

# INVESTOR PRESENTATION

June 2020

**SEK**



# SEK's mission and vision

**SEK's mission** is to ensure access to sustainable financial solutions for the Swedish export industry on commercial terms.

**SEK's vision** is to strengthen the competitiveness of Swedish exporters and help create employment and sustainable growth in Sweden.

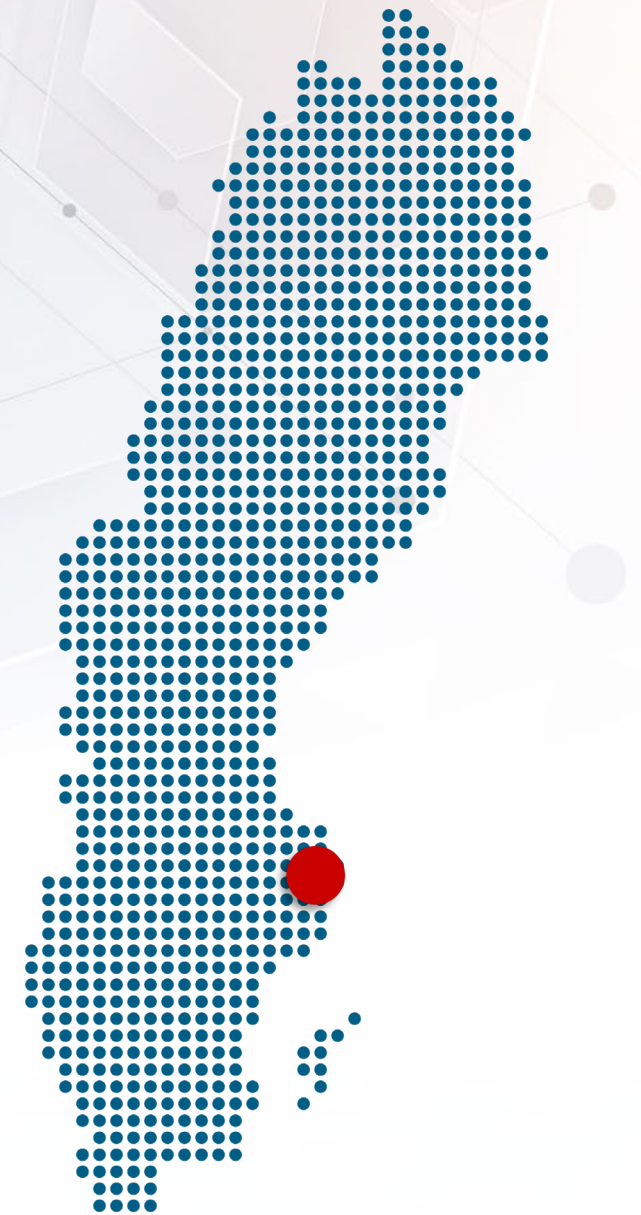
SEK is **100% owned** by the Swedish Government.

**100%**

owned by the  
Swedish  
government

# Kingdom of Sweden

Population	10 million
Surface	450 000 km <sup>2</sup>
Capital	Stockholm
Language	Swedish, English widely spoken
Political system	Parliamentary democracy
European status	Inside EU, outside Euro
Currency	Swedish Krona



# Economy of Sweden

Rating

GDP Growth Q1 2020 (QoQ/YoY)

GDP Growth 2019

GDP 2019 USD

GDP per capita 2019

Unemployment April 2020

CPI/CPIF\*\*\* April 2020 (YoY)

Repo Rate April 2020

AAA/Aaa/Aaa

0.1% / 0.4%

1.2%

531 bn\*

USD 51 690\*

7.9%\*\*

-0.4% / -0.4%

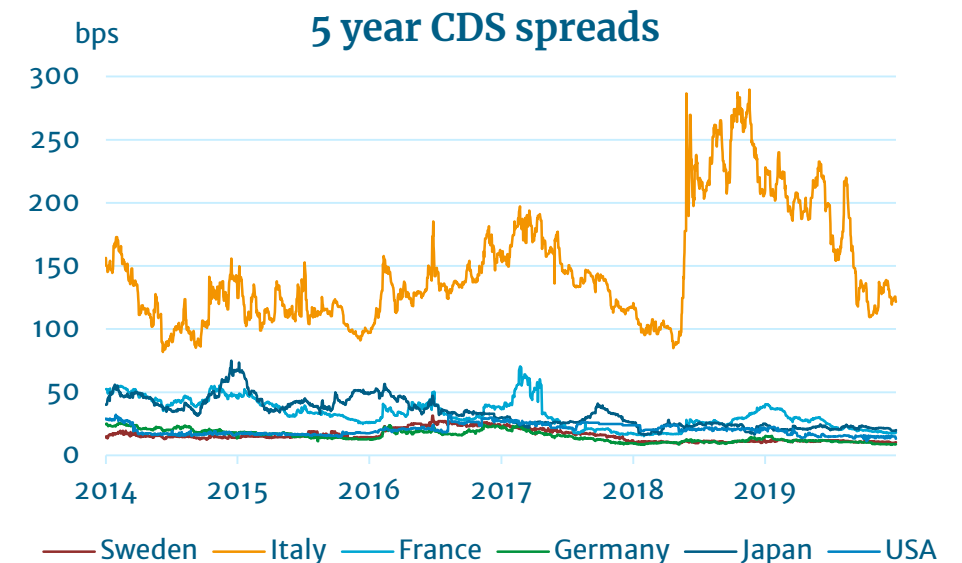
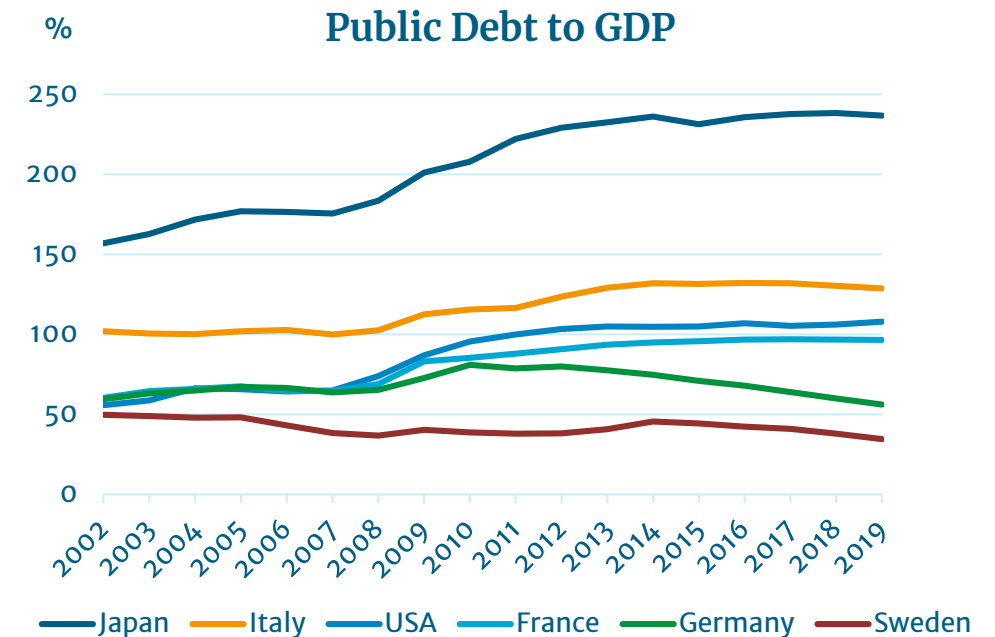
0%

