



Capital Adequacy and Risk Management (Pillar 3) Report 2015

Review of 2015

At the start of the year, we changed our organization with the aim of increasing focus on helping our clients, Swedish exporters. We can now see that the change has had the desired effect and contributed to developing our business. Business volumes with existing clients have increased and we have attracted 11 new customers, both large and medium-sized.

Swedish exports gained momentum and positively impacted Swedish GDP growth in 2015. The positive export growth trend was notable at SEK through increased demand for lending to Swedish exporters' customers.



We have continued to develop our collaboration with the Swedish Export Credits Guarantee Board (EKN), and with Swedish and international banks, to reach more customers with our offering. Efforts to promote Swedish exports intensified in the autumn following the launch of the government's export strategy and we have increased collaboration with the various organizations within Team Sweden.



In August, we signed the financing agreement for Brazil's purchase of the Gripen fighter aircraft from Saab. This is SEK's largest ever lending transaction and comprises a loan from SEK corresponding to a total of Skr 41.9 billion. SEK is financing the entire transaction and EKN is guaranteeing the loan payments.

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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 the Swedish Financial Supervisory Authority (Swedish FSA).

1.1 Regulatory framework and approval

The current banking regulation is based on the three “Pillars” concept. Pillar 1 establishes minimum capital requirements for credit risks, market risks and operational risks, based on explicit calculation rules. In addition, certain capital requirements must be fulfilled. Pillar 2 determines the supervisory authorities’ functions and powers and describes national supervisory authorities’ evaluations of the companies’ risks and risk processes. It also sets frameworks for institutions’ internal processes for assessing risk and capital in order to supplement the capital requirements calculated within the scope of Pillar 1. Pillar 3 promotes openness and transparency. Disclosures in this report are governed by Pillar 3 requirements. This report complements, and is to be read in conjunction with, the Annual Report. A detailed description of SEK’s operations, business risk and sustainability risk can be found in the 2015 Annual Report. Information regarding SEK’s Remuneration Policy can be found in Note 5 of the Annual Report. Further details on internal governance are disclosed in the Corporate Governance Report, which is an integral part of the Annual Report. The information in this report is not required to be subjected to external audit and, accordingly, is unaudited. This report has been approved by SEK’s Board of Directors.

1.2 SEK Group

AB Svensk Exportkredit (the “Parent Company”) is a company domiciled in Sweden. The address of the company’s registered office is Klarabergsviadukten 61–63, P.O. Box 194, SE-101 23 Stockholm, Sweden. The Consolidated Group at December 31, 2015 comprises the Parent Company and its wholly owned subsidiary Venantius AB, including the latter’s wholly owned subsidiary VF Finans AB. These are together referred to as the “SEK Group” or “SEK,” which is the same abbreviation that is generally used for the Parent Company.

The consolidated situation with regard to prudential requirements, including the capital requirements according to the CRR, does not differ from the consolidation for accounting purposes. No subsidiary is an institution

according to the definition of the CRR, thus the prudential regulations do not apply to subsidiaries on an individual basis. There are no current or foreseen barriers to prompt the transfer of own funds or the repayment of liabilities for SEK’s undertakings or its subsidiaries.

The figures presented in this report refer to the SEK Group on a consolidated basis at December 31, 2015 unless otherwise stated. The figures for the Group and for the Parent Company are essentially the same. The 2015 figures are highlighted in the tables. The comparative figures in parentheses in this report refer to the same date or period in 2014 unless otherwise stated.

1.3 SEK’s operations

SEK is a credit market institution that arranges financing for exporters and exporters’ customers. SEK’s mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. Due to stable ownership in the form of the Swedish government, a solid balance sheet and a sound risk profile, SEK has high credit ratings and, therefore, has good possibilities for raising funds in the global capital markets. With regard to lending, 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.
- Due to its mission, the company’s main exposure is to credit risk. However, SEK’s credit portfolio is of high quality with 90 percent of the net exposure rated as investment grade. The other types of risk SEK is exposed to include market risk, operational risk and liquidity risk. To diversify funding risk, SEK is active in different capital markets, both regarding counterparties and

Table 1.1: Specification of subsidiaries included in the consolidated situation at December 31, 2015

Subsidiaries	Corp. reg. no.	No. of shares	Carrying amount (Skr mn)	Voting power of holding (%)	Domicile	Consolidation method
Venantius AB (publ)	556449-5116	5,000,500	17	100%	Stockholm	Purchase method
Total			17			

regions. One element of SEK's mission is to always be able to offer customers new lending, consequently, SEK always holds liquid investments to ensure that, even in times of financial stress, new lending can take place. According to SEK's business strategy, financing must be available for all credit commitments through maturity. The company hedges its market risk by swapping the lending, and structured and plain vanilla funding, to floating interest rates regardless of the conditions applicable to investors. Operational risk is a naturally inherent part of the company's day-to-day activities.

1.4 Highlights 2015

In 2015, all of SEK's capital ratios improved. The Common Equity Tier 1 and Tier 1 capital ratio increased to 21.6 percent (2014: 16.9 percent). The total capital ratio increased to 24.5 percent (2014: 19.2 percent). The increase in capital ratios in 2015 was mainly attributable to adjustments of the risk parameters, decreased volumes

in the liquidity portfolio and an increase in retained earnings.

The reduction in the risk parameters was attributable to lower default rates over the last few years. SEK has divested the majority of its securitization positions and applied other measures to reduce the volume of its liquidity investments. These actions have decreased credit risk exposures to securitizations, governments, regional governments and financial institutions. Divestments of securitizations and the decrease in liquidity investments also reduced the company's exposure to market risk. This applies primarily in terms of exposure to credit spread risk.

The risk level in terms of operational risks is within the risk appetite. Losses deriving from incidents remain low, at Skr 0.8 million in 2015 (2014: Skr 0.4 million). SEK's liquidity was stable during the year and the external requirements for the liquidity coverage ratio (LCR) and the internal requirement that all credit commitments be financed throughout the entire period to maturity was fulfilled.

2. Risk and capital management

2.1 Risk governance

The Board of Directors has ultimate responsibility for the company's organizational structure and administration of the company's affairs, including overseeing and monitoring risk exposure, risk management and compliance, and for ensuring satisfactory internal control of the company's compliance with legislation and other regulations governing the company's operations. 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 to ensure that risk management, the use of capital and business strategies correspond with each other. The Board also determines the company's risk policy and decides on issues relating to credits of great significance to SEK.

The Board has established the Finance and Risk Committee, which assists the Board with overall issues regarding governance and monitoring of risk-taking, risk management and the use of capital. The Finance and Risk Committee also determines certain limits, chiefly within market risk. The Board's Credit Committee assists the Board in matters relating to credits and credit decisions within SEK and matters that are of fundamental significance or generally of great importance to the company regarding credits. Furthermore, the Board's Credit committee establishes limits and takes credit decisions that exceed the mandates of the company's Credit Committee. The Board's Audit Committee assists the Board with financial reporting and internal control matters such as

the Corporate Governance Report. For a detailed description of the work of the Board, please refer to the Corporate Governance Report in SEK's Annual Report.

SEK's Chief Executive Officer (CEO) is responsible for the day-to-day management of business operations. The CEO has established executive management committees to follow up on matters, prepare matters for decision by the CEO or to prepare matters for decision by the Board. One of these is the Risk and Compliance Committee (RCC), which manages matters relating to risk, capital, compliance and audit, and evaluates the effects of new regulation. The Committee follows up on risk exposures, the use of capital and reports from the control functions. In addition, the CEO, after consultation with the committee, decides limits on a company level and procedures for managing risk and compliance among other matters. Another committee is the Credit Committee (CC), which is responsible for matters regarding lending and credit risk management within SEK. Under its mandate, and on the basis of the delegation of authority established by the Board, the Credit Committee is authorized to make credit decisions.

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 identify and monitor the risks, and an internal audit function that reports directly to the Board.



2.2 SEK's risk framework

Effective management and control of risk in SEK is based on a sound risk culture, a common approach and an effective control environment. The company emphasizes

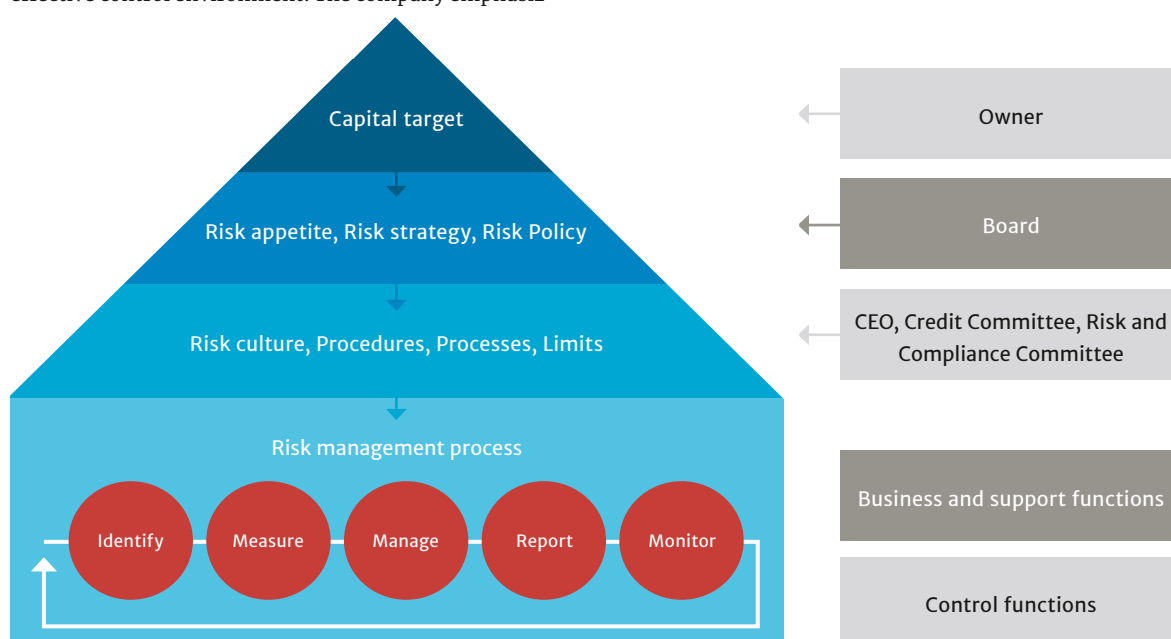
the importance of broad risk awareness among staff and understanding the importance of preventive risk management in order to keep risk exposure within the determined level. In addition, SEK has a risk framework (see figure above) that encompasses all SEK's operations, all its risks and all relevant personnel.

The structure of the risk framework is ultimately governed by SEK's mission from its owner, the Swedish state, and SEK's business model. The capital target sets the overall constraint for SEK's strategy. Within the constraints that the capital target sets, risk appetite is expressed as the risk, defined at risk type level, to which the Board is prepared to expose the company in order to achieve its strategic objectives. The Board also sets the overall risk steering guidelines in the risk strategy and procedures in the Risk Policy. The CEO then specifies risk governance in the company's risk culture, procedures, processes and limits. The risk management process is performed on a daily basis for the main risks, for example, credit risk, market risk, liquidity and operational risk, and regularly for the other risks. Regular follow-ups are carried out to ensure that the risk management process is performed at a satisfactory level of internal control.

