

# SEK

Investor presentation April 2022

# Mission

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

# Vision

A **sustainable world** through increased Swedish export.

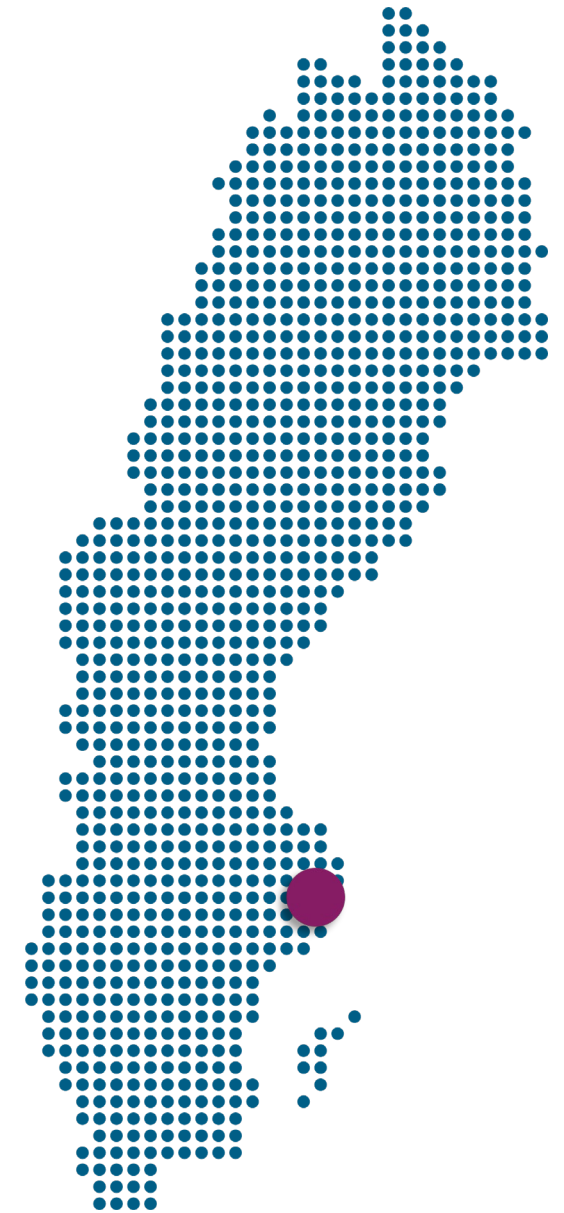


# 100%

Owned by the Swedish Government

# Kingdom of Sweden

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



# Economy of Sweden

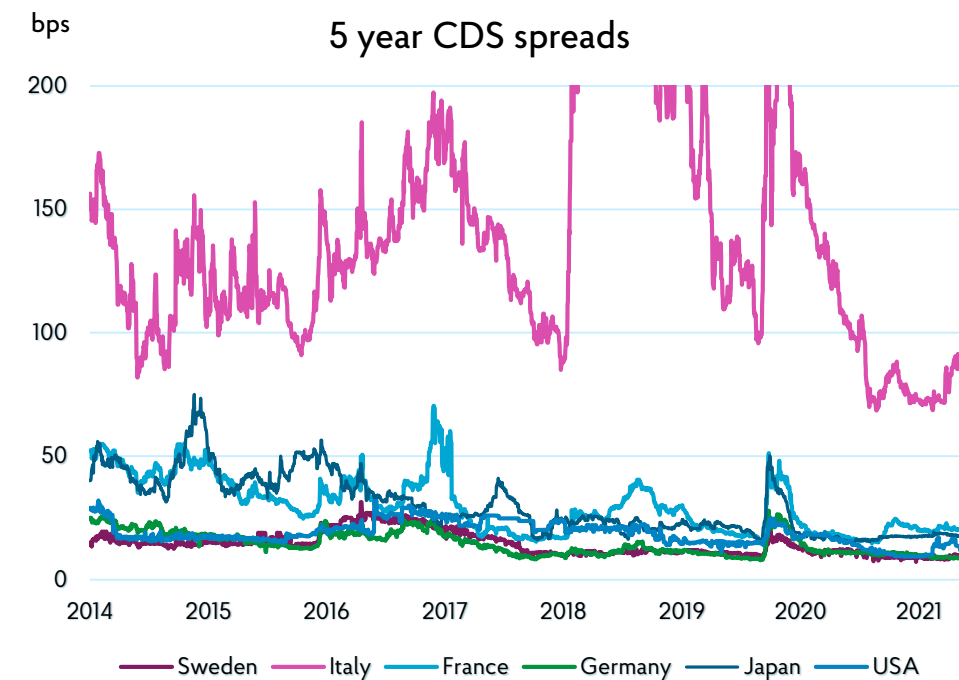
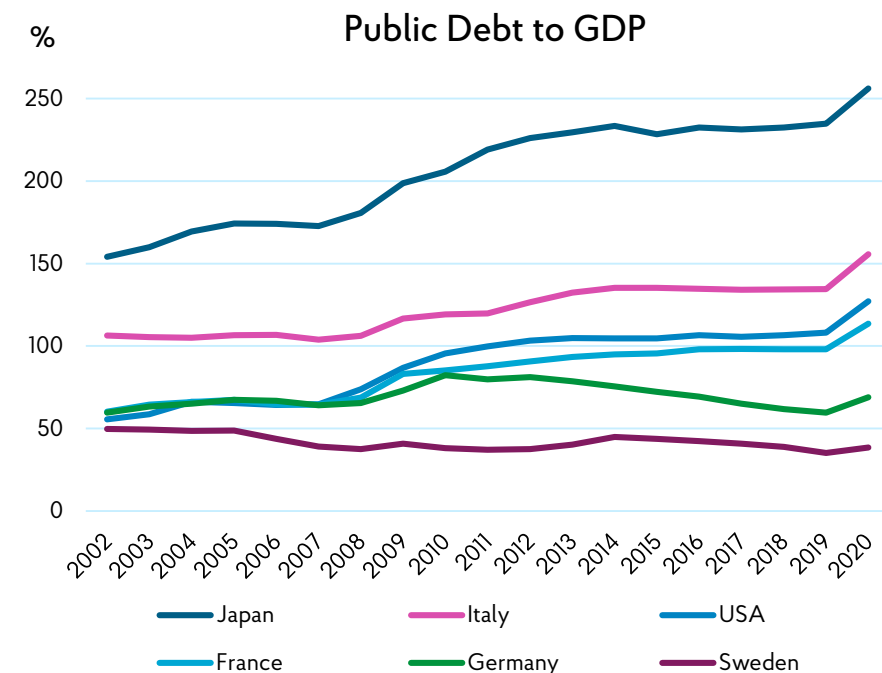
Rating	AAA/Aaa/Aaa
GDP Growth Q4 2021 (QoQ/YoY)	1.1% / 5.2%
GDP Growth 2021	4.8%
GDP 2021	USD 627 bn*
GDP per capita 2021	USD 60 004*
Unemployment Mar 2022	7.6%**
CPI/CPIF*** Mar 2022 (YoY)	6.0% / 6.1%
Repo Rate April 2022	0.25%

