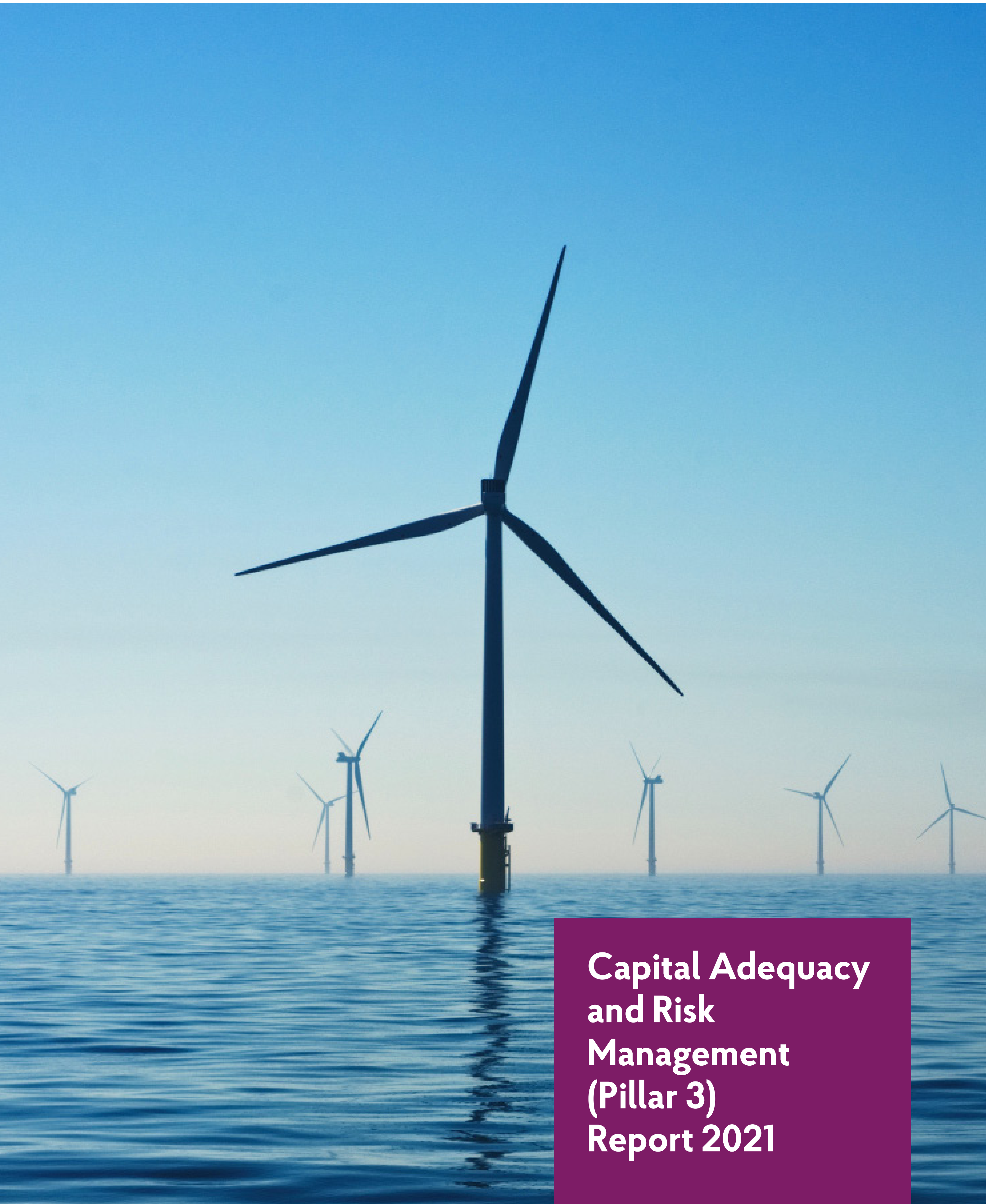
SEK

AB Svensk Exportkredit



Capital Adequacy and Risk Management (Pillar 3) Report 2021

This is SEK

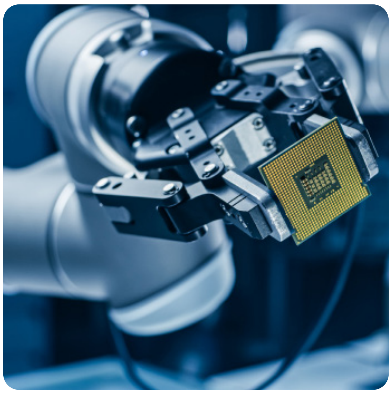
Mission
SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. The mission also includes administration of the officially supported CIRR system.

Vision
A sustainable world through increased Swedish exports.

Target group
SEK lends money to Sweden-based exporters, their suppliers and foreign customers.

Since 1962, SEK has offered loans that have enabled hundreds of Swedish companies to grow and, moreover, to increase production, employ more staff and sell products and services to clients across the world. With lending in some 60 countries, SEK provides companies with competitive advantages when conducting international business by granting access to an entire ecosystem of banks, companies and business partners across the world.

Sustainability is central to operations, and therefore it is a natural step to finance industry's transition to a fossil-free society; a development that also creates new export opportunities. A successful Swedish export industry is Sweden's greatest contribution to the global climate transition.



Financing from SEK assists corporates with maintaining competitiveness while they transition operations to reduce climate impact. SEK fulfills a well-defined function in companies' total loan portfolios. The company specializes in international export financing with the primary concern that Swedish exporters are able to succeed with more export transactions. This is exactly why SEK was founded: to create more business for Swedish exporters, and thereby contribute to jobs and growth in Sweden.

Long-term sustainability targets

2045

Net-zero carbon dioxide emissions in the balance sheet

2030

50 percent green lending portfolio

Contents

1. Introduction

This report provides information about risks, risk management and capital adequacy in accordance with Pillar 3 of the Capital Adequacy Regulation. The content of this report conforms with the disclosure requirements of the Capital Requirements Regulation (CRR), related technical standards adopted by the European Commission and additional requirements issued by Finansinspektionen (the Swedish FSA).

1.1 About this report

The current banking regulation is based on the three "Pillars" concept.
Pillar 1 establishes minimum capital requirements; defines rules for the determination of the capital requirement relating to credit risks, market risks and operational risks.
Pillar 2 comprises a supervisory review and evaluation process (SREP) and requires institutions to undertake an internal capital adequacy process (ICAAP) as well as an internal liquidity adequacy assessment process (ILAAP).
Pillar 3 promotes market discipline and requires institutions to disclose key information, which allows investors and other market participants to understand their risk profiles. Disclosures in this report are governed by Pillar 3 requirements.

AB Svensk Exportkredit ("SEK" or the "Company") is a company domiciled in Sweden. The address of the Company's registered office is Fleminggatan 20, P.O. Box 194, SE-112 26 Stockholm, Sweden. The consolidated group consists of SEK and its wholly owned, inactive, subsidiary SEKETT AB.

The figures presented in this report refer to the Company as December 31, 2021, unless otherwise stated. The 2021 figures are highlighted in the tables. The comparative figures in this report refer to the same date or period in 2020, unless otherwise stated.

This report complements, and is to be read in conjunction with, the Annual and Sustainability Report. A detailed description of SEK's operations, business risk and sustainability risk can be found in the 2021 Annual and Sustainability Report. Further details on internal governance are disclosed in the Corporate Governance Report, which is an integral part of the Annual and Sustainability Report. The information in this report is not required to be subjected to external audit and, accordingly, is unaudited.

1.2 SEK's operations

SEK is a credit market institution wholly owned by the Swedish state. SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. SEK has a complementary role in the market, which means that it acts as a complement to bank and capital market financing for exporters wanting a range of financing sources.

SEK specializes in long-term financing, in the following main areas:

- Lending to Swedish exporters (corporate lending)
- Lending to international buyers of Swedish capital goods and services (end-customer finance), where SEK offers five different products: export credits, officially supported export credits, customer finance, trade finance and project finance.

SEK offers financing of export credits both at commercial interest reference rates (CIRR-rates) and at market interest rates. In Sweden, SEK manages the state-supported CIRR system on behalf of the Swedish government.

Due to stable ownership in the form of the Swedish state, a solid balance sheet and a sound risk profile, SEK has high credit ratings and, therefore, has many opportunities to raise funds in the global capital markets.

Due to its mission, SEK's main exposure is to credit risk. SEK's credit portfolio is, however, of high quality with 92 percent of the net exposure rated as investment grade. SEK conducts no active trading and manages its market risk arising from customer cash flows by entering into hedging transactions with other counterparties and thereby swapping, when applicable, both lending and funding to floating interest rates. Having a match-funded balance sheet is a fundamental and integral part of SEK's business operations. SEK ensures that funding is available for the full maturity period for all of SEK's credit commitments – outstanding credits and agreed, but undisbursed credits. In doing so, SEK regards its credit facility with the Swedish National Debt Office as available borrowing. SEK has a credit facility in place with the Swedish National Debt Office of up to Skr 200 billion, of which Skr 10 billion was utilized as of December 31, 2021. The credit facility has been revised to Skr 175 billion from January 2022. To diversify funding risk, SEK is active in different capital markets, both regarding counterparties and regions. One element of SEK's mission is to always be able to offer customers new lending. Consequently, SEK always has lending capacity to ensure that, even in times of financial stress, new lending can take place. SEK complies with international standards in its environmental and social due diligence processes.

1.3 Highlights 2021 and key metrics

2021 continued to be dominated by the COVID-19 pandemic but a relatively strong economic recovery was also noted. Economic indicators were at historic highs and in many stock markets indices climbed more than 20 percent. The rapid recovery created capacity constraints and disruptions in company supply chains, and inflation started to rise in the second quarter of 2021. In January 2022, the World Bank lowered its growth forecast for the world economy from the 4.3 percent predicted in the summer to 4.1 percent.

Sweden's economy and exporters have posted a strong recovery. In 2021, SEK had confirmed losses of Skr 52 million on exposures that were already largely included in provisions.

In 2021, provisions for expected credit losses were down compared to the preceding year.

SEK's capital adequacy remains strong. At the end of the year, the total capital ratio was 21.6 percent (2020: 21.8 percent), of which the Tier 1 capital ratio and the Common Equity Tier 1 ratio amounted to 21.6 percent (2020: 21.8 percent).

SEK's total exposures have increased since the end of 2020 due to increased lending volumes, with the main increase being net exposures to institutions.

The leverage ratio amounted to 9.3 percent (2020: 5.8 percent) at year end. The year-on-year increase in the leverage ratio was attributable to relief provided in the CRR II pertaining to export credits.

SEK's largest financial risks are credit risk in the amount of Skr 6.0 billion (2020: Skr 6.1 billion), market risk in the amount of Skr 1.2 billion (2020: Skr 1.1 billion), and operational risk in the amount of Skr 0.2 billion (2020: Skr 0.2 billion) in line with internally assessed capital adequacy.

The amended Bank Recovery and Resolution Directive (BRRD II) of 2019 was implemented into Swedish law as of July 1, 2021 and the resolution authority has updated SEK's MREL requirements accordingly. SEK has been deemed systemically important to the Swedish financial system and must also fulfill part of the MREL requirement using own funds and subordinated eligible liabilities. In order to comply with the requirement SEK needs to issue at least Skr 9 billion in Senior non-preferred (SNP) debt before 2024, said debt being subordinate to other senior debt (senior preferred). Issuance will be made according to a plan starting in 2022.

The market functioned well in 2021 with good access to liquidity in the system. SEK had good liquidity during the year and the capacity for managing operational and structural liquidity risk has been favorable. This was confirmed, inter alia, by new lending capacity, which amounted to 4 months (2020: 3 months), and by the liquidity coverage ratio (LCR), which was 463 percent (2020: 447 percent) at year end. The net stable funding ratio (NSFR) amounted to 139 percent (2020: 135 percent) at year end.

Table 1: EU KM1 – Key metrics template

		a	b	c	d	e
Skr mn		Dec 31, 2021	Sep 30, 2021	Jun 30, 2021	Mar 31, 2021	Dec 31, 2020
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	19,925	19,797	19,710	19,573	19,450
2	Tier 1 capital	19,925	19,797	19,710	19,573	19,450
3	Total capital	19,925	19,797	19,710	19,573	19,450
Risk weighted exposure amounts						
4	Total risk exposure amount	92,140	87,526	84,533	89,744	89,202
Capital ratios (as a percentage of risk weighted exposure amount)						
5	Common Equity Tier 1 ratio (%)	21.6%	22.6%	23.3%	21.8%	21.8%
6	Tier 1 ratio (%)	21.6%	22.6%	23.3%	21.8%	21.8%
7	Total capital ratio (%)	21.6%	22.6%	23.3%	21.8%	21.8%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk weighted exposure amount)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.7%	3.7%	4.8%	4.4%	4.4%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	*2.1%*	*2.1%*	*2.7%*	*2.5%*	*2.5%*
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	*2.8%*	*2.8%*	*3.6%*	*3.2%*	*3.1%*
EU 7d	Total SREP own funds requirements (%)	11.7%	11.7%	12.8%	12.4%	12.4%
Combined buffer and overall capital requirement (as a percentage of risk weighted exposure amount)						
8	Capital conservation buffer (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	–	–	–	–	–
9	Institution specific countercyclical capital buffer (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EU 9a	Systemic risk buffer (%)	–	–	–	–	–
10	Global Systemically Important Institution buffer (%)	–	–	–	–	–
EU 10a	Other Systemically Important Institution buffer (%)	–	–	–	–	–
11	Combined buffer requirement (%)	2.5%	2.5%	2.5%	2.5%	2.5%
EU 11a	Overall capital requirements (%)	14.2%	14.2%	15.3%	14.9%	14.9%
12	CET1 available after meeting the total SREP own funds requirements (%)	9.9%	10.9%	10.5%	13.8%	13.8%
Leverage ratio						
13	Total exposure measure	215,198	203,278	211,608		
14	Leverage ratio (%)	9.3%	9.7%	9.3%		

Skr mn		a Dec 31, 2021	b Sep 30, 2021	c Jun 30, 2021	d Mar 31, 2021	e Dec 31, 2020
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–	–	–	–
EU 14b	*of which: to be made up of CET1 capital (percentage points)*	–	–	–	–	–
EU 14c	Total SREP leverage ratio requirements (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14d	Leverage ratio buffer requirement (%)	–	–	–	–	–
EU 14e	Overall leverage ratio requirement (%)	3.0%	3.0%	3.0%	3.0%	3.0%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	52,820	44,811	56,275	59,095	51,484
EU 16a	Cash outflows – Total weighted value	25,071	12,813	15,292	23,516	15,235
EU 16b	Cash inflows – Total weighted value	13,655	22,741	9,664	17,234	3,711
16	Total net cash outflows (adjusted value)	11,416	3,203	5,628	6,282	11,524
17	Liquidity coverage ratio (%)	462.7%	1398.9%	1000.0%	940.7%	446.8%
Net Stable Funding Ratio						
18	Total available stable funding	245,925	241,450	240,594		
19	Total required stable funding	176,368	171,141	166,880		
20	NSFR ratio (%)	139.4%	141.1%	144.2%		

2. Risk and capital management

SEK's risk management and controls are based on a sound risk culture, effective internal processes and a well-functioning control environment achieved through integrated internal controls, access to complete information, standardized risk measures and coherent and transparent risk reporting.

2.1 SEK's risk framework

Effective risk management and control in SEK are based on a sound risk culture, a shared approach and a well-functioning control environment. SEK emphasizes the importance of high risk awareness among personnel and an understanding of the importance of preventive risk management to, thereby, keep risk exposure within the determined level.

SEK also has a risk framework, see *the Risk Framework* illustration below. The structure of the risk framework is ultimately governed by SEK's mission from its owner, the Swedish government, and SEK's business model. *The capital target* constitutes the outer boundary for SEK's strategy (see section 2.3). Within the restrictions of the capital target, *risk appetite* is stated and is expressed by risk class and comprises the risk to which the Board is prepared to expose SEK in order to achieve its strategic objectives (see section 2.4). *Risk governance* is specified in the form of a risk strategy and a risk policy as well as in SEK's risk culture, and in instructions, processes and limits (see section 2.2). These policy documents describe the risk management process and define what activities and operations are included in the process, and how they should be performed. The policy documents also indicate how responsibility is structured in terms of the execution, monitoring of and compliance with risk management.

SEK's risk management process comprises the following key elements:

Risk Identification

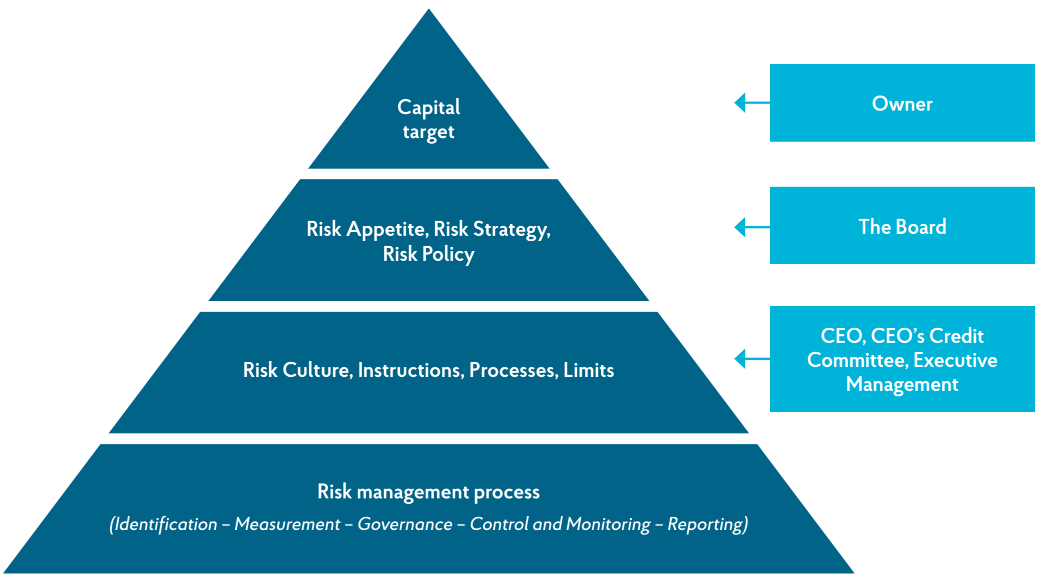
Risks are identified principally in new transactions, in changes in SEK's operating environment or internally in, for example, products, processes, systems and through risk analyses, conducted at least once a year, encompassing all aspects of the Company. Both forward-looking and historical analyses, as well as testing are carried out.

Measurement

The size of the risks is measured on a daily basis for significant measurable risks or is assessed qualitatively as frequently as necessary. For those risks that are not directly measurable, SEK evaluates the risk according to models that are based on SEK's risk appetite for the respective risk type, specified according to appropriate scales for probability and consequence.

Governance

SEK aims to oversee the development of the business and make active use of risk-reduction capabilities. SEK controls the development of risks over time to ensure that the business is kept within the established risk appetite and limits. In addition, SEK carries out planning and draws up documentation to ensure the continuity of business-critical processes and systems and to ensure planning is carried out for crisis management. Exercises and training are continually performed



regarding the management of situations that require crisis and/or continuity planning.

Control and Monitoring
SEK's control functions control and monitor compliance with limits, risk appetite, capital target, risk management and internal and external regulations in order to ensure that risk exposures are maintained at an acceptable level for SEK and that risk management is effective and appropriate.

Reporting
SEK's independent Risk Control function reports detailed risk information covering all major risks and capital as well as the liquidity situation and other related areas to the CEO, the Executive Management and the Board on a quarterly basis. More overall information about risks and the capital situation is provided on a monthly basis. In addition, a daily report about risks and limits is provided to the management. The content and frequency of the risk reporting to the Board are defined in the risk policy established by the Board.

2.2 Risk governance

The Board of Directors has the ultimate responsibility for SEK's organizational structure and administration of SEK's affairs, including overseeing and monitoring risk exposure and risk management, and for ensuring satisfactory internal control. The Board determines overall risk management, for example, by establishing risk appetite and risk strategy. These are determined annually in connection with the business plan. The Board also determines SEK's risk policy and decides on issues relating to credits of great significance to SEK. In addition, the Board approves SEK's recovery plan. The Board has established the following committees that advise the Board on a continuous basis:

The Board's Finance and Risk Committee prepares matters pertaining to general policies, strategies and risk appetite in all risk and capital-related issues. The Finance and Risk Committee sets 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. The Finance and Risk Committee also approves methods for internal risk classification for different types of exposure classes.

The Board's Credit Committee prepares matters relating to credits and credit decisions that are of fundamental or otherwise significant importance to the company. Furthermore, the Board's Credit committee establishes limits and makes credit decisions that exceed the mandates of the SEK's Credit Committee. *The Board's Audit Committee* monitors, among other things, the company's financial reporting and the efficiency of the company's internal control, internal audit and risk management in terms of the financial reporting.

The Remuneration Committee prepares, among other things, 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.

- *For further information about the work of the Board, the number of directorships, recruitment and the diversity policy for the selection of members of the board, please see the Corporate Governance Report in SEK's Annual and Sustainability Report 2021.*
- *As to the policy on diversity with regard to selection of members of the Board, please refer to the Swedish State's Ownership Policy and principles for state-owned enterprises 2020, set out in section 3.2 Board composition.*

Division of responsibility for risk, liquidity and capital management in the Company

First line of defense

- Business and support functions.
- Day-to-day management of risk, capital and liquidity in compliance with risk appetite and strategy as well as applicable laws and rules.
- Credit and sustainability analyses.
- Daily control and follow-up of credit, market and liquidity risk.

Second line of defense

- Independent risk control and compliance functions.
- Identification, quantification, monitoring and control of risks and risk management.
- Risk, liquidity and capital reporting.
- Maintaining an efficient risk management framework and internal control framework.
- Compliance monitoring and reporting.

Third line of defense

- Independent internal audit
- Review and evaluation of the efficiency and integrity of risk management.
- Performance of audit activities in line with the audit plan adopted by the Board.
- Direct reporting to the Board.

SEK's *CEO* is responsible for the day-to-day management of business operations in accordance with the Board's guidelines, established policies and instructions. *The executive management* is tasked with supporting the CEO in the operational management of the company. The former Risk and Compliance Committee was discontinued at the end of 2021, and its tasks are now essentially included in the assignment of the executive management.

According to the Credit Instruction, all decisions pertaining to credits/exposures 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).

SEK has organized risk management and control according to *the three lines of defense principle* with a clear division of responsibilities between the business and support functions that own the risks, the control functions that independently controls the risks, and the internal audit function that reviews the control functions.

The Chief Risk Officer (CRO) is responsible for the independent *Risk Control function* that has the responsibility to identify, monitor, measure and report risks in SEK's business. The CRO is appointed by the Board and reports directly to the CEO and the Board.

The Head of Compliance is responsible for *the Compliance function.* The compliance function assignment comprises identifying risks that the company may not meet its obligations to legislation, regulations and other rules that apply to its operations requiring permits. The compliance function reports directly to the CEO and the Board.

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 applicable legislation. The Board has chosen to appoint an external party to perform the internal audit function for which it has appointed Deloitte from 2019.

2.3 Capital target

The Company's capital target, which is one of the principal control instruments, is established by the owner at a general meeting of shareholders. The capital target is designed to ensure that SEK has sufficient capital to support its strategy and that regulatory requirements are met, even in the event of deep economic downturns. In addition, SEK's own funds must also cover the volatility that may be expected under normal conditions. During 2021, SEK's capital target was kept unchanged. SEK's capital target is expressed as follows:

- SEK's total capital ratio is to exceed the capital requirement communicated by the Swedish FSA by 2 to 4 percentage points.
- SEK's Common Equity Tier 1 capital ratio (CET1) is to exceed the capital requirement communicated by the Swedish FSA by at least 4 percentage points.

The margin above the capital requirement is to cover volatility that can be expected under normal circumstances.

As part of the most recent review and evaluation process, as of September 29, 2021, the Swedish FSA has informed SEK that in addition to the capital requirement pursuant to Regulation (EU) No. 575/2013 on prudential requirements, SEK should hold additional capital (Pillar 2 guidance) of 1.50 percent of the total risk exposure amount and 0.15 percent of the total exposure measure for the leverage ratio. The risk-based Pillar 2 guidance and the leverage ratio guidance can both only be met with Common Equity Tier 1 capital. Pillar 2 guidance does not comprise a binding requirement.

On December 31, 2021, SEK's total capital ratio requirements, including Pillar 2 guidance, and CET1 ratio requirements, including Pillar 2 guidance, amounted to 15.7 percent and 10.6 percent respectively (December 31, 2020: 14.9 percent and 9.5 percent respectively). The requirements including Pillar 2 guidance should be compared with a total capital ratio and CET1 ratio that amounted to 21.6 percent on December 31, 2021 (December 31, 2020: 21.8 percent).

2.4 Risk appetite

The Board decides SEK's risk appetite which is to encompass all of the Company's significant risk classes and to express the outer limits for the business operations. The risk appetite must specify the risk measurements that, in the opinion of the Board, provide information that is sufficient for the members of the Board to be well informed about the type and scope of the Company's risks. The risk appetite is strongly connected to the Company's loss capacity and thus to its equity. SEK's Risk Control function monitors and follows up the risk appetite limits regularly. At least on a quarterly basis, the Board is provided with a comprehensive update of the risk exposures' relationship to the risk appetite.

2.5 The Board's Risk declaration and Risk statement

The Board has decided on the following risk statement and risk declaration.

Risk declaration

The Board hereby declares that SEK's overall risk management is satisfactory in relation to the company's profile and strategy.

Risk statement

SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. SEK is therefore mainly exposed to credit risk. SEK's risk appetite for credit risk is moderate and for other risks low or low to moderate. As of December 31, 2021, the total internally assessed economic capital excluding any buffer amounted to Skr 7,722 million, or 8.4 percent of risk weighted assets, of which credit risk accounted for 6.5 percent, market risk 1.4 percent, operational risk 0.2 percent and other risks 0.3 percent.

To ensure that SEK is well capitalized in relation to SEK's risks and that SEK has a favorable liquidity situation, the owner (the Swedish state) stipulates SEK's risk appetite for capitalization and the Board SEK's risk appetite for liquidity risk. The owner has established that SEK's Total capital ratio shall be between 2 and 4 percentage points above the capital requirement communicated by the Swedish FSA and SEK's Common Equity Tier 1 capital ratio shall be at least 4 percentage points above the capital requirement communicated by the Swedish FSA.

As of December 31, 2021, SEK's total capital ratio exceeds the total capital requirement (including the Pillar 2 guidance) with 5.9 percentage points. The leverage ratio amounted to 9.3 percent, well above the regulatory requirements and the internal limits set by the Board of Directors. SEK's Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) were 463 percent and 139 percent respectively, thus also well above the regulatory requirements and the internal limits set by the Board of Directors. Besides metrics as defined in the regulations, SEK monitors the internal metric New Lending Capacity, i.e. SEK is to have contingencies in a stressed scenario for new lending, including CIRR credits, of at least two months, without access to funding markets or using the loan facility with the Swedish National Debt Office. As of December 31, 2021, new lending capacity corresponded to 4 months.

Core risk management principles:

- SEK must be selective in its choice of counterparties and clients in order to ensure a high credit rating.
- SEK only lends to clients who have successfully undergone SEK's procedures for gaining understanding of the customer and its business relations (know your customer), and thus have business structures that comply with SEK's mission of promoting the Swedish export industry.
- The business operations (both lending and funding) are limited to products and positions that SEK has approved and has procedures for, whose risks can be measured and evaluated and where SEK complies with international sustainability risk guidelines.
- SEK's business strategy entails secure financing which has, at least, the same maturities as the funds lended.
- SEK uses derivatives to maintain market risk at a low level and with the aim of ensuring stable net interest income.