2.3 Risk management process

The company must identify, measure, manage, report and have control over those risks with which the business is associated and, to this end, must ensure it has satisfactory internal control. SEK's risk management process comprises the following key elements:

- **Identify.** At any given time, SEK must be aware of the risks to which the company is exposed. 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, and testing are carried out.



- **Measure.** The size of the risks is measured on a daily basis for significant measurable risks or is assessed qualitatively as frequently as is necessary. For those risks that are not directly measurable, SEK evaluates the risk according to models that are based on the company's risk appetite for the respective risk type, specified according to appropriate scales for probability and consequence.
- **Manage.** SEK aims to oversee the development of the business and make active use of risk-reduction capabilities and have control of the development of risks over time to ensure that the business is kept within the established risk appetite and limits. In addition, the company 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.
- **Report.** The company reports on the current risk and capital situation and other related areas to the CEO, the RCC, the Finance and Risk Committee and the Board of Directors, at least every quarter.
- **Monitor.** The company controls and monitors 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 the company and that risk management is effective and appropriate.

2.4 Risk declaration

The Board hereby declares that the SEK Group has overall satisfactory risk management arrangements in relation to the company's profile and strategy. Improvements are in progress regarding processes and methods for market risk.

2.5 Risk statement

SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. The company is consequently exposed mainly to credit risk. The business operations are limited to products and positions that are well understood by the company and where there are risk measurement and valuation methods in place and where evaluation of acceptable effects from a sustainability perspective, at least in accordance with international procedures, takes place beforehand. SEK borrows money on the capital market that, if needed, is converted with derivatives to variable interest and the currencies that is needed in the lending business. According to SEK's business strategy there must be financing available for all credit commitments through maturity.

As of end 2015, the total internally assessed economic capital excluding buffer for SEK, amounted to Skr 9, 947 million, of which credit risk accounts for 80 percent, market risk 15 percent, operational risk 3 percent and other risks accounts for 2 percent.

For further information, see the table below or the following chapters in this report with information per risk class.

Table 2.1 Detailed risk statement

Risk class	Risk profile	Risk appetite metrics	Risk management
Credit risk Credit risk is the risk of the loss that could occur if a borrower or party in another agreement cannot meet its obligations under the agreement's terms and conditions. Counterparty risk, concentration risk and settlement risk are certain subsets of credit risk.	SEK's lending portfolio is of a high credit quality. The portfolio has concentration risk as a result of the company's mission. The net risk is principally limited to highly credit worthy counterparties, such as export credit agencies (ECAs), major Swedish exporters, banks and insurers. SEK invests its liquidity in high credit quality securities, primarily with short maturities.	<ul style="list-style-type: none"> - Single customer concentration - Rating category concentration - Expected loss 	Lending must take place in a responsible manner and based on in-depth knowledge of SEK's counterparties. Lending must also take place in accordance with SEK's mission based on its owner instruction. Lending must be based on counterparty's repayment capacity. 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. SEK strives to have a diversified lending portfolio. Concentrations that occur naturally as a result of the company's mission are accepted, but concentration risk is reduced using risk mitigation solutions.
Market risk Market risk is the risk of loss or reduction of future net income following changes in prices and volatilities on financial markets including price risk in connection with the sale of assets or closing positions.	SEK's business model leads to exposure mainly to spread risks, interest rate risk and foreign exchange risk. The company's largest net exposures are to changes in spread risks, mainly to credit spreads in assets and liabilities and cross currency basis swap spreads.	<ul style="list-style-type: none"> - Scenariobased stresstest - Interest rate sensitivity - Net interest income risk and net interest income risk related to cross currency basis swap spreads - Monitor adjustment for prudent valuation 	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.

Risk class	Risk profile	Risk appetite metrics	Risk management
Liquidity and refinancing 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 increased demands for liquid funds. Liquidity risk also includes the risk of the company having to borrow at an unfavorable interest rate or needing to sell assets at unfavorable prices in order to meet its payment commitments.	<p>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 the normal pace, even during times of stress.</p> <p>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.</p>	<ul style="list-style-type: none"> - LCR - NSFR - Matchfunded balance sheet including pre-funded reserve for new lending 	<p>SEK must have diversified funding to ensure that funding must be available through maturity for all credit commitments – outstanding credits 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.</p>
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 also includes legal and compliance risk.	<p>Operational risks arise in all parts of the business. Improvements are in progress regarding processes and methods for market risk. The vast majority of incidents that have occurred are minor events that are rectified promptly within the respective functions. Overall risk is low as a result of effective internal control measures and a focus on continuous improvement.</p>	<ul style="list-style-type: none"> - Operational risk loss - Monitor top risks - Internal policy and external regulatory breaches 	<p>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.</p> <p>Costs to reduce risk exposures must be in proportion to the effect that such measures have.</p>
Business risk Business risk is the risk of an unexpected decline in revenue as a result of a decrease in volumes and/or falling margins.	<p>SEK's earnings tend to increase in stressed situations when the financial sector's overall lending capacity declines. It is also in these situations that it is considered most likely that SEK could potentially incur substantial loan losses. The negative earnings effect of increased loan losses tends to be compensated by increased earnings over time.</p>	<ul style="list-style-type: none"> - Monitor concentration in revenues derived from a few clients. 	<p>Business risk is identified through risk analysis and is monitored and prevented as deemed necessary. Costs to reduce risk exposures must be in proportion to the effect that such measures have.</p>
Strategic risk (business environment risk) Strategic risk is the risk of lower revenue as a result of adverse business decisions, improper implementation of decisions or lack of adequate responsiveness to changes in the regulatory and business environment. Strategic risk focuses on large-scale and structural risk factors.	<p>SEK's 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.</p>	<ul style="list-style-type: none"> - Strategic decisions in accordance with strategy - Monitor strategic investments 	<p>Strategic risk is identified through risk analysis and is monitored and prevented as deemed necessary. Costs to reduce risk exposures must be in proportion to the effect that such measures have.</p>
Reputational risk Reputational risk is the risk of a negative reputation and/or reduced revenue as a result of external perception of the company or about the sector in general.	<p>Factors considered to affect the reputation of the SEK brand are mainly loan losses, transactions that could be perceived to lack Swedish interests or the perception that the company has breached applicable regulations, for example with regard to sustainability.</p>	<ul style="list-style-type: none"> - Monitor reputational impact from business activities 	<p>Reputational risk is actively prevented and mitigated to an acceptable level. Costs to reduce risk exposures must be in proportion to the effect that such measures have. The company's communication plan describes the principles for both long-term and short-term management of reputational risk.</p>
Sustainability risk Sustainability risk is the risk of SEK directly or indirectly, negatively affects externalities within the areas of money laundering, environmental considerations, anti-corruption, human rights, labor conditions or business ethics.	<p>SEK is indirectly exposed to sustainability risks in connection to its lending activities. High sustainability risks could occur in financing of large projects or of businesses in countries with high risk of corruption or human rights violations.</p>	<ul style="list-style-type: none"> - Lending in accordance with international guidelines and national regulations within the area - Monitor executed lending transactions 	<p>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 combating money laundering, environmental, anti-corruption, human rights, labor conditions and business ethics.</p>

2.6 Capital target

The company's capital target is one of the most central steering parameters. SEK's capital target serves two purposes:

- firstly to ensure that the company's capital strength is sufficient to support the strategy set out in the company's business plan and to ensure that capital adequacy is always higher than the regulatory requirement, even during severe economic downturns
- secondly to maintain a capital strength that supports strong creditworthiness, which in turn ensures access to long-term financing on beneficial terms.

The capital target is decided by the owner, the Swedish state, in General Meeting. The capital target is expressed as follows:

"SEK's total capital ratio under normal circumstances is to exceed the capital requirement communicated by the Swedish FSA by 1 to 3 percentage points".

The margin above the capital requirement is to cover volatility that can be expected under normal circumstances. The total capital relation at year-end exceeded the capital target by a margin.

2.7 Internal capital adequacy assessment process (ICAAP)

The internal capital adequacy process is an integral part of SEK's strategic planning, where SEK's Board of Directors establishes the company'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 strong level of creditworthiness. The capital that held by SEK should 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 its development 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 requirement, due to new or changed regulation, are part of this assessment. The assessment is performed as a minimum for the forthcoming period of the three years in the business plan.

In connection to the internal capital adequacy assessment, an assessment of the liquidity is performed. The need of liquidity, and its composition, for the forthcoming period in the business plan is assessed in order to ensure that SEK has enough liquidity to realise the business plan and meet regulatory requirements.

SEK views the macroeconomic environment as the major driver of risk to the company's earnings and financial stability. To arrive at an appropriate assessment of the company's capital strength, stressed scenarios representing more severe conditions are taken into consideration. Stress testing is used to assess the safety margin required

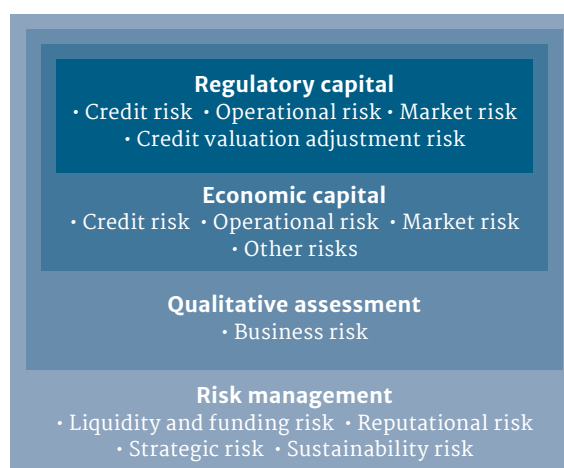
over the formal capital model requirements. To assess the capital requirement under severe financial circumstances, a stress scenario is developed taking into account relevant global and local factors affecting SEK's business model and also SEK's net risk exposure. The stressed macro scenario used for the planning period 2016–2018, is based on a deepened crisis in Europe. The effect on SEK from the stress scenario is applied to the business plan and management decides upon compensating actions.

When performing the internal calculation of how much capital that is needed, SEK uses other methods than those used to calculate the Minimum Capital Requirement. SEK's assessment is based on the company's internal calculation of economic capital. Economic capital (EC) is a measure that is developed to capture the risks that SEK have in its specific business. SEK also analyzes for example concentration risk, additional market risks and pension risks, besides the credit, market and operational risks. The modeling techniques that SEK uses are described under respective risk category in this report.

In addition to the Internally assessed economic capital, SEK also estimates 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 of capital that SEK needs to hold.

SEK believes that capital does not constitute a risk-reducing factor for certain types of risks; e.g. for reputation and liquidity risk for which SEK applies active risk mitigation. Chart 2.1 describes how SEK groups and analyzes its risks in the capital adequacy assessment process.

Chart 2.1: SEK's grouping of risks in the ICAAP



3. Capital and Liquidity Position

SEK's own funds are well in excess of the capital requirements. All capital ratios have improved in 2015.