\* USD/SEK average 2019, 9.46

\*\* Seasonally adjusted, % of labour force

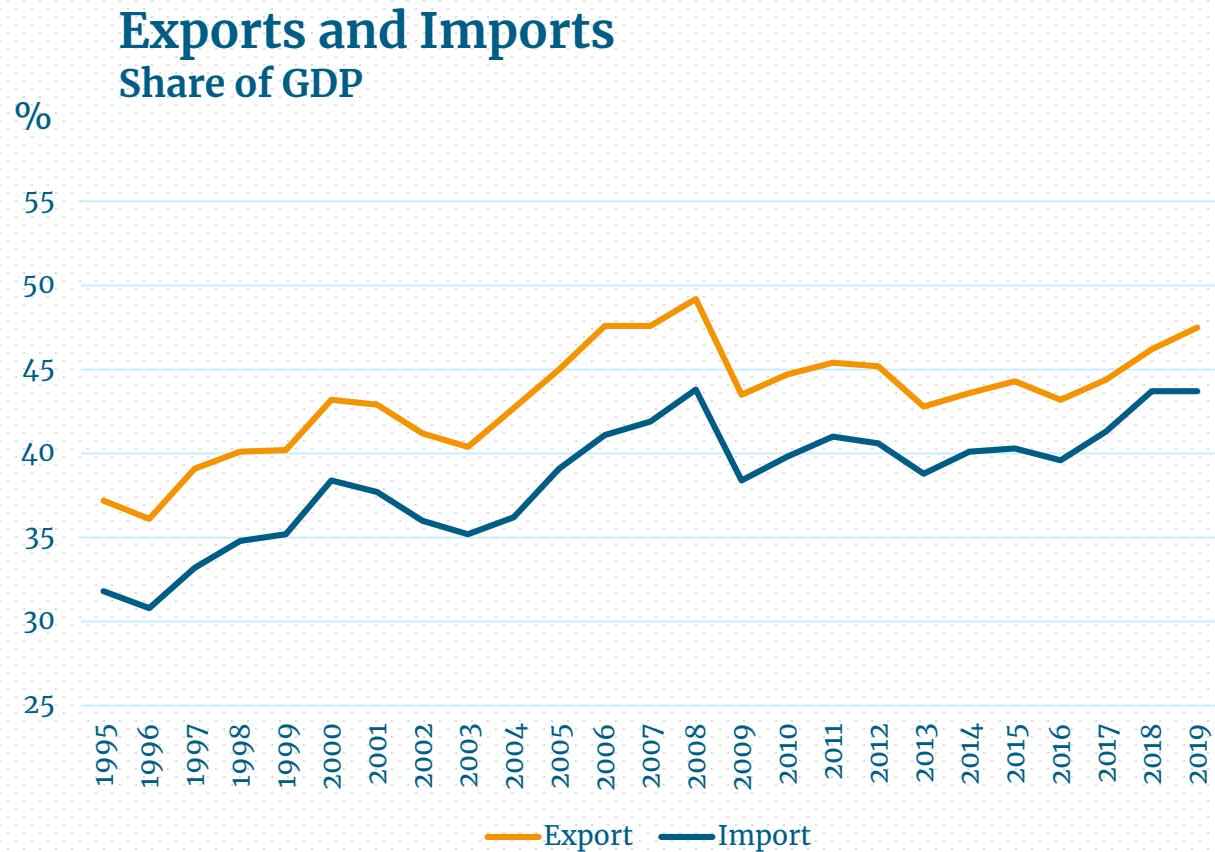
\*\*\* CPIF = CPI with fixed mortgage rates

Source: Bloomberg, IMF, SCB

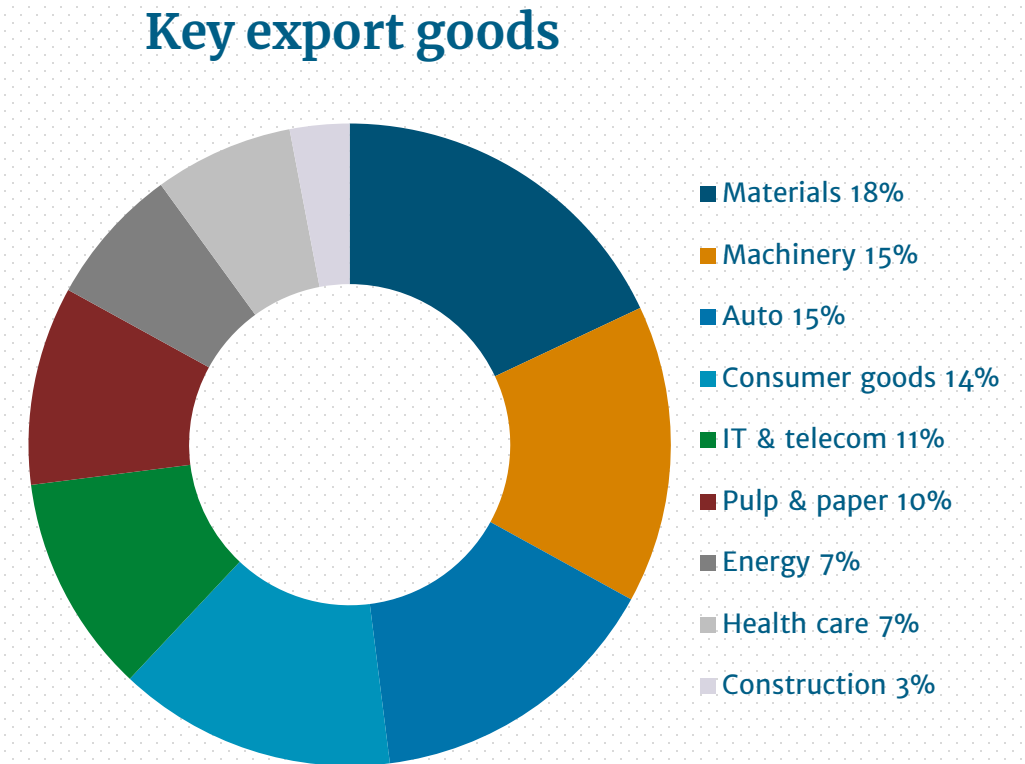


# Swedish Exports

## Large part of GDP and well diversified



Source: SCB as of December 31, 2018



# Well-known Swedish exporters



# SEK has a complementary role in the market

Our offering provides a complement to bank and capital market finance for exporters that want a range of different financing sources.

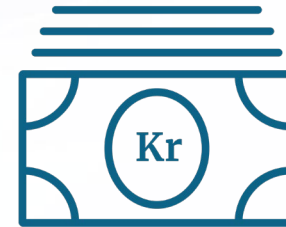
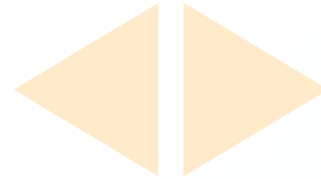
SEK creates client value on market terms through its strong international network, extensive experience and expertise in export finance.



Bank and capital market



Customer



SEK



# Our offering

- Export Finance
- Project Finance
- Trade Finance
- Customer Finance
- Small Ticket Finance
- On-lending
- Corporate Lending and Capital Market Products

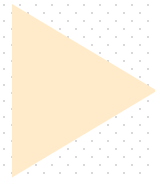
Our offer is available in **all major currencies** and **selected emerging market currencies**.