\* USD/SEK average 2021, 8.58

\*\* Seasonally adjusted, % of labour force

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

Source: Bloomberg, IMF, SCB

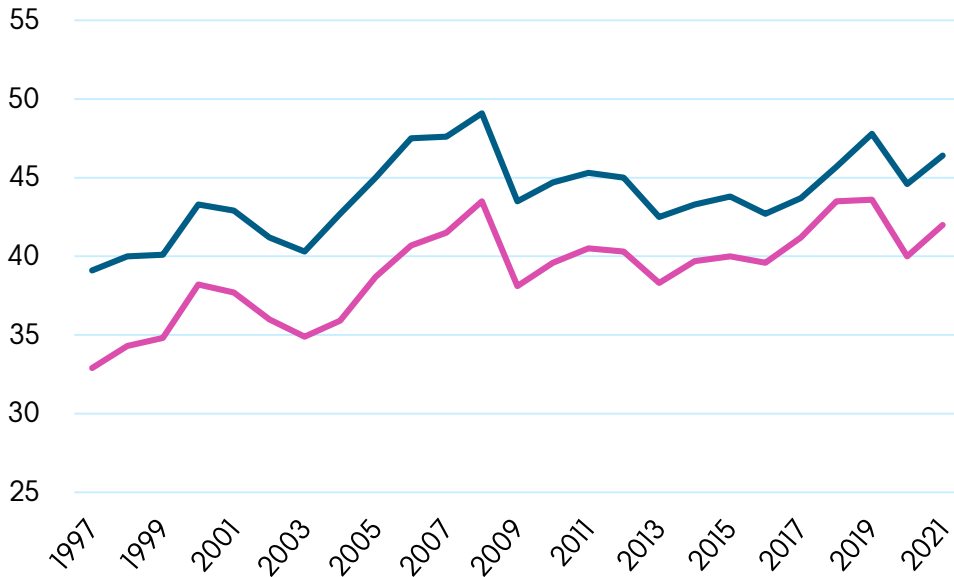


# Swedish Exports

Large part of GDP and well diversified

## Exports and Imports

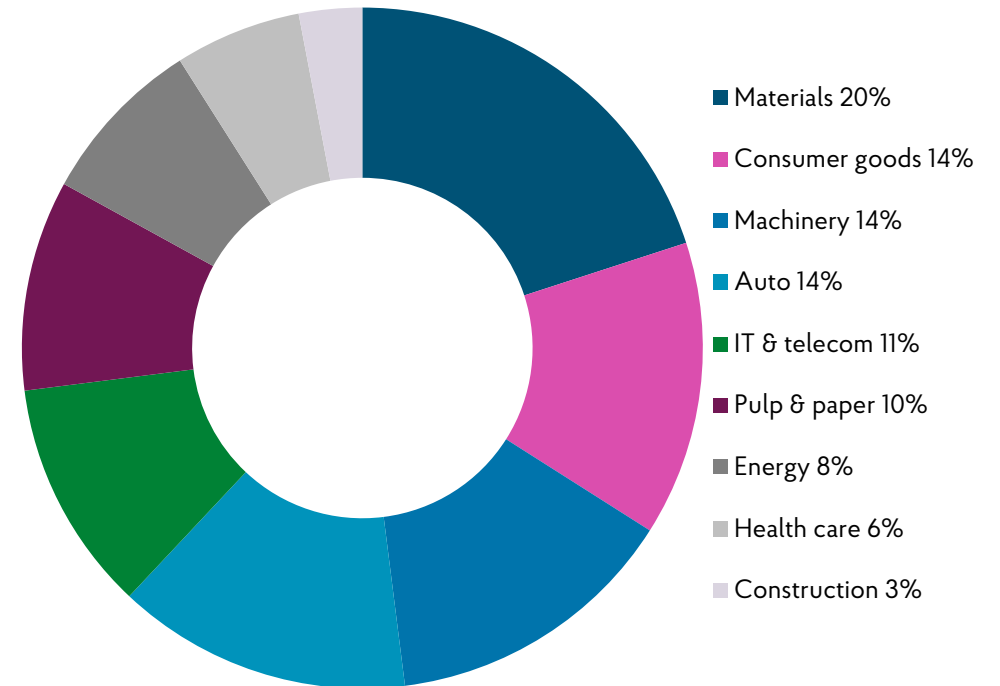
Share of GDP



Source: SCB

— Export — Import

## Key export goods 2021



# Swedish exporters



# SEK has a complementary role in the market

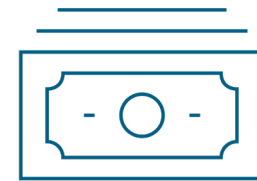
- Our offering provides a complement to bank and capital market finance for exporters that want a range of different financing sources.
- SEK creates client value on market terms through its strong international network, extensive experience and expertise in export finance.



**Bank & 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**.

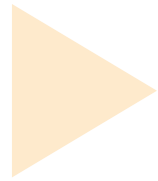


# The Swedish Export Credit System



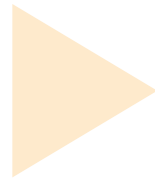
**Exporter**

negotiates  
with buyer



**Bank**

arranges



**EKN**

guarantees



**SEK**

finances

# Ratings



“Strong asset quality, benefitting from guarantees and insurance”

“Moody's assesses government support to be very high for all SEK's debt classes”

“The commitment as an owner and the proven support by the Swedish government to SEK result in our assessment of a very high probability of government support for SEK's senior, junior senior (often referred to as senior non-preferred) and subordinated debt classes”

“Moody's expects that that the Government of Sweden would inject capital - if needed - well ahead of any potential breach of SEK's minimum regulatory requirements, significantly reducing the risk of loss to all creditor classes”

January 19, 2021

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

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

“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, the company will remain an important pillar of Swedish exporters' success owing to its strong relationships with the country's largest exporters.”

January 29, 2021

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

**SEK**

# Sustainability framework



Owner instruction  
Sustainability reporting  
Sustainability targets and strategies



