



*This report provides information about SEK's liquidity position as of September 30, 2013. The contents of this report conform to the Swedish Financial Supervisory Authority's regulation FFFS 2007:5 (2010:12). The figures presented in this report refer to the SEK group. The information is not required to be, and therefore has not been, subject to external audit. For more information on SEK's liquidity risk management, please see SEK's Annual Report 2012 and Capital Adequacy and risk management report, Pillar 3 2012 (available on [www.sek.se](http://www.sek.se)).*

## 1 Management and measurement of liquidity risks

SEK defines liquidity and funding risk as the risk of not being able to settle payment obligations immediately when due. SEK applies a conservative policy concerning liquidity and funding risks in order to avoid refinancing risk. This policy means that for all credit commitments – outstanding credits as well as agreed, but undisbursed credits – there must be funding available for the full maturity period. For CIRR credits, which SEK manages on behalf of the Swedish state, when evaluating whether it has positive availability the company counts its credit facility with the Swedish National Debt Office, which entitles it to draw on funding with a tenor of up to 10 years, as available funding, despite the fact that no funds have been drawn under this facility. This means that SEK does not have to raise new borrowings if market conditions are deemed to be disadvantageous throughout life of the credit portfolio. This policy is monitored through the reporting of maturity profiles for lending and borrowing. See chart 1 “Development over time of SEK's available funds”.

When managing liquidity risk, different time perspectives are considered:

- In the short term, a deficit is avoided through overnight investments in larger or smaller amounts depending on needs and the market situation in combination with liquidity placements maturing in the short term.
- For all credit commitments – outstanding credits as well as agreed, but undisbursed credits – there must be funding available for the full maturity period. For CIRR credits, which SEK manages on behalf of the Swedish state, when evaluating whether it has positive availability the company counts its credit facility with the Swedish National Debt Office, which entitles it to draw on funding with a tenor of up to 10 years, as available funding, despite the fact that no funds have been drawn under this facility, and this requires large volumes of long-term funding.

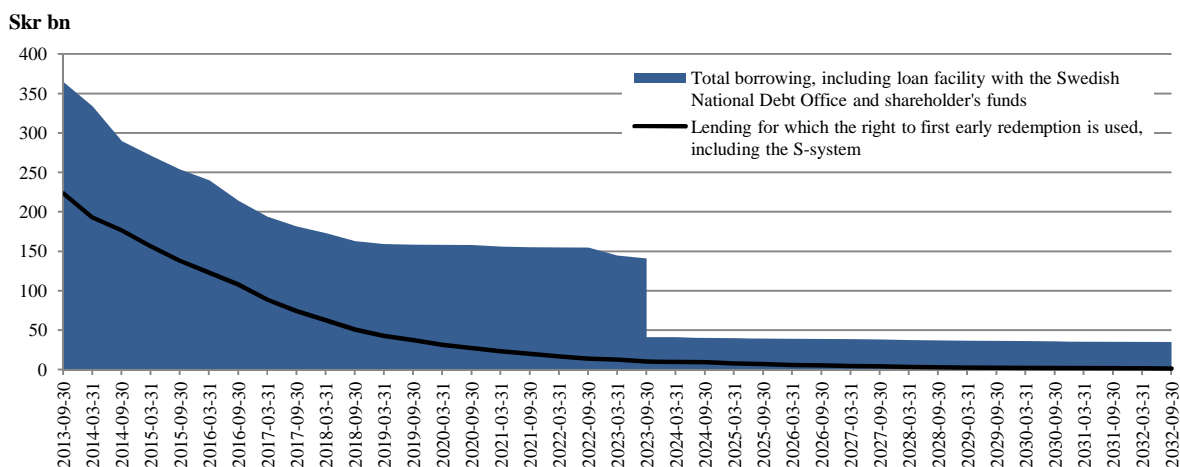
The position taken when investing liquid funds is determined with these two time perspectives in mind.

Available funds are defined as shareholder's funds, borrowing and loan facilities with the Swedish National Debt Office. Excess funds, i.e. the portion of available funds not already used to finance loans, must be invested in assets with good credit quality. The loan facility with the Swedish National Debt Office is valid through to December 31, 2013. 80 percent of this facility is allocated to the S-system and cannot be used for other purposes. In chart 1 we have made the assumption that any drawdown under this loan facility has a maturity of 10 years. Some of SEK's structured long-term borrowing includes early-redemption clauses that will be triggered if certain market conditions are met. Thus, the actual maturity for such contracts is uncertain. Chart 1 “Development over time of SEK's available funds”, assumes that such borrowing is due at the first possible redemption opportunity. This assumption is an expression of the precautionary principle that the company applies concerning liquidity and funding management. In addition, SEK also carries out various sensitivity analyses with regard to such instruments, in which different market conditions are simulated.