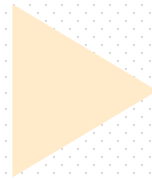
# The Swedish Export Credit System



**Exporter**  
negotiates  
with buyer



**Bank**  
arranges



**EKN**  
guarantees



**SEK**  
finances

# Ratings

“SEK's senior debt instruments continue to benefit from high government support, given its strong links with the sovereign because of both its government ownership, as well as the special mandate that the bank has to promote Swedish exports and manage the CIR system.”

“Solid capital and stronger-than-peer leverage”

“This [leverage ratio] places SEK in a stronger position than its Nordic public-sector peers...”

January 17, 2020

**MOODY'S**  
**Aa1 (stable)**

”

“...that there is an extremely high likelihood of timely support to SEK from the Swedish government...”

“Its elevated capital ratios reflect its high-quality loan book and associated guarantees, highly rated exposures in its liquidity portfolio, and superior capital base consisting solely of core capital.”

“In our view SEK will remain an important pillar of Swedish exporters' success owing to its strong relationships with Sweden's largest exporters.”

December 6, 2019

**STANDARD**  
**& POOR'S**  
**AA+ (stable)**

# SEK's sustainability framework



Owner instruction  
Sustainability reporting  
Sustainability targets and strategies



OECD Common Approaches  
OECD Convention on Combating Bribery



Equator Principles



IFC Performance Standards

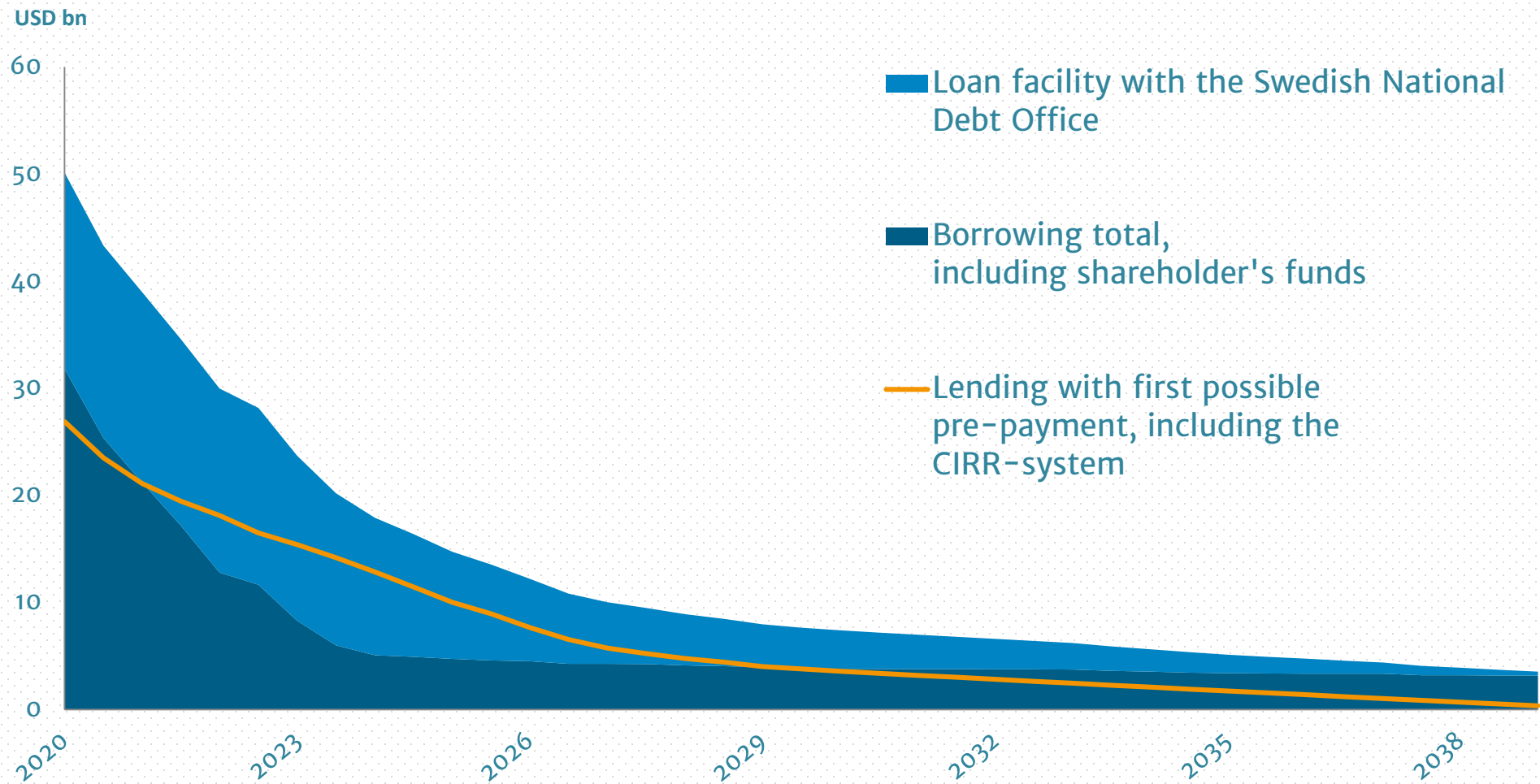


UN Global Compact  
UN Guidelines on Business and Human Rights





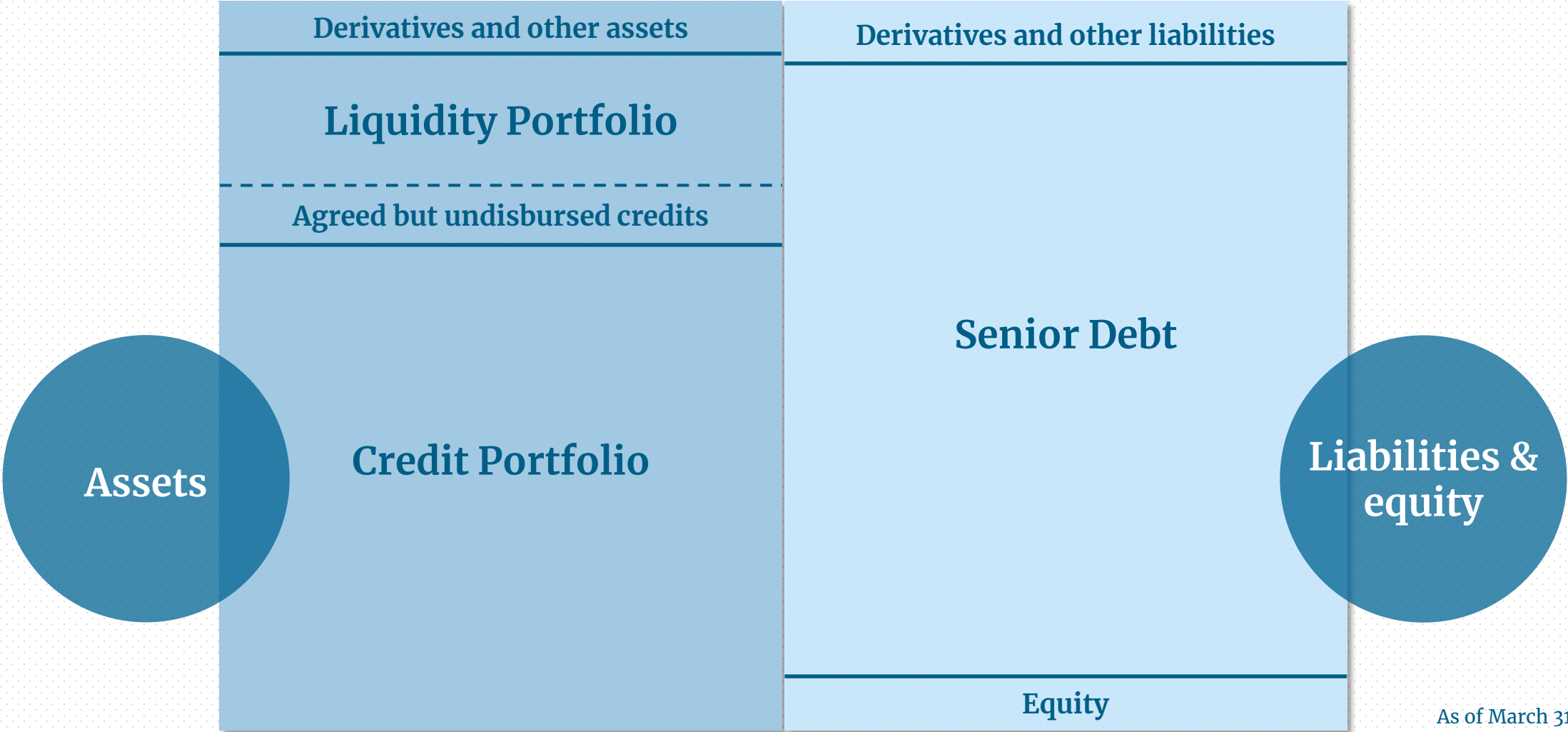
# Funding and liquidity: No refinancing risk