3.1 Summary of capital and liquidity position

Table 3.1 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).

Table 3.1: SEK's capital and liquidity position

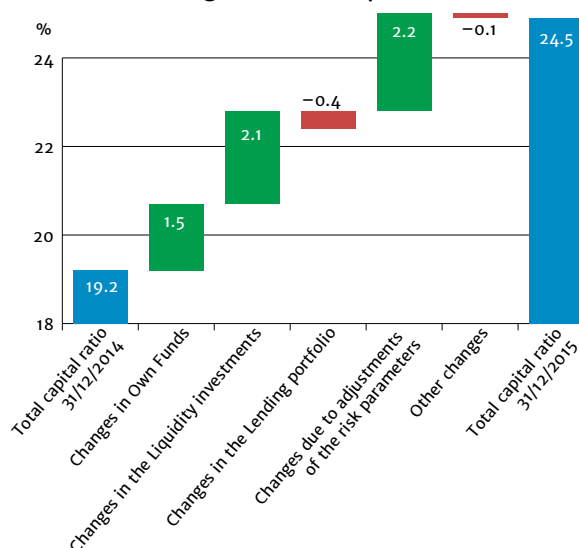
Skr mn	2015	2014
Own funds		
Common Equity Tier 1 capital	15,995	14,786
Tier 1 capital	15,995	14,786
Total own funds	18,092	16,790
Capital requirements		
Risk exposure amount (REA)	73,959	87,317
Capital requirements (8% of REA)	5,917	6,985
Capital ratios		
Common Equity Tier 1 capital ratio	21.6%	16.9%
Tier 1 capital ratio	21.6%	16.9%
Total capital ratio	24.5%	19.2%
Common Equity Tier 1 capital available to meet institution specific requirement	20.1%	15.4%
Transitional rules		
Own funds according to transitional rules	18,083	16,739
Capital requirements according to transitional rules	6,178	6,985
Total capital ratio according to transitional rules	23.4%	19.2%
Leverage		
Exposure measure for the leverage ratio	296,050	336,561
Leverage ratio	5.4%	4.4%
Liquidity		
Liquidity coverage ratio (LCR)	573%	250%
Net stable funding ratio (NSFR)	99.4%	103.6%

According to the CRR's transitional rules regarding the Basel I floor, a capital requirement for total own funds should be calculated in parallel, on the basis of the Basel I rules. To the extent that the Basel I based capital requirement, reduced to 80 percent, exceeds the capital requirement based on CRR, the capital requirement under the above mentioned Basel I based rules is to constitute

the minimum capital requirement. Other transitional arrangements concerning CRR have no significant effect on SEK.

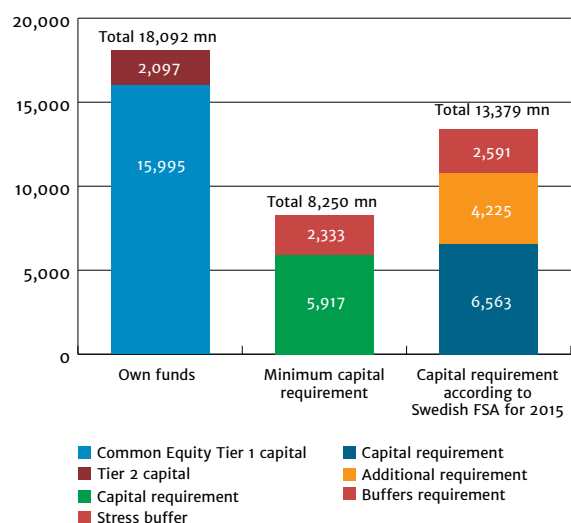
As shown in Chart 3.1 below, the increase in capital ratios in 2015 was mainly attributable to adjustments of the risk parameters, decrease in capital requirements due to decreased volumes in the liquidity portfolio, and increase in SEK's retained earnings. SEK reviews its estimates of probability of default (PD) at least on an annual basis, or when new default statistics or other relevant information becomes available. In 2015, estimates of PD employed by SEK were updated twice, based on default rate data published by Standard and Poor's. For many rating classes, default rate data for both 2013 and 2014 showed lower default rates than the long-term average default rate of the period used as basis for the estimation of PD. Consequently, the estimates of PD employed by SEK were lowered for many rating classes, which resulted in lower REA and increase in all capital ratios.

Chart 3.1: Change in Total Capital ratio



At the end of December 2015, SEK's own funds amounted to Skr 18,092 million (year-end 2014: Skr 16,790 million), while the minimum capital requirement including buffers amounted to Skr 8,250 million (year-end 2014: Skr 9,170 million) and the capital requirement according to the Swedish FSA including buffers amounted to Skr 13,379 million (year-end 2014: Skr 13,502 million).

Chart 3.2: Capital situation at December 31, 2015



SEK's liquidity situation continued to remain stable during the year and the company continued operating under the internal liquidity strategy that requires availability of funding for all of SEK's credit commitments for the entire maturity period.

The external demands for the liquidity coverage ratio (LCR) have been fulfilled at all times. The LCR measures the available high quality liquid assets (HQLA) against net cash outflows arising in the 30 day stress scenario period and institutions are expected to maintain a LCR of at least 100 percent. At December 31, 2015, SEK complied with these rules by having a LCR ratio at an aggregate level of 573 percent, a ratio for EUR of 825 percent and a ratio for USD of 312 percent.

The net stable funding ratio (NSFR) measures the amount of stable funding available to an institution against the required amount of stable funding over a period of one year. At December 31, 2015, NSFR was 99,4 percent.

3.2 Capital requirements

The following capital requirements are applicable to SEK:

- The minimum capital requirement in accordance with CRR combined with buffers requirements and restrictions on leverage ratio and large exposures.
- The capital requirement according to Swedish FSA including buffers requirements.
- The internally assessed economic capital including buffers requirements.

3.2.1 Minimum capital requirement

CRR establishes the minimum capital requirement expressed as percentage of the total risk exposure amount (REA), which is to be covered by an institution's own funds at all times. In addition, certain capital buffer requirements must be fulfilled. SEK is to meet the capital buffer requirements by using Common Equity Tier 1 capital.

The capital conservation buffer of 2.5 percent was the only applicable buffer to SEK in 2014. This static buffer is also applicable in 2015. From September, 2015 a countercyclical buffer rate of 1.0 is applied to all exposures located in Sweden. At December 31, 2015, the weight of the Swedish buffer rate, comprising the proportion of relevant capital requirements related to exposures in Sweden to total relevant capital requirements, is 65 percent (61 percent), which results in a countercyclical buffer of 0.7 percent applicable to SEK. The Swedish countercyclical buffer rate will increase to 1.5 percent at June 27, 2016. Buffer rates activated in other countries may have effects on SEK, but the potential effect is limited since most capital requirements from relevant credit exposures are related to Sweden. At December 31, 2015, the contribution to SEK's countercyclical buffer from buffer rates in other countries was 0.01 percentage points (year-end 2014: no effect).

SEK has not been classified as a systemically important institution. The capital buffer requirements for systemically important institutions that will come into force on January 1, 2016 will thus not apply to SEK. There is no systemic risk buffer applicable to SEK that is active at the moment. Table 3.3 presents SEK's minimum capital requirement specified by calculation methods, risk categories, and exposure classes. The REA is calculated for credit, market and operational risks based on various approaches described in more detail in this report. Exposure at default (EAD) is the basis for the calculation of REA, 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 REA.

Table 3.2: Minimum capital requirement including buffers

Skr mn	Minimum Capital Requirement		Capital Conservation Buffer		Countercyclical Capital Buffer		Minimum Capital Requirement incl. Buffers	
	2015	2014	2015	2014	2015	2014	2015	2014
Capital ratios								
Common Equity Tier 1 capital ratio	4.5%	4.5%	2.5%	2.5%	0.7%	–	7.7%	7.0%
Tier 1 capital ratio	6.0%	6.0%	2.5%	2.5%	0.7%	–	9.2%	8.5%
Total capital ratio	8.0%	8.0%	2.5%	2.5%	0.7%	–	11.2%	10.5%

Table 3.3: Minimum capital requirement

Skr mn	Exposure at Default		Risk exposure amount		Minimum capital requirement	
	2015	2014	2015	2014	2015	2014
Credit risk standardized method						
Central governments ²	141,235	158,666	760	736	61	59
Regional governments	13,999	20,891	–	–	–	–
Multilateral development banks	24	319	–	–	–	–
Corporates	1,441	1,207	1,441	1,207	115	96
Total credit risk standardized method	156,699	181,083	2,201	1,943	176	155
Credit risk IRB method						
Financial institutions	51,805	67,293	16,437	24,186	1,315	1,935
Corporates	81,575	79,344	46,990	49,042	3,760	3,923
Securitization positions	756	6,308	241	3,643	19	291
Assets without counterparty	129	134	129	134	10	11
Total credit risk IRB method	134,265	153,079	63,797	77,005	5,104	6,160
Credit valuation adjustment risk	n.a.	n.a.	2,403	3,340	192	267
Foreign exchange risks	n.a.	n.a.	1,570	1,529	126	123
Commodities risk	n.a.	n.a.	19	27	1	2
Operational risk	n.a.	n.a.	3,969	3,473	318	278
Total	290,964	334,162	73,959	87,317	5,917	6,985
Adjustment according to Basel I floor	n.a.	n.a.	3,262	–	261	–
Total incl. Basel I floor	n.a.	n.a.	77,221	87,317	6,178	6,985

Leverage ratio

A leverage ratio measure has been introduced by the CRR and must be disclosed at least annually starting in 2015. Currently, there is no minimum requirement on the leverage ratio. The changes to the definition of leverage ratio that came into force January 19, 2015, have also been reflected in the leverage ratio at December 31, 2014. 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, inter alia, derivatives, and off-balance sheet credit risk exposures, which are weighted with a factor depending on the type of exposure.

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 total own funds. SEK's eligible capital is equivalent with its own funds in this respect. The value of such exposures to a single counterparty or a group of connected counterparties may not exceed 25 percent of an institution's own funds. 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 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 3.4: SEK's large exposures as percentage of the own funds

	2015	2014
The aggregate amount of SEK's large exposures	236.7%	341.6%
Exposures between 10% and 20%	18 exposures, totaling Skr 42,825 mn	25 exposures, totaling Skr 57,347 mn
Exposures > 20%	none	none

3.2.2 The capital requirement according to Swedish FSA

In addition to the minimum capital requirements established by CRR, the Swedish FSA establishes a total capital requirement that SEK needs to meet in the Supervisory Review and Evaluation Process (SREP). The minimum capital requirement according to CRR forms the basis in the total capital requirement to which the Swedish FSA adds the requirement for additional risks that are not included in the minimum capital requirement, called the capital requirement according to Pillar 2. Finally the Swedish FSA adds the capital buffers according to Pillar 1. The requirement is communicated to SEK in the SREP-process and is based on forecasted REA for year ahead.

3.2.3 Internally assessed economic capital

As a part of the ICAAP process, 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 for more information regarding internally assessed economic capital.

