization, which significantly reduced the credit risk for both parties involved. Therefore, the credit risk is unlikely to dominate the change in fair value of the hedging instrument.

Ineffectiveness is defined as the difference between the fair value change relating to the hedged risk of the hedged item and the fair value change relating to the hedging instrument. Any ineffectiveness is recognised automatically in profit or loss as a result of separately remeasuring the hedged item and the hedging instrument.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio of the hedging relationship must be adjusted (i.e., rebalances the hedge) so that it meets the qualifying criteria again. Hedge accounting is discontinued prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised.

If a fair-value hedge relationship no longer fulfills the requirements for hedge accounting, that component of the hedged item ceases to be measured at fair value and is measured at amortized cost, and the previously recognized fair-value changes for the hedged item are amortized over the remaining tenor of the previously hedged item.

**Cash flow hedges.** Cash flow hedge accounting is used for transactions in which one or several derivatives hedge risk for variability in the cash flows from a floating-rate financial asset or liability. When hedging cash flows, the hedged asset or liability is measured at amortized cost and changes in fair value in the hedging instrument are recognized in other comprehensive income. When the hedged cash flow is recognized in profit or loss, the value changes in the hedging instrument in the Statement of Comprehensive Income are reclassified from other comprehensive income to profit or loss. SEK defines the risk hedged in a cash flow hedge as the risk of variability of cash flows with regard to a chosen reference rate (referred to as cash flow risk). The hedging instrument may consist of one or several derivatives that exchange floating interest for fixed interest in the same currency (interest-rate derivatives) or one or several derivatives that exchange floating interest in one currency for fixed interest in another currency (interest and currency derivatives).

If a cash flow hedge relationship no longer fulfills the requirements for hedge accounting, and accumulated gains or losses related to the hedge have been recorded in equity, such gains or losses remain in equity and are amortized through other comprehensive income to net interest income over the remaining tenor of the hedged item.

#### (viii) Principles for determination of fair value of financial instruments

The best evidence of fair value is prices in an active market. Fair-value measurements are categorized using a fair-value hierarchy. The financial instruments carried at fair value in the Statement of Financial Position have been categorized under the three levels of the fair-value hierarchy according to IFRS that reflect the significance of inputs. The categorization of these instruments is based on the lowest level of input that is significant to the fair value measurement in its entirety. SEK uses the following hierarchy for determining and disclosing the fair value of financial instruments, based on valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation models for which all inputs with a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

SEK recognizes transfers between levels of the fair-value hierarchy in the beginning of the reporting period in which the change has occurred.

For all classes of financial instruments (assets and liabilities), fair value is established by using internally established valuation models, externally established valuation models or observable market prices. If the market for a financial instrument is not active, fair value is established by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been at the measurement date in an arm's length exchange based on normal business terms and conditions. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available. Reference to the current fair value of another instrument that is substantially the same can also be used. If the aforementioned are not available, discounted cash flow analysis or option pricing models may be used for assessing the instrument's value. Periodically, the valuation techniques are calibrated and tested for validity using prices from observable current market transactions in the same instruments, or based on any available observable market data, or compared with the counterparty's prices.

In calculating fair value with valuation models, SEK seeks to use liquid, observable market quotes (market data) as far as possible, to best reflect the market's view on prices. These market quotes are used, directly or indirectly, for the calculation of fair value. Examples of the indirect use of market data are:

- the derivation of discount curves from observable market data, which is then interpolated to calculate the non-observable data points; and
- model parameters in quantitative models, which are used to calculate the fair value of a structured product, where the model is calibrated so that available market data can be used to recreate observable market prices on similar instruments.

In some cases, due to low liquidity in the market, there is no access to observable market data. In these cases, SEK follows market practice by basing its valuations on similar observable market data. One example is if there are no observable market prices for a bond it can be valued through a credit curve based on observable prices for instruments with the same credit risk.

For observable market data, SEK uses third-party information based on purchased contracts (such as Reuters and Bloomberg). This type of information can be divided into two groups, with the first group consisting of directly observable prices and the second of market data calculated from the observed prices.

Examples from the first group are — for various currencies and maturities — currency rates, stock prices, share index levels, swap prices, future prices, basis spreads and bond prices. The discount curves that SEK uses, which are a cornerstone of valuation at fair value, are constructed from observable market data.

Examples from the second group are the standard forms of quotes, such as call options in the foreign exchange market quoted through volatility, which is calculated so that the "Black-Scholes model" recreates observable prices. Further examples from this group are — for various currencies and maturities — currency volatility, swap volatility, cap/floor volatilities, stock volatility, dividend schedules for equities and credit derivative spreads. SEK continuously assures the high quality of market data, and a thorough validation of market data is exercised quarterly in connection with the financial reporting.

For transactions that cannot be valued based on observable market data, the use of non-observable market data is necessary. Examples of non-observable market data are discount curves created using observable market data that are then extrapolated to calculate non-observable interest rates, correlations between different underlying market parameters and volatilities at long maturities. Correlations that are non-observable market data are calculated from time-series of observable market data. When extrapolated market data such as interest rates are used they are calculated by setting the last observable node as a constant for longer maturities. Non-observable market data, such as SEK's own credit rating, are assessed based on recently completed emissions by SEK, or if no continuous flow of new transactions exist, spreads against other issuers, in those cases in which observable prices in the secondary market are unavailable.



The valuation models applied by SEK comply with accepted methods for pricing financial instruments. Fair value adjustments are applied by SEK when there are additional factors that market participants take into account and that are not captured by the valuation model. The independent risk function assesses the level of fair-value adjustments to reflect counterparty risk, SEK's own credit rating and other non-observable parameters, where relevant.

Significant models for the valuation of financial instruments must receive approval from the Board's Finance and Risk Committee. Other models are approved by the chief financial officer ("CFO"). New models for valuation are reported to the Board's Finance and Risk Committee annually, together with the applicable validation. The use of a valuation model demands a validation and thereafter an approval. Validation is conducted by the independent risk function. Analysis of significant non-observable market data, fair-value adjustments and significant changes in fair values of level 3-instruments are reviewed on quarterly basis by plausibility checks. The valuation result is analyzed and approved by persons responsible for valuation and accounting, and discussed with the Audit Committee quarterly in connection with SEK's interim reports.

#### (ix) Determination of fair value of certain types of financial instruments

**Derivatives.** Derivatives are recognized at fair value, and fair value is calculated based on established valuation models or market prices. When calculating fair value for derivative instruments, the impact on the fair value of the instrument related to credit risk (own or counterparty) is based on publicly quoted prices on credit default swaps of the counterparty or SEK, if such prices are available.

**Issued debt instruments.** When calculating the fair value of issued debt instruments, the effect on the fair value of SEK's own credit risk is assessed based on internally established models founded on observations from different markets. The models used include both observable and non-observable parameters for valuation.

**Issued debt instruments that are compound financial instruments with embedded derivatives.** SEK issues debt instruments in many financial markets. A large portion of these are compound financial instruments with embedded derivatives. SEK's policy is to hedge the risks in these instruments using derivatives in order to obtain effective financial hedges. The entire compound financial instruments are irrevocably classified as financial liabilities measured at fair value through profit or loss, and accordingly derivatives are not separated. As there are no quoted market prices for these instruments, valuation models are used to calculate fair value. The method applied for calculating gains and losses that arise from changes in SEK's own credit risk (OCA) is based on the change in the credit risk for the financial liability from initial recognition. In practice, this means that OCA incorporates market movements not related to changes in benchmark rates or the embedded derivatives.

#### (x) Impairment of financial assets

The impairment of exposures are based on expected credit losses (ECL). All assets measured at amortized cost, including credit commitments and financial guarantees, are to be tested for any impairment.

The model for calculating ECL is based on an exposure being at one of three different stages. Initially, all exposures were at stage 1. Stage 1 also includes exposures where the credit risk is no longer significantly higher and which have therefore been reclassified from stage 2. In stage 1, the ECL calculation should correspond to provisions based on expected credit losses for the forthcoming 12-month period (12mECL). Where the credit risk has increased significantly since initial recognition, the exposure is moved to stage 2. Stage 2 also includes exposures where the counterparty/exposure is no longer in default and which have therefore been reclassified from stage 3, as well as a smaller portion of exposures

that lack an initial rating and where the rating is below BBB. In stage 2, the provision is based on expected credit losses over the remaining lending period of the asset (LTECL). If the exposure moves into default, it is moved to stage 3, where the ECL calculation continues to be based on LTECL. 12mECL comprises the part of LTECL that arises from expected credit losses based on the probability of default (PD) within 12 months of the reporting date. Both LTECL and 12mECL are calculated on an individual basis.

SEK has chosen to use credit rating models for all exposures, in other words, to calculate expected credit losses (ECL) by using the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

**Significant increase in credit risk.** A significant increase in credit risk is a relative assessment, whereby the credit quality at the reporting date is compared with the initial credit quality when the exposure was recognized. The starting point when assessing what should be included as criteria for the assessment of credit risk is the existing process for following up credit risk and credit risk management within SEK. All counterparties are given a risk rating, which means that risk classification forms the basis for follow-up should a significant increase in credit risk have occurred. Moreover, other indicators currently in use to follow up credit risk in exposures and of counterparties, include the number of days past due, forbearance measures and other risk raising factors, such as deviations from covenants. These indicators are applied to assess credit risk and whether a significant increase in credit risk has occurred.

- **Risk classification.** A significant increase in credit risk is defined based on a deterioration by a number of steps in the initial rating and where a separation is made between exposures with an initial rating of AAA to A - and others.
- **Number of days past due.** SEK applies the presumption specifically stated in IFRS 9 and applies a more than 30-days-past-due criterion for receivables when assessing a significant increase in credit risk. All exposures that are more than 30-days-past-due will therefore be included in stage 2 and the LTECL will be calculated for these exposures. To ensure that there is no longer a significant increase in credit risk, a waiting period is applied following the resumption of payments and all past-due receivables being extinguished for the exposure. Appropriate waiting periods are assessed on an ongoing basis to, at any given time, ensure that a reasonable waiting period is set given SEK's exposures and payment structures.
- **Forbearance measures.** Exposures encompassed by forbearance measures have a raised credit risk assessment and, therefore, will also be assessed as having a significant increase in credit risk on application of IFRS 9. Similar to the days-past-due criterion, a waiting period will be applied to ensure the exposure no longer has a raised credit risk at the time it is returned to stage 1. Appropriate waiting periods are assessed on an ongoing basis to, at any given time, ensure that a reasonable waiting period is set given SEK's exposures and the reasons the exposure was marked for forbearance.
- **Other risk raising factors.** Other factors can exist that indicate an exposure or a counterparty has an increased credit risk, which are not captured by a change in the risk classification, days-past-due or forbearance measures. Examples of these include recurring waivers that impact credit risk, sector trends and extraordinary changes in the management and/or Board of Directors. To capture these risk-raising factors, the management can conduct a specific qualitative assessment of the significant increase in credit risk at a counterparty. Since this assessment comprises a qualitative expert assessment, the waiting period for any transfer to stage 1 will be taken into consideration in the assessment and no extra waiting period will be applied.

**Default.** If the exposure moves into default, it is moved to stage 3, where the ECL calculation continues to be based on LTECL. Default is a key concept to the calculation of ECL, since ongoing assessments are made of how likely an exposure is to enter default and of the amount SEK is expected to lose on the exposure should it default.



- In the financial reporting when applying IFRS 9, default is defined as:
- SEK assesses that it is unlikely that the counterparty will meet its loan commitments in full, irrespective of whether collateral or guarantees are used, and independent of any overdue amount or the number of calendar days since they fell due for payment. This also includes special reasons, such as the risk counterparty's financial position or equivalent is such that it finds itself in a position which — from a creditor's perspective — does not correspond to any form of composition or insolvency procedure. This is termed "unlikely to pay."
  - The risk counterparty is more than 90 calendar days past due with the payment of a receivable.

If any exposure to a counterparty is deemed in default, all exposures to that counterparty are deemed in default. When an exposure or a counterparty that was previously classified as being in default no longer meets this definition, the exposure or counterparty should no longer be deemed in default. To ensure that default status no longer applies, a waiting period is applied after the moment the exposure or counterparty is no longer deemed to be in default and can accordingly return to stage 2.

**Calculation of expected credit losses (ECL).** The ECL is based on SEK's objective expectation of how much it will lose on the exposure given its knowledge on the reporting date and after taking into consideration what could occur in the future. The ECL is a probability-weighted amount that is determined by evaluating the outcome of several possible stages, and where the data taken into consideration comprises both information from previous conditions, the current conditions and forecasts of future economic conditions. The expected credit loss should be calculated on the gross counterparty, in other words the borrower, which means that the PD, as defined below, for the borrower is used in the model.

Moreover, the LGD should incorporate actual future expectations, in other words, all cash flows including guarantees. The calculation of ECL is point-in-time and the included parameters PD, LGD and EAD are all point-in-time and should not be confused with the corresponding parameters for capital adequacy.

**Probability of default (PD).** PD is the likelihood that a counterparty defaults on one or more exposures on a one-year horizon (for stage 1) or for the entire lending period (for stages 2 and 3). When calculating expected credit losses under IFRS 9, PD represents the probability of default at a specific point-in-time in an economic cycle (point-in-time PD). The two most important data sources for PD models are Standard & Poor's and the World Bank's database, where we obtain default statistics and transition matrices as well as macroeconomic series and GDP growth forecasts. SEK has chosen to create a PD segmentation at both geographic and industry levels.

SEK's method entails three scenarios being prepared for each PD curve: a base scenario, a downturn scenario, and an upturn scenario.

The three scenarios are defined by a weight allocated to each scenario; the weights should add up to 1, in other words 100%. The World Bank's forecast forms the base scenario. The other scenarios are prepared quarterly by a cross-functional group at SEK, and are then adopted by the Board's Credit Committee. By allocating a weight to each PD curve, we define our expectations of future macroeconomic trends.

**Loss Given Default (LGD).** LGD is the amount expressed as a percentage of the credit exposure that on default, SEK expects to lose from the defaulting counterparty. The same segments are used for preparing the LGD as are used for the PD, with the addition of the division into large corporates and small and medium-sized enterprises for non-financial companies. Due to the low historic rate of default in SEK's lending, the LGD is modeled by using default data from Global Credit Data (GCD), with the exception of the Sovereign segment, where LGD is prepared based on a qualitative assessment.

When estimating expected losses in cash flows, collateral and other credit enhancements included in the terms and conditions are taken

into consideration, subject to the prerequisite that they are not reported separately by the Company. The LGD used for estimating ECL should take into consideration all cash flows that could be collected in the case of a default. These also include the cash flows that SEK can expect from collateral and guarantees included in the terms and conditions. Accordingly, the LGD takes into consideration guarantees where the exposure guaranteed with a guarantee included in the terms and conditions unless an increased correlation between the borrower and the guarantee counterparty is deemed to exist.

**Exposure at default (EAD).** The impairment requirement under IFRS 9 applies for all financial assets measured at amortized cost. Moreover, this encompasses accepted undisbursed binding offers and financial guarantees issued, which are recognized off balance sheet until used. In the above regard, an assessment is to be made of the scope of the default by the borrower on default, since only that amount should be included in the ECL estimate. These are generally termed credit conversion factors (CCF).

The ECL estimate is performed based on the appearance of the exposure at default, which means that the repayment structure and any expectations in terms of early repayment or extension clauses in the agreement need to be considered when assessing the EAD. Based on the completed analyses, contractual maturities are assessed given the repayment structures as being a good approximation of the expected maturities on which the ECL is to be estimated. No specific pattern exists regarding early repayment, which could possibly comprise the basis for another approach.

For existing facilities (accepted, undisbursed), two different credit conversion factors (CCFs) exist depending on when default occurs: (1) for default within one year, calculated using default data from GCD; and (2) for default after one year, calculated using internal default data. For binding offers regarding existing facilities, CCFs are based on historic internal data regarding the proportion of binding offers that are used. CCFs are used together with the preliminary repayment plan for both the utilized and unutilized portions of existing facilities to model the future exposure on default.

Impairment of an asset's carrying amount is made to a reserve account which, in the Consolidated Statement of Financial Position, reduces the line item to which it relates.

Charge-offs are recorded when a loss has been confirmed, that is that it is evident that it is highly unlikely that any remaining part of SEK's claim on a counterparty will be reimbursed within the foreseeable future and when there exists no guarantee or collateral covering the claim. Charge-offs may also be made once bankruptcy proceedings have been concluded and a final loss can be established, taking into account the value of any assets held by the bankruptcy estate and SEK's share of these assets.

Recoveries are recorded only if there is virtual certainty of collection, such as in the aftermath of a bankruptcy proceeding when the payment due to SEK has been finally determined.

Restructured loan receivables pertain to loan receivables where SEK has granted concessions to the borrower as a result of the borrower's deteriorated financial position. Following a restructure, normally, the loan receivable is no longer considered doubtful if the obligation is being met in compliance with the new terms and conditions. Concessions granted in connection with loan restructuring are regarded as credit losses.

#### (i) Tangible assets

Items of tangible assets are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Tangible assets are depreciated using the straight-line method over their estimated useful lives. Average useful lives, depreciation methods and residual values are evaluated and tested annually. No depreciation is carried out from the time that an asset is classified as an asset held-for-



sale. The right-of-use assets according to IFRS 16 Leases are accounted for as tangible assets when the underlying assets are tangible assets. SEK account or right-of-use assets for rental premises as tangible assets.

#### (j) Intangible assets

Intangible assets comprise mainly the capitalized portion of investments in IT systems. Expenses that are directly attributable to large investments in the development of IT systems are recognized as intangible assets if they are expected to generate future economic benefits. The capitalized portion of investments in IT systems includes expenses related to the intangible asset, such as consulting fees and expenses for Group personnel who have contributed to producing the intangible asset. Each intangible asset is amortized using the straight-line method over an estimated useful life from the date the asset is available for use. Average useful lives are evaluated and reconsidered on a yearly basis. An annual impairment test is performed on intangible assets not yet used.

#### (k) Employee benefits

SEK sponsors both defined-benefit and defined-contribution pension plans.

##### (i) Defined-contribution plans

A defined-contribution pension means that the size of the premium is predetermined, such as is the case with the BTP1 and BTPK plans. A defined-contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined-contribution pension plans are recognized as an employee benefit expense in profit or loss at the rate at which they are accrued by employees providing services to the entity during a period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (ii) Defined-benefit plans

Defined-benefit pension plans means that the pension benefit is predetermined, such as is the case with the BTP2 plan. Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The present value of the net obligation for defined-benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The net obligation is recognized in the balance sheet at its present value less the fair value of any plan assets.

The cost for defined-benefit plans is allocated over the employee's service period. The calculation is performed annually by independent actuaries. The obligations are valued at the present value of the expected future disbursements, taking into consideration assumptions such as expected future pay increases, rate of inflation and mortality rates. The discount rate used is the equivalent of the interest rate on the reporting date for Swedish mortgage bonds, with a remaining term approximating that of the actual commitments. Changes in actuarial assumptions and experience-based adjustments to obligations may result in actuarial gains or losses. These actuarial gains and losses are reported together with the difference between the actual and expected return on pension assets in other comprehensive income as incurred. Service cost, gains/losses from changes in plans, and the interest net of pension assets and liabilities are recognized in profit or loss. The companies of the Group participate in various collective pension plans covering all employees. Sufficient information is available to allow the calculation of SEK's proportionate share in the defined-benefit liabilities, assets and the costs for these plans. The future costs of the plans may change accordingly if the underlying assumptions of the plans change.

#### (l) Equity

Equity in the Consolidated Group consists of the following items: share capital; reserves; retained earnings; and net profit for the year. Reserves consist of the following items: the reserve for fair-value changes in respect of derivatives in cash-flow hedges (hedge reserve); the reserve for fair-value changes with respect to changes in SEK's credit risk (own credit risk reserve) and the reserve for remeasurement in respect of defined-benefit pension plans (reserve for defined-benefit pension plans).

#### (m) Taxes

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is tax expected to be payable on taxable income for the fiscal year. Deferred tax includes deferred tax in the untaxed reserves of the individual Group companies and deferred taxes on other temporary fiscal differences. Deferred tax is calculated with an expected tax rate of 21.4 percent (2018: 22.0 percent). Deferred tax is calculated on all taxable temporary differences, regardless of whether a given temporary difference is recognized in profit or loss, or through other comprehensive income. A temporary difference is the difference between the recognized and fiscal values of an asset or a liability.

#### (n) Earnings per share

Earnings per share are calculated as net profit divided by the average number of shares. There is no dilution of shares.

#### (o) Statement of Cash Flows

The Statement of Cash Flows shows inflows and outflows of cash and cash equivalents during the year. SEK's Statement of Cash Flows has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and credit losses. The cash flows are classified under operating, investing and financing activities. Cash and cash equivalents include cash at banks where amounts can be immediately converted into cash and short-term deposits where the time to maturity does not exceed three months from the acquisition date.

#### (p) Critical accounting policies, assumptions and estimates

When adopting and applying the Group's accounting policies, in certain cases, the management makes judgments and estimates that have a significant effect on the amounts recognized in the Financial Statements. These estimates are based on past experience and assumptions that the Company believes are fair and reasonable. These estimates and the judgments behind them affect the reported amounts of assets, liabilities, income and expenses as well as disclosures. Actual outcomes can later differ from the estimates and the assumptions made.

SEK considers the judgments made related to the following critical accounting policies to be the most significant:

- Functional currency of the Parent Company; and
- That SEK should be regarded as an agent with respect to the CIRR-system.

Furthermore, SEK has identified the following key sources of estimation uncertainty when applying IFRS:

- Fair value assessments of certain financial instruments; and
- Provisions for expected credit losses.

##### (i) Functional currency of the Parent Company

SEK has established that the Swedish krona (Skr) is its functional currency under IFRS. Large portions of its assets, liabilities and related derivatives are denominated in foreign currencies. Under IFRS, both assets and liabilities are translated at closing exchange rates and the



differences between historical book values and current values are recognized as currency exchange effects in the Statement of Comprehensive Income. These differences largely offset each other, causing the net result not to be a material amount in relation to total assets and liabilities in foreign currency. This reflects the economic substance of SEK's policy of holding assets financed by liabilities denominated in, or hedged into, the same currency. See note 26 for information on SEK's positions in foreign currency.

**(ii) That SEK should be regarded as an agent with respect to the CIRR-system.**

SEK has determined that the CIRR-system should be considered to be an assignment whereby SEK acts as an agent on behalf of the Swedish government rather than being the principal in the individual transactions. This assessment has been made based on a number of factors, such as: (i) although it does in form, SEK does not in substance bear the risks and benefits associated with ownership; (ii) SEK does not have discretion in establishing prices; and (iii) SEK receives compensation in the form of a fixed commission. SEK has consequently presented the economic activities of the CIRR-system on a net basis in profit or loss, rather than the gross amounts collected, in accordance with the owner instruction from the State. If SEK were regarded as a principal with respect to the CIRR-system, all revenues and expenses in the CIRR-system would be regarded as revenues and expenses of SEK. However, the net effect on SEK's operating profit would be unchanged. For information on the CIRR-system, refer to note 24.

**(iii) Fair value assessments of certain financial instruments**

SEK recognizes a large part of the balance sheet at fair value, primarily interest-bearing securities recognized on the lines Treasuries/Government bonds and Other interest-bearing securities except loans, derivatives and issued debt. When financial instruments are recognized at fair value, these amounts are calculated on the basis of market prices, valuation models, valuations conducted by external parties and discounted cash flows. SEK's financial instruments are predominantly not subject to public trading and quoted market prices are not available. When recognizing the amounts for assets, liabilities and derivatives, as well as income and expenses, it is necessary to make assumptions and assessments regarding the fair value of financial instruments and derivatives, particularly if they comprise unquoted or illiquid securities or other instruments of debt. Should the conditions underlying these assumptions and assessments change, the recognized amounts would also change. Refer to note 26 for further information about the impact on the value of financial assets and liabilities of a one percentage point movement in the market interest rate. Other valuation models or assumptions could produce different valuation results. SEK makes judgments regarding what the most appropriate valuation techniques are for the different financial instruments based on their categories. In all cases, the decision is based on a professional assessment pursuant to SEK's accounting and valuation policies. The use of a valuation model demands a validation and thereafter an approval, in addition to approval of all models at least annually. The valuation models applied by SEK comply with accepted methods for pricing financial instruments. Fair-value adjustments are applied when there are additional factors that market participants take into account and that are not captured by the valuation model. A CVA (Credit Value Adjustment) and DVA (Debt Value Adjustment) are made to reflect the counterparty's credit risk and SEK's own credit rating, which affects the fair value of the derivatives (see note 13, for fair value changes related to credit risk.)

When financial assets or liabilities are recognized at fair value, the instruments are recognized at their full fair value, including any credit spreads. When quoted market prices are not available for such instruments, certain assumptions must be made about the credit spread of either the counterparty or one's own credit spread, depending on whether the instrument is an asset or a liability.

Developments in the financial markets have to some extent affected the prices at which SEK's debt is issued. These changes, which are different in different markets, have been included in the calculation of fair value for these liabilities. SEK issues debt instruments in many financial markets. A large portion of these are compound financial instruments with embedded derivatives. SEK's policy is to hedge the risks in these instruments using derivatives with corresponding structures in order to obtain effective economic hedges. Such compound financial instruments are classified as financial liabilities measured at fair value. As there mostly are no market quotes for this group of transactions, valuation models are used to calculate fair value. The gross value of these instruments and derivatives, which effectively hedge each other, requires complex judgments regarding the most appropriate valuation technique, assumptions and estimates. If other valuation models or assumptions are used, or if assumptions are changed, this could produce other valuation results. Excluding the impact on the valuation of credit spreads on SEK's own debt and basis spreads, such changes in fair value would generally offset each other.

SEK uses derivative instruments to mitigate and reduce risks attributable to financial assets and liabilities. In order to mitigate counterparty risk, i.e., the form of credit risk generated from derivative transactions, SEK enters into such transactions only with counterparties with good credit ratings. Moreover, SEK endeavors to enter into ISDA Master Agreements with Credit Support Annexes (CSAs) with its counterparties. This means that the highest allowed risk level is established in advance, regardless of what changes in market value may occur.

Derivatives are measured at fair value with reference to listed market prices where available. If market prices are not available, valuation models are used instead. SEK uses a model to adjust the fair value of the net exposure for changes in SEK's or the counterparty's credit quality. The models use directly observable market parameters if such are available.

As of December 31, 2019, financial assets and liabilities for which valuation models were used, and where market inputs with a significant effect on the recorded fair value are observable (level 2) amounted to Skr 32 billion (2018: Skr 64 billion) and Skr 31 billion (2018: Skr 32 billion) 11 percent and (2018: 22 percent) 10 percent (2018: 12 percent) of total financial assets and total financial liabilities respectively). Financial assets and liabilities for which valuation included significant non-observable parameters (level 3) amounted to Skr 2 billion (2018: Skr 2 billion) and Skr 4,6 billion (2018: Skr 54 billion) 1 percent and (2018: 1 percent) 16 percent (2018: 19 percent) of total financial assets and total financial liabilities respectively). The assessment of non-observable parameters included in models for assessing market value are associated with subjectivity and uncertainty, which can impact the results recognized for specific positions. Despite SEK using appropriate valuation models which are consistent with those used in the market, other models and assumptions for determining the fair value of financial instruments could result in other fair value estimates on the reporting date. At December 31, 2019, the total minimum and maximum effects of changing one or more non-observable parameters to reflect the assumptions under other reasonable circumstances for level 3-instruments amounted to Skr -172 million (2018: Skr -243 million) and Skr 175 million (2018: Skr 242 million) respectively. Refer to note 13 for information regarding value changes for assets and liabilities if non-observable market parameters are changed and section (h) (viii) above for the Principles for determination of fair value of financial instruments.

**(iv) Provisions for expected credit losses**

Provisions are estimated using quantitative models, which incorporate inputs, assumptions and methodologies that involve a high degree of management judgement. In particular, the following can have a significant impact on the level of impairment provisions: determination of a significant increase in credit risk, incorporation of forward-looking macroeconomic scenarios and measurement of both 12-month and life-



time expected credit losses. A significant increase in credit risk is defined by SEK based on a deterioration by a number of steps from the initial rating. On December 31, 2019 if the definition of significant increase in credit risk had been one less step of deterioration the impairments would have been Skr 23 million higher (2018: Skr 29 million), and if the definition had been one more step of deterioration the impairments would have been Skr 1 million lower (2018: Skr 1 million). SEK's method of calculating probability of default entails three scenarios being prepared for each PD curve. The three scenarios are defined by a weight allocated to each scenario. On December 31, 2019 if the probability of a downturn scenario, or an upturn scenario, would have been weighted with 100% probability the impairments would have been Skr 11 million higher (2018: Skr 10 million) or Skr 16 million lower (2018: Skr 10 million), respectively. On December 31, 2019, SEK's total lending including off-balance sheet exposures amounted to Skr 277 billion (2018: Skr 265 billion) and the related impairment reserve amounted to Skr 128 million (2018: Skr 139 million). If, for example, the actual amount of total future cash flow were to have been 10 percent higher or lower than the estimate, this would have affected operating profit for the fiscal year ended December 31, 2019 by an additional approximately Skr 13 million (2018: Skr 14 million) and equity at the same date by approximately Skr 10 million (2018: Skr 11 million). A higher total future cash flow would affect operating profit and equity positively, while a lower total future cash flow would affect operating profit and equity negatively.

#### (q) Parent Company

The financial Statements for the Parent Company, AB Svensk Exportkredit (publ), have been prepared in accordance with Swedish legislation, the requirements of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) (ÅRKL), and Recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR), as well as the accounting regulations of the Swedish FSA (FFFS 2008:25). This means that IFRS standards have been applied to the extent permitted within the framework of ÅRKL and the accounting regulations of the Swedish FSA. The accounting policies of the Parent Company are essentially unchanged, apart from the changes presented with respect to the Group. The differences in accounting policies between the Parent Company and the Consolidated Group are as follows:

##### (i) Income Statement

In accordance with ÅRKL requirements, the Parent Company presents an income Statement and a separate Statement of comprehensive income. Gains and losses that arise from changes in SEK's own credit risk on liabilities designated at fair value are recognized in the income Statement of the Parent Company under net results of financial transactions in net profit, compared to other comprehensive income for the Group. Expected credit losses of interest-bearing securities measured at amortized cost are recognized separately under impairment of fixed financial assets.

##### (ii) Shares in subsidiaries

The Parent Company's investments in subsidiaries are recognized at cost and dividends received are recognized in profit or loss.

##### (iii) Tax on profit for the year

In accordance with Swedish tax law, the Parent Company maintains certain untaxed reserves. Untaxed reserves are disclosed in the balance sheet of the Parent Company and changes in untaxed reserves are recognized in profit or loss.

##### (iv) Group contributions

Parent Company contributions to subsidiaries are recognized, taking into account their tax effect, as investments in shares in subsidiaries, unless impaired.