The risk profile of SEK in relation to the risk appetite is monitored and regularly followed up by the independent risk control function and is presented to the Management, the Board's Finance and Risk Committee and the Board. A more in-depth description of SEK's risk management and risk profile is presented in SEK's Annual and Sustainability Report and in this Pillar 3 Report.

Risk class	Risk management	Risk profile	Risk appetite	Proportion of Economic capital
Credit risk				
A credit risk is risk of default on debt that may arise from a borrower failing to make required payments. A credit risk can be of the following types: **Credit default risk** – The risk of loss arising from a debtor being unlikely to pay its loan obligations in full or the debtor is more than 90 days past due on any material credit obligation. Default risk may impact all credit-sensitive transactions, including loans, securities and derivatives. **Concentration risk** – The risk associated with any single exposure or group of exposures. It may arise in the form of single-name concentration, geography or industry concentration. **Country risk** – The risk of loss arising from a sovereign state freezing foreign currency payments (transfer/conversion risk) or when it defaults on its obligations (sovereign risk).	Lending must be based on in-depth knowledge of SEK's counterparties as well as counterparties' repayment capacity. Lending must also be aligned with SEK's mission based on its owner instruction. SEK's credit risks are mitigated through a risk-based selection of counterparties and managed through the use of guarantees and other types of collateral. Furthermore, SEK's lending is guided by the use of a normative credit policy, specifying principles for risk levels and lending terms. Concentrations that occur naturally as a result of the Company's mission are accepted, but the Company continuously works towards reducing the risk of concentration where this is possible.	SEK's lending portfolio is of a high credit quality. The Company's mission naturally entails certain concentration risks, such as geographical concentration risk in Sweden. The net risk is principally limited to counterparties with high creditworthiness, such as export credit agencies (ECA's), major Swedish exporters, banks and insurers. SEK invests its liquidity in high credit quality securities, primarily with short maturities.	Moderate (SEK's risk appetite for credit risk is higher than other risks.)	64.5%
Liquidity risk				
Liquidity and refinancing risk is the risk, within a defined period of time, of the company not being able to refinance its existing assets or being unable to meet the need for increased liquidity. Liquidity risk also includes the risk of having to borrow funds at unfavorable interest rates or needing to sell assets at unfavorable prices in order to meet payment commitments. Liquidity risk encompasses refinancing risk and market liquidity risk.	SEK must have diversified funding to ensure that funding is available through maturity for all credit commitments – credits outstanding as well as agreed but undisbursed credits. The size of SEK's liquidity investments must ensure that new lending can take place even during times of financial stress.	SEK has secured funding for all its credit commitments, including those agreed but not yet disbursed. In addition, the size of SEK's liquidity investments allow new lending to continue at a normal pace, even during times of stress. As a consequence of SEK having secured funding for all its credit commitments, the remaining term to maturity for available funding is longer than the remaining term to maturity for lending.	Low	–
Market risk				
Market risk is the risk of loss or change in future net income resulting from, for example, changes in interest rates, exchange rates, commodity prices or share prices. Market risk includes price risk in connection with sales of assets or the closing of exposures.	SEK conducts no active trading. The core of SEK's market risk strategy is to borrow funds in the form of bonds which, regardless of the market risk exposures in the bonds, are hedged by being swapped to a floating interest rate. Borrowed funds are used either immediately for lending, mainly at a floating rate of interest, or swapped to a floating rate, or to ensure that SEK has sufficient liquidity. The aim is to hold assets and liabilities to maturity.	SEK's business model leads to exposures towards market movements, mainly to credit spreads, cross-currency basis spreads, interest rates and foreign exchange rates.	Low	13.3%

Risk class	Risk management	Risk profile	Risk appetite	Proportion of Economic capital
Operational risk				
Operational risk is the risk of losses resulting from inappropriate, inadequate or faulty internal processes or procedures, systems, human error, or from external events. Operational risk includes legal, IT and information security risk.	SEK manages the operational risk on an ongoing basis through mainly efficient internal control procedures, performing risk analysis before changes, focus on continuous improvements and business continuity management. Costs to reduce risk exposures must be in proportion to the effect that such measures have.	Operational risks arise in all parts of the business. The vast majority of incidents that have occurred are minor events that are rectified promptly within each function. Overall operational risk is low as a result of effective internal control measures and a focus on continuous improvement.	Low	2.4%
Compliance risk				
Compliance risk is the risk of failure to meet obligations pursuant on the one hand to legislation, ordinances and other regulations, and on the other hand to internal rules.	SEK works continuously to develop tools and knowledge to help identify the company's compliance risks. The company analyzes and monitors compliance risks with the intention of continuously reducing the risk of non-compliance with regulations pertaining to operations requiring permits.	SEK's operations lead to exposure to the risk of failing to comply with current regulatory requirements and ordinances in markets in which the company operates.	Low	–
Business and strategic risk				
Business risk is the risk of an unexpected decline in revenue resulting from, for example, changes to competitive conditions with a decrease in business volumes and/or falling margins. Strategic risk is the risk of lower revenue because strategic initiatives fail to achieve the pursued results, inefficient organizational changes, improper implementation of decisions, unwanted effects from outsourcing, or the lack of adequate response to changes in the regulatory and business environment. Strategic risk focuses on large-scale and structural risk factors.	SEK's executive management is responsible for identifying and managing strategic risks and monitoring the external business environment and developments in the markets in which SEK conducts operations and for proposing the strategic direction to the Board. A risk analysis in the form of a self-assessment concerning strategic risk is to be conducted each year.	SEK's business and strategic risks mainly arise through changes in the external operating environment, such as market conditions, which could result in limited lending opportunities for SEK, and regulatory reforms from two perspectives: (1) the impact of these reforms on SEK's business model; and (2) the requirements on the organization resulting from increased regulatory complexity.	Low to moderate	–
Sustainability risk				
Sustainability risk is the risk that SEK's operations directly or indirectly impact their surroundings negatively with respect to business ethics, corruption, climate and the environment, human rights and labor conditions. Human rights includes the child rights perspective; labor conditions encompasses gender equality and diversity; and ethics includes tax transparency.	Sustainability risks are managed according to a risk-based approach. In cases of heightened sustainability risk, a detailed sustainability review is performed and measures could be required in order to mitigate environmental and social risks. Requirements are based on national and international regulations and guidelines within the areas of environment and climate, anti-corruption, human rights including labor conditions and business ethics including tax.	SEK is indirectly exposed to sustainability risks in connection to its lending activities. High sustainability risks could occur in financing of large projects or businesses in countries with high risk of corruption or human rights violations.	Low to moderate	–

2.6 Internal capital adequacy and liquidity adequacy assessment process

Purpose and governance

The internal capital adequacy process (ICAAP) and internal liquidity assessment process (ILAAP) are an integral part of SEK's strategic planning, whereby SEK's Board establishes the SEK's capital target and risk appetite.

The purpose of the ICAAP is to ensure that SEK has sufficient capital to meet the regulatory capital requirements, under both normal and stressed circumstances and to support a high level of creditworthiness. The capital held by SEK is to meet capital requirements corresponding to all the risks that SEK is, or may become, exposed to. The capital assessment is based on SEK's internal views on risks and the development of risk as well as risk measurement models, risk governance and risk mitigating activities. It is linked to the business planning and establishes a strategy for maintaining appropriate capital levels. Changes in capital requirements due to new or amended regulations, as well as changes in other standards, are part of this assessment. The assessment is performed as a minimum for the forthcoming period of three years in the business plan.

The ILAAP process ensures that SEK adequately identifies and measures its liquidity risk, holds adequate liquidity at all times in relation to its risk profile and uses sound risk management systems and processes to support it. This process takes place in connection with the ICAAP process. An assessment of the liquidity needs during the planning period is performed. Liquidity requirements and the composition of SEK's counterbalancing capacity, for the forthcoming period in the business plan are assessed in order to ensure that SEK has enough liquidity to realize the business plan and meet regulatory requirements.

SEK believes that capital does not constitute a risk-reducing factor for certain types of risks; e.g. for strategic and liquidity risk for which SEK applies active risk mitigation. The chart below describes how SEK groups and analyzes its risks in the ICAAP process.

Stress testing and internally assessed capital requirement

SEK views the macroeconomic environment as one of the major drivers of risk for SEK's earnings and financial stability. To arrive at an appropriate assessment of SEK's capital strength, stressed scenarios representing more severe conditions are taken into consideration. Stress testing is used to assess the safety margin above the formal minimum capital requirement that is required to reach the capital target set by the Board within a three-year planning period. To assess the capital requirement under severe financial circumstances, stress scenarios are developed taking into account relevant global and local factors affecting SEK's business model and also SEK's net risk exposure.

When performing the internal calculation of how much capital that is needed, SEK uses other methods than those used to calculate the regulatory capital requirement. SEK's assessment is based on SEK's internal calculation of economic capital. Economic capital (EC) is a measure that is developed to capture the risks that SEK has in its specific business.

In addition to the internally assessed economic capital, SEK also takes into consideration the total capital requirement that the Swedish FSA calculates regarding SEK in the Supervisory Review and Evaluation Process (SREP). The capital requirement according to Swedish FSA is the minimum capital that SEK needs to hold. See section 2.3 Capital target.

2.7 New regulation – impact on SEK

This section covers such new regulations or supervisory requirements that will have a significant impact on risk and capital management and that either have come into force but are yet to be applied or that are currently under legislative considerations in the EU or in Sweden.

Changes in IRB models (default definition and risk parameters)

The European Banking Authority (EBA) aims to reduce variability in the REAs in IRB models and thus create a level playing field between European banks. A key element relates to the definition of default, where EBA Guidelines on harmonizing the definition of default (EBA/GL/2016/ 07) and their accompanying Regulatory Technical Standard (EBA/RTS/2016/06) set out changes to default triggers, materiality thresholds and other closely related topics. SEK has applied for a new definition of default which was approved by the Swedish FSA in September, 2020 and was implemented from January 1, 2021.

As part of the IRB revision, the EBA has published Guidelines on PD estimation, LGD estimation and the treatment of defaulted assets (EBA/GL/2017/16). The objective of these guidelines is to harmonize the concepts and methods used in the estimation of credit risk parameters for the IRB approach. Institutions should also identify deficiencies in the implementation of the PD and LGD and apply a margin of conservatism. The revision to the IRB framework requires SEK to apply for authorization of the new PD models. The application for new PD models were submitted to the SFSA during 2021, but is still pending at the time of publication of the Pillar 3 report given the prolonged processing time with the SFSA. The delay in processing from the SFSA will not affect SEK:s compliance with the new requirements.

Ibor transition

In July 2017, the UK Financial Conduct Authority stated that the availability and reliability of LIBOR (London Inter-bank Offered Rate) could not be guaranteed after the end of 2021. Moreover, work to switch from IBORs has already begun by international regulators and where LIBOR GBP and USD have ceased to exist following 2021 (and June 2023 for certain USD Libor maturities) and have instead replaced by SONIA and SOFR. This has also spread to other IBORs, where working groups in different countries have appointed alternative overnight interest rates instead of the relevant IBOR. EONIA will, for example, also cease to exist following 2021 and will be replaced by €STR. The Swedish Riksbank has published a new preliminary reference rate (Swestr) for the shortest maturity of Swedish kronor. Swestr was officially published in Q3, 2021 but no formal decision to replace STIBOR has yet been made.

IBOR transition will have a wide effect across SEK's operations, ranging from business operations, valuation and market risk management to IT systems and infrastructure. In 2020 and 2021, SEK has carried out a dedicated project in order to ensure that the company efficiently manage the transitions to new reference rates. SEK has issued floating rate notes linked to both to SONIA and to SOFR.

Non-centrally cleared transactions

In July 2012, Regulation (EU) No 648/2012 European Markets Infrastructure Regulation (EMIR) was adopted by the EU commission. EMIR consists of three parts, clearing, reporting and risk mitigation techniques. Variation margin and initial margin belong to risk mitigation techniques. According to EMIR, it is mandatory to clear certain types of derivatives through a central counterparty (CCP). Not all derivative transactions meet the requirements for mandatory clearing. Institutions are therefore required to protect themselves against credit exposures to derivative counterparties by obtaining collateral (Variation Margin and Initial Margin). SEK is included in the implementation group that was initially required to be able to post and receive initial margin for OTC derivatives as of September 1, 2021. Following the Basel Committee's announcement of a one year deferral of the final implementation of the bilateral margin requirements, the EBA, ESMA and EIPOA published a final draft technical standards on amendments to EMIR to postpone the EU implementation until September 1, 2022. The proposed changes are still awaiting endorsement by the European Commission. For SEK, the new requirements on bilateral margin requirements will have a minor impact on the cost and structure of the Group's hedging strategies, and are assessed as not having any significant impact on SEK's liquidity. Additionally, SEK is also developing its IT infrastructure and system support in order to ensure compliance with the new margin requirements and requisites.

Minimum requirements on own funds and eligible liabilities (MREL)

SEK has been deemed systemically important for the Swedish financial system by the Swedish National Debt Office and is therefore subject to the MREL requirement (minimum requirement for own funds and eligible liabilities).

As of July, 2021 the revised Banking Recovery and Resolution Directive (BRRD II) has been implemented in Swedish national law, where the previous MREL requirement have been replaced by January 1, 2022 by a new requirement with regards to own funds and eligible liabilities which will be phased in until January 1, 2024. In December, 2021 the Swedish National Debt Office communicated SEK's intermediate goals per January 1, 2022 and the final MREL requirement per January 1, 2024.

In order to meet the MREL requirement, SEK will need to issue at least Skr 9 billion in Senior non-preferred (SNP) debt before January 1, 2024 where the debt will be subordinate to other senior debt (senior preferred).

EU implementation of Basel IV

In Q4, 2021, the EU Commission published a proposal on how Basel IV should be implemented in the EU. In the proposal, which covers changes both to CRR ("CRR III") and to CRD ("CRD VI"), the implementation of Basel IV is postponed from the deadline set by the Basel Committee (January 1, 2023) to January 1, 2025.

The EU Commission's proposal follows the requirements of the revised Basel standards where SEK expects a net positive effect on REA, primarily driven by a reduction in REA under the revised IRB framework. SEK is not expected to be affected negatively by the new output floor, and the revised frameworks for CVA and operational risk are expected to generate a small increase to current capital requirements.

Revisions to the IRB framework

Under the proposal of the EU Commission, in line with the revised Basel standards, several key components of the REA calculation under the IRB framework are being changed. The removal of the scaling factor of 1.06 as well as a decrease in LGD for large corporates from 45% to 40% is expected to generate a net reduction of SEK's REA. While other changes such as higher input floors for probability of default for large corporates and institutions, the removal of the double default factor as well as increased conversion factors for off-balance sheet assets are expected to lead to an increase of SEK's REA for credit risk, these will be offset by the overall decrease generated by the changes to LGD and the removal of the scaling factor. Additionally, SEK will not be impacted by the restriction of using the advanced IRB approach for large corporate counterparties since SEK currently applies the foundation approach.

Output floor

The EU Commission proposes an output floor of 72.5 percent. A bank using internal models to calculate its risk weighted exposures will not be able to reduce its overall risk weighted exposures below 72.5 percent of the risk weighted exposures that would have applied using the revised standardized approach to each risk. The output floor will be phased in starting with a 50% output floor requirement beginning January 1, 2025 and with implementation of the requirement until 72.5% 2030.

SEK only uses internal models for credit risk, and would therefore only be subject to an output floor in relation to credit risk capital requirements. A large portion of SEK's exposures are guaranteed by the Swedish Export Credit Agency (or other ECA's), which under the standardized approach would receive a risk weight of 0% given that the exposure is denominated in the national currency of the national government or the national governments maintains a rating corresponding to credit quality step 1 according to article 114 and 136 of Regulation 575/2013 (CRR). As such, the new output floor restrictions proposed by the EU Commission is deemed to have limited impact on SEK's REA and capital requirements for credit risk.

Revised standardized approach for credit risk
Due to the implementation of the new output floor, SEK is required to calculate the capital requirement for credit risk based on both the IRB and on the standardized approach. Since SEK applies IRB for the majority of the company´s portfolios, the revised standardized approach will have to be implemented for all portfolios. While SEK does not expect the revised standardized approach to have any material impact on the company´s capital requirements as stated above, the new requirements will require development and implementation of new segmentation data, calculations and general analysis and reporting capabilities.

Operational risk
In line with the revised Basel standards, the EU Commission proposes to remove all current approaches to calculate the capital requirement for operational risk with a new standardized approach. Under the new approach, a new business indicator is introduced where a higher margin coefficient is applied the larger the business indicator is. SEK estimates that the company's business indicator will not exceed EUR 1 bn, and as such SEK will be able to apply the lowest of the margin coefficients of 12% which is lower than the average coefficient that SEK applies under the current standardized approach. Due to changes to the calculation of the business indicator, SEK expects the capital requirement to increase under the new standardized approach. The increase is not deemed to be material in relation to SEK's total capital requirement.

The Commission also proposing to remove the incurred loss multiplier requirement introduced by the Basel Committee. Instead, additional data quality requirements with regards to historical loss data are introduced as part of the SREP review. The new requirements are not expected to require any material development or implementation cost for SEK.

Revisions to the alternative standardized approach for market risk (ASA-MR)
In 2021, SEK implemented the new alternative standardized approach for market risk. The new requirements were initially only applied for reporting purposes, and were not applied for the calculation of the capital requirements for market risk in the banking book.

In the EU Commissions proposal, the ASA-MR will replace the current capital requirement for market risk January 1, 2025. The EU Commission also introduces several changes to the calibration of risk factors and other model parameters. The changes are assessed to have a negligible impact on SEK's capital requirement under the ASA-MR.

Pillar 3
Under the EU Commission's proposal, the EBA has been given mandate to collect and maintain European institutions' Pillar 3 reporting through the EU Data Hub. The EBA has also been given a mandate to develop technical standards along with reporting templates required for the data collection from institutions.

The EBA has been given mandate to develop new technical standards for Pillar 3 reporting prior to January 1, 2025.

ESG supervision and SREP
Under the proposed changes under CRD VI and CRR III, the EU Committee is introducing several new mandates and requirements in order to introduce ESG (environmental, social and governance risk) as an active part of bank supervision.

In CRR III, the European Commission complements the scope of COREP reporting to include ESG exposures and risks. The scope and complexity of the reporting requirements are not yet known, and the EBA will develop technical standards to further specify the ESG COREP reporting requirements. Given the ongoing preparatory work to implement ESG Pillar 3 reporting by December 31, 2022, and forthcoming sustainability reporting (under CSRD) as of December 31, 2023, SEK expects to have good prerequisites and data capabilities in place to effectively meet the new COREP reporting requirements.

In CRD VI, the European Commission proposes several measures regarding the ESG. Firstly, new requirements for institutions are introduced to ensure that institutions' strategies take ESG risks into account from a short-, medium- and long-term perspective. Secondly, supervisory authorities are also given mandates to evaluate institutions' management of ESG risks, including appropriate pricing to counterparties and transactions exposed to ESG factors.

Thirdly, the European Commission also proposes that ESG risks should be evaluated and analyzed within the review and evaluation process (SREP). Thus, SEK also needs to include ESG risks within the framework of the company's internal capital and liquidity adequacy assessment process (ICLAAP). In addition to direct financial impact in the form of deteriorating credit quality or the build-up of concentration risks in lending portfolios, supervisory authorities must also evaluate the institutions' measures, strategies, processes and mechanisms for managing ESG risks. The EBA, together with ESMA and EIOPA, are also mandated to develop standards for stress testing methodologies for climate risks.

SEK is currently preparing for the upcoming ESG disclosure requirements under Pillar 3, and facilitating for the new sustainability reporting requirements under the proposed Corporate Sustainability Reporting Directive (CSRD). SEK is currently focusing on developing and establishing an efficient and adequate data infrastructure in order to meet the new ESG requirements under the proposed CRD VI over the next years.

Environmental, Social and Governance (ESG)
While new ESG requirements are introduced through the EU Commissions proposed changes under CRD VI and CRR III, many additional and separate regulatory developments have started to materialise in the EU financial sector. Within the framework of the 'EU Sustainable Finance' initiative, the regulation of the ESG area has increased significantly during 2020-2021 in order for institutions to start to identify, manage, monitor and control exposure to ESG risks (so called 'impact in'), and to effectively control the institution's own impact on the outside world (so called 'impact out'). At the same time, most standards for classifying green assets and liabilities

(EU taxonomy and EU standard for green bonds) are also introduced in order to establish a common baseline for how financial instruments should be evaluated and defined from a sustainability perspective.

All ongoing initiatives aim to contribute to directing capital flows and investments towards a more sustainable economy within the EU, enable transition in the EU economy through the use of the financial sector and ensure that financial institutions and investors effectively understand and manage the long-term risks associated with, for example, climate change. In addition to this, several regulatory initiatives are also being developed, which are intended to ensure that financial institutions identify, measure, analyze, evaluate and report environmental, social and governance-related risks. Financial institutions must also start providing more disclosure through upcoming sustainability reporting requirements under CSRD and as part of the regulatory disclosure under Pillar 3.

ESG under pillar 3

In the beginning of 2022, the EBA has published final technical standard (ITS) regarding ESG disclosure under Pillar 3. Under the standards, large or listed institutions will start reporting new qualitative and quantitative tables as of December 31, 2022, phasing in certain requirements until 2024. The disclosure requirements are intended to demonstrate the institutes' exposure to sectors and assets that either significantly contribute to climate change or assets that are exposed to physical climate risks. Institutions will also need to disclose the proportion of the lending portfolio that relates to the financing of environmentally sustainable activities. This is presented by two new key performance indicators for the financial sector; the "Green Asset Ratio", or "GAR", and the "Banking Book Taxonomy Aligned Ratio" or "BTAR". The BTAR serves to demonstrate an institution's overall proportion of taxonomy aligned financing activities, whereas certain types of counterparties are excluded from the GAR calculation, e.g. corporate counterparties not subject to the non-financial reporting directive (NFRD).

SEK is currently focusing on ensuring efficient data sourcing, infrastructure and technical development in order to meet the upcoming requirements.

Corporate Sustainability Reporting Directive (CSRD)

In the spring of 2021, the EU published a proposal for a new directive regarding sustainability reporting. The new directive – Corporate Sustainability Reporting Directive (CSRD) – is proposed to replace the existing Non-financial Reporting Directive (NFRD), while more specific disclosure requirements regarding data and information are supplemented. At the same time, the number of companies covered by the directive is also increasing, from about 11,000 companies under the NFRD to about 50,000 under the CSRD. While SEK was not included in the scope of the NFRD, the company will be subject to the scope of the CSRD, which will replace the existing TCFD reporting. A final directive is expected to be adopted in mid-2022, with a proposal for entry into force for reporting after 1 January, 2023 (expected as of balance sheet date December 31, 2023).

SEK is currently focusing on ensuring efficient data sourcing, infrastructure and technical development in order to meet the upcoming requirements.

Sustainability Accounting Standard (IFRS)

In parallel with the CSRD, work is also taking place within the framework of the newly established organization 'International Sustainability Standards Board' (ISSB – a sister organization to the IASB under 'The IFRS Foundation'), where a new IFRS standard for sustainability reporting is under development. The timetable for the new sustainability accounting standard has not yet been fully determined, and no planned date for entry into force has yet been set by the ISSB.

Guidelines on governance, risk management and internal control of ESG risks

The EBA has in the authority's work program for 2022 also stated that proposals for guidelines for internal governance, risk management and control of ESG-related risks will be published in Q4, 2022. The future requirements are expected to include requirements for financial institutions to establish a comprehensive and effective ESG risk framework, processes and routines for identifying, measuring, managing, internally reporting and controlling ESG risks, as well as how ESG aspects should be integrated into the institutions' strategy, objectives and risk appetite. Institutions are also expected to need to establish processes, methods and tools for identifying, monitoring and controlling exposure to ESG factors as well as the impact on the institutions' financial risks and balance sheet.

SEK will need to further develop its current framework for ESG risk management, and ensure to develop both data infrastructure, analytical tools and capabilities as well as the institutions control framework in order to meet the upcoming requirements.

3. Capital position

SEK's own funds remain well in excess of the capital requirements. SEK is well positioned to support the export industry, in times of sustainable transition, both during economic booms and during more stressful economic conditions.

3.1 Summary of capital position

Own funds fully exceed both regulatory capital requirements and internally assessed capital levels. As of December 31, 2021, SEK's own funds amounted to Skr 19,925 million (year-end 2020: Skr 19,450 million), the capital requirement according to the Swedish FSA, including buffers, amounted to Skr 14,468 million (year-end 2020: Skr 13,316 million) and the internally assessed economic capital amounted to Skr 9,332 million (year-end 2020: Skr 10,478 million). Two parallel capital requirements must be met from June 2021, a risk-based requirement and a requirement for leverage ratio. For SEK, the risk-based minimum capital requirement exceeds the leverage ratio requirement and thus becomes the superior requirement.

As illustrated in Chart 2, SEK is well capitalized in relation to regulatory capital requirements and its internal risk assessment.

SEK's capital ratios decreased moderately in 2021. The decrease in capital ratios compared with year-end 2020 was primarily due to a weaker Swedish currency against the USD and the euro and also as a result of slightly rising volumes in the liquidity portfolio. The decrease in the capital ratios related to the above factors was partly mitigated by an increase in retained earnings.

SEK does not apply IFRS9 transitional rules for expected losses. The capital adequacy ratios already reflect the full impact of IFRS 9 with regard to expected loss.

SEK's capital position remains stable even in the longer perspective as illustrated in Chart 4 on the next page.