Table 3.5: Internally assessed economic capital excl. buffer

Skr mn	Percent- age of		Percent- age of	
	2015	REA	2014	REA
Credit risk	7,944	10.7%	9,099	10.4%
Market risk	1,447	2.0%	1,693	1.9%
Operational risk	318	0.4%	315	0.4%
Other ¹	238	0.3%	–	–
Internal capital requirement excl. buffer	9,947	13.4%	11,107	12.7%

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. Under IAS19, SEK recognize a provision for the Net Defined Benefit Liability in the Consolidated Statement of Financial Position. The provisions for the Net Defined Benefit Liability are measured against the stressed scenarios. SEK employees have a collectively bargained pension through the BTP plan, which is the most significant pension plan for salaried bank employees in Sweden. The BTP plan is funded by means of insurance with the insurance company SPP.

3.3 New regulation

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 within the EU or within Sweden.

Credit risk

For risk classification and quantification of credit risk, SEK uses an internal ratings-based (IRB) approach, the IRB Foundation Approach. Certain exposures are, by permission from the Swedish FSA, exempted from application

of the IRB approach, and then the standardized approach is applied instead. SEK has permanent exemptions for exposures to Swedish central and regional governments, as well as permanent exemptions for some non-material exposures. Also, SEK has time-limited exemptions until, for now, July 31, 2016 for exposures to central and regional governments outside Sweden and to multilateral development banks. In 2015, SEK applied to the Swedish FSA for approval for such extensions to SEK's IRB approach necessary to apply the IRB approach for the exposures concerned by the time-limited exemptions. Minimum capital requirements for these exposures are expected to increase when an IRB approach is applied.

Market risk

On May 22, 2015, the European Banking Authority (EBA) issued guidelines on the management of interest rate risk arising from non-trading activities, or interest rate risk in the banking book (IRRBB), which will come into force on January 1, 2016. The guidelines cover the following topics: scenarios and stress testing, measurement assumptions, methods for measuring interest rate risk, the governance of interest risk and the identification, calculation and allocation of capital to interest risk. The guidelines require a significant higher degree of sophistication with regard to measuring interest rate risk than previously and SEK has adopted the guidelines. They have initially not resulted in an increase in capital requirements related to market risk.

Counterparty credit risk

The European Market Infrastructure Regulation (EMIR), a regulation regarding OTC derivatives, central counterparties and trade repositories, came into effect 2012. Since then, various parts of the regulation have been rolled out. During 2016, additional parts of the regulation will come into effect related to central clearing of certain OTC derivatives. SEK will be obliged to clear certain OTC derivatives from December 2016, for such transactions that were entered into from May 2016. Clearing will have an impact on cash-flows, posting of collaterals, counterparty exposure and financial reporting.

Furthermore, from March 2017, it will be compulsory for SEK to post variation margin on non-cleared derivatives. The detailed regulation within this area is, however, not in place yet. Therefore, it remains to be seen if there will be significant differences with regard to cash flows as compared to collateral agreements in place in the present regulatory environment.

Liquidity risk

With regard to LCR according to CRR, a minimum ratio of 60 percent was introduced by the CRR at October 1, 2015. This minimum ratio will gradually increase to 100 percent until January 1, 2018. In Sweden, certain national requirements on a liquidity coverage ratio are already in force.

NSFR according to CRR is already subject to supervisory reporting. Minimum requirements will however not come into force until 2018.

Bank Recovery and Resolution Directive (BRRD)

The BRRD was fully implemented in Swedish law at February 1, 2016, through the Resolution Act. During 2015, part of BRRD was implemented through regulation by the Swedish FSA, which required SEK to establish a contingency funding plan. As from 2016, all the requirements in accordance with the BRRD have been implemented through legislation in Sweden. In accordance with the Resolution Act, SEK is subject to a minimum requirement for own funds and eligible liabilities, which is a parallel requirement to CRR. The minimum requirement is to be determined individually for each institution by the national resolution authority, which in Sweden is the Swedish National Debt Office. SEK has not yet been informed by the National Debt Office which minimum requirement is applicable to SEK, however it is not probable that the requirements will have a significant impact on SEK's capitalization. SEK will pay an annual resolution fee which will amount to approximately 9 basis points on certain outstanding debt. The resolution fee will replace the stability fee currently in place amounting to 3.6 basis points on certain outstanding debt. The fee will be subject to transitional rules in 2016. The Resolution Act also includes a requirement for the terms of debt instruments which are issued on or after February 1, 2016, and are not governed by the law of a European Economic Area jurisdiction, to contain a contractual clause.

IFRS 9

IFRS 9 Financial instruments covering classification and measurement, impairment and general hedge accounting was adopted by the IASB in 2014. IFRS 9 has not yet been approved by the EU. The adoption of IFRS 9 is mandatory effective from January 1, 2018, with early adoption permitted. SEK has started the process of evaluating the potential effect of this standard, but has not yet determined any conclusions.

4. Credit risk

Credit risk is inherent in all assets and other contracts in which a counterparty is obliged to fulfill obligations. SEK mitigates credit risk through a methodical and risk-based selection of counterparties and to a large extent by using guarantees and different types of collateral. SEK's appetite for credit risk is closely linked to its business model and, accordingly, is significantly greater than its appetite for other risks.

4.1 Management

4.1.1 Internal governance and responsibility

SEK's credit risk is managed by the Risk Policy and the Credit Instruction and Governing Documents issued by the Board and its Credit Committee. 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.

Overall responsibility for the relationship with all of SEK's counterparties lies with lending account managers. They are responsible for assessing customers' product needs, credit risk assessment (with the support of credit analysts) and sustainability assessment, limit and exposure management and assume ultimate responsibility for credit risk and its impact on SEK's income statement and balance sheet. Account managers are responsible for ensuring that limits are continuously reviewed, at

least annually. The Credit function is part of SEK's first line of defense and has a direct reporting line to the CEO. The Credit function is responsible for the administration of the credit process. The Risk function, which is part of SEK's second line of defense, monitors and validates SEK's credit risk management and credit risk assessments and ensures controls of compliance with limit and credit decisions.

SEK uses limits to constrain risks to a defined extent. Limits stipulate the highest permitted amounts of exposure toward a risk counterparty for specific maturities and different types of exposures, for example, direct lending, guarantees, counterparty credit risks from derivative contracts and liquidity investments. A limit entitles SEK's commercial units, together with the Credit function, to enter into commercial agreements within this limit in the name of SEK, entailing a credit risk with the relevant counterparty. All limits and risk classifications are subject to review at least once a year. Exposures that are deemed to be problem loans, such as exposures to counterparties that SEK considers to have a high probability of being unable to fulfill all of their commitments under the original contractual terms, are subject to more frequent analysis. Limits are also blocked, meaning that no new transactions may be undertaken for such counterparties. The aim is, at an early stage, to be able to identify exposures with an elevated risk of loss and to ensure that the risk classification reflects the real risk pertaining to the counterparty. Any provision requirements are based on two tests, an individual provision test for assets that are significant individually, and a provision test for assets that are not significant individually. The assessment criteria and reasons for proposed provision decisions are summarized in the provision report used for decision-making. The assessed provision requirement and the noted loan losses are minuted in the Credit Committee and used in the process of preparing the accounts. The provision is prepared by the Board's Credit Committee. Finally, a decision on provision requirements is made by the Board.

To provide guidance for lending and limit-setting, a specified Normative Credit Policy has been established at SEK that clarifies requirements that must be met in order for a credit or a limit with acceptable risks to be granted.

Limit and credit decision procedure

The board

Matters related to credit and credit decisions that are of fundamental significance or in some other way of major importance to SEK.

The Board's Credit Committee

Decisions concerning limits or credit that exceed the Credit Committee's decision-making mandate, new country limits, country limits transgressing the norm.

Credit Committee

Decisions concerning limits or credit within the Credit Committee's decision-making mandate, annualization of country limits within the norm, credit-risk-related waivers and new liquidity limits.

Subject to authorization

Decisions on credit proposals within the limit and within the norm are subject to authorization as described in the credit instruction, which was adopted by the Board's Credit Committee.

Rating Committee

Decisions on internal risk ratings. Decisions of the Rating Committee cannot be amended by any other decision-making authority.

Normative credit policy
To provide guidance in respect of lending and the setting of limits with an acceptable risk level, SEK has established a Normative Credit Policy (the Norm), which clarifies in five areas the quality requirements that a loan or a limit has to fulfill in terms of transaction structure and risk:
1. Operational criteria
2. Risk level
3. Lending terms
4. Know your customer (KYC)
5. Sustainability risks

Calculating the amount that defines the decision-making mandate of the Credit Committee is based on the formula for calculating the minimum capital requirement. Exposures deemed to be problem credits are managed in line with special guidelines. It is the account managers' and the credit analysts' responsibility to continually monitor counterparties for problem loans and regularly report problem exposures to the Credit Committee and to the Board's Credit Committee.

4.1.2 Credit risk mitigation methods

SEK's credit risk is mitigated through the methodical risk-based selection of counterparties and credit limits. Moreover, credit risk is further reduced by the use of guarantees, mainly from highly rated government related Export Credit Agencies, supporting counterparty obligations and the use of collateral. To a certain extent, SEK also purchases credit protection in the form of credit default swaps ("CDS").

SEK relies largely on guarantees in its lending. The guarantors principally comprise government export credit agencies, such as the Swedish Export Credits Guarantee Board ("EKN"), the Export Import Bank of the United States ("USEXIM"), the Exports Credits Guarantee Department of the United Kingdom ("ECGD"), the Compagnie Financière pour la Commerce Extérieure ("Coface") of France and Euler Hermes Kreditversicherungs AG of Germany, as well as financial institutions and, to a lesser extent, non-financial corporations and insurance companies. Credit risk is allocated to a guarantor according to SEK's policy and thus when disclosing credit risk net exposures, the majority of SEK's guaranteed credit exposure is shown as exposure to sovereign counterparties.

SEK relies on various types of collateral in order to reduce and reallocate credit risks. Approved collateral under the ISDA Credit Support Annex comprises cash. Any collateral that SEK is entitled to receive must be managed and documented in a manner such that the collateral fulfills its function and can be used in the intended manner when needed. When a credit decision is made, the creditor's assessed creditworthiness and ability to repay,

and, where applicable, the value of the collateral is taken into account. The credit decision may be made on the condition that certain collateral is provided. Collateral and netting arrangements are, however, not included in SEK's risk measurements except for counterparty credit risk exposures from derivatives.