OECD Common Approaches  
OECD Convention on Combating Bribery



Equator Principles



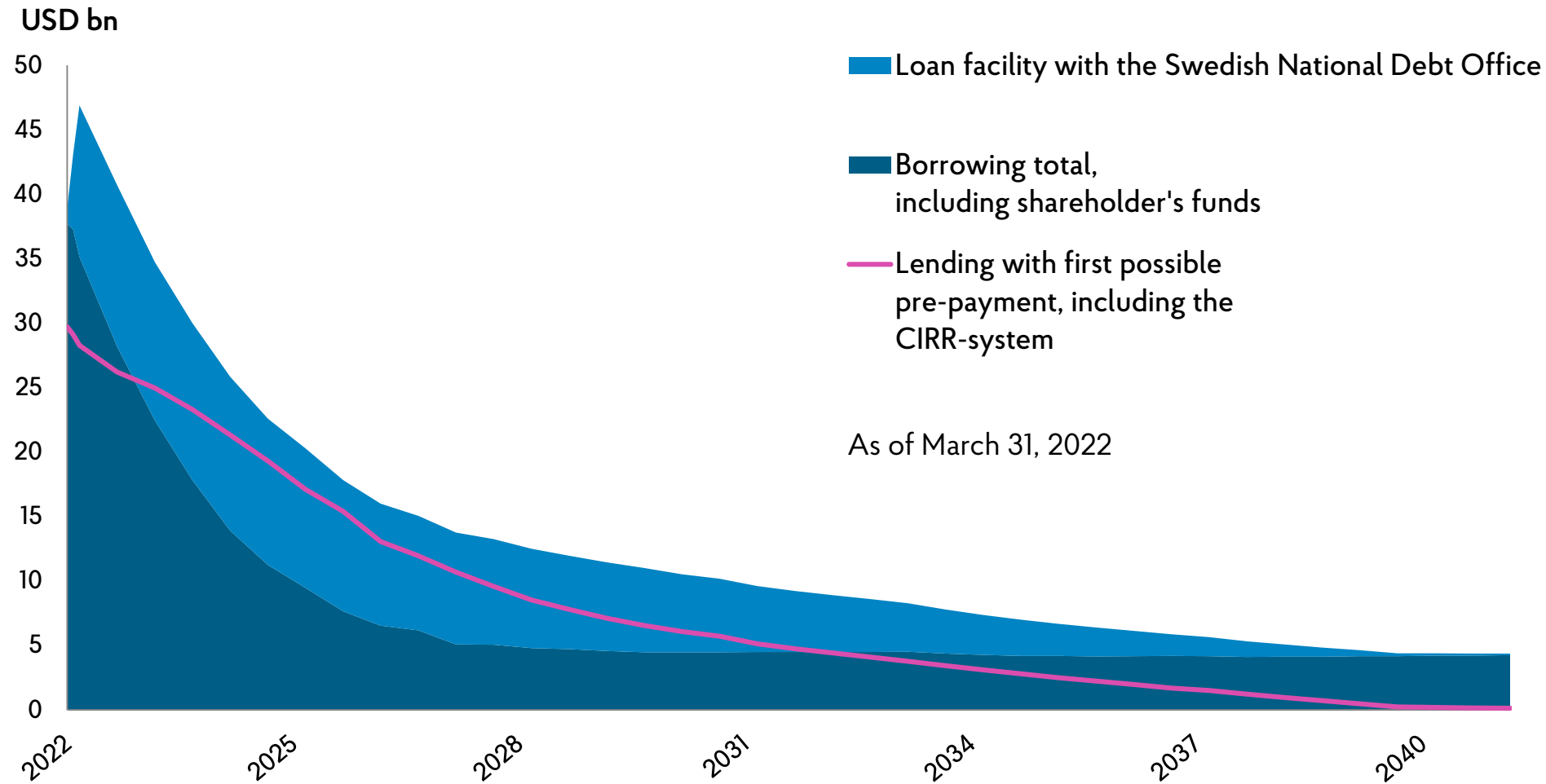
IFC Performance Standards



UN Global Compact  
UN Guidelines on Business and Human Rights

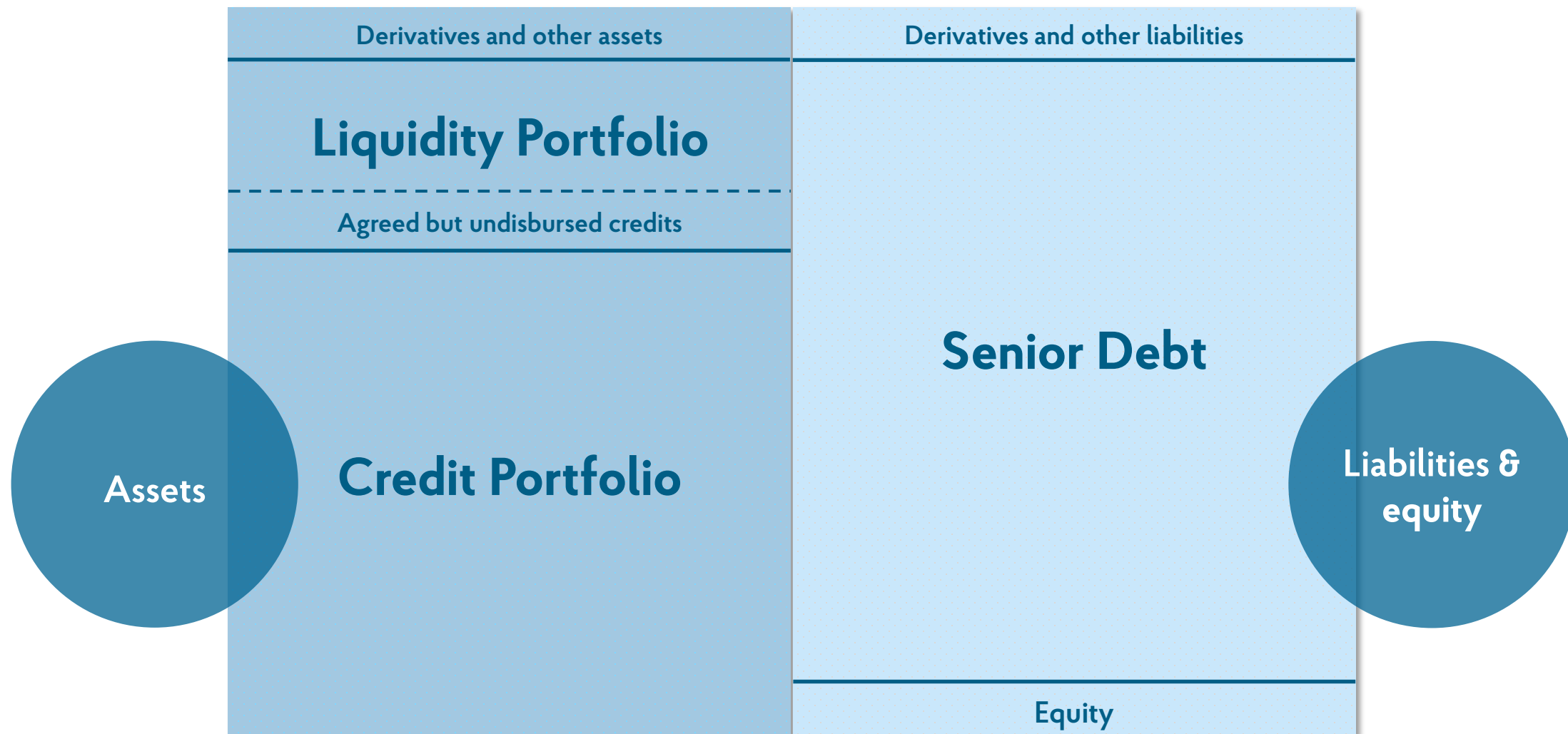


# Funding and liquidity: No refinancing risk



Not to scale

# Total USD 35.6 bn

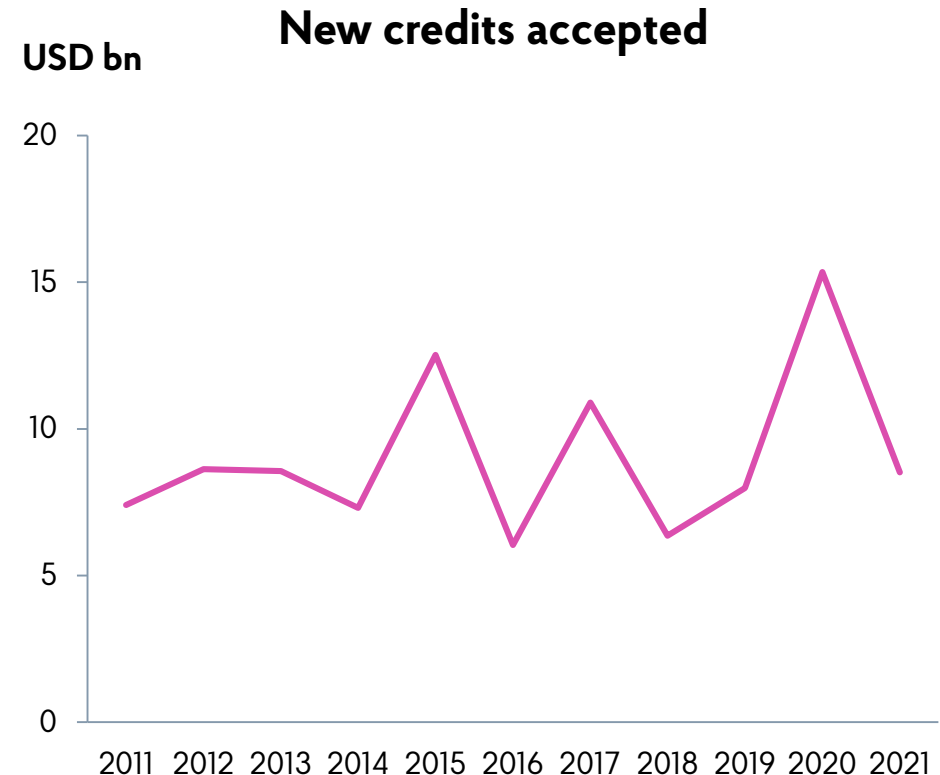


As of March 31, 2022

# Credit Portfolio

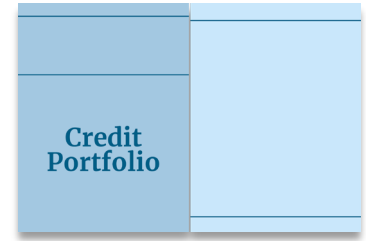


- Demand for financing from the Swedish export industry increased dramatically during the financial crisis 2008/2009
- The Swedish government heavily increased SEK's lending capacity during the financial crisis 2008/2009
- Further measures were introduced during Q1 2020 due to the COVID-19 pandemic
- SEK secured access to financing for the Swedish exporters
- New credits accepted Q1 2022: Skr 24.4 bn

