

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



*This report provides information about SEK's liquidity position as of September 30, 2012. 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 2011 and Capital Adequacy and risk management report, Pillar 3 2011 (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 – shall be 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. See chart 1 "Development over time of SEK's available funds".

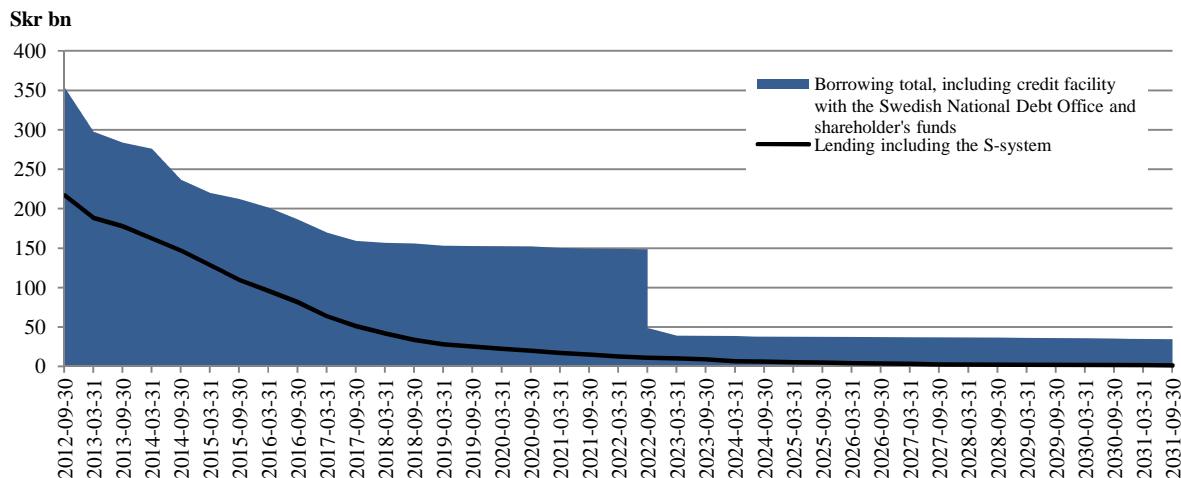
When managing liquidity risk, different time perspectives are considered:

- In the short term, a deficit is avoided through overnight investments in larger or smaller amounts depending on needs and the market situation.
- 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.

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, 2012. 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 drawdown 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 Chart 1 "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, 2012



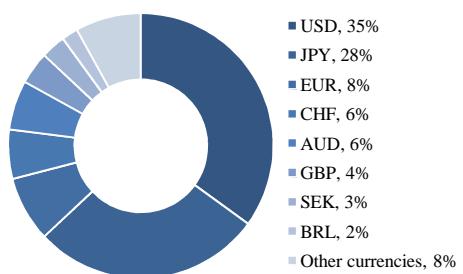
## 2 Funding

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 had been utilized as of September 30, 2012. SEK also has 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 geographical markets. This policy will ensure access to several markets around the world as well as access to various categories of investors. Charts 2, 3 and 4 illustrate some of the aspects of the diversification of SEK's funding. For further details on SEK's funding, see Table 1 in section 4 Appendix.

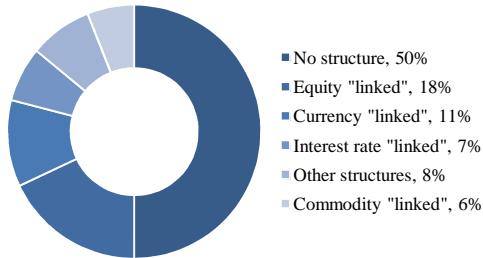
**Chart 2: Long-term funding as of September 30, 2012 by original currency**

Net total long-term funding amount when swaps are taken into account: Skr 236.7 billion as of September 30, 2012.



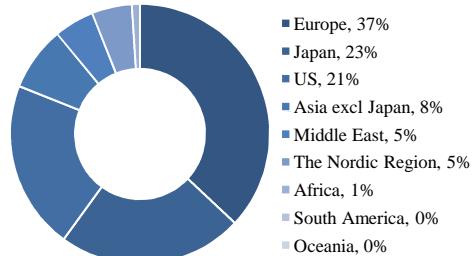
**Chart 3: Long-term funding as of September 30, 2012 by structure type**

Net total long-term funding amount, when swaps are taken into account: Skr 236.7 billion as of September 30, 2012.