4.2 Measurement

4.2.1 Internal ratings-based approach (IRB)

SEK uses a Foundation IRB approach to assess the credit risk for exposures to all of its counterparties except those counterparties that have been expressly exempted from this requirement by the Swedish Supervisory Authority. When using an IRB approach, the institution applies to some extent its own estimates of risk parameters for calculating the capital requirements according to the Basel formula. When using a Foundation IRB approach, only the probability of default (PD) is estimated internally. Consequently, for SEK other parameters than the PD of the Basel formula are set by the CRR, i.e. loss given default (LGD) and credit conversion factors (CCF). See table 4.1. All of SEK's counterparties must be assigned an internal risk classification that is to say, an internal rating, except those counterparties that have been expressly exempted from this requirement by Finansinspektionen (Swedish FSA) (see SEK-specific exemptions from IRB below). The design of SEK's IRB system includes both operational and analytical aspects. The operational design concerns the organizational process for, and controls on how, counterparties are assigned risk classifications. Important operational aspects of the process include how the risk classification is performed and established, and how the responsibility for monitoring, validation and control is distributed throughout the organization. The analytical design concerns how risk is measured and assessed. This includes how the loss concept is defined and measured, and the methods and models used for risk classification and the calculation of risk. SEK's IRB approach comprises all the various methods, work and decision processes, control mechanisms, guideline documents, IT systems, processes and procedures that support risk classification and quantification of credit risk.

Internal rating scale

An internal risk classification system is a tool for facilitating the precision and consistency of credit assessments. SEK's internal ratings-based approach aims at assessing the credit risk of individual counterparties. SEK's methodology for internal risk classification is based on both qualitative and quantitative factors. Risk classification at SEK is based, to a high degree, on analyst assessments. SEK uses a through-the-cycle approach, where the risk classification should reflect the borrower's ability to repay over an entire economic cycle, which is deemed to suit SEK's business model of mainly long-term lending with matched funding. Individual counterparties are assigned credit ratings using different methods for analyzing corporates, regional governments, insurance companies, financial institutions and sovereigns. The aim of using a common rating scale for all counterparties is to be able to correctly price and quantify risk over time for SEK's coun-

terparties and, thereby, to maintain the desired risk level in the company. The tool used for this is the rating, which is an ordinal ranking system. Accordingly, risk classification at SEK is to a great extent a question of relative assessments. The classification does not aim at estimating a precise probability of default, but instead seeks to place the counterparty within a category of comparable counterparties, from a risk perspective. It is currently common for financial institutions with internal ratings-based systems to set the probability of default values for their various risk classes, especially for “low default portfolios”, by mapping their internal rating scale against the rating scale of a rating agency, and then using the external rating agency’s default statistics for calculating the probability of default. Rating agencies, such as Standard & Poor’s, Fitch and Moody’s, regularly publish statistics for default frequencies in their various rating classes. SEK uses, in principle, the same rating scale as Standard & Poor’s rating scale and employs Standard & Poor’s default statistics as a basis for its own calculations, with the aim of achieving consistent estimates of PD (with sufficient safety margins). SEK’s definition of default is consistent with the definition of Standard & Poor’s. A default has arisen if any of the following events have occurred:

- a) counterparty’s payment is not made on the due date, or if applicable, within the defined grace period in the loan agreement, but not more than 30 calendar days.
- b) completion of a distressed exchange offer has been made by/for the counterparty
- c) the counterparty has filed a bankruptcy petition or taken similar action

SEK reviews its estimates of PDs at least on an annual basis, or when new default statistics or other relevant information becomes available.

SEK uses the external ratings from Standard & Poor’s, Moody’s and Fitch for counterparties where the standardized approach is used and also for general comparison of creditworthiness for IRB approach counterparties, where available.

SEK strives to refine its risk classification models by finding new relationships between various indicators and the probability of default. In addition to contributing to the precision in credit assessments, the internal ratings-based approach is used in the company’s business activities as a basis for internal profitability analysis, and for calculation of internal capital requirements. As the risk classification system standardizes and collects information, it is also used to report risk trends in the credit portfolio to Executive Management and the Board of Directors.

SEK-specific exemptions from IRB

The Swedish FSA granted SEK permission to use Foundation IRB approach for the majority of the company’s exposures. For some exposures, SEK has received a waiver and instead applies the standardized method.

The Swedish FSA has granted SEK permission to apply the standardized approach to the following exposures:

- Export credits guaranteed by the EKN and exposure to Swedish central and regional governments

- Export credits guaranteed by ECAs, other than EKN, within the OECD (time-limited exemption valid until December 31, 2015)
- Exposures to central governments outside Sweden and multilateral development banks (time-limited exemption valid until December 31, 2015).
- Exposures in the Customer Finance business area. (valid as long as these exposures are of lesser significance in terms of size and risk profile)
- Guarantees issued in favor of small and medium sized companies (valid as long as these exposures are of lesser significance in terms of size and risk profile).

In 2015, SEK applied to the Swedish FSA for permission to use an IRB approach for those exposures with time-limited exemptions, and while such permissions has been granted to temporarily prolong the time-limited exemptions.

Rating methodology

The three driving factors in SEK’s internal credit risk assessment for **financial institutions** are systemic risk, bank specific risk, and government support. In brief, systemic risk assesses the financial sector’s structure and operating environment in a country. Bank-specific risk is assessed on the basis of an analysis of the counterparty’s business, capital position and profitability, risk position, funding and liquidity. The assessment of government support is used to adjust the financial institution’s rating in the event that extraordinary government support can be shown. Each individual assessment comprises a combination of quantitative and qualitative factors.

The internal credit risk assessment for **insurance companies** has the following two driving factors: business risk and financial risk. Business risk includes general business risk, meaning economic and political environment, industry analysis and counterparty specific business risk, meaning competition, ownership structure, management and strategy. Financial risk includes investments, liquidity, profitability, insurance premiums, debt coverage and capital.

In SEK’s internal credit risk assessment for **corporates**, the two driving factors are business risk and financial risk. Business risk assessment includes country, industry and market position, operations, ownership, strategy and management. Financial risk assessment covers such areas as profitability, financial strength and outlook.

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, transaction specific risks and structural risks.

Rating Committee

The decision concerning an internal rating for counterparty is made by SEK’s Rating Committee. The Rating Committee’s task is to use analyses and credit assessments that are carried out according to established methods and rating proposals from SEK’s Credit function in order to (i) establish ratings for new counterparties, (ii) when considered relevant, review ratings for existing

counterparties, and (iii) at least on an annual basis, review credit ratings for existing counterparties.

Committee members are appointed by the Board's Credit Committee in such a manner that the majority of the members represent non-commercial functions within the company. The committee members, who come from various functions in SEK, must have both broad and in-depth expertise in risk assessment and/or experience in credit ratings. SEK aims to maintain continuity in the Rating Committee. A rating that has been established by the Rating Committee may not be appealed against or amended by any other body at SEK.

Monitoring SEK'S IRB system

The Board of Directors and the committees responsible for risk monitoring must have a sound understanding of the functioning of the internal ratings-based approach, and good understanding of the content of the reports from the risk classification system that they receive. The CEO and CRO inform the Board about all significant changes that govern the design and use of SEK's IRB system.

The company's risk and product classification and risk estimates form a central part of the regular reporting of credit risks to the Board of Directors, the Risk and Compliance Committee and the Credit Committee. The reporting 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, and results of the stress tests that are applied. In addition, the reporting also includes the company's use of credit-risk protection.

Validation is a key tool in assuring the quality of the IRB system. SEK's independent risk control function is responsible for carrying out the validation process every year. This process includes both quantitative and qualitative elements. Validation aims to ensure that SEK's IRB system has a satisfactory rating capability, prediction level and stability. Validation also aims to demonstrate that the IRB system is well integrated in the organization. Specifically, the purpose of validation of SEK's estimates of probability of default is to ensure that they are accurate and contain sufficient margins of conservatism, using both internal and external data sources. The results of the validation are reported to the Risk and Compliance Committee.

4.2.2 Calculation of risk exposure amounts

Calculation in accordance with the IRB approach

Under the IRB approach, exposure at default (EAD) is the basis for the calculation of risk exposure amount (REA), and 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, EAD is the gross value of the exposure without taking provisions into account. For off-balance-sheet exposures, EAD is calculated using a credit conversion factor (CCF) which estimates the future utilization level of unutilized amounts. The two

expressions that together primarily quantify the credit risk of an exposure are the probability of default (PD) and the loss given default (LGD). Using these two parameters and the amount of the outstanding exposure at default (EAD), it is possible to calculate the statistically expected loss (EL) for a given counterparty exposure ($PD \times LGD \times EAD = EL$). The risk exposure amount is calculated by using the Basel formula. This estimate constitutes a measure of the unexpected loss (UL). The capital requirement refers ultimately to the risk of UL, while it should be possible to cover EL, in principle, by day-to-day revenue and, accordingly, there is no need to hold capital for EL. EL does not represent risk since it constitutes the amount of loss that a financial institution should anticipate to incur. Under the Foundation IRB model, SEK estimates only the PD. The other parameters of the Basel formula are set by the CRR.

Calculation in accordance with 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 risk weights that have been assigned to each respective exposure class. External credit assessments may be used to determine the credit quality level to which an exposure corresponds, and prescribed risk weights for each credit quality to follow. To determine this, financial institutions must utilize correspondence tables between credit rating companies' different credit ratings and the steps in the credit quality scales established by supervisory authorities. See table 10 in the Appendix for how these rules apply for SEK. When available, SEK uses the external ratings from the three agencies Standard & Poor's, Moody's and Fitch for each counterpart under the standardized approach.

4.2.3 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 how much capital should be allocated for credit risk in addition to the minimum capital requirement. SEK analyzes the differences between the minimum capital requirement and 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 the Advanced IRB approach and for economic capital.

Table 4.1: The difference between the IRB approach under Pillar 1 and internally assessed economic capital

Risk parameters	Foundation IRB approach	Advanced IRB approach	Economic capital
Probability of Internal default (PD)	Internal estimate	Internal estimate	Internal estimate
Exposure at default (EAD)	Conversion factors ¹	Internal estimate	Internal estimate
Loss given default (LGD)	45% ^{1, 2}	Internal estimate	Internal estimate
Maturity (M)	2.5 years ^{1, 2}	Internal estimate	Internal estimate
Correlations	¹	¹	Internal estimate

¹ Risk parameters according to the CRR.

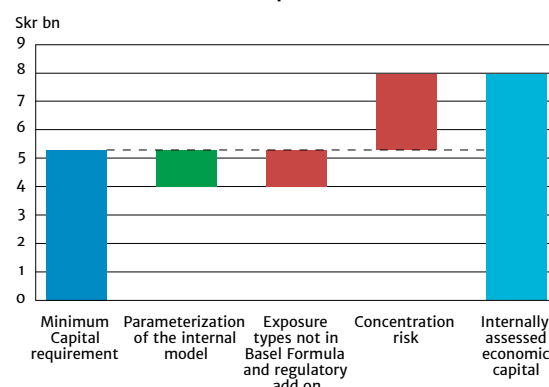
² 45% and 2.5 years are normally applicable.

Two central components that characterize a portfolio credit risk model are: (i) a model for correlations between counterparties, 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 takes into account each counterparty's industry and domicile through a multi-factor model. In addition, the correlation model continually takes market data into consideration and the correlations are updated weekly.

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. In addition, the credit risk model forms the basis for a capital attribution by allocating the economic capital among the individual counterparties.