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**Chart 1: Development over time of SEK's available funds as of September 30, 2013**



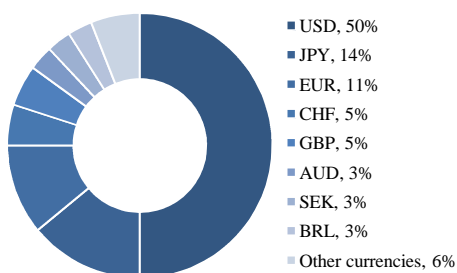
## 2 Funding

For the purpose of ensuring access to funding, SEK has several funding programs for maturities up to one year. Short-term funding programs include a US Commercial Paper program (UCP) with maturities of up to 9 months, and a European Commercial Paper program (ECP) with maturities of up to one year. The latter of these programs allows borrowing in multiple currencies. The total volume of short-term funding programs was USD 7.0 billion, of which USD 0.1 billion had been utilized as of September 30, 2013. SEK also has a swing line that functions as back-up facility for the commercial paper programs.

SEK's funding policy is aimed at achieving an adequate diversification of funding sources spread across products, markets and currencies. To secure access to large volumes of funding, and to ensure that insufficient liquidity in individual funding sources does not pose an obstacle to operations, SEK issues bonds with different structures, currencies and maturities. In addition, SEK also carries out issues in many different geographical markets. As a general rule, by using derivatives, SEK converts the issue proceeds from foreign currency bonds to EUR and USD. This policy will ensure access to several markets around the world as well as access to various categories of investors. Charts 2, 3 and 4 illustrate some of the aspects of the diversification of SEK's funding. For further details on SEK's funding, see Table 1 in section 4 Appendix.

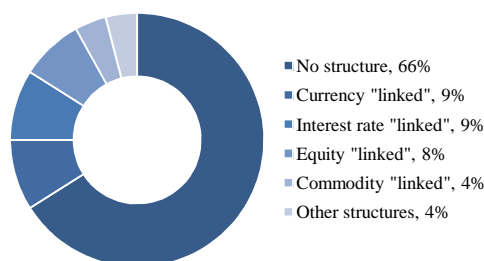
**Chart 2: Long-term funding as of September 30, 2013 by issue currency**

Net total long-term funding amount when swaps are taken into account: Skr 246.8 billion as of September 30, 2013.



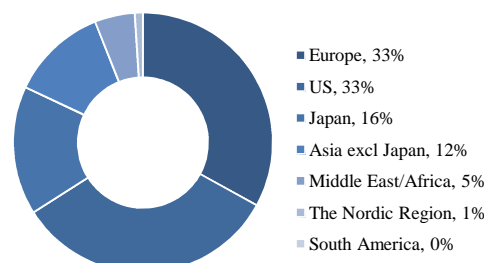
**Chart 3: Long-term funding as of September 30, 2013 by structure type**

Net total long-term funding amount, when swaps are taken into account: Skr 246.8 billion as of September 30, 2013.



**Chart 4: Long-term funding in 2013 by market**

Total long-term funding amount in 2013: Skr 76.6 billion.



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### 3 Liquidity

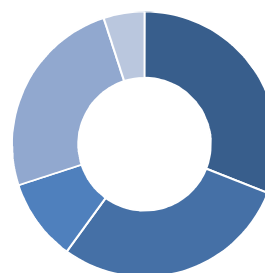
The size of SEK's liquidity placements is determined based on the size of different building blocks. As a result of the business model used by SEK, which entails dependence on the capital markets, funds reserved for agreed but undisbursed credits are invested in such a way that the maturity profile is matched against the planned disbursements of these credits. Hence, a substantial proportion of total liquidity placements is associated with these agreed but undisbursed credits. Furthermore, the liquidity placements also ensure that SEK maintains readiness for at least 6 months to meet its assessed new lending requirements, enabling SEK to continue for a certain period to grant new credits to the normal extent, even if funding markets were entirely or partly closed. In addition to the above, a proportion of the liquidity placements also serves as a buffer for potential payments under collateral agreements. It is the company's assessment that the liquidity placements will be held to maturity. Liquidity placements shall be made in assets of good credit quality. Furthermore, the duration of the assets shall be in accordance with defined guidelines.