**Chart 4: Long-term funding in 2012 by market**

Total long-term funding amount in 2012: Skr 39.7 billion.



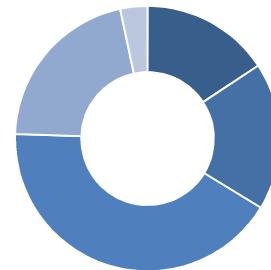
## 3 Liquidity

The size of SEK's liquidity placements is determined based on the size of different building blocks. As a result of the business model used by SEK, which entails dependence on the capital markets, funds reserved for agreed but undisbursed credits are invested in such a way that the maturity profile is matched against the planned disbursements of these credits. Hence, a substantial proportion of total liquidity placements is associated with these agreed but undisbursed credits. Furthermore, the liquidity placements also ensures that the company maintains readiness to be able to grant new credits, in accordance with the business plan for an extended period of time without having to raise new funds if market conditions are deemed disadvantageous. In addition to the above, a proportion of the liquidity placements also serves as a buffer for potential payments under collateral agreements. It is the company's assessment that the liquidity placements will be held to maturity. Liquidity placements shall be made in assets of good credit quality. Furthermore, the duration of the assets shall be in accordance with defined guidelines.

The liquidity reserve is a part of SEK's liquidity placements. SEK's liquidity reserve comprises 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. For further details on SEK's liquidity placements, see Tables 2, 3 and 4 in section 4 Appendix.

**Chart 5: SEK's liquidity reserve as of September 30, 2012 by exposure type**

Total amount of SEK's liquidity reserve: Skr 23.4 billion, as of September 30, 2012.



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## 4 Appendix

**Table 1: Net long-term market funding amount, as of September 30, 2012 by country and structure type**  
Net total long-term funding amount when swaps are taken into account: Skr 236.7 billion as of September 30, 2012

Skr bn Market	No structure	Equity "Linked"	Currency "Linked"	PRDC	Interest rate "Linked"	Commodity "Linked"	Credit "Linked"	Fund "Linked"	Total
Japan	17.9	33.4	21.6	17.2	2.8	1.7	0.1	0.1	94.9
Europe	53.2	0.9	1.2	-	5.4	0.3	0.1	0.3	61.4
US	24.6	3.9	-	-	0.7	11.4	-	0.0	40.5
Asia, excl. Japan	11.3	0.0	1.2	-	6.7	0.2	0.8	0.0	20.2
The Nordic region	5.3	5.0	0.8	-	1.3	0.3	0.2	0.1	13.0
Middle East	3.9	-	-	-	0.3	-	-	-	4.2
Canada	1.7	-	-	-	-	-	-	-	1.7
Africa	0.5	-	-	-	-	-	-	-	0.5
China	0.2	-	-	-	-	-	-	-	0.2
South America	-	0.1	-	-	0.0	0.0	-	-	0.1
Oceania	0.1	-	-	-	-	-	-	-	0.1
<b>Total</b>	<b>118.5</b>	<b>43.3</b>	<b>24.7</b>	<b>17.2</b>	<b>17.1</b>	<b>13.9</b>	<b>1.2</b>	<b>0.6</b>	<b>236.7</b>

For the long-term market funding, 31 percent (33 percent Q4 2011) of the outstanding volume includes early-redemption clauses as of September 30, 2012.

**Table 2: Liquidity reserve<sup>1</sup> as of September 30, 2012**

Exposures		of which			
Skr mn		Total	SKR	EUR	USD
Cash and holdings in banks available overnight		3,651	3,390	-	261
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks		4,185	2,687	1,499	-
Securities issued or guaranteed by municipalities or other public entities		9,726	6,181	1,383	2,162
Covered bonds issued by other institutions		5,033	4,913	120	-
Securities issued by non-financial corporates		772	772	-	-
<b>Total Liquidity Reserve</b>		<b>23,368</b>	<b>17,943</b>	<b>3,002</b>	<b>2,423</b>
<sup>1</sup> The liquidity reserve is a part of SEK's liquidity placements					