The factors in SEK's internally assessed economic capital approach that differs from SEK's minimum capital requirement approach can be categorized into three types: (i) parameterization of the internal model (ii) exposure types where the IRB formula is not used for minimum capital requirement, and (iii) concentration risk.

Chart 4.1: Decomposition of the difference in minimum capital requirement and internally assessed economic capital calculations.



The green column represents the decrease in the capital requirement due to SEK's estimates in the parameterization (see below), and the red columns represent the increase due to exposures types where the IRB formula is not used and concentration risks. The left (dark blue) column represents the minimum capital requirement for credit risk Skr 5,280 million and the right (light blue) column represent the internally assessed capital requirement for credit risk Skr 7,944 million. The total additional capital required as a result of internal assessment is Skr 2,664 million.

1. Parameterization of the internal model

The IRB formula essentially comprises the parameters stated in Table 4.1. SEK estimates these parameters in the internal model for economic capital. The internally estimated parameter that most significantly affects the capital requirement is maturity. Under the IRB formula, this parameter is fixed at 2.5 years regardless of the exposures' contractual maturity, whereas the internally assessed economic capital model measures the credit risk based on the contractual maturity.

2. Exposure types for which the IRB formula is not used

For calculation of the minimum capital requirements for governments, SEK uses the standardized approach, yielding a low (typically zero) capital requirement for exposures to governments with a high credit rating. The internal model for calculation of economic capital treats these exposures in a similar way to other exposures under Pillar 2. An important exception from this treatment is that exposures to the Kingdom of Sweden are handled according to a standard rule. Due to SEK's high exposure to highly credit rated governments, including the Kingdom of Sweden, the impact of these exposures on the overall capital requirement is significant.

3. Concentration risk

A credit portfolio has essentially two types of concentration risk: name concentration risk and geographic and sector-specific risk. Name concentration risk arises when a credit portfolio comprises a relatively small number of counterparties, and geographic and sector-specific concentration risk arises when counterparties in the credit

Credit risk

portfolio are highly correlated to each other. Owing to these factors, SEK's concentration risks for the internally assessed economic capital amount to Skr 2,665 million (2,427).

4.3. Exposure and Capital requirements

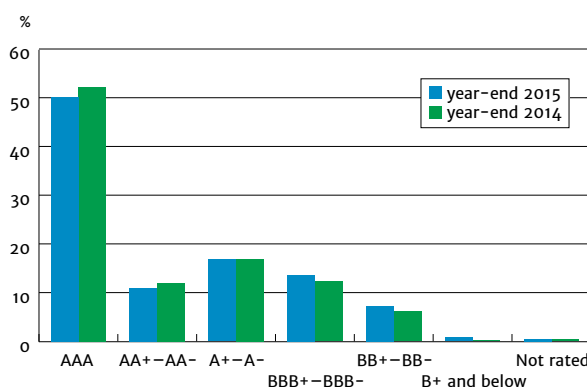
In this report credit risk exposures are, in general, measured from a CRR perspective. For credit risk from a balance sheet perspective, and a reconciliation from the balance sheet to the CRR perspective see note 26 of the annual report. Amounts expressing net exposures are reported after taking into consideration effects of guarantees and credit default swaps. Amounts expressing gross exposures are reported without taking into consideration effects of guarantees and credit default swaps. Unless it is clearly stated that amounts are Exposure at default (EAD) they are reported before the application of credit conversion factors.

4.3.1 Exposure, minimum capital requirement and internally assessed economic capital

SEK mitigates, to a large extent, credit risk through active use of guarantees in its lending. Credit risk is allocated to a guarantor according to SEK's Credit Policy. The most significant type of guarantors for SEK is government export credit agencies, which explains large exposure to central governments in table 4.2 below. High creditworthiness of the guarantors, and consequently low

risk weight for such exposures, result in lower required capital for the guaranteed exposures. SEK also uses financial institution guarantees, corporate guarantees, and credit derivatives for risk mitigation purposes. A large portion of the liquidity investments is allocated to the financial institutions sector.

Chart 4.2: Net Credit risk exposures by rating class



As illustrated in the Chart 4.2 above, SEK's credit portfolio maintains high quality with more than fifty percent of all exposures in the highest rating category "AAA", and more than seventy five percent of all exposures rated "A-" or higher.

Table 4.2: Exposure at default, minimum capital requirement and internally assessed economic capital for credit risk

Skr mn	Exposure at default		Minimum capital requirement		Internally assessed economic capital	
	2015	2014	2015	2014	2015	2014
Credit risk standardized method						
Central governments	141,235	158,666	61	59	1,637	1,422
Regional governments	13,999	20,891	-	-	152	260
Multilateral development banks	24	319	-	-	0	2
Corporates	1,441	1,207	115	96	62	85
Total credit risk standardized method	156,699	181,083	176	155	1,851	1,769
Credit risk IRB method						
Financial institutions ^{2,3}	51,805	67,293	1,315	1,935	487	1,034
Corporates ⁴	81,575	79,344	3,760	3,923	5,602	6,159
Securitization positions	756	6,308	19	291	4	137
Assets without counterparty	129	134	10	11	-	-
Total credit risk IRB method	134,265	153,079	5,104	6,160	6,093	7,330
Total credit risk	290,964	334,162	5,280	6,315	7,944	9,099

Table 4.3: Exposure guaranteed by government export credit agencies

Skr bn	Guaranteed exposure		Percentage	
	2015	2014	2015	2014
Swedish Export Credits Guarantee Board (EKN)	136.3	147.9	85%	85%
Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE)	10.9	11.5	7%	7%
Export-Import Bank of the United States	4.5	4.0	3%	2%
Euler Hermes Kreditversicherungs AG	3.3	4.0	2%	2%
Other	5.0	6.0	3%	3%
Total	160.0	173.4	100%	100%

Chart 4.3: Credit risk mitigation, effect by exposure classes

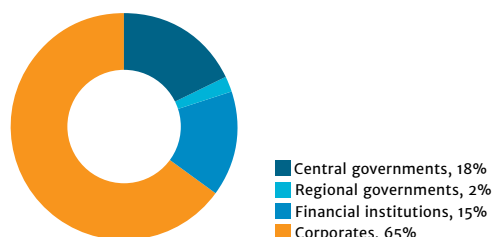
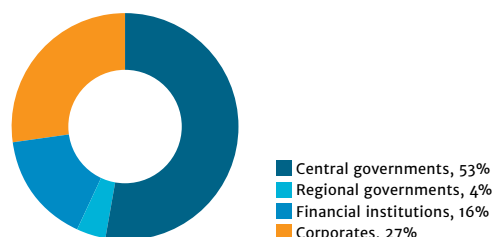
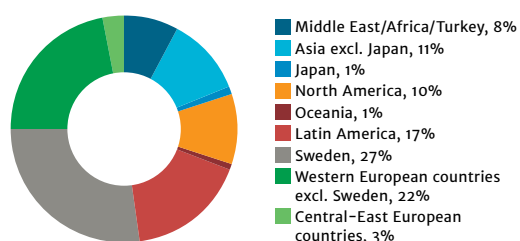
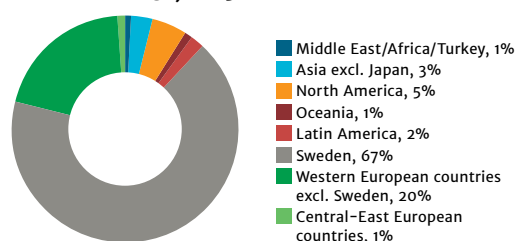
Gross exposure by exposure class,
as of december 31, 2015Net exposure after risk mitigation by exposure
class, as of December 31, 2015

Chart 4.4: Credit risk mitigation, effect by region

Gross exposure by region, as of December 2015

Net exposure after risk mitigation by region,
as of December 31, 2015

One of the most significant guarantors for SEK is the Swedish EKN, which explains the increasing share of central government risk class and Sweden as a region in net

credit risk distribution. Detailed information regarding credit risk mitigation specified by exposure classes and type of mitigation is presented in the table below.

Table 4.4: Effect of credit risk mitigation at December 31, 2015

Skr bn	Gross exposures by exposure class						Total
	Central govern-ments	Regional govern-ments	Multilater-al devel-opment banks	Financial institu-tions	Corpo-rates	Securi-tization positions	
Amounts related to credit risk mitigation issued by:							
Central governments	51.3	0.6	-	1.9	110.5	-	164.3
<i>of which guarantees by the Swedish Export Credit Agency</i>	49.9	0.6	-	1.5	84.3	-	136.3
<i>of which guarantees by other export credit agencies</i>	1.4	-	-	0.4	21.9	-	23.7
<i>of which other guarantees</i>	-	-	-	-	4.3	-	4.3
Regional governments	-	0.0	-	6.7	0.6	-	7.3
Financial institutions	0.0	0.0	-	0.0	13.0	-	13.0
<i>of which credit default swaps</i>	-	-	-	-	4.0	-	4.0
<i>of which other guarantees</i>	0.0	0.0	-	0.0	9.0	-	9.0
Corporates	-	0.1	-	0.0	2.0	-	2.12
<i>of which credit insurance from insurance companies</i>	-	-	-	-	1.3	-	1.3
<i>of which other guarantees</i>	-	0.1	-	0.0	0.7	-	0.8
Total mitigated exposures	51.3	0.7	-	8.6	126.1	-	186.7
Non-mitigated exposures ¹	8.3	6.7	0.0	38.9	84.8	0.8	139.5
Total	59.6	7.4	0.0	47.5	210.9	0.8	326.2

Asset-backed securities

SEK has not acted in the role of originator or participating institution in any of securitization transaction and has only functioned as an investor with the purpose of diversifying liquidity investments. Since 2007, SEK no longer invests in securitization positions. In 2015, most of the remaining securitization positions were sold. At December 31, 2015, SEK's total net exposure related to asset-backed securities amounted to Skr 756 million and comprised one traditional securitization position, with a "AAA/Aaa" credit rating from Standard Poor's or Moody's at acquisition, and currently with a "AAA/Aaa" rating. SEK uses what is known as the external rating method for the calculation of risk exposure amounts for securitization positions. This means that the risk weight is determined based on external credit rating by Standard & Poor's, Moody's and Fitch. The remaining securitization position is a re-securitization that with the current rating is assigned a risk weight of 30 percent.

4.3.2 Impairments, past due exposures and provision process

Loans and other financial assets are identified as impaired if there is objective evidence of impairments and an impairment test indicates a loss. Objective evidence comprises the issuer or debtor suffering significant financial difficulties, outstanding or delayed payments or other observable facts which suggest a measurable decrease in expected future cash flow. A financial asset is past due when the counterparty has failed to make a payment when contractually due. Past due exposures are reported monthly to the Credit Committee. Past due exposures do not include any impaired assets.

Provisions for incurred impairment losses, mainly in the category of loans and receivables (credit risk adjustments in the CRR), are recognized if and when SEK determines it is probable that the counterparty to a loan or another financial asset held by SEK, along with existing guarantees and collateral, will fail to cover SEK's full claim. For determining specific and general provisions, SEK uses methodology based on both quantitative and qualitative analysis of all exposures recognized at amortized cost. Problem loans are reported quarterly to the Credit Committee and the Board's Credit Committee where an assessment is made as to whether a specific provision should be made. For determining general provisions, SEK uses the methodology for expected loss as described in the CRR, adjusted by the recognized specific provisions. The final provision decision is made by the Board's Credit Committee and the final decision on SEK's accounts, including provision, is made by the Board.

