

Corporate Governance Report 2017

SEK is a Swedish public limited company, and credit market institution, domiciled 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 participant 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 limited companies, through the Articles of Association, general meeting of shareholders, the Board and the CEO. Moreover, SEK applies international guidelines in its efforts to act responsibly: 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 guidelines for managing social and environmental risks in state-supported lending and the OECD's sustainable lending guidelines for exports to low-income countries.

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 is applicable from 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 com-

panies. 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") applies.

As set out in the state's ownership policy, inter alia, 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 issues 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; and
- comply with international guidelines in this area.

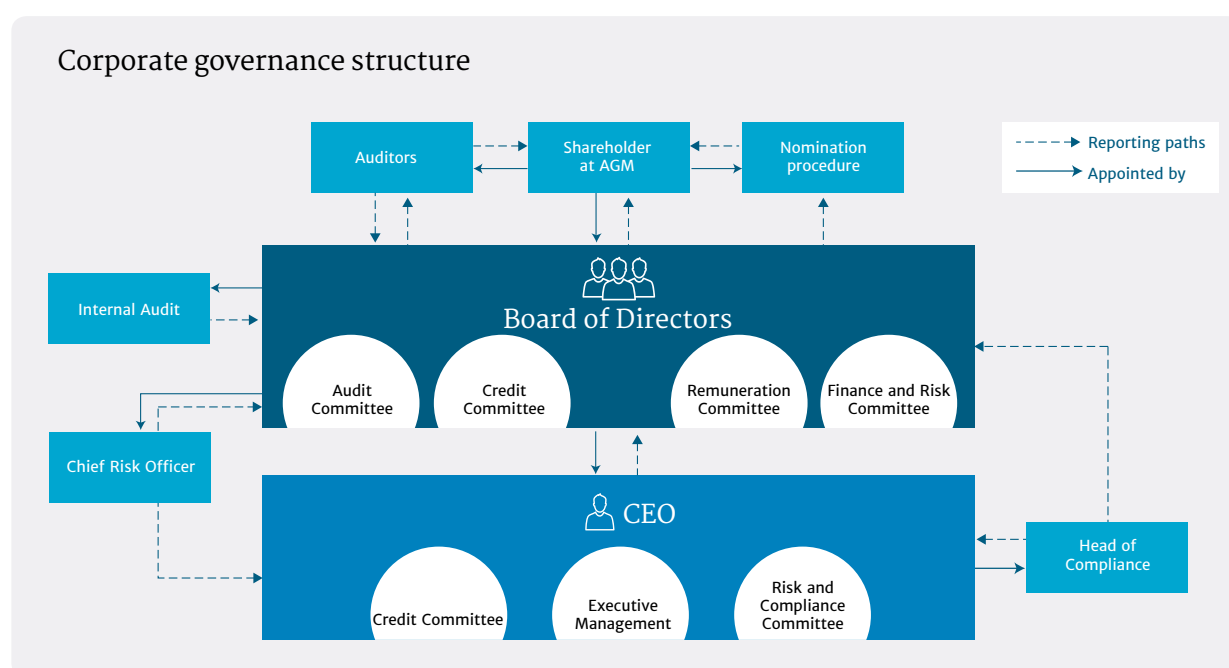
State-owned companies are subject to greater information requirements regarding sustainability reporting under the policy guidelines and, therefore, are to apply such regulations as the GRI Sustainability Reporting Guidelines.

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 thus 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 2017 fiscal year:

Nomination Committee. The nomination process for Board members adheres to the principles described in the state's ownership policy.

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

Election of auditors. The nomination process for auditors 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 members of the Board of 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 of the company as 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 Principles and Guidelines to Promote Sustainable Lending in the Provision of Official Export Credits to Low Income Countries. Accordingly, SEK's work with sustainability issues is integrated into its corporate governance.

The owner instruction sets further requirements for the reporting and following up 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 do not contain any provisions regulating the appointment or removal of Board members, 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 Board members. 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 a shareholder can cast at a general meeting of shareholders.

General meeting of shareholders

Annual General Meeting

SEK's Annual General Meeting (AGM) was held on March 22, 2017. External parties were entitled to attend the Meeting. The minutes of the Annual General Meeting are available at www.sek.se.

The Annual General Meeting re-elected the following Board members: Lars Linder-Aronson, Cecilia Ardstrom, Susanne Lithander, Lotta Mellstrom, Ulla Nilsson and Teppo Tauriainen. Reinhold Geijer and Hans Larsson were elected as new members. Lars Linder-Aronson was re-elected Chairman of the Board by the Meeting.

The Annual General Meeting adopted the Annual Report 2016 submitted by the Board and the CEO, and discharged the Board and the CEO from liability for the 2016 fiscal year. The Annual General Meeting also resolved, in line with the Board's proposed appropriation of profits, to pay a dividend of Skr 234 million to the shareholder. The decision was in accordance with SEK's dividend policy.

Moreover, 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 enterprises, and the government's guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises as adopted by the government on 22 December 2016.