##### (v) Equity

Equity in the Parent Company consists of the following items: share capital; legal reserve; development expenditure reserve; revaluation reserve; retained earnings; and net profit for the year. The revaluation reserve consists of the hedge reserve (value changes on derivatives in cash flow hedges).

##### (vi) Pension liability

The Parent Company applies a different basis for calculating defined-benefit pension plans compared with what is stated in IAS 19. In the Parent Company, the BTP plan is accounted for as a defined-contribution plan and the Parent Company complies with the regulations of the Swedish Pension Obligations Vesting Act and the Swedish FSA. Except for the BTP plan being accounted for as a defined-contribution plan, the primary differences as compared to IAS 19 include how the discount rate is set, the calculation of defined-benefit obligations based on current salary levels without consideration of future salary increases and the fact that all actuarial gains and losses are included in earnings as they occur.

##### (r) New standards and amendments to standards and interpretations not yet adopted and considered relevant to SEK

IFRS or IFRS IC interpretations that are not yet applicable are not expected to have a material impact on SEK's Financial Statements, capital adequacy or large exposure ratios.



## Note 2. Net interest income

Skr mn	2019	2018
<b>Interest income</b>		
Loans to credit institutions	2,005	1,475
Loans to the public	2,656	2,534
Loans in the form of interest-bearing securities	829	672
Interest-bearing securities excluding loans in the form of interest-bearing securities	686	523
Derivatives	-291	-210
Administrative remuneration CIRR-system <sup>1</sup>	194	157
Other assets	4	2
<b>Total interest income</b>	<b>6,083</b>	<b>5,153</b>
<b>Interest expenses</b>		
Interest expenses excl. resolution fee	-4,197	-3,445
Resolution fee	-169	-266
<b>Total interest expenses</b>	<b>-4,366</b>	<b>-3,711</b>
<b>Net interest income</b>	<b>1,717</b>	<b>1,442</b>

Skr mn	2019	2018
<b>Interest income were related to:</b>		
Financial assets at fair value through profit or loss	700	574
Derivatives used for hedge accounting	-303	-261
Financial assets at amortized cost	5,686	4,840
<b>Total interest income</b>	<b>6,083</b>	<b>5,153</b>
<b>Interest expenses were related to:</b>		
Financial liabilities at fair value through profit or loss	1,183	704
Financial assets measured at fair value through profit or loss - negative interest on income	-72	-104
Financial assets measured at amortized cost - negative interest income	-9	-27
Derivatives used for hedge accounting	-286	106
Financial liabilities at amortized cost	-5,182	-4,390
<b>Total interest expenses</b>	<b>-4,366</b>	<b>-3,711</b>
<b>Net interest income</b>	<b>1,717</b>	<b>1,442</b>

## Interest income geographical areas

Skr mn	2019	2018
Sweden	3,172	2,458
Europe except Sweden	927	932
Countries outside of Europe	1,984	1,763
<b>Total interest income</b>	<b>6,083</b>	<b>5,153</b>

## Interest income per product group

Skr mn	2019	2018
Lending to Swedish exporters	1,954	1,709
Lending to exporters' customers <sup>2</sup>	1,510	1,452
Liquidity	2,619	1,992
<b>Total interest income</b>	<b>6,083</b>	<b>5,153</b>

1 Including administrative remuneration for concessionary loans by Skr 2 million (2018: Skr 2 million).

2 In interest income for Lending to exporters' customers, Skr 192 million (2018: Skr 155 million) represent remuneration from the CIRR-system (see note 24).

## Note 3. Net fee and commissions expense

Skr mn	2019	2018
<b>Fee and commissions earned were related to:</b>		
Lending	1	5
<b>Total</b>	<b>1</b>	<b>5</b>
<b>Commissions incurred were related to:</b>		
Depot and bank fees	-8	-7
Brokerage	-5	-4
Other commissions incurred	-21	-26
<b>Total</b>	<b>-34</b>	<b>-37</b>
<b>Net fee and commissions expense</b>	<b>-33</b>	<b>-32</b>

1 Skr -28 million (2018: Skr -28 million) includes financial assets and liabilities not measured at fair value through profit or loss.



## Note 4. Net results of financial transactions

Skr mn	Consolidated Group		Parent Company	
	2019	2018	2019	2018
<b>Derecognition of financial instruments not measured at fair value through profit or loss:</b>				
Financial assets at amortized cost	19	24	19	24
<b>Financial assets or liabilities at fair value through profit or loss:</b>				
Designated upon initial recognition (FVO) <sup>1</sup>	-5,590	7,315	-5,566	7,689
Mandatorily	5,710	-7,360	5,710	-7,360
<b>Financial instruments under fair-value hedge accounting:</b>				
Net results of the hedging instrument	2,846	-192	2,846	-192
Net results of the hedged item	-2,761	235	-2,761	235
Currency exchange-rate effects on all assets and liabilities excl. currency exchange-rate effects related to revaluation at fair value	2	-3	2	-3
<b>Total net results of financial transactions</b>	<b>226</b>	<b>19</b>	<b>250</b>	<b>393</b>

1 Difference between Parent Company and Consolidated Group is due to different accounting principles regarding changes in SEK's own credit risk, see note 1.

SEK's general business model is to hold financial instruments measured at fair value to maturity. The net fair value changes that occur, mainly relate to changes in credit spreads on SEK's own debt, which due to IFRS 9, are reported in other comprehensive income from 2018 compared to net results of financial transactions prior to IFRS 9, and basis spreads, which are recognized in net results of financial transactions. The changes could be significant in a single reporting period, but will not affect earnings over time since the lifetime cumulative changes in the instrument's market value will be zero if it is held to maturity and is a performing instrument. When financial instruments are not held to maturity, realized gains and losses can occur, for example when SEK repurchases its own debt, or if lending is repaid early and the related hedging instruments are terminated prematurely. These are effects presented under "Derecognition of financial instruments not measured at fair value through profit or loss", "Financial assets or liabilities at fair value through profit or loss" and "Financial instruments under fair-value hedge accounting". "Financial assets or liabilities at fair value through profit or loss" and "Financial instruments under fair-value hedge accounting" include realized as well as unrealized changes in fair value.

## Note 5. Personnel expenses

Skr mn	Consolidated Group		Parent Company	
	2019	2018	2019	2018
Salaries and remuneration to the Board of Directors and the CEO	-7	-7	-7	-7
Salaries and remuneration to Senior Executives	-23	-21	-23	-21
Salaries and remuneration to other employees	-161	-158	-161	-158
Pensions	-60	-52	-62	-60
Social insurance	-63	-59	-63	-59
Other personnel expenses	-19	-14	-19	-14
<b>Total personnel expenses</b>	<b>-333</b>	<b>-311</b>	<b>-335</b>	<b>-319</b>

The combined total of the remuneration to senior executives, excluding the CEO of the Parent Company, amounted to Skr 23 million (2018: Skr 21 million). Of the remuneration to senior executives, Skr 23 million (2018: Skr 21 million) is pensionable. Of the remuneration to the CEO of the Parent Company, Skr 5 million (2018: Skr 5 million) is pensionable. For all employees, excluding the CEO, SEK follows collective agreements between the Banking Institution Employers' Organization (BAO) and trade unions.



Remuneration and other benefits to the Board of Directors and Senior Executives in the Consolidated Group 2019					
Skr thousand	Fee, includes committee fee	Fixed remuneration <sup>1</sup>	Other benefits <sup>2</sup>	Pension fee <sup>3</sup>	Total
<b>Chairman of the Board of Directors:</b>					
Lars Linder-Aronson	-603	-	-	-	-603
<b>Other members of the Board of Directors:</b>					
Cecilia Ardström	-308	-	-	-	-308
Anna Brandt <sup>4</sup>	-	-	-	-	-
Reinhold Geijer	-275	-	-	-	-275
Hans Larsson	-249	-	-	-	-249
Eva Nilsagård	-277	-	-	-	-277
Ulla Nilsson	-298	-	-	-	-298
Hélène Westholm <sup>4</sup> , resigned March 28, 2019	-	-	-	-	-
Hanna Lagercrantz <sup>4</sup> , from March 28, 2019	-	-	-	-	-
<b>Senior Executives:</b>					
Catrin Fransson, Chief Executive Officer (CEO) <sup>5</sup>	-	-5,015	-25	-1,462	-6,502
Per Åkerlind, Head of Treasury and Capital Management and Executive Vice President	-	-3,509	-30	-1,123	-4,662
Karl Johan Bernerfalk, General Counsel	-	-1,507	-23	-529	-2,059
Andreas Ericson, Head of Mid Corporates	-	-1,978	-28	-607	-2,613
Stefan Friberg, Chief Financial Officer (CFO)	-	-2,922	-27	-500	-3,449
Teresa Hamilton Burman, Chief Credit Officer (CCO)	-	-2,353	-18	-508	-2,879
Jens Hedar, Head of Large Corporates	-	-2,224	-15	-649	-2,888
Petra Könberg, Head of Marketing & Business Development	-	-1,236	-33	-407	-1,676
Irina Slinko, acting Chief Risk Officer (CRO), resigned August 20, 2019	-	-1,159	-12	-365	-1,536
Anna-Lena Söderlund, acting Chief Risk Officer (CRO), from August 21, 2019, resigned October 27, 2019	-	-278	-6	-115	-399
Peter Svensén, Chief Risk Officer (CRO), from October 28, 2019	-	-471	-3	-80	-554
Sirpa Rusanen, Chief Human Resources Officer (CHRO)	-	-1,644	-42	-623	-2,309
Susanna Rystedt, Chief Administrative Officer (CAO)	-	-2,484	-40	-759	-3,283
Madeleine Widæus, Chief Information Officer (CIO)	-	-1,574	-16	-463	-2053
<b>Total</b>	<b>-2,010</b>	<b>-28,354</b>	<b>-318</b>	<b>-8,190</b>	<b>-38,872</b>

1 Predetermined salary or other compensation such as holiday pay and allowances.

2 Other benefits consist of, for example, car allowances and subsistence benefits.

3 Includes premiums for insurance covering sickness benefit for prolonged illness and other public risk insurance as a result of collective pension agreements.

4 Remuneration is not paid from the Company to the representatives on the Board of Directors who are employed by the owner, the Swedish Government.

5 The retirement age of the CEO, Catrin Fransson, is 65 years and the pension fee is 30 percent of her fixed salary.



**Remuneration and other benefits to the Board of Directors and Senior Executives in the Consolidated Group 2018**

Skr thousand	Fee, includes committee fee	Fixed remuneration <sup>1</sup>	Other benefits <sup>2</sup>	Pension fee <sup>3</sup>	Total
<b>Chairman of the Board of Directors:</b>					
Lars Linder-Aronson <sup>4</sup>	-612	-	-	-	-612
<b>Other members of the Board of Directors:</b>					
Cecilia Ardström <sup>c</sup>	-287	-	-	-	-287
Anna Brandt	-	-	-	-	-
Reinhold Geijer <sup>4</sup>	-269	-	-	-	-269
Hans Larsson <sup>4</sup>	-250	-	-	-	-250
Eva Nilsagård, from April 24, 2018	-182	-	-	-	-182
Susanne Lithander, resigned April 24, 2018	-74	-	-	-	-74
Lotta Mellström, resigned April 24, 2018 <sup>5</sup>	-	-	-	-	-
Ulla Nilsson	-287	-	-	-	-287
Hélène Westholm, from April 24, 2018	-	-	-	-	-
<b>Senior Executives:</b>					
Catrin Fransson, Chief Executive Officer (CEO) <sup>6</sup>	-	-4,743	-88	-1,418	-6,249
Per Åkerlind, Head of Treasury and Capital Management and Executive Vice President	-	-3,339	-85	-1,307	-4,731
Karl Johan Bernerfalk, General Counsel	-	-1,414	-33	-505	-1,952
Andreas Ericson, Head of Mid Corporates, from October 15, 2018	-	-410	-6	-146	-562
Stefan Friberg, Chief Risk Officer (CRO)	-	-2,930	-25	-483	-3,438
Teresa Hamilton Burman, Chief Credit Officer (CCO)	-	-2,326	-16	-493	-2,835
Jens Hedar, Head of Large Corporates, from October 15, 2018	-	-461	-5	-157	-623
Johan Henningsson, Head of Sustainability	-	-1,261	-27	-466	-1,754
Petra Könberg, Head of Marketing & Business Development	-	-1,143	-28	-384	-1,555
Jane Lundgren Ericsson, Head of Lending, resigned October 12, 2018	-	-1,943	-75	-610	-2,628
Ingela Nachtweij, acting Chief Information Officer (CIO), resigned January 31, 2018	-	-128	-2	-36	-166
Sirpa Rusanen, Chief Human Resources Officer (CHRO)	-	-1,471	-106	-556	-2,133
Susanna Rystedt, Chief Administrative Officer (CAO)	-	-2,255	-108	-733	-3,096
Madeleine Widæus, IT-chief, from February 1, 2018	-	-1,360	-11	-405	-1,776
<b>Total</b>	<b>-1,961</b>	<b>-25,184</b>	<b>-615</b>	<b>-7,699</b>	<b>-35,459</b>

1 Predetermined salary or other compensation such as holiday pay and allowances.

2 Other benefits consist of, for example, car allowances and subsistence benefits.

3 Includes premiums for insurance covering sickness benefit for prolonged illness and other public risk insurance as a result of collective pension agreements.

4 Remuneration is invoiced from their private companies in accordance with the state guidelines.

5 Remuneration is not paid from the Company to the representatives on the Board of Directors who are employed by the owner, the Swedish Government.

6 The retirement age of the CEO, Catrin Fransson, is 65 years and the pension fee is 30 percent of her fixed salary.



<b>Total Expenditure on Remuneration in accordance with CRR 2019</b>	<b>Executive management</b>	<b>Members of staff whose actions have a material impact on the risk profile of the in- stitution (excluding executive management)</b>
Skr thousand (if not number of beneficiaries)		
Total amount expensed for remuneration	-34,780	-88,565
<i>of which fixed remuneration</i>	-34,780	-81,730
<i>of which variable remuneration in cash</i>	-	-6,835
<i>number of beneficiaries</i>	12	74
Outstanding vested deferred remuneration	-	-
Outstanding unvested deferred remuneration	-90	-4,727
Deferred remuneration awarded	-	-4,101
Deferred remuneration paid out	-69	-569
Deferred remuneration reduced through performance adjustments	-	-
Severance payments made	-	-1,319
<i>number of beneficiaries</i>	-	1
Severance payments awarded	-	-

<b>Total Expenditure on Remuneration in accordance with CRR 2018</b>	<b>Executive management</b>	<b>Members of staff whose actions have a material impact on the risk profile of the in- stitution (excluding executive management)</b>
Skr thousand (if not number of beneficiaries)		
Total amount expensed for remuneration	-33,617	-111,896
<i>of which fixed remuneration</i>	-33,617	-111,896
<i>of which variable remuneration in cash</i>	-	-
<i>number of beneficiaries</i>	12	114
Outstanding vested deferred remuneration	-	-
Outstanding unvested deferred remuneration	-207	-1,884
Deferred remuneration awarded	-	-
Deferred remuneration paid out	-239	-2,910
Deferred remuneration reduced through performance adjustments	-	-
Severance payments made	-	-
<i>number of beneficiaries</i>	-	-
Severance payments awarded	-	-1,319

Finansinspektionens (the Swedish FSA's) regulations (FFFS 2011:1) regarding remuneration structures in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management apply to SEK. Moreover, SEK applies the government's guidelines on terms of employment for senior executives at state-owned companies. In accordance with these regulations, SEK's Board has prepared a proposal for a set of guidelines for the remuneration of senior executives at SEK, which was adopted at the 2019 Annual General Meeting. The guidelines stipulate that salary and remuneration to the senior executives of SEK should be fair and reasonable. They should also be competitive, capped and appropriate as well as contribute to good ethical principles and corporate culture. Remuneration should not be higher than at comparable companies, and should be reasonable. Remuneration to senior executives consists of fixed salary, pension and other benefits. Pension terms for senior executives should be in the form of defined contribution plans.

SEK's remuneration system is designed to promote sound and effective risk management and restrict excessive risk-taking. Remuneration to employees is mainly determined at fixed amounts.

SEK's Board of Directors' Remuneration Committee (the "Remuneration Committee") prepares proposals for decision by the Board relating to remuneration policy for the Company, on total remuneration for the CEO, for other members of the executive management, for the Head of Compliance, and for other employees reporting directly to the CEO, as well as on the terms and conditions for and the outcome of the Company's remuneration system. The Remuneration Committee also prepares and handles overall issues relating to remuneration (salaries,

pension and other benefits), measures aimed at applying SEK's remuneration policy, and issues relating to succession planning. Further, the Remuneration Committee prepares overall instructions for remuneration issues that it deems necessary. The Remuneration Committee also ensures that the relevant oversight department, together with the Remuneration Committee, annually reviews and evaluates the Company's remuneration systems and also reviews whether such systems comply with the Company's remuneration policy and relevant instructions regarding remuneration. The outcome is presented to the Board in a separate report on the same day as the annual report is submitted. The Remuneration Committee has met five times in 2019.

The company has only one variable remuneration system, individual variable compensation ("IRE"). Within this system, permanent staff that have customer or business responsibility, but are not members of senior management, are offered the opportunity to receive individual variable remuneration. IRE has been around since 2017 and should be evaluated on an ongoing basis. The result of the evaluations shall be reported to the Remuneration Committee.

The IRE system is discretionary in nature, in that all outcomes are subject to deferred payment and the Board takes all decisions regarding results and payments. Before an individual receives any IRE payment, the payment is subject to testing at three different levels: the Company level, the Department level and the Individual level. The test at the Company level is the basis for any IRE outcome. The outcome at the Company level is conditional on the actual return, following any applicable adjustment for the impact of non-operational items and increases in the Company's total risk assumption compared with the target risk assumption.



exceeding a predetermined target. Of the profit that corresponds to any excess return, a percentage accrues to the IRE at the Company level. The outcome at the Company level is capped at a maximum of two months' salary, calculated on the basis of all Company employees entitled to IRE. In the case of a positive outcome at the Company level, the next step is to test at the Department level. This test assesses the outcome at the Department level in relation to the department's quantitative targets. If the targets have not been reached, the outcome at the Company level is reduced for all members of the department. The remainder after this test comprises the outcome at the Department level, which is capped at a maximum of two months' salary, calculated on the basis of all department's employees entitled to IRE. The final test is at the Individual level. This test assesses the behavior and performance of individuals. For each individual, the outcome following the test at the Individual level is subject to a floor of zero and a ceiling of 1.5 times the amount at the Department level. Accordingly, the maximum outcome for any individual is three months' salary. The total outcome for all employees encompassed by IRE in a department must be within the outcome at the Department level. The Company pays payroll taxes on any IRE paid, which also carries pension entitlements.

SEK's remuneration policy is designed in such a way that the Company may decide that remuneration that is subject to deferred disbursement may be withheld, in part or full, if it subsequently transpires that the performance criteria have not been fulfilled or if the employee has breached certain internal rules. The same applies if disbursement would not be justifiable by the Company's financial situation. Moreover, the outcome may also be adjusted if credit losses, or recoveries of credit losses, have occurred after the relevant income year, but are deemed to be attributable to that year.

For all employees encompassed by IRE, the disbursement plan states that 40 percent of the outcome will be disbursed in April in the year following the income year to which the remuneration relates, and 20 percent will be disbursed in April in each of the three subsequent years.

As part of its strategic analysis and planning, the Company undertakes an annual process for internal capital and liquidity assessment. As part of this assessment, an analysis is conducted with the aim of identifying employees, whose work duties have a material impact on SEK's risk profile, including risks related to the Company's remuneration policy and remuneration system. The outcome of this analysis is taken into account when designing the remuneration systems in order to promote sound and efficient risk management and to restrict excessive risk-taking. No employees receive remuneration of EUR 1 million or more per fiscal year. No new agreements containing variable remunerations have been established during the year.

The CEO's, Catrin Fransson's, terms of employment comply with the Guidelines for Terms of Employment for Senior Executives in State-owned Companies (adopted April 20, 2009).

SEK pays a defined contribution pension insurance amounting to 30 percent of the CEO's pensionable salary. The retirement age for the CEO is 65.

For the CEO, SEK pays premiums for insurance for sickness benefits for prolonged illness, other collective risk insurance corresponding to those applicable under the BTP plan as well as healthcare insurance under Skandia Privattvård Plus and travel insurance. Other benefits payable to the CEO include car and per diem allowances. The CEO is entitled to six months' notice prior to termination initiated by SEK and severance pay corresponding to 18 months' salary. A deduction is made for any income arising from new employment.

The retirement age is 65 for all senior executives. The pension terms, conditions for termination of employment and other terms of employment for the senior executives follow the current Guidelines for Terms of Employment for Senior Executives in State-owned Companies (adopted April 20, 2009), where the BTP plan is included as an approved, collectively bargained, defined-benefit and defined-contribution pension plan. Since the 2017 Annual General Meeting, the new guidelines apply when appointing new senior executives at SEK. Pension provisions for senior executives in SEK are limited to 30 percent of pensionable income for retirement and survivors' pension. Due to SEK's implementation of

a defined-benefit pension plan, the BTP plan, resulting from a collective agreement between the BAO and the Financial Sector Union of Sweden, covering employees in the banking and finance industries, the contribution for retirement and survivors' pension can exceed 30 percent.

For the senior executives, SEK pays premiums for insurance for sickness benefits for prolonged illness, other collective risk insurance arising out of applicable collective agreements as well as travel insurance and health insurance. Other benefits include car and per diem allowances.

Per Åkerlind has a notice period of six months should termination be initiated by SEK and is entitled to severance pay corresponding to 18 months' salary. A deduction is made for any income arising from new employment. For other senior executives, the notice period upon termination initiated by SEK follows collective agreements. Upon resignation by the employee, the notice period is three or six months.

## Pensions

The employees at SEK have a collectively bargained pension plan through the BTP plan, which is the most significant pension plan for salaried bank employees in Sweden. The BTP plan is funded by means of insurance with the insurance companies SPP and SEB.

### The total pension cost for defined benefit and defined contribution obligations are shown below

Skr mn	2019	2018
Service cost	-6	-4
Regulation of pension obligations	0	5
Interest cost, net	-2	-1
<b>Pension cost for defined benefit pensions, incl. payroll tax</b>	<b>-8</b>	<b>0</b>
Pension cost for defined contribution pension cost incl. payroll tax	-52	-52
<b>Pension cost recognized in personnel costs</b>	<b>-60</b>	<b>-52</b>
Actuarial gains and (losses) on defined benefit obligation during period	-16	-48
Return above expected return, gains and (losses) on plan assets	12	0
Change in the effect of the asset ceiling excluding interest	-	-
<b>Revaluation of defined benefit plans</b>	<b>-4</b>	<b>-48</b>

### Net value of defined benefit pension obligations

Skr mn	2019	2018
Defined benefit obligations	272	253
Plan assets	-189	-173
Restriction to net defined benefit asset due to the asset ceiling	0	0
<b>Provision for pensions, net obligation<sup>1</sup></b>	<b>83</b>	<b>80</b>

<sup>1</sup> See note 21.



### Development of defined benefit obligations

Skr mn	2019	2018
Defined benefit obligation, opening balance	253	263
Service cost	6	4
Interest cost	5	6
Pension Payments incl. special payroll tax	-8	-9
Other	0	-59
Actuarial (gains) and losses, effect due to changed demographic assumptions	-	-
Actuarial (gains) and losses, effect due to changed financial assumptions	25	46
Actuarial (gains) and losses, effect due to experience based outcome	-9	2
<b>Defined benefit obligation, closing balance</b>	<b>272</b>	<b>253</b>

### Development of plan assets related to defined benefit obligation

Skr mn	2019	2018
Fair value of plan assets, opening balance	173	223
Expected return on plan assets	4	5
Contributions by the employer <sup>1</sup>	7	7
Benefits paid <sup>2</sup>	-7	-8
Other <sup>3</sup>	0	-54
Return on plan assets excluding interest income	12	0
<b>Fair value of plan assets, closing balance</b>	<b>189</b>	<b>173</b>

1 Expected contribution from the employer in the following year is Skr 6 million (2018: Skr 6 million) excluding payroll tax.

2 Expected compensation paid in the following year is Skr 9 million (2018: Skr 8 million).

3 Regulation of pension obligations related to Venantius AB and its subsidiaries, which were liquidated in 2018.

### Distribution of plan assets related to defined benefit obligation

Skr mn	2019	2018
Domestic equity investments	4	3
Foreign equity investments	17	12
Domestic government bonds	49	43
Domestic corporate bonds	22	26
Mortgage bonds	49	49
Other Investments	25	19
Properties	23	21
<b>Total</b>	<b>189</b>	<b>173</b>

### Principal actuarial assumptions used end of year

%	2019	2018
Discount rate	1.7	2.1
Assumption of early pension withdrawal	20.0	20.0
Expected salary increase	2.0	2.0
Expected inflation	2.0	2.0
Expected lifetime	DUS14	DUS14
Expected turnover	5.0	5.0

### Sensitivity analysis of essential assumptions

	Negative outcome		Positive outcome	
	-1%	0.7%	+1%	2.7%
Discount rate				
Defined benefit obligation		351		215
Service cost		8		5
Interest cost		2		6
Expected lifetime	+1 year		-1 year	
Defined benefit obligation		286		260
Service cost		6		6
Interest cost		5		4

### Net reconciliation of pension liabilities

Skr mn	2019	2018
Pension liabilities, opening balance	80	40
Net periodic pension cost	7	0
Contributions by the employer	-7	-7
Net pension payments	-1	-1
Revaluations recognized in other comprehensive income	4	48
<b>Pension liabilities, closing balance</b>	<b>83</b>	<b>80</b>

### Pension cost

Skr mn	Parent Company	
	2019	2018
<b>Pension commitments provided for in the statement of financial position</b>		
Pension costs for the year, excluding taxes	0	0
<b>Pension commitments provided for through insurance contracts</b>		
Pension costs for the year, excluding taxes	-61	-59
<b>Net cost accounted for pensions, excluding taxes</b>	<b>-61</b>	<b>-59</b>

### Reconciliation of provisions for pensions

Skr mn	Parent Company	
	2019	2018
Opening balance, January 1	10	11
Provisions made / provision used	0	-1
<b>Closing balance, December 31</b>	<b>10</b>	<b>10</b>



Net interest is calculated using the discount rate of pension obligations, based on the net surplus or net deficit in the defined benefit plan.

Pension expense in 2019 for defined benefit pensions amounts to Skr 8 million (2018: Skr 0 million).

As of December 31, 2019, the expected weighted average remaining service time for active employees was 14.89 years (2018: 16.66 years), the expected weighted average duration for the present value was 19.23 years (2018: 19.37 years) and the average salary for active employees was Skr 0.9 million (2018: Skr 0.8 million).

#### Discount rate

Swedish government bonds were previously used as the basis for calculating pension liabilities. Since January 1, 2013 the calculation has instead been based on the estimated interest curve of Swedish mortgage bonds, as this market is regarded as liquid enough to be used for this purpose. The discount rate is based on market expectations at the end of the accounting period, using bonds with the same duration as the pension liability.

#### Expected early retirement

According to the transitional rule for § 8 in the BTP-plan, the calculation includes the assumption that 20 percent of the employees use the possibility for early retirement. The earliest retirement age is 61 for employees born 1956 or earlier. Employees born 1967 or later have no right to retire before age 65.

#### Expected return on plan assets

Expected return on plan assets is equal to the discount rate as regulated in IAS 19.

#### Expected salary increase

The assumption of salary increase is based on SEK's assessment.

#### Expected inflation

The expected inflation is in line with Swedish inflation-linked bonds.

#### Expected employee turnover

Expected employee turnover is based on SEK's assessment of the long-term expected Company staff attrition during one year.

#### Parent Company

In the Parent Company, the BTP plan is accounted for as a defined contribution plan. Defined benefit plans are not accounted for in accordance with IAS 19 but are accounted for in accordance with Swedish standards, including the Swedish law on pensions, "Tryggandelagen" and regulations prescribed by the Swedish Financial Supervisory Authority. The primary differences as compared to IAS 19 include the discount rate and the calculation of defined benefit obligations based on current salary levels without consideration of future salary increases.

Average number of employees	2019	2018	2017
Women	120	117	121
Men	121	126	131
<b>Total average number of employees</b>	<b>241</b>	<b>243</b>	<b>252</b>

Number of employees at year-end	2019	2018	2017
Women	123	118	122
Men	121	120	128
<b>Total number of employees<sup>1</sup></b>	<b>244</b>	<b>238</b>	<b>250</b>
<i>of which full-time employees</i>	236	230	243
Allocation of women/men	50/50	49/51	48/52
<i>of which part-time employees</i>	8	8	7
Allocation of women/men	75/25	75/25	86/14
<i>of which permanent employees</i>	243	236	246
Allocation of women/men	51/49	50/50	49/51
<i>of which temporary employees</i>	1	2	4
Allocation of women/men	0/100	50/50	50/50
<i>of which managers</i>	31	29	31
<i>of which non-management</i>	213	209	219

1 In addition to its employees, SEK had 66 consultants (FTEs) engaged at year-end 2019.

Employees by age distribution	2019	2018	2017
Total number of employees	244	238	250
<i>of which under the age of 30 years</i>	12	13	16
<i>of which between 30 and 50 years</i>	127	127	142
<i>of which over 50 years</i>	105	98	92

Employee turnover	2019	2018	2017
Number of employees who left employment	30	32	31
<i>of which women</i>	16	12	12
<i>of which men</i>	14	20	19
<i>of which under the age of 30 years</i>	2	3	4
<i>of which between 30 and 50 years</i>	22	20	20
<i>of which over 50 years</i>	6	9	7

Health, %	2019	2018	2017
Absence due to sickness	2.5	3.1	3.3
Percentage of employees that use SEK's fitness allowance	89	91	92

Equality and diversity	2019	2018	2017
Allocation of women/men on the Board of Directors	62/38	62/38	60/40
Allocation of women/men in SEK's executive management	50/50	50/50	64/36
Allocation of women/men in management positions	42/58	41/59	42/58
Allocation of women/men at SEK in total	50/50	51/49	49/51
Allocation of employees with foreign/Swedish background <sup>1</sup>	33/67	33/67	33/67

1 Foreign background is defined as "I was raised in a country other than Sweden (wholly or in part)", "I was born in another country but raised in Sweden" and "I myself was born and raised in Sweden but have a parent/parents born and raised in another country". The survey is conducted at least once every three years.

Employee development	2019	2018	2017
Percentage of employees who had a performance review (percent)	— <sup>1</sup>	96	95
Average number of training days per employee (all employees are white-collar workers)	3	3	2

1 The question was not asked in 2019, the next measurement will be in 2020.



## Note 6. Other administrative expenses

Skr mn	2019	2018
Travel expenses and marketing	-7	-7
IT and information system (fees incl.)	-156	-151
Other fees	-34	-34
Premises <sup>1</sup>	-3	-33
Other	-6	-6
<b>Total other administrative expenses</b>	<b>-206</b>	<b>-231</b>

1 SEK is a party to rental agreements of office space in Stockholm and Gothenburg, Sweden. Since 2019-01-01 leases of premises are accounted for according to IFRS 16, see note 8.