Chart 2: Capital situation as of December 31, 2021

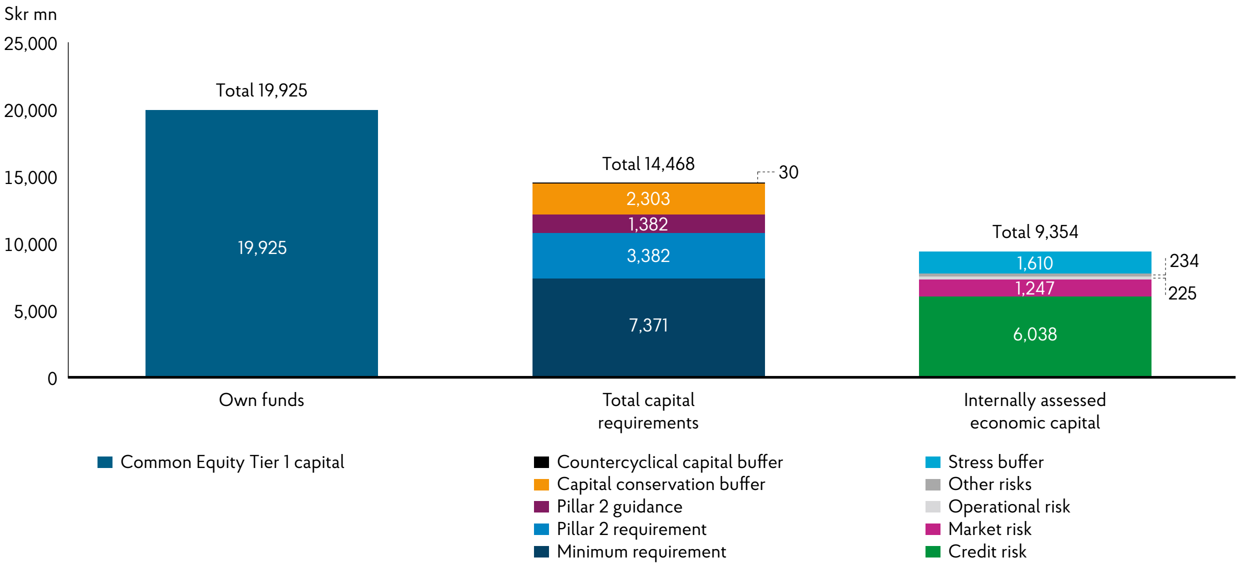
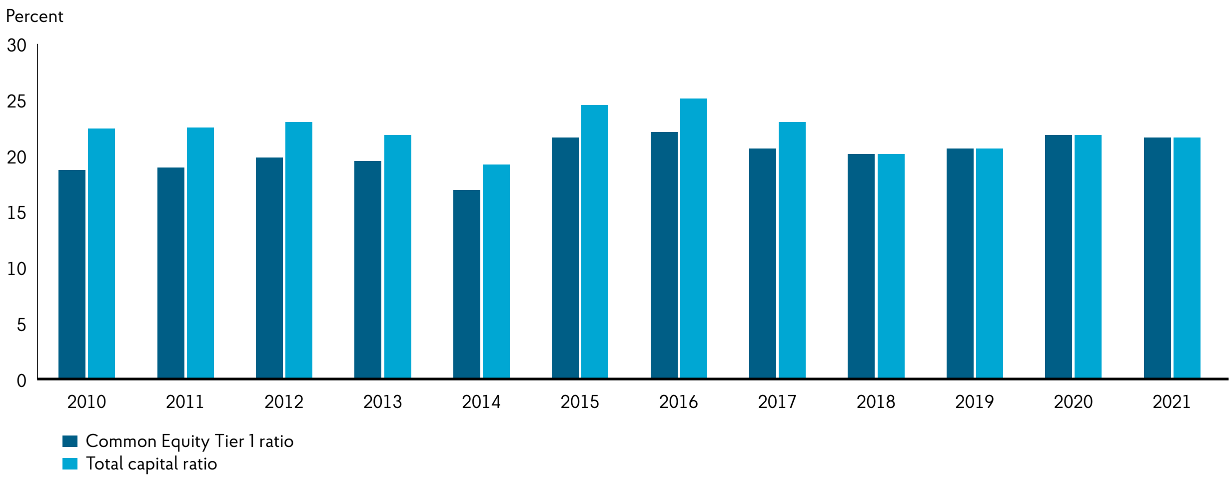


Table 3 below presents an overview of SEK's own funds and key capital ratios. Capital ratios are expressed as the quotients of the relevant capital measure and the total risk exposure amount (REA). The ratios express how much capital an institution holds in relation to the risk that it faces.

Table 3: SEK's capital position

Skr mn	2021	2020
Own funds		
Common Equity Tier 1 capital	19,925	19,450
Tier 1 capital	19,925	19,450
Total own funds	19,925	19,450
Risk exposure amount		
Risk exposure amount (REA)	92,140	89,202
Capital ratios		
Common Equity Tier 1 capital ratio	21.6%	21.8%
Tier 1 capital ratio	21.6%	21.8%
Total capital ratio	21.6%	21.8%
Common Equity Tier 1 capital available to meet buffers	9.9%	13.8%
Leverage		
Exposure measure for the leverage ratio	214,848	334,767
Leverage ratio	9.3%	5.8%

Chart 4: Capital ratios, 2010–2021



3.2 Capital requirements

The following capital requirements are applicable for SEK:

- The minimum capital requirement in accordance with the CRR combined with buffer requirements, restrictions on large exposures.
- The capital requirement according to the Swedish FSA including buffer requirements.
- The minimum requirement for own funds and eligible liabilities according to the Resolution Act, determined by the Swedish National Debt Office.
- The internally assessed economic capital including buffer requirements.
- The leverage ratio requirement.

Minimum capital requirement including buffer requirements

The CRR establishes the minimum capital requirement expressed as a percentage of the total risk exposure amount (REA), which is to be covered by an institution's own funds at all times. Table 5 presents SEK's total own funds requirements (minimum capital requirement) specified by calculation methods, risk categories, and exposure classes. The methods for calculating the REAs for credit, market and operational risks are described in more detail in the respective chapters 4, 6 and 7 of this report. Exposure at default (EAD) is the basis for the calculation of the REA for credit risk, and comprises a measure of the amount that is assumed to be the full exposure at the time of a default. The minimum capital requirement is calculated at 8 percent of the REA.

Table 5: EU OV1 – Overview of total risk exposure amounts

		a	b	c
		Total risk exposure amounts (TREA)		Total own funds requirements
Skr mn		Dec 31, 2021	Sep 30, 2021	Dec 31, 2021
1	Credit risk (excluding CCR)	82,940	78,356	6,635
2	*of which the standardized approach*	*3,064*	*2,385*	*245*
3	*of which the Foundation IRB (F-IRB) approach*	*76,287*	*72,629*	*6,103*
4	*of which slotting approach*	*3,589*	*3,342*	*287*
EU 4a	*of which equities under the simple risk weighted approach*	–	–	–
5	*of which the Advanced IRB (A-IRB) approach*	–	–	–
6	Counterparty credit risk – CCR	4,922	4,892	394
7	*of which the standardized approach*	*1,721*	*1,818*	*138*
8	*of which internal model method (IMM)*	–	–	–
EU 8a	*of which exposures to a CCP*	*279*	*259*	*22*
EU 8b	*of which credit valuation adjustment – CVA*	*2,922*	*2,816*	*234*
9	*of which other CCR*	–	–	–
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	–	–	–
16	Securitization exposures in the non-trading book (after the cap)	–	–	–
17	*of which SEC-IRBA approach*	–	–	–
18	*of which SEC-ERBA (including IAA)*	–	–	–
19	*of which SEC-SA approach*	–	–	–
EU 19a	*of which 1250%/deduction*	–	–	–
20	Position, foreign exchange and commodities risks (Market risk)	656	653	52
21	*of which the standardized approach*	*656*	653	*52*
22	*of which IMA*	–	–	–
EU 22a	Large exposures	–	–	–
23	Operational risk	3,622	3,625	290
EU 23a	*of which basic indicator approach*	–	–	–
EU 23b	*of which standardized approach*	*3,622*	3,625	*290*
EU 23c	*of which advanced measurement approach*	–	–	–
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	92,140	87,526	7,371

Table 6: EU CR8 – RWEA flow statements of credit risk exposures under the IRB approach

Skr mn		a Risk weighted exposure amount
1	Risk weighted exposure amount as at the end of the previous reporting period	87,526
2	Asset size (+/-)	1,943
3	Asset quality (+/-)	1,494
4	Model updates (+/-)	–
5	Methodology and policy (+/-)	–
6	Acquisitions and disposals (+/-)	–
7	Foreign exchange movements (+/-)	911
8	Other (+/-)	266
9	Risk weighted exposure amount as at the end of the reporting period	92,140

Buffer requirements

In addition to minimum capital requirements, certain capital buffer requirements must be fulfilled. The mandatory capital conservation buffer is 2.5 percent (year-end 2020: 2.5 percent). The countercyclical buffer rate that is applied to exposures located in Sweden was lowered from 2.5 percent to 0 percent as of March 16, 2020. The reduction was made for preventive purposes, in order to counteract credit tightening due to the development and spread of COVID-19 and its effects on the economy. As of December 31, 2021, the capital requirement related to relevant exposures in Sweden was 68 percent (year-end 2020: 70 percent), of the total relevant capital requirement regardless of location; this fraction is also the weight applied on the Swedish buffer rate when calculating SEK's countercyclical capital buffer. The Swedish FSA decided on September 29, 2021 to increase the countercyclical buffer rate to 1 percent. The new countercyclical buffer rate applies from September 29, 2022. The countercyclical capital buffer as of December 31, 2021 for Sweden has been dissolved due to the reduction of the countercyclical buffer value to 0 percent (year-end 2020: 0 percent). Buffer rates activated in other countries may impact SEK, but the potential effect is limited since most buffer requirements from relevant credit exposures relate to Sweden. As of December 31, 2021, the contribution to SEK's countercyclical capital buffer from buffer rates in other countries was 0.03 percentage points (year-end 2020: 0.03 percentage points).

SEK has not been classified as a systemically important institution according to the Swedish FSA, and therefore the systemic risk buffer requirements for such institutions that came into force on January 1, 2016 do not apply to SEK.

Table 7: CCyB2 – Amount of institution-specific countercyclical capital buffer

Skr mn		a
1	Total risk exposure amount	92,140
2	Institution specific countercyclical capital buffer rate	–
3	Institution specific countercyclical capital buffer requirement	30

Table 8: EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitization exposures		Own fund requirements						
Skr mn		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the non-trading book	Total	Risk weighted exposure amounts	Own fund requirements weights	Countercyclical buffer rate (%)
010	**Breakdown by country:**													
1	Sweden	64	94,827	–	–	–	94,891	3,660	–	–	3,660	45,746	68.3%	–
2	Finland	–	6,493	–	–	–	6,493	314	–	–	314	3,923	5.9%	–
3	United Kingdom	107	3,436	–	–	–	3,544	199	–	–	199	2,486	3.7%	–
4	Norway	32	4,262	–	–	–	4,294	158	–	–	158	1,976	3.0%	1.0%
5	Chile	–	2,599	–	–	–	2,599	123	–	–	123	1,536	2.3%	–
6	United States	756	1,088	–	–	–	1,844	112	–	–	112	1,402	2.1%	–
7	Japan	–	1,272	–	–	–	1,272	82	–	–	82	1,023	1.5%	–
8	Brazil	27	1,479	–	–	–	1,506	68	–	–	68	849	1.3%	–
9	Denmark	–	3,278	–	–	–	3,278	64	–	–	64	803	1.2%	–
10	Portugal	–	901	–	–	–	901	59	–	–	59	732	1.1%	–
11	Spain	577	231	–	–	–	808	56	–	–	56	694	1.0%	–
12	Colombia	–	1,079	–	–	–	1,079	49	–	–	49	612	0.9%	–
13	Mexico	228	856	–	–	–	1,084	44	–	–	44	551	0.8%	–
14	Canada	425	–	–	–	–	425	34	–	–	34	425	0.6%	–
15	France	179	680	–	–	–	860	31	–	–	31	393	0.6%	–
16	Serbia	–	434	–	–	–	434	31	–	–	31	385	0.6%	–
17	Netherlands	22	491	–	–	–	513	31	–	–	31	385	0.6%	–
18	Belgium	–	338	–	–	–	338	24	–	–	24	300	0.5%	–
19	Saudi Arabia	–	220	–	–	–	220	18	–	–	18	230	0.4%	–
20	Republic of Korea	58	398	–	–	–	457	17	–	–	17	215	0.3%	–
21	India	–	342	–	–	–	342	16	–	–	16	202	0.3%	–
22	Turkey	–	356	–	–	–	356	16	–	–	16	194	0.3%	–
23	Poland	175	–	–	–	–	175	14	–	–	14	175	0.3%	–
24	Germany	–	153	–	–	–	153	11	–	–	11	136	0.2%	–
25	Indonesia	133	–	–	–	–	133	11	–	–	11	133	0.2%	–
26	Lithuania	–	324	–	–	–	324	11	–	–	11	133	0.2%	–
27	Czech Republic	–	212	–	–	–	212	10	–	–	10	125	0.2%	0.5%
28	Italy	61	86	–	–	–	147	10	–	–	10	125	0.2%	–
29	Vietnam	114	–	–	–	–	114	9	–	–	9	114	0.2%	–
30	Slovakia	–	144	–	–	–	144	9	–	–	9	106	0.2%	1.0%
31	United Arab Emirates	–	140	–	–	–	140	8	–	–	8	105	0.2%	–
32	South Africa	–	175	–	–	–	175	8	–	–	8	103	0.2%	–
33	Mauritius	–	112	–	–	–	112	8	–	–	8	100	0.2%	–
34	Thailand	99	–	–	–	–	99	8	–	–	8	99	0.2%	–
35	Iceland	–	108	–	–	–	108	6	–	–	6	80	0.1%	–
36	Ireland	–	285	–	–	–	285	4	–	–	4	52	0.1%	–
37	Estonia	–	109	–	–	–	109	4	–	–	4	45	0.1%	–
38	Ghana	–	143	–	–	–	143	3	–	–	3	42	0.1%	–
39	Cote D'ivoire	–	156	–	–	–	156	2	–	–	2	31	0.1%	–
40	Qatar	–	31	–	–	–	31	2	–	–	2	28	0.0%	–
41	Peru	–	44	–	–	–	44	2	–	–	2	22	0.0%	–
42	Sri Lanka	13	–	–	–	–	13	1	–	–	1	13	0.0%	–
43	Republic of the Congo	–	30	–	–	–	30	1	–	–	1	11	0.0%	–
44	Uzbekistan	–	3	–	–	–	3	1	–	–	1	9	0.0%	–
45	Argentina	–	0	–	–	–	0	0	–	–	0	0	0.0%	–
020	**Total**	**3,071**	**127,315**	**–**	**–**	**–**	**130,386**	**5,348**	**–**	**–**	**5,348**	**66,849**	**100.0%**	

The basis for the table is excluding exposures to sovereigns and institutions. Countries included for the calculations of the buffer value are based on gross exposure (before risk mitigation). However, net exposure is used when the countercyclical buffer requirement is calculated.

The capital requirement according to Swedish FSA

The minimum capital requirement according to the CRR forms the basis of the total capital requirements. The minimum own funds requirement is 8 percent of the total risk-weighted exposure amount (REA). The requirement is calculated for credit risks, market risks, and operational risks. In addition to the minimum capital requirements including buffer requirements established by the CRR, the Swedish FSA establishes an additional capital requirement that SEK needs to meet in the Supervisory Review and Evaluation Process (SREP). The additional capital requirement according to Pillar 2 includes requirements for credit risk related concentration risk, interest rate risk and additional market risk and pension risk. As illustrated in Chart 2, as of December 31, 2021, SEK's Pillar 2 requirement was Skr 3,382 million (year-end 20: 3,921). The Pillar 2 requirement corresponds to 3.67 percent calculated on the total risk exposure amount. Furthermore, requirements on maintaining different types of capital buffers are set out in the Capital Buffers Act (2014:966). As of December 31, 2021, SEK's combined buffer requirement in form of a Capital conservation buffer and a Countercyclical buffer requirement was Skr 2,333 million (year-end 2020: 2,259). As part of the most recent review and evaluation process, as of September 29, 2021, the Swedish FSA has informed SEK that SEK should hold additional capital (Pillar 2 guidance) of 1.50 percent of the total risk exposure amount. In contrast to the Pillar 2 requirement, the Pillar 2 guidance is not a binding requirement. As of December 31, 2021, SEK's Pillar 2 guidance was Skr 1,382 million (year-end 2020 n/a).

Internally assessed economic capital

As a part of the ICAAP, SEK calculates the total need of capital to cover all risks SEK is exposed to, including the capital needed in a stressed scenario. See section 2.6 for more information regarding the internally assessed economic capital.

Table 9: Internally assessed economic capital

Skr mn	2021	Percentage of REA	2020	Percentage of REA
Credit risk	6,038	6.6	6,121	6.8
Market risk	1,247	1.4	1,140	1.3
Operational risk	225	0.2	203	0.2
Other[1]	234	0.3	183	0.2
Internal capital requirement excl. buffer	7,744	8.5	7,647	8.5
Stress buffer	1,610	1.7	2,831	3.2
Total capital	9,354	10.2	10,478	11.7

1 Pension risk and credit valuation adjustment risk. The measurement of pension risk is calculated using stressed risk assumptions and stress tests on the pension assets and liabilities. The most significant risk parameters that are stressed are: discount rates, mortality assumptions and credit spreads.

Large exposures

According to the CRR, a large exposure is defined as an aggregated exposure to a single counterparty or a group of connected counterparties that accounts for at least 10 percent of an institution's Tier 1 capital. The value of such exposures to a single counterparty or a group of connected counterparties should not exceed 25 percent of an institution's Tier 1 capital. For these purposes, credit risk mitigation may be considered and some exposures, most notably certain exposures to central governments, may be fully or partially excluded. SEK complies with these rules and reports its large exposures to the Swedish FSA on a quarterly basis. SEK has defined internal limits to manage large exposures, which restrict the size of such exposures beyond what is stated in the CRR. Identification of possible connections between counterparties from a risk perspective forms an integral part of SEK's credit process, and SEK has developed guidelines for the identification of connected counterparties.

Table 10: SEK's large exposures as a percentage of own funds

	2021	2020
The aggregate amount of SEK's large exposures	229.2%	285.5%
Exposures between 10% and 20%	18 exposures, totaling Skr 45,664 mn	22 exposures, totaling Skr 55,537 mn
Exposures > 20%	none	none

Leverage ratio

The leverage ratio is defined as the quotient of the Tier 1 capital and an exposure measure. The exposure measure consists of assets, although special treatment is applied to derivatives, and off-balance-sheet credit risk exposures, which are weighted with a factor depending on the type of exposure.

SEK does not apply IFRS9 transitional rules for expected losses. The leverage ratio already reflects the full impact of IFRS 9 with regard to expected losses.

The leverage ratio is managed in accordance with SEK´s risk management process, see Chapter 2 in this report. Risk reporting including the leverage ratio is measured and monitored on a quarterly basis and reported to the President and the Board of Directors quarterly.

The leverage ratio as of December 31, 2021 was 9.3 percent (year-end 2020: 5.8 percent), a significant increase mainly due to new regulatory requirements in the methodology for calculating the exposure measure compared to the previous year. The numerator of the ratio that is the Tier 1 capital amounts to Skr 19,925 million (year-end 2020: 19,450) and the increase of 2 percent compared to the previous year was primarily attributable to an increase in retained earnings. The denominator of the ratio that is the exposure measure amounted to Skr 215,198 million (334,767). In the second quarter of 2021, SEK changed its methodology for calculating the exposure measure in the leverage ratio to comply with new regulatory requirements (CRRII), in which certain exposures are no longer included (see Table 12). Comparative figures have not been recalculated. In line with CRRII the method to measure counterparty risk exposure related to derivatives has been replaced and is now based on the standardized approach for counterparty risk.

A capital base requirement of 3 percent, calculated on the total leverage ratio exposure measure, was introduced on June 30, 2021. As part of the most recent review and evaluation process, as of September 29, 2021, the Swedish FSA has informed SEK that SEK should hold additional capital (Pillar

2 guidance) of 0.15 percent of the total exposure amount. In contrast to the capital base requirement of 3 percent, the Pillar 2 guidance is not a binding requirement.

SEK has a leverage ratio that well exceeds both of the above requirements.

Table 11: EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

		a
Skr mn		Applicable amount
1	Total assets as per published financial statements	333,647
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	–
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)	–
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	–
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	–
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	–
7	Adjustment for eligible cash pooling transactions	–
8	Adjustment for derivative financial instruments	-2,112
9	Adjustment for securities financing transactions (SFTs)	–
10	Adjustment for off-balance-sheet items (i.e., conversion to credit equivalent amounts of off-balance-sheet exposures)	29,974
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	–
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	–
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	–
12	Other adjustments	-146,311
13	Total exposure measure	215,198

Table 12: EU LR2 – LRCom: Leverage ratio common disclosure

		a	b
		CRR leverage ratio exposures	
Skr mn		Dec 31, 2021	Jun 30, 2021
On-balance-sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	317,140	304,862
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	–	–
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-10,417	-12,535
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)	–	–
5	(General credit risk adjustments to on-balance sheet items)	–	–
6	(Asset amounts deducted in determining Tier 1 capital)	-99	-106
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	306,624	292,221
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	1,132	103
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach	–	–
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	5,175	5,015
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach	–	–
EU-9b	Exposure determined under Original Exposure Method	–	–
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	–	–
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)	–	–

		a	b
		CRR leverage ratio exposures	
Skr mn		Dec 31, 2021	Jun 30, 2021
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original exposure method)	–	–
11	Adjusted effective notional amount of written credit derivatives	–	–
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	–	–
13	Total derivatives exposures	6,307	5,118
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	–	–
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	–	–
16	Counterparty credit risk exposure for SFT assets	–	–
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	–	–
17	Agent transaction exposures	–	–
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	–	–
18	Total securities financing transaction exposures	–	–
Other off-balance-sheet exposures			
19	Off-balance-sheet exposures at gross notional amount	60,141	68,296
20	(Adjustments for conversion to credit equivalent amounts)	-30,167	-32,390
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance-sheet exposures)	–	–
22	Off-balance-sheet exposures	29,974	35,906
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	–	–
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off-balance-sheet))	–	–
EU-22c	(Excluded exposures of public development banks (or units) – Public sector investments)	–	–
EU-22d	(Excluded exposures of public development banks (or units) – Promotional loans)	–	–
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	–	–
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-127,706	-118,122
EU-22g	(Excluded excess collateral deposited at triparty agents)	–	–
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	–	–
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	–	–
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	–	–
EU-22k	(Total exempted exposures)	-127,706	-118,122
Capital and total exposure measure			
23	Tier 1 capital	19,925	19,710
24	Total exposure measure	215,198	211,607
Leverage ratio			
25	Leverage ratio (%)	9.3%	9.3%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	9.3%	9.3%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	9.3%	9.3%
26	Regulatory minimum leverage ratio requirement (%)	3.0%	3.0%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	–	–
EU-26b	*of which: to be made up of CET1 capital*	–	–
27	Leverage ratio buffer requirement (%)	–	–
EU-27a	Overall leverage ratio requirement (%)	3.0%	3.0%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	–	–

Skr mn		a CRR leverage ratio exposures Dec 31, 2021	b Jun 30, 2021
Disclosure of mean values			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	–	–
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	–	–
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	215,198	211,607
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	215,198	211,167
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.3%	9.3%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	9.3%	9.3%

Comments:

25 SEK's leverage ratio improved as per 30 June, 2021 since the guaranteed parts of exposures arising from export credits may be excluded from the exposure measure when certain conditions are fulfilled in accordance with the CRR2.

Table 13: EU LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

Skr mn		a CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	203,681
EU-2	*Trading book exposures*	
EU-3	*Banking book exposures, of which:*	*203,681*
EU-4	*Covered bonds*	*13,009*
EU-5	*Exposures treated as sovereigns*	*50,336*
EU-6	*Exposures to regional governments, MDB, international organizations and PSE, not treated as sovereigns*	*5,552*
EU-7	*Institutions*	*21,724*
EU-8	*Secured by mortgages of immovable properties*	–
EU-9	*Retail exposures*	–
EU-10	*Corporates*	*112,608*
EU-11	*Exposures in default*	*93*
EU-12	*Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)*	*359*

3.3 Minimum requirement for own funds and eligible liabilities

The Swedish National Debt Office (the Debt Office) decides on plans for how Swedish banks and other financial institutions are to be managed in a crisis situation. The Swedish National Debt Office, in its role as the Swedish resolution authority, makes an annual assessment of which banks and financial institutions are systemically important, i.e.,their significance for the financial system as a whole. Resolution applies only for systemically important banks or other financial institutions. SEK is a systemically important institution according to the Swedish National Debt Office's assessment. The Swedish National Debt Office also sets minimum requirements for own funds and eligible liabilities (MREL) for those institutions to ensure resolvability. In July, 2021 the Swedish national adaptation of the revised BRRD (BRRD II) entered into force, amending the previous MREL requirements to ensure that institutions meet the requirement with own funds and eligible liabilities. Additionally, the new MREL requirements need to be met by subordinated debt. In December, 2021, the Swedish National Debt Office communicated a new MREL requirement for SEK applicable from January 1, 2024, including intermediate requirements to be met as of January 1, 2022. For 2022, SEK must meet a minimum level of at least: (i) 13.5 percent of the total risk exposure amount (REA); and (ii) 5 percent of the total Leverage ratio exposure measure (LRE), using own funds and subordinated eligible liabilities. As of December 31, 2021, part (i) was the higher requirement for SEK and the outcome was 19.1 percent of REA. This minimum requirement for own funds and eligible liabilities (MREL) is met in whole using SEK's own funds excluding the CET1 capital used to meet the combined buffer requirements. The requirement that should be met as of January 1, 2024 amounts to (i) 27.34 percent of REA, and (ii) 6 percent of LRE, of which at least (i) 23.34 percent of REA, and (ii) 6 percent of LRE should be met using own funds and subordinated eligible liabilities.

The Swedish National Debt Office has also communicated target levels for 2022. The target level for own funds and eligible liabilities is: (i) 23.34 percent of REA; and (ii) 6 percent of LRE. As of December 31, 2021, part (i) was the higher requirement for SEK and the outcome was 55.9 percent of REA. The target level for own funds and subordinated eligible liabilities coincides with the minimum level as above.