The liquidity reserve is a part of SEK's liquidity placements. SEK's liquidity reserve comprises highly-liquid assets in accordance with the Basel Committee's definition (see the definition of Level 1 assets and Level 2 assets in the Basel Committee publication "Basel III: International framework for liquidity risk measurement, standards and monitoring", December 2010). In addition, overnight deposits in banks and assets that are assumed to be eligible as collateral at the Riksbank (the central bank of Sweden) and/or confirmed to be eligible as collateral at the ECB, are included in SEK's liquidity reserve. Assets that are assumed to be eligible in the Riksbank are not explicitly listed by the Riksbank but meet their criteria for central bank eligible assets. Chart 5 provides a breakdown of SEK's liquidity reserve by exposure type.

For further details on SEK's liquidity placements, see Tables 2, 3 and 4 in section 4 Appendix.

As of January 1 2013, the quantitative liquidity risk standard Liquidity Coverage Ratio (LCR) is binding in Sweden. Not just on an aggregate currency level but also for Euro and US-dollars separately. As of September 30, 2013, SEK complied with these new rules by having a LCR ratio at an aggregate level of 383 percent, a ratio for Euro of 218 percent and a ratio for US dollar of 171 percent.

**Chart 5: SEK's liquidity reserve as of September 30, 2013 by exposure class/type**  
Total amount of SEK's liquidity reserve: Skr 19.8 billion, as of September 30, 2013.



- Balances with other banks and National Debt Office, overnight, 31%
- Securities issued or guaranteed by sovereigns, central banks or multilateral development banks, 29%
- Securities issued or guaranteed by municipalities or other public entities, 10%
- Covered bonds issued by other institutions, 25%
- Securities issued by non-financial corporates, 5%



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## 4 Appendix

**Table 1: Net long-term market funding amount, as of September 30, 2013 by country and structure type**

Net total long-term funding amount when swaps are taken into account: Skr 246.8 billion as of September 30, 2013

Skr bn Market	No structure	Currency "linked"	Interest rate "linked"	Equity "linked"	Commodity "linked"	PRDC	Credit "linked"	Fund "linked"	Total
Europe	69.5	1.3	10.7	0.7	0.3	-	0.1	-	82.5
US	44.0	-	0.7	3.6	10.0	-	-	-	58.3
Japan	15.9	20.3	1.4	10.3	0.3	8.6	0.1	0.1	56.9
Asia, excl. Japan	18.2	0.6	7.1	0.0	0.1	-	0.8	0.0	26.8
Middle East	7.8	-	0.3	-	-	-	-	-	8.2
The Nordic Region, Sweden	2.2	0.7	1.1	3.9	0.1	-	0.1	0.1	8.1
The Nordic Region, excl. Sweden	3.4	-	-	0.5	-	-	0.1	-	4.1
Canada	1.1	-	-	-	-	-	-	-	1.1
Africa	0.5	-	-	-	-	-	-	-	0.5
South America	0.2	-	0.0	0.0	-	-	-	-	0.3
China	0.2	-	-	-	-	-	-	-	0.2
Oceania	0.1	-	-	-	-	-	-	-	0.1
<b>Total</b>	<b>163.0</b>	<b>22.8</b>	<b>21.3</b>	<b>18.9</b>	<b>10.7</b>	<b>8.6</b>	<b>1.2</b>	<b>0.2</b>	<b>246.8</b>

For the long-term market funding, 18 percent (26 percent Q4 2012) of the outstanding volume includes early-redemption clauses as of September 30, 2013.

**Table 2: Liquidity reserve<sup>1</sup> as of September 30, 2013**

Market values					
Skr mn	Total	SKR	EUR	USD	Other
Balances with other banks and National Debt Office, overnight	6,250	5,350	-	900	-
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	5,708	-	3,855	1,853	-
Securities issued or guaranteed by municipalities or other public entities	1,988	379	-	1,609	-
Covered bonds issued by other institutions	4,907	3,029	1,714	164	-
Securities issued by non-financial corporates	944	944	-	-	-
<b>Total Liquidity Reserve</b>	<b>19,798</b>	<b>9,702</b>	<b>5,569</b>	<b>4,527</b>	<b>-</b>