As of March 31, 2020

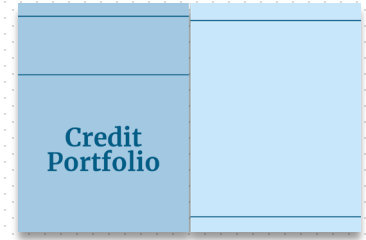
Not to scale

# Total USD 36.4 bn

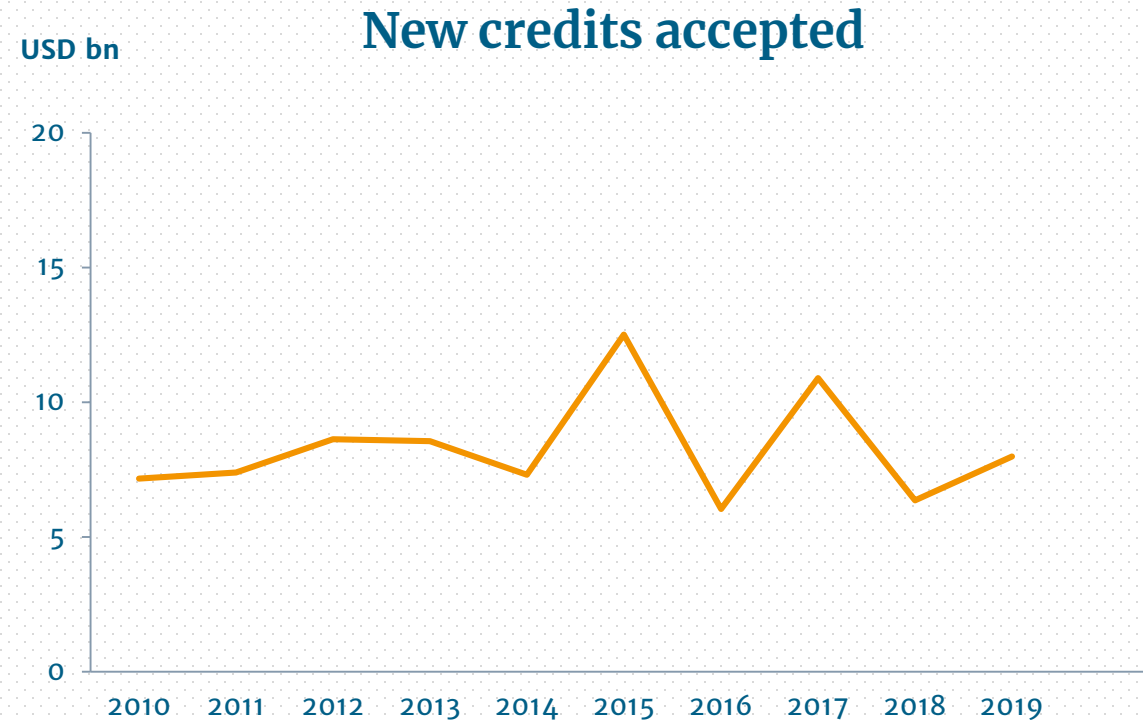


As of March 31, 2020

# Credit Portfolio



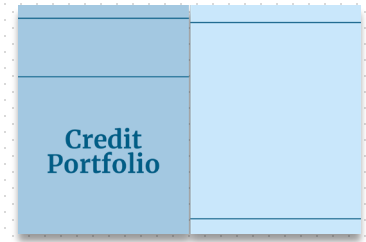
- Demand for financing from the Swedish export industry increased dramatically during the financial crisis 2008/2009
- The Swedish government heavily increased SEK's lending capacity during the financial crisis 2008/2009
- Further measures were introduced during Q1 2020 due to the COVID-19 pandemic
- SEK secured access to financing for the Swedish exporters
- New credits accepted Q1 2020: 3.3 bn



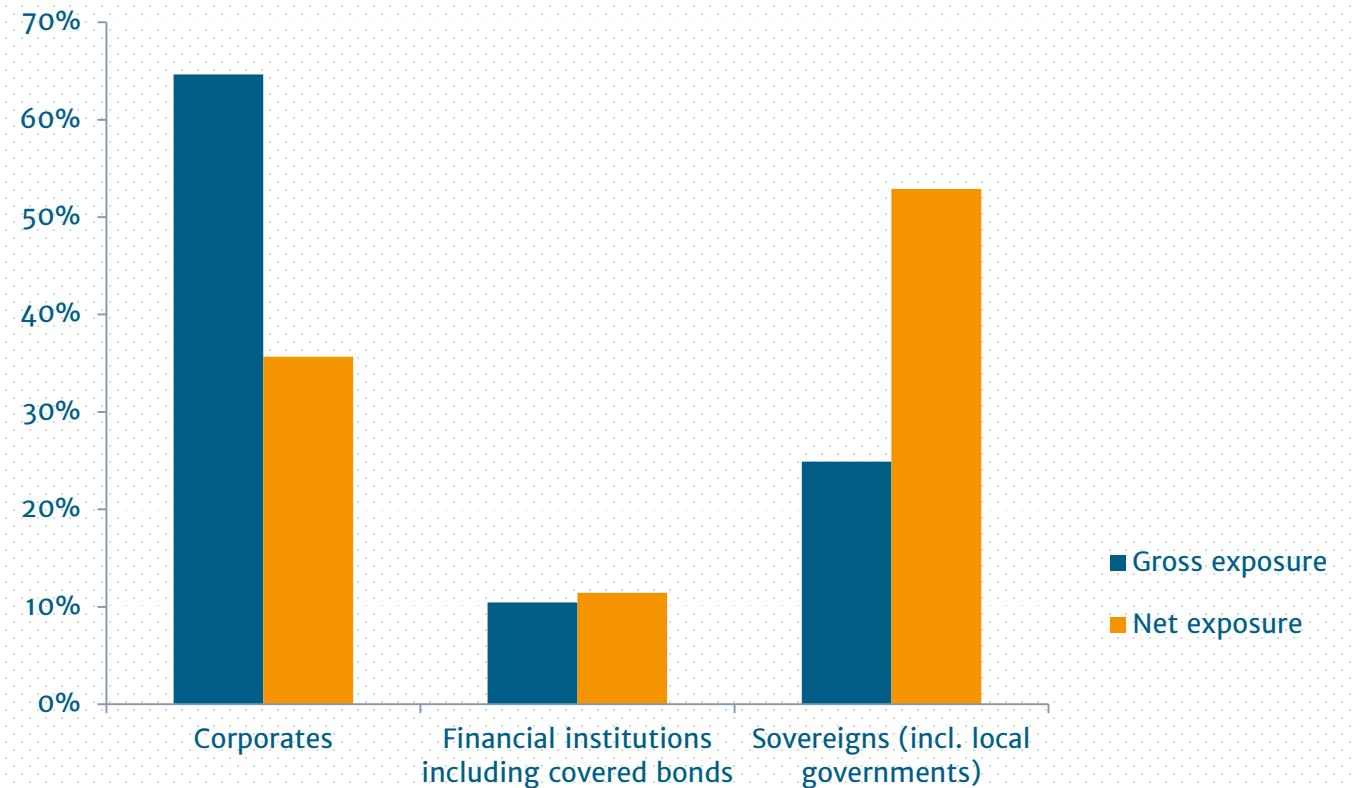
As of March 31, 2020



# Counterparty exposures & risk mitigation

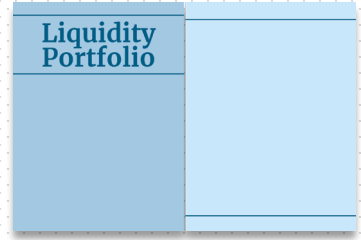


- Export credit agency guarantees
- Bank guarantees
- Credit derivatives
- Collateral agreements
- Insurance company guarantees



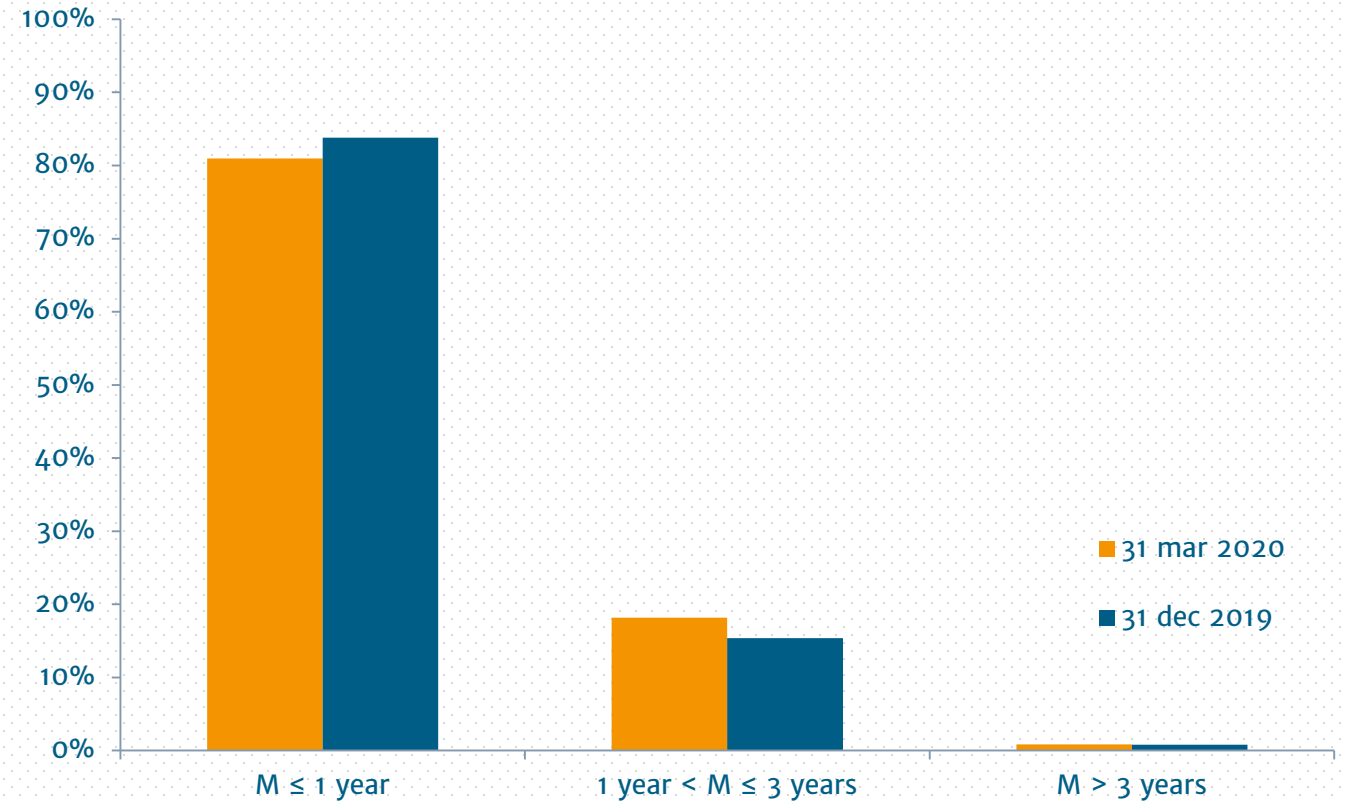
As of March 31, 2020

# Liquidity Portfolio



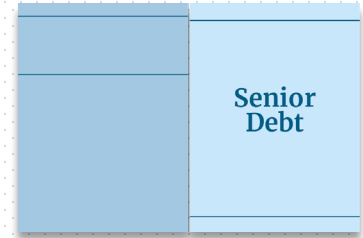
## Investment profile

- Average duration of new investments: **6 months**
- Maximum maturity: **Generally 24 months, with some exceptions**
- Minimum rating: **Generally A-, with some exceptions**



As of March 31, 2020

# Funding: Flexible and diversified



- Multiple funding programmes in all major currencies
- Funding in local currencies
- Responsive to investor needs
- An experienced benchmark issuer

New funding by region, as of March 31, 2020  
(2019, whole year)

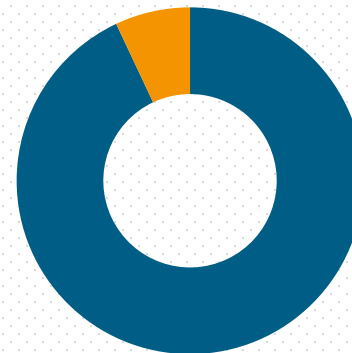


- Japan 7% (19%)
- North America 16% (26%)
- Europe excl. Nordic countries 28% (27%)
- Non-Japan Asia 10% (15%)
- Nordic countries 27% (2%)
- Middle East/Africa 5% (4%)
- Latin America 7% (7%)
- Oceania 0% (0%)

## Risk Management policy

- No currency risk
- Very limited interest rate risk
- All structured notes are hedged

New funding by structure, as of March 31, 2020  
(2019, whole year)