3.4 Overview of own funds

Consolidation of SEK pursuant to the supervisory regulations differs from the consolidated financial statements, where no consolidation pursuant to the supervisory regulation was performed since the wholly owned and non-active subsidiary, SEKETT AB, which is the only company in the Group aside from the Parent Company, is not a financial company. Since no subsidiary is an institute pursuant to the CRR definition, subsidiaries are not subject to the supervisory regulations on an individual basis

Table 14: EU CC1 – Composition of regulatory own funds

		(a)	(b)
Skr mn		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	3,990	(h)
	of which: Instrument type 1	–	
	of which: Instrument type 2	–	
	of which: Instrument type 3	–	
2	Retained earnings	15,518	
3	Accumulated other comprehensive income (and other reserves)	323	
EU-3a	Funds for general banking risk	–	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	–	
5	Minority interests (amount allowed in consolidated CET1)	–	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	601	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	20,432	
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-395	
8	Intangible assets (net of related tax liability) (negative amount)	-99	(a)minus (d)
9	Not applicable	–	
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	–	
12	Negative amounts resulting from the calculation of expected loss amounts	-111	
13	Any increase in equity that results from securitized assets (negative amount)	–	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	103	
15	Defined-benefit pension fund assets (negative amount)	–	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	–	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	

Skr mn		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
20	Not applicable	–	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	–	
EU-20b	*of which: qualifying holdings outside the financial sector (negative amount)*	–	
EU-20c	*of which: securitization positions (negative amount)*	–	
EU-20d	*of which: free deliveries (negative amount)*	–	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	–	
22	Amount exceeding the 17.65% threshold (negative amount)	–	
23	*of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities*	–	
24	Not applicable	–	
25	*of which: deferred tax assets arising from temporary differences*	–	
EU-25a	Losses for the current financial year (negative amount)	–	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	–	
26	Not applicable	–	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	–	
27a	Other regulatory adjustments	-5	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-507	
29	Common Equity Tier 1 (CET1) capital	19,925	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	–	(i)
31	*of which: classified as equity under applicable accounting standards*	–	
32	*of which: classified as liabilities under applicable accounting standards*	–	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	–	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	–	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	–	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	–	
35	*of which: instruments issued by subsidiaries subject to phase out*	–	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	–	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	–	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	

Capital position

Skr mn		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	–	
42a	Other regulatory adjustments to AT1 capital	–	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	–	
44	Additional Tier 1 (AT1) capital	–	
45	Tier 1 capital (T1 = CET1 + AT1)	19,925	
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	–	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	–	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	–	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	–	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	–	
49	*of which: instruments issued by subsidiaries subject to phase out*	–	
50	Credit risk adjustments	–	
51	Tier 2 (T2) capital before regulatory adjustments	–	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	–	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	–	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–	
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	–	
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	–	
EU-56b	Other regulatory adjustments to T2 capital	–	
57	Total regulatory adjustments to Tier 2 (T2) capital	–	
58	Tier 2 (T2) capital	–	
59	Total capital (TC = T1 + T2)	19,925	
60	Total Risk exposure amount	92,140	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 capital	21.6%	
62	Tier 1 capital	21.6%	
63	Total capital	21.6%	
64	Institution CET1 overall capital requirements	9.1%	
65	*of which: capital conservation buffer requirement*	*2.5%*	
66	*of which: countercyclical capital buffer requirement*	*0.0%*	

Skr mn		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
67	*of which: systemic risk buffer requirement*	–	
EU-67a	*of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement*	–	
EU-67b	*of which: additional own funds requirements to address the risks other than the risk of excessive leverage*	*2.1%*	
68	Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	9.9%	
National minima (if different from Basel III)			
69	Not applicable	–	
70	Not applicable	–	
71	Not applicable	–	
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	–	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	–	
74	Not applicable	–	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	–	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	–	–
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach	38.3	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	7.0	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	489.0	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase-out arrangements	–	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	–	g
82	Current cap on AT1 instruments subject to phase-out arrangements	–	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	–	
84	Current cap on T2 instruments subject to phase-out arrangements	–	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	–	

Table 15: EU CC2 – reconciliation of regulatory own funds to balance sheet in the audited financial statements

Skr mn		a-b Balance sheet as in published financial statements As at period end	c Reference
Assets – Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and cash equivalents	11,128	
2	Treasuries/government bonds	10,872	
3	Other interest-bearing securities except loans	45,880	
4	Loans in the form of interest-bearing securities	46,578	
5	Loans to credit institutions	20,775	
6	Loans to the public	180,288	
7	Derivatives	8,419	
8	Shares in subsidiaries	0	
9	Tangible and intangible assets	331	
10	of which: intangible assets deducted from CET1	99	8
11	Other assets	7,452	
12	Prepaid expenses and accrued revenues	1,913	
13	Total assets	333,636	
Liabilities – Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Borrowing from credit institutions	5,230	
2	Borrowing from the public	10,000	
3	Debt securities issued	279,770	
4	*of which: gains or losses on liabilities valued at fair value resulting from changes in own credit standing*	*103*	*14*
5	Derivatives	14,729	
6	Other liabilities	1,167	
7	Accrued expenses and prepaid revenues	1,875	
8	Provisions	21	
9	Total liabilities	312,792	
Shareholders' Equity			
1	Share capital	3,990	1
2	Legal reserve	198	3
3	Fund for internally developed software	125	3
4	Retained earnings	15,518	
5	Net profit for the year	1,015	
6	*of which: independently reviewed interim profits net of any foreseeable charge or dividend*	*601*	*EU-5a*
7	Total shareholders' equity	20,846	

Comments:
Amounts in the Balance sheet as in the published financial statements of the Parent Company are same as under the regulatory scope of consolidation since regulatory reporting under CRR is made on an individual basis.

Table 16: EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

		a
1	Issuer	AB Svensk Exportkredit
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Swedish law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
	Regulatory treatment	
4	*Current treatment taking into account, where applicable, transitional CRR rules*	*Common equity tier 1 capital*
5	*Post-transitional CRR rules*	*Common equity tier 1 capital*
6	*Eligible at solo/(sub-) consolidated/solo & (sub-) consolidated*	*Solo*
7	*Instrument type (types to be specified by each jurisdiction)*	*Equity*
8	Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	19,925
9	Nominal amount of instrument	3,990
EU-9a	Issue price	19,925
EU-9b	Redemption price	N/A
10	Accounting classification	Equity
11	Original date of issuance	1962
12	Perpetual or dated	Perpetual
13	*Original maturity date*	*N/A*
14	Issuer call subject to prior supervisory approval	N/A
15	*Optional call date, contingent call dates and redemption amount*	*N/A*
16	*Subsequent call dates, if applicable*	*N/A*
	Coupons/dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
EU-20a	*Fully discretionary, partially discretionary or mandatory (in terms of timing)*	*N/A*
EU-20b	*Fully discretionary, partially discretionary or mandatory (in terms of amount)*	*N/A*
21	*Existence of step up or other incentive to redeem*	*N/A*
22	*Noncumulative or cumulative*	*Non-cumulative*
23	Convertible or non-convertible	Non-convertible
24	*If convertible, conversion trigger(s)*	*N/A*
25	*If convertible, fully or partially*	*N/A*
26	*If convertible, conversion rate*	*N/A*
27	*If convertible, mandatory or optional conversion*	*N/A*
28	*If convertible, specify instrument type convertible into*	*N/A*
29	*If convertible, specify issuer of instrument it converts into*	*N/A*
30	Write-down features	No
31	*If write-down, write-down trigger(s)*	*N/A*
32	*If write-down, full or partial*	*N/A*
33	*If write-down, permanent or temporary*	*N/A*
34	*If temporary write-down, description of write-up mechanism*	*N/A*
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	1
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Lowest next senior is Senior unsecured debt
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

3.5 Differences between accounting and regulatory exposure amounts

This section identifies the differences between regulatory and accounting consolidation.

Regulatory consolidation of SEK differs from the accounting consolidation, as SEKETT AB is not a financial company and no consolidation of SEK pursuant to the supervisory regulation was made. The total difference between the carrying values published in financial statements and the values under the scope of prudential consolidation is Skr 38 million and was attributable to the use of a different basis for calculating defined-benefit pension plans.

The differences that arise between the regulatory and the accounting framework are explained by different regulations. The accounting framework is governed by the IFRS and the regulatory framework by the CRR.

The main difference for the items subject to the credit risk framework are off balance items that are included in its exposure values as opposed to the accounting scope. Moreover provisions are not part of risk-weighting in the IRB Foundation framework for credit risk.

For counterparty credit risk, the main differences arise due to different netting rules between risk and accounting frameworks. Moreover, different rules apply for recognition of collaterals. Additionally, capital has to be set aside for potential future exposure of derivatives in the counterparty risk framework. There is also a minor difference in scope of instruments between the risk and accounting frameworks.

For market risk, the minimum capital requirement is calculated for foreign exchange and commodity risk. All SEK's positions subject to commodity risk are in foreign currency. Consequently, the carrying values of items subject to the market risk framework presented in Table 17 are assets and liabilities exclusively denominated in foreign currency. The difference between the regulatory exposure amount and carrying values in Table 18 is mainly due to different treatment of derivatives with one leg denominated in Skr. Furthermore, the net position is calculated differently in the risk and the accounting framework.

Table 17: EU LI1 – Differences between the accounting scope and the scope of prudential consolidation and mapping of financial statement categories with regulatory risk categories

		a	b	c	d	e	f	g
				Carrying values of items				
Skr mn		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and cash equivalents	11,128	11,128	11,128	–	–	9,116	–
2	Treasuries/government bonds	10,872	10,872	10,872	–	–	10,872	–
3	Other interest-bearing securities except loans	45,880	45,880	45,880	–	–	18,754	–
4	Loans in the form of interest-bearing securities	46,578	46,578	46,578	–	–	16,879	–
5	Loans to credit institutions	20,775	20,775	10,358	10,417	–	16,825	–
6	Loans to the public	180,288	180,288	180,288	–	–	122,405	–
7	Derivatives	8,419	8,419	–	8,415	–	8,241	–
8	Shares in subsidiaries	–	0	–	–	–	–	–
9	Tangible and intangible assets	331	331	–	–	–	–	99
10	Deferred tax asset	10	–	–	–	–	–	10
11	Other assets	7,452	7,452	350	–	–	984	–
12	Prepaid expenses and accrued revenues	1,913	1,913	946	–	–	1,540	–
13	Total assets	333,646	333,636	306,400	18,832	–	205,616	109
Breakdown by liability classes according to the balance sheet in the published financial statements								
1	Borrowing from credit institutions	5,230	5,230	–	4,030	–	4,030	–
2	Borrowing from the public	10,000	10,000	–	–	–	–	–
3	Debt securities issued	279,770	279,770	–	–	–	266,297	–
4	Derivatives	14,729	14,729	–	14,724	–	9,134	–
5	Other liabilities	1,167	1,167	–	–	–	656	–
6	Accrued expenses and prepaid revenues	1,875	1,875	–	–	–	1,567	–
7	Provisions	69	21	–	–	–	–	–
8	Total liabilities	312,840	312,792	–	18,754	–	281,684	–

Table 18: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

		a	b	c	d	e
			Items subject to			
Skr mn		Total	Credit risk framework	Securitization framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	**325,233**	**306,400**	**–**	**18,833**	**205,616**
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	**18,754**	**–**	**–**	**18,754**	**281,684**
3	**Total net amount under the scope of prudential consolidation**	**306,479**	**306,400**	**–**	**78**	**-76,068**
4	**Off-balance-sheet amounts**	**60,156**	**60,156**	**–**	**–**	
5	Differences in valuations	–	–	–	–	
6	Differences due to different netting rules, other than those already included in row 2	5,775	–	–	5,775	
7	Differences due to consideration of provisions	103	103	–	–	
8	Differences due to the use of credit risk mitigation techniques (CRMs)	–	–	–	–	
9	Differences due to credit conversion factors	-16,322	-16,322	–	–	
10	Differences due to Securitization with risk transfer	–	–	–	–	
11	Other differences	-25	-147	–	122	
12	**Exposure amounts considered for regulatory purposes**	**356,164**	**350,190**	**–**	**5,975**	**651**

Table 19: EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g	h
		Method of prudential consolidation					
	Method of accounting consolidation	Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	Description of the entity
SEKETT AB	Full consolidation						Non-financial Corporation

Table 20: EU PV1 – Prudent valuation adjustments (PVA)

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA – Valuation uncertainty		Total category level post-diversification		
Skr mn	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA		Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
1	Market price uncertainty	5	27	65	103	0	0	–	100	–	100
2	Not applicable										
3	Close-out cost	1	29	111	51	0	1	–	97	–	97
4	Concentrated positions	–	–	–	–	–			–	–	–
5	Early termination	–	–	2	–	–			2	–	2
6	Model risk	7	20	6	0	0	7	–	40	–	40
7	Operational risk	0	3	9	8	0			20	–	20
8	Not applicable										
9	Not applicable										
10	Future administrative costs	3	47	82	1	4			136	–	136
11	Not applicable										
12	Total Additional Valuation Adjustments (AVAs)								395	–	395

4. Credit risk

A credit risk is defined as the risk of loss that may arise from a credit or credit-like commitment not being fulfilled. SEK mitigates credit risk through the methodical and risk-based evaluation of counterparties, and to a large extent, by using guarantees and in certain cases collateral. Credit granting is performed in accordance with SEK's mission based on the owner's instructions and is primarily based on the borrower/counterparty's repayment ability.

4.1 Credit risk management

Internal governance and responsibility

SEK's credit risk is governed by the Risk Policy, the Credit Policy, the Credit Instruction, and other governing documents issued by the Board, the Chief Executive Officer (CEO), the Chief Risk Officer (CRO) and the Chief Credit Officer (CCO). These governing documents set out the framework for the level of credit risk assumed by SEK, and describe decision-making bodies and their mandates, the credit process, fundamental principles for limits and problem loan management. In addition, the Board decides on the risk strategy, including credit strategy, risk appetite as well as the overall limits the Company will operate within. The Board also decides on the Company's policy for sustainable business. All instructions are reviewed annually. The risk control function is part of SEK's second line of defense and is responsible for credit risk reporting, following up exposures versus limits and for escalating deviations. If a limit breach occurs it is promptly escalated by the CRO to the CEO and the Board's Finance and Risk Committee and the Board of Directors as appropriate. For a description of SEK's risk appetite for credit risk see Table 2.1 Detailed risk statement.

Overall responsibility for the relationship with SEK's counterparties lies with relationship managers. They are responsible for assessing customers' product needs, credit risk (with the support of credit analysts) and sustainability risk, limit and exposure management, and assume ultimate responsibility for credit risk and its impact on SEK's income statement and balance sheet.

The Credit function is part of SEK's first line of defense and is responsible for credit analysis of SEK's counterparties and the credit process. The Risk function monitors and validates SEK's credit risk management and credit risk assessments, and ensures controls of compliance with limit and credit decisions. The Compliance function, which is also part of SEK's second line of defense, monitors compliance with the credit policies set by the Board. The Internal Audit function, which is part of the third line of defense, reviews and evaluates SEK's credit risk management.

To limit credit risks and concentrations, SEK has established limits that reflect the company's risk appetite for credit risks. The overall limits for credit risks are decided by the Board and the limits are reviewed at least annually.

Limit and credit decision structure
The Board Decisions concerning limits, credit and sustainability matters that are of fundamental significance or in some other way of major importance to SEK.
The Board's Credit Committee Decisions concerning limits, credit and sustainability matters that exceed the Credit Committee's decision-making mandate.
The Credit Committee Decisions concerning limits, credit or sustainability matters within the Credit Committee's decision-making mandate. Establishment, approval and annual review of counterparty limits, changes in contractual terms of a credit risk-related nature with a negative impact on SEK's credit risk for counterparties. Moreover, the Committee's mandate encompasses decisions on amendments of sustainability-related conditions with a negative impact on SEK's sustainability risk and decisions concerning project or project-related financing as defined in the Equator Principles or Common Approaches. It also encompasses decisions regarding lending or liquidity investment in countries with a particularly high risk of corruption or human rights violations.
The Rating Committee Decisions on internal rating, except for the decisions under Authorization according to the description below.
Authorization Two or more employees together are empowered to make: credit decisions within the limit and within the credit norm subject to authorization as described in the credit instruction; and decisions on Internal ratings for non-IRB counterparties and counterparties that are fully guaranteed (by an export credit agency (ECA)/bank/insurance company/exporter).

Normative credit instruction
1. Risk level
2. Lending terms

4.2 Credit risk mitigation

SEK's credit risk is mitigated through the risk-based evaluation of counterparties. To a large extent SEK relies on guarantees in its lending, primarily for export credits, buyer's credits etc.

The guarantors are generally government export credit agencies as well as financial institutions and, to a lesser extent, non-financial corporations and insurance companies. Credit risk is re-allocated to a guarantor's limit and thus when disclosing credit risk net exposures, the majority of SEK's guaranteed credit exposure is shown as exposure to sovereign counterparties. The most significant guarantor for SEK is the Swedish Credit Export Agency (EKN), which explains the significant concentration risk for central governments and Sweden.

SEK also relies on collateral in order to reduce credit risks, primarily to hedge counterparty credit risk exposures from derivatives (see section 4.6). Approved collateral under the ISDA Credit Support Annex comprises cash. Any collateral that SEK is entitled to receive has to be managed and documented in such a manner that the collateral fulfills its function and can be used in the intended manner if needed. When a credit decision is made, the creditor's assessed creditworthiness and ability to repay, and, where applicable, the value of the collateral are taken into account. The credit decision may be made on the condition that certain collateral is provided. According to internal rules, collateral and netting arrangements are, however, not allowed to reduce the outstanding exposure in SEK's risk measurements except for counterparty credit risk exposures from derivatives. On-balance sheet netting is not applied. SEK has guidelines for estimation of the market value of collateral. These guidelines are used (when collateral is included) before a credit is granted and, at least, upon annual review of the credit. If the market value of the collateral changes it should be evaluated in accordance with the guidelines. The Credit Norm provides guidance on when collateral is required.

Table 21: EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

		a	b	c	d	e
			Secured carrying amount			
					Of which secured by financial guarantees	
Skr mn		Unsecured carrying amount		Of which secured by collateral		Of which secured by credit derivatives
1	Loans and advances	59,742	140,801	–	140,801	–
2	Debt securities	92,300	11,227	–	11,227	
3	Total	152,041	152,028	–	152,028	–
4	*of which non-performing exposures*	*81*	*2,104*	–	*2,104*	–
EU-5	*of which defaulted*	*81*	*2,108*			

Table 22: EU CR7-A – IRB approach – Disclosure of the extent of the use of CRM techniques

F-IRB

		a	b	c	d	e	f	g	h	i	j	k	l	m	n
			Credit risk Mitigation techniques											Credit risk Mitigation methods in the calculation of RWEAs	
			Funded credit Protection (FCP)									Unfunded credit Protection (UFCP)			
				Part of exposures covered by Other eligible collaterals (%)				Part of exposures covered by Other funded credit protection (%)							
Skr mn		Total exposures	Part of exposures covered by Financial Collaterals (%)		Part of exposures covered by Immovable property Collaterals (%)	Part of exposures covered by Receivables (%)	Part of exposures covered by Other physical collateral (%)		Part of exposures covered by Cash on deposit (%)	Part of exposures covered by Life insurance policies (%)	Part of exposures covered by Instruments held by a third party (%)	Part of exposures covered by Guarantees (%)	Part of exposures covered by Credit Derivatives (%)	RWEA without substitution effects (reduction effects only)	RWEA with substitution effects (both reduction and substitution effects)
1	Central governments and central banks	100,639	–	–	–	–	–	–	–	–	–	–	–	4,816	9,673
2	Institutions	33,131	–	–	–	–	–	–	–	–	–	–	–	6,163	6,844
3	Corporates	212,917	–	–	–	–	–	–	–	–	–	–	–	68,525	62,987
3.1	*of which Corporates – SMEs*	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3.2	*of which Corporates – Specialized lending*	*11,577*	–	–	–	–	–	–	–	–	–	–	–	*3,589*	*3,589*
3.3	*of which Corporates – Other*	*201,340*	–	–	–	–	–	–	–	–	–	–	–	*64,936*	*59,398*
4	Total	346,687	–	–	–	–	–	–	–	–	–	–	–	79,504	79,504

Table 23: EU CR4 – standardized approach – Credit risk exposure and CRM effects

		a	b	c	d	e	f
		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
Skr mn	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWAs	RWAs density (%)
1	Central governments or central banks	–	–	–	–	–	–
2	Regional government or local authorities	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–
4	Multilateral development banks	–	–	–	–	–	–
5	International organizations	–	–	–	–	–	–
6	Institutions	–	–	–	–	–	–
7	Corporates	3,396	10	2,990	5	2,990	1
8	Retail	–	–	–	–	–	–
9	Secured by mortgages on immovable property	–	–	–	–	–	–
10	Exposures in default	107	–	74	–	74	1
11	Exposures associated with particularly high risk	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–
13	Institutions and corporates with a short-term credit assessment	–	–	–	–	–	–
14	Collective investment undertakings	–	–	–	–	–	–
15	Equity	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–
17	Total	3,503	10	3,064	5	3,064	1

4.3 Credit risk measurement

Internal risk based method (IRB)

Foundation IRB Approach and SEK-specific exemptions from IRB

SEK applies the Foundation IRB approach (FIRB approach) for the purpose of calculating capital requirements for credit risk. FIRB is applied to all credit risk exposures, except to exposure to counterparties that have been exempted from IRB by the approval of Finansinspektionen (the Swedish FSA). The exempted counterparties are treated under the Standardized approach and constitutes only a small fraction of the total exposure. Under the IRB approach, institutes apply own estimates of risk parameters to calculate capital requirements according to the Basel risk weight formula. Under the FIRB approach, institutes apply own estimates of the probability of default (PD), while values prescribed by the CRR are used for loss given default (LGD) and credit conversion factors (CCF).

In February 2007, when the Basel II framework was implemented into national law, The Swedish FSA granted SEK permission to apply the Foundation IRB approach for exposures to institutions and corporate counterparties. In 2017, the Swedish FSA granted SEK further permission to apply the FIRB approach for exposures to sovereigns.

The above mentioned exemption from the IRB approach has been granted for the following exposures (the exemption is valid as long as these exposures are of lesser significance in terms of size and risk profile):

- Exposures to small and medium-sized companies (with an annual turnover not exceeding 50 million euro)
- Exposures in the Customer Finance business area
- Guarantees issued in favor of small and medium-sized companies

Probability of default

Probability of default (PD), in the context of the IRB approach, is the likelihood that a counterparty will default within a period of twelve months. SEK's internal rating methodology does not in itself imply specific PD estimates for rated counterparties, but constitutes a relative assessment, classifying counterparties into homogeneous groups (rating grades) with respect to credit risk. Financial institutions applying the IRB approach commonly calibrate rating grades of low default portfolios to long run PD estimates by mapping the internal rating scale to the rating scale of an external rating agency. The institution can then apply the external rating agency's default statistics to calculate PD estimates to meet prudential regulatory requirements. Applying this practice, SEK calibrates its internal rating grades to Standard & Poor's rating scale and default data, as SEK's rating scale and definition of default are broadly aligned with those of Standard & Poor's.

In 2020, SEK has developed, entered into force on the January 1, 2021, a new definition of default that was implemented in order to meet new EBA guidelines and regulatory technical standards. The new definition of default was reviewed and approved by the Swedish FSA in 2020.

For SEK's definition of default in financial reporting, see also 4.5.

Due to numerous other new guidelines and regulatory technical standards entered into force at the end of 2021, SEK has developed new PD models to ensure full future compliance with all applicable regulatory requirements regarding the IRB approach.

Internal rating methodologies

SEK's internal rating methodology is of central importance when calculating capital requirements under the IRB approach. The rating methodology aims to assign internal ratings (i.e. rating grades) to counterparties, using different methods for corporates, insurance companies, financial institutions, sovereigns, regional governments and specialized lending. In order to align the internal credit ratings with SEK's business model of mainly long-term lending with matched funding, SEK has chosen a through-the-cycle rating approach. Rating grades thus reflect the willingness and ability of an obligor to meet its financial obligations through an entire economic cycle.

SEK uses an expert-based internal rating methodology based on both qualitative and quantitative risk factors. The three driving factors in SEK's internal credit risk assessment for financial institutions are systemic risk, bank specific risk, and government support. For assessment of insurance companies and corporates, the two driving factors are business risk and financial risk. Regarding specialized lending (project finance), the internal credit risk assessment has eight driving factors that define the rating: country risk, legal risk, credit risks, construction risks, operation risks, economic risks, structural risks and (in the case of specialized lending or project finance) transaction-specific risks.

Rating Committee

For IRB exposures, the decision concerning an internal rating for a counterparty is made by SEK's Rating Committee. The Rating Committee's task is to evaluate internal rating proposals in order to: (i) establish internal ratings for new counterparties (ii) when considered relevant, review ratings for existing counterparties; and (iii) review internal ratings for existing counterparties at least on an annual basis. Committee members are appointed from the Credit function by the CEO. A rating that has been established by the Rating Committee or that has been established pursuant to a specific mandate, may not be appealed against or amended by any other decision body at SEK. In addition, some specific rating decisions are taken by two employees within the Credit function subject to authorization as described in the credit instruction. Under the accounting standard IFRS 9, all counterparties must receive an internal rating. Therefore, even non-IRB counterparties have been assigned an internal rating since IFRS 9 came into force.

Integration of the IRB approach

The IRB approach is used as an integrated part of SEK's credit management processes, for internal profitability analysis, for calculation of internal capital requirements and reporting. IRB risk grades are also used to allocate decision mandates in the credit approval process and to report credit risk trends to management and the Board.

Credit risk quantification and Pillar 1 capital requirements

As an institution adopting the FIRB approach, SEK uses internal PD estimates only. All other parameters of the Basel formula, i.e. loss given default (LGD) and credit conversion factors (CCF's), are prescribed by the CRR and thus not estimated. The risk exposure amount (REA) is calculated using exposure at default (EAD), which constitutes a measure of the amount that is assumed to be the full exposure to the counterparty at the time of a default. For on-balance sheet exposures, the EAD is the gross value of the exposure without taking provisions into account. For off-balance-sheet exposures, the EAD is calculated using a CCF which estimates the future utilization level of unutilized credit. The two risk parameters that primarily quantify the credit risk of an exposure are PD and LGD. Using the two parameters and the EAD, it is possible to calculate the expected loss (EL) for a given counterparty exposure (PD×LGD×EAD=EL). The risk exposure amount is calculated using the Basel risk weight formula. The Basel Formula calculates capital requirements for credit risk at the 99.9 percent confidence level. Under the IRB approach, the regulatory capital requirement depends only on the unexpected loss (UL). Minimum capital requirements must be sufficient to cover UL, while loan provisions should, in principle, cover EL, thus rendering the capital requirement for expected credit losses redundant.

