

*This report provides liquidity information about Swedish Export Credit Corporation (SEK), Org. nr 556084-0315, as of September 30, 2018. The content of this report conforms to the Swedish Financial Supervisory Authority's regulation FFFS 2010:7 and must be disclosed four times per year. The figures presented in this report refer to the SEK group. For more information on SEK's liquidity risk management, please see SEK's Annual Report 2017 and Capital Adequacy and risk management report, Pillar 3 2017 (available on [www.sek.se](http://www.sek.se)).*

## 1 Management and measurement of liquidity risks

Liquidity and funding risk in SEK is the risk of not being able to refinance existing assets or 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. SEK has a low tolerance for long term structural liquidity risk and financing must be available throughout the maturity for all credit commitments, pertaining to both outstanding and committed undisbursed loans. For CIRR-loans, which SEK manages on behalf of the Swedish government, the company's credit facility with the Swedish National Debt Office is also regarded as available borrowing. The credit facility, granted by the government through the Swedish National Debt Office, amounts to Skr 125 billion and is valid through December 31, 2018 and entitles SEK to receive financing over the maturities of the underlying CIRR-loans. The credit facility is renewed annually and serves as a cushion in extreme stress scenarios.

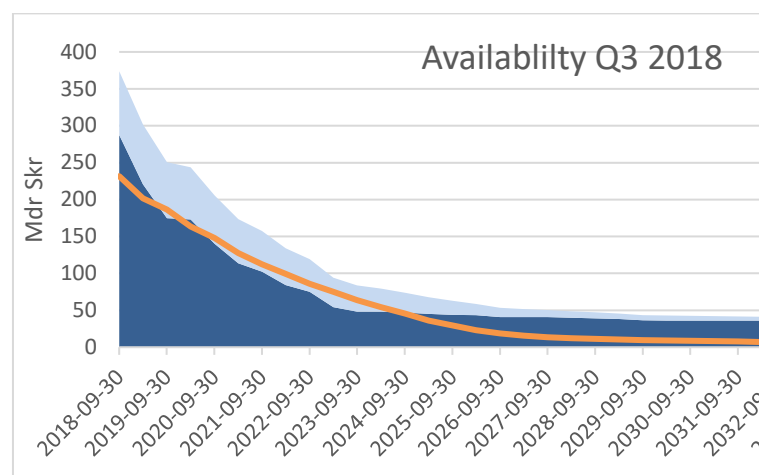
The primary tool to avoid a deficit in the short term is to control the maturity profile of the liquidity. A sound maturity profile is maintained by adapting the volume of overnight deposits in accordance with current needs and market conditions. To ensure availability to long term funding SEK ensures access to a diversified funding base.

**Chart 1: Development over time of SEK's available funds as of September 30, 2018**

A diversified funding base is ensured by actively raising funds in different markets, currencies and maturities. SEK also has a swing line that functions as a back-up facility for the commercial paper programs used for short-term funding. Although SEK has a hold to maturity policy, the company holds a diversified and highly liquid liquidity reserve which can be readily converted into cash at low cost.

From a long term perspective, no additional funding is required to manage commitments with regard to existing credits besides collateral flows since SEK's balance sheet is match funded. 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". 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 due at the first possible redemption opportunity. This assumption is an expression of the precautionary principle that the company applies concerning liquidity management.

Net stable funding ratio (NSFR) is also used to address 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 over a period of one year. Minimum requirements, in accordance with the CRR, will be in place in 2019 at the earliest.



## 2 Funding

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 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. Net total long-term funding taking into account swaps amounts to Skr 258.8 billion at September 30, 2018. 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.

SEK has several funding programs for maturities up to one year. Short-term funding programs include a US Commercial Paper program (UCP) with maturities of up to 9 months, and a European Commercial Paper program (ECP) with maturities of up to one year. The latter of these programs allows borrowing in multiple currencies. The total volume of short-term funding programs was USD 7.0 billion, of which USD 0.2 billion had been utilized as of September 30, 2018. SEK also has a swing line that functions as back-up facility for the commercial paper programs.