### Remuneration to auditors

Skr mn	2019	2018
<b>Öhrlings PricewaterhouseCoopers AB:</b>		
Audit fees <sup>1</sup>	-10	-8
Audit related fees <sup>2</sup>	0	0
Tax related fees <sup>3</sup>	0	-
Other fees <sup>4</sup>	-2	-2
<b>Total</b>	<b>-12</b>	<b>-10</b>

1 Fees related to audit of annual financial statements and reviews of interim financial statements.

2 Fees charged for assurance and related services that are related to the performance of audit or review of the financial statements and are not reported under Audit fees.

3 Fees for professional services rendered by the principal independent auditors for tax compliance and tax advice.

4 Fees for products and services rendered by the principal independent auditors, other than the services reported in Audit fees through Tax related fees above.

In the financial statements, remuneration to auditors is mainly included in Other administrative expenses.

## Note 7. Tangible and intangible assets

Skr mn	Dec 31, 2019	Dec 31, 2018
<b>Net book value</b>		
Tangible assets	28	26
Right-of-use assets	50	-
Intangible assets <sup>1</sup>	56	43
<b>Total net book value</b>	<b>134</b>	<b>69</b>
Depreciation and impairment during the year according to the Consolidated Statement of Comprehensive Income	-57	-40

1 Intangible assets consist of the capitalized portion of investments in IT systems. The average useful life for intangible assets is 5 years.

## Note 8. Leasing

### SEK as lessee

All leases with the exception of short-term and low-value leases, are recognized as a right-of-use asset with a corresponding lease liability. The right-of-use assets are accounted for under Tangible and intangible assets and the lease liability is accounted for under Other liabilities (see note 7 and note 19). The right-of-use assets and the lease liability relate to rental premises. For further information see note 1 Significant accounting policies. The lease term is determined as the non-callable period of a lease, together with any extension or termination option that SEK is reasonably certain to exercise. SEK has extension options which we are not reasonably certain to exercise. The potential future cash flows related to the extension options amount to Skr 78 million for a period of 3 years.

### Right-of-use assets

Skr mn	2019
Opening balance	94
Depreciation	-32
Deduction <sup>1</sup>	-12
<b>Closing balance</b>	<b>50</b>

1 There have been cancelled and new leases during the year. The estimation of lease liability and right-of-use assets also has changed. Future cash flows relating to real estate tax and non-deductible value added tax are no longer included. This change means that lease liability and right-of-use assets have decreased by Skr 13 million.

### Accounted for in profit or loss

Skr mn	2019
Depreciation charge on right-of-use assets	-32
Interest expenses on lease liability	0
Expenses relating to short-term leases <sup>1</sup>	0
Expenses relating to low-value leases <sup>1</sup>	-1
Variable lease fees <sup>1</sup>	-1
<b>Total amount accounted for in profit or loss</b>	<b>-34</b>

1 Accounted for under Other administrative expenses.

### Lease liability

Skr mn	2019
Opening balance	95
Interest expenses accrued	0
Payments of lease liability	-39
Deduction <sup>1</sup>	-12
<b>Closing balance</b>	<b>44</b>

1 There have been cancelled and new leases during the year. The estimation of lease liability and right-of-use assets also has changed. Future cash flows relating to real estate tax and non-deductible value added tax are no longer included. This change means that lease liability and right-of-use assets have decreased by Skr 13 million.



### Contractual flows of lease liability

Skr mn	2019
Within 1 year	26
Between 1 and 5 years	18
Discounting effect	0
<b>Closing balance</b>	<b>44</b>

The total cash outflow for leases in 2019 was Skr 41 million.

The following tables show disclosures for 2018 according to IAS 17.

### Cost of operating leases

Skr mn	2018
Leases	-32

The primary cost relates to SEK's office premises.

### Future minimum rentals payable under non-cancellable operating leases are as follows

Skr mn	Dec 31, 2018
Within 1 year	-32
Between 1 and 5 years	-60
More than 5 years	-
<b>Total future minimum rentals payable under non-cancellable operating leases</b>	<b>-92</b>

### SEK as lessor

All SEK's leasing transactions, where SEK is the lessor, are classified as financial leases. When making such classification, all aspects regarding the leasing contract, including third party guarantees, are taken into account. A reconciliation between the gross investment in the leases and the present value of minimum lease payments receivable at the end of the reporting period can be found below. Future lease payments receivable will mature in the following periods.

Skr mn	December 31, 2019		December 31, 2018	
	Gross investment	Present value of minimum lease payments	Gross investment	Present value of minimum lease payments
Within 1 year	63	61	117	113
Between 1 and 5 years	87	78	182	156
More than 5 years	-	-	8	5
<b>Total</b>	<b>150</b>	<b>139</b>	<b>307</b>	<b>274</b>
<i>Unearned finance income</i>	-	14	-	33
<i>Unguaranteed residual value</i>	-	-	-	-

The leases are included in the line item "Loans to the public" in the Statement of Financial Position.

## Note 9. Impairments

Skr mn	2019	2018
Expected credit losses, stage 1	-19	6
Expected credit losses, stage 2	11	14
Expected credit losses, stage 3	-17	-13
Established credit losses	-25	-
Reserves applied to cover established credit losses	40	-
Recovered credit losses	-	0
<b>Net credit losses</b>	<b>-10</b>	<b>7</b>



The table below shows the book value of loans and nominal amounts for off-balance sheet exposures before expected credit losses for each stage as well as related loss allowance amounts, in order to place expected credit losses in relation to credit exposures. Overall, the credit portfolio has an extremely high credit quality and SEK often uses risk mitigation measures, primarily through guarantees from the Swedish Export Credit Agency (EKN) and other government export credit agencies in the Organisation for Economic Co-operation and Development (OECD), which explains the low provision ratio.

Skr mn	December 31, 2019				December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Loans, before expected credit losses</b>								
Loans in the form of interest-bearing securities	40,909	2,735	-	43,644	34,112	2,686	-	36,798
Loans to credit institutions	9,578	541	-	10,119	10,188	1,164	-	11,352
Loans to the public	132,313	30,326	1,316	163,955	134,117	25,405	1,424	160,946
<b>Off balance, before expected credit losses</b>								
Guarantees	3,232	1,161	-	4,393	2,818	1,246	1	4,065
Committed undisbursed loans	28,083	26,856	11	54,950	21,348	30,177	-	51,525
<b>Total, before expected credit losses</b>	<b>214,115</b>	<b>61,619</b>	<b>1,327</b>	<b>277,061</b>	<b>202,583</b>	<b>60,678</b>	<b>1,425</b>	<b>264,686</b>
<i>of which guaranteed</i>	<i>56.4%</i>	<i>92.1%</i>	<i>95.4%</i>	<i>62.2%</i>	<i>60.4%</i>	<i>85.4%</i>	<i>94.3%</i>	<i>64.1%</i>
<b>Loss allowance, loans</b>								
Loans in the form of interest-bearing securities	-14	-2	-	-16	-9	-3	-	-12
Loans to credit institutions	-1	0	-	-1	-1	-1	-	-2
Loans to the public	-36	-7	-64	-107	-24	-17	-82	-123
<b>Loss allowance, off balance <sup>1</sup></b>								
Guarantees	0	0	0	0	0	0	-2	-2
Committed undisbursed loans	-3	-1	-	-4	0	0	-	0
<b>Total, loss allowance</b>	<b>-54</b>	<b>-10</b>	<b>-64</b>	<b>-128</b>	<b>-34</b>	<b>-21</b>	<b>-84</b>	<b>-139</b>
Provision ratio	0.03%	0.02%	4.82%	0.05%	0.02%	0.03%	5.89%	0.05%

1 Recognized under provision in Consolidated Statement of Financial Position.

#### Loans and off balance, before Loss Allowance

Skr mn	December 31, 2019				December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	202,583	60,678	1,425	264,686	209,232	62,286	1,242	272,760 <sup>1</sup>
Increase due to origination and acquisition	73,812	5,633	113	79,558	37,594	768	3	38,365
Transfer to stage 1	13	-16	-	-3	2,490	-	-	2,490
Transfer to stage 2	-6,752	6,281	-	-471	-	5,431	-	5,431
Transfer to stage 3	-97	-199	286	-10	-	-	466	466
Decrease due to derecognition	-55,444	-10,758	-497	-66,699	-46,733	-7,807	-286	-54,826
<b>Closing balance</b>	<b>214,115</b>	<b>61,619</b>	<b>1,327</b>	<b>277,061</b>	<b>202,583</b>	<b>60,678</b>	<b>1,425</b>	<b>264,686</b>

1 Effect on opening balance after implementation of IFRS 9 Skr 18 million.



## Loss Allowance

Skr mn	December 31, 2019				December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Opening balance</b>	-34	-21	-84	-139	-38	-33	-66	-137 <sup>1</sup>
Increases due to origination and acquisition	-22	-1	0	-23	-12	-2	-1	-15
Net remeasurement of loss allowance	-4	7	7	10	12	9	-14	7
Transfer to stage 1	0	0	-	0	0	0	-	0
Transfer to stage 2	0	0	-	0	1	-1	-	0
Transfer to stage 3	0	2	-24	-22	0	-2	2	0
Decreases due to derecognition	6	4	-	10	5	10	0	15
Decrease in allowance account due to write-offs	-	-	40	40	-	-	-	-
Exchange-rate differences <sup>2</sup>	0	-1	-3	-4	-2	-2	-5	-9
<b>Closing balance</b>	<b>-54</b>	<b>-10</b>	<b>-64</b>	<b>-128</b>	<b>-34</b>	<b>-21</b>	<b>-84</b>	<b>-139</b>

1 Effect on opening balance after implementation of IFRS 9 Skr 18 million.

2 Recognized under Net results of financial transactions in the Statement of Comprehensive Income.

## Loan credit quality, before expected credit losses, allocated by stage

Skr mn	December 31, 2019				December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	546	-	-	546	1,204	-	-	1,204
AA+ to A-	31,421	-	-	31,421	25,635	51	-	25,686
BBB+ to BBB-	116,040	1,147	-	117,187	107,289	1,161	-	108,450
BB+ to BB-	23,378	20,381	-	43,759	28,055	18,972	28	47,055
B+ to B-	11,411	11,894	-	23,305	16,234	8,869	-	25,103
CCC to D	4	180	1,316	1,500	-	202	1,396	1,598
<b>Total, before expected credit losses</b>	<b>182,800</b>	<b>33,602</b>	<b>1,316</b>	<b>217,718</b>	<b>178,417</b>	<b>29,255</b>	<b>1,424</b>	<b>209,096</b>

More information regarding SEK's Credit Policy is found in note 26 Risk information and in the Risk and capital management section.



## Note 10. Taxes

Skr mn	Consolidated Group		Parent Company	
	2019	2018	2019	2018
<b>Income tax</b>				
Adjustment previous year	2	-1	2	-1
Current tax	-570	-448	-574	-530
Deferred tax	291	245	-	-
<b>Total income tax</b>	<b>-277</b>	<b>-204</b>	<b>-572</b>	<b>-531</b>
<b>Income tax related to other comprehensive income</b>				
Tax on items to be reclassified to profit or loss				
<i>Current tax</i>	2	6	2	6
<i>Deferred tax</i>	-	-	-	-
Tax on items not to be reclassified to profit or loss				
<i>Current tax</i>	-5	-82	-	-
<i>Deferred tax</i>	1	10	-	-
<b>Income tax related to other comprehensive income</b>	<b>-2</b>	<b>-66</b>	<b>2</b>	<b>6</b>
<b>Reconciliation of effective tax rate</b>				
The Swedish corporate tax rate, %	21.4	22.0	21.4	22.0
Profit before taxes	1,304	852	2,646	2,340
National tax based on profit before taxes	-279	-187	-566	-515
<b>Tax effects of:</b>				
Non-taxable income	9	0	9	0
Non-deductible expenses	-16	-14	-16	-14
Imputed interest on tax allocation reserve	-1	-2	-1	-2
Tax effect of dissolution of untaxed reserves due to changed tax rate	8	-	-	-
Other	2	-1	2	-
<b>Total tax</b>	<b>-277</b>	<b>-204</b>	<b>-572</b>	<b>-531</b>
Effective tax expense in %	21.2	24.0	21.7	22.7

### Deferred taxes

Skr mn	Consolidated Group	
	2019	2018
<b>Deferred tax assets concerning:</b>		
Temporary differences, related to pensions	16	15
Other temporary differences	-	-
<b>Total deferred tax assets</b>	<b>16</b>	<b>15</b>
<b>Deferred tax liabilities concerning:</b>		
Untaxed reserves	-	291
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>291</b>
<b>Net deferred tax liabilities (+) / tax assets (-)</b>	<b>-16</b>	<b>276</b>

No deductible loss carry forwards existed as of December 31, 2019, or December 31, 2018.

### Change in deferred taxes

Skr mn	Consolidated Group	
	2019	2018
Opening balance	276	531
Change through profit or loss	-291	-245
Change in other comprehensive income	-1	-10
<b>Total</b>	<b>-16</b>	<b>276</b>

No deferred taxes accounted for in the Parent Company as of December 31, 2019, or December 31, 2018.

In June 2018, the Swedish Parliament introduced, among other things, reduced corporate tax and general interest deduction restrictions. The new rules came into force on January 1, 2019. The corporate tax is reduced in two stages - first to 21.4% (from January 1, 2019) and later to 20.6% (from January 1, 2021). The change has not had any significant impact on SEK's deferred taxes.



## Untaxed reserves

Skr mn	Parent Company	
	Dec 31, 2019	Dec 31, 2018
<b>Tax allocation reserve:</b>		
Opening balance	1,321	2,444
Dissolution during the year	-1,321	-1,123
Allocation during the year	-	-
<b>Closing balance</b>	<b>-</b>	<b>1,321</b>
<i>of which:</i>		
2015 Tax allocation reserve	-	451
2016 Tax allocation reserve	-	520
2017 Tax allocation reserve	-	350

In the financial statements of the Consolidated Group, the untaxed reserves of the Group companies are allocated 78 percent to equity and 22 percent to deferred taxes included as deferred tax liabilities in the statement of financial position. Changes in the amounts reported as deferred taxes are included in taxes on net profit in the Statement of Comprehensive Income.

## Note 11. Loans and liquidity investments

Skr mn	Dec 31, 2019	Dec 31, 2018
<b>Loans:</b>		
Loans in the form of interest-bearing securities	43,627	36,781
Loans to credit institutions	27,010	27,725
Loans to the public	163,848	161,094
<b>Less:</b>		
Cash collateral under the security agreements for derivative contracts <sup>1</sup>	-16,891	-16,374
<b>Total loans</b>	<b>217,594</b>	<b>209,226</b>
<b>Liquidity investments:</b>		
Cash and cash equivalents	1,362	2,416
Cash collateral under the security agreements for derivative contracts <sup>1</sup>	-	-
Treasuries/government bonds	8,344	11,117
Other interest-bearing securities except loans	53,906	48,665
<b>Total liquidity investments</b>	<b>63,612</b>	<b>62,198</b>
<i>of which issued by public authorities</i>	<i>13,452</i>	<i>15,110</i>

<sup>1</sup> Since 2019, SEK has excluded cash collateral under the security agreements for derivative contracts from the definition of liquidity investments. Comparative figures have been adjusted.

## Difference between book value amount and amount contractually required to be paid at maturity for interest-bearing securities not carried at fair value

Skr mn	2019	2018
Sum of amounts exceeding nominal	350	143
Sum of amounts falling below nominal	-39	-39

## Volume Development, Lending

Skr mn	2019	2018	of which the CIRR-system	
			2019	2018
Offers of long-term loans accepted	74,515	57,015	15,500	4,916
Undisbursed loans at year-end	52,150	50,814	47,868	47,664
Loans outstanding at year-end	217,594 <sup>1</sup>	209,226 <sup>1</sup>	76,120	69,922

<sup>1</sup> Including concessionary loans in the amount of Skr 547 million (year-end 2018: Skr 663 million).

## Outstanding loans as per business area

Skr mn	December 31, 2019	December 31, 2018	of which the CIRR-system	
			December 31, 2019	December 31, 2018
Lending to Swedish exporters	96,429	89,759	-	-
Lending to exporters' customers	121,165	119,467	76,120	69,922
<b>Total lending</b>	<b>217,594<sup>1</sup></b>	<b>209,226<sup>1</sup></b>	<b>76,120</b>	<b>69,922</b>

<sup>1</sup> Including concessionary loans in the amount of Skr 547 million (year-end 2018: Skr 663 million).



## Note 12. Classification of financial assets and liabilities

### Financial assets by accounting category:

December 31, 2019				
	Financial assets at fair value through profit or loss		Amortized cost	Total
	Mandatorily	Derivatives used for hedge accounting		
Skr mn				
Cash and cash equivalents	-	-	1,362	1,362
Treasuries/government bonds	8,344	-	-	8,344
Other interest-bearing securities except loans	53,906	-	-	53,906
Loans in the form of interest-bearing securities	-	-	43,627	43,627
Loans to credit institutions	-	-	27,010	27,010
Loans to the public	-	-	163,848	163,848
Derivatives	4,380	2,588	-	6,968
<b>Total financial assets</b>	<b>66,630</b>	<b>2,588</b>	<b>235,847</b>	<b>305,065</b>

December 31, 2018				
	Financial assets at fair value through profit or loss		Amortized cost	Total
	Mandatorily	Derivatives used for hedge accounting		
Skr mn				
Cash and cash equivalents	-	-	2,416	2,416
Treasuries/government bonds	11,117	-	-	11,117
Other interest-bearing securities except loans	48,665	-	-	48,665
Loans in the form of interest-bearing securities	-	-	36,781	36,781
Loans to credit institutions	-	-	27,725	27,725
Loans to the public	-	-	161,094	161,094
Derivatives	4,565	1,964	-	6,529
<b>Total financial assets</b>	<b>64,347</b>	<b>1,964</b>	<b>228,016</b>	<b>294,327</b>

### Financial liabilities by accounting category:

December 31, 2019					
	Financial liabilities at fair value through profit or loss			Amortized cost	Total
	Mandatorily	Designated upon initial recognition (FVO)	Derivatives used for hedge accounting		
Skr mn					
Borrowing from credit institutions	-	-	-	3,678	3,678
Debt securities issued	-	56,705	-	212,634	269,339
Derivatives	16,954	-	3,102	-	20,056
<b>Total financial liabilities</b>	<b>16,954</b>	<b>56,705</b>	<b>3,102</b>	<b>216,312</b>	<b>293,073</b>

December 31, 2018					
	Financial liabilities at fair value through profit or loss			Amortized cost	Total
	Mandatorily	Designated upon initial recognition (FVO)	Derivatives used for hedge accounting		
Skr mn					
Borrowing from credit institutions	-	-	-	2,247	2,247
Debt securities issued	-	64,687	-	190,913	255,600
Derivatives	15,652	-	6,282	-	21,934
<b>Total financial liabilities</b>	<b>15,652</b>	<b>64,687</b>	<b>6,282</b>	<b>193,160</b>	<b>279,781</b>



## Note 13. Financial assets and liabilities at fair value

Skr mn	December 31, 2019		
	Book value	Fair value	Surplus value (+) / Deficit value (-)
Cash and cash equivalents	1,362	1,362	-
Treasuries/governments bonds	8,344	8,344	-
Other interest-bearing securities except loans	53,906	53,906	-
Loans in the form of interest-bearing securities	43,627	45,054	1,427
Loans to credit institutions	27,010	27,133	123
Loans to the public	163,848	169,612	5,764
Derivatives	6,968	6,968	-
<b>Total financial assets</b>	<b>305,065</b>	<b>312,379</b>	<b>7,314</b>
Borrowing from credit institutions	3,678	3,678	-
Debt securities issued	269,339	271,549	2,210
Derivatives	20,056	20,056	-
<b>Total financial liabilities</b>	<b>293,073</b>	<b>295,283</b>	<b>2,210</b>

Skr mn	December 31, 2018		
	Book value	Fair value	Surplus value (+) / Deficit value (-)
Cash and cash equivalents	2,416	2,416	-
Treasuries/governments bonds	11,117	11,117	-
Other interest-bearing securities except loans	48,665	48,665	-
Loans in the form of interest-bearing securities	36,781	37,666	885
Loans to credit institutions	27,725	27,709	-16
Loans to the public	161,094	164,734	3,640
Derivatives	6,529	6,529	-
<b>Total financial assets</b>	<b>294,327</b>	<b>298,836</b>	<b>4,509</b>
Borrowing from credit institutions	2,247	2,247	-
Debt securities issued	255,600	256,619	1,019
Derivatives	21,934	21,934	-
<b>Total financial liabilities</b>	<b>279,781</b>	<b>280,800</b>	<b>1,019</b>

The majority of financial liabilities and some of the financial assets in the Statement of Financial Position are accounted for at full fair value or at a value that represents fair value for the components hedged in a hedging relationship. Lending and borrowing not classified as hedge accounting or FVO are accounted for at amortized cost.

### Determining fair value of financial instruments

The best evidence of fair value is quoted prices in an active market. The majority of SEK's financial instruments are not publicly traded, and quoted market values are not readily available.

Fair value measurements are categorized using a fair value hierarchy. The financial instruments have been categorized under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorization of these instruments is based on the lowest level of input that is significant to the fair value measurement in its entirety.

SEK uses the following hierarchy for determining and disclosing the fair value of financial instruments based on valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For more information on determining the fair value of financial transactions, see note 1.

In the process of estimating or deriving fair values for items accounted for at amortized cost, certain assumptions have been made. In those cases where quoted market values for the relevant items are available, such market values have been used.

The tables below show the fair values of the items carried at amortized cost or fair value. They are distributed according to the fair value hierarchy.



**Financial assets reported at amortized cost in fair value hierarchy**

Loans and accounts receivable Skr mn	December 31, 2019				
	Fair value				Book value
	Level 1	Level 2	Level 3	Total	Total
Cash and cash equivalents	1,362	–	–	1,362	1,362
Loans in the form of interest-bearing securities	321	44,733	–	45,054	43,627
Loans to credit institutions	–	27,133	–	27,133	27,010
Loans to the public	–	169,584	–	169,584	163,848
<b>Total financial assets in fair value hierarchy</b>	<b>1,683</b>	<b>241,450</b>	<b>–</b>	<b>243,133</b>	<b>235,847</b>

Loans and accounts receivable Skr mn	December 31, 2018				
	Fair value				Book value
	Level 1	Level 2	Level 3	Total	Total
Cash and cash equivalents	2,416	–	–	2,416	2,416
Loans in the form of interest-bearing securities	287	37,379	–	37,666	36,781
Loans to credit institutions	–	27,709	–	27,709	27,725
Loans to the public	–	164,722	–	164,722	161,094
<b>Total financial assets in fair value hierarchy</b>	<b>2,703</b>	<b>229,810</b>	<b>–</b>	<b>232,513</b>	<b>228,016</b>

**Financial liabilities reported at amortized cost in fair value hierarchy**

Other financial liabilities Skr mn	December 31, 2019				
	Fair value				Book value
	Level 1	Level 2	Level 3	Total	Total
Borrowing from credit institutions	–	3,669	–	3,669	3,678
Debt securities issued	–	213,654	–	213,654	212,634
<b>Total financial liabilities in fair value hierarchy</b>	<b>–</b>	<b>217,323</b>	<b>–</b>	<b>217,323</b>	<b>216,312</b>

Other financial liabilities Skr mn	December 31, 2018				
	Fair value				Book value
	Level 1	Level 2	Level 3	Total	Total
Borrowing from credit institutions	–	2,247	–	2,247	2,247
Debt securities issued	–	191,932	–	191,932	190,913
<b>Total financial liabilities in fair value hierarchy</b>	<b>–</b>	<b>194,179</b>	<b>–</b>	<b>194,179</b>	<b>193,160</b>



**Financial assets reported at fair value in fair value hierarchy**

Skr mn	December 31, 2019			
	Financial assets at fair value through profit or loss			
	Level 1	Level 2	Level 3	Total
Treasuries/governments bonds	7,041	1,303	–	8,344
Other interest-bearing securities except loans	27,409	26,497	–	53,906
Derivatives	–	4,483	2,485	6,968
<b>Total financial assets in fair value hierarchy</b>	<b>34,450</b>	<b>32,283</b>	<b>2,485</b>	<b>69,218</b>

Skr mn	December 31, 2018			
	Financial assets at fair value through profit or loss			
	Level 1	Level 2	Level 3	Total
Treasuries/governments bonds	–	11,117	–	11,117
Other interest-bearing securities except loans	–	48,665	–	48,665
Derivatives	–	4,596	1,933	6,529
<b>Total financial assets in fair value hierarchy</b>	<b>–</b>	<b>64,378</b>	<b>1,933</b>	<b>66,311</b>

**Financial liabilities reported at fair value in fair value hierarchy**

Skr mn	December 31, 2019			
	Financial liabilities at fair value through profit or loss			
	Level 1	Level 2	Level 3	Total
Debt securities issued	–	12,953	43,752	56,705
Derivatives	–	17,593	2,463	20,056
<b>Total financial liabilities in fair value hierarchy</b>	<b>–</b>	<b>30,546</b>	<b>46,215</b>	<b>76,761</b>

Due to an enhancement of the classification method a transfer of Skr 21,461 million was made from level 2 to level 1 during the period January–December 2019. A transfer of Skr 1,040 million from level 3 to level 2 has been made for debt securities issued and a transfer of net Skr –30 million from level 3 to level 2 has been made for derivatives (year-end 2018: transfer between level 2 and level 3 of Skr –2,124 million was made).

Skr mn	December 31, 2018			
	Financial liabilities at fair value through profit or loss			
	Level 1	Level 2	Level 3	Total
Debt securities issued	–	16,789	47,898	64,687
Derivatives	–	15,414	6,520	21,934
<b>Total financial liabilities in fair value hierarchy</b>	<b>–</b>	<b>32,203</b>	<b>54,418</b>	<b>86,621</b>

**Financial assets and liabilities at fair value in Level 3**

Skr mn	December 31, 2019							
	Jan 1, 2019	Purchases	Settle-ments & sales	Transfers to Level 3	Transfers from Level 3	Gains (+) and losses (–) through profit or loss <sup>1</sup>	Gains (+) and losses (–) through other comprehensive income	Cur. exchange-rate effects
Debt securities issued	–47,898	–10,702	21,314	–	1,040	–3,408	–43	–4,055
Derivatives, net	–4,587	–5	–299	1	–31	3,181	–	1,762
<b>Net assets and liabilities</b>	<b>–52,485</b>	<b>–10,707</b>	<b>21,015</b>	<b>1</b>	<b>1,009</b>	<b>–227</b>	<b>–43</b>	<b>–2,293</b>
								<b>–43,730</b>



### Financial assets and liabilities at fair value in Level 3

December 31, 2018									
Skr mn	Jan 1, 2018	Purchases	Settle-ments & sales	Transfers to Level 3	Transfers from Level 3	Gains (+) and losses (-) through profit or loss <sup>1</sup>	Gains (+) and losses (-) through other com-prehensive income	Cur. exchange-rate effects	Dec 31, 2018
Debt securities issued	-42,995	-13,199	9,490	-2,486	425	4,091	250	-3,474	-47,898
Derivatives, net	-846	3	-43	-57	-6	-3,913	-	275	-4,587
<b>Net assets and liabilities</b>	<b>-43,841</b>	<b>-13,196</b>	<b>9,447</b>	<b>-2,543</b>	<b>419</b>	<b>178</b>	<b>250</b>	<b>-3,199</b>	<b>-52,485</b>

1 Gains and losses through profit or loss, including the impact of exchange-rates, are reported as net interest income and net results of financial transactions. The unrealized fair value changes for assets and liabilities, including the impact of exchange rates, held as of December 31, 2019, amounted to a Skr 69 million loss (year-end 2018: Skr 157 million gain) and are reported as net results of financial transaction.

### Uncertainty of valuation of Level 3-instruments

As the estimation of the parameters included in the models to calculate the market value of Level 3 instruments is associated with subjectivity and uncertainty, SEK has conducted an analysis of the difference in fair value of Level 3 instruments using other established parameter values. Option models and discounted cash flows are used to value the Level 3 instruments. For the Level 3 instruments that are significantly affected by different types of correlations, which are not based on observable market data, a revaluation has been made by shifting the correlations. The correlations have been adjusted by +/- 10 percentage points, which represents the range of correlations that SEK has determined market participants would use when pricing the instruments.

For Level 3 instruments that are significantly affected by nonobservable market data, such as SEK's own creditworthiness, a revaluation has been made by shifting the credit curve. The revaluation is made by shifting the credit spreads by +/- 10 basis points, which has been assessed as a reasonable change in SEK's credit spread. The analysis shows the impact of the nonobservable market data on the market value. In addition, the market value will be affected by observable market data.

The result of the analysis corresponds with SEK's business model where issued securities are linked with a matched hedging derivative. The underlying market data is used to evaluate the issued security as well as to evaluate the fair value in the derivative. This means that a change in fair value of the issued security, excluding SEK's own credit spread, is offset by an equally large change in fair value in the derivative.

### Sensitivity analysis – level 3

Assets and liabilities		December 31, 2019				
Skr mn	Fair Value	Unobservable input	Range of estimates for unobservable input <sup>1</sup>	Valuation method	Sensitivity Max	Sensitivity Min
Equity	-345	Correlation	0.73-0.02	Option Model	1	-1
Interest rate	1,249	Correlation	0.16-(0.08)	Option Model	-64	63
FX	-711	Correlation	0.80-0.10	Option Model	19	-16
Other	-171	Correlation	0.53-(0.03)	Option Model	0	0
<b>Sum derivatives, net</b>	<b>22</b>				<b>-44</b>	<b>46</b>
Equity	-524	Correlation	0.73-0.02	Option Model	-1	1
		Credit spreads	10BP - (10BP)	Discounted cash flow	14	-14
Interest rate	-43,083	Correlation	0.16-(0.08)	Option Model	65	-64
		Credit spreads	10BP - (10BP)	Discounted cash flow	70	-68
FX	-39	Correlation	0.80-0.10	Option Model	-20	17
		Credit spreads	10BP - (10BP)	Discounted cash flow	88	-87
Other	-106	Correlation	0.53-(0.03)	Option Model	0	0
		Credit spreads	10BP - (10BP)	Discounted cash flow	3	-3
<b>Sum debt securities issued</b>	<b>-43,752</b>				<b>219</b>	<b>-218</b>
<b>Total effect on total comprehensive income<sup>2</sup></b>					<b>175</b>	<b>-172</b>



## Sensitivity analysis – level 3

Assets and liabilities		December 31, 2018				
Skr mn	Fair Value	Unobservable input	Range of estimates for unobservable input <sup>1</sup>	Valuation method	Sensitivity Max	Sensitivity Min
Equity	-2,417	Correlation	0.70 - 0.07	Option Model	6	-6
Interest rate	972	Correlation	0.21 - (0.12)	Option Model	-95	90
FX	-2,971	Correlation	0.84 - (0.94)	Option Model	22	-19
Other	-171	Correlation	0.53 - (0.01)	Option Model	1	-1
<b>Sum derivatives, net</b>	<b>-4,587</b>				<b>-66</b>	<b>64</b>
Equity	-680	Correlation	0.70 - 0.07	Option Model	-7	6
		Credit spreads	10BP - (10BP)	Discounted cash flow	28	-28
Interest rate	-47,090	Correlation	0.21 - (0.12)	Option Model	97	-94
		Credit spreads	10BP - (10BP)	Discounted cash flow	116	-113
FX	-32	Correlation	0.84 - (0.94)	Option Model	-23	20
		Credit spreads	10BP - (10BP)	Discounted cash flow	95	-96
Other	-96	Correlation	0.53 - (0.01)	Option Model	-1	1
		Credit spreads	10BP - (10BP)	Discounted cash flow	3	-3
<b>Sum debt securities issued</b>	<b>-47,898</b>				<b>308</b>	<b>-307</b>
<b>Total effect on total comprehensive income<sup>2</sup></b>					<b>242</b>	<b>-243</b>

1 Represents the range of correlations that SEK has determined market participants would use when pricing the instruments. The structures are represented both in the security and the derivative hedging the bond. The sensitivity analysis is based on a shift in the interval for correlation between 0.1 and -0.1. The correlation is expressed as a value between 1 and -1, where 0 indicates no relationship, 1 indicates maximum positive relationship and -1 indicates maximum negative relationship. The maximum correlation in the range of unobservable inputs can thus be from 1 to -1. The table presents the scenario analysis of the effect on Level 3-instruments, with maximum positive and negative changes.