Table 24: EU CR6 – IRB approach – Credit risk exposures by exposure class and PD range

Skr mn	a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB	PD Range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Foundation Total													
	0.00 to <0.15	90,005	8,213	95.0%	255,268	0.0%	150	43.0%	2.50	23,009	9.0%	18	-2
	0.00 to <0.10	77,098	6,509	95.0%	243,234	0.0%	134	43.0%	2.50	18,909	7.8%	12	0
	0.10 to <0.15	12,907	1,704	100.0%	12,034	0.1%	16	45.0%	2.50	4,100	34.1%	6	-2
	0.15 to <0.25	102,829	1,274	98.0%	47,851	0.2%	57	45.0%	2.50	22,048	46.1%	42	-15
	0.25 to <0.50	29,569	2,574	100.0%	20,882	0.3%	27	45.0%	2.50	12,469	59.7%	30	-13
	0.50 to <0.75	17,340	2,352	87.0%	9,843	0.5%	27	45.0%	2.50	7,293	74.1%	22	-11
	0.75 to <2.50	38,232	26,463	98.0%	13,957	0.9%	58	45.0%	2.50	13,006	93.2%	57	-34
	0.75 to <1.75	37,247	26,318	98.0%	13,740	0.9%	48	45.0%	2.50	12,698	92.4%	54	-31
	1.75 to <2.5	985	145	99.0%	217	2.4%	10	45.0%	2.50	308	141.8%	3	-3
	2.50 to <10.00	9,418	15,984	100.0%	53	4.4%	4	45.0%	2.50	81	152.0%	1	0
	2.5 to <5	3,293	7,313	100.0%	49	4.1%	3	45.0%	2.50	73	149.0%	1	0
	5 to <10	6,125	8,671	100.0%	4	8.3%	1	45.0%	2.50	8	190.6%	0	0
	10.00 to <100.00	5,423	4,207	100.0%	3	28.9%	1	45.0%	2.50	9	263.7%	0	-2
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	1,998	503	100.0%	3	28.9%	1	45.0%	2.50	9	263.7%	0	-2
	30.00 to <100.00	3,425	3,704	–	–	–	–	–	–	–	–	–	0
	100.00 (Default)	2,162	105	100.0%	19	100.0%	3	45.0%	2.50	–	–	8	-15
Subtotal (all exposure classes)		294,978	61,172	97.3%	347,876	2.0%	327	44.4%	2.50	77,915	60.3%	178	-92
Total (all exposures classes)		294,978	61,172	97.5%	347,876	2.0%	327	44.4%	2.50	77,915	60.3%	178	-92

Skr mn	a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB	PD Range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Foundation Central Governments													
	0.00 to <0.15	38,328	–	94.0%	196,606	–	63	45.00%	2.50	9,673	4.9%	4	0
	0.00 to <0.10	38,328	–	94.0%	196,606	–	63	45.00%	2.50	9,673	4.9%	4	0
	0.10 to <0.15	–	–	–	–	–	–	–	–	–	–	–	0
	0.15 to <0.25	–	–	–	–	–	–	–	–	–	–	–	0
	0.25 to <0.50	–	–	–	–	–	–	–	–	–	–	–	0
	0.50 to <0.75	–	–	–	–	–	–	–	–	–	–	–	0
	0.75 to <2.50	19,471	22,717	–	–	–	–	–	–	–	–	–	-1
	0.75 to <1.75	19,471	22,717	–	–	–	–	–	–	–	–	–	-1
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	0
	2.50 to <10.00	7,611	15,984	–	–	–	–	–	–	–	–	–	0
	2.5 to <5	1,645	7,313	–	–	–	–	–	–	–	–	–	0
	5 to <10	5,966	8,671	–	–	–	–	–	–	–	–	–	0
	10.00 to <100.00	3,425	3,704	–	–	–	–	–	–	–	–	–	0
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	0
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	0
	30.00 to <100.00	3,425	3,704	–	–	–	–	–	–	–	–	–	0
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	0
Subtotal (Central Governments)		68,835	42,405	94.0%	196,606	–	63	45.00%	2.50	9,673	4.9%	4	-1
Total (all exposures classes)		294,978	61,172	97.5%	347,876	1.7%	327	44.4%	2.50	77,915	60.3%	178	-92

Skr mn	a	b	c	d	e	f	g	h	i	j	k	l	m
F-IRB	PD Range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions
Foundation Institutions													
	0.00 to <0.15	32,316	5,928	100.0%	39,814	0.1%	54	34.00%	2.50	7,956	20.0%	7	0
	0.00 to <0.10	31,864	5,601	100.0%	37,875	0.1%	48	33.00%	2.50	7,303	19.3%	6	0
	0.10 to <0.15	452	327	100.0%	1,939	0.1%	6	45.00%	2.50	653	33.6%	1	–
	0.15 to <0.25	137	40	100.0%	547	0.2%	5	45.00%	2.50	301	55.1%	0	0
	0.25 to <0.50	678	–	100.0%	679	0.3%	1	45.00%	2.50	531	78.3%	1	-1
	0.50 to <0.75	–	5	100.0%	5	0.5%	1	45.00%	2.50	5	96.9%	0	–
	0.75 to <2.50	–	–	95.0%	37	1.3%	1	45.00%	2.50	50	133.9%	0	–
	0.75 to <1.75	–	–	95.0%	37	1.3%	1	45.00%	2.50	50	133.9%	0	–
	1.75 to <2.5	–	–	–	–	–	–	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–	–	–	–	–	–	–
Subtotal (Institutions)		33,131	5,973	100.0%	41,082	0.1%	62.00	34.2%	2.50	8,843	21.2%	8	-1
Total (all exposures classes)		294,978	61,172	97.5%	347,876	1.7%	327	44.4%	2.50	77,915	60.3%	178	-92

Skr mn F-IRB	a PD Range	b On-balance sheet exposures	c Off-balance-sheet exposures pre-CCF	d Exposure weighted average CCF	e Exposure post CCF and post CRM	f Exposure weighted average PD (%)	g Number of obligors	h Exposure weighted average LGD (%)	i Exposure weighted average maturity (years)	j Risk weighted exposure amount after supporting factors	k Density of risk weighted exposure amount	l Expected loss amount	m Value adjustments and provisions
Foundation Corporates/ Others													
	0.00 to <0.15	19,361	2,284	97.0%	18,848	0.1%	33	45.0%	2.50	5,380	28.5%	7	-2
	0.00 to <0.10	6,906	907	95.0%	8,753	0.1%	23	45.0%	2.50	1,932	22.1%	2	0
	0.10 to <0.15	12,455	1,376	100.0%	10,095	0.1%	10	45.0%	2.50	3,447	34.2%	5	-2
	0.15 to <0.25	102,693	1,235	98.0%	47,305	0.2%	52	45.0%	2.50	21,747	46.0%	42	-14
	0.25 to <0.50	28,891	2,574	100.0%	20,204	0.3%	26	45.0%	2.50	11,938	59.1%	29	-12
	0.50 to <0.75	17,340	2,347	87.0%	9,837	0.5%	26	45.0%	2.50	7,288	74.1%	22	-11
	0.75 to <2.50	18,760	3,846	98.0%	13,920	0.9%	57	45.0%	2.50	12,956	93.1%	56	-33
	0.75 to <1.75	17,775	3,601	98.0%	13,703	0.9%	47	45.0%	2.50	12,648	92.3%	54	-31
	1.75 to <2.5	985	144	99.0%	217	2.4%	10	45.0%	2.50	308		2	-3
	2.50 to <10.00	1,807	0	100.0%	53	4.4%	4	45.0%	2.50	81	152.0%	1	0
	2.5 to <5	1,648	0	100.0%	49	4.1%	3	45.0%	2.50	73	149.0%	1	0
	5 to <10	159	0	100.0%	4	8.3%	1	45.0%	2.50	7	190.6%	0	0
	10.00 to <100.00	1,998	503	100.0%	3	28.9%	1	45.0%	2.50	9	263.7%	0	-1
	10 to <20	0	0		0					0	0.0%	0	0
	20 to <30	1,998	503	100.0%	3	28.9%	1	45.0%	2.50	9	263.7%	0	-1
	30.00 to <100.00	–	–	–	–	–	–	–	–	–	–	–	–
	100.00 (Default)	2,162	105	100.0%	19	100.0%	3	45.0%	2.50	0	0.0%	8	-15
Subtotal (Corporates/Others)		193,012	12,794	97.3%	110,189	1.8%	202	45.0%	2.50	59,399	57.1%	166	-90
Total (all exposures classes)		294,978	61,172	97.5%	347,876	1.7%	327	44.4%	2.50	77,915	60.3%	178	-92

Table 25: EU CR6-A – Scope of the use of IRB and SA approaches

		a	b	c	d	e
		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardized approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA (%)	Percentage of total exposure value subject to IRB Approach (%)	Percentage of total exposure value subject to a roll-out plan (%)
1	Central governments or central banks	209,213	209,213	0.0%	–	100.0%
1,1	*of which Regional governments or local authorities*		*15,302*	*0.0%*	–	*100.0%*
1,2	*of which Public sector entities*		*3,007*	*0.0%*	–	*100.0%*
2	Institutions	41,161	41,161	0.0%	–	100.0%
3	Corporates	119,048	122,120	3.0%	–	97.0%
3,1	*of which Corporates – Specialized lending, excluding slotting approach*	–	–	–	–	–
3,2	*of which Corporates – Specialized lending under slotting approach*	–	*5,798*	*0.0%*	–	*100.0%*
4	Retail	–	–	–	–	–
4,1	*of which Retail – Secured by real estate SMEs*	–	–	–	–	–
4,2	*of which Retail – Secured by real estate non-SMEs*	–	–	–	–	–
4,3	*of which Retail – Qualifying revolving*	–	–	–	–	–
4,4	*of which Retail – Other SMEs*	–	–	–	–	–
4,5	*of which Retail – Other non-SMEs*	–	–	–	–	–
5	Equity	–	–	–	–	–
6	Other non-credit obligation assets	–	–	–	–	–
7	Total	369,422	372,494	1.0%	–	99.0%

Table 26: CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale)

F-IRB

a	b	c	d	e	f	g	h
		Number of obligors at the end of previous year					
Foundation Central Governments	PD range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
	0.00 to <0.15	60	0	–	0.00%	0.0%	–
	0.00 to <0.10	*60*	*0*	–	*0.00%*	*0.0%*	–
	0.10 to <0.15	–	–	–	–	–	–
	0.15 to <0.25	–	–	–	–	–	–
	0.25 to <0.50	–	–	–	–	–	–
	0.50 to <0.75	–	0	–	–	–	–
	0.75 to <2.50	1	0	–	0.00%	1.51%	–
	0.75 to <1.75	*1*	*0*	–	*0.00%*	*1.51%*	–
	1.75 to <2.5	*0*	*0*	–	*0.0%*	–	–
	2.50 to <10.00	8	0	–	0.0%	4.60%	–
	2.5 to <5	*6*	*0*	–	*0.0%*	*3.87%*	–
	5 to <10	*2*	*0*	–	*0.0%*	*6.80%*	–
	10.00 to <100.00	1	0	–	0.0%	27.27%	–
	10 to <20	–	–	–	–	–	–
	20 to <30	*1*	*0*	–	*0.0%*	*27.27%*	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

F-IRB

a	b	c	d	e	f	g	h
		Number of obligors at the end of previous year					
Foundation Institutions	PD range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
	0.00 to <0.15	62	0	–	0.06%	0.06%	–
	0.00 to <0.10	*56*	*0*	–	*0.06%*	*0.06%*	–
	0.10 to <0.15	*6*	*0*	–	*0.11%*	*0.11%*	–
	0.15 to <0.25	7	0	–	0.16%	0.16%	–
	0.25 to <0.50	1	0	–	0.32%	0.32%	–
	0.50 to <0.75	1	0	–	0.50%	0.50%	–
	0.75 to <2.50	1	0	–	1.25%	1.25%	–
	0.75 to <1.75	*1*	*0*	–	*1.25%*	*1.25%*	–
	1.75 to <2.5	–	–	–	–	–	–
	2.50 to <10.00	–	–	–	–	–	–
	2.5 to <5	–	–	–	–	–	–
	5 to <10	–	–	–	–	–	–
	10.00 to <100.00	–	–	–	–	–	–
	10 to <20	–	–	–	–	–	–
	20 to <30	–	–	–	–	–	–
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	–	–	–	–	–	–

F-IRB

a	b	c	d	e	f	g	h
		Number of obligors at the end of previous year					
Foundation Corporates/ Others	PD range		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Exposures weighted average PD (%)	Average PD (%)	Average historical annual default rate (%)
	0.00 to <0.15	54	0	–	0.09%	0.08%	–
	0.00 to <0.10	*33*	*0*	–	*0.06%*	*0.06%*	–
	0.10 to <0.15	*21*	*0*	–	*0.11%*	*0.11%*	–
	0.15 to <0.25	68	0	–	0.20%	0.19%	–
	0.25 to <0.50	39	0	–	0.32%	0.32%	–
	0.50 to <0.75	37	0	–	0.50%	0.50%	–
	0.75 to <2.50	75	2	2.7%	0.90%	1.33%	1.37%
	0.75 to <1.75	*57*	*0*	–	*0.87%*	*1.00%*	*1.37%*
	1.75 to <2.5	*18*	*2*	*11.1%*	*2.38%*	*2.38%*	–
	2.50 to <10.00	25	2	8.0%	4.40%	6.60%	3.33%
	2.5 to <5	*10*	*0*	–	*4.09%*	*4.09%*	*2.16%*
	5 to <10	*15*	*2*	*13.3%*	*8.27%*	*8.27%*	*7.32%*
	10.00 to <100.00	8	4	50.0%	28.91%	28.91%	7.14%
	10 to <20	–	–	–	–	–	–
	20 to <30	*8*	*4*	*50.0%*	*28.91%*	*28.91%*	*7.14%*
	30.00 to <100.00	–	–	–	–	–	–
	100.00 (Default)	7	0	–	100.00%	100.00%	–

Table 27: CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

F-IRB

a	b	c	d	e	f	g	h
			Number of obligors in the end of previous year				
Foundation Central Governments	PD range	External rating equivalent		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
	0.003%	AAA	33	0	–	0.003%	–
	0.01%	AA+	20	0	–	0.01%	–
	0.01%	AA	5	0	–	0.01%	–
	0.02%	A+	1	0	–	0.02%	–
	0.07%	A-	1	0	–	0.07%	–
	1.51%	BB-	1	0	–	1.51%	–
	2.50%	B+	1	0	–	2.50%	–
	4.14%	B	5	0	–	4.14%	–
	6.80%	B-	2	0	–	6.80%	–
	27.27%	CCC	1	0	–	27.27%	–

F-IRB

a	b	c	d	e	f	g	h
			Number of obligors in the end of previous year				
Foundation Institutions	PD range	External rating equivalent		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
	0.03%	AA+	1	0	–	0.03%	–
	0.03%	AAA	1	0	–	0.03%	–
	0.04%	AA+	14	0	–	0.04%	–
	0.06%	A+	20	0	–	0.06%	–
	0.08%	A+	20	0	–	0.08%	–
	0.11%	A-	6	0	–	0.11%	–
	0.16%	BBB+	7	0	–	0.16%	–
	0.32%	BBB-	1	0	–	0.32%	–
	0.50%	BB+	1	0	–	0.50%	–
	1.25%	BB-	1	0	–	1.25%	–

F-IRB

a	b	c	d	e	f	g	h
			Number of obligors in the end of previous year				
Foundation Corporates/ Others	PD range	External rating equivalent		Of which number of obligors which defaulted in the year	Observed average default rate (%)	Average PD (%)	Average historical annual default rate (%)
	0.03%	AAA	1	0	–	0.03%	–
	0.03%	AA+	1	0	–	0.03%	–
	0.03%	AA	1	0	–	0.03%	–
	0.04%	AA-	5	0	–	0.04%	–
	0.06%	A+	19	0	–	0.06%	–
	0.08%	A	6	0	–	0.08%	–
	0.11%	A-	21	0	–	0.11%	–
	0.16%	BBB+	32	0	–	0.16%	–
	0.22%	BBB	36	0	–	0.22%	–
	0.32%	BBB-	39	0	–	0.32%	–
	0.50%	BB+	37	0	–	0.50%	–
	0.77%	BB	30	0	–	0.77%	2.74
	1.25%	BB-	27	0	–	1.25%	–
	2.38%	B+	18	2	11.1%	2.38%	2.44
	4.09%	B	10	0	–	4.09%	1.64
	8.27%	B-	15	2	13.3%	8.27%	8.11
	28.91%	CCC	8	4	50.0%	28.91%	7.14
	100.00%	D	7	0	–	100.00%	–

Table 28: EU CR10 – Specialized lending and equity exposures under the simple risk weighted approach

Template EU CR10.1

Skr mn		a	b	c	d	e	f
Specialized lending: Project finance (Slotting approach)							
Regulatory categories	Remaining maturity	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount
Category 1	Less than 2.5 years	164	382	50%	451	209	0
	Equal to or more than 2.5 years	2,301	711	70%	2,834	1,705	11
Category 2	Less than 2.5 years	162	683	70%	694	486	3
	Equal to or more than 2.5 years	954	72	90%	969	872	8
Category 3	Less than 2.5 years	–	–	115%	–	–	–
	Equal to or more than 2.5 years	–	368	115%	276	318	8
Category 4	Less than 2.5 years	–	–	250%	–	–	–
	Equal to or more than 2.5 years	–	–	250%	–	–	–
Category 5	Less than 2.5 years	–	–	–	–	–	–
	Equal to or more than 2.5 years	–	–	–	–	–	–
Total	Less than 2.5 years	326	1065	–	1,145	695	3
	Equal to or more than 2.5 years	3,255	1,151	–	4,079	2,895	27

Comments:
Total exposure related to specialized lending is reported on "Specialized lending: Project finance (Slotting approach)" as the vast majority of the exposure is included in this category.

The standardized approach

Under the standardized approach, EAD is generally calculated in the same way as under the IRB approach, although credit conversion factors may differ and specific provisions are deducted from the exposure. Institutions also allocate their exposures among the prescribed exposure classes and assign the exposures the designated risk weights that have been assigned for each respective exposure class. External credit assessments may be used to determine the credit quality of an exposure, in which case risk weights are assigned based on the external rating. To determine risk weights, financial institutions utilize correspondence tables between the credit rating agency's rating scale and the credit quality scale established by regulators.

When available, SEK uses the external ratings from Standard & Poor's and Moody's for each counterparty under the standardized approach.

Table 29: EU CR5 – standardized approach

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Risk weight																Of which
Skr mn	Exposure classes	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	unrated
1	Central governments or central banks	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–	–
2	Regional government or local authorities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3	Public sector entities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4	Multilateral development banks	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5	International organizations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Institutions	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7	Corporates	–	–	–	–	–	–	–	–	–	2,990	–	–	–	–	–	2,990	2,990
8	Retail exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Exposures secured by mortgages on immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Exposures in default	–	–	–	–	–	–	–	–	–	74	–	–	–	–	–	74	74
11	Exposures associated with particularly high risk	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12	Covered bonds	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Exposures to institutions and corporates with a short-term credit assessment	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Units or shares in collective investment undertakings	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity exposures	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
16	Other items	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
17	Total	–	–	–	–	–	–	–	–	–	3,064	–	–	–	–	–	3,064	3,064

Governance and validation of rating systems

Rating methods are developed by SEK's Credit function in co-operation with SEK's Credit Risk Control unit. Material changes in models and validation reports, are reported to the Executive management and approved by the Board's Finance and Risk committee.

Credit risk models (rating models excluded) and estimates of risk parameters are developed, implemented and validated by the Risk function. However, staff who validate risk parameters are not the same as those involved in model design and development. New or revised models and estimates are also reviewed by the Model and Valuation Committee, taking into account any findings made by the validation function. In addition, models and estimates alongside a validation report, are reported to the Executive Management. Finally, the Board's Finance and Risk Committee approves all new models and estimates and material changes made to existing models.

The Risk function also performs a yearly quantitative and qualitative validations of SEK's IRB system. Validation aims to ensure that SEK's IRB system has a satisfactory rating capability, prediction level and stability. The results of the validation are reported to the Executive Management and overall validation conclusions are reported to the Board's Finance and Risk Committee.

The Internal Audit function performs a review of SEK's rating system at least on an annual basis. In addition, the Internal Audit function also reviews all new or revised credit risk models that require approval from the Swedish FSA.

The CEO and CRO inform the Board about all significant planned changes regarding the design and use of the IRB system.

Method for internally assessed economic capital (credit risk modeling)

Internally assessed economic capital with regard to credit risk is based on a calculation of value at risk (VaR), calculated with a 99.9 percent confidence level, and comprises a central part of the company's internal capital adequacy assessment. The calculation of VaR forms the basis for SEK's internal assessment of the amount of capital that should be allocated for credit risk in addition to the minimum capital requirement and Pillar 2 Additional capital requirement. The minimum capital requirement and Pillar 2 Additional capital requirement are analyzed against internally assessed economic capital in detail using what is referred to as decomposition, whereby every significant difference in approach between the methods is analyzed separately. Table 4.1 shows parameters that are essential for the quantification of credit risk and how they are set for the Foundation IRB approach, used by SEK, and for economic capital.

Two central components that characterize a portfolio credit risk model are: (i) a model for asset correlations between counterparties as a proxy for default and market value changes; and (ii) a model for the probability of defaults for individual counterparties. SEK uses a simulation-based system to calculate the risk for credit portfolios, in which the correlation model are calibrated on correlation from historically observed defaulted counterparties.

The counterparties' probability of default is based on the same PD estimate that is used in the minimum capital requirement calculation. SEK's model also takes into consideration rating migrations and the unrealized value changes that these migrations result in. Output from the model comprises a probability distribution of the credit portfolio's value for a specific time horizon – normally a period of one year. This probability distribution makes it possible to quantify the credit risk for the portfolio and, thereby, an estimate of the economic capital. Quantification is carried out by calculating VaR, based on the probability distribution, at the confidence level of 99.9 percent.

Table 30: The difference between the IRB approach under Pillar 1 and internally assessed economic capital

Risk parameters	Foundation IRB approach	Economic capital
Probability of default (PD)	Internal estimate	Internal estimate
Exposure at default (EAD)	Conversion factors[1]	Internal estimate
Loss given default (LGD)	45%[1]	Internal estimate
Maturity (M)	2.5 years[1]	Internal estimate
Correlations	Basel formula[2]	Internal estimate

1 Risk parameters according to the CRR. 45% and 2.5 years are normally applicable.
2 The correlation coefficient is calculated in the Basel risk weight formula

4.4 Credit risk monitoring

SEK's exposures are analyzed and reported regularly for risk concentration due to: (i) the size of individual exposures; (ii) the geographical location; and (iii) industry affiliation. The analysis includes both direct exposure and indirect exposure. The aforementioned concentration risks are taken into account in SEK's calculation of economic capital for credit risk, where they contribute to higher capital requirements than the minimum requirement. For monitoring and control of large exposures, SEK has defined internal limits, which place further restrictions on the size of such exposures beyond those referred to in the CRR.

Exposures assessed as problem loans, meaning those for which SEK assesses that there is a high probability that the undertaking according to the original agreement will not be fulfilled, are analyzed and reviewed more frequently. The intention is, at an early stage, to identify exposures with an elevated risk of loss and to take action in order to reduce the risk of default, adjust the exposure and minimize credit losses, and to ensure that the rating reflects the real risk pertaining to the counterparty. The Board and other relevant committees and decision bodies receive information about counterparties with higher risk, and that are under more regular monitoring. For more information regarding impairment and past due exposures see section 4.5.

In addition, stress testing is an important credit risk management tool for SEK. Stress tests and stress scenarios are not only performed under the ICAAP framework, but are also carried out on a regular basis in accordance with SEK's framework for stress testing. Stress tests include macroeconomic scenarios, rating migration analysis and reverse scenarios. The effects of these factors and scenarios are analyzed on SEK's large exposures, expected loss and capital requirements. In addition, SEK's stress test program includes annual stress tests for climate-related transitions risk. Stress tests are conducted to assess the impact that climate-related changes may have on SEK's risk profile and financial position. Stress tests form an integral part of the risk reporting to the Board and the Management.

Climate-related risk

Definitions

Climate-related risks consist of two major categories: transition risks and physical risks. Transition risks include policy, legal, technology, and market changes due to adaptation of new requirements related to climate change. Physical risks are related to physical impacts of climate change, such as event-driven acute physical risks and longer-term shifts in climate patterns, such as sea level rise. In the stress test in 2021, SEK focused on transition risks, since physical risks were estimated to have limited impact on SEK's credit portfolio.

Scenarios

The stress tests are based on two scenarios developed by the International Energy Agency's (IEA's) future forecast, World Energy Outlook.

Stated Policies Scenario: The scenario aims to provide a sense of where today's policy ambitions seem likely to take the energy sector. It incorporates not just the policies and measures that governments around the world have already put in place, but also the likely effects of announced policies, including the Nationally Determined Contributions made for the Paris Agreement.

Sustainable Development Scenario: Outlines an integrated and stronger approach to achieving internationally agreed objectives on climate change, air quality and universal access to modern energy. An energy path is determined with the objective of an average global temperature increase of approximately maximum of 1.8 degrees Celsius.

Stress parameters

The stress test is conducted by applying estimated changes in credit ratings due to climate-related transition risks to SEK's credit portfolio.

Time frame

The stress test measures the impact of climate-related transitions risks on SEK's total capital ratio in the short term (less than 3 years), medium term (between 3 and 10 years) and long term (more than 10 years).

The regular risk reporting, to the Board and other relevant committees and decision bodies, includes information on the distribution of counterparties and exposures by risk classes, risk estimates for each product and risk class, and migration between risk classes. It also contains information about the results of the stress tests that are applied and the company's use of credit risk protection.

4.5 Credit risk exposure and credit quality

From 1 January 2018, SEK applies the accounting standard IFRS 9 for impairment of financial instruments. The model for calculating expected credit losses (ECL) is based on exposures being at one of three different stages: Stage 1, Stage 2 or Stage 3.

1. Stage 1 covers all exposures from initial recognition. Stage 1 also includes exposures where the credit risk is no longer significantly higher compared to initial recognition and which have therefore been reclassified from Stage 2. In Stage 1, the ECL calculation should correspond to provisions based on expected credit losses for the forthcoming 12-month period (12mECL).

2. Stage 2 covers exposures where the credit risk has increased significantly since initial recognition. Stage 2 also includes exposures where the counterparty/exposure is no longer in default and which have therefore been reclassified from Stage 3. In Stage 2, the provision is based on expected credit losses over the remaining lending period of the asset (LTECL).

3. Stage 3 covers the exposures that are in default. An individual assessment is made for these exposures.

The ECL calculation is based on LTECL. 12mECL comprises the part of LTECL that arises from expected credit losses based on the probability of default (PD) within 12 months of the reporting date. Both LTECL and 12mECL are calculated on an individual basis. When an exposure moves between the stages different probation times are applied depending on the cause.

The ECL is based on SEK's objective expectation of how much it will lose on the exposure given its knowledge on the reporting date and after taking into consideration what could occur in the future. The LGD should incorporate actual future expectations, in other words, all cash flows including guarantees. The calculation of ECL is Point-in-Time and the included parameters PD, LGD and EAD are all Point-in-Time and should not be confused with the corresponding parameters for capital adequacy. SEK's impairment calculation takes into account forward-looking information and it entails three scenarios: a base scenario; a downturn scenario; and an upturn scenario. For more information about SEK's ECL-calculation, see Note 1 in SEK's Annual and Sustainability Report 2021.

From January 2021, SEK apply the same definitions of default in the financial reporting under IFRS 9 and under the capital adequacy framework.

Under IFRS 9, SEK determines only individual, specific provisions for Stage 3 exposures. No general provisions are made. When there are objective circumstances indicating that the financial asset may need to be written down in accordance with Stage 3, an individual reservation test is made. The provision proposals from account managers and credit analysts are confirmed by the CCO before they are prepared and recommended by the Credit Committee. The Board's Credit Committee decides on provisions. Finally, the Board determines the financial statements and, consequently, final provisions.

The model for calculating the ECL takes forecasts of GDP growth rates as input. Under the unique conditions with the pandemic, the historic relationship between GDP growth rates and default rates, on which the model is calibrated, was no longer applicable. The high volatility in GDP resulted in overestimation of ECL in the first half of 2020 and underestimation in the following period. SEK has therefore adjusted the ECL by applying a management overlay, as the model is not working well in highly volatile periods. The management overlay has gradually been reduced in line with the recovery of the economy. Overall, rating migrations in the credit portfolio have been moderate during the COVID-19 pandemic.

Table 31: EU CQ3 – Credit quality of performing and non-performing exposures by past due days

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount/nominal amount											
		Performing exposures			Non-performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	10,702	10,702	–	–	–	–	–	–	–	–	–	–
010	*Loans and advances*	*198,451*	*198,436*	*14*	*2,228*	*2,228*	–	–	–	–	–	–	*2,228*
020	*Central banks*	*3,425*	*3,425*	–	–	–	–	–	–	–	–	–	–
030	*General governments*	*27,880*	*27,880*	–	*811*	*811*	–	–	–	–	–	–	*811*
040	*Credit institutions*	*11,123*	*11,123*	–	–	–	–	–	–	–	–	–	–
050	*Other financial corporations*	*10,097*	*10,097*	–	*29*	*29*	–	–	–	–	–	–	*29*
060	*Non-financial corporations*	*145,926*	*145,912*	*14*	*1,388*	*1,388*	–	–	–	–	–	–	*1,388*
070	*of which SMEs*	*209*	*209*	–	*35*	*35*	–	–	–	–	–	–	*35*
080	*Households*	–	–	–	–	–	–	–	–	–	–	–	–
090	Debt securities	103,547	103,547	–	–	–	–	–	–	–	–	–	–
100	*Central banks*	*3,000*	*3,000*	–	–	–	–	–	–	–	–	–	–
110	*General governments*	*17,809*	*17,809*	–	–	–	–	–	–	–	–	–	–
120	*Credit institutions*	*16,123*	*16,123*	–	–	–	–	–	–	–	–	–	–
130	*Other financial corporations*	*22,016*	*22,016*	–	–	–	–	–	–	–	–	–	–
140	*Non-financial corporations*	*44,599*	*44,599*	–	–	–	–	–	–	–	–	–	–
150	Off-balance-sheet exposures	60,046			95								95
160	*Central banks*	*3,704*			–								–
170	*General governments*	*38,801*			–								–
180	*Credit institutions*	–			–								–
190	*Other financial corporations*	*8*			–								–
200	*Non-financial corporations*	*17,532*			*95*								*95*
210	*Households*	–			–								–
220	Total	372,745	312,685	14	2,323	2,228	–	–	–	–	–	–	2,323

Table 32: EU CQ4 – Quality of non-performing exposures by geography

		a	b	c	d	e	f	g
		Gross carrying/nominal amount						
			Of which non-performing					
Skr mn				Of which defaulted	Of which subject to impairment	Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	On-balance-sheet exposures	314,927	–	2,233	–	-157		–
	Brazil	21,174	–	–	–	-6		–
	Finland	7,816	–	–	–	-4		–
	Germany	9,281	–	–	–	0		–
	Other countries	86,743	–	1,493	–	-77		–
	Sweden	131,128	–	26	–	-62		–
	United kingdom	8,007	–	–	–	-3		–
	United States	50,778	–	714	–	-5		–
080	Off-balance-sheet exposures	60,141	–	105			-8	
	Angola	3,704	–	–			–	
	Brazil	23,214	–	–			–	
	Denmark	1,303	–	–			–	
	Finland	2,187	–	–			–	
	Ghana	8,286	–	–			–	
	Other countries	5,847	–	–			–	
	Sweden	6,576	–	–			–	
	Turkey	5,541	–	–			–	
	United kingdom	3,482	–	105			-8	
150	Total	375,068	–	2,338	–	-157	-8	–

Comments:
Columns b and d of template EU CQ4 are left blank since SEK's NPL ratio is lower than 5% in accordance with Article 8.3 of the Commission Implementing Regulation (EU) No 2021/637.