**Table 3: Liquidity placements as of September 30, 2012 by country and exposure type**

Net Exposures Skr bn Country	Financial institutions	Regional/Local Governments	Securitization positions	States	CDS covered corporates	Corporates	Total <sup>1</sup>
Sweden	8.3	11.2	-	3.2	0.5	2.1	25.2
Australia	8.8	-	2.8	-	-	-	11.6
Canada	6.6	-	-	-	-	-	6.6
Germany	1.6	3.1	0.1	0.9	-	0.8	6.5
Netherlands	5.7	-	0.6	-	-	-	6.3
Denmark	5.8	0.5	-	-	-	-	6.3
United Kingdom	2.3	-	0.6	-	2.0	-	4.9
United States	0.0	-	2.3	-	0.1	0.8	3.2
Norway	3.1	-	-	-	-	-	3.1
Finland	1.9	-	-	-	0.4	0.3	2.6
Ireland	-	-	2.2	-	-	-	2.2
Luxembourg	-	-	-	1.6	-	-	1.6
Austria	1.3	-	-	-	-	-	1.3
Spain	-	-	1.0	-	-	-	1.0
France	0.3	-	-	-	0.5	-	0.8
Japan	-	-	-	-	-	0.7	0.7
Singapore	0.3	-	-	-	-	-	0.3
Hong Kong	0.3	-	-	-	-	-	0.3
Portugal	-	-	0.3	-	-	-	0.3
Latvia	-	-	-	0.0	-	-	0.0
<b>Total</b>	<b>46.3</b>	<b>14.8</b>	<b>10.0</b>	<b>5.7</b>	<b>3.5</b>	<b>4.6</b>	<b>84.9</b>

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



**Table 4: Liquidity placements as of September 30, 2012 by country and rating**

**Net Exposures**

Skr bn

Country	AAA	AA+	AA	AA-	A+	A	A-	BBB+	BBB-	BB	CCC	Total <sup>1</sup>
Sweden	3.7	6.5	2.6	4.1	1.4	3.6	3.1	0.2	-	-	-	25.2
Australia	2.8	-	-	8.8	-	-	-	-	-	-	-	11.6
Canada	-	-	2.2	-	4.4	-	-	-	-	-	-	6.6
Germany	1.4	4.0	0.1	-	-	-	1.0	-	-	-	-	6.5
Netherlands	0.6	-	2.7	-	-	3.0	-	-	-	-	-	6.3
Denmark	0.5	-	-	-	-	1.9	3.9	-	-	-	-	6.3
United Kingdom	0.5	-	0.2	1.1	-	2.2	0.8	0.2	-	-	-	4.9
United States	1.5	0.6	-	-	0.9	-	-	-	-	-	0.1	3.2
Norway	-	-	-	0.2	-	0.8	2.1	-	-	-	-	3.1
Finland	-	-	0.1	2.3	0.2	-	0.0	-	-	-	-	2.6
Ireland	1.4	-	-	-	-	-	-	0.4	-	0.4	-	2.2
Luxembourg	-	1.6	-	-	-	-	-	-	-	-	-	1.6
Austria	-	-	-	-	-	1.3	-	-	-	-	-	1.3
Spain	-	-	-	0.0	0.1	0.2	0.5	-	-	0.2	-	1.0
France	-	-	-	-	0.3	0.5	-	-	-	-	-	0.8
Japan	-	-	-	-	-	0.7	-	-	-	-	-	0.7
Singapore	-	-	-	0.3	-	-	-	-	-	-	-	0.3
Hong Kong	-	-	-	0.3	-	-	-	-	-	-	-	0.3
Portugal	-	-	-	-	-	-	0.2	-	0.2	-	-	0.3
Latvia	-	-	-	-	-	-	-	-	0.0	-	-	0.0
<b>Total</b>	<b>12.4</b>	<b>12.7</b>	<b>8.0</b>	<b>17.2</b>	<b>7.3</b>	<b>14.1</b>	<b>11.6</b>	<b>0.8</b>	<b>0.2</b>	<b>0.6</b>	<b>0.1</b>	<b>84.9</b>

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



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