2 Of the total impact on total comprehensive income, the sensitivity effect of SEK's own credit spread was Skr 174 million (year-end 2018: Skr 242 million) under a maximum scenario and Skr -173 million (year-end 2018: Skr -240 million) under a minimum scenario.

## Fair value related to credit risk

Skr mn	Fair value originating from credit risk (- liabilities increase/ + liabilities decrease)		The period's change in fair value origination from credit risk (+ income/ - loss)	
	December 31, 2019	December 31, 2018	2019	2018
CVA/DVA, net <sup>1</sup>	-12	-29	17	-21
OCA <sup>2</sup>	-126	-150	24	374

1 Credit value adjustment (CVA) and Debt value adjustment (DVA) reflects how the counterparties' credit risk as well as SEK's own credit rating affects the fair value of derivatives.

2 Own credit adjustment (OCA) reflects how the changes in SEK's credit rating affects the fair value of financial liabilities measured at fair value through profit and loss.



## Note 14. Derivatives and hedge accounting

### Derivatives by categories

Skr mn	December 31, 2019			December 31, 2018		
	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
Interest rate-related contracts	3,998	12,367	304,242	3,842	10,207	280,808
Currency-related contracts	2,734	6,933	182,668	2,630	8,799	162,870
Equity-related contracts	236	584	16,387	57	2,755	16,014
Contracts related to commodities, credit risk, etc.	–	172	1,997	–	173	2,108
<b>Total derivatives</b>	<b>6,968</b>	<b>20,056</b>	<b>505,294</b>	<b>6,529</b>	<b>21,934</b>	<b>461,800</b>

of which derivatives used for economic hedges, accounted for as held-for-trading under IFRS 9 Skr mn	December 31, 2019			December 31, 2018		
	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
Interest rate-related contracts	2,568	11,455	140,829	2,767	7,479	129,470
Currency-related contracts	1,544	4,708	153,707	1,728	5,177	132,610
Equity-related contracts	236	584	16,387	57	2,755	16,014
Contracts related to commodities, credit risk, etc.	0	172	1,997	–	173	2,108
<b>Total derivatives</b>	<b>4,348</b>	<b>16,919</b>	<b>312,920</b>	<b>4,552</b>	<b>15,584</b>	<b>280,202</b>

of which derivatives in fair-value hedges Skr mn	December 31, 2019			December 31, 2018		
	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
Interest rate-related contracts	1,430	912	163,413	1,075	2,728	151,338
Currency-related contracts	1,190	2,225	28,961	902	3,622	30,260
<b>Total derivatives</b>	<b>2,620</b>	<b>3,137</b>	<b>192,374</b>	<b>1,977</b>	<b>6,350</b>	<b>181,598</b>

1 The nominal amount of the instruments directly affected by the IBOR reform amounts to Skr 87,915 million.

### Maturity analysis of the nominal amounts<sup>1</sup> of hedging instruments

Skr mn	December 31, 2019				
	< 1 month	1 month < 3 months	3 months < 1 year	1 year < 5 years	> 5 years
<b>Interest rate-related contracts</b>					
Hedge of fixed rate assets	116	225	2,254	4,960	9,296
Hedge of fixed rate liabilities	–	–	38,724	103,823	3,776
<b>Currency-related contracts</b>					
Hedge of fixed rate assets	6	26	644	2,030	430
Hedge of fixed rate liabilities	–	421	7,920	12,876	4,882

1 Nominal amounts before off-set.

Skr mn	December 31, 2018				
	< 1 month	1 month < 3 months	3 months < 1 year	1 year < 5 years	> 5 years
<b>Interest rate-related contracts</b>					
Hedge of fixed rate assets	40	40	220	6,769	6,234
Hedge of fixed rate liabilities	10	8,967	34,248	100,167	3,798
<b>Currency-related contracts</b>					
Hedge of fixed rate assets	3	12	545	2,195	191
Hedge of fixed rate liabilities	–	3,317	3,672	13,936	5,990

1 Nominal amounts before off-set.



## Derivatives used as fair value hedge

Skr mn	December 31, 2019				
	< 1 month	1 month < 3 months	3 months < 1 year	1 year < 5 years	> 5 years
Cash inflows (assets)	109	567	1,214	2,344	2,122
Cash outflows (liabilities)	-978	-1,517	-1,492	-3,106	40
<b>Net cash inflow<sup>1</sup></b>	<b>-869</b>	<b>-950</b>	<b>-278</b>	<b>-762</b>	<b>2,162</b>

1 For derivatives used as hedging instruments, see contractual flows in note 26.

Skr mn	December 31, 2018				
	< 1 month	1 month < 3 months	3 months < 1 year	1 year < 5 years	> 5 years
Cash inflows (assets)	261	518	1,138	2,311	1,858
Cash outflows (liabilities)	-99	-1,064	-1,095	-4,721	-343
<b>Net cash inflow</b>	<b>162</b>	<b>-546</b>	<b>43</b>	<b>-2,410</b>	<b>1,515</b>

## The carrying amount of hedged items in fair value hedge relationships, and the accumulated amount of fair value hedge adjustments included in these carrying amounts.

Assets Skr mn	December 31, 2019		December 31, 2018	
	Book value	Fair value hedge adjustments	Book value	Fair value hedge adjustments
Loans in the form of interest-bearing securities	6,716	547	4,244	499
Loans to credit institutions	332	5	206	3
Loans to the public	14,353	930	12,904	648
<b>Total</b>	<b>21,401</b>	<b>1,482</b>	<b>17,354</b>	<b>1,150</b>

Liabilities Skr mn	December 31, 2019		December 31, 2018	
	Book value	Fair value hedge adjustments	Book value	Fair value hedge adjustments
Debt securities issued	174,477	4,102	163,172	1,000
<b>Total</b>	<b>174,477</b>	<b>4,102</b>	<b>163,172</b>	<b>1,000</b>

## Cash flow hedges reclassified to profit or loss during the year

Skr mn	2019	2018
Interest income	8	25
Interest expense	-	-
<b>Total<sup>1</sup></b>	<b>8</b>	<b>25</b>

1 Relates to previously terminated cash flow hedges where comprehensive income is allocated over the previously hedged item's remaining maturity.

It is SEK's risk management strategy and objective to identify its material foreign currency and interest rate exposures and to manage those exposures with appropriate derivative instruments or non-derivative alternatives. SEK has the intention to, as much as possible, achieve fair value hedge accounting for transactions entered into for economic hedging purposes.

SEK primarily sets interest rate terms based on the various needs and preferences of customers and counterparties. Consequently, assets and liabilities can to some extent have different fixed interest periods, which leads to interest rate risk. Using different derivatives, the original interest rate risk in assets and liabilities are normally transformed from fixed to floating interest terms in currencies with well-functioning markets. EUR, USD and Skr are preferably used. It is SEK's objective to mitigate the risk of changes in fair value of the underlying hedged item due to changes in benchmark interest rates, i.e., to convert a fixed interest

rate in a financial asset or liability into a floating rate. For that SEK uses interest rate swaps, or a proportion of interest rate swaps, swapping fixed to floating interest rates.

SEK's granting of credits and a large portion of its borrowing can take place in the currency of the borrower's and investor's choice. It is therefore seldom that borrowing and lending are made in the same currency and therefore directly balance each other. Differences in exposures to individual currencies that exist between different transactions are fully matched with the aid of various derivatives, primarily currency swaps. It is SEK's objective to mitigate the risk of changes in fair value due to changes in FX- and interest rates. For example, converting a fixed interest rate in a financial asset or liability into a variable rate financial asset or liability denominated in SEK's functional currency Skr. For that, SEK uses cross currency interest rate swap or a proportion of these swaps, swapping fixed to floating interest rates in Skr.

Since the 2010s, there is an ongoing reform to replace or amend benchmark interest rates such as LIBOR and other interbank offered rates ("IBOR"). There is still some uncertainty around the timing and precise nature of these changes although great progress has been made during the last year. SEK's exposure that is directly affected by the interest rate benchmark reform is mainly its lending contracts with floating interest rates, its lending and borrowing contracts with fixed interest rates that are hedged to floating interest rates as well as currency swaps to floating interest rates. The main floating interest rate exposures relate to USD LIBOR, STIBOR and EURIBOR. The UK Financial Conduct Authority ('FCA') has communicated that LIBOR will no longer be guaranteed after the end of 2021. For EURIBOR and STIBOR, there has been



no such end date communicated. The general perception is that these two benchmark interest rates will continue to exist in the years to come. SEK currently has contracts referencing USD LIBOR, EURIBOR and STIBOR which extend beyond 2021. Since 2018, SEK has been preparing the company for the benchmark interest rate reform. To increase focus further SEK has established a transition project which manages changes to systems, processes, contracts, pricing and risk models as well as risk mitigation. SEK continues to monitor the work of relevant associations and working groups as well as of new market conventions to ensure an orderly transition to risk-free rates. In applying the amendments to IFRS 9, SEK has assumed that no fallback clauses will be triggered by the interest rate benchmark reform.

For more disclosures regarding SEK's hedge accounting, see the section Risk and Capital Management, Consolidated Statement of Changes in Equity, note 1 Significant accounting policies, and note 4 Net results of financial transactions.

In accordance with SEK's policies with regard to counterparty, interest rate, currency exchange-rate, and other exposures, SEK uses, and is a party to, different kinds of derivative instruments, mostly various interest rate-related and currency exchange-rate-related contracts. These contracts are carried at fair value in the statements of financial position on a contract-by-contract basis.

SEK uses derivatives to hedge risk exposure inherent in financial assets and liabilities. Derivatives are measured at fair value by using market quoted rates where available. If market quotes are not available, valuation models are used. SEK uses models to adjust the net exposure fair value for changes in counter-parties' credit quality. The models used include both directly observable and non-observable market parameters.

The majority of SEK's derivative contracts are what are known as OTC (over the counter) derivatives, i.e., derivative contracts that are not transacted on an exchange. SEK's derivative transactions that are not transacted on an exchange are entered into under ISDA Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs and all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions. SEK endeavors to only enter into derivatives transactions with counterparties in jurisdictions where such netting is enforceable when such events occur.

The above ISDA arrangements do not meet the criteria for offsetting in the Statement of Financial Position. This is because such agreements create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of SEK or the counterparties. In addition, SEK and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The ISDA Master Netting Agreements are complemented by supplementary agreements providing for the collateralization of counterparty exposure. SEK receives and accepts collateral in the form of cash. Such collateral is subject to the standard industry terms of an ISDA Credit Support Annex (CSA).

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that cover similar financial instruments. SEK only enters into derivative transactions that are subject to enforceable master netting agreements or similar agreements. Derivative assets and derivative liabilities in relation to central clearing counterparties are offset in the Statement of Financial Position.

#### Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

Skr mn	Dec 31, 2019 Derivatives	Dec 31, 2018 Derivatives
Gross amounts of recognized financial assets	7,948	7,200
Amounts offset in the Statement of Financial Position	-980	-671
<b>Net amounts of financial assets presented in the Statement of Financial Position</b>	<b>6,968</b>	<b>6,529</b>
Amounts subject to an enforceable master netting arrangement or similar agreement not offset in the Statement of Financial Position related to:		
Financial instruments	-3,799	-4,324
Cash collateral received	-2,352	-1,805
<b>Net amount</b>	<b>817</b>	<b>400</b>

#### Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

Skr mn	Dec 31, 2019 Derivatives	Dec 31, 2018 Derivatives
Gross amounts of recognized financial liabilities	21,036	22,648
Amounts offset in the Statement of Financial Position	-980	-714
<b>Net amounts of financial liabilities presented in the Statement of Financial Position</b>	<b>20,056</b>	<b>21,934</b>
Amounts subject to an enforceable master netting arrangement or similar agreement not offset in the Statement of Financial Position related to:		
Financial instruments	-3,799	-4,324
Cash collateral paid	-15,871	-15,537
<b>Net amount</b>	<b>386</b>	<b>2,073</b>



## Note 15. Shares

Venantius AB, domiciled in Stockholm, Sweden and wholly owned by AB Svensk Exportkredit, was wound down in April 2018. The wind down resulted in a loss amounting to Skr 2 million.

Since March 2018 SEKETT AB is a wholly owned, non-active, subsidiary to AB Svensk Exportkredit with a share capital of Skr 50 thousand.

Shares in subsidiaries	December 31, 2019		December 31, 2018	
	Book value	Number of shares	Book value	Number of shares
Skr mn				
SEKETT AB (reg. no 559132-9668)	0	50	0	50

## Note 16. Other assets

Skr mn	Dec 31, 2019	Dec 31, 2018
Claim against the State for CIRR loans and concessionary loans	9,124	3,915
Cash receivables, funding operations	181	960
Other	29	105
<b>Total</b>	<b>9,334</b>	<b>4,980</b>

## Note 17. Prepaid expenses and accrued revenues

Skr mn	Dec 31, 2019	Dec 31, 2018
Interest income accrued	2,747	2,643
Prepaid expenses and other accrued revenues	0	14
<b>Total</b>	<b>2,747</b>	<b>2,657</b>

## Note 18. Debt

Skr mn	December 31, 2019		
	Total debt excluding debt securities issued	Total debt securities issued	Total
Exchange-rate related contracts	-	28,215	28,215
Interest rate related contracts	3,678	240,389	244,067
Equity related contracts	-	629	629
Contracts related to raw materials, credit risk etc	-	106	106
<b>Total debt outstanding</b>	<b>3,678</b>	<b>269,339</b>	<b>273,017</b>
<i>of which denominated in:</i>			
Skr	2,737		
USD	186,021		
JPY	32,509		
EUR	19,813		
Other currencies	31,937		
	<b>273,017</b>		

Skr mn	December 31, 2018		
	Total debt excluding debt securities issued	Total debt securities issued	Total
Exchange-rate related contracts	-	2,097	2,097
Interest rate related contracts	2,247	252,624	254,871
Equity related contracts	-	783	783
Contracts related to raw materials, credit risk etc	-	96	96
<b>Total debt outstanding</b>	<b>2,247</b>	<b>255,600</b>	<b>257,847</b>
<i>of which denominated in:</i>			
Skr	2,098		
USD	166,827		
JPY	34,929		
EUR	21,188		
Other currencies	32,805		
	<b>257,847</b>		



**SEK has the following major Borrowing programs in place:**

Skr mn	Value outstanding <sup>1</sup>	
	December 31, 2019	December 31, 2018
<b>Medium-term note program:</b>		
Unlimited Euro Medium-Term Note Programme	96,930	99,710
Unlimited SEC-registered U.S. Medium-Term Note Programme	151,750	143,109
Unlimited Swedish Medium-Term Note Programme	424	261
Unlimited MTN/STN AUD Debt Issuance Programme	4,598	3,875
<b>Commercial paper program:</b>		
USD 3,000,000,000 U.S. Commercial Paper Programme	10,644	4,723
USD 4,000,000,000 Euro-Commercial Paper Programme	-	1,961

1 Amortized cost excluding fair value adjustments.

**Liabilities in financing activities**

Skr mn	December 31, 2018	Cash Flow	Non-cash items			December 31, 2019
			Exchange-rate difference	Unrealized changes in fair value	Accrued interest	
Senior debt	257,847	-4,420	10,580	9,010	-	273,017
Lease liability	95 <sup>1</sup>	-39	-	-12 <sup>2</sup>	-	44
Derivatives - net	15,405	4,049	-2,629	-3,737	-	13,088
<b>Total liabilities in financing activities</b>	<b>273,347</b>	<b>-410</b>	<b>7,951</b>	<b>5,261</b>	<b>-</b>	<b>286,149</b>

1 Refers to the opening balance of the lease liability, see note 1.

2 Refers to a changed estimate of the lease liability, see note 8.

Skr mn	December 31, 2017	Cash flow	Non-cash items			December 31, 2018
			Exchange-rate difference	Unrealized changes in fair value	Accrued interest	
Senior debt	224,833	25,102	15,997	-8,085	-	257,847
Subordinated debt	2,040	-2,322	220	62	-	-
Derivatives - net	8,677	1,830	-3,173	8,071	-	15,405
<b>Total liabilities in financing activities</b>	<b>235,550</b>	<b>24,610</b>	<b>13,044</b>	<b>48</b>	<b>-</b>	<b>273,252</b>

**Note 19. Other liabilities**

Skr mn	Dec 31, 2019	Dec 31, 2018
Cash payables, debt purchases	2,011	682
Other	455	387
<b>Total</b>	<b>2,466</b>	<b>1,069</b>

**Note 20. Accrued expenses and prepaid revenues**

Skr mn	Dec 31, 2019	Dec 31, 2018
Interest expenses accrued	2,541	2,542
Other accrued expenses and prepaid revenues	41	41
<b>Total</b>	<b>2,582</b>	<b>2,583</b>



## Note 21. Provisions

Skr mn	Consolidated Group		Parent Company	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
Pension liabilities <sup>1</sup>	83	80	10	10
Long term employee benefit	6	3	6	3
Off balance, expected credit losses <sup>2</sup>	4	2	4	2
<b>Total</b>	<b>93</b>	<b>85</b>	<b>20</b>	<b>15</b>

1 See note 5.

2 Provisions for expected credit losses are on the off-balance-sheet, in accordance with IFRS 9. See note 9.

## Note 22. Equity

Skr mn	Consolidated Group		Parent Company	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Share capital	3,990	3,990	3,990	3,990
Legal reserve	-	-	198	198
Fund for internally developed software	-	-	47	22
<b>Reserves/Fair value reserve</b>				
Hedge reserve	-	6	-	6
Own credit risk	-98	-117	-	-
Defined benefit plans	-45	-42	-	-
Retained earnings	15,235	14,402	14,903	13,048
<b>Total equity</b>	<b>19,082</b>	<b>18,239</b>	<b>19,138</b>	<b>17,264</b>

The total number of shares is 3,990,000 with a quota value of Skr 1,000.

The hedge reserve comprises the cumulative effective portion of hedging derivatives in connection with cash-flow hedges and is reported in other comprehensive income. The hedge reserve is reported net after tax.

Own credit risk consists of gains and losses that arise from changes in SEK's own credit risk on liabilities designated at fair value. These are recognized in Other comprehensive income under the reserve for own credit risk and are not reclassified to profit or loss in the financial state-

ments of the Group. In the financial statement for the Parent Company, these gains and losses continue to be recognized under Net results of financial transactions.

Fund for internally developed software represents expenses that are directly attributable to large investments in the development of IT systems.

The entire equity is attributable to the shareholder of the Parent Company.

Skr mn	Consolidated Group		Parent Company	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Restricted equity	4,235	5,240	4,235	4,210
Unrestricted equity	14,847	12,999	14,903	13,054
<b>Total equity</b>	<b>19,082</b>	<b>18,239</b>	<b>19,138</b>	<b>17,264</b>

The Legal reserve reported in the Parent Company represents previous demands for statutory provision to non-distributable capital. The requirement was abolished January 1, 2006, and prior provisions remain.

For information on the objectives, policies and processes for managing capital, see the Report of the directors and the section on Risk and Capital Management.



### Proposal for the distribution of profits

The results of the Consolidated Group's and the Parent Company's operations during the year and its financial position at December 31, 2019, can be seen in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows for the Consolidated Group as well as the income statement, balance sheet and statement of cash flows for the Parent Company and related notes. The Board has decided to propose to the Annual General Meeting the payment of a dividend of Skr 308 million (2018: Skr 194 million), in accordance with the company's dividend policy. The following proposal regarding distribution of profits relates to the Parent Company.

At the disposal of the Annual General Meeting	14,903
The Board of Directors proposes that the Annual General Meeting dispose of these funds as follows:	
- dividend to the shareholder of Skr 77.23 per share, amounting to	308
- remaining disposable funds to be carried forward	14,595

### Note 23. Pledged assets and contingent liabilities

Skr mn	Dec 31, 2019	Dec 31, 2018
<b>Collateral provided</b>		
Cash collateral under the security agreements for derivative contracts	16,891	16,374
<b>Contingent liabilities</b>		
Guarantee commitments	4,393	4,032
<b>Commitments</b>		
Committed undisbursed loans	52,150	50,814
Binding offers	2,800	744

### Note 24. CIRR-system

Pursuant to the Company's assignment as stated in its owner instruction issued by the Swedish government, SEK administers credit granting in the Swedish system for officially supported export credits (CIRR-system). SEK receives compensation from the Swedish government in the form of an administrative fee, which is calculated based on the principal amount outstanding.

All assets and liabilities related to the CIRR-system are included in the Consolidated Statement of Financial Position and in the Parent Company's balance sheet since SEK bears the credit risk for the lending and acts as the counterparty for lending and borrowing. Unrealized revaluation effects on derivatives related to the CIRR-system are recognized on a net basis under note 16 Other Assets in the item Claim against the State for CIRR-loans and concessionary loans.

SEK has determined that the CIRR-system should be considered an assignment whereby SEK acts as an agent on behalf of the Swedish government, rather than being the principal in individual transactions. Accordingly, interest income, interest expense and other costs pertaining to CIRR-system assets and liabilities are not recognized in SEK's Statement of Comprehensive Income.

The administrative compensation received by SEK from the Swedish government is recognized as part of interest income in SEK's Statement of Comprehensive Income since the commission received in compensation is equivalent to interest. Any income for SEK that arises from its credit arranger role is recognized in SEK's Statement of Comprehensive Income under net interest income. Refer also to note 1 (f).

The administrative fee paid by the state to SEK as compensation is recognized in the CIRR-system as administrative compensation to SEK. Arrangement fees to SEK are recognized together with other arrangement fees such as interest expenses. Refer to the following tables.

In addition to the CIRR-system, SEK administers the Swedish government's previous concessionary credit program according to the same principles as the CIRR-system. No new lending is being offered under the concessionary credit program. As of December 31, 2019, loans outstanding amounted to Skr 547 million (year-end 2018: Skr 663 million) and the government noted a negative result of Skr -36 million (2018: Skr -42 million). Administrative compensation to SEK amounted to Skr -2 million (2018: Skr -2 million).

### Statement of comprehensive income for the CIRR-system

Skr mn	2019	2018
Interest income	2,074	1,624
Interest expenses	-1,912	-1,480
<b>Net interest income</b>	<b>162</b>	<b>144</b>
Interest compensation	1	20
Foreign exchange effects	5	9
<b>Profit before compensation to SEK</b>	<b>168</b>	<b>173</b>
Administrative remuneration to SEK	-192	-155
<b>Operating profit CIRR-system</b>	<b>-24</b>	<b>18</b>
Reimbursement to (-) / from (+) the State	24	-18

### Statement of financial position for the CIRR-system (included in SEK's Statement of Financial Position)

Skr mn	Dec 31, 2019	Dec 31, 2018
Cash and cash equivalents	0	-
Loans	76,120	69,922
Derivatives	26	502
Other assets	9,307	4,090
Prepaid expenses and accrued revenues	569	561
<b>Total assets</b>	<b>86,022</b>	<b>75,075</b>
Liabilities	76,257	70,144
Derivatives	9,117	4,408
Accrued expenses and prepaid revenues	648	523
<b>Total liabilities and equity</b>	<b>86,022</b>	<b>75,075</b>
<b>Commitments</b>		
Committed undisbursed loans	47,868	47,664
Binding offers	37	616



## Note 25. Capital adequacy

### Capital Adequacy Analysis

	December 31, 2019	December 31, 2018
Capital ratios	percent <sup>1</sup>	percent <sup>1</sup>
Common Equity Tier 1 capital ratio	20.6	20.1
Tier 1 capital ratio	20.6	20.1
Total capital ratio	20.6	20.1

1 Capital ratios excl. of buffer requirements are the quotients of the relevant capital measure and the total risk exposure amount. See tables Own funds - adjusting items and Minimum capital requirements exclusive of buffer.

	December 31, 2019	December 31, 2018
Buffers requirement	Skr mn percent <sup>1</sup>	Skr mn percent <sup>1</sup>
<b>Institution specific Common Equity Tier 1 capital requirement incl. of buffers</b>	<b>7,890 8.9</b>	<b>7,380 8.5</b>
of which minimum Common Equity Tier 1 requirements <sup>2</sup>	3,990 4.5	3,917 4.5
of which Capital conservation buffer	2,216 2.5	2,176 2.5
of which Countercyclical buffer	1,684 1.9	1,287 1.5
of which Systemic risk buffer	- -	- -
<b>Common Equity Tier 1 capital available as a buffer<sup>3</sup></b>	<b>11,171 12.6</b>	<b>10,534 12.1</b>

1 Expressed as a percentage of total risk exposure amount.

2 The minimum requirements according to CRR (Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012) have fully come into force in Sweden without regard to the transitional period. The minimum requirements are 4.5 percent, 6.0 percent and 8.0 percent related to Common Equity Tier 1 capital, Tier 1 capital and total Own Funds respectively.

3 Common Equity Tier 1 capital ratio as reported less the minimum requirement of 4.5 percent and less 3.5 percent, consisting of Common Equity Tier 1 capital used to meet the Tier 1 and Tier 2 requirements, since SEK do not have any Additional Tier 1 or Tier 2 capital.

	December 31, 2019	December 31, 2018
Total capital requirement including buffers	Skr mn percent <sup>1</sup>	Skr mn percent <sup>1</sup>
Total CRR capital requirement <sup>2</sup>	10,993 12.4	10,427 12.0
Total FSA capital requirement (calculated as of September 30, 2019) <sup>3</sup>	15,606 16.4	14,464 16.6

1 Expressed as a percentage of total risk exposure amount.

2 The requirement includes the minimum requirement of 8 percent, the capital conservation buffer and the countercyclical buffer. Expressed as a percentage of total risk exposure amount.

3 The requirement includes the minimum requirement of 8 percent, the capital conservation buffer and the countercyclical buffer and an additional capital requirement according to the Swedish FSA. See the additional capital requirement in the table below. Current figures calculated with one quarter lag. Comparison figures based on year-end figures.

	Capital situation per December 31, 2019, calculation based on reported values as of September 30, 2019	December 31, 2018
Additional Capital requirement according to Swedish FSA	Skr mn percent <sup>1</sup>	Skr mn percent <sup>1</sup>
Credit-related concentration risk	2,089 2.2	2,089 2.4
Interest rate risk in the banking book	844 0.9	844 1.0
Pension risk	11 0.0	11 0.0
Other Pillar 2 capital requirements	936 1.0	936 1.1
Capital planning buffer	- -	157 0.2
<b>Total Additional Capital requirement according to Swedish FSA</b>	<b>3,880 4.1</b>	<b>4,037 4.7</b>

1 Expressed as a percentage of total risk exposure amount.



## Own funds — adjusting items

Skr mn	Parent Company	
	December 31, 2019	December 31, 2018
Share capital <sup>1</sup>	3,990	3,990
Retained earnings	12,829	11,239
Accumulated other comprehensive income and other reserves <sup>2</sup>	245	1,256
Independently reviewed profit net of any foreseeable charge or dividend	1,766	1,615
<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>18,830</b>	<b>18,100</b>
Additional value adjustments due to prudent valuation	-445	-496
Intangible assets	-56	-43
Fair-value reserves related to gains or losses on cash-flow hedges	-	-6
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	93	112
Negative amounts resulting from the calculation of expected loss amounts	-115	-136
<b>Total regulatory adjustments to Common Equity Tier 1 capital</b>	<b>-523</b>	<b>-569</b>
<b>Total Common Equity Tier 1 capital</b>	<b>18,307</b>	<b>17,531</b>
Additional Tier 1 capital	-	-
<b>Total Tier 1 capital</b>	<b>18,307</b>	<b>17,531</b>
Tier 2-eligible subordinated debt	-	-
Credit risk adjustments <sup>3</sup>	-	-
<b>Total Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Total Own funds</b>	<b>18,307</b>	<b>17,531</b>

1 For a detailed description of the instruments constituting share capital, see note 22.

2 The equity-portions of untaxed reserves is included in the line "Accumulated other comprehensive income and other reserves".

3 The expected loss amount calculated under the IRB approach is a gross deduction from own funds. The gross deduction is decreased by impairment related to exposures for which expected loss is calculated. Excess amounts of such impairment will increase own funds. This increase is limited to 0.6 percent of SEK's risk exposure amount under the IRB approach related to exposures to central governments, corporates and financial institutions. As of December 31, 2019, the limitation rule had no effect (year end 2018: no effect).

## Minimum capital requirements exclusive of buffers

Skr mn	Parent Company					
	December 31, 2019			December 31, 2018		
	EAD <sup>1</sup>	Risk exposure amount	Min. capital requirement	EAD <sup>1</sup>	Risk exposure amount	Min. capital requirement
<b>Credit risk, standardized approach</b>						
Corporates <sup>2</sup>	2,367	2,367	189	1,701	1,701	136
<b>Total credit risk, standardized approach</b>	<b>2,367</b>	<b>2,367</b>	<b>189</b>	<b>1,701</b>	<b>1,701</b>	<b>136</b>
<b>Credit risk, IRB approach</b>						
Central governments	172,148	8,816	705	171,572	9,905	792
Financial institutions <sup>3</sup>	45,437	10,802	864	33,953	9,880	790
Corporates <sup>4</sup>	110,592	60,068	4,806	113,987	59,486	4,760
Non-credit-obligation assets <sup>5</sup>	152	152	12	90	90	7
<b>Total credit risk IRB approach</b>	<b>328,329</b>	<b>79,838</b>	<b>6,387</b>	<b>319,602</b>	<b>79,361</b>	<b>6,349</b>
Credit valuation adjustment risk	n.a.	2,534	203	n.a.	2,037	163
Foreign exchange risk	n.a.	695	56	n.a.	879	70
Commodity risk	n.a.	9	1	n.a.	10	1
Operational risk	n.a.	3,214	257	n.a.	3,066	245
<b>Total</b>	<b>330,696</b>	<b>88,657</b>	<b>7,093</b>	<b>321,303</b>	<b>87,054</b>	<b>6,964</b>

1 Exposure at default (EAD) shows the size of the outstanding exposure at default.

2 For the small and medium-sized enterprises category, with an annual turnover not exceeding EUR 50 million, the standardized method for calculating the capital requirement is applied from Q1 2019.