Table 33: EU CQ5 – Credit quality of loans and advances to non-financial corporations by industry

		a	b	c	d	e	f
		Gross carrying amount					
			Of which non-performing				
Skr mn				Of which defaulted	Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
010	Agriculture, forestry and fishing	109	–	–	–	–	–
020	Mining and quarrying	4,247	–	–	–	-3	–
030	Manufacturing	15,489	–	261	–	-9	–
040	Electricity, gas, steam and air conditioning supply	5,220	–	–	–	-11	–
050	Water supply	–	–	–	–	–	–
060	Construction	5,250	–	32	–	-2	–
070	Wholesale and retail trade	7,280	–	–	–	-4	–
080	Transport and storage	2,513	–	803	–	-37	–
090	Accommodation and food service activities	246	–	–	–	-1	–
100	Information and communication	57,348	–	257	–	-5	–
110	Financial and insurance activities	165	–	–	–	–	–
120	Real estate activities	12,430	–	21	–	-20	–
130	Professional, scientific and technical activities	890	–	–	–	–	–
140	Administrative and support service activities	61	–	–	–	–	–
150	Public administration and defense, compulsory social security	–	–	–	–	–	–
160	Education	–	–	–	–	–	–
170	Human health services and social work activities	31	–	–	–	-5	–
180	Arts, entertainment and recreation	–	–	–	–	–	–
190	Other services	36,036	–	18	–	-30	–
200	Total	147,314	–	1,393	–	-128	–

Comments:
Columns b and d of template EU CQ5 are left blank since SEK's NPL ratio is lower than 5% in accordance with Article 8.3 of the Commission Implementing Regulation (EU) No 2021/637.

Table 34: EU CR1 – Performing and non-performing exposures and related provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions							Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
Skr mn			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3	Accumu-lated partial write-off	On per-forming exposures	On non-per-forming exposures
005	Cash balances at central banks and other demand deposits	10,702	10,702	–	–	–	–	–	–	–	–	–	–	–	–	–
010	Loans and advances	198,451	163,776	34,600	2,228	–	2,228	-92	-67	-20	-43	–	-43	–	138,724	2,109
020	Central banks	3,425	–	3,425	–	–	–	–	–	–	–	–	–	–	3,425	–
030	General governments	27,880	4,776	23,103	811	–	811	–	–	–	–	–	–	–	27,116	811
040	Credit institutions	11,123	11,123	–	–	–	–	-3	-3	–	–	–	–	–	750	–
050	Other financial corporations	10,097	10,097	–	29	–	29	-5	-5	–	–	–	–	–	5,610	29
060	Non-financial corporations	145,926	137,779	8,072	1,388	–	1,388	-84	-60	-20	-43	–	-43	–	101,822	1,269
070	*of which SMEs*	*209*	*173*	*36*	*35*	–	*35*	*-5*	*-1*	*-4*	*-2*	–	*-2*	–	*74*	*32*
080	Households	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
090	Debt securities	103,547	99,772	3,775	–	–	–	-21	-14	-7	–	–	–	–	11,230	–
100	Central banks	3,000	3,000	–	–	–	–	–	–	–	–	–	–	–	–	–
110	General governments	17,809	17,809	–	–	–	–	–	–	–	–	–	–	–	–	–
120	Credit institutions	16,123	16,123	–	–	–	–	–	–	–	–	–	–	–	–	–
130	Other financial corporations	22,016	20,377	1,639	–	–	–	-5	–	-5	–	–	–	–	2,240	–
140	Non-financial corporations	44,599	42,463	2,136	–	–	–	-16	-14	-2	–	–	–	–	8,989	–
150	Off-balance-sheet exposures	60,046	31,570	28,466	95	–	95	-8	-7	–	–	–	–		51,343	95
160	Central banks	3,704	–	3,704	–	–	–	–	–	–	–	–	–		3,704	–
170	General governments	38,801	14,247	24,554	–	–	–	–	–	–	–	–	–		38,701	–
180	Credit institutions	–	–	–	–	–	–	–	–	–	–	–	–		–	–
190	Other financial corporations	8	8	–	–	–	–	–	–	–	–	–	–		–	–
200	Non-financial corporations	17,532	17,315	207	95	–	95	-7	-7	–	–	–	–		8,938	95
210	Households	–	–	–	–	–	–	–	–	–	–	–	–		–	–
220	Total	372,746	305,820	66,841	2,323	–	2,323	-121	-88	-27	-43	–	-43	–	201,297	2,204

Table 35: EU CR1-A – Maturity of exposures

		a	b	c	d	e	f
		Net exposure value					
Skr mn		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	–	59,020	108,617	32,905	–	200,542
2	Debt securities	–	54,987	41,619	6,921	–	103,527
3	Total	–	114,007	150,236	39,826	–	304,069

Table 36: EU CR2 – Changes in the stock of non-performing loans and advances

Skr mn		a Gross carrying amount
010	Initial stock of non-performing loans and advances	793
020	Inflows to non-performing portfolios	2,228
030	Outflows from non-performing portfolios	-793
040	Outflows due to write-offs	–
050	Outflow due to other situations	-793
060	Final stock of non-performing loans and advances	2,228

Table 37: EU CQ1 – Credit quality of forborne exposures

		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
Skr mn		Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	Cash balances at central banks and other demand deposits	–	–	–	–	–	–	–	–
010	Loans and advances	386	993	993	993	-10	-43	885	875
020	Central banks	–	–	–	–	–	–	–	–
030	General governments	–	–	–	–	–	–	–	–
040	Credit institutions	–	–	–	–	–	–	–	–
050	Other financial corporations	–	–	–	–	–	–	–	–
060	Non-financial corporations	386	993	993	993	-10	-43	885	875
070	Households	–	–	–	–	–	–	–	–
080	Debt Securities	–	–	–	–	–	–	–	–
090	Loan commitments given	–	95	95	95	–	–	95	95
100	Total	386	1,088	1,088	1,088	-10	-43	980	970

4.6 Counterparty credit risk

Counterparty credit risk management

Counterparty credit risk arises when SEK enters into derivative transactions with a counterparty. The purpose of SEK's derivatives transactions is to mitigate market risks. SEK addresses counterparty credit risk in derivatives transactions in a number of ways. Firstly, counterparty credit risk is restricted through credit limits in the ordinary credit process. SEK has sub-limits that constrain counterparty credit risk exposures from derivative contracts. Secondly, SEK's counterparty credit risk in derivatives is sought to be reduced by ensuring that derivatives transactions are subject to netting agreements in the form of ISDA Master Agreements. SEK only enters into derivatives transactions with counterparties in jurisdictions where such netting is enforceable. Thirdly, the ISDA Master Agreements are complemented by supplementary agreements providing for the collateralization of counterparty credit exposure. The supplementary agreements are in the form of ISDA Credit Support Annexes (CSA's), providing for the regular transfer and re-transfer of collateral. There are no thresholds in SEK's CSA's which imply that SEK needs to post additional collateral in the case that any rating agency were to lower SEK's rating. See section 4.2 "Credit risk mitigation" for more information regarding policies related to guarantees and collateral.

Central clearing reduces bilateral counterparty credit risk. SEK clears, in accordance with the European Markets Infrastructure Regulation (EMIR), the interest-rate derivatives with central counterparties.

No transactions with material specific correlation risk have been identified.

SEK's counterparty credit risk exposures are analyzed and reported to the management and the Board of Directors regularly. In addition, SEK's stress test program also includes counterparty credit risk exposures.

Counterparty credit risk measurement

SEK measures the exposures from counterparty risk by using the standardized approach ("SA-CCR") described in the CRR II. The previous mark-to-market method was replaced with the standardized approach in June 2021. The standardized approach is more risk-sensitive and allows for more advanced netting between transactions and takes into account collateral to a greater extent. The exposure values under the standardized approach consist of two components; the replacement cost and potential future exposure. In addition, the supervisory alpha is applied which increases the overall exposure by 40 percent. The replacement cost represents the current exposure and takes into consideration any margin agreements with counterparties, which is the case for all SEK's counterparties. The potential future exposure represents the potential change in the value of the transactions in the future. It is composed by a multiplier, which allows for partial recognition of excess collateral, and an aggregated add-on derived from asset class specific add-ons. The asset class specific add-ons allows for netting between similar transactions and supervisory factors are applied to reflect volatility. The standardized approach is also used for calculation of minimum capital requirements and internally assessed economic capital for counterparty credit risk exposures. As of December 31, 2021, the derivate exposure amounted to Skr 5,975 million (year-end 2020: Skr 5,535 million), see table below.

Table 38: EU CCR1 – Analysis of CCR exposure by approach

		a	b	c	d	e	f	g	h
Skr mn		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU-1	EU – Original Exposure Method (for derivatives)	–	–	–	1.4	–	–	–	–
EU-2	EU – Simplified SA-CCR (for derivatives)	–	–	–	1.4	–	–	–	–
1	SA-CCR (for derivatives)	217	3,246		1.4	15,661	4,849	4,849	1,721
2	IMM (for derivatives and SFTs)	–	–	–	–	–	–	–	–
2a	*of which securities financing transactions netting sets*	–	–	–	–	–	–	–	–
2b	*of which derivatives and long settlement transactions netting sets*	–	–	–	–	–	–	–	–
2c	*of which from contractual cross-product netting sets*	–	–	–	–	–	–	–	–
3	Financial collateral simple method (for SFTs)	–	–	–	–	–	–	–	–
4	Financial collateral comprehensive method (for SFTs)	–	–	–	–	–	–	–	–
5	VaR for SFTs	–	–	–	–	–	–	–	–
6	Total	–	–	–	–	15,661	4,849	4,849	1,721

A large portion of SEK's derivative contracts are OTC (over the counter) derivatives, meaning derivative contracts that are not exchange-traded products. A capital requirement for Credit valuation adjustment risk (CVA) is to be calculated for all OTC derivative contracts, except for credit derivatives used as credit protection and transactions with a qualifying central counterparty. SEK calculates this capital requirement according to the standardized method in CRR.

Table 39: EU CCR2 – Transactions subject to own funds requirements for CVA risk

		a	b
Skr mn		Exposure value	RWEA
1	Total transactions subject to the Advanced method	–	–
2	*(i) VaR component (including the 3× multiplier)*		–
3	*(ii) stressed VaR component (including the 3× multiplier)*		–
4	Transactions subject to the Standardized method	4,849	2,922
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	–	–
5	Total transactions subject to own funds requirements for CVA risk	4,849	2,922

Table 40: EU CCR4 – IRB approach – CCR exposures by exposure class and PD scale

			a	b	c	d	e	f	g
Skr mn		PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
1 ... 9	**Institutions**								
1		0.00 to <0.15	5,558	0.1%	34	0.45	2.50	1,768	31.8%
2		0.15 to <0.25	410	0.2%	4	0.45	2.50	226	55.2%
3		0.25 to <0.50	–	–	–	–	–	–	–
4		0.50 to <0.75	5	0.5%	1	0.45	2.50	5	96.9%
5		0.75 to <2.50	–	–	–	–	–	–	–
6		2.50 to <10.00	–	–	–	–	–	–	–
7		10.00 to <100.00	–	–	–	–	–	–	–
8		100.00 (Default)	–	–	–	–	–	–	–
9		Sub-total (Institutions)	5,973	0.1%	39	0.45	2.50	1,999	33.5%
	Total (all CCR relevant exposure classes)		5,975	0.1%	40	0.45	2.50	2,000	33.5%

			a	b	c	d	e	f	g
Skr mn		PD scale	Exposure value	Exposure weighted average PD (%)	Number of obligors	Exposure weighted average LGD (%)	Exposure weighted average maturity (years)	RWEA	Density of risk weighted exposure amounts
1 ... 9	**Corporates/Others**		–	–	–	–	–	–	–
1		0.00 to <0.15	–	–	–	–	–	–	–
2		0.15 to <0.25	2	0.2%	1	0.45	2.50	1	54.9%
3		0.25 to <0.50	–	–	–	–	–	–	–
4		0.50 to <0.75	–	–	–	–	–	–	–
5		0.75 to <2.50	–	–	–	–	–	–	–
6		2.50 to <10.00	–	–	–	–	–	–	–
7		10.00 to <100.00	–	–	–	–	–	–	–
8		100.00 (Default)	–	–	–	–	–	–	–
9		Sub-total (Corporates/Others)	2	0.2	1	0.45	2.50	1	54.9%
	Total (all CCR relevant exposure classes)		5,975	0.1%	40	0.45	2.50	2,000	33.5%

Table 41: EU CCR5 – Composition of collateral for CCR exposures

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Skr mn	Collateral type	Segregated	Un-segregated	Segregated	Un-segregated	Segregated	Un-segregated	Segregated	Un-segregated
1	Cash – domestic currency	–	–	–	324	–	–	–	–
2	Cash – other currencies	–	4,242	–	10,363	–	–	–	–
3	Domestic sovereign debt	–	–	–	–	–	–	–	–
4	Other sovereign debt	–	–	–	–	–	–	–	–
5	Government agency debt	–	–	–	–	–	–	–	–
6	Corporate bonds	–	–	–	–	–	–	–	–
7	Equity securities	–	–	–	–	–	–	–	–
8	Other collateral	–	–	–	–	–	–	–	–
9	Total	–	4,242	–	10,687	–	–	–	–

Table 42: EU CCR8 – Exposures to CCPs

		a	b
Skr mn		Exposure value	RWEA
1	Exposures to QCCPs (total)	–	279
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	351	87
3	*(i) OTC derivatives*	*351*	*87*
4	*(ii) Exchange-traded derivatives*	–	–
5	*(iii) SFTs*	–	–
6	*(iv) Netting sets where cross-product netting has been approved*	–	–
7	Segregated initial margin	–	–
8	Non-segregated initial margin	775	192
9	Prefunded default fund contributions	–	–
10	Unfunded default fund contributions	–	–
11	Exposures to non-QCCPs (total)	–	–
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	–	–
13	*(i) OTC derivatives*	–	–
14	*(ii) Exchange-traded derivatives*	–	–
15	*(iii) SFTs*	–	–
16	*(iv) Netting sets where cross-product netting has been approved*	–	–
17	Segregated initial margin	–	–
18	Non-segregated initial margin	–	–
19	Prefunded default fund contributions	–	–
20	Unfunded default fund contributions	–	–

5. Liquidity risk

Liquidity and funding risk is the risk of not being able to refinance existing assets or being unable to meet increased demands for liquid funds. It also includes the risk of having to borrow at an unfavorable interest rate or selling assets at unfavorable prices in order to meet payment commitments.

5.1 Liquidity risk management

Internal governance and responsibility

SEK's liquidity risk is governed by the Risk Policy, Risk Appetite, Risk Strategy and the Funding- and liquidity strategy, issued by the Board. The governance of liquidity risk shall ensure that liquidity risk stays within set limits as well as within the tolerance of SEK's Risk Appetite and Risk strategy and that internal and external rules are fulfilled. All instructions are re-established annually.

The CFO is responsible for identifying and steering the liquidity risks within SEK. The CFO has operational responsibility for the management, follow-up and analysis of the liquidity risks and ensuring compliance with short-term and long-term liquidity risk limits.

The CRO is responsible for the independent control of liquidity risks within SEK including the measurement, reporting, and follow-up of exposures versus limits, and also for escalating potential deviations to executive management, the Board's Risk and Finance Committee and the Board as appropriate. Short-term liquidity risk is monitored and managed on a daily basis, while long-term liquidity risk is monitored on a regular basis and reported to the Executive Committee and the Board as appropriate.

Risk mitigation methods

Match funding of the company's balance sheet is a fundamental and integral part of SEK's business operations. This means that funding must be available for the full maturity period for all of SEK's credit commitments, outstanding as well as agreed but undisbursed credits. SEK includes its loan facility with the Swedish National Debt Office as available funding. The loan facility, granted by the government via the Debt Office, may be used to finance CIRR credits and also for commercial export financing up to Skr 15 billion. The loan facility is renewed annually and the total amount is Skr 200 billion. The loan facility functions as a reserve to be used at times when SEK's funding markets are not available.

The primary tool to avoid a deficit in the short term is to control the maturity profile of the liquidity portfolio. The liquidity portfolio consists of the liquidity reserve with high quality assets, and other liquid assets. A sound maturity profile is maintained by adapting the volume of overnight deposits in accordance with current needs and market conditions.

To ensure availability to long-term funding SEK ensures access to a diversified funding base. A diversified funding base is ensured by actively raising funds in different markets, currencies and maturities.

5.2 Liquidity risk measurement

The Risk Control function is responsible for the liquidity risk measurement methods and metrics within SEK. In order to quantify and manage short- and long-term liquidity risks, a range of customized measures and metrics are used to assess the cash flows under normal and stressed market conditions. Liquidity gaps are identified through measurement of cumulative net cash flows arising from assets, liabilities and off-balance-sheet positions in various time buckets.

Liquidity risk from an Operational perspective

The liquidity coverage ratio (LCR) is used to address short-term liquidity. The LCR measures the available unencumbered high quality liquid assets (HQLAs) against net cash outflows arising in a 30-day stress scenario period. SEK calculates the LCR according to the requirement in the CRR. The main drivers affecting the LCR outcome are issued unsecured debt and currency derivative transactions. The LCR by currency is affected both by maturing funding transactions and by derivative flows, whereas the consolidated LCR is primarily affected by maturing funding transactions. The LCR fluctuates over time depending on the in- and outflows related to the main drivers. Collateralization of derivative exposure plays an important part in credit risk reduction and liquidity management. In the LCR calculation, in addition to cash flows, related to derivatives exposures, the historical look-back approach is used to cover and manage possible derivative transactions related losses in a stressed scenario. SEK has requirements to fulfill a consolidated LCR of 100% and in the currencies EUR and USD, and for other significant currencies a requirement of 75%. Appropriate liquidity buffers are held in all these currencies, and the LCR:s in these currencies are closely monitored.

Besides the regulatory defined metric LCR, SEK monitors the internal metric New Lending Capacity, i.e., SEK is to have contingencies in a stressed scenario for new lending, including CIRR-credits, of at least two months, without access to funding markets or using the loan facility with the Swedish National Debt Office. At year-end 2021, new lending capacity corresponded to 4 months (year-end 2020: 3).

Table 43: EU LIQ1 – Quantitative information of LCR

Scope of consolidation: Solo

Skr mn		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on:	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets									
1	Total high-quality liquid assets (HQLA)					56,091	55,660	56,556	53,135
Cash – outflows									
2	Retail deposits and deposits from small business customers, of which:	1,314	1,562	1,793	2,007	201	234	269	301
3	*Stable deposits*	–	–	–	–	–	–	–	–
4	*Less stable deposits*	*1,341*	*1,562*	*1,793*	*2,007*	*201*	*234*	*269*	*301*
5	Unsecured wholesale funding	8,432	7,689	9,141	9,535	8,432	7,689	9,141	9,535
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	–	–	–	–	–	–	–	–
7	*Non-operational deposits (all counterparties)*	*100*	–	–	–	*100*	–	–	–
8	*Unsecured debt*	*8,332*	*7,689*	*9,141*	*9,535*	*8,332*	*7,689*	*9,141*	*9,535*
9	*Secured wholesale funding*	–	–	–	–	–	–	–	–
10	Additional requirements	39,413	39,852	40,558	39,825	10,325	10,549	11,094	11,061
11	*Outflows related to derivative exposures and other collateral requirements*	*6,944*	*7,032*	*7,520*	*7,603*	*6,944*	*7,032*	*7,520*	*7,603*
12	*Outflows related to loss of funding on debt products*	–	–	–	–	–	–	–	–
13	*Credit and liquidity facilities*	*32,469*	*32,820*	*33,038*	*32,222*	*3,381*	*3,517*	*3,573*	*3,458*
14	Other contractual funding obligations	2,098	1,798	1,345	2,495	2,098	1,798	1,345	2,495
15	Other contingent funding obligations	4,254	5,068	5,707	6,068	106	98	91	88
16	Total cash outflows					21,162	20,368	21,941	23,481
Cash – inflows									
17	Secured lending (e.g. reverse repos)	–	–	–	–	–	–	–	–
18	Inflows from fully performing exposures	10,564	10,613	10,773	11,066	9,085	8,905	9,204	9,589
19	Other cash inflows	3,143	3,187	2,206	2,896	3,143	3,187	2,206	2,896
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	–	–	–	–	–	–	–	–
EU-19b	(Excess inflows from a related specialized credit institution)	–	–	–	–	–	–	–	–
20	Total cash inflows	13,707	13,800	12,978	13,962	12,228	12,092	11,410	12,485
EU-20a	*Fully exempt inflows*	–	–	–	–	–	–	–	–
EU-20b	*Inflows subject to 90% cap*	–	–	–	–	–	–	–	–
EU-20c	*Inflows subject to 75% cap*	*13,707*	*13,800*	*12,978*	*13,962*	*12,228*	*12,092*	*11,410*	*12,485*
Total adjusted value									
EU-21	**Liquidity buffer**					**56,091**	**55,660**	**56,556**	**53,135**
22	**Total net cash outflows**					**10,087**	**9,794**	**10,954**	**11,420**
23	**Liquidity coverage ratio**					**695%**	**723%**	**637%**	**570%**

Table 44: EU LIQ2 – Net Stable Funding Ratio

In accordance with Article 451a(3) CRR

		Q4 2021				
		a	b	c	d	e
		Unweighted value by residual maturity				
Skr mn (in currency amount)		No maturity	< 6 months	6 months to < 1yr	> = 1yr	Weighted value
Available stable funding (ASF) Items						
1	Capital items and instruments	19,925	–	–	–	19,925
2	*Own funds*	*19,925*	–	–	–	*19,925*
3	*Other capital instruments*		–	–	–	–
4	Retail deposits		14,062	190	1,639	13,753
5	*Stable deposits*		–	–	–	–
6	*Less stable deposits*		*14,062*	*190*	*1,639*	*13,753*
7	Wholesale funding:		46,969	43,491	184,619	211,364
8	*Operational deposits*		–	–	–	–
9	*Other wholesale funding*		*46,969*	*43,491*	*184,619*	*211,364*
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	424	3,111	–	883	883
12	*NSFR derivative liabilities*	*424*				
13	*All other liabilities and capital instruments not included in the above categories*		*3,111*	–	*883*	*883*
14	Total available stable funding (ASF)					245,925
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,202
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		50,431	19,878	177,007	159,319
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		–	–	–	–
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*9,938*	*249*	*1,437*	*2,555*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*30,269*	*17,423*	*175,547*	*153,367*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		*10,638*	*8,944*	*98,472*	*73,798*
22	*Performing residential mortgages, of which:*		–	–	–	–
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		–	–	–	–
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance-sheet products*		*10,223*	*2,205*	*24*	*3,397*
25	Interdependent assets		–	–	–	–
26	Other assets:		10,975	10,954	22,049	12,846
27	*Physical traded commodities*				–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*				*554*	*471*
29	*NSFR derivative assets*		–			–
30	*NSFR derivative liabilities before deduction of variation margin posted*		–		*10,149*	*507*
31	*All other assets not included in the above categories*		*273*	*252*	*11,347*	*11,868*
32	Off-balance-sheet items		60,016	–	–	3,001
33	Total RSF					176,368
34	Net Stable Funding Ratio (%)					139%

Skr mn (in currency amount)		Q3 2021 a No maturity	b < 6 months	c 6 months to < 1yr	d > = 1yr	e Weighted value
		Unweighted value by residual maturity				
Available stable funding (ASF) Items						
1	Capital items and instruments	19,797	–	–	–	19,797
2	*Own funds*	*19,797*	–	–	–	*19,797*
3	*Other capital instruments*		–	–	–	–
4	Retail deposits		13,383	147	1,632	13,133
5	*Stable deposits*		–	–	–	–
6	*Less stable deposits*		*13,383*	*147*	*1,632*	*13,133*
7	Wholesale funding:		59,611	14,088	195,694	207,738
8	*Operational deposits*		–	–	–	–
9	*Other wholesale funding*		*59,611*	*14,088*	*195,694*	*207,738*
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	149	6,316	–	782	782
12	*NSFR derivative liabilities*	*149*				
13	*All other liabilities and capital instruments not included in the above categories*		*6,316*	–	*782*	*782*
14	Total available stable funding (ASF)					241,450
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,111
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		35,385	35,212	166,883	153,055
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		–	–	–	–
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*7,854*	*811*	*1,546*	*2,737*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*17,435*	*32,144*	*165,307*	*146,663*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		*9,295*	*10,891*	*93,192*	*70,668*
22	*Performing residential mortgages, of which:*		–	–	–	–
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		–	–	–	–
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance-sheet products*		*10,095*	*2,257*	*30*	*3,655*
25	Interdependent assets		–	–	–	–
26	Other assets:		22,990	11,895	24,047	14,009
27	*Physical traded commodities*				–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		–	–	*528*	*449*
29	*NSFR derivative assets*		–			–
30	*NSFR derivative liabilities before deduction of variation margin posted*		–		*11,110*	*555*
31	*All other assets not included in the above categories*		*11,352*	*257*	*12,409*	*13,004*
32	Off-balance-sheet items		59,327	–	–	2,966
33	Total RSF					171,141
34	Net Stable Funding Ratio (%)					141%

Skr mn (in currency amount)		Q2 2021 a No maturity	b < 6 months	c 6 months to < 1yr	d > = 1yr	e Weighted value
		Unweighted value by residual maturity				
Available stable funding (ASF) Items						
1	Capital items and instruments	19,710	–	–	–	19,710
2	*Own funds*	*19,710*	–	–	–	*19,710*
3	*Other capital instruments*		–	–	–	–
4	Retail deposits		11,930	213	1,679	12,001
5	*Stable deposits*		–	–	–	–
6	*Less stable deposits*		*11,930*	*213*	*1,679*	*12,001*
7	Wholesale funding:		36,260	39,844	188,407	208,329
8	*Operational deposits*		–	–	–	–
9	*Other wholesale funding*		*36,260*	*39,844*	*188,407*	*208,329*
10	Interdependent liabilities		–	–	–	–
11	Other liabilities:	156	2,306	–	555	555
12	*NSFR derivative liabilities*	*156*				
13	*All other liabilities and capital instruments not included in the above categories*		*2,306*	–	*555*	*555*
14	Total available stable funding (ASF)					240,594
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					1,156
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		–	–	–	–
16	Deposits held at other financial institutions for operational purposes		–	–	–	–
17	Performing loans and securities:		32,494	32,964	162,502	148,410
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		–	–	–	–
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		*4,250*	*793*	*1,663*	*2,484*
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		*17,084*	*28,705*	*160,801*	*141,855*
21	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		*8,918*	*11,701*	*88,605*	*67,903*
22	*Performing residential mortgages, of which:*		–	–	–	–
23	*With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk*		–	–	–	–
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance-sheet products*		*11,159*	*3,466*	*38*	*4,072*
25	Interdependent assets		–	–	–	–
26	Other assets:		13,694	170	12,589	14,044
27	*Physical traded commodities*				–	–
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*				*547*	*465*
29	*NSFR derivative assets*		–			–
30	*NSFR derivative liabilities before deduction of variation margin posted*		–		*11,929*	*596*
31	*All other assets not included in the above categories*		*1,219*	*170*	*12,589*	*12,983*
32	Off-balance-sheet items		65,384	–	–	3,269
33	Total RSF					166,880
34	Net Stable Funding Ratio (%)					144%

Liquidity risk from a Structural perspective

The net stable funding ratio (NSFR) is used to measure the long-term structural liquidity risk. The NSFR measures the amount of stable funding available to a financial institution against the required amount of stable funding. Minimum requirements to fulfill an NSFR ratio of 100%, as stipulated in the CRR, are in place since June 2021. The main driver for the change in NSFR during the year is the increased amount of lending, funded long-term. The lending volumes are weighted less than the funding, and hence NSFR increases. See details in table 44 on page 61.