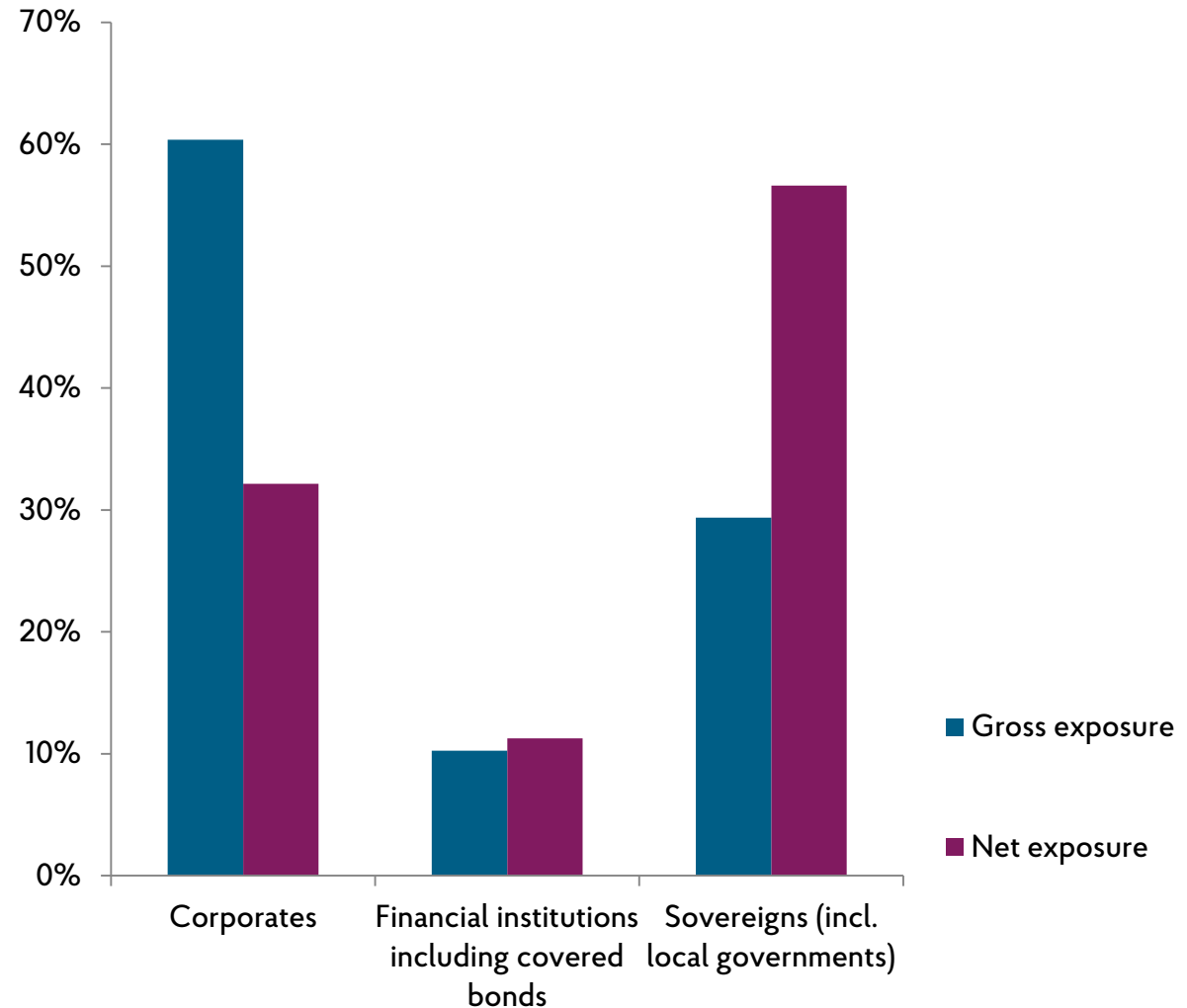


As of March 31, 2022

# Counterparty exposures & risk mitigation

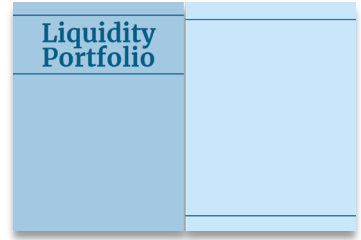


- Export credit agency guarantees
- Bank guarantees
- Credit derivatives
- Collateral agreements
- Insurance company guarantees