3 Of which counterparty risk in derivative contracts: EAD Skr 5,613 million (year-end 2018: Skr 4,525 million), Risk exposure amount of Skr 1,980 million (year-end 2018: Skr 1,668 million) and Capital requirement of Skr 158 million (year-end 2018: Skr 133 million)

4 Of which related to Specialized lending: EAD Skr 3,646 million (year-end 2018: Skr 3,400 million), Risk exposure amount of Skr 2,352 million (year-end 2018: Skr 2,157 million) and Capital requirement of Skr 188 million (year-end 2018: Skr 173 million).

5 As of January 1, 2019, SEK applies the new accounting standard IFRS 16 Leases, which means that leasing contracts are reported as an asset with rights-of-use. At the beginning of 2019, IFRS 16 resulted in increased assets of Skr 94 million.



### Credit risk by PD grade

The tables illustrate the exposure at default (EAD), the portion of the exposure that will be lost in the event of a default (LGD) and the probability of default or cancellation of payments by a counterparty (PD) for the exposure classes where PD is estimated internally. Average PD is calculated without consideration of PD floors. Average PD and LGD are weighted by EAD, the average risk weight is the quotient of risk exposure amount and EAD.

Skr mn	December 31, 2019					December 31, 2018				
	AAA to	A+	BBB+	BB+ to	CCC to D	AAA to	A+	BBB+	BB+ to	CCC to D
	AA-	to A-	to BBB-	B-		AA-	to A-	to BBB-	B-	
	0.003%-	0.02-	0.12-	0.54-	27.27-	0.003%-	0.02-	0.12-	0.54-	27.27-
	0.01%	0.07%	0.32%	6.80%	100%	0.01%	0.07%	0.32%	6.80%	100%
<b>Central governments</b>										
EAD	166,286	5,862	-	-	-	163,603	7,064	-	906	-
Average PD in %	0.004	0.05	-	-	-	0.004	0.04	-	1.5	-
Average LGD in %	45.0	45.0	-	-	-	45.0	45.0	-	45.0	-
Average risk weight in %	4.6	19.8	-	-	-	4.6	18.8	-	112.1	-

Skr mn	December 31, 2019					December 31, 2018				
	AAA to	A+	BBB+	BB+ to	CCC to D	AAA to	A+	BBB+	BB+ to	CCC to D
	AA-	to A-	to BBB-	B-		AA-	to A-	to BBB-	B-	
	0.01%-	0.06-	0.17-	0.54-	28.60-	0.01%-	0.06-	0.17-	0.54-	28.60-
	0.04%	0.12%	0.34%	8.40%	100%	0.04%	0.12%	0.34%	8.40%	100%
<b>Financial institutions</b>										
EAD	16,403	27,651	1,382	1	-	10,323	21,926	1,345	359	-
Average PD in %	0.04	0.08	0.22	0.54	-	0.04	0.08	0.23	1.31	-
Average LGD in %	35.3	37.1	45.0	45.0	-	43.8	44.2	45.0	45.0	-
Average risk weight in %	17.1	25.7	64.6	99.9	-	20.1	29.3	66.0	135.5	-
<b>Corporates</b>										
EAD	5,995	19,438	58,945	22,548	20	7,154	22,379	60,943	20,072	39
Average PD in %	0.04	0.10	0.25	0.83	28.6	0.03	0.10	0.25	0.79	63.11
Average LGD in %	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0
Average risk weight in %	19.7	33.1	51.7	86.8	263.7	18.6	33.0	51.5	85.5	136.2

### Credit risks

For risk classification and quantification of credit risk, SEK uses an internal ratings-based (IRB) approach. The Swedish FSA has approved SEK's IRB approach. Specifically, SEK applies the foundation IRB approach. Under the foundation IRB approach, the company determines the PD within one year for each of its counterparties, while the remaining parameters are established in accordance with the CRR. Certain exposures are, by permission from the Swedish FSA, exempted from application of the IRB approach and, instead, the standardized approach is applied for calculating the capital requirement. For further information regarding these exposures see the Risk measurement section in note 26. Counterparty risk exposure amounts in derivative contracts are calculated in accordance with the mark-to-market approach.

### Credit valuation adjustment risk

A capital requirement for credit valuation adjustment risk is calculated for all OTC derivatives, except for credit derivatives used as credit-risk hedges and transactions with a qualifying central counterparty. SEK calculates this capital requirement using the standardized approach.

### Foreign exchange risk

Foreign exchange risk is calculated with the standardized approach, whereas the scenario approach is used for calculating the gamma and volatility risks.

### Commodity risk

Own funds requirements for commodity risk are calculated using the simplified approach under the standardized approach, and where the scenario approach is used for calculating the gamma and volatility risks.

### Operational risk

The capital requirement for operational risk is calculated with the standardized approach, whereby the company's operations are divided into business areas as defined in the CRR. The capital requirement for each area is calculated by multiplying a factor, depending on the business area, by an income indicator. The factors applicable for SEK are 15 percent and 18 percent. The income indicators consist of the average operating income for the past three fiscal years for each business area.

### Transitional rules

The capital adequacy ratios reflect the full impact of IFRS 9 as no transitional rules for IFRS 9 are utilized.



## Capital buffer requirements

SEK is to meet capital buffer requirements with Common Equity Tier 1 capital. SEK has not been classified as a systemically important institution. Accordingly, the capital buffer requirements for systemically important institutions that entered into force on January 1, 2016 do not apply to SEK. There is no systemic risk buffer applicable for SEK that is active at the moment. The mandatory capital conservation buffer is 2.5 percent. The countercyclical capital buffer rate applied to exposures located in Sweden was increased from 2.0 percent to 2.5 percent as of September 19, 2019. At December 31, 2019, the capital requirement related to credit-risk exposures in Sweden was 70 percent (year-end 2018: 70 percent) of the total capital requirement regardless of location, this fraction is also the weight applied to the Swedish buffer rate when calculating SEK's countercyclical capital buffer. Buffer rates activated in other countries may impact SEK, but as most capital requirements from relevant credit exposures are related to Sweden, the potential effect is limited. At December 31, 2019, the contribution to SEK's countercyclical capital buffer from buffer rates in other countries was 0.1 percentage points (year-end 2018: 0.1 percentage points).

## Leverage ratio

Skr mn	December 31, 2019	December 31, 2018
Exposure measure for the leverage ratio		
On-balance-sheet exposures	288,146	281,529
Off-balance-sheet exposures	35,856	33,159
<b>Total exposure measure</b>	<b>324,002</b>	<b>314,688</b>
<b>Leverage ratio</b>	<b>5.7%</b>	<b>5.6%</b>

The leverage ratio is a metric introduced in 2015. Currently, SEK is not subject to a minimum leverage ratio requirement. However, a leverage ratio requirement of 3% will enter into force on June 27, 2021. The leverage ratio is defined in the CRR as the quotient of the Tier 1 capital and an exposure measure. The exposure measure consists of assets, with special treatment of derivatives among other items, and off-balance-sheet credit-risk exposures that have been weighted with a factor depending on the type of exposure. The leverage ratio reflects the full impact of IFRS 9 as no transitional rules are utilized.

## Internally assessed capital adequacy

Skr mn	December 31, 2019	December 31, 2018
Credit risk	7,337	7,008
Operational risk	183	239
Market risk	1,109	1,094
Other risks	203	163
Capital planning buffer	992	1,966
<b>Total</b>	<b>9,824</b>	<b>10,470</b>

SEK regularly conducts an internal capital adequacy assessment process (ICAAP), during which the company determines how much capital is needed to cover its risks. The result of SEK's capital adequacy assessment is presented above. For more information regarding the ICAAP and its methods, please see the Risk and capital management section.

## Note 26. Risk information

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For further information on SEK's risk management, see the Risk and capital management section, on pages 36–41.

Consolidation of SEK pursuant to the supervisory regulations differs from in the consolidated financial statements, where no consolidation pursuant to the supervisory regulation was conducted, since the wholly owned subsidiary, SEKETT AB, which is the only company in the Group aside from the Parent Company, is not a financial company. Since no subsidiary is an institute pursuant to the CRR definition, subsidiaries are not subject to the supervisory regulations on an individual basis.

The table of credit quality as per category in the Statement of Financial Position and the table illustrating the link between the Statement of Financial Position categories and exposures under the CRR contain carrying amounts. Other tables show amounts in accordance with the capital requirements calculations, however before application of conversion factors.

### Credit risk

Credit risk is defined as the risk of losses due to the failure of a credit or an arrangement similar to that of a credit to be fulfilled. Credit risk is divided into issuer risk, counterparty risk, concentration risk, settlement risk and country risk (including transfer risk).

SEK's credit risks are limited using a risk-based selection of counterparties and are further mitigated by the use of guarantees, netting agreements and collateral. SEK's appetite for credit risk is significantly greater than its appetite for other risks.

### Risk management

#### The Risk policy and the Credit Policy

The Risk Policy and the Credit Policy issued by the Board, and the Credit Instruction issued by the Board's Credit Committee are the foundations upon which SEK's credit risk management is based. These policy documents constitute the framework for the level of credit risk that SEK can accept and describe the decision-making structure and credit-decision mandate as well as the credit norm. The underlying methodological working papers clarify the credit process, fundamental principles for credit limits and the management of problem loans.



The credit norm is a core concept for SEK's credit granting and clarifies expectations in terms of credit quality. For a business transaction to be considered to fall within the credit norm, it is necessary for the proposition to satisfy the requirements for all of the following areas:

1. Norm for risk level
2. Norm for lending terms
3. Norm for know your customer (KYC)
4. Norm for sustainability risk

The Board determines the risk strategy, including the credit strategy and risk appetite, and the overall limits within which the Company is to operate. All credit decisions are to be made in line with the decision-making mandate structure established by the Board for delegated decision-making. SEK's credit-decision structure and established mandates is built on a decision-making structure based on the duality principle, thus ensuring thorough analysis and assessment of all credit propositions.

#### Risk reduction

Credit risk is reduced through the use of various credit-risk hedges, in the form of guarantees, netting agreements and other forms of collateral.

The guarantors, particularly with regard to end-customer financing, are predominantly government export credit agencies in the OECD, of which the Swedish Export Credits Guarantee Board (EKN) is the largest. Since the credit risk is allocated to a guarantor, SEK's guaranteed credit-risk exposure in reports of its net credit risk exposure largely consists of exposure to government counterparties. Guarantees are also received from financial institutions and, to a lesser extent, non-financial corporations and insurance companies.

The counterparty risk associated with derivative contracts is always documented using ISDA Master Agreements, which also entail a netting agreement, with the support of collateral agreements in the form of a CSA. Approved collateral under the CSAs signed by SEK always takes the form of liquid assets.

SEK also uses various types of collateral to reduce credit risks pertaining to certain types of credit granting. While collateral is significant for individual transactions, it has limited impact on the total lending portfolio.

#### Limit setting

SEK utilizes limits to restrict credit risks to a specified level. Limits express the highest permissible exposure to a counterparty for specific tenors and for various types of exposures, such as corporate lending, guarantees, counterparty risk in derivative contracts or liquidity investments. Exposures must be encompassed within the limits that have been decided for the particular counterparties. The overall limits are set by the Board. All limits are reviewed at least once annually.

#### Testing provisions

SEK applies IFRS 9 for the impairment of financial instruments. Impairment is based on the model for expected credit losses (ECL). The assets being impairment tested are divided into three stages: Stage 1, Stage 2 and Stage 3. Initially, all exposures are in Stage 1. Exposures where there is a significant increase in credit risk are placed in Stage 2 and Stage 3 encompasses exposures in default. Stage 3 impairments are calculated through individual testing based on an expert assessment. Individual testing provisions are made when objective conditions exist that indicate a possible need for the financial asset to be impaired according to Stage 3. The Credit Committee prepares provision proposals from the account managers and credit analysts, which are thereafter determined by the Board's Credit Committee. The Board adopts the accounts and thereby the provisions. Refer to note 1 for more information on the calculation of expected credit losses under IFRS 9.

#### Risk measurement

With the exception of a few counterparties, SEK uses, and has permission to use, the Foundation IRB approach for measuring the credit risk inherent in exposures to a majority of SEK's counterparties. This means that for these exposures SEK uses its own estimates of the probability of default (PD) risk parameter which, per counterparty, reflects the assigned internal rating. Other risk parameters, including loss given default (LGD) and credit conversion factors (CCF), are determined by the Capital Requirements Regulation (CRR). All of SEK's counterparties are assigned internal ratings.

SEK's permission from the Swedish FSA to use the Foundation IRB approach encompasses exposures to central governments, regional governments, county councils, multilateral development banks, and companies, including insurance companies and financial institutions. The Swedish FSA has granted SEK permission to apply exceptions from the IRB approach for certain exposures. For these exposures, SEK uses the Standardized approach and external ratings when calculating risk exposure amounts (when no external rating is available, the exposure is assigned a risk weight of 100 percent).

The exempted exposures, for which the Standardized approach are used, are as follows (the permissions are valid as long as these exposures are of minor importance in terms of scope and risk profile):

- Exposures to small and medium-sized companies (with an annual turnover not exceeding 50 million euro)
- Exposures in the Customer Finance business area
- Guarantees for the benefit of small and medium-sized enterprises

In the assessment of capital adequacy, those counterparties using external ratings are assigned an internal rating under IFRS 9.

#### Counterparty risk in derivative contracts

Counterparty risk in derivative contracts — which is a type of credit risk — arises when derivatives are used to manage risks. To limit this risk, SEK enters into such transactions solely with counterparties with strong credit ratings. Risk is further reduced by SEK's entering into ISDA Master Agreements (ISDAs), together with associated CSAs, with its counterparties before entering into derivative contracts. These bilateral CSAs define the maximum permissible risk levels in form of threshold amounts. ISDA and CSA agreements are reviewed continuously to be able to renegotiate the terms as necessary. For counterparty exposures that exceed the threshold amounts under the relevant CSAs due to market value changes, settlement is demanded so that the counterparty exposure is reduced to the pre-agreed level. All interest derivative contracts are subject to central clearing according to the EU's regulation on OTC derivatives, central clearing counterparties and trade repositories (EMIR) since the end of 2016.

#### Risk monitoring

SEK's exposures are analyzed, reported and followed up regularly in respect of credit portfolio risk concentration and the credit quality of individual debtors. The analysis encompasses, among other things, (i) the size of individual commitments, (ii) domicile and (iii) sector. The analysis refers to both direct exposure and indirect exposure. The concentration risks mentioned above are reflected in SEK's calculation of economic capital for credit risks, which leads to a higher capital requirement compared with the minimum capital requirement. When calculating capital requirements, the minimum capital requirement does not take concentration risks into account. For the purpose of monitoring and checking large exposures, SEK has defined internal limits, which impose further limitations on the size of such exposures in addition to those stated in the CRR.

Exposures assessed as problem loans, meaning those for which SEK assesses that there is a high probability that the undertaking according to the original agreement will not be fulfilled, are analyzed in greater detail and more frequently. The term "problem loans" encompasses forborne exposures, non-performing receivables and non-performing exposures. The intention is to identify, at an early stage, credits with



an elevated risk. This is to adapt the exposure, reduce credit losses and ensure that the risk rating reflects the actual risk associated with the particular counterparty.

The credit portfolio is subject to regular stress tests. The results of the scenario analyses and stress tests are reported to the Board and the Finance and Risk Committee on a regular basis. The Company's risk and product rating, and risk estimates, comprise a central feature of the reporting of credit risk to the Board, the Management and the Credit Committee. The CEO and the Chief Risk Officer inform the Board of all significant changes concerning SEK's IRB system. SEK's IRB system is validated by the independent risk function at least once annually.

### Risk information

For a supplementary and expanded account of the credit risk-related information, refer to the separate risk report, "SEK — Capital Adequacy and Risk Management Report — Pillar 3".

### Risk information, credit risk

The table below shows the maximum credit exposure. Nominal amounts are shown, apart from cash and cash equivalents and derivatives, which are recognized at the carrying amount.

Skr mn	December 31, 2019 Maximum credit-risk exposure	
	Assets at fair value through profit or loss	Amortized costs
Cash and cash equivalents	-	1,362
Treasuries/government bonds	8,370	-
Other interest-bearing securities except loans	54,132	-
Loans in the form of interest-bearing securities	-	43,793
Loans to credit institutions	-	11,235
Loans to the public	-	222,814
Derivatives	6,968	-
<b>Total financial assets</b>	<b>69,470</b>	<b>279,204</b>

Skr mn	December 31, 2018 Maximum credit-risk exposure	
	Assets at fair value through profit or loss	Amortized costs
Cash and cash equivalents	-	2,686
Treasuries/government bonds	11,124	-
Other interest-bearing securities except loans	48,577	-
Loans in the form of interest-bearing securities	-	36,303
Loans to credit institutions	-	12,543
Loans to the public	-	215,504
Derivatives	4,525	-
<b>Total financial assets</b>	<b>64,226</b>	<b>267,036</b>

Maximum credit-risk exposure for loans to credit institutions and loans to the public includes committed but undisbursed loans at year end, which are recognized in nominal amounts.



The table below shows the credit quality following risk mitigation (net) per row in the Statement of Financial Position. The figures pertain to carrying amounts. SEK uses guarantees, CDSs and insurance policies as credit-risk hedges; see also the Risk and capital management section.

Skr mn	December 31, 2019					
	AAA	AA+ till A-	BBB+ till BBB-	BB+till B-	CCC till D	Carrying amount
Cash and cash equivalents	711	651	-	-	-	1,362
Treasuries/government bonds	2,191	6,153	-	-	-	8,344
Other interest-bearing securities except loans	20,092	33,284	530	-	-	53,906
Loans in the form of interest-bearing securities	-	9,785	29,622	4,220	-	43,627
Loans to credit institutions	2,285	23,455	1,205	65	-	27,010
Loans to the public	85,619	28,503	31,327	18,399	-	163,848
Derivatives	-	5,822	1,146	-	-	6,968
<b>Total financial assets</b>	<b>110,898</b>	<b>107,653</b>	<b>63,830</b>	<b>22,684</b>	<b>-</b>	<b>305,065</b>
<i>Committed undisbursed loans</i>	<i>48,246</i>	<i>1,307</i>	<i>807</i>	<i>1,790</i>	<i>-</i>	<i>52,150</i>

Skr mn	December 31, 2018					
	AAA	AA+ till A-	BBB+ till BBB-	BB+till B-	CCC till D	Carrying amount
Cash and cash equivalents	634	1,782	-	-	-	2,416
Treasuries/government bonds	2,365	8,752	-	-	-	11,117
Other interest-bearing securities except loans	10,882	32,331	5,452	-	-	48,665
Loans in the form of interest-bearing securities	-	8,182	24,488	4,111	-	36,781
Loans to credit institutions	2,663	23,161	1,480	421	-	27,725
Loans to the public	84,766	25,878	32,971	17,430	49	161,094
Derivatives	-	5,322	1,207	-	-	6,529
<b>Total financial assets</b>	<b>101,310</b>	<b>105,408</b>	<b>65,598</b>	<b>21,962</b>	<b>49</b>	<b>294,327</b>
<i>Committed undisbursed loans</i>	<i>47,644</i>	<i>1,626</i>	<i>1,253</i>	<i>290</i>	<i>1</i>	<i>50,814</i>

The credit quality of financial assets is assessed using internal and external ratings.



The table below illustrates the link between the Statement of Financial Position categories and net exposures according to CRR.

Skr bn	December 31, 2019							
	Carrying amount	Adjustment to carrying amount from exposure	Central government	Regional government	Multilateral development banks	Public sector entity	Financial institutions	Corporates
Cash and cash equivalents	1.4	-0.1	-	-	-	-	1.5	-
Treasuries/government bonds	8.3	-0.1	8.4	-	-	-	-	-
Other interest-bearing securities except loans	53.9	0.0	3.3	10.6	2.8	4.0	26.7	6.5
Loans in the form of interest-bearing securities	43.6	-0.2	-	-	-	-	0.9	42.9
Loans to credit institutions including cash and cash equivalents <sup>1</sup>	27.0	16.9	0.9	5.1	-	-	4.0	0.1
Loans to the public	163.8	-1.0	97.8	0.8	0.3	-	5.8	60.1
Derivatives	7.0	1.4	-	-	-	-	5.6	0.0
Other assets	9.3	9.3	-	-	-	-	-	-
<b>Total financial assets</b>	<b>314.3</b>	<b>26.2</b>	<b>110.4</b>	<b>16.5</b>	<b>3.1</b>	<b>4.0</b>	<b>44.5</b>	<b>109.6</b>
Contingent liabilities and commitments <sup>2</sup>	59.3	0.0	50.8	-	-	-	1.2	7.3
<b>Total</b>	<b>373.6</b>	<b>26.2</b>	<b>161.2</b>	<b>16.5</b>	<b>3.1</b>	<b>4.0</b>	<b>45.7</b>	<b>116.9</b>

Skr bn	December 31, 2018							
	Carrying amount	Adjustment to carrying amount from exposure	Central government	Regional government	Multilateral development banks	Public sector entity	Financial institutions	Corporates
Cash and cash equivalents	2.4	-0.2	0.3	-	-	-	2.3	-
Treasuries/government bonds	11.1	0.0	11.1	-	-	-	-	-
Other interest-bearing securities except loans	48.7	-0.1	4.8	7.0	-	0.6	15.7	20.7
Loans in the form of interest-bearing securities	36.8	-0.1	-	-	-	-	0.7	36.2
Loans to credit institutions including cash and cash equivalents <sup>1</sup>	27.7	16.2	1.4	5.5	-	-	4.5	0.1
Loans to the public	161.1	-1.1	99.5	0.9	0.1	-	5.6	56.1
Derivatives	6.5	2.0	-	-	-	-	4.5	0.0
Other assets	5.0	0.9	4.1	-	-	-	-	-
<b>Total financial assets</b>	<b>299.3</b>	<b>17.6</b>	<b>121.2</b>	<b>13.4</b>	<b>0.1</b>	<b>0.6</b>	<b>33.3</b>	<b>113.1</b>
Contingent liabilities and commitments <sup>2</sup>	55.6	-0.1	48.4	-	-	0.0	0.9	6.4
<b>Total</b>	<b>354.9</b>	<b>17.5</b>	<b>169.6</b>	<b>13.4</b>	<b>0.1</b>	<b>0.6</b>	<b>34.2</b>	<b>119.5</b>

1 Skr 16.9 billion (2018: Skr 16.4 billion) of the book value for Loans to credit institutions is cash collateral under the CSAs for derivative contracts.

2 Contingent liabilities and commitments, except cash collateral.

Derivative exposure after netting under current ISDA Master Agreements in accordance with the CRR's management of the counterparty risk in derivative contracts amounts to Skr 5.6 billion (2018: SEK 3.7 billion). For more information on the counterparty risk in derivative contracts under the CRR, refer to the Risk and capital management section.



### Total credit exposures in the Group

Net exposures are recognized after taking the impact of guarantees and credit derivatives into account. Gross exposures are recognized without taking the impact of guarantees and credit derivatives into account.

According to the internal risk follow-up, the amounts agree with the capital requirements calculations, although without the application of conversion factors. In tables showing the geographical breakdown of exposures, North America is shown excluding Central America.

### Total net exposures

Skr bn	Interest-bearing securities and lending				Committed undisbursed loans, derivatives, etc.				Total			
	Dec 31, 2019		Dec 31, 2018		Dec 31, 2019		Dec 31, 2018		Dec 31, 2019		Dec 31, 2018	
Exposure class	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Central governments	110.4	39.1	121.2	43.8	50.9	78.3	48.4	80.3	161.3	46.4	169.6	50.3
Regional governments	16.5	5.8	13.4	4.8	–	–	–	–	16.5	4.7	13.4	4.0
Multilateral development banks	3.1	1.1	0.1	0.0	–	–	0.0	0.0	3.1	0.9	0.1	0.0
Public sector entity	4.0	1.4	0.6	0.2	–	–	–	–	4.0	1.2	0.6	0.2
Financial institutions	38.9	13.8	28.7	10.4	6.8	10.5	5.5	9.1	45.7	13.2	34.2	10.1
Corporates	109.6	38.8	113.1	40.8	7.3	11.2	6.4	10.6	116.9	33.6	119.5	35.4
<b>Total</b>	<b>282.5</b>	<b>100.0</b>	<b>277.1</b>	<b>100.0</b>	<b>65.0</b>	<b>100.0</b>	<b>60.3</b>	<b>100.0</b>	<b>347.5</b>	<b>100.0</b>	<b>337.4</b>	<b>100.0</b>

### Geographical breakdown of credit exposures by exposure class

#### Geographical breakdown of gross exposures by exposure class

Skr bn	December 31, 2019									
	Middle East/Africa/Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	4.2	4.8	2.8	1.3	–	42.2	3.0	5.6	–	63.9
Regional governments	1.7	–	–	–	–	–	10.5	0.1	–	12.3
Multilateral development banks	–	–	–	–	–	–	–	2.8	–	2.8
Public sector entity	–	–	–	–	–	–	–	4.0	–	4.0
Financial institutions	–	2.7	0.6	5.7	0.9	–	19.7	13.4	0.2	43.2
Corporates	21.1	8.6	1.4	65.1	–	7.6	82.6	31.3	3.6	221.3
<b>Total</b>	<b>27.0</b>	<b>16.1</b>	<b>4.8</b>	<b>72.1</b>	<b>0.9</b>	<b>49.8</b>	<b>115.8</b>	<b>57.2</b>	<b>3.8</b>	<b>347.5</b>

Skr bn	December 31, 2018									
	Middle East/Africa/Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	2.8	5.3	4.0	1.9	–	43.7	7.1	8.6	–	73.4
Regional governments	1.7	–	–	–	–	–	7.0	0.1	–	8.8
Public sector entity	–	–	–	–	–	–	–	0.6	–	0.6
Financial institutions	–	2.4	0.5	6.2	1.1	0.4	12.3	9.8	0.3	33.0
Corporates	21.4	12.6	1.2	53.0	–	9.6	83.2	36.0	4.6	221.6
<b>Total</b>	<b>25.9</b>	<b>20.3</b>	<b>5.7</b>	<b>61.1</b>	<b>1.1</b>	<b>53.7</b>	<b>109.6</b>	<b>55.1</b>	<b>4.9</b>	<b>337.4</b>



Geographical breakdown of net exposures by exposure class

Skr bn	December 31, 2019									
	Middle East/ Africa/ Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	-	0.6	2.8	2.8	-	-	138.1	13.9	3.1	161.3
Regional governments	-	-	-	-	-	-	16.3	0.2	-	16.5
Multilateral development banks	-	-	-	-	-	-	-	3.1	-	3.1
Public sector entity	-	-	-	-	-	-	-	4.0	-	4.0
Financial institutions	-	2.7	0.9	6.6	0.9	-	16.7	17.7	0.2	45.7
Corporates	4.5	1.7	3.8	4.0	-	2.8	80.1	19.9	0.1	116.9
<b>Total</b>	<b>4.5</b>	<b>5.0</b>	<b>7.5</b>	<b>13.4</b>	<b>0.9</b>	<b>2.8</b>	<b>251.2</b>	<b>58.8</b>	<b>3.4</b>	<b>347.5</b>

Skr bn	December 31, 2018									
	Middle East/ Africa/ Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	-	0.7	4.0	3.9	-	0.9	139.0	18.0	3.1	169.6
Regional governments	-	-	-	-	-	-	13.2	0.2	-	13.4
Multilateral development banks	-	-	-	-	-	-	-	0.1	-	0.1
Public sector entity	-	-	-	-	-	-	-	0.6	-	0.6
Financial institutions	-	2.4	0.9	6.9	1.1	0.3	8.7	13.6	0.3	34.2
Corporates	4.6	3.1	3.1	2.9	-	3.0	80.5	22.2	0.1	119.5
<b>Total</b>	<b>4.6</b>	<b>6.2</b>	<b>8.0</b>	<b>13.7</b>	<b>1.1</b>	<b>4.2</b>	<b>241.4</b>	<b>54.7</b>	<b>3.5</b>	<b>337.4</b>



**Impact of credit-risk hedges by exposure class and hedge type**

The table below shows, on the basis of gross exposure class, a breakdown based on whether or not the amounts are covered by credit-risk hedges in the form of guarantees or credit derivatives that are included in the capital adequacy calculations. Credit insurance issued by insurance companies is thus counted as guarantees. Hedged amounts have been divided in accordance with the hedge issuer's exposure class and type of hedge. Accordingly, the tables show the hedge types that convert gross exposures to net exposures.

**Impact of credit-risk hedges**

December 31, 2019		Gross exposures by exposure class						
Skr bn	Central govern- ment	Regional govern- ments	Multilateral development banks	Public Sector Entity	Financial institutions	Corporates	Total	whereof subject to the write-down requirement in IFRS9 <sup>1</sup>
<b>Amounts related to hedges issued by:</b>								
Central governments	51.3	1.7	–	–	0.0	95.7	148.7	148.7
<i>of which, guarantees issued by the EKN</i>	50.4	1.7	–	–	0.0	83.0	135.1	135.1
<i>of which, guarantees issued by other export credit agencies</i>	0.9	–	–	–	–	9.5	10.4	10.4
<i>of which, other guarantees</i>	–	–	–	–	–	3.2	3.2	3.2
Regional governments	–	–	–	–	5.1	0.7	5.8	5.8
Multilateral development banks	–	–	–	–	–	0.3	0.3	0.3
Financial institutions	0.0	–	–	–	0.0	7.7	7.7	7.7
<i>of which, credit default swaps</i>	–	–	–	–	–	–	–	–
<i>of which, guarantees</i>	0.0	–	–	–	0.0	7.7	7.7	7.7
Corporates	–	–	–	–	–	3.1	3.1	3.1
<i>of which, credit insurance from insurance companies</i>	–	–	–	–	–	1.6	1.6	1.6
<i>of which, other guarantees</i>	–	–	–	–	–	1.5	1.5	1.5
<b>Total hedged exposures</b>	<b>51.3</b>	<b>1.7</b>	<b>–</b>	<b>–</b>	<b>5.1</b>	<b>107.5</b>	<b>165.6</b>	<b>165.6</b>
Unhedged exposures <sup>2</sup>	12.6	10.6	2.8	4.0	38.1	113.8	181.9	119.3
<b>Total</b>	<b>63.9</b>	<b>12.3</b>	<b>2.8</b>	<b>4.0</b>	<b>43.2</b>	<b>221.3</b>	<b>347.5</b>	<b>284.9</b>

1 Assets valued at accrued acquisition value, which are subject to the write-down requirements in IFRS 9.

2 Exposures whereby the hedge issuer belongs to the same group as the counterparty in the unhedged exposure have been reported as "Unhedged exposures." The amounts for these were Skr 23.5 billion for corporates, Skr 4.2 billion for financial institutions and Skr 0.1 billion for central governments.