From a long-term perspective, no additional funding is required to manage commitments with regard to existing credits since SEK's balance sheet is match funded. This policy, stated in the Risk Appetite, is measured and monitored through the reporting of maturity profiles for lending and borrowing. As a consequence, the remaining maturity of the funding is longer than the remaining maturity of the lending.

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. The reporting of maturity profiles assumes that such borrowing is to be repaid at the first possible redemption opportunity. This assumption is an expression of the precautionary principle that the Company applies concerning liquidity management.

Stress testing and contingency plan

SEK regularly stress tests liquidity risk by applying various scenarios, including a market-wide stress scenario, a company-specific stress scenario and a combination of the two.

The stress test results as of December 31, 2021 show that SEK's survival period exceeds 1 year in all three scenarios described above, including liquidity creating measures. This is in line with the company's liquidity policy, to have the ability to ensure readiness to make payments in the form of agreed but undisbursed credits and payments under collateral agreements. The results also show that SEK has appropriate resources to meet the liquidity needs from granting new credits in accordance with the established business plan for the coming year.

The stress test results are important input for SEK's contingency funding plan, which addresses the management of liquidity crises. The plan describes what constitutes a liquidity crisis according to SEK and what measures SEK intends to take if such a crisis was to occur.

In addition to the scenario stress tests above, SEK analyzes the effect on the requirement for regulation of net exposures in the event that the credit rating of the company is stressed. No amount could be claimed from SEK in the event of a downgrade of SEK's rating to 'A+' from 'AA+' at year-end 2021, which was the same outcome as at year-end 2020.

5.3 Liquidity risk monitoring

Liquidity risk is monitored through regular analysis and reporting to the Board, CEO and the CFO function. Board reports are produced on a regular basis and include follow-up of the LCR, NSFR, internal measurements, liquidity composition and liquidity stress tests.

An internal liquidity assessment process (ILAAP) that complements the ICAAP process is also performed once a year. The process relies on results of designated liquidity risk stress tests and is designed to identify liquidity gaps against the desired level of liquidity adequacy.

5.4 Exposure and capital requirements

Liquidity portfolio

A fundamental concept in SEK's liquidity and funding risk management is that the liquidity investments will be held to maturity. Instead of selling assets as funds are needed, the maturity profiles of the liquidity investments are matched against funds expected to be paid out. SEK's liquidity investments ensure lending capacity at times of market stress, or if market conditions are deemed disadvantageous. This is an important part of the company's business model and necessary to meet SEK's policy on liquidity risk.

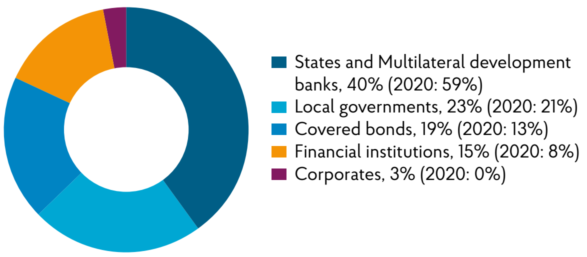
To meet the financing requirements for long-term lending, liquid assets surpluses are invested in assets with high credit quality. As of December 31, 2021, the amount of SEK's liquidity investments amounted to Skr 67.5 billion (year-end 2020: Skr 59.3 billion).

The Chart 45 below provides a breakdown of SEK's liquidity investments by exposure class/type as of December 31, 2021.

Liquidity reserve

SEK's liquidity reserve is a part of the liquidity portfolio and mainly consists of level 1 assets where the majority comprise highly rated sovereign and central bank exposures, and covered bonds. All assets are LCR eligible according to the CRR. See annual accounts note 26.

Chart 45: SEK's liquidity investments as of December 31, 2021 (and 2020), by exposure class/type



Funding portfolio

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, SEK converts the proceeds from bonds denominated in other foreign currencies than EUR, USD and Skr to EUR or USD by using derivatives. To manage and ensure market access at all times, SEK seeks to establish and maintain good relationships with its investors. See the following charts 46, 47 and 48 that illustrate some of the aspects of the diversification of SEK's funding. Total market funding amounted to Skr 279.2 billion as of December 31, 2021 (year-end 2020: 268.8).

Some of SEK's structured long-term borrowing includes early-redemption clauses that will be triggered if certain market conditions are met. For market funding, the volume

Chart 46: Market funding as of December 31, 2021 (and 2020), by issue currency

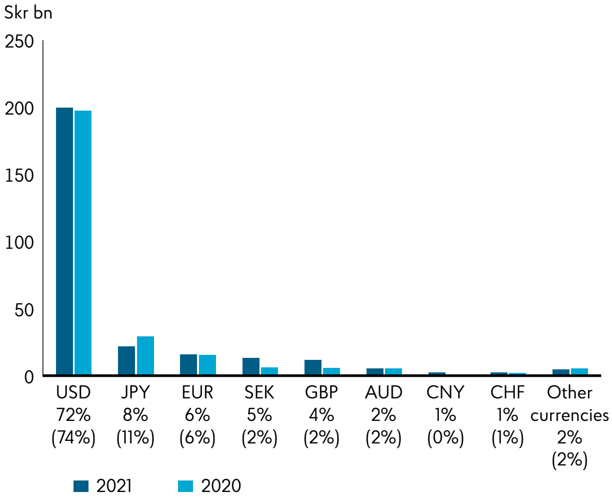


Chart 47: Market funding as of December 31, 2021 (and 2020), by structure type

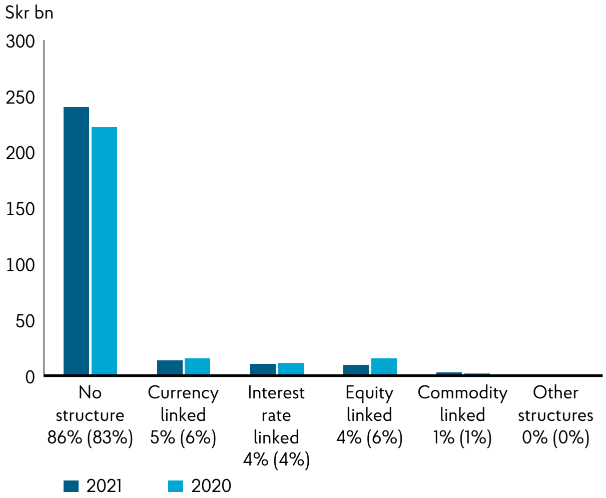
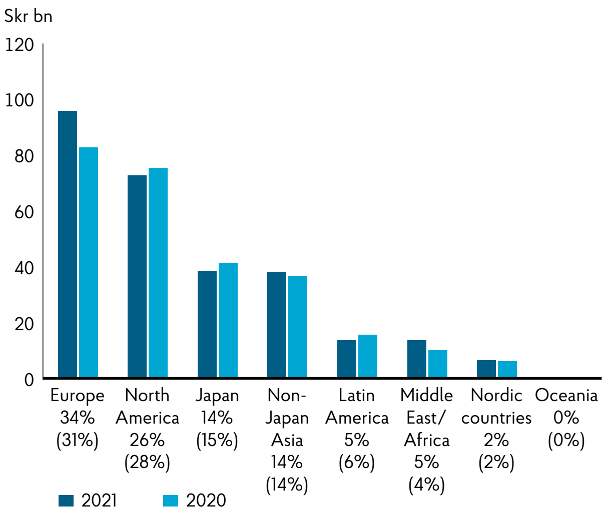


Chart 48: Market funding as of December 31, 2021 (and 2020), by region



was 11 percent as of December 31, 2021 (year-end 2020: 13 percent). Short-term funding, for maturities up to one year, is conducted under the US Commercial Paper program (UCP) and the European Commercial Paper program (ECP). Short-term funding amounted to Skr 3.2 billion at end of December 2021.

Liquidity risks during 2021

The market functioned well during 2021 with good access to liquidity in the system. SEK's liquidity has been stable during the year and the capacity for managing operational and structural liquidity risk has been good.

As of December 31, 2021, the volume of LCR eligible assets was Skr 53.7 billion (year-end 2020: 52.0) and SEK fulfilled the LCR regulatory requirements by having an LCR ratio at an aggregate level of 463 percent (year-end 2020: 447), a ratio for EUR of 215 percent, a ratio for USD of 384 percent, a ratio in JPY of 157 percent and a ratio in Skr of 167 percent. As of December 31, 2021, the NSFR was 139 percent (year-end 2020: 135). During 2021, SEK issued green bonds amounting to a volume of Skr 6.1 billion (2020: Skr 5.1 billion).

Internally assessed economic capital for liquidity risk

SEK does not allocate capital for liquidity risk. SEK regards liquidity risk as being, primarily, a contingent risk, since it would be typically caused by credit losses or other problems in its own business in a general economic downturn or in a financial crisis. Although liquidity risk may arise due to the aforementioned reasons, SEK believes that the likelihood and impact of a liquidity crisis are alleviated or mitigated if the exposure is limited and if the company has a solid contingency plan and professional risk management. Accordingly, SEK focuses primarily on prudent and professional liquidity risk management.

5.5 Asset encumbrance

The only source of asset encumbrance for SEK are cash collaterals to swap with counterparties for derivatives having a negative fair value according to the ISDA Master Agreements and their related ISDA Credit Support Annex. The ISDA Credit Support Annex allows parties to establish bilateral mark-to-market arrangements under English law relying on transfer of title to collateral in the form of cash and upon event of default, the inclusion of collateral values within the close-out netting provided by Section 6 of the ISDA Master Agreement. Only the parent company has encumbered assets.

Both the reporting of asset encumbrance and the reporting of (E)HQLA eligibility are performed on an individual basis. There is no difference in pledged and transferred assets in accordance with the accounting framework and the reporting of encumbered assets since only cash collaterals are encumbered assets. Because of the frequent settlement of cash collaterals related to fair value of derivatives over-collaterization is expected to be limited and highly temporary.

Encumbered assets in the form of cash collaterals are only denominated in USD and EUR. The item Other assets in C060 Carrying amount of unencumbered assets is not available for encumbrance in the normal course of business.

Table 49: EU AE1 – Encumbered and unencumbered assets

		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			Of which notionally eligible EHQLA and HQLA		Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA		Of which EHQLA and HQLA
Skr mn		010	030	040	050	060	080	090	100
010	**Assets of the disclosing institution**	**10,418**	**–**			**322,592**	**53,712**		
030	Equity instruments	–	–	–	–	–	–	–	–
040	Debt securities	–	–	–	–	103,526	53,712	105,194	53,712
050	*of which: covered bonds*	–	–	–	–	–	–	–	–
060	*of which: securitizations*	–	–	–	–	–	–	–	–
070	*of which: issued by general governments*	–	–	–	–	*10,884*	*10,884*	*10,884*	*10,884*
080	*of which: issued by financial corporations*	–	–	–	–	*45,134*	*33,583*	*45,679*	*33,583*
090	*of which: issued by non-financial corporations*	–	–	–	–	*47,509*	*9,245*	*48,630*	*9,245*
120	Other assets	10,418	–			219,066	–		

Table 50: EU AE2 – Collateral received and own debt securities issued

		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			Of which notionally eligible EHQLA and HQLA		Of which EHQLA and HQLA
Skr mn		010	030	040	060
130	**Collateral received by the disclosing institution**	**–**	**–**	**–**	**–**
140	Loans on demand	–	–	–	–
150	Equity instruments	–	–	–	–
160	Debt securities	–	–	–	–
170	*of which: covered bonds*	–	–	–	–
180	*of which: securitizations*	–	–	–	–
190	*of which: issued by general governments*	–	–	–	–
200	*of which: issued by financial corporations*	–	–	–	–
210	*of which: issued by non-financial corporations*	–	–	–	–
220	Loans and advances other than loans on demand	–	–	–	–
230	Other collateral received	–	–	–	–
240	**Own debt securities issued other than own covered bonds or securitizations**	**–**	**–**	**–**	**–**
241	**Own covered bonds and securitizations issued and not yet pledged**	**–**	**–**	**–**	**–**
250	Total collateral received and own debt securities issued	10,418	–	–	–

Table 51: EU AE3 – Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitizations encumbered
Skr mn		010	030
010	Carrying amount of selected financial liabilities	9,017	10,418

6. Market risk

Market risk is the risk of loss or reduction of future earnings following changes in prices and volatilities on financial markets including price risk in connection with the sale of assets or closing positions.

6.1 Market risk management

Market risk and risk mitigation

SEK conducts no active trading and SEK's core business model entails that all transactions are held to maturity. SEK funds itself by issuing debt, both plain vanilla and structured, which is swapped to a floating interest rate. Funds that are not immediately used for lending are retained to provide lending capacity in the form of liquidity investments and a liquidity reserve, both having short interest-rate lock-in periods. Lending is either granted at or swapped to floating interest rates. Duration of funding typically matches the duration of lending and the liquidity investments' maturity profile is adjusted to match the agreed lending transactions.

SEK's strategy for managing market risk mainly aims to ensure a stable net interest income. The interest-rate risks and currency risks related to net interest income that results from residual mismatches between the interest-rate fixing dates in different currencies are hedged with derivatives. The resulting structure of the balance sheet leads to market risk in terms of unrealized changes in the value of SEK's assets and liabilities. These unrealized value changes are primarily due to movements in credit spreads, basis spreads and interest rates. SEK sets limits and monitors exposures to these risks.

Internal governance and responsibility

SEK's market risk is governed by the Risk Policy, the Market Risk Instruction, and other governing documents issued by the Board, the CEO, and the Chief Risk Officer. These documents, which are re-established at least annually, set out the framework for market risk assumed by SEK. This includes the limit structure that defines the permitted market risk exposures and SEK's management of market risks.

The Board decides on the market risk strategy and risk appetite setting overall limits for the Company to operate within. For a description of SEK's risk appetite, see chapter 2. Risk and capital management. The risk appetite for market risk is low.

The first line of defense is responsible for the day-to-day management of market risk. The second line of defense, the risk control function, is responsible for monitoring and reporting market risks and for the timely escalation of limit breaches to the executive management, the Board's Risk and Finance Committee, and the Board as appropriate. Market risks are measured, analyzed and reported to management on a daily basis. A more thorough analysis of markets, market risk trends and stress tests of the portfolio is performed and reported to management on a monthly basis, and to the Board and the Board's Finance and Risk Committee quarterly. For a more detailed description of SEK's risk framework, see chapter 2. Risk and capital management.

6.2 Market risk measurement

SEK limits and measures risks to net interest income as well as unrealized gains or losses. For the latter, different perspectives are used.

Risk affecting net interest income (NII)

- Focus is on how market risk affects earnings over short- to medium term periods.
- Measures the risk to earnings, excluding unrealized gains or losses, resulting from residual mismatches between interest-rate fixing dates in and between different currencies.

Risk affecting economic value of equity (EVE)

- Focus is on how market risk affects long-term value.
- Measures risk with all transactions on the balance sheet fair valued. The EVE is for example used for the EBA Supervisory Outlier Test and interest-rate risk specific measures.

Risk affecting own funds and equity (OF and EQ)

- Focus is on how market risk affects capital.
- Measures risk with transactions valued according to accounting classifications.

SEK uses Value-at-Risk (VaR) and stressed Value-at-Risk (sVaR) in OF perspective as the main method for measuring the market risk regarding unrealized value changes. These measures are reported for the Company as a whole as well as separately for the liquidity portfolio. VaR and sVaR are complemented by risk specific measures as well as various stress tests.

Value-at-Risk and stressed Value-at-Risk

VaR is a statistical technique used to measure and quantify the level of financial risk over a specific time frame at a predefined confidence level. SEK uses a historical simulation VaR model that applies historic market movements to current positions and estimates the expected loss for a time horizon of one day. Market parameters used as risk factors include interest rates, basis spreads, credit spreads, foreign exchange, equities and equity indices, commodity indices and volatilities.

The VaR simulations are based on two years of daily market movements, while stressed VaR is based on daily market movements during a one-year stressed period. The stressed period is calibrated regularly in order to select the most unfavorable one-year period for SEK. VaR and stressed VaR are calculated daily for the potential impact on own funds and hence includes positions measured at fair value in the balance sheet, excluding effects from changes in own credit spread, plus foreign exchange risk originating from positions held at amortized cost. The main risk drivers for the daily VaR are interest rates, basis spreads and credit spreads.

Risk specific measures

VaR and stressed VaR are supplemented by risk specific measures including interest-rate risk, spread risk and foreign exchange risk.

Interest-rate risk

The risk to net interest income (NII) from movements in interest rates pertains to SEK's overall business profile, particularly mismatches between interest bearing assets and liabilities in terms of volumes and repricing periods. The risk is calculated as the effect on the NII during the next year under the condition that interest-rate fixings, new financing and investments take place after an interest-rate change of 100 basis points.

SEK hedges interest-rate risk for all positions, regardless of accounting classification, in order to reduce volatility to the NII, which implies cash flow based hedging. This keeps the interest-rate risk affecting EVE low, but as a consequence the risk affecting OF is not fully hedged. The reason is that instruments recognized at fair value through profit or loss are used for hedging amortized cost positions, which creates an accounting mismatch.

The interest-rate risk affecting EVE is calculated as the change in present value from a 100 basis point upward parallel shift of all yield curves and as a 50 basis point rotation of all yield curves, respectively.

Spread risks

SEK's main spread risks are credit spread risk in assets, credit spread risk in own debt, cross-currency basis spread risks, and tenor basis spread risks.

Credit spread risk in assets measures unrealized gains or losses due to changes in credit spreads for bond holdings in SEK's liquidity portfolio measured at fair value through profit and loss. Credit spread risk in assets is calculated as the change in present value after a 100 basis point increase of all credit spreads.

Credit spread risk in own debt measures the impact on SEK's equity in the form of unrealized gains or losses from changes in SEK's own credit spread. Credit spread risk in own debt is calculated as the change in present value after a 20 basis point shift in SEK's own credit spread.

In cases where borrowing and lending are not matched in terms of currency, the future cost of converting borrowing to the desired currency is dependent on cross-currency basis spreads. Consequently, changes in cross-currency basis spreads may have an effect on SEK's future NII. The risk to NII from cross-currency basis spreads is measured as the impact on SEK's future earnings resulting from an assumed cost increase of 20 basis points for transfer between currencies using cross-currency basis swaps.

The cross-currency basis price risk measures a potential impact on SEK's own funds as a result of an increase in cross-currency basis spreads by 20 basis points. The risk is attributable to cross-currency swaps used by SEK to mitigate foreign-exchange and interest-rate risk exposures.

Tenor basis spread risk measures unrealized gains or losses due to tenor basis spread changes. The risk is calculated as the change in present value after an increase by 10 basis points of the one-month tenor curve and six-month tenor curve, respectively.

Foreign exchange risk

SEK's foreign exchange risk exposure mostly arises due to differences between revenues and costs in foreign currency, but also due to unrealized fair value changes in the assets and liabilities in foreign currencies that are held to maturity. In accordance with SEK's risk strategy, foreign exchange exposures related to unrealized fair value changes are not hedged. This is because unrealized fair value changes mainly comprise effects that even out over time. The foreign exchange risk excluding unrealized fair value changes is limited and kept at a low level by matching assets and liabilities in terms of currencies or through the use of derivatives. In addition, SEK regularly exchanges accrued gains and losses in foreign currency to Skr.

Other risks

SEK issues structured bonds together with matching swaps, which hedges the structured cash flows perfectly. The valuation of the issued bonds takes SEK's own credit spread into account, whereas the valuation of the matching swaps is not affected by this credit spread. This generates some minor residual risks in equity, commodity and volatility, which are measured using a variety of stress tests.

Stress testing

SEK regularly stress tests the market risk by applying historical extreme market movements (historical stress tests) and extreme movements that could potentially occur in the future (hypothetical scenarios). The latter includes the EBA Supervisory Outlier Test and reversed stress tests. Stress testing provides management with a view of the potential impact that large market movements in individual risk factors as well as broader market scenarios could have on SEK's portfolio and also ensures that risk measurement remains effective.

Economic capital for market risk

The regulatory Pillar 1 requirement for market risk covers foreign exchange and commodity risks. The latter is very low, and arises from SEK's structured funding. Table 52 on the following page shows the risk weighted exposure amounts (RWEAs) according to the standardized approach as of December 31, 2021. The corresponding minimum capital requirement at year-end 2021 amounted to Skr 52 mn (year-end 2020: Skr 53 mn).

The regulatory Pillar 2 requirement includes all market risk factors that are inherent in SEK's portfolio so that SEK is able to withstand stress related to market movements. SEK's internal assessment of how much capital should be allocated for market risk is based on analyzes of historical scenarios and stress tests. In the calculation of economic capital, SEK includes three main components: (i) stressed Expected Shortfall (sES) for OF, (ii) stress testing for EVE and (iii) NII risk. The internal capital requirement is set to the largest of these components.

Component (i), the calculation of sES, is based on the stressed VaR model described above and is defined as the average of the 2.5% most negative daily PnL outcomes from the historic simulations, scaled to a quarterly horizon.

The stress test component (ii) is based on a set of separate stress tests for individual risk classes aggregated without any diversification benefits, and the NII component (iii) captures the short-term effect of the interest-rate changes on SEK's earnings and therefore a short-term solvency effect indirectly through profitability. At year-end 2021, the internally assessed capital requirement for market risk amounted to Skr 1,247 million (year-end 2020: Skr 1,140 million).

Table 52: EU MR1 – Market risk under the standardized approach

		a
Skr mn		RWEAs
	Outright products	**599**
1	Interest rate risk (general and specific)	–
2	Equity risk (general and specific)	–
3	Foreign exchange risk	594
4	Commodity risk	5
	Options	**57**
5	Simplified approach	–
6	Delta-plus approach	–
7	Scenario approach	57
8	Securitization (specific risk)	–
9	Total	656

7. Non-financial risk

Non-financial risk consists of operational risk, business and strategic risk and sustainability risk. Operational risk includes compliance risk, IT and information security risk.

7.1 Operational risk

Operational risk is the risk of losses resulting from inadequate or faulty internal processes, systems, human error or from external events.

Operational risk management

Operational risk exists in potentially all functions within SEK. The managers of all the various SEK functions have a responsibility for effective management of operational risk within their own function. To support operational risk management, SEK works in compliance with policy documents in accordance with SEK's risk framework. The risk function is responsible for monitoring, analyzing and reporting aggregated risk levels, and for monitoring the appropriateness and efficiency of the company's operational risk management. The Risk and Compliance Committee is responsible for monitoring operational risk. The Risk function reports to the Risk and the Executive Committee and to the Board's Finance and Risk Committee.

Risk identification

The following tools and processes are used throughout the organization to identify and manage operational risk.

Risk workshops

SEK conducts yearly risk workshops with all functions in order to identify operational risks. The workshops are based on self-assessments for which the risk control function performs an independent reasonability control. The aggregated outcome of the workshops are then reported to management, which performs a company-wide assessment of the total risk.

Action plans are developed for the management or reduction of identified risks, based on the identified operational risks. Any identified risk that is not within the risk appetite of the Company is reduced to an acceptable level. The independent risk control function conducts an aggregated analysis and monitoring of all identified risks and action plans. The material risks are then analyzed and monitored individually. The annual risk analyzes are conducted in coordination with business planning and the internal capital adequacy assessment process as part of the strategic planning.

Incident management

SEK views incident reports as an important component of its continuous improvement measures and these reports comprise a key source of information. When operational risk events/incidents occur, the immediate focus lies on resolving the direct event in order to minimize potential damage. After having resolved the incident, the root cause is analyzed to understand why it occurred, and remedial actions are determined and followed up in order to prevent recurrence. Business incidents are reported to the independent risk function and affected parties. The Company encourages staff to report incidents and applies no materiality criteria for reporting incidents.

Key risk indicators

SEK follows a selection of indicators that give an early warning of increased levels of operational risk. If an increased level is indicated the independent risk control function analyzes the reason behind the increase and follows up on the mitigating actions, if needed.

Internal control

The purpose of the internal control framework is to ensure that identified risks relating to financial reporting, operational risk and compliance risk are reduced to an acceptable level.

To ensure correct and reliable financial reporting as well as control of operational and regulatory risks, SEK applies a framework for internal control based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control, COSO 2013. The controls are carried out at a company-wide level, and include general IT controls and transaction-based controls in significant processes. The process owners together with the independent risk control function is analyzing the completeness of implemented internal controls at least annually and the process owners are making amendments if necessary. 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. This testing is performed by staff who are independent in relation to the individuals who carry out the controls.

New product approval process

In order to maintain the risk level within the risk appetite and to not expose the Company to unwanted risk when making changes to or developing new products, processes and systems, the Company has a new product approval process which includes approval of the New Product Approval Committee. The committee members are drawn from the independent risk control function, compliance function and from relevant functions within the Company familiar with the matters. When changes are made, the affected functions analyze what consequences might arise in terms of their processes, system support and any applicable regulations. When identifying significant consequences that need to be addressed, the adjustments must be implemented before the new product, process or system can be approved.

IT and Information security risk

The identification of risks related to information security, including cyber security risk, is integrated in the operational risk workshops conducted with all functions. SEK manages information security risks by identifying risks in the logical, technical and physical domains and by monitoring that control processes for information security are effective and in line with the defined risk appetite and relevant legislation. SEK regularly conducts reviews and tests of its business continuity and crisis plans in order to ensure continuous availability of business critical processes. The requirements for the regular reviews are part of the information security framework. The Company has access to separate backup office facilities with sufficient capacity for staff to run critical business processes, including IT operations and maintenance.

Compliance risk and money laundering, etc.

The compliance function is responsible for assessing and monitoring the risk of business activities subject to supervision, not being conducted in compliance with laws and regulations. The compliance function further assists the organization in identifying and assessing the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that SEK may suffer as a result of its failure to comply with the applicable regulations. This assessment also covers new legislation, internal regulations and the risk of conflicts of interest.