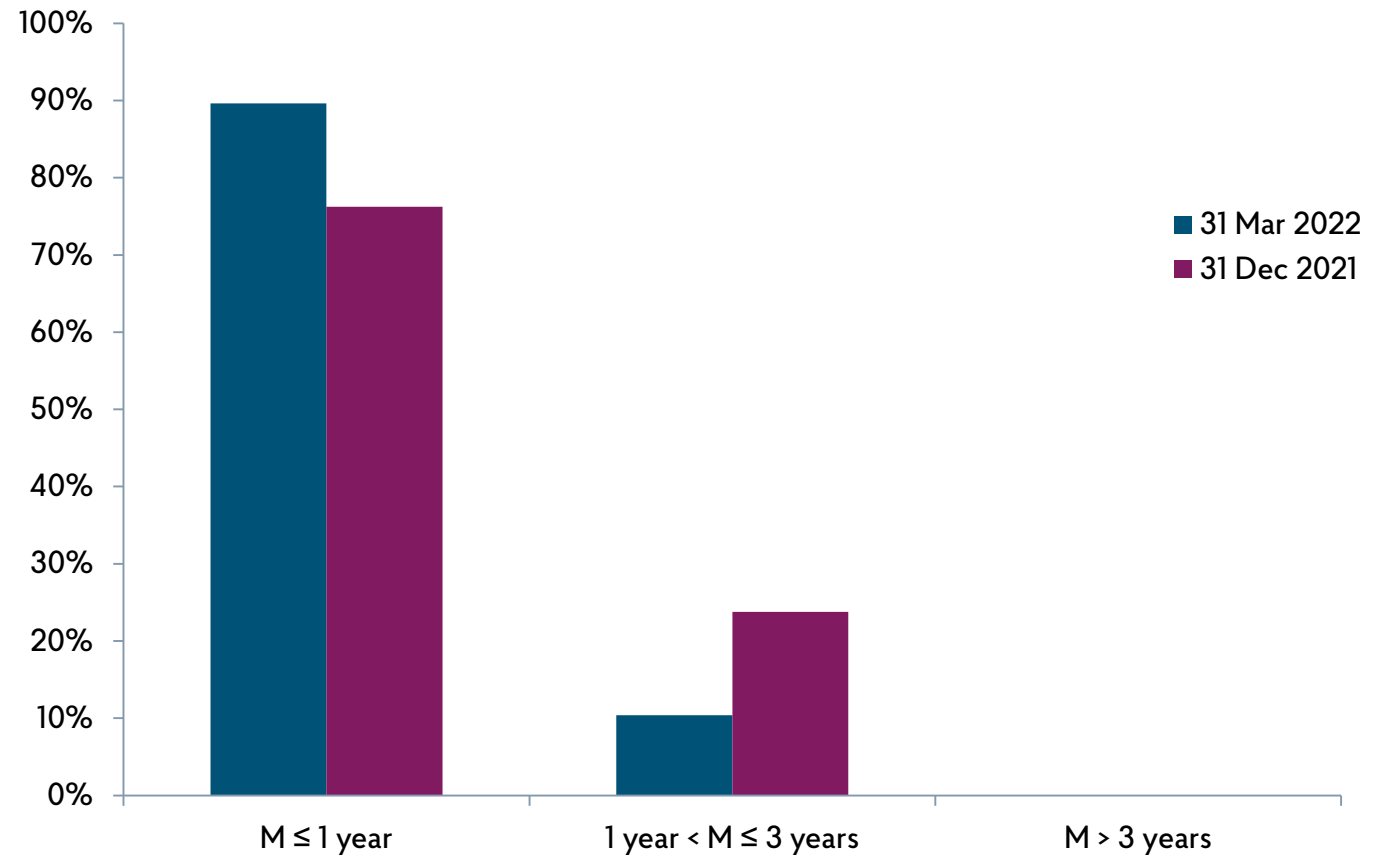
As of March 31, 2022

# Liquidity Portfolio



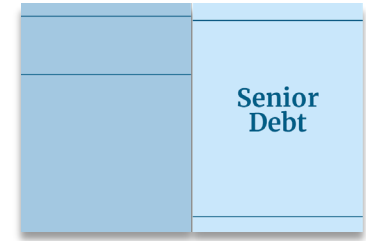
## Investment profile

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



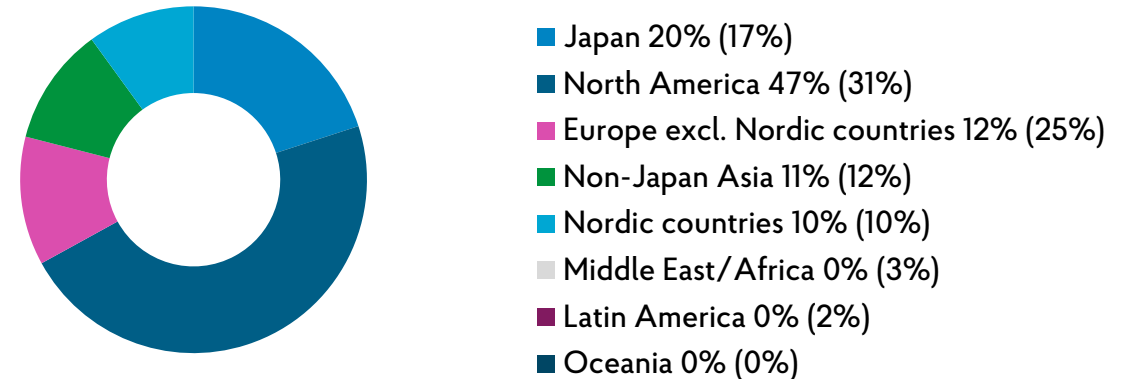
As of March 31, 2022

# Funding: Flexible and diversified



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

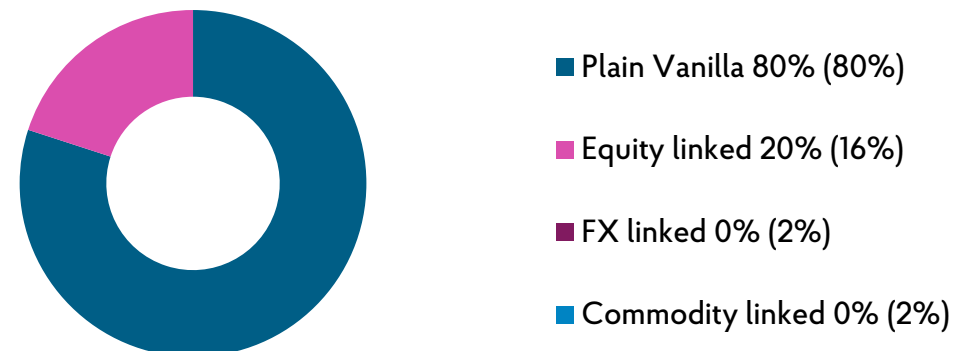
New funding by region, as of March 31, 2022 (2021, whole year)



## Risk Management policy

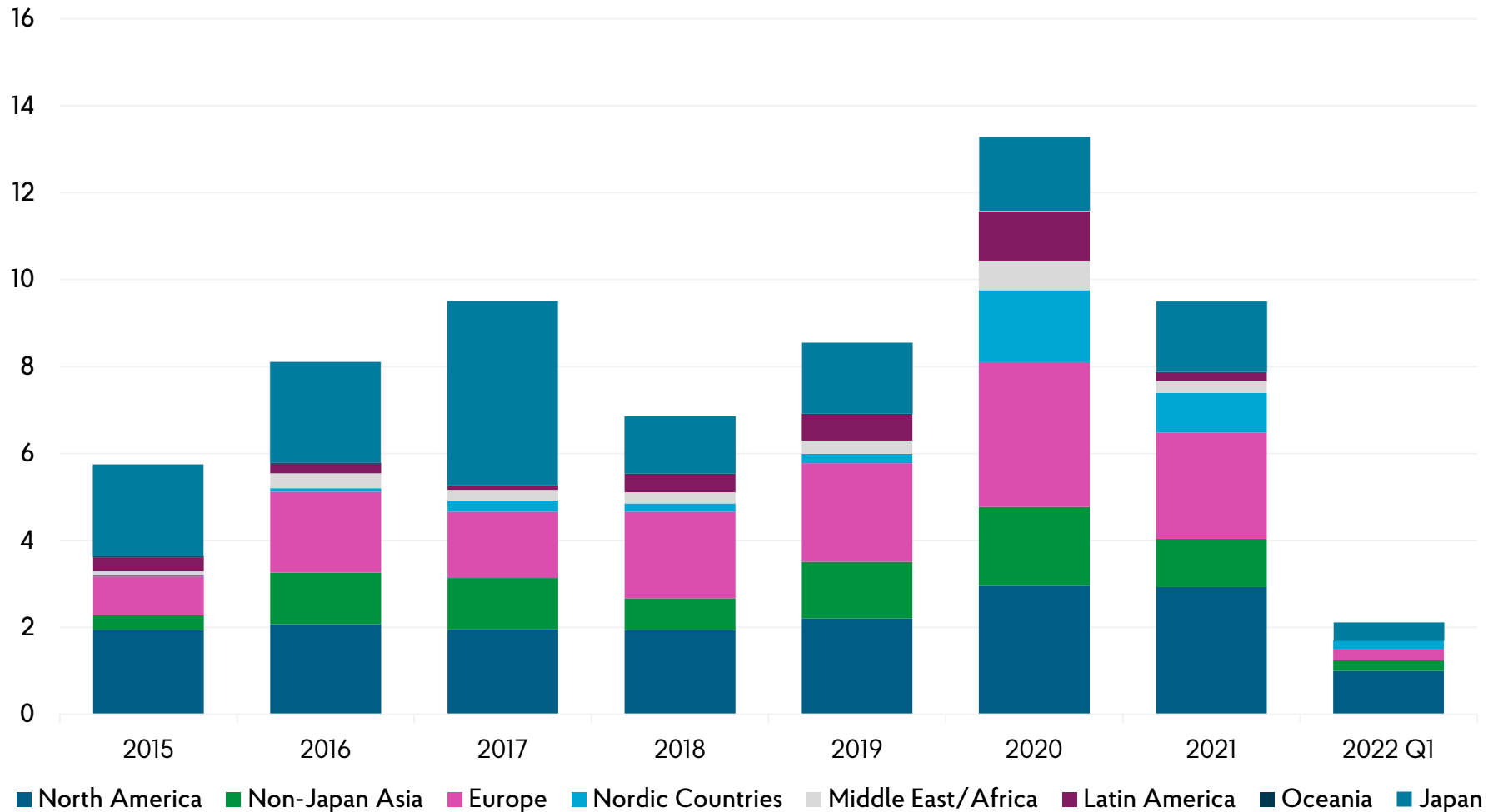
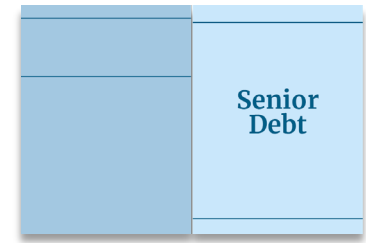
- No currency risk
- Very limited interest rate risk
- All structured notes are hedged