Extraordinary General Meeting

The company held an Extraordinary General Meeting on November 21, 2017, at which Teppo Tauriainen chose to leave the Board after three years of service. In connection with that the Board resolved to elect Anna Brandt as a Director of the Board of Directors of SEK.

The Board of Directors

The Board's composition and nomination procedure

The nomination procedure for Board members complies with the state's ownership policy and is conducted and coordinated by the Division for Corporate Governance and Analysis 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 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 Board members and senior executives pursuant to the regulatory framework issued by the European Banking Authority (EBA). SEK's assessment of potential new Board members 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 members. Board members 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 member of the Board. Five of the Board members are women and three are men. The names, ages, main education of the Board members, and the number of Board and Committee meetings held during the year are presented on pages 51 and 54–55. None of the Board members or the CEO hold shares or financial instruments issued by SEK.

Chairman of the Board

The Chairman of the Board is elected by a general meeting of shareholders. Should the Chairman resign from his/her assignment during his/her 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 in 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 legislation, applicable 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, in which sustainability is one aspect, and issues general internal regulations in policies and instructions where sustainability issues are integrated. 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 11 occasions in 2017. 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 2017

	Total	Board of Directors	Remuneration Committee	Finance and Risk Committee	Credit Committee	Audit Committee
Number of meetings	45	11	4	8	15	7
Lars Linder-Aronson	45	11	4	8	15	7
Cecilia Ardström ¹	23	11	0	8	0	4
Jan Belfrage ²	6	3	0	0	3	0
Anna Brandt ³	3	1	0	0	2	0
Reinhold Geijer ⁴	18	7	0	0	11	0
Hans Larsson ⁵	11	6	0	5	0	0
Susanne Lithander	13	6	2	0	0	5
Lotta Mellström	21	10	4	0	0	7
Ulla Nilsson ⁶	33	11	0	8	14	0
Teppo Tauriainen ⁷	19	8	0	0	11	0
Magnus Ugglå ⁸	6	3	0	3	0	0

¹ Cecilia Ardström was elected as a member of the Audit Committee on March 22, 2017.

² Jan Belfrage stepped down from the Board and the Credit Committee on March 22, 2017.

³ Anna Brandt was elected as a Director of the Board and as a member of the Credit Committee on November 21, 2017.

⁴ Reinhold Geijer was elected as a Director of the Board and as a member of the Credit Committee on March 22, 2017.

⁵ Hans Larsson was elected as a member of the Finance and Risk Committee on March 22, 2017.

⁶ Ulla Nilsson was elected as Chairman of the Credit Committee on March 22, 2017.

⁷ Teppo Tauriainen stepped down from the Board and the Credit Committee on November 21, 2017.

⁸ Magnus Ugglå stepped down from the Board and the Finance and Risk Committee on March 22, 2017.



Board's work during the year

Over the year, the Board's work has largely focused on following up how the company is adapting operations to meet new regulatory frameworks. In spring 2017, intensive efforts were ongoing at the company to complete the project to improve the measurement of market risk, which had been in progress for two years. The project was completed after summer 2017 and the Board has received ongoing status updates. The Board has also addressed questions pertaining to the company's adaptations to new accounting policies, reporting to regulatory bodies and resolution regulations.

The Board held its annual strategy meeting in early summer 2017. The focus was on the company's long-term efforts to substantially broaden the customer base and to be able to provide a digital customer offering.

Representatives of the Swedish FSA attended the Board meeting in April 2017, and presented their work and their assessment of SEK. On the same occasion, the Board decided to wind up its subsidiaries, Venantius AB and VF Finans AB, through liquidation.

In autumn 2017, the Board visited SEK's Gothenburg office and met clients and business partners in Gothenburg and Borås. The Board also adopted a new business plan for the company for the 2018–2021 period.

In addition to the scheduled meetings in 2017, the Board participated in targeted training activities on four occasions. The training encompassed the regulatory framework for officially supported credits, an in-depth review of new regulations, a presentation of how the company manages market risks as well as a presentation of the rules pertaining to and the company's measures to combat money laundering and terrorism financing, including anti-corruption.

In 2017, SEK's Board and committees adopted the following policies and instructions:

Policy documents	Issued by
The Board's rules of procedure	The Board of Directors
Authorization and Delegation Rules	The Board of Directors
Financial Reporting Instruction	The Board of Directors
Code of Conduct	The Board of Directors
Sustainable Business Policy	The Board of Directors
Risk Policy	The Board of Directors
Credit Policy	The Board of Directors
Remuneration Policy	The Board of Directors
Instruction for the CEO	The Board of Directors
Instruction for the Chief Risk Officer, CRO	The Board of Directors
Instruction for the Internal Audit function	The Board of Directors
Instruction for the Compliance function	The Board of Directors
Instruction for the assessment of the suitability of Board members, the CEO and senior executives	Remuneration Committee
Financing Strategy	Finance and Risk Committee
Liquidity Strategy	Finance and Risk Committee
Limits for market and liquidity risks	Finance and Risk Committee
Credit Instruction	Credit Committee

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),
Susanne Lithander and Lotta Mellström



During the year, the Remuneration Committee's activities included following up the outcome of the individual remuneration program and preparing questions regarding the preparation of a skills development program together with Business Sweden and the Swedish Export Credits Guarantee Board.