December 31, 2018	Gross exposures by exposure class						
	Central govern- ment	Regional govern- ments	Public Sector Entity	Financial institutions	Corporates	Total	whereof subject to the write-down requirement in IFRS9 <sup>1</sup>
Skr bn							
Amounts related to hedges issued by:							
Central governments	50.9	1.7	–	0.2	94.3	147.1	147.1
<i>of which, guarantees issued by the EKN</i>	49.9	1.7	–	0.1	80.1	131.8	131.8
<i>of which, guarantees issued by other export credit agencies</i>	1.0	–	–	0.1	10.9	12.0	12.0
<i>of which, other guarantees</i>	–	–	–	–	3.3	3.3	3.3
Regional governments	–	0.0	–	5.5	0.8	6.3	6.3
Multilateral development banks	–	–	–	–	0.1	0.1	0.1
Financial institutions	0.0	–	–	0.0	6.9	6.9	6.9
<i>of which, credit default swaps</i>	–	–	–	–	–	–	–
<i>of which, guarantees</i>	0.0	–	–	0.0	6.9	6.9	6.9
Corporates	–	–	–	–	2.7	2.7	2.7
<i>of which, credit insurance from insurance companies</i>	–	–	–	–	1.8	1.8	1.8
<i>of which, other guarantees</i>	–	–	–	–	0.9	0.9	0.9
<b>Total hedged exposures</b>	<b>50.9</b>	<b>1.7</b>	<b>–</b>	<b>5.7</b>	<b>104.8</b>	<b>163.1</b>	<b>163.1</b>
Unhedged exposures <sup>1</sup>	22.5	7.1	0.6	27.3	116.8	174.3	105.3
<b>Total</b>	<b>73.4</b>	<b>8.8</b>	<b>0.6</b>	<b>33.0</b>	<b>221.6</b>	<b>337.4</b>	<b>268.4</b>

1 Exposures whereby the hedge issuer belongs to the same group as the counterparty in the unhedged exposure have been reported as "Unhedged exposures." The amounts for these were Skr 25.8 billion for corporates and Skr 0.2 billion for central governments.



Gross exposures Europe, excluding Sweden, breakdown by exposure class

Skr bn	December 31, 2019						
	Central governments	Reginal governments	Multilateral development banks	Public sector entity	Financial institutions	Corporates	Total
Spain	-	-	-	-	0.5	8.1	8.6
Germany	2.8	-	-	4.0	0.5	-	7.3
Norway	-	-	-	-	2.0	5.1	7.1
Finland	0.6	0.1	-	-	0.1	6.2	7.0
United Kingdom	-	-	-	-	2.4	2.6	5.0
Italy	-	-	-	-	-	3.6	3.6
France	-	-	-	-	2.0	1.5	3.5
The Netherlands	-	-	-	-	3.2	0.2	3.4
Luxembourg	0.6	-	2.8	-	-	-	3.4
Poland	-	-	-	-	-	3.1	3.1
Denmark	-	-	-	-	0.9	1.4	2.3
Belgium	1.6	-	-	-	0.0	0.2	1.8
Austria	-	-	-	-	1.7	-	1.7
Switzerland	-	-	-	-	-	1.5	1.5
Portugal	-	-	-	-	-	0.6	0.6
Russian Federation	-	-	-	-	-	0.4	0.4
Ireland	-	-	-	-	-	0.3	0.3
Latvia	-	-	-	-	0.2	-	0.2
Iceland	-	-	-	-	-	0.1	0.1
Estonia	-	-	-	-	0.1	0.0	0.1
Ukraine	-	-	-	-	-	0.0	0.0
<b>Total</b>	<b>5.6</b>	<b>0.1</b>	<b>2.8</b>	<b>4.0</b>	<b>13.6</b>	<b>34.9</b>	<b>61.0</b>

Skr bn	December 31, 2018					
	Central governments	Regional governments	Public sector entity	Financial institutions	Corporates	Total
Spain	-	-	-	0.1	9.8	9.9
Norway	-	-	-	2.4	4.1	6.5
Finland	0.1	0.1	-	0.2	5.4	5.8
United Kingdom	-	-	-	2.6	2.6	5.2
Denmark	-	-	-	1.7	3.2	4.9
Austria	2.9	-	-	1.7	-	4.6
Italy	-	-	-	-	4.2	4.2
Germany	3.1	-	0.6	0.3	-	4.0
The Netherlands	1.7	-	-	0.1	1.6	3.4
Poland	-	-	-	-	3.1	3.1
France	-	-	-	0.6	2.1	2.7
Luxembourg	0.8	-	-	-	1.2	2.0
Russian Federation	-	-	-	-	1.4	1.4
Switzerland	-	-	-	0.1	0.8	0.9
Belgium	-	-	-	0.0	0.6	0.6
Ireland	-	-	-	-	0.4	0.4
Latvia	-	-	-	0.2	-	0.2
Iceland	-	-	-	-	0.2	0.2
Portugal	-	-	-	-	0.1	0.1
Estonia	-	-	-	0.0	-	0.0
Ukraine	-	-	-	-	0.0	0.0
Hungary	-	-	-	-	0.0	0.0
Greece	-	-	-	-	0.0	0.0
<b>Total</b>	<b>8.6</b>	<b>0.1</b>	<b>0.6</b>	<b>10.0</b>	<b>40.8</b>	<b>60.1</b>



## Net exposures Europe, excluding Sweden, breakdown by exposure class

Skr bn	December 31, 2019						
	Central governments	Regional governments	Multilateral development banks	Public sector entity	Financial institution	Corporates	Total
Germany	3.7	-	-	4.0	1.0	0.4	9.1
France	6.3	-	-	-	1.6	0.1	8.0
United Kingdom	0.1	-	-	-	3.4	4.5	8.0
Norway	0.4	-	-	-	2.0	4.9	7.3
Finland	0.8	0.2	-	-	0.2	5.6	6.8
Luxembourg	0.5	-	3.1	-	-	0.8	4.4
The Netherlands	0.3	-	-	-	3.4	0.2	3.9
Denmark	0.2	-	-	-	1.8	1.3	3.3
Poland	3.1	-	-	-	-	0.0	3.1
Belgium	1.6	-	-	-	0.6	0.2	2.4
Spain	-	-	-	-	1.7	0.4	2.1
Austria	-	-	-	-	1.7	-	1.7
Switzerland	-	-	-	-	0.2	0.5	0.7
Portugal	-	-	-	-	-	0.6	0.6
Ireland	-	-	-	-	-	0.3	0.3
Latvia	-	-	-	-	0.2	-	0.2
Iceland	-	-	-	-	-	0.1	0.1
Italy	-	-	-	-	-	0.1	0.1
Estonia	-	-	-	-	0.1	0.0	0.1
<b>Total</b>	<b>17.0</b>	<b>0.2</b>	<b>3.1</b>	<b>4.0</b>	<b>17.9</b>	<b>20.0</b>	<b>62.2</b>

Skr bn	December 31, 2018						
	Central governments	Regional governments	Multilateral development banks	Public sector entity	Financial institution	Corporates	Total
France	7.3	-	-	-	1.7	0.0	9.0
Germany	3.9	-	-	0.6	1.4	1.6	7.5
United Kingdom	0.3	-	-	-	1.6	4.9	6.8
Norway	0.4	-	-	-	2.4	4.0	6.8
Denmark	0.2	-	-	-	2.4	3.2	5.8
Finland	0.4	0.2	-	-	0.3	4.6	5.5
Austria	2.9	-	-	-	1.7	-	4.6
Poland	3.1	-	-	-	-	0.0	3.1
The Netherlands	1.7	-	-	-	0.4	0.7	2.8
Luxembourg	0.8	-	0.1	-	-	1.0	1.9
Spain	-	-	-	-	0.9	0.5	1.4
Belgium	-	-	-	-	0.6	0.5	1.1
Switzerland	-	-	-	-	0.3	0.5	0.8
Ireland	-	-	-	-	-	0.4	0.4
Latvia	-	-	-	-	0.2	-	0.2
Italy	-	-	-	-	-	0.2	0.2
Iceland	-	-	-	-	-	0.2	0.2
Portugal	-	-	-	-	-	0.1	0.1
Estonia	-	-	-	-	0.0	-	0.0
Hungary	-	-	-	-	-	0.0	0.0
Russian Federation	-	-	-	-	-	0.0	0.0
<b>Total</b>	<b>21.0</b>	<b>0.2</b>	<b>0.1</b>	<b>0.6</b>	<b>13.9</b>	<b>22.4</b>	<b>58.2</b>



## Corporate exposures, broken down by industry<sup>1</sup>

Skr bn	December 31, 2019		December 31, 2018	
	Gross exposure	Net exposure	Gross exposure	Net exposure
IT and telecom	84.6	13.6	79.6	13.0
Industry	46.6	40.7	46.9	41.0
Finance	23.3	12.8	27.6	16.6
Commodities	21.2	16.6	24.5	19.0
Consumer goods	25.1	23.8	21.8	20.4
Electricity, water and gas	13.7	4.4	15.0	5.6
Healthcare	4.8	4.6	3.5	3.2
Energy	1.8	0.2	2.5	0.5
Other	0.2	0.2	0.2	0.2
<b>Total</b>	<b>221.3</b>	<b>116.9</b>	<b>221.6</b>	<b>119.5</b>

1 In accordance with the reporting standard (GICS).

### Market risk

Market risk is the risk of loss or changes in future NII due to changes in, for example, interest rates, exchange rates, commodity prices or share prices. A distinction is made between market risk of non-market valued assets and liabilities and fair valued assets and liabilities. Market risk includes price risk in connection with sales of assets or the closing of exposures.

### Risk management

SEK's Board establishes SEK's appetite and strategy for market risk. In addition, instructions established by the CEO regulate SEK's management of market risks. The Board's Finance and Risk Committee makes decisions on limit structures, which clearly define and limit the permissible exposure to market risk. The Chief Risk Officer decides on the method for measuring market risks and proposes changes in limit structures in connection with reviews of risk appetite and limits. Market risk exposures are measured and reported on a daily basis to the CEO, and the Board's Finance and Risk Committee at scheduled meetings. Cases where limits are exceeded are escalated without delay to the CEO, and the Board's Finance and Risk Committee.

SEK borrows funds by issuing bonds or other debt instruments which, regardless of the market risk exposures in the bonds, are hedged by being swapped via derivatives to a floating interest rate. Borrowed funds are used either immediately for lending, mainly at floating interest rates, or alternatively through derivatives at a floating rate, or to ensure that SEK has adequate liquidity in the form of liquidity investments and liquidity reserves. The intention is to hold assets and liabilities to maturity.

The duration of available funding matches that of lending and the maturity profile of liquidity investments is adapted to ensure that funds are available for all accepted but as yet undisbursed lending.

Unrealized changes in fair value affect the value of SEK's assets and liabilities and impact both earnings and SEK's own funds. SEK's largest net exposures are to changes in spreads, mainly to credit spreads associated with assets and liabilities and to cross-currency basis spreads. Spread risks are managed by having established limits and daily limit monitoring. Currency risk excluding unrealized changes in fair value is kept low by matching assets and liabilities in terms of currencies or through the use of derivatives. In addition, accrued gains and losses in foreign currency are regularly converted to Swedish kronor. The Company's risk appetite for market risk resulting from unmatched cash flows is low.

### Risk measurement

The following describes how SEK calculates and limits market risk internally. The government compensates SEK for all interest-rate differentials, borrowing costs and net foreign-exchange losses within the CIRRS-system (see note 1). The CIRRS-system is therefore reported separately.

### Value at Risk

SEK's primary market risk metric is Value at Risk (VaR). VaR is a statistical market risk metric which is based on two years of daily market movements and estimates the potential loss over a one-day horizon with a confidence level of 99 percent. Historical simulations are applied to current holdings to simulate possible outcomes of value changes. Market parameters used as risk factors are interest rates, cross-currency basis spreads, credit spreads, FX rates, equities, commodity and equity indices as well as volatilities of swaptions, caps/floors, equities, commodity and equity indices and currencies. VaR is calculated for SEK's portfolio and separately for the liquidity portfolio for positions on the balance sheet that impact own funds. At year-end, VaR for own funds amounted to Skr 18 million (year-end 2018: Skr 14 million) and for the liquidity portfolio VaR was Skr 10 million (year-end 2018: Skr 8 million). The risk appetite for corresponding exposures is Skr 100 million (year-end 2018: Skr 100 million) and Skr 50 million (year-end 2018: Skr 50 million) respectively. The increase in VaR for own funds can be explained by market movements, especially from cross-currency spreads, combined with new cross-currency swap deals and an increase in the duration of liquid assets.

### Stressed VaR, Aggregated risk measure and stress tests

SEK conducts regular stress tests by applying movements in market factors that have been historically observed in the market (historical scenarios) and movements that could happen in the future (hypothetical or forward-looking scenarios). SEK calculates stressed VaR using the worst one-year period for the company since 2007. At year-end 2019, the calculation was based on the period July 2008 until June 2009.

The Aggregated risk measure is based on analyses of historical scenarios with a monthly risk horizon since 2007. The Aggregated risk measure estimates the impact on SEK's own funds by applying historically observed movements in interest rates, cross-currency basis spreads, FX rates and credit spreads in assets. The exposure is based on the worst case scenario and calculation is done by full revaluation. At year-end 2019, the worst scenario was market movements from October 2008. The risk at year-end 2019 amounted to Skr 452 million (year-end 2018: Skr 742 million). The risk appetite is set at Skr 1,100 million (year-end 2018: Skr 1,100 million).

The forward-looking scenarios include interest rate shocks and reversed stress tests. Analyses of this type provide management with insight into the potential impact on SEK's operations of significant movements in risk factors, or of broader market scenarios, and also continuously ensure that the risk measurement is effective.

### Risk-specific measures

The VaR, Aggregated risk measure and stress tests are complemented with risk-specific measures, including interest-rate risk measures, spread-risk measures, and currency-risk measures.



Market risk, type	Definition	Risk profile
<b>Total risk: Value at Risk (VaR), stressed VaR (sVaR)</b>	VaR measures a potential negative impact on SEK's own funds, in the form of unrealized gains or losses.	The risk factors that primarily drive VaR are cross-currency basis spreads and interest rates. In SEK's liquidity portfolio, the primary driver is the bond portfolio credit spread risk. At year-end 2019 VaR for SEK and the liquidity portfolio amounted to Skr 18 million (year-end 2018: Skr 14 million) and Skr 10 million (year-end 2018: Skr 8 million), and sVaR to Skr 123 million (2018: Skr 97 million). Risk appetite were Skr 100 million (year-end 2018: Skr 100 million) and Skr 50 million (year-end 2018: Skr 50 million) respectively.
<b>Total risk: Aggregated risk measure</b>	The Aggregated risk measure measures a potential negative impact on SEK's own funds as a result of unrealized value changes from historical market movements. Monthly market movements dating back as far as 2007 are applied to current holdings to simulate possible outcomes. The worst outcome is reported as the Aggregated risk measure.	The risk factors primarily driving the Aggregated risk measure are credit spreads and interest rates. Since the Aggregated risk measure is based on historical market data from 2007, the measure is comparable with stressed VaR (see above), although with another horizon. At the end of 2019, the Aggregated risk measure amounted to Skr 452 million (year-end 2018: Skr 742 million). Risk appetite was Skr 1100 million (year-end 2018: Skr 1100 million).
<b>Interest-rate risk regarding changes in the economic value of SEK's portfolio (EVE)</b>	The interest-rate risk regarding changes in economic value is calculated by means of a 100 basis-point parallel shift in all yield curves. Positive and negative exposures are measured separately and whichever is largest, in absolute terms, comprises the exposure.	The risk pertains to SEK's overall business profile, particularly the balance between interest-bearing assets and liabilities in terms of volume and fixed interest terms. The risk measurement captures the long-term impact of changes in interest rates. At the end of 2019, the risk amounted to Skr 252 million (year-end 2018: Skr 188 million). Risk appetite was Skr 500 million (year-end 2018: Skr 500 million).
<b>Interest-rate risk regarding changes in future net interest income (NII)</b>	The net interest income risk is calculated as the impact on net interest income for the coming year if interest-rate fixings, new financing and investment must take place following a positive interest-rate shift of 100 basis points. The risk per currency is totaled in absolute terms.	The risk pertains to SEK's overall business profile, particularly the balance between interest-bearing assets and liabilities in terms of volume and fixed interest terms for the next year. The risk measurement captures the short-term impact of changes in interest rates. A risk appetite of Skr 350 million (2018: Skr 350 million) is shared between this measure and the risk to NII from cross-currency basis spreads. At the end of 2019, the combined exposure for NII risk including risk to NII from cross-currency basis swaps was Skr 255 million (year-end 2018: Skr 237 million).
<b>Risk to NII from cross-currency basis spreads</b>	The 12-month risk to NII from cross-currency basis spreads is measured as the impact on SEK's future earnings resulting from an assumed cost increase for transfers between currencies for which cross-currency basis swaps are used. The risk per currency is totaled in absolute terms.	The risk is attributable to cases where funding and lending are not matched in terms of currency and, therefore, the future cost of converting funding to the desired currency is dependent on cross-currency basis spreads. The measure is limited together with NII risk, see above.
<b>Credit spread risk in assets</b>	Credit spread risk in assets is calculated as a potential impact on SEK's own funds, in the form of unrealized gains or losses, as a result of a 100 basis-point shift in the credit spreads for those assets measured at fair value.	The risk is attributable to SEK's liquidity portfolio. At the end of 2019, the credit spread risk in assets was Skr 357 million (year-end 2018: Skr 297 million) and the credit spread risk limit in assets amounted to Skr 500 million (year-end 2018: Skr 500 million).
<b>Credit spread risk in own debt</b>	Credit spread risk in own debt can have a potential impact on SEK's equity, in the form of unrealized gains or losses, as a result of changes in present value after all of SEK's credit spreads have been shifted by 20 basis points.	The risk is attributable to SEK's structured debt measured at fair value. At year-end 2019, the credit spread risk in own debt amounted to Skr 456 million (year-end 2018: Skr 606 million).
<b>Cross-currency basis spread risk.</b>	The cross-currency basis spread risk measures the potential impact on SEK's equity, in the form of unrealized gains or losses, as a result of changes in cross-currency basis spreads.	The risk is attributable to cross-currency basis swaps used by SEK to hedge the currency risk in the portfolio. At year-end 2019, the cross-currency basis spread risk amounted to Skr 278 million (year-end 2018: Skr 212 million) and the cross-currency basis spread risk limit amounted to Skr 450 million (year-end 2018: Skr 450 million).
<b>Currency risk</b>	The risk is calculated as the change in value of all foreign currency positions excluding unrealized changes in fair value at an assumed 10 percentage-point change in the exchange rate between the respective currency and the Swedish krona.	The foreign exchange position mainly arises on an ongoing basis due to differences between revenues and costs (net interest margins) in foreign currency. At the end of 2019, the risk amounted to Skr 4 million (year-end 2018: Skr 8 million) and the limit for currency risk was Skr 15 million (year-end 2018: Skr 15 million).
<b>Interest-rate volatility risk</b>	The risk is measured through a number of positive and negative shifts. The risk per underlying volatility is the most negative outcome of these shifts. The risk per underlying is totaled in absolute terms.	The risk is attributable to SEK's structured debt measured at fair value and interest rate floors in lending transactions. At the end of 2019, the risk amounted to Skr 50 million. The limit for interest-rate volatility risk was Skr 200 million.
<b>Tenor basis spread risk</b>	Tenor basis spread risk measures the potential impact on SEK's economic value, in the form of unrealized gains or losses, as a result of ten basis point shifts of interest rate curves of different tenors. Positive and negative exposures are measured separately and whichever is largest, in absolute terms, comprises the exposure.	The risk is attributable to lending and borrowing with one and six month tenor which is not swapped to three month tenor. At the end of 2019, the total risk amounted to Skr 87 million.
<b>Other risks (equities, commodity and volatility risks)</b>	Measures unrealized gains or losses and are calculated with the aid of stress tests of underlying indices or volatilities.	SEK's equities and commodity risks, as well as FX volatility risks, only arise from structured borrowing. Although all structured cash flows are matched through a hedging swap, there could be an impact on SEK's result. These risks are low, and arise because valuation of the bond, but not the swap, takes account of SEK's own credit spread.



### Risk monitoring

Market risks are measured, analyzed and reported to senior management on a daily basis. Cases where limits are exceeded are escalated without delay and managed pursuant to documented instructions. A more exhaustive analysis is conducted each month of how markets and risks have developed during the period. This is complemented with stress tests.

### Risk information

For a supplementary and expanded account of the market risk-related information, refer to the separate risk report, "SEK — Capital Adequacy and Risk Management Report — Pillar 3."

### Change in value should the market interest rate rise by one percentage point

Impact on the value of assets and liabilities, including derivatives, should the market interest rate rise by one percentage point (+1%).

Skr mn	2019		2018	
	Total	of which, financial instruments measured at fair value through profit or loss	Total	of which, financial instruments measured at fair value through profit or loss
Foreign currency	-87	167	59	258
Swedish kronor	-140	128	-174	95
	-227	295	-115	353

### Change in value should the market interest rate decline by one percentage point

Impact on the value of assets and liabilities, including derivatives, should the market interest rate decline by one percentage point (-1%).

Skr mn	2019		2018	
	Total	of which, financial instruments measured at fair value through profit or loss	Total	of which, financial instruments measured at fair value through profit or loss
Foreign currency	304	-157	-29	-272
Swedish kronor	265	-124	216	-92
	569	-281	187	-364

### Assets, liabilities and derivatives denominated in foreign currency

Assets, liabilities and derivatives denominated in foreign currency (meaning currencies other than Swedish kronor) have been translated to Swedish kronor using the exchange rates applying at year-end between the currency concerned and Swedish kronor.

The relevant exchange rates for the currencies representing the largest shares in the Group's net assets and net liabilities in the balance

sheet were as shown in the table below (expressed in Swedish kronor per unit of the particular foreign currency). Share at year end is the share of the total volume of assets and liabilities denominated in foreign currency. Currency positions at year-end are the net for each currency of all assets and liabilities in the balance sheet. The figures shown are carrying amounts.

Currency	December 31, 2019			December 31, 2018		
	Exchange rate	Share at year end, %	Currency positions at year end (Skr mn)	Exchange rate	Share at year end, %	Currency positions at year end (Skr mn)
EUR	10.4474	1	-160	10.2626	1	-165
USD	9.3283	2	318	8.9674	1	188
JPY	0.0857	1	-115	0.0812	1	-185
GBP	12.2457	0	-87	11.3683	1	-133
MXN	0.4947	0	-86	-	-	-
THB	0.3118	1	-109	0.2755	1	-120
Other	-	0	-16	-	1	282
<b>Total foreign currency position</b>		<b>5</b>	<b>-255</b>		<b>6</b>	<b>-133</b>



Currency risk is limited to accrued net income and is hedged regularly. In accordance with SEK's rules for risk management, currency positions attributable to unrealized changes in fair value are not hedged. Currency positions excluding unrealized changes in fair value amounted to Skr 5 million (year-end 2018: Skr 0 million) at year end. Assets and liabilities denominated in foreign currency are included in the total volumes of assets and liabilities in the following amounts (in millions of Swedish kronor).

Skr mn	December 31, 2019	December 31, 2018
Total assets,	317,296	302,033
<i>of which, denominated in     foreign currencies</i>	204,840	216,355
Total liabilities,	298,214	283,794
<i>of which, denominated in     foreign currencies</i>	205,117	229,880

### Liquidity risk and refinancing risk

Liquidity and refinancing risk is defined as the risk of SEK not being able to refinance its outstanding loans and committed undisbursed loans, or being unable to meet increased liquidity requirements. Liquidity risk also includes the risk of having to borrow funds at unfavorable interest rates or needing to sell assets at unfavorable prices in order to meet payment commitments.

#### Risk management

SEK's Board has overall responsibility for liquidity and refinancing risks and establishes policy documents for liquidity risk management; in addition, the CEO establishes instructions for operational management. Liquidity risk is managed operationally by the Treasury function. Liquidity and refinancing risk is measured and reported regularly to the relevant manager, the Risk and Compliance Committee, the CEO, and the Board and its committees.

SEK has low tolerance for long-term structural liquidity risk and financing must be available throughout the maturity for all credit commitments, pertaining to both outstanding and committed undisbursed loans. For CIRR-loans, which SEK manages on behalf of the Swedish government, the Company's credit facility with the Swedish National Debt Office is also regarded as available borrowing. The credit facility, granted by the government through the Swedish National Debt Office, amounted to Skr 125 billion in 2019 (2018: Skr 125 billion) and is available solely for CIRR-loans. In December 2019, the state established that the credit facility for 2020 will amount to Skr 125 billion. The credit facility is valid through December 31, 2020 and entitles SEK to receive financing over the maturities of the underlying CIRR-loans. This credit facility has not been utilized.

Borrowed funds not yet used to finance credits must be invested in interest-bearing securities, also known as liquidity investments. The management of liquidity investments is regulated in the Liquidity Strategy established by the Board's Finance and Risk Committee. The size of the liquidity portfolio is adapted to cover outflows, outside the CIRR-system, attributable to: 1) committed undisbursed loans, 2) CSAs with derivative counterparties, 3) outflows attributable to short-term borrowing transactions and 4) budgeted new lending. The target for SEK's new lending capacity is to facilitate at least two months of new lending, in line with SEK's estimated new lending requirements.

The maturity profile of liquidity investments is matched against the net of borrowing and lending. Investments must be made in assets of good credit quality. Issuers in the liquidity portfolio must have an internal risk classification of at least A-. For commercial paper and corporate bonds, however, an internal risk classification of at least BBB- is permissible as long as the remaining maturity does not exceed one year and the domicile is in Sweden, Denmark, Finland, Norway, Germany, France, Netherlands, Great Britain, United States or Japan. Such investments should take into account the liquidity of the investment under

normal market conditions and the investment's currency must comply with established guidelines. SEK intends to hold these assets to maturity and only divest them should circumstances so demand. The liquidity reserve, in which only securities regarded as highly liquid are included, accounts for a portion of SEK's liquidity investments. The purpose of the liquidity reserve is to safeguard SEK's short-term solvency, and to fulfil the Company's requirement for the lowest liquidity coverage ratio (LCR).

SEK's borrowing strategy is regulated in the Financing Strategy Policy, which is established by the Board's Finance and Risk Committee. The aims of the Financing Strategy include ensuring that SEK's borrowing is well-diversified in terms of markets, investors, counterparties and currencies. With regard to maturity, no refinancing risk is allowed. For the purpose of ensuring access to short-term funding, SEK has revolving borrowing programs for maturities of less than one year, including a US Commercial Paper Program (UCP) and a European Commercial Paper program (ECP). SEK also has a swingline facility that functions as a back-up facility for SEK's revolving borrowing program for maturities of less than one year. To secure access to substantial volumes of non-current borrowing, and to ensure that insufficient liquidity or investment appetite among individual borrowing sources does not constitute an obstacle to operations, SEK issues bonds with different structures, currencies and maturities. SEK also issues bonds in many different geographic markets.

SEK has a contingency plan for the management of liquidity crises, which is issued by the Head of Treasury & Capital Management. The plan describes what constitutes a liquidity crisis according to SEK and what actions SEK intends to take if such a crisis is deemed to have occurred. The plan also describes the decision-making structure during a liquidity crisis. An internal and external communication plan is also included. The contingency plan is also closely linked to the results of the scenario analyses that are performed regularly, whereby various actions are taken to increase the release of cash and cash equivalents that have been analyzed with a preventive purpose.

#### Risk measurement

In the short term, liquidity risk is monitored mainly through measurement of the liquidity coverage ratio (LCR), which shows SEK's highly liquid assets in relation to its net cash outflows for the next 30 calendar days. Cash-flow forecasts of up to one year are prepared regularly according to various scenarios. SEK's policy for long-term structural liquidity risk is not to accept refinancing risk. Forecasts are made of the relationship between borrowing, including equity, and lending over time. A net stable funding ratio (NSFR) is also estimated. The NSFR measures the volume of available stable funding in relation to the need of stable funding within a period of 1 year. SEK also performs regular liquidity stress tests.

#### Risk monitoring

Liquidity risk is monitored through regular analysis and reporting to the Board of Directors and the Treasury function. Reports are submitted to the Board on a regular basis and cover monitoring of LCR, NSFR, internal metrics, portfolio composition and liquidity stress tests.

#### Risk information

For a supplementary and expanded account of the liquidity and refinancing risk-related information, refer to the separate risk report, "SEK-Capital Adequacy and Risk Management Report-Pillar 3".



### Liquidity reserve<sup>1</sup>

Skr bn	December 31, 2019				
	Total	SKR	EUR	USD	Other
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	18.0	4.7	4.8	7.1	1.4
Securities issued or guaranteed by municipalities or other public entities	13.3	11.9	0.8	0.6	-
Covered bonds issued by other institutions	11.1	11.1	-	-	-
Balances with other banks and National Debt Office, overnight	-	-	-	-	-
<b>Total Liquidity Reserve</b>	<b>42.4</b>	<b>27.7</b>	<b>5.6</b>	<b>7.7</b>	<b>1.4</b>

Skr bn	December 31, 2018				
	Total	SKR	EUR	USD	Other
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	12.2	1.5	3.8	6.5	0.4
Securities issued or guaranteed by municipalities or other public entities	7.8	5.3	2.5	-	-
Covered bonds issued by other institutions	3.0	3.0	-	-	-
Balances with other banks and National Debt Office, overnight	0.3	0.3	-	-	-
<b>Total Liquidity Reserve</b>	<b>23.3</b>	<b>10.1</b>	<b>6.3</b>	<b>6.5</b>	<b>0.4</b>

<sup>1</sup> The liquidity reserve is a part of SEK's liquidity investments.