<sup>1</sup> The liquidity reserve is a part of SEK's liquidity placements

**Table 3: Liquidity placements as of September 30, 2013 by country and exposure class/type**

Net Exposures								
Skr bn Country	Financial institutions	States	Securitization positions	Regional/Local Governments	Covered bonds	Corporates	CDS covered corporates	Total <sup>1</sup>
Sweden	3.9	5.7	-	4.2	4.5	1.7	0.2	20.2
Australia	5.8	-	1.9	-	-	-	-	7.7
Netherlands	6.2	-	0.3	-	-	-	-	6.6
Canada	5.6	-	-	-	-	-	-	5.6
Norway	3.5	-	-	-	-	-	-	3.5
Germany	-	0.9	0.1	1.4	-	0.8	-	3.2
United States	0.0	-	1.4	-	-	1.6	0.1	3.1
France	0.8	0.7	-	-	-	-	1.5	3.0
United Kingdom	1.8	-	0.5	-	-	-	0.6	2.9
Denmark	2.3	-	-	-	0.2	-	-	2.5
Ireland	-	-	2.2	-	-	-	-	2.2
Japan	1.4	-	-	-	-	0.3	-	1.7
Luxembourg	-	1.2	-	-	-	-	-	1.2
Finland	0.8	-	-	-	-	0.1	0.3	1.1
Spain	-	-	0.9	-	-	-	-	0.9
Austria	0.6	0.2	-	-	-	-	-	0.8
Singapore	0.5	-	-	-	-	-	-	0.5
Switzerland	0.3	-	-	-	-	-	-	0.3
Portugal	-	-	0.3	-	-	-	-	0.3
Latvia	-	0.0	-	-	-	-	-	0.0
<b>Total</b>	<b>33.7</b>	<b>8.7</b>	<b>7.6</b>	<b>5.6</b>	<b>4.7</b>	<b>4.5</b>	<b>2.7</b>	<b>67.4</b>

<sup>1</sup> Total amounts in this table exclude collateral deposited.



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**Table 4: Liquidity placements as of September 30, 2013 by country and rating**

Net Exposures														
Skr bn														
Country	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB	BBB-	BB	B+	CCC	Total <sup>1</sup>
Sweden	10.2	3.3	1.2	4.1	-	0.6	0.6	0.2	0.0	-	-	-	-	20.2
Australia	1.9	-	-	5.8	-	-	-	-	-	-	-	-	-	7.7
Netherlands	0.4	-	2.8	-	-	3.4	-	-	-	-	-	-	-	6.6
Canada	-	-	-	1.0	1.6	3.0	-	-	-	-	-	-	-	5.6
Norway	-	-	-	0.5	-	0.9	2.1	-	-	-	-	-	-	3.5
Germany	0.9	1.4	0.1	-	-	-	0.8	-	-	-	-	-	-	3.2
United States	1.3	-	-	-	1.8	-	-	0.0	-	-	-	-	0.1	3.1
France	-	0.7	-	-	-	2.3	-	-	-	-	-	-	-	3.0
United Kingdom	0.4	-	0.1	1.7	-	0.6	0.1	-	0.1	-	-	-	-	2.9
Denmark	0.2	-	-	-	-	1.1	1.2	-	-	-	-	-	-	2.5
Ireland	1.4	-	-	-	-	-	-	-	-	0.4	0.2	0.2	-	2.2
Japan	-	-	-	-	-	1.7	-	-	-	-	-	-	-	1.7
Luxembourg	-	1.2	-	-	-	-	-	-	-	-	-	-	-	1.2
Finland	-	-	0.1	1.0	0.1	-	-	-	-	-	-	-	-	1.1
Spain	-	-	-	0.0	0.0	-	0.1	0.2	0.4	0.0	0.2	-	-	0.9
Austria	0.2	-	-	-	-	0.6	-	-	-	-	-	-	-	0.8
Singapore	-	-	-	0.5	-	-	-	-	-	-	-	-	-	0.5
Switzerland	-	-	-	-	-	0.3	-	-	-	-	-	-	-	0.3
Portugal	-	-	-	-	-	-	0.0	-	-	0.3	-	-	-	0.3
Latvia	-	-	-	-	-	-	-	-	0.0	-	-	-	-	0.0
<b>Total</b>	<b>16.9</b>	<b>6.7</b>	<b>4.3</b>	<b>14.5</b>	<b>3.4</b>	<b>14.6</b>	<b>4.8</b>	<b>0.4</b>	<b>0.5</b>	<b>0.7</b>	<b>0.4</b>	<b>0.2</b>	<b>0.1</b>	<b>67.4</b>

<sup>1</sup> Total amounts in this table exclude collateral deposited.



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