- 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), Lars Linder-Aronson, Hans Larsson and Ulla Nilsson

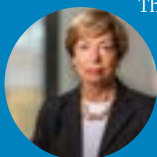


2017 was a relatively hectic year for the Finance and Risk Committee. At the start of the year, much time was invested in following up the conclusion of the company's project to improve the measurement of market risk. Later in the year, the Committee dealt with questions that, inter alia, pertained to the company's liquidity management, preparation of new risk appetites and the new resolution regulations.

- 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 overall 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 142 (2016: 124) issues 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. No such cases arose in 2017.

During the year, the Committee has issued methodological working papers pertaining to the company's impairment process to thereby adapt this process to the new accounting standard IFRS 9.

- 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

Lotta Mellström (Chairman), Cecilia Ardström,
Lars Linder-Aronson and Susanne Lithander



The Committee's work has largely encompassed addressing questions to the new accounting standard IFRS 9 as well as new regulations for reporting pertaining to regulatory bodies. For the Audit Committee 2017 was most notable for the election of new auditors (PwC) at the 2017 Annual General Meeting.

- 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.

Evaluation of the work of the Board of Directors and the executive management

A separate assessment of the work of the Board and executive management 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 Board members. The Chairman and Board members check assessments regularly during the year.

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 and/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 credit decisions 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 CEO. For any decision by the CC to be valid, a quorum is required of three members, who must participate in and agree unanimously on the decision. In the case of disagreement, the case is referred to the Board's Credit Committee for decision.

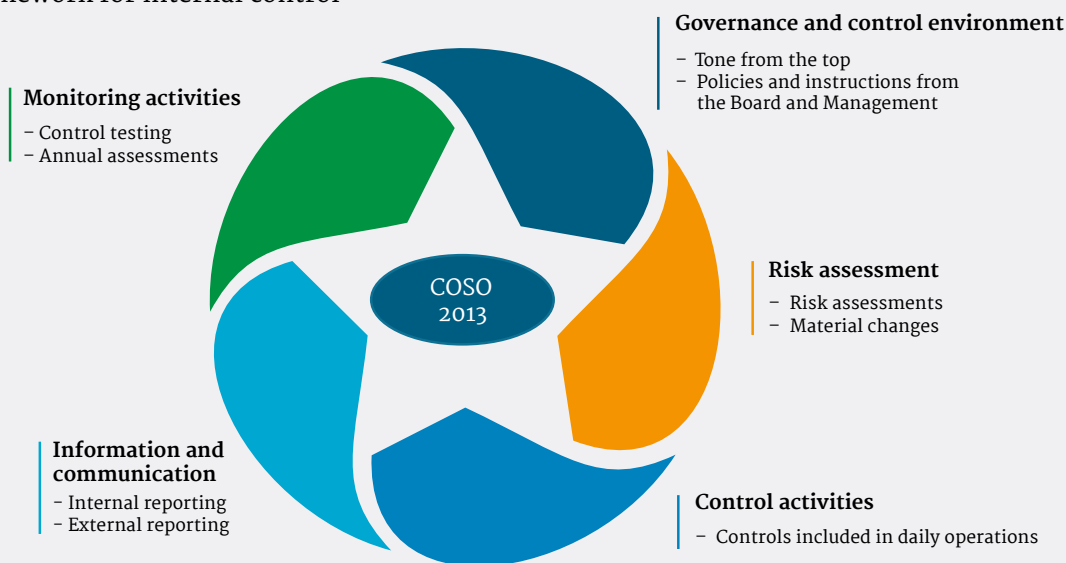
Internal governance, control and risk management with regard to financial reporting

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.

Control environment

The Board is responsible for 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. It is the responsibility of the CEO to establish guidelines so that all employees understand the requirement for maintaining ethical values

Framework for internal control



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 signed by all employees and the Board. The Code of Conduct demands integrity and ethical conduct and is communicated to employees also 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 whistle-blower system, which is managed by an external party. SEK's Code of Conduct is available at www.sek.se.

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 legislation. The assignment involves checking and assessing whether the company's risk management, governance, control, reporting and management processes and regulatory compliance are effective. The internal audit reports its observations to the Board, the Audit Committee and the CEO. The Board commissioned an external party, KPMG, to be responsible for this independent internal audit. 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 regulatory compliance, particularly capital adequacy, including audits of ICAAP and the company's IRB model.

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. 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 thereby 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 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

Internal audit, the functions for compliance and the risk function monitor the management of operational risk, and compliance with policy documents.

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. However, 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, 2017, the conclusion was that effective and efficient controls were in place relating to internal control of financial reporting.

Auditors

The 2017 Annual General Meeting elected Öhrlings Price-waterhouse Coopers AB as auditor of the company, with auditor 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 2017.

Each year, the Audit Committee reviews the audit plan and is informed of the audit observations on an ongoing basis. The company's auditors have participated 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.