

# PERIODIC INFORMATION CONCERNING LIQUIDITY RISK IN ACCORDANCE WITH FFFS 2007:5

*This report provides information about SEK's liquidity position as of September 30, 2011. The contents of this report conform to the Swedish Financial Supervisory Authority's regulation FFFS 2007:5 (2010:12). The figures presented in this report refer to the SEK group. The information is not required to be, and therefore has not been, subject to external audit. For more information on SEK's liquidity risk management, please see SEK's Annual Report 2010 and Capital Adequacy and risk management report, Pillar 3 2010 (available on [www.sek.se](http://www.sek.se)).*

## 1 Management and measurement of liquidity risks

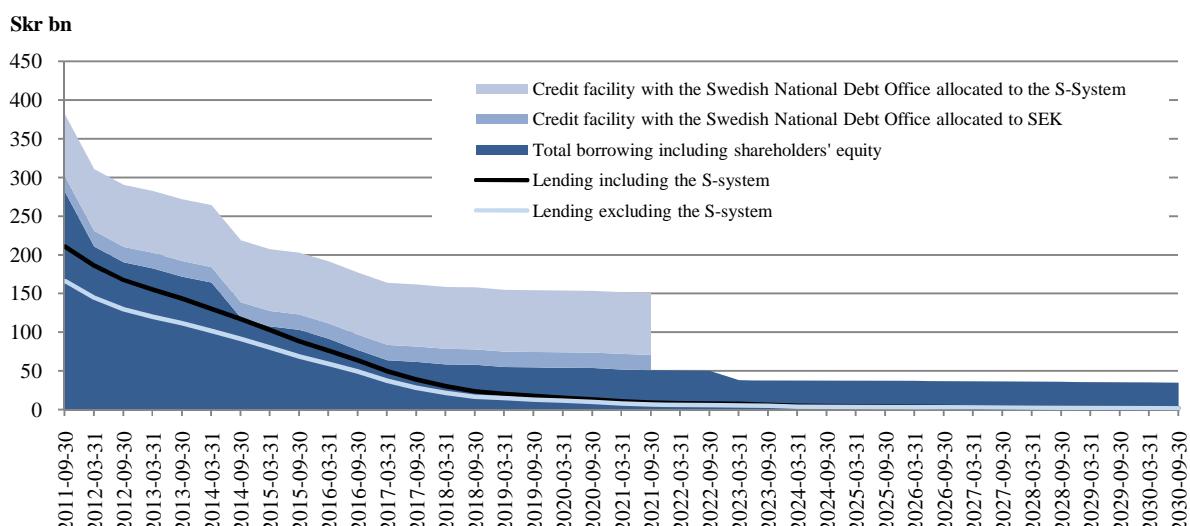
SEK defines liquidity and funding risk as the risk of not being able to settle payment obligations immediately when due. SEK applies a conservative policy concerning liquidity and funding risks, in order to avoid refinancing risk. This policy means that all SEK's credit commitments – outstanding credits as well as agreed but undisbursed credits – are financed through maturity. Consequently, additional funding is not required to manage commitments with regard to existing credits. This policy is monitored through the reporting of maturity profiles for lending and borrowing.

When managing liquidity risk, different time perspectives are considered:

- In the short term, a deficit is avoided through overnight investments in larger or smaller amounts depending on needs and the market situation.
- All credit commitments – outstanding credits as well as agreed but undisbursed credits – must be fully financed through maturity, and this demands large volumes of long-term funding. The position taken when investing liquid funds is determined with these two time perspectives in mind.

See the chart "Development over time of SEK's available funds". Available funds are defined as shareholder's funds, borrowing and credit facilities with the Swedish National Debt Office. Excess funds, i.e. the portion of available funds not already used to finance loans, must be invested in assets with good credit quality. The credit facility with the Swedish National Debt Office is valid through to December 31, 2011. A maximum of 20 % of this credit facility can be used to fund commercial lending in SEK. In chart 1 we have made the assumption that any draw down under this credit facility has a maturity of 10 years. Part 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 associated with uncertainty. In the chart "Development over time of SEK's available funds", such borrowing has been assumed to be due at the first possible redemption opportunity. This assumption is an expression of the precautionary principle that the company applies concerning liquidity and funding management. In addition, SEK also carries out various sensitivity analyses with regard to such instruments, in which different market conditions are simulated.