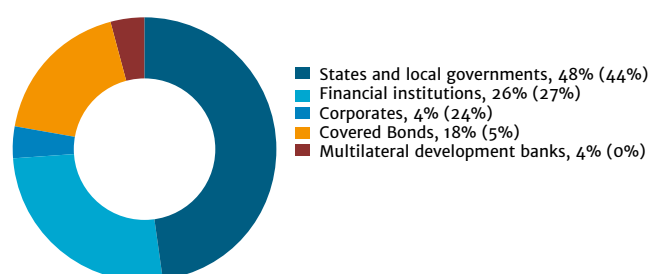
### Liquidity investments by remaining maturity ("M")

	December 31, 2019	December 31, 2018
M ≤ 1 year	84%	74%
1 year < M ≤ 3 years	16%	26%
M > 3 years	0%	0%

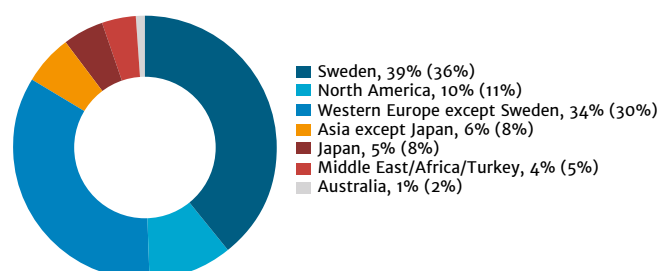
### Key figures for liquidity risk

	December 31, 2019	December 31, 2018
LCR under EU Commission's delegated act	620%	266%
NFSR	120%	144%

### Liquidity investments by exposure type as of December 31, 2019



### Liquidity investment by region at December 31, 2019





## Contractual flows

	December 31, 2019							
Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
Financial assets								
Cash and cash equivalents	651	–	–	–	–	651	711	1,362
Treasuries/government bonds	1,697	1,044	4,289	1,329	–	8,359	–15	8,344
Other interest-bearing securities except loans	6,581	12,417	26,399	8,903	–	54,300	–394	53,906
Loans in the form of interest- bearing securities	332	1,379	6,106	26,369	12,478	46,664	–3,037	43,627
Loans to credit institutions	486	17,204	1,928	6,334	1,592	27,544	–534	27,010
Loans to the public	4,583	10,054	33,443	86,241	44,376	178,697	–14,849	163,848
Derivatives	109	566	1,214	2,344	2,122	6,355	613	6,968
Total	14,439	42,664	73,379	131,520	60,568	322,570	–17,505	305,065
of which derivatives in hedge relationship	–8	21	432	372	633	1,450	1,171	2,621
	December 31, 2019							
Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
Financial liabilities								
Borrowings from credit institutions	–10	–3,680	–	–	–	–3,690	12	–3,678
Debt securities issued	–6,284	–27,985	–72,297	–155,386	–21,909	–283,861	14,522	–269,339
Derivatives	–978	–1,517	–1,492	–3,106	40	–7,053	–13,003	–20,056
Total	–7,272	–33,182	–73,789	–158,492	–21,869	–294,604	1,531	–293,073
of which derivatives in hedge relationship	–8	30	–747	–1,096	–139	–1,960	–1,177	–3,137
Obligations								
Committed undisbursed loans	–7,094	–1,944	–13,733	–4,652	27,424			
Liquidity surplus (+)/ deficit (–)	73	7,538	–14,143	–31,624	66,123	27,967		
Accumulated liquidity surplus (+)/deficit (–)	73	7,611	–6,532	–38,156	27,967	27,967		

In addition to the instruments in the Statement of Financial Position and committed undisbursed loans, SEK has outstanding binding offers of Skr 2.8 billion as well as additional available funds consisting of a credit facility with the Swedish National Debt Office of Skr 125 billion for 2019, which can be used within the CIRP-system. In December 2019, the Swedish Parliament confirmed that the credit facility will continue to be available in 2020 in an amount up to Skr 125 billion. With regard to deficit in cash flow with maturity between three months and five years, SEK has the intention to refinance these through borrowing on the financial market.

Repayments subject to notice for liabilities and hedging derivatives are treated as if notice were to be given immediately, whether it is SEK or the counterparty that has the right to demand early redemption. Assets with repayments subject to notice are assumed to occur on the maturity date. "Subordinated liabilities" which consists of a dated subordinated instrument, were assumed to be repaid at the time of the first redemption date. Embedded derivatives in financial assets and liabilities have been excluded. Forward prices are used for contracts with variable interest rate structure, except for contracts that have reached the fixing date in which case the interest rate is used.

For a contract with a fixed-interest rate structure, the interest rate has been applied for the entire tenor. When a contract has been struc-

tured and uses an interest-rate formula, a plain vanilla setup has been adopted and forward rates applied. The conservative scenario using the prudence concept for cash flows for liabilities and hedging derivatives is not likely to be the real outcome. Differences between book values and future cash flows for financial assets and financial liabilities are reported in the column "Discount effect".

Cash flows for cash collateral under derivatives' CSAs are assumed to have the same cash flows as the related derivatives.

The following items other than financial instruments have an approximate expected recovery time of less than 12 months: other assets; prepaid expenses; accrued revenue; other liabilities; accrued expenses and prepaid revenue. All other balance-sheet items other than financial instruments have an approximate expected recovery time of 12 months or more.

The amounts above include interest, except for committed undisbursed loans.



December 31, 2018								
Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
<b>Financial assets</b>								
Cash and cash equivalents	2,042	–	–	–	–	2,042	374	2,416
Treasuries/government bonds	1,444	6,613	1,717	1,357	–	11,131	–14	11,117
Other interest-bearing securities except loans	9,262	16,699	8,340	14,818	–	49,119	–454	48,665
Loans in the form of interest- bearing securities	–492	646	3,165	27,835	8,668	39,822	–3,041	36,781
Loans to credit institutions	124	3,096	15,458	7,843	1,996	28,517	–792	27,725
Loans to the public	3,999	9,963	27,271	87,564	48,718	177,515	–16,421	161,094
Derivatives	261	518	1,138	2,311	1,858	6,086	443	6,529
<b>Total</b>	<b>16,640</b>	<b>37,535</b>	<b>57,089</b>	<b>141,728</b>	<b>61,240</b>	<b>314,232</b>	<b>–19,905</b>	<b>294,327</b>
<i>of which derivatives in hedge relationship</i>	<i>429</i>	<i>594</i>	<i>2,912</i>	<i>9,782</i>	<i>5,601</i>	<i>19,318</i>	<i>–1,964</i>	<i>17,354</i>
December 31, 2018								
Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
<b>Financial liabilities</b>								
Borrowings from credit insti- tutions	1	–567	–1,690	–	–	–2,256	9	–2,247
Debt securities issued	–6,946	–33,541	–66,570	–145,134	–26,565	–278,756	23,156	–255,600
Derivatives	–99	–1,064	–1,095	–4,721	–343	–7,322	–14,612	–21,934
<b>Total</b>	<b>–7,044</b>	<b>–35,172</b>	<b>–69,355</b>	<b>–149,855</b>	<b>–26,908</b>	<b>–288,334</b>	<b>8,553</b>	<b>–279,781</b>
<i>of which derivatives in hedge relationship</i>	<i>–14</i>	<i>–2,934</i>	<i>–41,276</i>	<i>–119,575</i>	<i>–11,799</i>	<i>–175,598</i>	<i>12,426</i>	<i>–163,172</i>
<b>Obligations</b>								
Committed undisbursed loans	–142	–2,743	–15,177	–20,279	38,340			
<b>Liquidity surplus (+)/ deficit (–)</b>	<b>9,454</b>	<b>–380</b>	<b>–27,443</b>	<b>–28,406</b>	<b>72,672</b>	<b>25,897</b>		
<b>Accumulated liquidity surplus (+)/deficit (–)</b>	<b>9,454</b>	<b>9,074</b>	<b>–18,369</b>	<b>–46,775</b>	<b>25,897</b>	<b>25,897</b>		

## Operational risk

Operational risk is the risk of losses resulting from inadequate or faulty internal processes or systems, human error, or from external events. Operational risk also includes legal risk and IT and security risk.

### Risk management

Operational risk exists in potentially all functions within SEK. The managers of all the various SEK functions have a responsibility for effective management of operational risk within their own function. To support operational risk management, SEK works in compliance with policy documents in accordance with SEK's risk framework. The risk function is responsible for monitoring, analyzing and reporting aggregated risk levels, and for monitoring the appropriateness and efficiency of the Company's operational risk management. The Risk and Compliance Committee is responsible for monitoring operational risk. The Risk function reports to the Risk and Compliance Committee and to the Board's Finance and Risk Committee.

### Risk measurement

SEK measures and reports operational risk levels at least each quarter. The risk level is based on an assessment of expected loss from risks with a high rating, the scope of losses due to incidents, key risk indicators and whether any breaches of rules related to the operations requiring per-

mits have occurred. SEK uses the standardized approach in calculating the capital requirement for operational risk.

### Risk monitoring

SEK's work on operational risk is conducted at all levels of the organization to ensure that the Company is able to identify and reduce risk. All risk-related events are registered in an IT-based incident-reporting system. The fundamental cause is analyzed and actions are then taken to prevent a recurrence. By means of the new product approval process (NPAP), SEK prevents the Company from unknowingly taking on risks that the company is unable to manage. The functions perform regular self-assessments of the operations in order to identify and reduce major risks. The self-assessments and the subsequent analysis are coordinated with business planning and the internal capital assessment. The Risk function carries out aggregated monitoring and analysis of the risks and action plans, as well as of significant operational risk events.

### Risk information

For a supplementary and expanded account of the operational risk related information, refer to the separate risk report, "SEK-Capital Adequacy and Risk Management Report-Pillar 3."



## Sustainability risk

Sustainability risk is the risk that SEK's operations directly or indirectly impact their surroundings negatively in respect of ethics, corruption, climate and the environment, human rights and labor conditions. Human rights includes the child rights perspective, labor conditions encompasses gender equality and diversity. Ethics is included in tax transparency.

## Risk management

Sustainability risks are managed according to a risk-based approach and SEK only engages in transactions for which SEK has conducted know your customer activities. SEK's measures to manage sustainability risks are subject to national and international regulations and guidelines, along with the state's ownership policy and guidelines for state-owned companies, SEK's owner instruction, pertaining to anti-corruption, climate and environmental consideration, human rights and labor conditions. Based on international sustainability guidelines, SEK sets requirements on the operations and projects the Company finances in order to mitigate negative environmental and societal impacts.

The international guidelines pursued by SEK are described in sustainability notes.

## Risk measurement

- SEK measures and reports the risk level for sustainability risk at least quarterly. Potential sustainability risks are identified and assessed in conjunction with a new business opportunity, potential sustainability risks are identified and assessed at country, counterparty, and or business level.
- Country — Countries are classified according to the risk of corruption, negative impact on human rights including labor conditions and the risk of money laundering, financing of terrorism and non-transparent tax jurisdiction.
- Counterparty — Checks are conducted as part of know your customer, including checks of ownership and checks against international sanction lists, as well as whether the counterparty has been involved in significant sustainability-related incidents.
- Transaction — Projects and project-related financing are classified based on their potential societal and environmental impact according to the OECD's framework for export credits or the Equator Principles. Category A projects have a potentially material impact, category B projects potentially have some impact, and category C projects have little or no potential impact. Other business transactions are analyzed to assess the risk of corruption, negative environmental or climate impact, negative effects on human rights and labor conditions and the risk of money laundering, financing of terrorism and non-transparent tax jurisdiction.

## Risk monitoring

Sustainability risk is monitored through regular analysis and reporting to the Board of Directors. Project or project-related funding with an identified elevated sustainability risk is monitored via continuous checks of compliance with the agreement's sustainability clauses.

SEK performs stress tests for climate-related transitions risk annually. The results of the scenario analyses and stress tests are reported to the Board or the Risk Committee

## Risk information

For a supplementary of the sustainability risk related information, refer to the separate risk report, "SEK-Capital Adequacy and Risk Management Report-Pillar 3".

## Note 27. Transactions with related parties

SEK defines related parties to the Parent Company and the Group as:

- the shareholder, i.e., the Swedish government
- companies and organizations that are controlled through a common owner, the Swedish government
- subsidiaries
- key management personnel
- other related parties

The Swedish government owns 100 percent of the Company's share capital. By means of direct guarantees extended by the Swedish Export Credits Guarantee Board, EKN, 38 percent (Year-end 2018: 40 percent) of the Company's loans outstanding on December 31, 2019 were guaranteed by the Swedish government. The remuneration to EKN for the guarantees paid by SEK during 2019 amounted to Skr 0 million (2018: Skr 0 million). SEK administers, in return for compensation, the Swedish system for officially supported export credits (CIRR system), and the government's previous concessionary credits system, refer to note 1 and note 25.

During 2019, SEK had a Skr 125 billion (2018: Skr 125 billion) credit facility with the Swedish National Debt Office which was entirely related to the CIRR-system. In December 2019, the credit facility was extended for 2020. SEK has not yet utilized the credit facility.

SEK enters into transactions in the ordinary course of business with entities that are partially or wholly owned or controlled by the State. SEK also extends export credits (in the form of direct or pass-through loans) to entities related to the State. Transactions with such counterparties are conducted on the same terms (including interest rates and repayment schedules) as transactions with unrelated parties. The Group's and the Parent Company's transactions do not differ significantly. Internal transactions between the Parent Company and the subsidiaries amount to Skr - million (2018: Skr - million) for interest expenses from the Parent Company's point of view. For further information see note 1 (b), Basis of consolidation and note 15, Shares.

Key management personnel include the following positions:

- The Board of Directors
- The Chief Executive Officer
- Other executive directors

For information about remuneration and other benefits to key management personnel see note 5, Personnel expenses.

Other related parties include close family members of key management personnel as well as companies which are controlled by key management personnel of SEK or controlled by close family members to key management personnel. The following tables further summarize the Group's transactions with its related parties:



Skr mn	2019					
	The shareholder, the Swedish government		Companies and organizations controlled through a common owner, the Swedish government		Total	
	Assets/ liabilities	Interest income/ interest expense	Assets/ liabilities	Interest income/ interest expense	Assets/ liabilities	Interest income/ interest expense
Treasuries/government bonds	2,191	16	-	-	2,191	16
Other interest-bearing securities except loans	-	-	600	-4	600	-4
Loans in the form of interestbearing securities	-	-	1,699	21	1,699	21
Loans to credit institutions	-	-	2,665	87	2,665	87
Loans to the public	-	-	2,056	53	2,056	53
Settlement claim against the State <sup>1</sup>	9,124	-	-	-	9,124	-
<b>Total</b>	<b>11,315</b>	<b>16</b>	<b>7,020</b>	<b>157</b>	<b>18,335</b>	<b>173</b>
Debt securities issued	-	-	-	-	-	-
Other liabilities	24	-	-	-	24	-
<b>Total</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>-</b>

Skr mn	2018					
	The shareholder, the Swedish government		Companies and organizations controlled through a common owner, the Swedish government		Total	
	Assets/ liabilities	Interest income/ interest expense	Assets/ liabilities	Interest income/ interest expense	Assets/ liabilities	Interest income/ interest expense
Treasuries/government bonds	103	0	-	-	103	0
Other interest-bearing securities except loans	-	-	6,847	-24	6,847	-24
Loans in the form of interestbearing securities	-	-	1,699	19	1,699	19
Loans to credit institutions	-	-	2,623	77	2,623	77
Loans to the public	-	-	2,582	53	2,582	53
Settlement claim against State <sup>1</sup>	3,915	-	-	-	3,915	-
<b>Total</b>	<b>4,018</b>	<b>0</b>	<b>13,751</b>	<b>125</b>	<b>17,769</b>	<b>125</b>
Debt securities issued	-	-	-	-	-	-
Other liabilities	18	-	-	-	18	-
<b>Total</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>-</b>

1 For information about "Settlement claim against State," see note 16 Other assets and note 24 CIRR system.

## Note 28. Events after the reporting period

No events with significant impact on the information in this report have occurred after the end of the reporting period.



# Sustainability notes

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## Note 1. Information about the Sustainability Report

### Sustainability Report in accordance with the Swedish Annual Accounts Act

SEK's Sustainability Report is integrated into the company's annual report. The sustainability information is integrated together with other information in the Report of the Directors, financial statements and notes and sustainability notes. For a description of the business model, see pages 16–17. Policy and the results of policy can be found in sustainability notes 4–8, note 26 and Targets and outcomes, page 14. A description of sustainability risks can be found in the risk section, pages 36–41, note 26, and in the sustainability notes 5–8. The result indicators can be found in Targets and outcome, page 14, Key performance indicators, page 31, and in the sustainability notes 5 and 9.

### GRI

SEK's Sustainability Report pertains to the 2019 calendar year and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The report also applies the relevant sections of the GRI Sector Supplement for Financial Services. The complete GRI index with selected indicators for material topics is provided on pages 128–129. SEK's latest Sustainability Report for SEK covered the 2018 calendar year and was published in February 2019.

### TCFD

In note 6, SEK presents information on SEK business and operational climate performance and efforts towards implementing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

### Scope and boundaries of the Sustainability Report

SEK's Sustainability Report comprises the entire Group. SEK reports on its governance and management of social and environmental risks in its lending in accordance with the GRI's Sector Supplement for Financial Services. Accounting policies pertaining to individual indicators are stated in conjunction with the reporting of the respective indicator. For more information, please contact SEK's Head of Sustainability.

The Swedish Banking and Financing Business Act regulates the reporting of information relating to individual transactions. SEK plays an active part in the development of increased transparency in the banking sector regarding sustainability topics. SEK applies international guidelines for transparency regarding lending. The guidelines that are mainly relevant to SEK are the Equator Principles and TCFD for transparency regarding project-related financing and climate-related risks in lending.

### Precautionary principle

SEK follows the precautionary principle with sustainability risks comprising a risk type within the Group's risk framework.

### Changes in the Sustainability Report

The 2019 Sustainability Report contains one change. Climate-related risks in the lending portfolio are reported according to TCFD and replaces the note "Environmental and climate".

The information provided in previous reports has been recalculated regarding climate impact of flights in note 6.

### Policy for external assurance

In accordance with the owner policy, external assurance is provided by the company's auditors.

## Note 2. Stakeholders

Stakeholders are the groups or individuals who affect or are affected by SEK's operations. SEK's most central stakeholder groups are identified by SEK's Management together with the establishment of SEK's materiality analysis according to GRI. The stakeholder groups represent the various forms of capital that are important for and which are affected by SEK's business model. See pages 16–17.

### Stakeholder dialogue 2019

SEK uses various formats for stakeholder dialogue: employee and customer surveys which are conducted every second year (most recently in 2018); and meetings with investors and companies concerning green and responsible lending. In the dialogue with NGOs, SEK has chosen to deepen the dialogue within material sustainability topics and conduct dialogues jointly within Team Sweden. In 2019, a Team Sweden working group was established to better coordinate anti-corruption measures in international business. The group comprises EKN, SEK, Business Sweden and Swedfund. A joint stakeholder dialogue was initiated and meetings were arranged with NGOs and other relevant organizations. Dialogues were held with groups such as the IMM and Transparency International about their expectations on Team Sweden regarding anti-corruption measures in international business. The following topics were highlighted:

- Team Sweden has a responsibility to set anti-corruption conditions for companies we work with and finance.
- Team Sweden should ask detailed questions to make companies understand what type of anti-corruption measures could be necessary when conducting business in high-risk circumstances.
- Team Sweden could support SMEs by suggesting alternative ways of arranging and teaming up with other companies in order to do business in high risk circumstances.

### Stakeholder analysis

The table shows the stakeholders identified by the management as the most significant, how the dialog with them is conducted and what topics they highlighted as important for SEK to prioritize. The general expectations recorded in the table are a considered assessment of stakeholder dialogs conducted in prior years with the addition of the subjects brought up in 2019.



Stakeholders	Dialog form	Key topics in 2019	General expectations
Swedish government (owner)	Owner policy, mission, owner instruction, Board representation, regular discussions and meetings, and network meetings.	Swedish Exports and Investment Strategy was launched 2019. The strategy includes expectations on the Swedish export credit system to align with the Paris agreement.	Behave responsibly and leverage business opportunities leading to generate sustainable value. Collaborate with other government players within "Team Sweden".
Swedish exporters	Customer meetings, client survey, sustainability topics questionnaire and delegations.	Proactive financial solutions within Team Sweden to support Swedish exports to green international projects.	Distinct and reasonable sustainability requirements. Proactive efforts to finance measures to reduce the impact of climate change. Green loans and transition loans.
Investors	Meetings, conferences, investor presentations and financial statements.	Green bonds and bonds related to Agenda 2030.	Collaboration on sustainability topics. Issue of green bonds and bonds links to the global Sustainable Development Goals.
NGOs and civil society	Meetings, questionnaire on sustainability topics and reports.	Cooperation between actors within Team Sweden to prevent corruption in international business..	Act responsibly and transparently. Clear expectations on exporters to manage sustainability issues in complex regions. Refrain from financing coal related projects and phase out financing of fossil extraction and power generation.
Employees	Discussions, meetings, employee survey and workplace dialogues with trade unions.	Coaching approach, possibilities for development and clear responsibility.	Good work environment, development opportunities, engaging duties and responsible behavior.

### Note 3. Materiality analysis

SEK employs a combination of internal and external factors to determine which sustainability topics are most material and what information should therefore be included in the Sustainability Report. These factors include SEK's mission and sustainability-related circumstances, topics highlighted by stakeholders, societal expectations and SEK's influence on suppliers and clients.

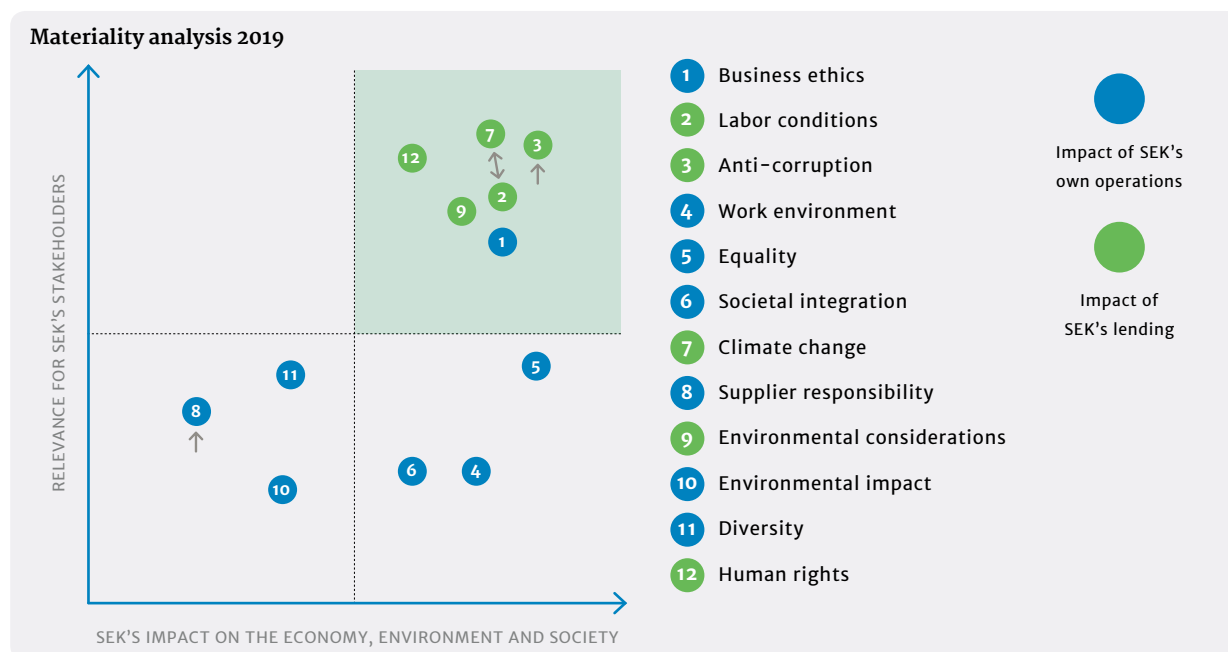
#### Method

SEK defines sustainability topics based on the circumstances under which SEK operates and on the stakeholder dialogue. SEK's management then assigns priority to the material sustainability topics. This prioritization is agreed on the basis of what is deemed reasonable based on SEK's impact on the economy, environment and society, the stakeholders' expectations, as well as SEK's ability to act. SEK reports the results of sustainability work on the material topics based on the Global Reporting Initiative's (GRI) guidelines.

In the 2019 Sustainability Report, the following changes were made to the materiality analysis:

- The Swedish export and investment strategy furthers the expectations on the Swedish export credit system to align with the Paris agreement. Climate-related risks and opportunities are becoming increasingly important for SEK's business.
- The OECD's Anti-Bribery Convention's evaluation of Sweden has increased the relevance for SEK to coordinate anti-corruption measures with other actors within Team Sweden.
- Labor conditions were not discussed as often by stakeholders in relative terms, however they remain a very important topic for SEK's impact and influence.
- New supplier responsibility standards for state-owned companies are under development which increased the relevance of the topic for stakeholders.

The diagram below illustrates SEK's most material sustainability topics and their relationship with each other. For a description of the material sustainability topics, see sustainability notes 5–8.





## Note 4. Management approach

### Owner

The owner's governance of sustainability is executed through the state's ownership policy and owner instruction, and through the Articles of Association, the general meeting of shareholders, the Board and the CEO.

As set out in the state's ownership policy, as a state-owned company, SEK is to set a positive example for sustainable business, which primarily means that SEK is to:

- work strategically, integrate the topics in its business strategy and adopt strategic sustainability targets
- work transparently in matters concerning material risks and opportunities and maintain an active dialog with the company's stakeholders in society
- work together with other companies and relevant organizations
- comply with international guidelines in the area of sustainability

According to the owner instruction, SEK shall:

"...promote compliance with international guidelines within the area of sustainable business relating to the environment, anti-corruption, human rights, labor conditions and business ethics. Where relevant when making credit assessments, comply with international frameworks, such as the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles, and observe the OECD's Recommendation of the Council on Sustainable Lending Practises and Officially Supported Export Credits."

### The Board of Directors

The Board of Directors is ultimately responsible for ensuring that active and forward-looking sustainable development work is conducted within the company. The Board resolves on a sustainability strategy and goals in conjunction with the business plan and risk strategy, which include addressing sustainability risks. The Board continuously monitors and evaluates SEK's sustainability work.

### International sustainable business guidelines

The international sustainability guidelines that govern SEK's operations are the following: The Equator Principles, the Ten Principles in the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the UN Convention on the Rights of the Child, the OECD Guidelines for Multinational Enterprises, the OECD's Conventions and Guidelines within Anti-corruption, the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, and the OECD's Recommendation of the Council on Sustainable Lending Practises and Officially Supported Export Credits.

### Organization and division of responsibility

The executive management controls and decides on priorities and strategic choices relating to sustainability work in accordance with the approved business strategy.

### Policy documents

SEK has a Sustainable Business Policy. This includes, for example, SEK's material topics; anti-corruption and business ethics, environmental and climate impact, as well as labor standards and human rights, see each respective note. Sustainability risks are integrated in SEK risk policy and related documents. For a complete description of SEK's Sustainability Policy and policy documents that address sustainability topics, see [www.sek.se](http://www.sek.se).

### Networks in sustainable business

Through collaboration with different organizations, SEK can share experience and discuss challenges and solutions for various sustainability-related issues. SEK participates in the following networks:

- Sustainable business network for state-owned companies
- The Equator Principles
- The OECD's working groups for Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.
- Transparency International Business Group
- ICC Sweden's CSR reference group
- UN Global Compact's Swedish network
- Enact, sustainability reporting network

## Note 5. Anti-corruption and business ethics

Active anti-corruption work and business ethics in international trade and export financing are important components in preventing economic crimes and creating conditions for sustainable growth in the world. As a government financier, SEK has a key role to play in placing demands and ensuring that international guidelines, see sustainability note 4, are followed by companies using export financing and by its own employees. All lending transactions is evaluated regarding corruption risks. Risk situations are undergoing in depth-analysis.

### Risk situations

Risk situations for corruption may arise in conjunction with SEK's lending to:

- Defense and construction industries in complex markets
- Larger projects with official buyers in complex markets
- An exporter who uses an agent in an underlying transaction in complex markets
- Business transactions with large transaction chains and in which amounts are changed
- Engineering, Procurement and Construction (EPC)-contractors in complex markets

A complex market is defined as countries with a high risk of corruption or high risk of human rights violations.

### Policy

SEK complies with Swedish bribery legislation and international initiatives that aim to fight corruption and other financial crime and comply with anti-corruption legislation in the countries and jurisdictions in which the company operates. SEK follows the Code on Gifts, Rewards and other Benefits in Business as compiled by the Swedish Anti-corruption Institute.

Business decisions are to be made on business grounds and no gift or representation is to be provided that could be perceived as improper or entailing some form of expected service in return.

No form of extortion or bribery, including improper offers of payments to or from employees, organizations or public officials is tolerated. Any such behavior may lead to legal action as well as the termination of employment, assignment or business relationship.

### Risk appetite

For lending in complex markets, the exporters or other market participants covered by the financing must have the capacity to manage corruption risks in line with international guidelines.

### 2019 Outcome:

New transactions were implemented in the following countries that are classified as complex markets: Iraq, Mexico, Thailand, Turkey and Vietnam. All of these transactions are evaluated to comply with international anti-corruption guidelines.

### Activities in 2019

An update of SEK's anti-corruption risk assessment, that covers SEK's whole business, was completed. A Team Sweden working group for anti-corruption was established.



## Note 6. Climate related risks and opportunities

In this note, SEK discloses information about climate-related risks and opportunities according to the TCFD. This is SEK's first report according to the TCFD and a first step to improve the disclosure of climate related risks and possibilities. Climate change is defined as a material topic for SEK (see sustainability note 3). The TCFD recommends that companies address four core elements of how organizations operate: governance, strategy, risk management, metrics and targets.

### SEK's climate related issues

According to TCFD, banks are exposed to climate-related risks and opportunities (climate-related issues) through their lending and other financial intermediary activities as well as through their own operations. It is mainly from SEK lending and funding transactions that climate-related risks and opportunities emerge as material in SEK business model. Direct environmental impacts from SEK's own operations are limited and mainly relate to business travel and a head office in Stockholm.

SEK has identified the following potential climate-related issues as important for its mission and long-term business strategy:

- Climate transition risks in SEK's lending portfolio
- Exposure to fossil fuel assets
- Green loans and bonds

### Governance, policy and board oversight

The governance of climate-related issues is integrated into SEK's strategy, business planning and target setting as well as into the risk framework and procedures for credit decisions.

According to the policy for state-owned enterprises, the SEK Board of Directors is obliged to set and report on sustainability strategy and related targets, see sustainability note 4.

SEK's policy is to refrain from participating in transactions where the environmental or climate impact is deemed unacceptable and inconsistent with international guidelines. SEK will help transition to a low-carbon economy by striving to increase lending on products and services that lead to sustainable development. As far as it is technically possible and financially reasonable, SEK will reduce the direct environmental impact of its own operations.

The SEK Board of Directors has set limits on climate-related exposures according to following:

- Lending to fossil energy generation must not exceed 5 percent of SEK's total lending.
- Environmental and climate risks in project-related financing must be aligned with international guidelines.
- Lending to coal-fired power plants is not permitted.

SEK's management assesses and manages climate-related issues as an integral part of business strategy and planning process, and of SEK risk management framework.

### Strategic risks of a 2 degree scenario

Climate-related risks consist of two major categories: transition risks and physical risks. Transition risks include policy, legal, technology, and market changes due to adaptation of new requirements related to climate change. Physical risks are related to physical impacts of climate change such as event-driven acute physical risks and longer-term shifts in climate patterns, such as sea level rise. In the stress test in 2019, SEK focused on transition risks since physical risks were estimated to have limited impact on SEK's credit portfolio.

The stress tests are based on two scenarios developed by the International Energy Agency's (IEA's), "World Energy Outlook": "New Policies Scenario" and "Sustainable Development Scenario". The Sustainable Development Scenario represents an energy path is determined with the objective of limiting the average global temperature increase to maximum 2 degrees Celsius.