New funding by structure, as of March 31, 2022 (2021, whole year)



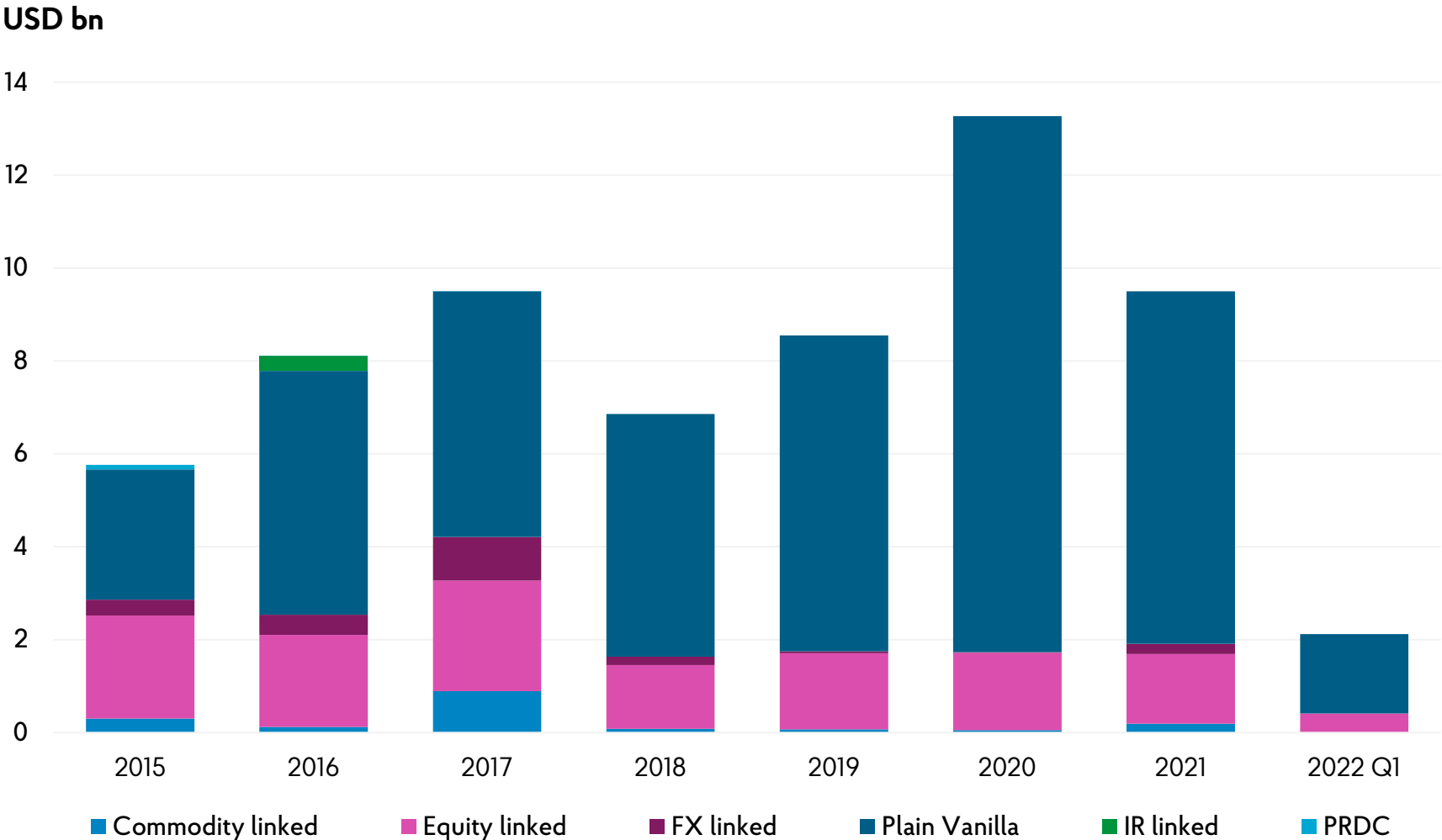
As of March 31, 2022

# Diversified funding, by region



As of March 31, 2022

# Diversified funding, by structure



As of March 31, 2022

# Awards



**W I N N E R**

**SSA Issuer of the Decade**



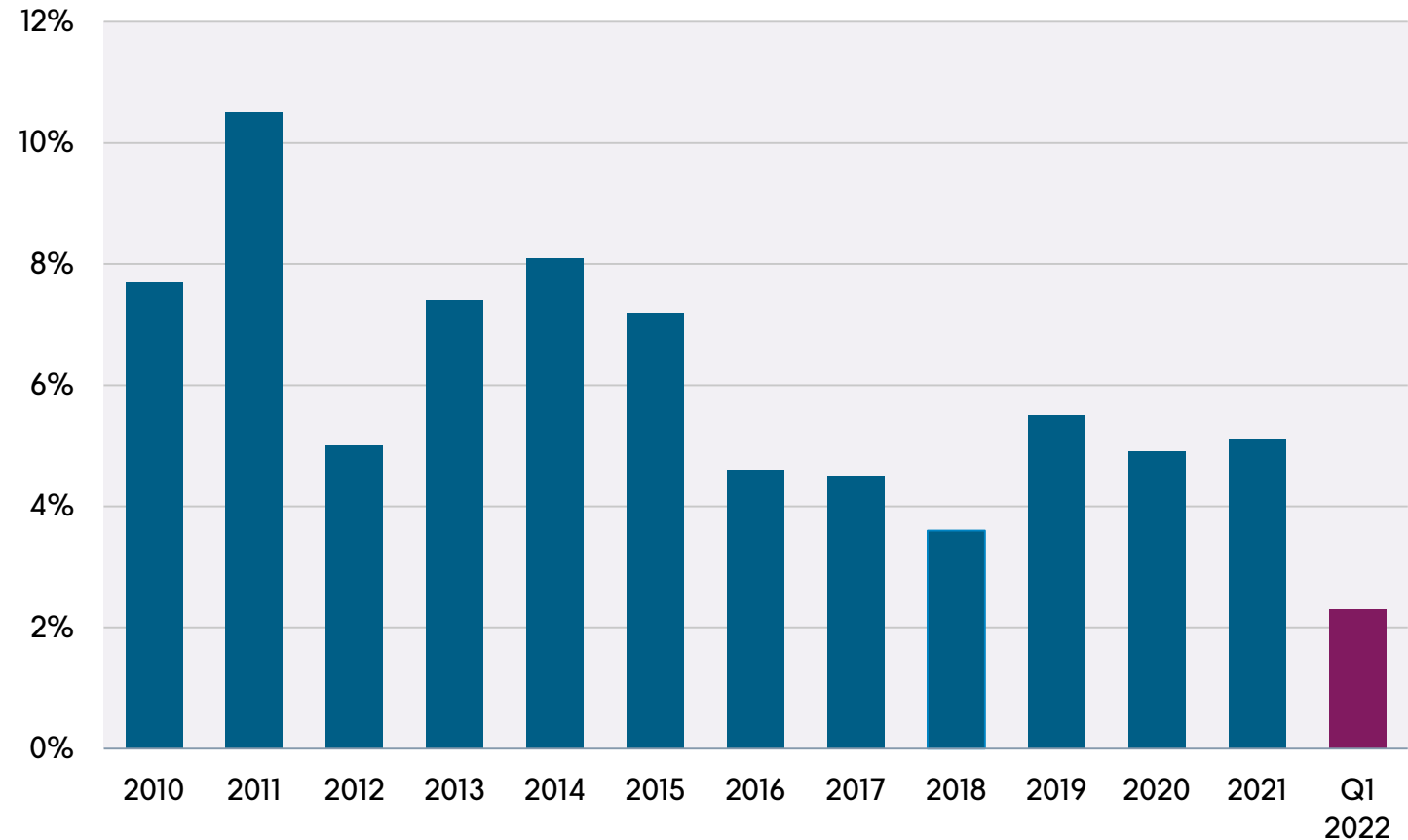
**W I N N E R**

**Issuer of the Year**

# Capitalization and Profitability

- Common Equity Tier 1 capital ratio of 21.2% as of March 31, 2022
- Leverage ratio of 9.2% as of March 31, 2022
- Dividend policy: 20-40% of profit after tax to our owner
- Return on equity: 2,3% (target: 5%)

Return on equity (IFRS)



As of March 31, 2022

# About SEK

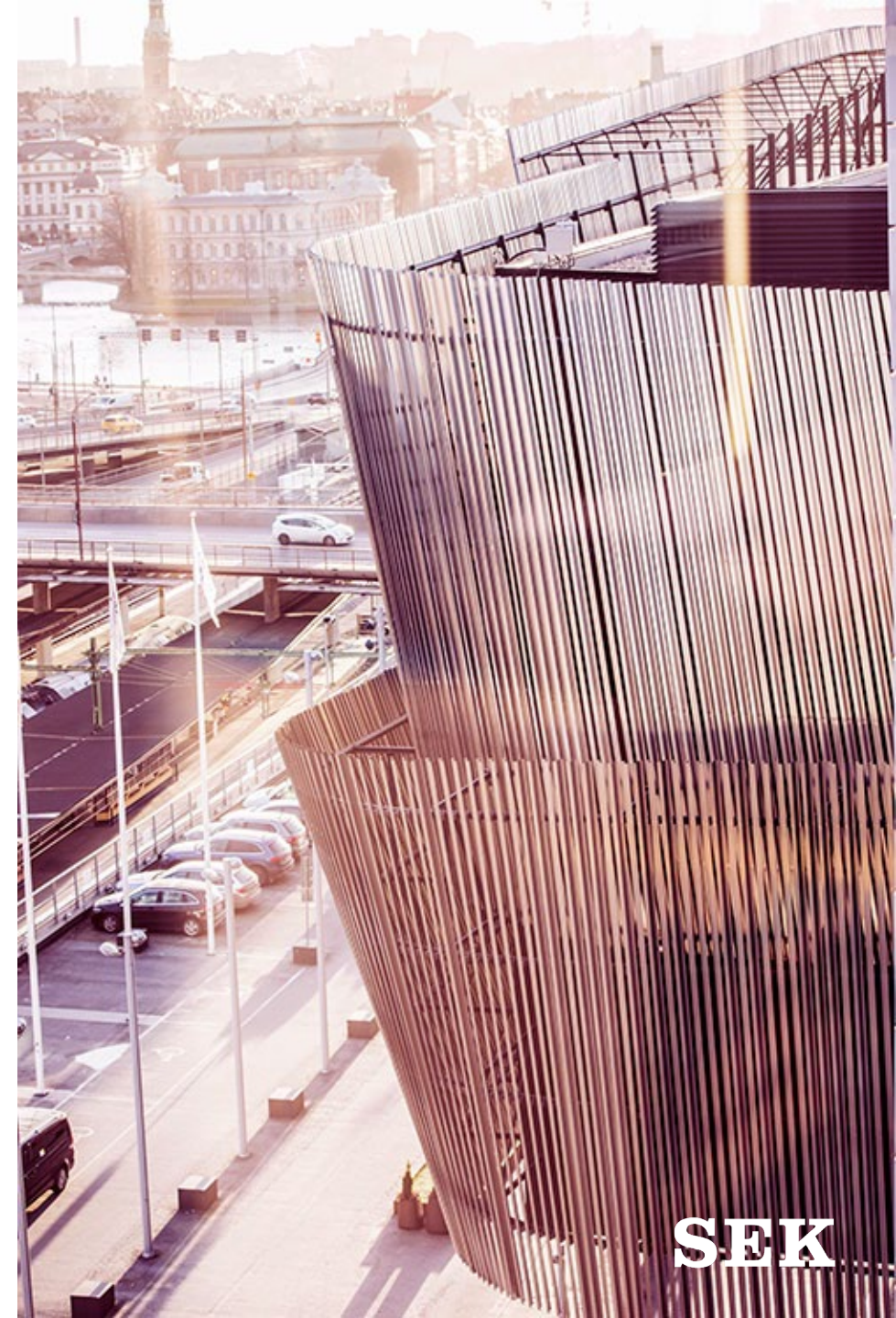
<b>Owner:</b>	Swedish government, 100%
<b>SEK's mission:</b>	To ensure access to sustainable financial solutions for the Swedish export industry on commercial terms
<b>Primary task:</b>	Financing of export credits
<b>Credit rating:</b>	S&P: <b>AA+</b> /Stable/ <b>A-1+</b> Moody's: <b>Aa1</b> /Stable/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

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## Financial information as of March 31, 2022

Total assets	USD 35.6 bn
Lending	USD 26.4 bn
Common Equity Tier 1 capital ratio	21.2%
After-tax return on equity	2.3%

As of March 31, 2022





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.**

MREL (Minimum Requirement for own funds and Eligible Liabilities) is the European equivalent to TLAC and applies to all systemically important banks as well as financial institutions.

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

**Part of the MREL requirement must be met with own funds\* and subordinated eligible liabilities - senior non-preferred debt (SNP).**

## **SEK's requirements**

The fully phased-in requirement that should be met at January 1, 2024 currently amounts to Skr 27 bn – around USD 2.9 bn of which at least Skr 23 bn – around USD 2.5 bn should be met using own funds and SNP debt.