4.3.3 Comparison of expected losses and actual losses

The table below provides a comparison for the years 2008–2015, between the expected loss amount for non-defaulted exposures at the start of each year and the actual losses attributable to internally risk-classified exposures that defaulted during that year. The time horizon of the expected loss amount is one year. In this context, actual loss is defined as either the write-down or the realized loan loss, at the end of the year the exposure defaulted.

Five defaults occurred in the classes exposures to corporates and exposures to financial institutions during the years 2008–2015. Only three of these defaults resulted in actual losses and the sum of these losses totaled Skr 453 mn, which can be compared with the sum of the expected loss amounts for these seven years which totaled Skr 1152 mn. As the number of defaults for the period is small, it is not possible to draw any significant conclusions based on this in regard to the accuracy of the probability of default used by SEK.

Table 4.5: Comparison of expected losses and actual losses (IRB)

Skr mn	Corp-orates	Financial institutions	Total
2008			
Expected loss amount	37	25	62
Actual loss	–	389	389
2009			
Expected loss amount	64	46	110
Actual loss	31	–	31
2010			
Expected loss amount	89	51	140
Actual loss	–	–	–
2011			
Expected loss amount	97	46	143
Actual loss	–	–	–
2012			
Expected loss amount	111	36	147
Actual loss	–	–	–
2013			
Expected loss amount	133	27	160
Actual loss	–	–	–
2014			
Expected loss amount	167	24	191
Actual loss	–	–	–
2015			
Expected loss amount	182	18	200
Actual loss	33	–	33

4.4 Counterparty Credit Risk

4.4.1 Management

Counterparty credit risk arises when SEK enters into derivative transactions, such as swaps or options, with a counterparty in order to mitigate risks. Most of SEK's derivatives transactions have the purpose of mitigating market risks, with the exception of credit derivatives, which SEK uses almost exclusively to reduce the credit risks from assets in the loan portfolio. The only exception is when SEK issues credit linked bonds and consequently enters into credit derivatives to hedge related market risks. SEK does not issue credit derivatives in order to assume credit risk. 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 sublimits 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 (CSAs), providing for the regular transfer and re-transfer of credit support. The structure of SEK's CSAs is such that there is no significant need for SEK to post additional collateral in the case that any rating agency were to lower SEK's rating.

4.4.2 Measurement

SEK measures the exposures from counterparty risk by using the mark-to-market method described in the CRR. The mark-to-market method determines the exposure values as the replacement costs of the contracts with a regulatory add-on for potential future credit risk exposure. SEK assigns market values to the contracts to determine the replacement cost. The potential future credit risk add-on is calculated according to the CRR and depends on the type and maturity of the transactions. The method allows for extensive netting in the calculation of exposures where there are enforceable netting agreements, which is the case in SEK's exposures and thus is the option applied consistently. Minimum capital requirement and internally assessed economic capital for counterparty credit risk exposures are calculated by the same methods as other credit risk exposures. Under the applicable accounting framework credit default swaps are not marked-to market in the balance sheet if they meet certain criteria for risk mitigation. In addition, credit default swaps that are included as credit risk mitigation for credit risk exposure calculations do not contribute separately to capital requirements for counterparty credit risk.

4.4.3 Exposure and capital requirement

All of SEK's counterparts in derivatives transactions are financial institutions, hence all counterparty credit risk exposure is to financial institutions. Table 4.6 displays the effects of the netting agreements, collaterals and regulatory add-ons when converting the balance sheet values of derivative assets to the exposure at default for counterparty risk for minimum capital requirement calculated in accordance with the mark-to-market method. Exposures and capital requirements from counterparty credit risk are included in total credit risk measurements. In addition to such credit risk mitigating credit default swaps not included in measures for counterparty credit risk (see table Table 4.4: Effect of credit risk mitigation),

Table 4.6: Total counterparty credit risk exposure

Skr mn	Exposure	
	2015	2014
Positive market value of derivative contracts	12,672	16,017
Exposure reduction from netting agreements	-8,733	-8,585
Exposure after netting	3,939	7,432
Exposure reduction from collaterals received	-3,847	-6,762
Exposure after netting and collaterals	92	670
Regulatory add-on for potential future credit exposure	4,046	5,029
Total exposure amount from counterparty risk	4,138	5,699
Minimum capital requirement	132	228

4.4.4 Credit valuation adjustment risk

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.

Table 4.7: Credit valuation adjustment risk

Skr mn	Risk Exposure Amount		Minimum Capital Requirement	
	2015	2014	2015	2014
Credit valuation adjustment risk	2,403	3,340	192	267

5. Market risk

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

5.1. Management

5.1.1. Internal governance and responsibility

SEK's Board of Directors decides on the market risk appetite and risk strategy. In addition, instructions established by CEO regulate SEK's management of market risks. The Board's Finance and Risk Committee decides on the limit structure that clearly defines the permitted net market risk exposures. SEK's Chief Risk Officer decides on the methodology for calculation of market risks and suggests changes to the limit structure and limits levels in conjunction with limit and risk appetite reviews. All instructions are re-established annually. Market risk exposures are reported to the CEO daily and to the Risk and Compliance Committee and the Board's Finance and Risk Committee at their scheduled meetings. The risk control function measures, follows up and reports the market risk taken by SEK's business units on a daily basis. If a limit breach occurs it is timely escalated to the CEO and the Board's Finance and Risk Committee.

5.1.2. Risk mitigation methods

As a rule, the company funds itself by issuing debt, both structured and plain vanilla, which is swapped to a floating interest rate regardless of the type of the conditions to debt investors. Funds that are not immediately used for lending are retained to provide lending capacity in the form of liquidity investments and liquidity reserve. The lending is also either raised at or swapped to the floating interest rates. Liquidity investments and liquidity reserve are typically floating rate notes. The intention is thus to hold both assets and liabilities to maturity.

SEK's risk appetite stipulates that apart from the market risk that originates from unrealized changes in value of SEK's assets and liabilities, the market risk is to be low.

The residual open interest rate and currency risk that results from residual mismatches between the interest rate fixing dates in different currencies is thus immunized against the changes in currency exchange rates and interest rate changes.

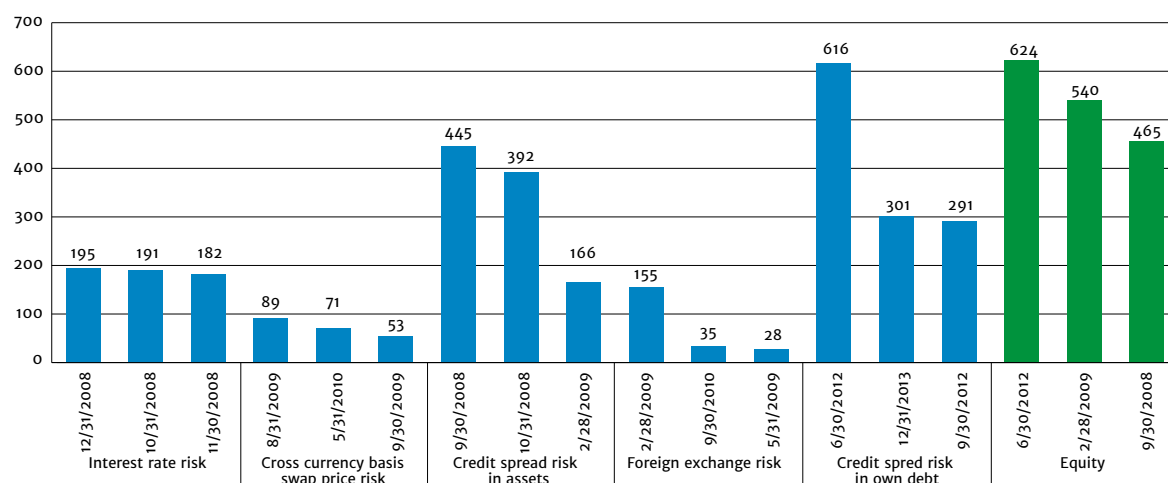
Duration of funding is typically matching the duration of lending and the liquidity investments maturity profile is adjusted to ensure that all the agreed upon lending transactions are funded. Unrealized changes in value of SEK's assets and liabilities due to market movements may affect the volatility of both own funds and earnings, and are not hedged. Primarily those effects on own funds and earnings are the result of changes in credit spreads, cross currency basis swap spreads interest rates and currency exchange rates.

5.2. Measurement

5.2.1. Aggregated risk measure

The aggregated risk measure is based on the analyses of 106 scenarios that have a one-month risk horizon. The scenarios are updated monthly and consist of historical risk factor movements from the entire period since end of 2006 through 2015. SEK's aggregated risk measure calculates the impact on SEK's equity value by applying extreme movements of market factors which have been observed in the past. The exposure which is based on the worst scenario is evaluated using SEK's current market sensitivities for interest rate risk, cross currency basis swap risk, credit spread risk in assets, credit spread risk in own debt and foreign exchange risk. The Board risk limit of Skr 1 300 million is also measured against the worst scenario which, for SEK at the end of 2015, was the scenario based on the market movements from June 2012.

Chart 5.1: Top three worst scenarios in the aggregated market risk measure, per risk type and total, Skr mn



5.2.2. Risk specific measures

The aggregated risk measure and stress tests are supplemented by specific risk measures including specific interest rate risk measurements, spread risks and currency risk measurements etc.

The measurement and limiting of interest rate risk at SEK are divided into two categories:

- Interest rate risk to changes in economic value of equity
- Interest rate risk to changes in net interest income (NII).

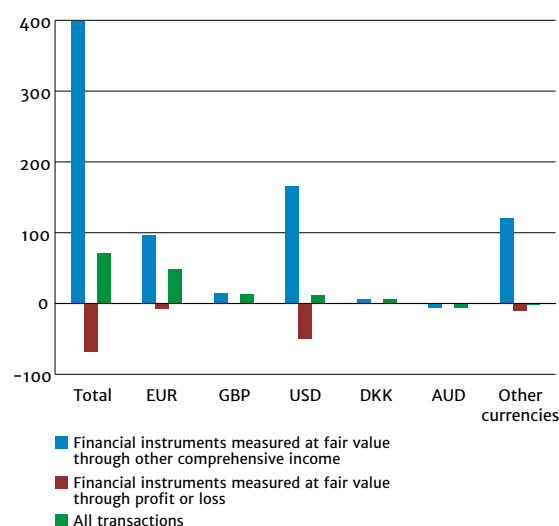
Interest rate risk to changes in market values

The interest rate risk to changes in economic value of equity (EVE) is calculated, by means of stress tests, as the change in present value from 100 bps upward parallel shift in all the yield curves and as a half-percentage-point rotation of all the yield curves. The risk, for each stress test, is totaled as the sum of the absolute value of the risk in each currency.