Chart 1: Development over time of SEK's available funds as of September 30, 2011

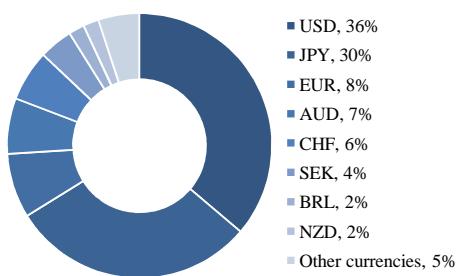


## 2 Funding

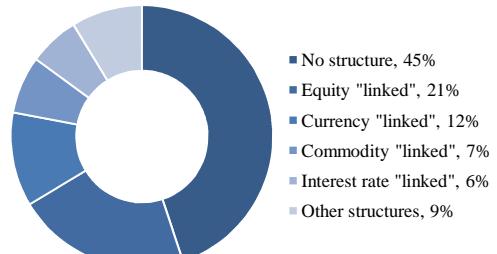
For the purpose of ensuring access to funding, SEK has several funding programs for maturities up to one year. Short-term funding programs include a US Commercial Paper program (UCP) and a European Commercial Paper program (ECP), with the latter of these allowing borrowing in multiple currencies. The total volume of short-term funding programs was USD 7.0 billion, of which USD 0.0 billion has been utilized as of September 30, 2011. SEK has also swing lines that function as back-up facilities for the commercial paper programs.

SEK's funding policy is aimed at achieving an adequate diversification of funding sources spread across products, markets and currencies. To secure access to large volumes of funding, and to ensure that insufficient liquidity in individual funding sources does not pose an obstacle to operations, SEK issues bonds with different structures, currencies and maturities. In addition, SEK also carries out issues in many different geographic markets. This policy will ensure access to several markets around the world and also access to various categories of investors. Charts 2, 3 and 4 illustrate some of the aspects of the diversification of SEK's funding.

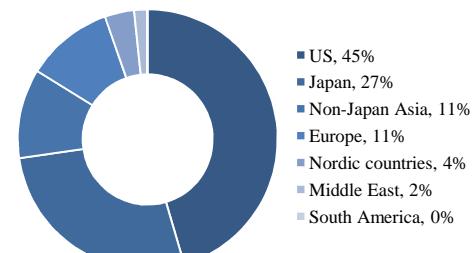
**Chart 2: Long-term funding as of September 30, 2011 by currency**  
Net total long-term funding amount when swaps are taken into account: Skr 265.3 billion as of September 30, 2011.



**Chart 3: Long-term funding as of September 30, 2011 by structure type**  
Net total long-term funding amount, when swaps are taken into account: Skr 265.3 billion as of September 30, 2011.



**Chart 4: Long-term funding in 2011 by market**  
Total long-term funding amount in 2011: Skr 45.2 billion.



## 3 Liquidity

The size of SEK's liquidity portfolio depends on a number of factors. SEK's Finance Policy stipulates that all SEK's credit commitments – outstanding credits and undisbursed credits – shall be funded through maturity. Therefore, one of the largest contributing factors to the size of liquidity portfolio is the amount of undisbursed credits. SEK also requires a buffer to ensure that SEK can fulfill payments related to collateral agreements that the company has with its derivative counterparties in order to reciprocally manage counterparty risk in derivative transactions. The liquidity portfolio also enables the company to repurchase its own debt from investors that wish to sell their bonds earlier than final maturity. Finally, the liquidity portfolio shall also enable SEK, during a certain timeframe, to grant loans to the usual extent even if the funding markets are completely or partly closed. The maturity profile in SEK's liquidity portfolio shall reflect the net maturity of funding and lending. Investments shall be made in assets of good credit quality. Furthermore, the duration of the assets shall be in accordance with defined guidelines.

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

**Chart 5: SEK's liquidity reserve as of September 30, 2011 by exposure type**  
Total amount of SEK's liquidity reserve: Skr 21.4 billion, as of September 30, 2011.