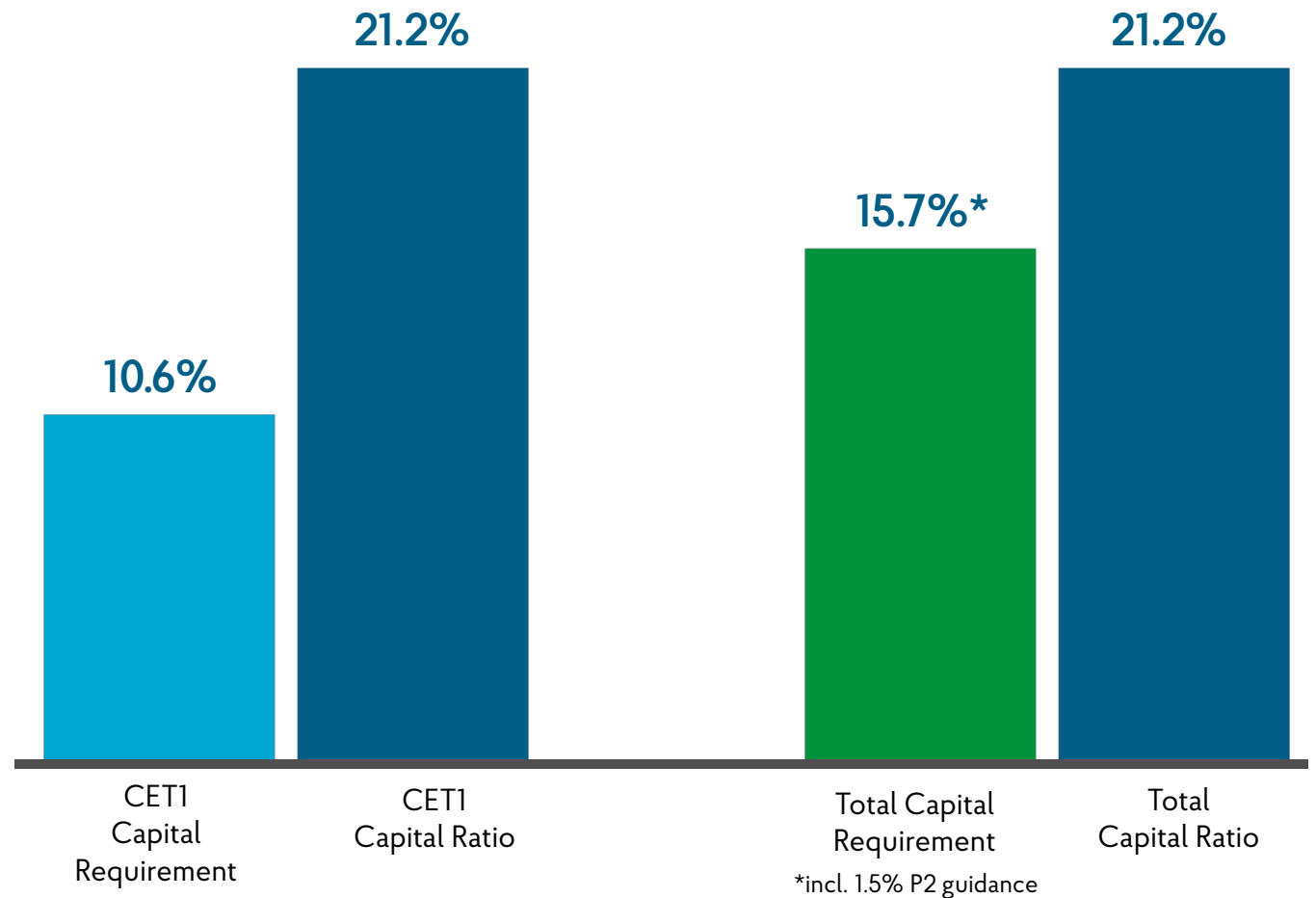
**Already in compliance with minimum and target levels for 2022 using own funds and eligible senior unsecured bonds.**

\*Excluding the CET1 capital used to meet the combined buffer requirements.

# Strong capital position

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

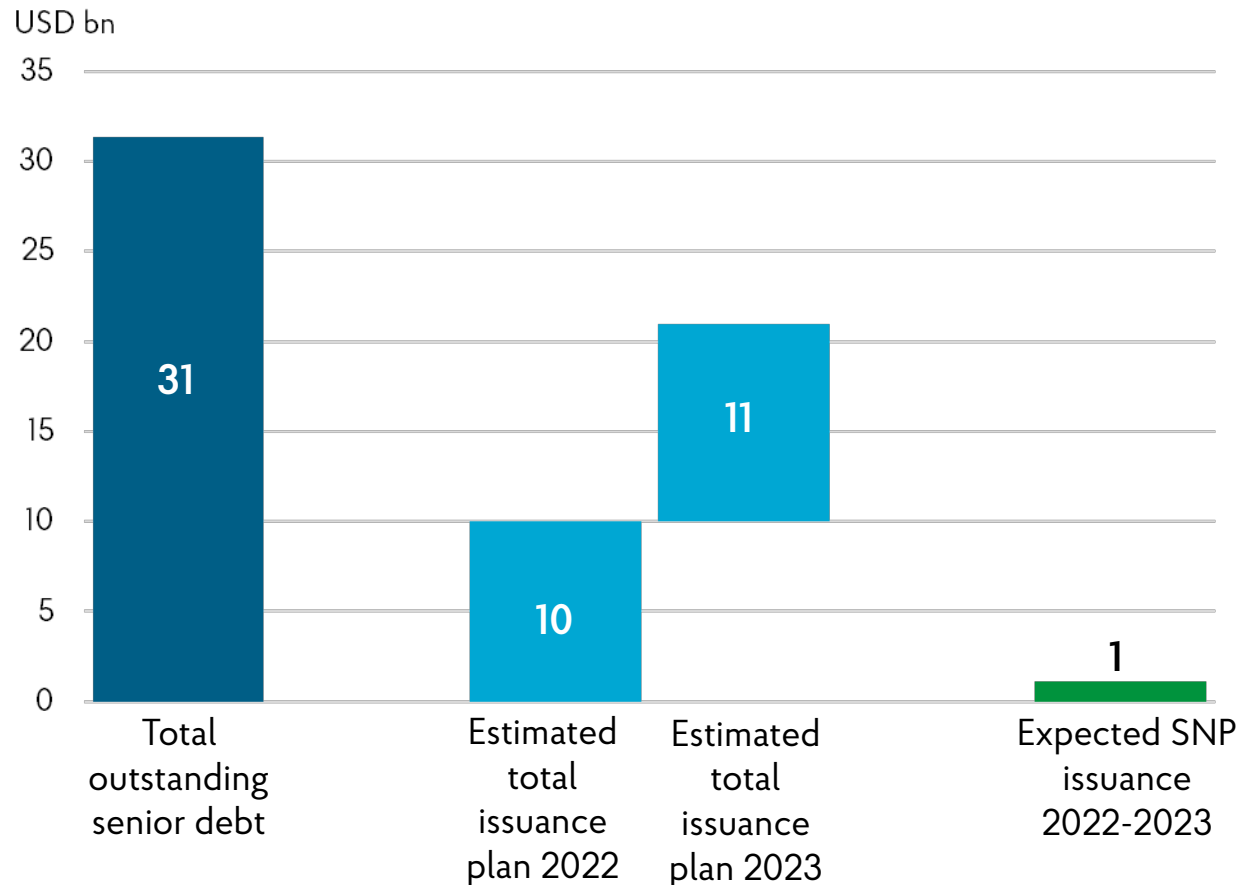
- Substantial own funds: SEK 20.0 bn (around USD 2.1 bn)
- Actual buffer against CET1-requirement: 10.6%
- Actual buffer against total capital requirement: 5.5% (which is in excess of SEK's management buffer: 2-4%)
- Potential to further increase Total Capital Ratio by 5.1% to 26.3% by issuing AT1 and T2 capital



As of March 31, 2022

Risk exposure amount: SEK 94 bn (USD 10 bn)

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



SEK expects SNP issuance of around USD 1 bn before 2024

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


Senior unsecured redemptions USD 18 bn 2022 to 2023 – far larger than SNP issuance plan

# 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 was used again in the covid-19 crisis, demonstrated by an increased borrowing facility with the Swedish National Debt Office. The borrowing facility is today Skr 175 billion that in addition to state-supported export credits also in part 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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**SEK**