SEK hedges interest rate risk for all holdings with a goal to reduce the impact on net interest income. This means that SEK does not fully hedge the interest rate risk to changes in market values on instruments measured at fair value through profit or loss, since some of these positions are hedging positions recognized at amortized cost. As can be seen from Chart 5.2, SEK's risk appetite for market risk due to the unmatched cash flow is low.

SEK's interest rate risk to changes in EVE is shown in chart 5.2. Total interest rate risk, netted over currencies, amounted to Skr 72 million at year-end 2015 (year-end 2014: Skr 10 million). The total interest rate risk in Skr amounted to Skr 4 million at year-end 2015 (year-end 2014: Skr 12 million).

Chart 5.2: Interest rate risk by currency, +100 BP, at December 31, 2015



Interest rate risk to Net interest income (NII), within one year

The NII risk depends on SEK's overall business profile, particularly mismatches between interest-bearing assets and liabilities in terms of volumes and repricing periods. Interest rate risk to net interest income within one year is calculated as the effect on net interest income during the next year under condition that new financing and investment takes place after an interest rate change of one percentage point. Assets provide positive risk to net interest income and liabilities provide a negative risk to net interest income. SEK hedges interest rate risk for all positions in order to minimize volatility to NII regardless of accounting classification.

Spread risks

SEK's significant spread risks are credit spread risk in assets, credit spread risk in own debt and cross currency basis swap risk.

Credit spread risk in assets indicates a potential impact in the form of unrealized gains or losses, as a result of changes in assets' credit spreads for all the assets that are measured at fair value through profit and loss. This comprises debt obligations in SEK's liquidity investments, credit default swaps that are hedging credit risk in a number of debt obligations and asset backed securities. Credit spread risk in assets is calculated as the change in present value after 100 bps increase in the credit spreads.

Credit spread risk in own debt indicates a potential impact on SEK's equity in the form of unrealized gains or losses, as a result of 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 and is attributable to SEK's structured debt portfolio.

A change in the cross currency basis swap spreads impacts both the market value of SEK's positions (cross currency basis swap price risk) and future earnings (risk to NII from cross currency basis swaps).

The cross currency basis swap price risk measures a potential impact on SEK's equity, in the form of unrealized gains or losses, as a result of changes in cross currency basis spreads. Cross currency basis swap price risk is calculated as the change in present value after an increase in cross currency basis spreads by a varying number of points (varying by currency in accordance with a standardized method based on volatility). The risk for each cross currency basis spread curve is totaled as an absolute number. The risk is attributable to cross-currency swaps used by SEK to immunize foreign exchange risk exposures.

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. Changes in cross currency basis spreads consequently may have an effect on SEK's future net interest income and this risk is calculated by the measure for calculating risk to NII from cross currency basis swaps. The risk to NII from cross currency basis swaps is measured as the impact on SEK's future earnings resulting from an assumed cost increase for transfer between currencies using cross currency basis swaps. When

Market risk

measuring exposure against the limit SEK does not include borrowing surpluses in the currencies Skr, USD and EUR as it is in these currencies that SEK endeavors to hold its lending capacity. SEK is however monitoring but not limiting the complementing risk measurement where all the exposures (including surpluses in the currencies Skr, USD and EUR) entail cost increase for transfer between currencies using cross currency basis swaps.

Foreign exchange risk

In accordance with SEK's risk strategy, currency positions related to unrealized fair value changes are not hedged. This is because, based on SEK's business model, unrealized fair value changes mainly comprise accrual effects that even out over time. SEK's currency position arises mostly due to differences between revenues and costs (net interest margins) in foreign currency, but also due to unrealized fair value changes in the assets and liabilities in foreign currencies that are held to maturity. The currency risk excluding unrealized fair value changes is 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/losses in foreign currency to Skr.

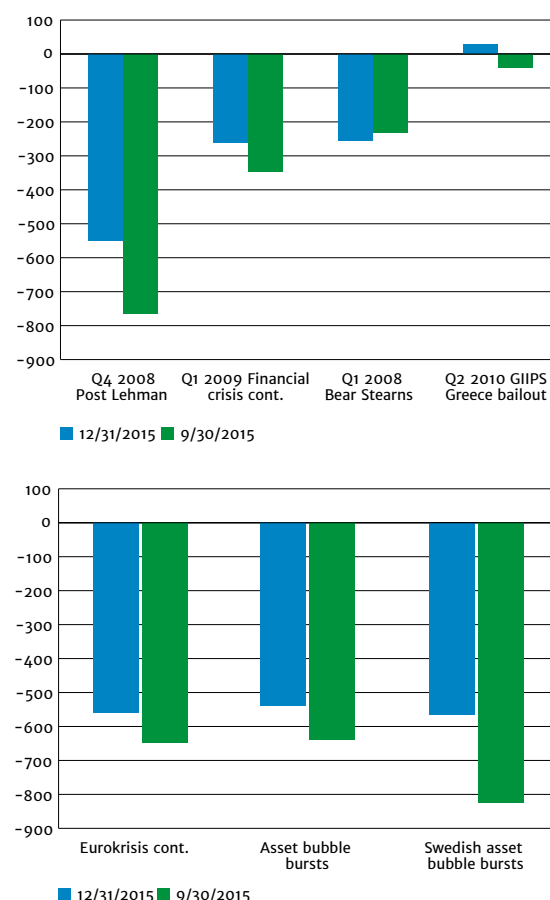
Other risks

SEK's equity and commodities risks and volatility risk from equity, commodity and foreign exchange arise only from structured borrowing. Even though all cash flows in structured funding are matched through hedging swaps an impact on the result arises. This is because the valuation of the bond takes SEK's own credit spread into account, whereas the swap's valuation is not affected by this credit spread, and also because structured borrowings may include early redemption options. Interest rate volatility risk also arises from SEK having transactions with early redemption options. Commodities and equity risk and volatility risks are calculated using a variety of stress tests.

5.2.3. Stress testing

SEK regularly stress tests the market risk measures by applying extreme movements in market factors to its portfolios that have been observed in the past (historical scenarios), and extreme movements that could potentially occur in the future (hypothetical or forward-looking scenarios). This type of analysis provides management with a view of the potential impact that large market movements in individual risk factors, and broader market scenarios, could have on a SEK's portfolio and also ensures that risk measurement remains effective.

Chart 5.3: Effect of SEK's stress test scenarios on equity and own funds, at December 31, 2015



5.2.4. Internally assessed economic capital for market risk

The economic capital model is designed to cover all types of risks 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 both analyses of scenarios and stress tests. In the calculation of economic capital, SEK includes three main components: scenario analysis for economic value of equity, stress testing for economic value of equity and net interest income risk. The capital requirement is set to the largest of these components. The scenario analysis component is based on SEK's aggregated market risk measure that comprises the set of historical scenarios. For interest rate risk, cross currency basis swap risk, credit spread risk and foreign exchange risk calculations are carried out using analyses of scenarios that affect economic value of the whole portfolio, choosing the worst result of 106 scenarios. Since interest rate risks attributable to fair valued positions and positions at amortized cost differ in the way that the risk is realized in the balance sheet, full diversification between different types of interest risk is not permitted. Volatility risks, rotation risks and equity risk are calculated

utilizing stress tests. Commodities risk is calculated using the same method as for the calculation of the minimum capital requirement. All risks in a foreign currency are translated to Swedish kronor in accordance with the current spot rate. A buffer of model risk is also added to the capital requirement. Stress test component is based on the set of stress tests that are similar to those prescribed by regulators. Finally, the net interest income component captures the short-term effect of the interest rate changes on SEK's earnings and therefore a short-term solvency effect indirectly through profitability.

SEK's economic capital for market risk for year-end 2015 amounted to Skr 1,447 million (2014: Skr 1,693 million).

5.3. Exposure and capital requirements

SEK's risk appetite to market risks declined continuously in 2015. SEK reduced the size of its liquidity portfolio and wound up the largest part of its securitization portfolio, which resulted in lower exposure to credit spread risks. The Board of Directors has decided to keep the aggregated risk measure limit unchanged, while the CEO decided on the reduction of the limit from Skr 1,300 million to Skr 1,000 million following the overall changes in the market risk appetite.

SEK's significant risk measures are shown in table 5.3. The state-supported system ("S-system") has been excluded, since the state reimburses SEK for all interest differentials, financing costs and net foreign exchange losses under the S-system.

Table 5.3: SEK's significant risk measures and limits at December 31, 2015 (and 2014)

Skr mn	Limit		Risk Exposure	
	2015	2014	2015	2014
Risk measure				
Aggregated risk measure	1,300	1,300	624	633
Interest rate risk in the banking book				
Interest rate risk to change in EVE	600	250	124	108
Interest risk to NII, within one year	250	275	202	194
Spread risks				
Credit spread risk in assets	550	700	279	479
Credit spread risk in own debt	1,000	1,200	603	645
Cross currency basis swap price risk	600	550	227	372
Risk to NII from cross currency basis swaps	150	75	34	41
Other risks				
Foreign exchange risk (excl. market value adjustments)	15	15	2	2

SEK's entire balance sheet is assigned to the banking book since SEK's intention is to hold all the assets and liabilities until maturity. Regarding the minimum capital requirement, SEK is thus required to hold capital only for foreign exchange risk as well as commodity risk that are inherent to the structured funding with the payoffs based on a commodity index. The internally assessed economic capital for currency and commodity risks is calculated using the same method as prescribed by the CRR for the minimum capital requirement. Table 5.4 shows SEK's capital requirement for year-end 2015 and 2014.

Table 5.4: SEK's Minimum capital requirement and Internally assessed economic capital for market risk at December 31, 2015 (and 2014)

	Minimum Capital requirement		Internally assessed economic capital	
	2015	2014	2015	2014
Scenario analysis				
EVE			1,319	1,569
Foreign exchange risk	126	122	126	122
Commodity risk	2	2	2	2
Stress test EVE			1,220	-
Net interest income risk			346	-
Total =max (Scenario-analys inkl.FX and commodity, Stresstest, NII)	128	124	1,447	1,693

5.4. Fair value of financial instruments

5.4.1. Fair Value

Fair value is defined by IFRS 13 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Board's Finance and Risk Committee acts as the decision-making body regarding fair valuation policies, including annual approval of valuation models. In addition, the CEO establishes instructions that regulate responsibilities regarding fair valuation at SEK. The use of a valuation model requires a validation and thereafter an approval. Operatively, the validation is conducted by the risk department. All the decisions are reported to SEK's Risk and Compliance Committee.

5.4.2. Fair value hierarchy

The best evidence of fair value is quoted prices in an active market. The majority of SEK's financial instruments are not publicly traded, and quoted market values are not readily available. Fair value measurements for such instruments are categorized using a fair value hierarchy. For a detailed description of SEK's principles for determination of fair value of financial instruments see Note 1 (viii) in the Annual report.

6. Operational risk

Operational risk in SEK arises mainly in the day-to-day business due to faulty procedures, systems not working as intended or human error. The risk exposure for operational risk in SEK lies within the risk appetite.

6.1. Management

6.1.1. