

OWNER INSTRUCTION FOR AB SVENSK EXPORTKREDIT (SEK)

Section 1 The company's operations

The company 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.

SEK is to have complementary role to the market. Within this role, SEK strives to collaborate with other public sector export promotion agencies, banks and others in the financial services sector to provide the best possible financing solutions for its clients.

- b) provide export credits, including officially supported credits (CIRR loans) (Commercial Interest Reference Rate based on the OECD's "Arrangement on Officially Supported Export Credits").

Administration of the CIRR system is a specially commissioned public policy assignment by the Swedish parliament to SEK. The company is tasked with ensuring the Swedish system for officially supported export credits, or CIRR loans, is as competitive as equivalent systems in the most important competitor countries.

- c) in periods when the market cannot 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.
- 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 Principles and Guidelines to Promote Sustainable Lending in the Provision of Official Export Credits to Low Income Countries.

Section 2 CIRR system administration and reporting

The company is to:

- a) administer the Swedish system for officially supported export credits. The regulations for this are based on the Credits Ordinance (1981:665) (Swe: “Kreditförordningen”). The Credits Ordinance also stipulates that terms for state-supported export credits are to conform to EU rules for officially supported export credits. This entails, inter alia, that the agreements reached by OECD members (including the EU) on export credits (Arrangement on Officially Supported Export Credits) are followed. These regulations concern terms for, inter alia, minimum fixed interest rates under official financing support offered to Swedish export companies or their customers in export transactions. This rate is known as the Commercial Interest Reference Rate (CIRR) and officially supported export credits are therefore known as “CIRR loans.”
- b) review incoming applications for CIRR loans to determine that the terms of the Credits Ordinance and the Owner Instruction are fulfilled. When an application is submitted to the Swedish Export Credits Guarantee Board (EKN), the company’s review and control is limited to the portion of the application forwarded by EKN. If the terms are fulfilled, SEK undertakes to approve the credit application. The company is permitted to request compensation from the borrower or other party for costs that arise in SEK’s operations, such as administrative expenses, consolidation expenses, expenses for covering credit risks (over and above such costs that pertain to credit risks in connection with interest rate or currency swaps used in conjunction with borrowing).
- c) borrow the amounts needed to provide export credit financing at minimal expense and risk for the state. This means that the risk is to be balanced against cost so as to, over the long term, limit expenses and observe a reasonable level of risk. SEK determines this balance between the lowest possible cost and risk for the state using the risk appetite determined by the Board. SEK is tasked with raising loans with the most favorable terms and conditions with regard to tenors, interest rates and other expenses.
- d) receive compensation from the state for the company’s undertakings in connection with the administration of the Swedish system for officially supported export credits as follows:

¹ The Ministry for Foreign Affairs is responsible for this on behalf of the Swedish government pursuant to the ordinance with instructions for the Government Offices of Sweden (1996:1515) (Swe: Förordning med instruktion för Regeringskansliet)

- I an amount to cover the difference between SEK's borrowing expenses to finance loans outstanding and SEK's income from loans outstanding.

SEK's expenses consist of:

- i. all interest expenses accruing on funds raised to provide financing for CIRR loans outstanding (including amounts at disposal for CIRR loans);
- ii. other direct expenses for borrowing (for example commissions, fees, issue expenses, stamp duties, underwriting fees, rating fees, accounting fees and similar) that SEK is obligated to pay to its lenders and other counterparties;
- iii. other transaction-related expenses for borrowing (expenses arising from the effect on capital requirements and expenses resulting from the effect on liquidity requirements);
- iv. stability fund fees, which are paid to the state, and relate to loans outstanding;
- v. expenses for credit risks connected with interest-rate or currency swaps used in conjunction with borrowing;
- vi. credit losses arising when the translation of an asset or liability in foreign currency to Swedish krona is lower or higher, respectively, than the corresponding value at the previous restatement, or arising in conjunction with the purchase and sale of currency within the CIRR system framework, and
- vii. other expenses that could be charged to SEK and which relate to CIRR loans.

SEK's income consists of:

- i. all of SEK's interest income from CIRR loans outstanding;
- ii. credit risk income from interest rate and currency swaps used in conjunction with borrowing as well as income from liquidity management in the CIRR system;
- iii. exchange gains arising when the translation of an asset or liability in foreign currency to Swedish krona is higher or lower, respectively, than the corresponding value at the previous restatement, or arising in conjunction with the purchase and sale of currency within the CIRR system framework.

- II an amount equivalent to 0.25 percent per year on credit amounts outstanding at each date; and

- III an amount to cover the administrative fees that SEK, as per point e), has paid on behalf of the state to those instances administering CIRR loans, in some cases to SEK itself.
- e) compensate, on behalf of the state, CIRR loan administrators annually with an amount corresponding to 0.25 percent of the principal amount outstanding on the CIRR loans administered. Such compensation accrues to the company, either entirely (in cases where SEK alone administers a CIRR loan) or partially (in cases where SEK and another party administer a CIRR loan).
- f) maintain a separate settlement account in its accounting for CIRR system settlements between the state and the company. The company retains any surplus in the Settlement account as an interest-free liability to the state. Deficits in the Settlement account are retained by the company as an interest-free receivable from the state. The company's retained liabilities or receivables are settled via a payment from the company to the state in the case of a surplus, or via a payment from the state to the company in the case of a deficit. These settlements are made on March 31 of every year (or an earlier bank day if March 31 falls on a day that is not a bank day) and are based on the balance in the Settlement account on December 31 of the previous year. The first settlement will be made on March 31, 2016 based on the balance on December 31, 2015. However, the state may settle, at any time, the entirety or portions of the liability (retained deficit) in the Settlement account via a payment to SEK. Likewise, the state may request, at any time, that SEK pay the entirety or portions of the receivable (retained surplus) in the Settlement account. Payment is to be made within seven (7) bank days of such a request.
- g) ensure that expenses and income are reported separately and against the Settlement account in SEK's accounting. SEK's lending and borrowing, income and expenses, and other transactions under the CIRR system are to be reported separately from SEK's other accounting. Surpluses and deficits are retained in the Settlement account and are settled annually.
- h) report quarterly to the Ministry for Foreign Affairs on interest-rate risks and the projected profit or loss for the CIRR system and to comment on the assumptions, outcomes and fee projections for the current and the next five calendar years. Collation of the final quarter of the year must also show the year's compiled earnings and contain a statement from the auditor that verifies the accuracy of the amounts reported and that the operations are conducted according to the owner instruction.

- i) submit a written report to the Ministry for Foreign Affairs on operations, including the current balance in the Settlement account, no later than two months after the end of each quarter. Costs pertaining to particularly favorable interest terms, borrowing costs and costs for exchange losses at the extension of development loans granted according to earlier agreements are reported separately. This report includes SEK's quarterly statements.
- j) submit a written report to the government on operations during the previous calendar year as given in point i) no later than the end of March. This report includes SEK's annual report and sustainability report.

Section 3 Export credit reporting requirements and follow-up

Administration of the CIRR system is a specially commissioned public policy assignment by the Swedish parliament to SEK. The benefit to the national economy of the specially commissioned public policy assignment's implementation should be evaluated by: (a) measurement of the added value that SEK creates in terms of export credits (of which CIRRs comprise a part) and (b) the company conducting a stakeholder dialogue.

- a) Measurement of added value: The value that SEK adds through managing export credits is measured based on a survey of the company's clients and, if possible, end customers. The survey is designed so that answers can be converted to a quantifiable index that can be followed up, and so that qualitative viewpoints on improvement potential are measured. It is developed and carried out with an external partner. Aspects covered by the survey include how SEK's export credits have contributed to clients' export transactions, why clients (exporters) chose to partner with SEK, whether the partnership met clients' expectations and how SEK can further improve its export credit offering. To ensure that the Swedish system for officially supported export credits, or CIRR loans, is as competitive as equivalent systems in the most important competitor countries, the survey also includes questions about how clients' experience with the Swedish system compares to equivalent systems in the most important competitor countries. Measurements are taken every other year, or more frequently. The results are presented in the owner dialogue.
- b) Stakeholder dialogue: Swedish government initiatives to promote Swedish exports through export credits are carried out in collaboration with a number of organizations and in partnership with commercial operators. It is important that a stakeholder dialogue is held between the parties involved to obtain the optimal outcome and to achieve efficiency. The parties to such a dialogue should discuss how they can develop the furtherance of the Swedish export industry by working together and by developing their respective offerings.

The stakeholder dialogue should be conducted each year and reported as part of the owner dialogue.

Section 4 Validity

This owner instruction replaces the owner instruction adopted at the general meeting of shareholders on April 28, 2015. The owner instruction applies from the date it was adopted until the general meeting of shareholders resolves otherwise.

Adopted at the general meeting of shareholders on April 26, 2016