The outcome of the stress test 2019 shows limited impacts on SEK financial situation due to climate-related transition risks. The table below shows the estimated long term negative impact (more than 10 years) on SEK's total capital relation in absolute percentage terms, if SEK lending would remain constant and exposed to the two different climate scenarios below

Scenario	Potential change in SEK total capital ratio in a 10 year perspective
New policy scenario	-1%
Sustainable policy scenario	-2%

### Strategic opportunities in a transition to a climate neutral economy

The transition to a low carbon economy implies short- and medium-term climate-related opportunities for the Swedish export industry and SEK:

- Export opportunities for SMEs active in clean technology and environmental know-how.
- Swedish green technology is competitive in large international transition projects.
- The transition to a green infrastructure in Sweden supports indirectly the Swedish export industry.

According to SEK business plan 2020-2022, SEK should contribute to the transition to a climate-neutral economy by financing transition projects related to the Swedish export industry with a focus on:

- International transition projects in collaboration with Team Sweden.
- Swedish infrastructure projects, with indirect export effects, contributing to the green transition in Sweden.
- International transition projects where a smaller share of Swedish contents could be accepted, thereby supporting Swedish SMEs.
- Sustainable loan products and offerings: Green, Social and transition loans.

### Risk management of climate related risks

SEK's process for identifying and assessing climate-related risks are based on the following principles.

- SEK's project-related financing is evaluated in terms of compliance with the Equator Principles, OECD Common Approaches in CIRR financed export credits and IFC Performance Standards. These international guidelines for environmental and social responsibility take climate-related issues into account.
- Fossil energy extraction with significant carbon dioxide emissions is classified as high sustainability risk and accordingly identified and assessed in SEK's risk framework
- Climate-related risk exposures on a portfolio level are analyzed and reported to the board of directors on a yearly basis.
- Climate-related physical and transition risks are increasingly taken into account by credit analysts in credit ratings and analysis.

### Exposure to carbon assets

A compilation of SEK's gross and net exposures to carbon fuel assets is shown below. The method for classifying exposures in SEK's lending portfolio that are sensitive to climate-related risks is based on the sector term "carbon asset risks" developed by the World Resources Institute (WRI). Four different carbon asset risks relate to Global Industry Classification Standard (GICS) codes.

Last year, SEK disclosed all four risk classes that could be exposed to transition risks in various financial ways. This year, we are following the TCFD recommendations and disclosing "fossil fuel assets," which includes project-related financing of three natural gas projects and one petrol refinery. No other fossil power project is part of SEK lending portfolio.



## SEK's exposures per Carbon Asset classes

Carbon Asset Class	2019				2018			
	Gross exposure		Net exposure		Gross exposure		Net exposure	
	Skr bn	%	Skr bn	%	Skr bn	%	Skr bn	%
Fossil-fuel assets	1.8	0.5	0.2	0.1	2.5	0.7	0.5	0.2
Other assets that could be exposed to conversion risk	51.7	14.9	31.1	8.9	60.9	18.0	37.8	11.2
Other non-fossil-fuel assets	294.0	84.6	316.2	91.0	274.0	81.3	299.1	88.6

## Green loans and bonds

SEK offers green loans that promote the transition to a low-carbon economy. Green loans are categorized as "dark green" or "light green." Dark green loans are classified under SEK's framework for green bonds and financed using SEK's green bonds. The reduction in carbon dioxide emissions is estimated for the dark green loans.

Light green loans finance products or services that lead to significant and demonstrable sustainable development, either through a reduction in environmental impact or through more efficient use of resources. The classification of light green loans is based on the EU's definition of ECO innovation. SEK's framework for green bonds contains eight categories with certain further limitations. SEK's framework for green bonds can be found at [www.sek.se](http://www.sek.se)

The table below shows SEK's new lending of dark green loans, green bonds and yearly carbon dioxide reduction from green projects.

Skr mn	2019	2018	2017	2016	2015
New lending green loans	3,063	2,044	2,385	3,334	988
Total volume of green bonds issued	1,000	-	-	-	4,176
Annual carbon dioxide reductions from green projects (tons of CO <sub>2</sub> e)	>4,615,000	>4,615,000	>4,615,000	>4,638,000	>4,137,000

SEK measures the indirect environmental impact of green loans, in terms of emissions, based on the method stated in the International Financial Institution Framework for a Harmonized Approach to Green-house Gas Accounting, November 2012 and in accordance with SEK's Framework for Green Bonds, September 2014. The estimated reduction in reported carbon dioxide emissions is based on calculations received by SEK from project owners, exporters or from environmental reports prepared in connection with the project. The estimates are prepared on a project basis, using the year when the project was completed, and are reported in proportion to SEK's share of the total project financing.

## Impacts from SEK offices and travel

SEK's direct climate and environmental impact primarily derives from SEK's office in Stockholm and business travel. Based on the materiality analysis, SEK's direct impact is not classified as a material sustainability topic, why governance is based on overall goals. SEK works actively with environmental issues in the procurement of products and services. The travel policy stipulates that any business travel must be motivated and use the most cost-efficient and eco-friendly method possible. Transportation should be chosen so as to minimize environmental impact. Where possible, only The Swan (Nordic ecolabel) hotels are used in Sweden. In 2019, the carbon footprint from business travel decreased. Renewable energy sources are used to heat SEK's offices and electricity and the emissions from heat consumption has decreased by around 46 percent since 2008, when SEK started to measure the climate impact of its own operations. All paper products have the "EU Ecolabel" or Swan ecolabel.

Direct environmental and climate impact reporting of the direct environmental effects, in terms of emissions from SEK's operations, are measured according to the GHG Protocol. The method states how the various emissions should be categorized and ranked based on SEK's share of the emissions source. The GHG Protocol categorizes emissions according to three scopes with control declining as scope increases. Data for company cars has been gathered by reporting mileages; for electricity and district heating from meter readings; and for couriers through statistics on deliveries. Data for business travel has been received from travel agents and standard values have been applied for material and commuting. Climate reporting for SEK's own operations utilizes the number of annual full-time equivalents (FTEs) at the end of the year, which was 244 for 2019. SEK climate compensates for the total emissions related to office spaces and travel.

Green category	2019	2018	2017	2016	2015
Total GHG emissions <sup>1</sup>	381	415	440	402	360
of which business travel <sup>1</sup>	298	332	364	326	232
of which premises	29	34	27	25	75
of which other	54	48	50	51	53
Direct GHG emissions scope 1	0	16	16	15	15
Indirect GHG emissions energy usage scope 2	16	33	25	25	74
Other indirect greenhouse gas emissions scope 3 <sup>1</sup>	365	366	400	363	270
Emissions per employee <sup>1</sup>	1.56	1.74	1.76	1.57	1.37
Energy consumption, premises (MWh)	1,204	1,447	1,216	1,322	1,420
of which electricity	995	1,189	984	1,139	1,169
of which district heating	209	258	232	183	251

<sup>1</sup> The emissions related flights for 2015–2018 have been recalculated with a new methodology, where the multiplication factor for high altitude has been adjusted to The Swedish Environmental Protection Agency's guidelines.



## Note 7. Labor standards and human rights in international business

Respect for labour standards and human rights in international business is a requirement for sustainable growth in the world. As a government financier, SEK has a key role in setting requirements vis-à-vis exporters' compliance with the UN Guidelines for Companies and Human Rights, the OECD Guidelines for Multinational Enterprises and, for projects in project-related financing, OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles.

### Risk situations

Risk situations for negative impact on human rights may arise in lending to:

- Major projects (refer to project-related financing, sustainability note 8)
- Mining operations in complex markets
- Operations in or exports to operations in areas of conflict
- Telecom in countries under repressive, authoritarian rule
- Operations in or export to countries in which human rights are at especially high risk

A complex market is used to describe countries with a high risk of corruption or high risk of human rights violations.

### Policy

SEK applies the UN Guiding Principles on Business and Human Rights, including the ILO Core Conventions. When doing business in areas of conflict and countries and industries at particularly high risk of

breaches of human rights, these are given particular attention. In such instances, SEK can demand that companies conduct a consequence analysis regarding human rights. Particular consideration is needed when there is a risk of the violation of children's rights.

SEK refrains from any transactions where a considerable risk exists that human rights will not be respected, and where SEK assesses that the risks will not be managed in line with the UN Guiding Principles on Business and Human Rights.

### Risk appetite

For lending in complex markets, the exporters or other market participants covered by the financing must have the capacity to manage human rights risks in line with international guidelines.

### 2019 Outcome

New transactions were implemented in the following countries that are classified as complex markets: Iraq, Mexico, Thailand, Turkey and Vietnam. All of these transactions are deemed to comply with international guidelines on human rights.

### Activities in 2019

Development work for human rights in export promotion is continuing in an working group in cooperation with Business Sweden, EKN and Swedfund.

During the year, the operation-wide risk analysis of human rights was updated.

## Note 8. Environmental and social considerations in project-related financing

In the financing of international projects, risk situations can arise in all material sustainability topics. SEK applies the Equator Principles to manage sustainability risks in conjunction with project-related financing or the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

### Policy

The Equator Principles and the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence are based on the sustainability standards of the International Finance Corporation (IFC), which must have been met or are expected to be met for project-related financing.

SEK is a member of and participates in the development work on the Equator Principles.

### Risk appetite

In project-related financing, the company must handle risk by complying with the Equator Principles or the OECD's Common Approaches for

Officially Supported Export Credits and Environmental and Social Due Diligence.

For existing transactions that no longer align with SEK's risk appetite, SEK will based on the opportunities available take measures to influence and to report deviations to the Board.

### 2019 Outcome

New project-related lending transactions in 2019 are deemed to comply with the Equator Principles or the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence.

During the year, 3 out of a total of 54 existing projects were reported which were potentially outside SEK's risk appetite. Measures were undertaken, including through site visits. In 2019, SEK granted one A-project in Sweden, one B-project in Sweden and one B-project in Turkey. For a definition of A/B/C projects and a complete report submitted to the Equator Principles' secretariat, refer to [www.sek.se](http://www.sek.se)

Project-related financing	2019	2018	2017	2016	2015
Percentage of new lending subjected to environmental and societal review, including human rights and labor conditions	100%	100%	100%	100%	100%
Loans granted to category A projects (number)	1	1	2	1	2
Loans granted to category B projects (number)	2	5	4	5	3

## Note 9. Economic and societal effects of SEK's lending in Sweden

SEK's lending has indirect impacts in Sweden, including GDP growth and jobs created by export transactions. The increased indirect impact calculated in 2019 was due to increased lending volumes.

### Method

The indirect impact of SEK's new lending on Sweden's GDP and employment is calculated using sector-based multipliers developed by Sta-

tistics Sweden, according to the SNI 2007 standard. The multipliers on which the calculations are based data from 2017. This model calculates the Swedish content in an export order or in an investment. SEK finances many different types of transactions and not all of them necessarily fit this model precisely. These calculations can therefore only be made at a general level and the results should be interpreted with caution.

Indirect impact	2019	2018	2017	2016	2015
Contribution to Sweden's GDP (Skr mn)	51,000	36,000	51,000	33,000	36,000
Contribution to jobs in Sweden (number)	51,000	48,000	65,000	44,000	48,000



## Note 10. GRI content index

Standards and disclosures that SEK reports in its Annual Report and 2018 Sustainability Report in accordance with the Global Reporting Initiative standards and Sector Supplement for Financial Services, are listed below. As part of SEK's participation in the UN Global Compact (UNGC) we are submitting our Communication on Progress for 2019 below.

In addition to reporting in line with the GRI Standards and the UNGC, reports on activities within the framework of the UN's Sustainable Development Goals and the Fossil Free Sweden initiative. See sustainability notes 11 and 12.

Standard Disclosure	Content	Page number	UN GC principle
<b>GRI 102: GENERAL DISCLOSURES 2019</b>			
102-1	Name of the organization	Page 62	
102-2	Activities, brands, products and services	Pages 18-19	
102-3	Location of headquarter	Page 62	
102-4	Location of operations	Page 62	
102-5	Ownership and legal form	Page 43	
102-6	Markets served	Pages 18-19, 24-25, 108	
102-7	Scale of the organization	Pages 32-35, 62, 80	
102-8	Information on employees and other workers	Page 29, 80	
102-9	Supply chain	Page 29	
102-10	Significant changes to the organization and its supply chain	No significant changes	
102-11	Precautionary principle or approach	Page 122	
102-12	External initiatives	Page 43	
102-13	Membership of associations	Page 124	
102-14	Statement from senior decision-maker	Pages 6-7, 42	
102-15	Key impacts, risks and opportunities	Pages 8-9, 14, 40-41, 122-127	
102-16	Values, principles, standards and norms of behavior	Page 49, 124	
102-17	Mechanisms for advice and concerns about ethics	Page 49	
102-18	Governance structure	Pages 43-49	
102-32	Highest governance body's role in sustainability reporting	Page 124	
102-40	List of stakeholder groups	Page 122-123	
102-41	Collective bargaining agreements	Page 74	
102-42	Identifying and selecting stakeholders	Page 122-123	
102-43	Approach to stakeholder engagement	Page 122-123	
102-44	Key topics and concerns raised	Page 123	
102-45	Entities included in the consolidated financial statements	Page 62	
102-46	Defining report content and topic boundaries	Page 122-123	
102-47	List of material topics	Page 123	
102-48	Restatements of information	Page 122	
102-49	Changes in reporting	Page 122	
102-50	Reporting period	Page 122	
102-51	Date of most recent report	Page 122	
102-52	Reporting cycle	Page 122	
102-53	Contact point for questions regarding the report	Page 122	
102-54	Claims of reporting in accordance with the GRI Standards	Page 122	
102-55	GRI-index	Page 128	
102-56	External assurance	Pages 132-134	








Standard Disclosure	Content	Page number	UN GC principle
<b>MATERIAL TOPICS</b>			
<b>GRI 201: ECONOMIC PERFORMANCE 2019</b>			
103-1,103-2,103-3	Management approach	Page 124, 125	
201-2	Financial implications and other risks and opportunities due to climate change	Page 125	
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2019</b>			
103-1,103-2,103-3	Management approach	Page 6,12-14, 122-123	
203-2	Significant indirect economic impacts	Page 127	
<b>GRI 205: ANTI-CORRUPTION 2019</b>			
103-1,103-2,103-3	Management approach	Pages 120, 124	10
205-1	Operations assessed for risks related to corruption	Pages 120, 124	10
205-2	Communication and training about anti-corruption policies and procedures	Page 31	10
<b>GRI 302: ENERGY 2019</b>			
103-1,103-2,103-3	Management approach	Pages 120, 124, 126	
302-1	Energy consumption within the organization	Page 126	7, 8, 9
302-4	Reduction of energy consumption	Page 126	
<b>GRI 305: EMISSIONS 2019</b>			
103-1,103-2,103-3	Management approach	Page 124-126	
305-2	Energy indirect (Scope 2) GHG emissions	Page 126	
305-3	Other indirect (Scope 3) GHG emissions	Page 126	
<b>SOCIAL</b>			
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2019</b>			
103-1,103-2,103-3	Management approach	Pages 14, 29, 44	3
405-1	Diversity of governance bodies and employees	Pages 14, 31, 80	
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2019</b>			
103-1,103-2,103-3	Management approach	Pages 27, 120, 127	1, 2, 4, 5, 6
412-3	Credit decisions that have been subject to human rights reviews or impact assessments	Pages 120, 127	2
<b>GRI G4: SECTOR-SUPPLEMENT FOR FINANCIAL SERVICES 2019</b>			
103-1,103-2,103-3	Management approach	Pages 124-126	
FS6	Lending portfolio broken down by region and sector	Pages 24-25, 111-113, 129	
FS8	Products with environmental benefits	Pages 18, 28, 31, 126, 129	



## Note 11. The UN's Sustainable Development Goals

SEK adheres to the Sustainable Development Goals. SEK does so in various ways both as an export finance institution and as an employer. We have been active in green financing since 2015 and are constantly broadening our sustainable financing offerings. Our focus on integrating sustainability risk management into our risk framework helps us to reduce potential negative impacts that certain business activities might have on the realization of the SDGs. This SDG report is a first step for SEK to disclose how our business relate to the SDGs. Here we outline new and ongoing activities and cooperation during 2019 SEK conducts to address selected SDGs.

Sustainability Development Goal and Targets	Activities 2019
 <p>11.2 Affordable and sustainable transport systems 11.6 Reduce the environmental impact of cities</p>	<ul style="list-style-type: none"> <li>• Team Sweden Smart City Working Group</li> <li>• Industry-led partnership between India and Sweden for smart and sustainable cities</li> <li>• SEK &amp; EKN loan commitment USD 2 billion for sustainable cities in India</li> </ul>
 <p>7.2 Increase global percentage of renewable energy 7.A Promote access to investments in clean energy 7.B Expand and upgrade energy services for developing countries</p>	<ul style="list-style-type: none"> <li>• Commitment 2019 to support the transition to a climate neutral economy in Sweden</li> <li>• Team Sweden initiative to address large international transition projects</li> <li>• Green bond issuance</li> <li>• Green offerings and green pricing introduced in 2019</li> </ul>
	
 <p>16:5 Substantially reduce corruption and bribery</p>	<ul style="list-style-type: none"> <li>• Team Sweden anti-corruption working group</li> <li>• Team Sweden human rights working group</li> </ul>
 <p>17:17 Encourage effective partnerships</p>	<ul style="list-style-type: none"> <li>• Equator principles and OECD's common approaches for environmental and social due diligence</li> <li>• Member in Transparency Business Group</li> <li>• Projects for improved sustainability information, a co-operation between academia, government agencies, business and the financial sector</li> </ul>

## Note 12. The Fossil Free Sweden initiative

The Fossil Free Sweden initiative aims to showcase participants that, through their operations, contribute to solving climate issues and to reaching the goal of a fossil-free society. In 2016, SEK joined the Fossil Free Sweden initiative and participated in network meetings during the year. The following activities support the initiative.



### SEK's activities

- Green loans
- Green bonds
- Own fossil free operations through carbon offsetting



# The Board of Directors' signatures

The Board of the Directors and the Chief Executive Officer confirm that the consolidated financial statements and the Parent Company financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as issued by the International Accounting Standard Board (IASB) and endorsed by the European Parliament and Council Regulation (EC) No 1606/2002 dated July 19, 2002 and generally accepted accounting principles in Sweden, respec-

tively, and give a true and fair view of the Group's and the Parent Company's financial position and results of operations. The Report of the Directors for the Group and the Parent Company provides a true and fair overview of the Group's and the Parent Company's business activities, financial position and results of operations as well as the significant risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

Stockholm, 20 February 2020

Lars Linder-Aronson  
*Chairman of the Board*

Cecilia Ardström  
*Board member*

Anna Brandt  
*Board member*

Reinhold Geijer  
*Board member*

Hanna Lagercrantz  
*Board member*

Hans Larsson  
*Board member*

Eva Nilsagård  
*Board member*

Ulla Nilsson  
*Board member*

Catrin Fransson  
*Chief Executive Officer*

Our audit report on these annual accounts was submitted on February 20, 2020  
Öhrlings PricewaterhouseCoopers AB

Peter Nyllinge  
*Authorized Public Accountant  
Principal auditor*

Anneli Granqvist  
*Authorized Public Accountant*



# Auditor's report

To the general meeting of the shareholders of AB Svensk Exportkredit (publ),  
Corporate Identity Number 556084-0315

## **Report on the annual accounts and consolidated accounts Opinions**

We have audited the annual accounts and consolidated accounts of AB Svensk Exportkredit (publ) ("SEK") for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 8–131 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies.

A corporate governance report and sustainability report have been prepared. The statutory administration report, corporate governance report and sustainability report are consistent with the other parts of the annual accounts and consolidated accounts and the Annual Accounts Act for Credit Institutions and Securities Companies.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and the consolidated accounts are consistent with the content of the additional report that has been presented to the Audit Committee of SEK in accordance with the audit regulation (537/2014) Article 11.

## **Basis for Opinions**

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## **Our audit approach**

### *Audit scope*

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements and the sustainability report. Our audit also included SEK's sustainability information included in the statutory

administrations report and accompanying sustainability notes. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements and the sustainability report as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

As part of our audit we place reliance on internal controls for the applications/systems and related platforms that supports SEK's accounting and financial reporting. Therefore, we perform audit procedures to determine that systems and processes are designed, maintained, operated and kept secure in such a way as to provide assurance that the risk of error is minimized. The audit procedures include walk-throughs of processes and evaluation of design and test of effectiveness of controls. Substantive testing has also been performed. Where possible we have relied on management's own evaluation activities.

Our audit is carried out continuously during the year with special attention at each quarter end. In connection with SEK's issuance of interim reports, we report our observations to the Audit Committee and issue interim review reports. At the end of the year, we also report our main observations to the Board of Directors.

## **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements and the sustainability report are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements and the sustainability report as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

## **Key audit matters**

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the Key audit matter
<p><b>Valuation of certain Level 2 and Level 3 financial instruments held at fair value</b></p> <p>Valuation of certain financial instruments in level 2 and level 3 was an area of audit focus due to their significance in presenting both financial position and performance in the financial statements. The majority of SEK's assets and liabilities measured at fair value in level 2 and level 3 are held to manage the risks related to SEK's structured funding.</p> <p>Financial instruments held at fair value in level 2 and level 3 utilise to a large extent unobservable inputs for recurring fair value measurements, which often involve the exercise of judgment by management and the use of estimates, valuation models and assumptions that are not observable by third parties.</p> <p>Important areas in valuation of financial instruments held at fair value relate to:</p> <ul style="list-style-type: none"> <li>• Framework and policies relating to models and valuation;</li> <li>• Internal controls relating to fair value hierarchy, fair value adjustments, price testing and model control &amp; governance; and</li> <li>• Levelling and disclosures of financial instruments</li> </ul> <p>Refer to the Annual Report Note 1, Note 13, Note 14 and Note 18.</p>	<p>In our audit, we assessed and tested the design and operating effectiveness of the controls relating to financial instrument valuation including:</p> <ul style="list-style-type: none"> <li>• the identification, measurement and oversight of valuation of financial instruments</li> <li>• fair value hierarchy, fair value adjustments and independent price verification</li> <li>• collateral management; and</li> <li>• model control and governance</li> </ul> <p>We examined the Company's independent price verification processes, model validation and approval processes, controls over data feeds and inputs to valuation and the Company's governance and reporting processes and controls.</p> <p>For the valuations dependent on unobservable inputs or which involve a higher degree of judgment, we assessed the assumptions, methodologies and models used by the Company.</p> <p>We independently tested complex model-dependent valuations to assess the appropriateness of models used.</p> <p>We performed an independent valuation of a sample of positions to evaluate management's valuation.</p> <p>We examined whether the disclosures made in the annual report are appropriate</p>
<p><b>Impairment of loans to customers</b></p> <p>Accounting for impairment of loans to customers require management's judgment over timing of recognition of impairment and the size of any such impairment allowance.</p> <p>SEK makes provisions for expected credit losses (ECL) in accordance with IFRS 9. IFRS 9 categorises loans into three stages depending on the level of credit risk or changes in credit risk for each individual loan. Stage 1 representing a probable 12 month ECL applies to all loans unless there is a significant increase in credit risk since initial recognition. For loans where there is a significant increase in credit risk, stage 2, or loans in default, stage 3, a lifetime ECL is calculated.</p> <p>The ECL is calculated as a function of the probability of default, the exposure at default and the loss given default, as well as the timing of the loss.</p> <p>IFRS 9 also allows for expert credit judgement to be applied to loan loss provisioning.</p> <p>Refer to the Annual Report Note 1 and Note 9.</p>	<p>In our audit, we assessed and tested the design and operating effectiveness of the controls relating to the impairment of loans. The testing of internal controls included procedures relating to the governance structure, segregation of duties and key controls in the lending processes.</p> <p>Our credit modelling experts have performed recalculations for a sample of loans and model outputs in order for us to obtain comfort over the calculated ECL.</p> <p>To evaluate data quality, we agreed ECL calculation data points to source systems. To test credit monitoring, we verified the risk ratings for a sample of performing and non-performing loans.</p> <p>We have also audited adjustments related to expert credit judgments. We have assessed that rationale exists to account for the adjustments at year-end and we have reviewed minutes of meetings to ensure that the correct governance procedures have been performed.</p> <p>We examined whether the disclosures made in the annual report are appropriate</p>

#### **Other Information than the annual accounts and consolidated accounts**

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-7 and 135-138. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS, as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsi-



ble for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

#### **Auditor's responsibility**

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions**

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SEK for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

##### **Basis for Opinions**

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### **Responsibilities of the Board of Directors and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as the auditor of SEK by the annual general meeting on 28 March 2020, and has been SEK's auditor since 22 March 2017.

Stockholm, 20 February 2020  
Öhrlings PricewaterhouseCoopers AB

Peter Nyllinge  
Authorised Public Accountant  
Auditor in charge

Anneli Granqvist  
Authorised Public Accountant



# Definitions

## A, B and C projects

Projects and project-related financing are classified based on OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence. Category A projects entail material risks of potential environmental and societal impacts. Category B projects potentially have some impact, and category C projects have little or no potential impact.

## After-tax return on equity

Net profit, expressed as a percentage per annum of the current year's average equity (calculated using the opening and closing balances for the report period).

## After-tax return on assets

Net profit, expressed as a percentage per annum of the current year's average total assets (calculated using the opening and closing balances for the report period).

## Annual carbon dioxide reductions from green projects

Calculated as an annual CO<sub>2</sub> reduction for a normal year when the project is up and running, for more details refer to the calculation principles on page 126.

## Attractive employer

Attractive employer is measured using an index scoring from 0–100 covering the following areas: leadership, workload, stimulating work, development opportunities, equality and freedom from discrimination, bullying and sexual harassment.

## Average interest-bearing assets

This item includes cash and cash equivalents, treasuries/government bonds, other interest-bearing securities except loans, loans in the form of interest-bearing securities, loans to credit institutions and loans to the public, and is calculated using the opening and closing balances for the report period.

## Average interest-bearing liabilities

This item includes outstanding senior debt and subordinated liabilities and is calculated using the opening and closing balances for the report period.

## Basic and diluted earnings per share (Skr)

Net profit divided by the average number of shares, which amounted to 3,990,000 for each period.

## C/I ratio

Total operating expenses in relation to net interest income, and net fee and commission expense.

## CIRR loans as percentage of new lending

The shares of new lending comprised by officially supported export credits.

## CIRR-system

The CIRR-system is the Swedish system for officially supported export credits (CIRR loans).

## Common Equity Tier 1 capital ratio

The capital ratio is the quotient of Common Equity Tier 1 capital and the total risk exposure amount.

## Climate risk

Climate change leads to climate risks, which can affect physical assets when average global temperatures continue to rise resulting in gradually rising sea levels and increased average rainfall.

## Empowerment

Empowerment is measured using an index scoring from 0–100 based on how employees score their ability to contribute to the business on the following points: motivation, willingness, authority and competence.

## The Equator Principles

A risk management framework adopted by financial institutions for determining, assessing and managing environmental and societal risk in projects.

## Green lending and green loans

SEK's green lending comprises green loans that promote the transition to a low-carbon economy. The classification is performed by sustainability analysts at SEK. The effects that the loan will give rise to, such as reduced emissions of greenhouse gases, are monitored and reported. The term green project is assigned the same meaning as the term green loan. The green loans are then categorized as dark or light green. Dark green loans are categorized under SEK's framework for green bonds and light green loans finance products or services that lead to significant and demonstrable progress toward the goal of sustainable development, either through a reduction in environmental impact or through more efficient use of resources based on the EU's definition of ECO innovation.

## Indirect impact on GDP growth and jobs in Sweden

SEK's lending has indirect impacts in Sweden, including the GDP growth and jobs created by export transactions. The indirect impact of SEK's new lending on Sweden's GDP and employment is calculated using sector-based multipliers developed by Statistics Sweden, according to the SNI 2007 standard. This model calculates the Swedish content in an export order or in an investment. SEK finances many different types of transactions and not all of them necessarily fit this model precisely. These calculations can therefore only be made at a general level and the results should be interpreted with caution.

## Large companies

Companies with annual sales of more than Skr 5 billion.



**Leverage ratio**

Tier 1 capital expressed as a percentage of the exposure measured under CRR (refer to Note 26).

**Liquidity coverage ratio**

The liquidity coverage ratio (LCR) is a liquidity metric that shows SEK's highly liquid assets in relation to the company's net cash outflows for the next 30 calendar days. An LCR of 100 percent means that the company's liquidity reserve is of sufficient size to enable the company to manage stressed liquidity outflows over a period of 30 days. Unlike the Swedish FSA's rules, the EU rules take into account the outflows that correspond to the need to pledge collateral for derivatives that would arise as a result of the effects of a negative market scenario.

**Loans, outstanding and undisbursed**

Lending pertains to all credit facilities provided in the form of interest-bearing securities, and credit facilities granted by traditional documentation. These amounts comprise SEK's real lending. SEK considers these amounts to be useful measurements of SEK's lending volumes. Accordingly, comments on lending volumes in this report pertain to amounts based on this definition (see the Statement of Financial Position and Note 11).

**Medium-sized companies**

Companies with annual sales of between Skr 500 million and Skr 5 billion, inclusive.

**Net stable funding ratio**

This ratio measures stable funding in relation to the company's illiquid assets over a one-year, stressed scenario in accordance with Basel III.

**New long-term borrowing**

New borrowings with maturities exceeding one year, for which the amounts are based on the trade date. In the Consolidated Statement of Cash Flows, amounts are shown based on settlement dates. Differences can occur between these amounts, since trade dates and settlement dates can differ and occur in different reporting periods.

**New lending**

New lending includes all new committed loans, irrespective of tenor. Not all new lending is reported in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows since certain portions comprise committed undisbursed loans (see Note 23). The amounts reported for committed undisbursed loans may change when presented in the Consolidated Statement of Financial Position due to changes in exchange rates, for example.

**Outstanding senior debt**

The total of borrowing from credit institutions, borrowing from the public and debt securities issued.

**Swedish exporters**

Companies that export from Sweden or suppliers of these companies.

**System export**

Export which entail multi-supplier solution.

**Sustainable terms**

SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. Sustainable terms is defined as conducting operations in a manner that benefits sustainable development. This means acting responsibly and minimizing the risk of negative impact, and of leveraging opportunities for sustainable value creation.

**Tier 1 capital ratio**

The capital ratio is the quotient of Tier 1 capital and the total risk exposure amount.

**Total capital ratio**

The capital ratio is the quotient of total own funds and the total risk exposure amount.

Unless otherwise stated, amounts in this report are in millions (mn) of Swedish kronor (Skr), abbreviated "Skr mn" and relate to the Consolidated Group consisting of the Parent Company and its subsidiaries. The international code for the Swedish currency (SEK) is not used in this report to avoid confusion with the same three-letter abbreviation that has been used to denote AB Svensk Exportkredit since the company was founded in 1962.

AB Svensk Exportkredit (SEK), Swedish corporate identity number 556084-0315, with its registered office in Stockholm, Sweden is a public limited liability company as defined under the Swedish Companies Act. In some instances, a public company is obliged to add "(publ)" to its company name.









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