Money laundering risks are identified pursuant to the Swedish Act on Measures against Money Laundering and Terrorist Financing. Procedures for monitoring money laundering risks include the collection and review of customer information and the monitoring of transactions in accordance with a risk-based approach. All employees, consultants and others, who on a similar basis participate in the business receive regular training and information regarding changes in regulations and new trends and patterns- as well as regarding methods that may be used for money laundering and terrorist financing. Furthermore, SEK has a process for providing information regarding suspicion of money laundering to the Swedish Financial Intelligence Unit. Both the compliance function and the internal audit function perform yearly audits of the AML area.

Measurement of operational risk

SEK measures and reports operational risk levels at least each quarter. The risk level is based on an assessment of expected loss from risks with a high rating, the scope of losses due to incidents, key risk indicators and whether any breaches of rules related to the operations requiring permits have occurred. SEK uses the standardized approach in calculating the capital requirement for operational risk.

The conclusion regarding the risk level is, among other things, based on an assessment of five major components:

- Risks identified in risk workshops and in the ongoing business;
- Monitoring and follow-up on incidents;
- The amount of losses from reported incidents;
- Key risk indicators;
- Effectiveness of internal controls relating to financial reporting, operational risk and compliance.

Monitoring

Operational risk appetite

The risk control function monitors compliance with the risk appetite on a continuous basis. Compliance with the risk appetite is followed up with a forward looking evaluation, i.e. one-year expected loss from identified risks. The backward looking evaluation, i.e. actual realized losses, is followed up continuously as a key risk indicator.

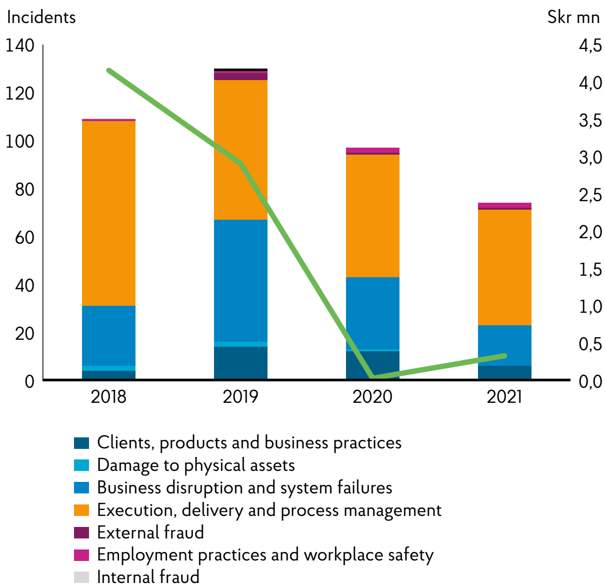
Risk appetite for compliance risk

The compliance function monitors compliance with the risk appetite on a continuous basis. SEK does not accept material or systematic non-compliance with legislation, other external regulations, or internal regulations.

Incidents

Chart 7.1 shows reported business incidents per incident type. The loss resulting from reported incidents as of December 31, 2021, was Skr 0.3 million (Year-end 2020: Skr 0.0 million). Only a small portion of the incidents resulted in a loss.

Chart 53: Business incidents per incident type



Internal controls

The risk control function monitors and reports both the overall appropriateness of implemented internal controls as well as the results from the testing activities to the Executive Committee and to the Audit Committee.

Operational risks during 2021

SEK's operational risks have fluctuated over the year however, COVID-19-related circumstances such as remote work arrangements have not materially affected SEK's ability to maintain operations, including financial reporting systems, internal control over financial reporting as well as disclosure controls and procedures.

Reported business incidents, see Chart 7.1, have decreased during the year. Further, no incidents classified as high risk have been reported in 2021.

In the beginning of the year some operational risks were re-classified with a higher risk classification due to a higher level of regulatory and other initiatives. These risks were reduces again in the end of the year.

New products, processes and systems, approved by the New Product Approval Committee have increased to 25 during the year (Year-end 2020: 21).

Exposure and capital requirements

Over the years, the Company's ability to manage operational risk have improved through a long-term initiative focusing on continuous improvement, well-documented procedures and higher awareness of the importance of managing operational risk. In 2021, 74 incidents were reported (Year-end 2020: 97 incidents). The majority of these incidents were minor events that were rectified promptly within the respective functions. Total losses due to incidents have been maintained at a low level.

The minimum capital requirement for operational risk is calculated according to the standardized approach. The Company's operations are divided into business areas in this respect as defined in the CRR. The minimum capital requirement for each area is calculated by multiplying a factor depending on the business area by an income indicator. The factors applicable for SEK are 15 percent and 18 percent. The income indicators consist of the average operating income for the past three financial years for each business area. As of December 31, 2021, the minimum capital requirements for operational risk amounted to Skr 290 million (Year-end 2020: Skr 290 million). See further description in table below.

SEK quantifies the internally assessed economic capital for operational risk based on the actual identified operational risks in the Company and considers an assessment of the consequence and probability that events were to occur. SEK's internally assessed economic capital for operational risk as of December 31, 2021, amounts to Skr 225 million (Year-end 2020: Skr 203 million).

7.2 Business and strategic risk

SEK defines business risk as the risk of an unexpected decline in revenues as a result of a reduction in volumes (for example due to competitive conditions) and/or pressure on margins. Strategic risk is defined as the risk of lower revenues resulting from strategic initiatives that fail to achieve the pursued results, inefficient organizational changes, improper implementation of decisions, unwanted effects from outsourcing, or the lack of adequate response to changes in the regulatory and business environment. Strategic risk focuses on large-scale and structural risk factors.

SEK's management is responsible for identifying and managing business and strategic risks and for monitoring the external business environment and developments in the markets in which SEK conducts operations. The management is also responsible for proposing the strategic direction to the Board. An annual risk assessment is performed for both business and strategic risks in the form of a self-assessment.

Business risk is the risk of an unexpected decline in revenue resulting from, for example, changes to competitive conditions with a decrease in business volumes and/or falling margins. A consequence of SEK's conservative business model is that net interest earnings tend to increase in stressed conditions, when the financial sector's lending capacity generally falls. However, it is also in these situations that it is considered most likely that SEK might suffer substantial loan losses. The negative earnings effect of increased loan losses thus tends to be somewhat compensated by increased net interest earnings over time, which has been demonstrated by both past years' and 2021's performance as well as simulated stress scenarios.

SEK's strategic risk mainly arises from changes in the external operating environment, such as market conditions, which could result in limited lending opportunities for SEK, and regu-

Table 54: EU OR1 – Operational risk own funds requirements and risk weighted exposure amounts

		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
Skr mn	Banking activities	Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	–	–	–	–	–
2	Banking activities subject to standardized (TSA)/ alternative standardized (ASA) approaches	1,792	2,006	1,910	290	3,622
3	*Subject to TSA:*	*1,192*	*2,006*	*1,910*	*290*	*3,622*
4	*Subject to ASA:*	–	–	–	–	–
5	Banking activities subject to advanced measurement approaches AMA	–	–	–	–	–

latory reforms from two perspectives: (1) the impact of these reforms on SEK's business model; and (2) the requirements on the organization resulting from increased regulatory complexity.

7.3 Sustainability risk

Sustainability risk is the risk that SEK's operations directly or indirectly impact its surroundings negatively in respect of ethics, corruption, climate and the environment, human rights and labor conditions. Ethics includes tax transparency, human rights includes the child rights perspective and labor conditions includes gender equality as well as diversity. Sustainability risk means that SEK's risk concept is broadened to also include how the environment, including the climate is affected by SEK's operations. Sustainability risk can also affect other types of risk, such as credit risk and is therefore both a non-financial and financial risk for the Company.

Sustainability management

Sustainability risks are managed according to a risk-based approach. SEK only engages in transactions for which SEK has conducted know your customer activities. SEK's measures to manage sustainability risks are subject to national and international regulations and guidelines, along with the state's ownership policy and guidelines for state-owned companies and SEK's owner instruction, pertaining to anti-corruption, climate and environmental consideration, human rights and labor conditions. Based on international sustainability guidelines, SEK sets requirements on the operations and projects the Company finances in order to mitigate negative environmental and societal impacts.

The international guidelines pursued by SEK are described in the Sustainability Notes of the 2021 Annual and Sustainability Report.

Sustainability measurement

SEK measures and reports the risk level for sustainability risk at least quarterly. Potential sustainability risks are identified and assessed in conjunction with a new business opportunity. Potential sustainability risks are identified and assessed at country, counterparty, and or business transaction level.

- Country – Countries are classified according to the risk of corruption, negative impact on human rights, including labor conditions and the risk of money laundering, financing of terrorism and non-transparent tax jurisdiction.
- Counterparty – Checks are conducted as part of know your customer, including checks of ownership and checks against international sanction lists, as well as whether the counterparty has been involved in significant sustainability-related incidents.
- Business transaction level-
  i) Projects and project-related financing are classified based on their potential societal and environmental impact according to the OECD's framework for export credits or the Equator Principles. Category A projects have a potentially material impact, category B projects potentially have some impact, and category C projects have little or no potential impact.
- ii) Other business transactions are analyzed to assess the risk of corruption, negative environmental or climate impact, negative effects on human rights and labor conditions and the risk of money laundering, financing of terrorism and non-transparent tax jurisdiction.

Monitoring

Sustainability risk is monitored through regular analysis and reporting to the Board of Directors. Project or project-related funding with an identified elevated sustainability risk is monitored via continuous checks of compliance with the agreements, sustainability clauses.

SEK performs stress tests for climate-related transitions risk annually. The results of the scenario analyzes and stress tests are reported to the or the Executive Management and to the Board's Finance and Risk Committee.

8. Remuneration policy

SEK's Remuneration Policy forms part of the company's Human Resources Policy. SEK has a remuneration system that is consistent with the company's business objectives and risk strategy, its corporate culture and values, and the actions taken to avoid conflicts of interest.

8.1 Remuneration guidelines

SEK's remuneration guidelines aim to create the preconditions to promote an attractive and healthy workplace. SEK has a remuneration system that is consistent with the company's business objectives and risk strategy, its corporate culture and values, and the actions taken to avoid conflicts of interest.

SEK's Remuneration Policy forms part of the company's Human Resources Policy, which was subject to annual renewal by SEK's Board on March 24, 2021. The material changes compared with the previous Remuneration Policy encompassed clarification of variable remuneration criteria, as well as that in case of notice of termination from the employer, the notice period may not exceed six months and that variable remuneration to an individual may never exceed an amount equivalent to EUR 50,000. The changes were implemented with the aim of clarifying compliance and have no material impact on remuneration.

Remuneration of senior executives is detailed in the company's Remuneration Report, which is published on the company's website following the AGM. Board remuneration is set out in the Annual Report and information about the Board's work and meetings is presented in the Company Report on the website.

The Board determines total remuneration of senior executives (the CEO, executive management and the head of the control function). Total remuneration must meet the criteria of being reasonable and balanced, it should also be competitive, capped and appropriate as well as promote good ethics and corporate culture. Remuneration should not be higher than at comparable companies and should be reasonable. Remuneration should promote reaching SEK's established business and operating targets and may comprise the following components: fixed cash salary, severance pay, pension benefits and other benefits. Senior executives should not receive variable remuneration. Guidelines for the remuneration of senior executives are decided by the general meeting of shareholders and provide guidance for the total remuneration of other employees.

The company only provides variable remuneration in the form of one discretionary scheme, individual variable remuneration (IVR). No other form of variable remuneration is permitted. Variable remuneration must apply an appropriate balance between the fixed and variable components.

The right to severance pay is only permitted if regulated in the employment contract and may not exceed 12 months' salary. Employment contracts entered into prior to 2017 limit severance pay to not more than 18 months' salary. No severance payment is payable in the event of notice being given by the employee.

Any compensation packages utilized to replace or settle previous employment contracts must comply with the company's remuneration guidelines.

8.2 Guidelines for individual variable remuneration (IVR)

SEK's sole scheme for variable remuneration comprises a discretionary Individual Variable Remuneration (IVR) scheme for employees in the sales organization (Client Relationships and Structured Finance). The scheme aims to motivate performance among employees with direct business responsibility for the purpose of achieving the business plan goals. Variable remuneration never encompasses senior executives or personnel in the company's control functions.

IVR measures outcomes in terms of monthly salaries, which are paid in cash. If employment started during the year, the outcome is weighted by the length of service during the year. Moreover, the outcome is adjusted down in the case of part-time employment, unpaid leave and extended sick leave. Variable remuneration to an individual can amount to not more than three monthly salaries and never exceeds an amount equivalent to EUR 50,000. SEK is thus able to set and disburse variable remuneration in cash, which is consistent with the exceptions under CRD (Directive 2013/36/EU), Art. 94.3, and Section 7a of Finansinspektionen's (the Swedish FSA) regulations (FFFS 2011:1) regarding remuneration structures in credit institutions.

Outcome testing

Before an individual receives any IVR payment, this is subject to testing at three different levels: company, primary function and individual. The variable remuneration could be determined to be zero at the company, primary function and individual levels.

The test at company level is the basis for any IVR outcome. The outcome at company level is conditional on the actual return exceeding a predetermined target. If appropriate and as determined by the Board, the actual return is adjusted for the impact of non-operational items. In addition, a risk adjustment is implemented through raising the target level if the company's total risk assumption, measured as the risk exposure amount (REA), exceeds the budget by more than 5 percent. Of the profit that corresponds to any excess return, one tenth accrues to the IVR at company level. The risk adjustment is primarily driven by credit risk but also, to a lesser extent, by market risk and operational risk.

The outcome at company level is capped at a maximum of two months' salary, calculated on the basis of all company employees entitled to IVR. In the case of a positive outcome at company level, the next step is to test at primary function level, which assesses the primary function level outcome in relation to the primary function's quantitative targets. If the targets have not been reached, the outcome at company level is reduced for all members of the primary function. The remainder after this test comprises the primary function level outcome, which is thus capped at a maximum of two months' salary, calculated for all of the primary function's employees entitled to IVR.

The final test is at individual level. This test assesses the behavior and performance of individuals. For each individual, the outcome following individual level testing is subject to a floor of zero and a ceiling of 1.5 times the primary function level outcome or an amount equivalent to EUR 50,000. Accordingly, the maximum outcome for any individual is three months' salary or an amount equivalent to EUR 50,000. The total outcome for all employees encompassed by IVR in a primary function must be within the primary function level outcome.

Decisions on company level IVR outcomes are taken by the Board under advisement from the CEO.

Deferred disbursement

The company applies deferred disbursement for all IVR outcomes. This entails that for all employees encompassed by IVR, the first disbursement of 40 percent is paid one year after vesting, and thereafter in three disbursements of 20 percent each in each of the three subsequent years.

Prerequisites for disbursement

Decisions on IVR disbursement are taken by the Board under advisement from the CEO.

The Board may decide that remuneration that is subject to deferred disbursement may be withheld, in part or in full, if it subsequently transpires that the performance criteria have not been fulfilled. The same applies if disbursement would not be justifiable by the company's financial situation. Examples of the above include if the company's capital situation were to significantly deteriorate, if the company needs to receive state support, or if the business is no longer able to continue to operate. Moreover, the outcome may also be adjusted if credit losses, or recoveries of credit losses, have occurred after the relevant income year, but are deemed to be attributable to that income year.

In addition to the above, the disbursement of variable remuneration requires that, prior to the relevant disbursement date, employees have not:

- engaged in inappropriate risk-taking behavior;
- insured or contracted away the risk of part or full payment of variable remuneration being withheld or the downward adjustment or loss of variable remuneration subject to deferred disbursement;
- terminated their employment;
- been dismissed by the company on objective grounds;
- committed any criminal act against the company; or
- acted in breach of the company's Code of Conduct or other (material) internal rules.

Decision data for disbursement

Measurement and monitoring used as a basis for granting or disbursing variable remuneration must be based on verified data that has been examined by the company's independent control functions and on assessments, made by the manager of the individual concerned, of the individual's performance and behavior.

8.3 Identified staff

An yearly analysis is conducted with the aim of identifying employees, whose work duties have a material impact on SEK's risk profile, including risks related to the company's remuneration policy and remuneration system. The outcome of this analysis is taken into account when designing the remuneration systems in order to promote sound and efficient risk management and to restrict excessive risk-taking. SEK has identified the following categories of employees who have a material impact on the company's risk profile: The Board of Directors, executive management, head of the control function, employees entitled to significant remuneration in the preceding fiscal year, staff members with managerial responsibility for customers or business units, decision makers on the Risk Committee, middle managers in the control function, account managers and credit analysts with delegated mandates to decide on material credits, decision makers on the Credit Committee, and decision makers on the New Product Approval Committee (NPAC).

8.4 Follow-up and reporting

The Board's Remuneration Committee is tasked with ensuring that SEK's internal audit, together with the Committee, annually reviews and evaluates the company's discretionary individual variable remuneration system and also reviews whether the remuneration system complies with the company's human resources policy and relevant instructions regarding remuneration. The outcome is presented to the Board of Directors in a separate report on the same day as the annual report is submitted.

Table 55: EU REM1 – Remuneration awarded for the financial year

Skr mn			a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
1	Fixed remuneration	Number of identified staff	7	1	11	61
2		Total fixed remuneration	2	7	33	75
3		*of which: cash-based*	*2*	*6*	*25*	*57*
4		*(Not applicable in the EU)*				
EU-4a		*of which: shares or equivalent ownership interests*	–	–	–	–
5		*of which: share-linked instruments or equivalent non-cash instruments*	–	–	–	–
EU-5x		*of which: other instruments*	–	–	–	–
6		*(Not applicable in the EU)*				
7		*of which: other forms*	–	*2*	*8*	*18*
8		*(Not applicable in the EU)*				
9	Variable remuneration	Number of identified staff	–	–	–	–
10		Total variable remuneration	–	–	–	–
11		*of which: cash-based*	–	–	–	–
12		*of which: deferred*	–	–	–	–
EU-13a		*of which: shares or equivalent ownership interests*	–	–	–	–
EU-14a		*of which: deferred*	–	–	–	–
EU-13b		*of which: share-linked instruments or equivalent non-cash instruments*	–	–	–	–
EU-14b		*of which: deferred*	–	–	–	–
EU-14x		*of which: other instruments*	–	–	–	–
EU-14y		*of which: deferred*	–	–	–	–
15		*of which: other forms*	–	–	–	–
16		*of which: deferred*	–	–	–	–
17	Total remuneration (2 + 10)		2	7	33	75

Table 56: EU REM2 – Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a MB Supervisory function	b MB Management function	c Other senior management	d Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards – Number of identified staff	–	–	–	–
2	Guaranteed variable remuneration awards – Total amount	–	–	–	–
3	*of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap*	–	–	–	–
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	–	–	–	–
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	–	–	–	–
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year – Number of identified staff	–	–	–	–
7	Severance payments awarded during the financial year – Total amount	–	–	–	–
8	*of which paid during the financial year*	–	–	–	–
9	*of which deferred*	–	–	–	–
10	*of which severance payments paid during the financial year, that are not taken into account in the bonus cap*	–	–	–	–
11	*of which highest payment that has been awarded to a single person*	–	–	–	–

Table 57: EU REM3 – Deferred remuneration

		a	b	c	d	e	f	EU - g	EU - h
Skr mn	Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	–	–	–	–	–	–	–	–
2	*Cash-based*	–	–	–	–	–	–	–	–
3	*Shares or equivalent ownership interests*	–	–	–	–	–	–	–	–
4	*Share-linked instruments or equivalent non-cash instruments*	–	–	–	–	–	–	–	–
5	*Other instruments*	–	–	–	–	–	–	–	–
6	*Other forms*	–	–	–	–	–	–	–	–
7	MB Management function	–	–	–	–	–	–	–	–
8	*Cash-based*	–	–	–	–	–	–	–	–
9	*Shares or equivalent ownership interests*	–	–	–	–	–	–	–	–
10	*Share-linked instruments or equivalent non-cash instruments*	–	–	–	–	–	–	–	–
11	*Other instruments*	–	–	–	–	–	–	–	–
12	*Other forms*	–	–	–	–	–	–	–	–
13	Other senior management	0	0	–	–	–	–	0	–
14	*Cash-based*	*0*	*0*	–	–	–	–	*0*	–
15	*Shares or equivalent ownership interests*	–	–	–	–	–	–	–	–
16	*Share-linked instruments or equivalent non-cash instruments*	–	–	–	–	–	–	–	–
17	*Other instruments*	–	–	–	–	–	–	–	–
18	*Other forms*	–	–	–	–	–	–	–	–
19	Other identified staff	5	1	4	–	–	–	1	–
20	*Cash-based*	*5*	*1*	*4*	–	–	–	*1*	–
21	*Shares or equivalent ownership interests*	–	–	–	–	–	–	–	–
22	*Share-linked instruments or equivalent non-cash instruments*	–	–	–	–	–	–	–	–
23	*Other instruments*	–	–	–	–	–	–	–	–
24	*Other forms*	–	–	–	–	–	–	–	–
25	Total amount	–	–	–	–	–	–	–	–

Table 58: EU REM4 – Remuneration of 1 million EUR or more per year

	EUR	a Identified staff that are high earners as set out in Article 450(i) CRR
1	1,000,000 to below 1,500,000	–
2	1,500,000 to below 2,000,000	–
3	2,000,000 to below 2,500,000	–
4	2,500,000 to below 3,000,000	–
5	3,000,000 to below 3,500,000	–
6	3,500,000 to below 4,000,000	–
7	4,000,000 to below 4,500,000	–
8	4,500,000 to below 5,000,000	–
9	5,000,000 to below 6,000,000	–
10	6,000,000 to below 7,000,000	–
11	7,000,000 to below 8,000,000	–
x	To be extended as appropriate, if further payment bands are needed.	–

Table 59: EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						
	Skr mn	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										
2	*of which: members of the MB*	*7*	*1*	*8*							
3	*of which: other senior management*				–	*4*	–	*6*	*1*	–	
4	*of which: other identified staff*				–	*47*	–	*6*	*8*	–	
5	Total remuneration of identified staff	2	7	9	–	69	–	25	15	–	
6	*of which: variable remuneration*	–	–	–	–	*1*	–	*0*	–	–	
7	*of which: fixed remuneration*	*2*	*7*	*9*	–	*68*	–	*25*	*15*	–	

Disclosure templates not applicable to SEK

The table below lists the disclosure templates presented in the Commission Implementing Regulation (EU) No 2021/637 that are not applicable to SEK and the reasons therefor.

Apl.	Template	Reason
N/A	EU CCR3 – Standardized approach – CCR exposures by regulatory exposure class and risk weights	SEK does not use the Standardized approach for CCR.
N/A	EU CCR6 – Credit derivatives exposures	SEK does not have any credit derivatives.
N/A	EU CCR7 – RWEA flow statements of CCR exposures under the IMM	SEK does not use the IMM to calculate risk weighted exposure amounts for counterparty credit risk.
N/A	EU CR2a – Changes in the stock of non-performing loans and advances and related net accumulated recoveries	SEK has an NPL ratio lower than 5%.
N/A	EU CR7 – IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	SEK does not have any credit derivatives.
N/A	EU CQ2 – Quality of forbearance	SEK has an NPL ratio lower than 5%.
N/A	EU CQ6 – Collateral valuation – loans and advances	SEK has an NPL ratio lower than 5%.
N/A	EU CQ7 – Collateral obtained by taking possession and execution processes	SEK has not obtained any collateral by taking possession.
N/A	EU CQ8 – Collateral obtained by taking possession and execution processes – vintage breakdown	SEK has an NPL ratio lower than 5%. SEK has not obtained any collateral by taking possession.
N/A	EU INS1 – Insurance participations	SEK does not hold any own funds instruments in insurance undertakings, any re-insurance undertaking or insurance holding company.
N/A	EU INS2 – Financial conglomerates information on own funds and capital adequacy ratio	SEK is not a financial conglomerate.
N/A	EU MRB – Qualitative disclosure requirements for institutions using the internal Market Risk Models	SEK does not use the internal model approach (IMA).
N/A	EU MR2-A – Market risk under the internal Model Approach (IMA)	SEK does not use the internal model approach (IMA).
N/A	EU MR2-B – RWEA flow statements of market risk exposures under the IMA	SEK does not use the internal model approach (IMA).
N/A	EU MR3 – IMA values for trading portfolios	SEK does not use the internal model approach (IMA).
N/A	EU MR4 – Comparison of VaR estimates with gains/losses	SEK does not use the internal model approach (IMA).
N/A	EU-SECA – Qualitative disclosure requirements related to securitization exposures	SEK does not have any securitization exposures.
N/A	EU-SEC1 – Securitization exposures in the non-trading book	SEK does not have any securitization exposures.
N/A	EU-SEC2 – Securitization exposures in the trading book	SEK does not have any securitization exposures.
N/A	EU-SEC3 – Securitization exposures in the non-trading book and associated regulatory capital requirements – institution acting as originator or as sponsor	SEK does not have any securitization exposures.
N/A	EU-SEC4 – Securitization exposures in the non-trading book and associated regulatory capital requirements – institution acting as investor	SEK does not have any securitization exposures.
N/A	EU-SEC5 – Exposures securitized by the institution – Exposures in default and specific credit risk adjustments	SEK does not have any securitization exposures.

Glossary

BCBS	Basel Committee on Banking Supervision
BRRD	Bank Recovery and Resolution Directive
CEO	Chief Executive Officer
CCF	Credit Conversion Factor
CCP	Central counterparty
CDS	Credit Default Swap
CET1	Common equity tier 1
CIRR	Commercial Interest Reference Rate
CFO	Chief Financial Officer
CRD	Capital Requirements Directive
CRO	Chief Risk Officer
CRR	EU Capital Requirements Regulation (EU Regulation No 575/2013)
CSA	Credit Support Annex
CVA	Credit valuation adjustment
EAD	Exposure at default
EBA	European Banking Authority
EC	Economic capital
ECL	Expected credit losses
EIOPA	European Insurance and Occupational Pensions Authority
EKN	Swedish Exports Credits Guarantee Board
EL	Expected loss
EMIR	European Market Infrastructure Regulation
EQ	Equity
ES	Expected Shortfall
ESMA	European Securities and Markets Authority
EU	European Union
EVE	Economic Value of Equity
€STR	Euro short-term rate
FFFS	Swedish Financial Supervisory Authority regulations and general guidelines
FRTB	Fundamental Review of the Trading Book
FSA	Financial Supervisory Authority
GICS	Global Industries Classification Standard
GL	Guidelines
HQLA	High-quality liquid assets
IAS	International Accounting Standard
ICAAP	Internal capital adequacy assessment process
ILAAP	Internal liquidity adequacy assessment process
IFRS	International Financial Reporting Standards
IRB	Internal ratings-based approach
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
IVR	Individual Variable Remuneration
KYC	Know your customer
LCR	Liquidity Coverage Ratio
LGD	Loss given default
LIBOR	London interbank offered rate
M	Maturity
MB	Management body
MREL	Minimum requirement for own funds and eligible liabilities
NII	Net interest income
NPAC	New Product Approval Committee
NSFR	Net Stable Funding Ratio
O/N	Over-night deposit
OTC	Over-the-counter
OF	Own funds
PD	Probability of default of a counterparty within one year
PnL	Profit and loss
REA	Risk exposure amount
RWEA	Risk weighted exposure amount
SA-CCR	Standardized Approach for Measuring Counterparty Credit Risk
SEC	Security Exchange Commission
sES	Stressed Expected Shortfall
SRMR	Single Resolution Mechanism Regulation
SNP	Senior non-preferred
SME	Small and medium sized entities
SOFR	Secured overnight referencing rate
SONIA	Sterling overnight index average
SOX	Sarbanes-Oxley Act
SREP	The Supervisory Review and Evaluation Process
STIBOR	Stockholm interbank offered rate
sVaR	Stressed Value-at-Risk
UL	Unexpected loss
VaR	Value-at-Risk