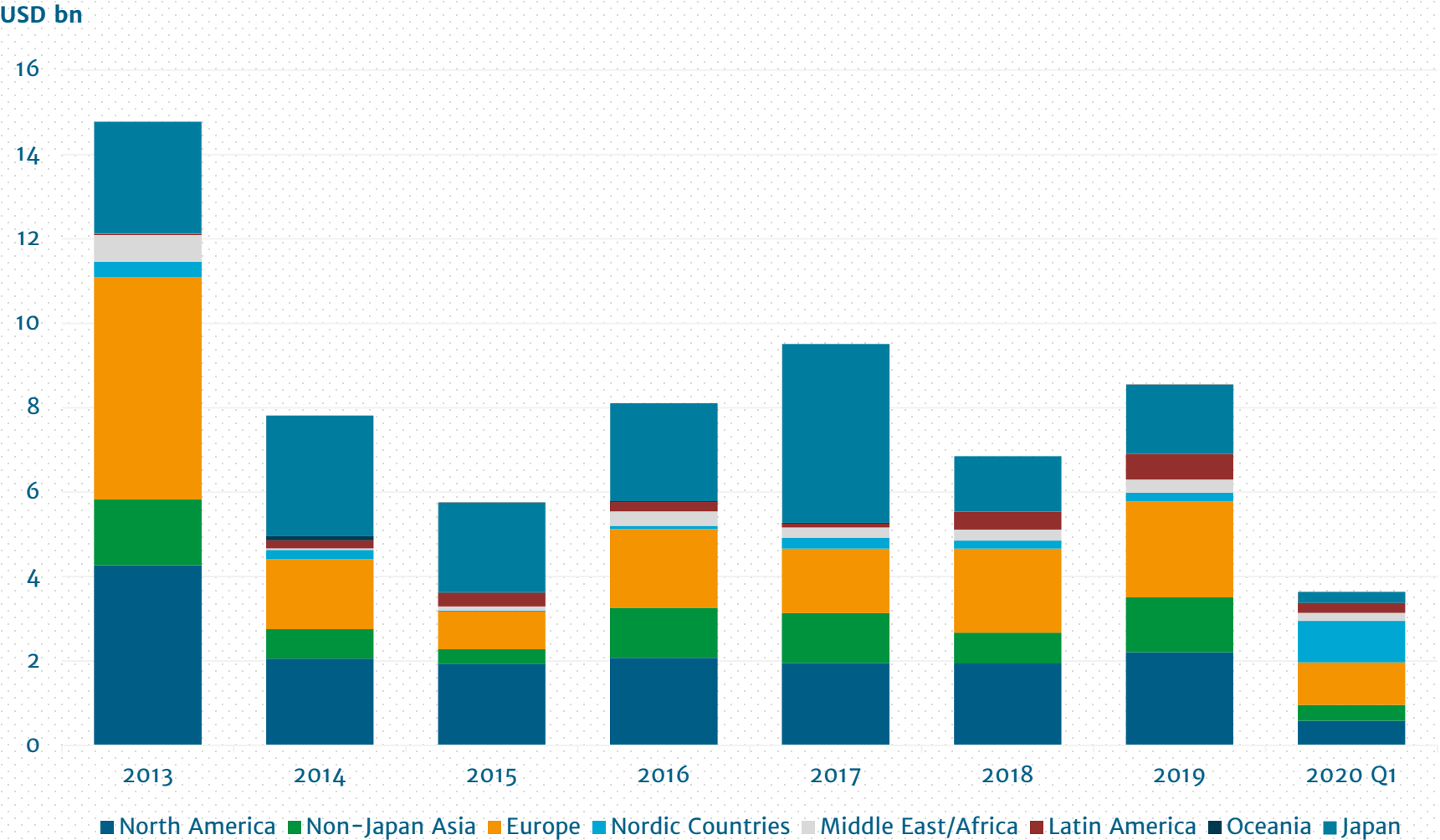
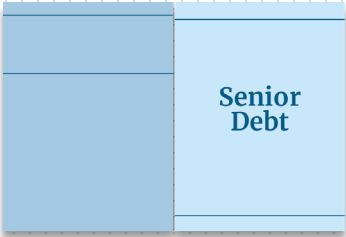


- Plain Vanilla 93% (79%)
- Equity linked 7% (19%)
- FX linked 0% (1%)
- Commodity linked 0% (1%)