Chart 2: Long-term funding as of September 30, 2018 by issue currency

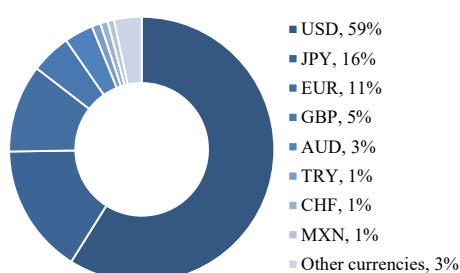


Chart 3: Long-term funding as of September 30, 2018 by structure type

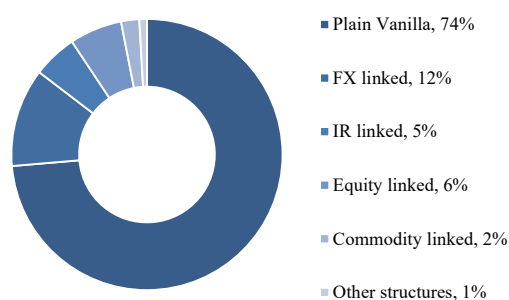
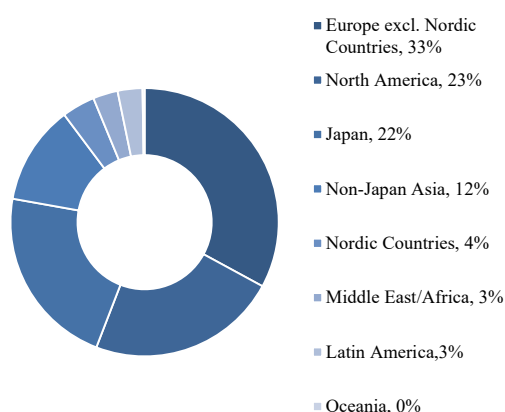


Chart 4: Long-term funding as of September 30, 2018 by market



## 2 Liquidity

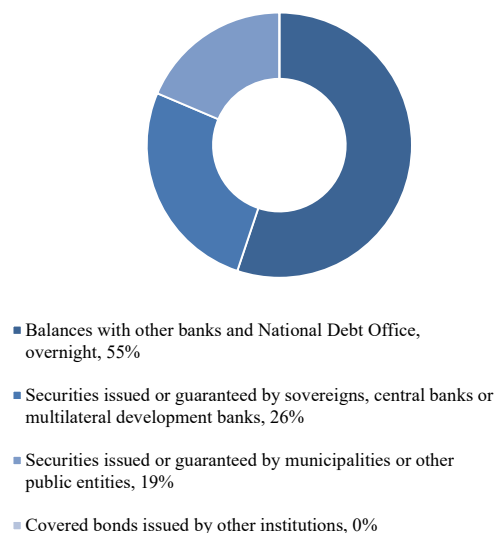
A fundamental concept in SEK's liquidity and funding risk management is that the liquidity investments will be held to maturity. Instead of selling assets as funds are needed, the maturity profiles of the liquidity investments are matched against funds expected to be paid out. SEK's liquidity investments 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.

The size of the liquidity portfolio is adapted to cover outflows from agreed but undisbursed credits, collateral agreements with derivative counterparties, outflows arising due to short-term funding transactions and new lending capacity. The aim for the new lending capacity is to provide at least three months' normal new lending in line with estimated lending requirements. SEK regularly performs scenario analyses to ensure that the size of the liquidity portfolio fulfills the company's liquidity needs in times of stress.

SEK's liquidity portfolio consists of the liquidity reserve, which comprises highly liquid assets and overnight deposits in banks, and other liquid assets. All assets in the liquidity reserve are LCR eligible according to the EU Commission's regulations. Chart 5 provides a breakdown of SEK's liquidity reserve by exposure type. For further details on SEK's liquidity investments, see Tables 2, 3 and 4 in section 4 Appendix.

At September 30, 2018, the volume of LCR eligible assets was Skr 18.1 billion and SEK fulfilled the LCR regulations according to the EU Commission's regulation by having an LCR ratio at an aggregate level of 494 percent.

**Chart 5: SEK's liquidity reserve as of September 30, 2018 by exposure class/type**



### 3 Appendix

**Table 1: Net long-term market funding amount, as of September 30, 2018 by country and structure type**  
Net total long-term funding taking into account swaps amounts to Skr 258.8 billion at September 30, 2018.

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For the long-term market funding, 17 percent (16 percent Q2 2018) of the outstanding volume includes early-redemption clauses as of September 30, 2018.

**Table 2: Liquidity reserve<sup>1</sup> as of September 30, 2018**

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**Table 3: Liquidity investments as of September 30, 2018 by country and exposure class/type**

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**Table 4: Liquidity investments as of September 30, 2018 by country and rating**

No data available	
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