As of March 31, 2020

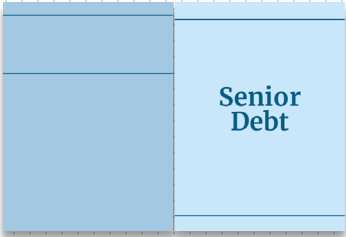


# Diversified funding, by region

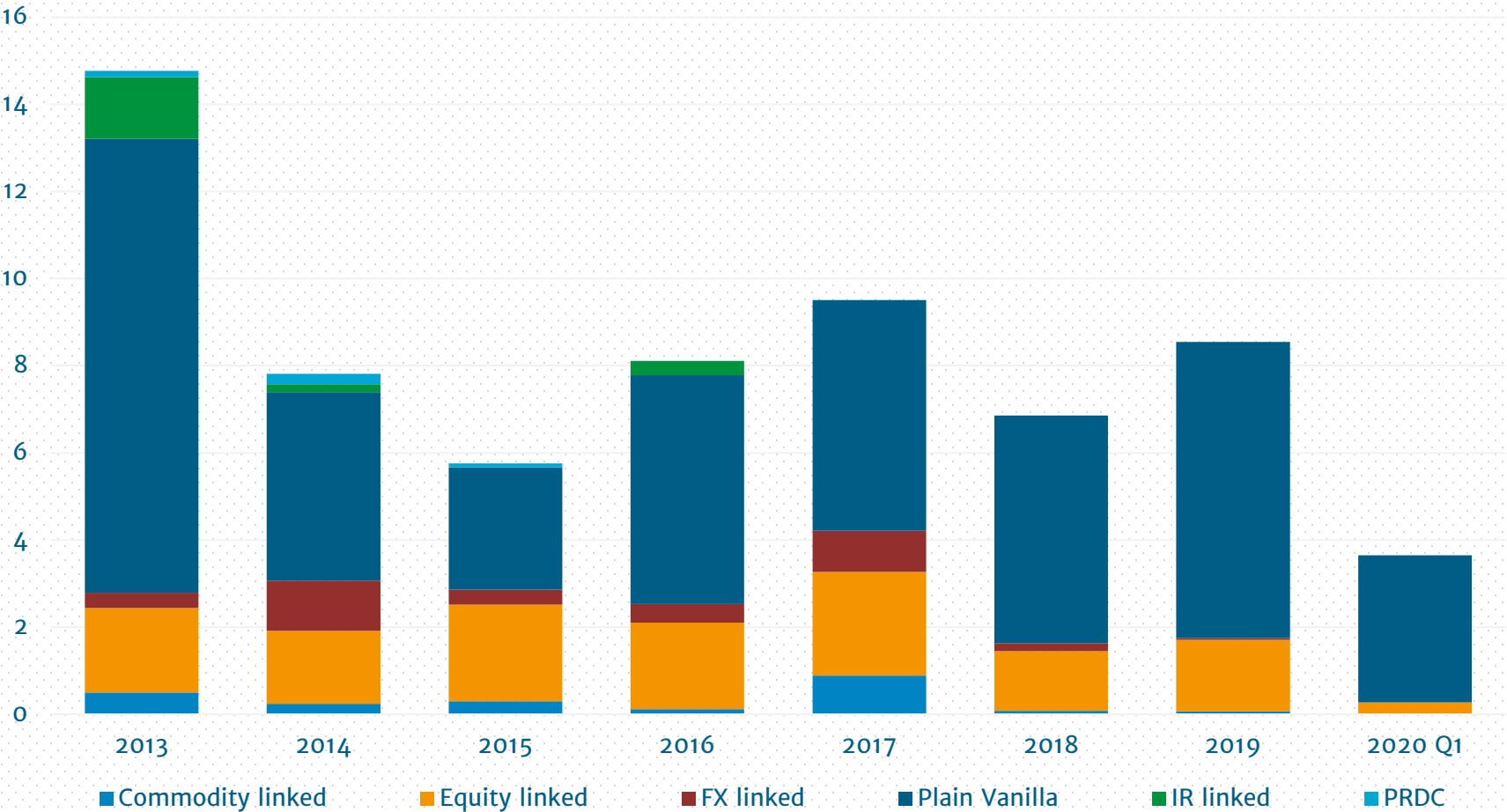


As of March 31, 2020

# Diversified funding, by structure



USD bn



As of March 31, 2020

# Awards



**W I N N E R**

SSA Issuer of the Decade



**W I N N E R**

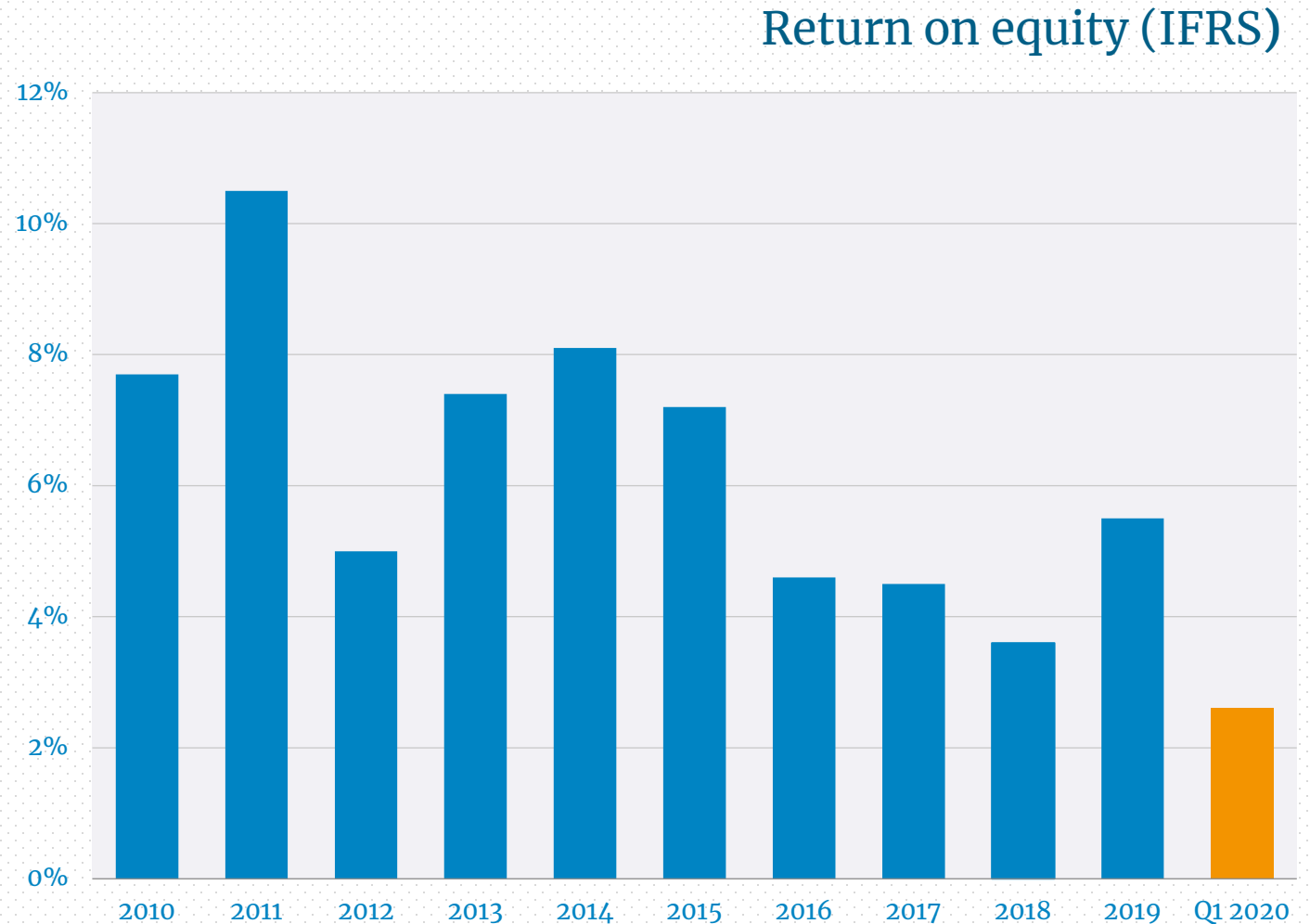
Issuer of the Year



# Capitalization and Profitability

- Common Equity Tier 1 capital ratio of 19.9% as of March 31, 2020
- Leverage ratio of 5.4% as of March 31, 2020
- Dividend policy: 30% of profit after tax to our owner
- Return on equity: 2.6% (target: 6%)

As of March 31, 2020



# About SEK

<b>Owner:</b>	Swedish government, 100%
<b>SEK's mission:</b>	To ensure access to sustainable financial solutions for the Swedish export industry on commercial terms
<b>Primary task:</b>	Financing of export credits
<b>Credit rating:</b>	S&P: AA+ /Stable/A-1+    Moody's: Aa1/Stable/P-1
<b>Established:</b>	1962

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## Financial information as of March 31, 2020

Total assets	USD 36.4 bn
Lending	USD 24.1 bn
Common Equity Tier 1 capital ratio	19.9%
After-tax return on equity	2.6%

As of March 31, 2020



**MREL**

# SEK is a systemically important export vehicle

**As a credit institution**  
SEK is subject to financial regulation, although 100% owned by the Kingdom of Sweden

SEK is deemed systemically important for the Swedish financial system and is therefore subject to MREL

Minimum Requirement for own funds and Eligible Liabilities (MREL) is the European equivalence to TLAC and affects each country's systemically important banks and financial institutions

**Already in compliance with MREL with own funds and bail-inable senior unsecured bonds**

After January 1, 2024, the requirements have to be met with own funds and a second layer of senior bail-inable debt, senior non-preferred bonds (SNP)

**SEK's requirements**

MREL requirement is 7.2% (SEK 25 bn – around USD 2.5 bn) based on Total Liabilities and Own Funds

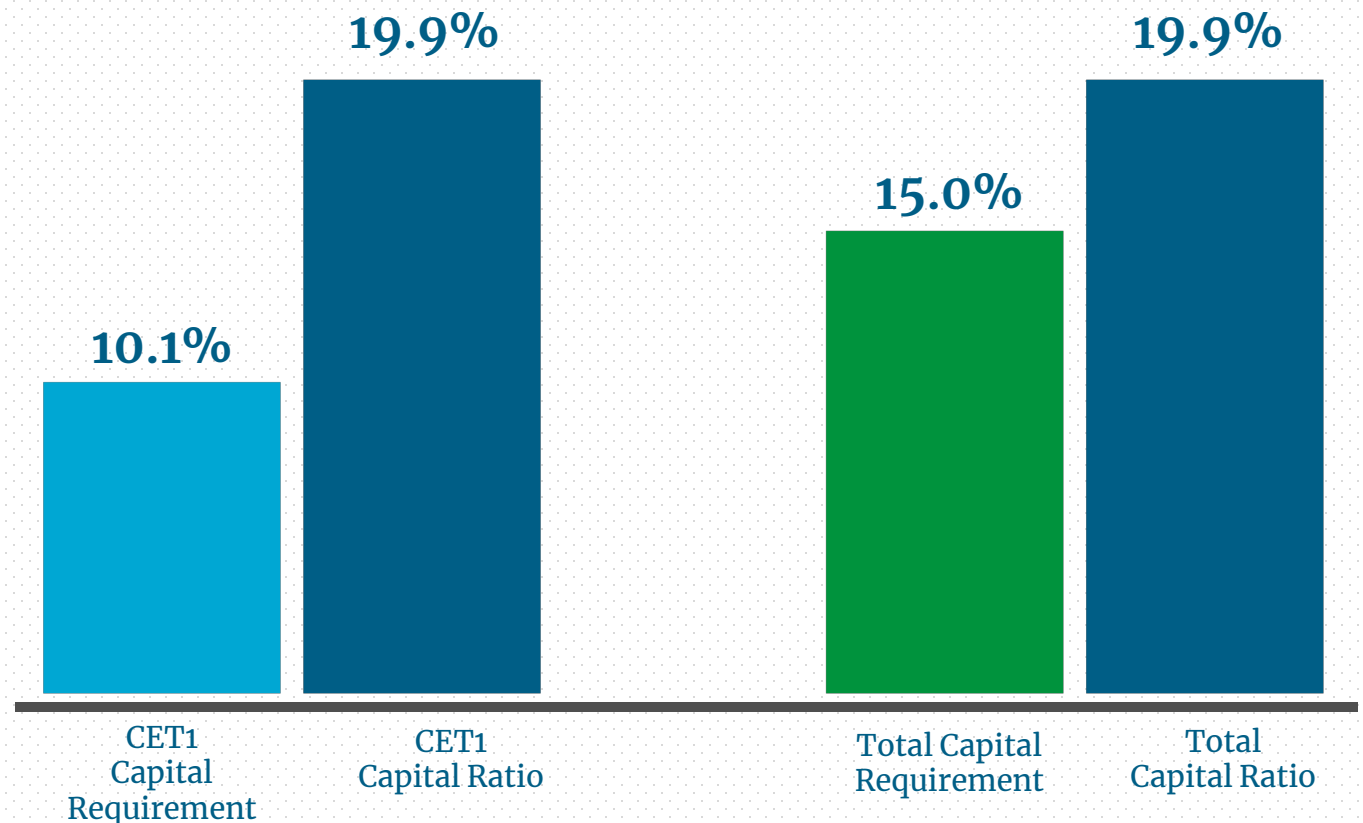
Of this SEK 25 bn, 11 bn (around USD 1.1 bn) has to be met with senior non-preferred bonds

# Strong capital position

## SEK's own funds provide a significant buffer for investors

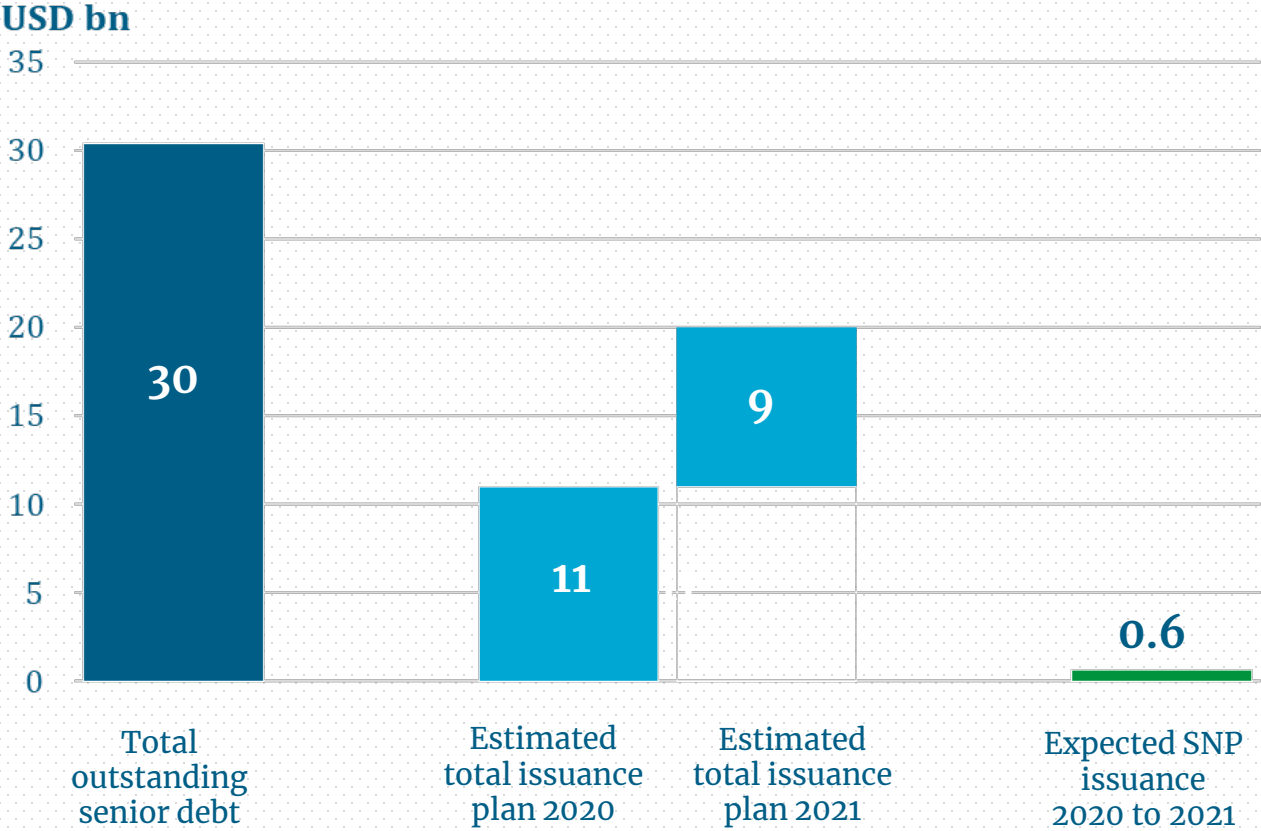
- Substantial own funds: SEK 18.7 bn (around USD 1.9 bn)
- Actual buffer against CET1-requirement: 9.8%
- Actual buffer against total capital requirement: 4.9% (in excess of SEK's management buffer: 2-4%)
- Potential to further increase Total Capital Ratio by 4.9% to 24.8% by issuing AT1 and T2 capital

As of March 31, 2020





# SNP issuance plan – small part of total issuance and outstanding debt



Senior unsecured redemptions USD 9 bn 2020 and 8 bn 2021 – far larger than SNP issuance plan

SEK expects SNP issuance of at least USD 1.1 bn, starting with USD 0.6 bn 2020 to 2021

No net additional issuance needs, SNP will substitute part of senior unsecured issuance

# Rare opportunity to invest in SSA senior non-preferred bonds

## Few SSA's issuing SNP

### Strong ownership with a public mission

- 100% owned by the Kingdom of Sweden, all Board Members are appointed by the owner
- SEK is a part of the Swedish government's export strategy and has an explicit public policy mandate to promote Swedish exports
- During periods when the market cannot satisfactorily supply financing to the Swedish export industry, the company is to constitute a tool whereby the government can take separate measures to ensure that such financing can be provided, like they did in 2009 to ensure financing to the export industry.
- This procedure is used again in the covid-19 crisis, demonstrated by an increased borrowing facility with the Swedish National Debt Office to Skr 200 billion from previous Skr 125 billion that in addition to state-supported export credits also can be used for commercial lending.

Senior  
non-preferred  
bonds will carry a  
yield pickup  
compared to senior  
unsecured bonds

# Contact

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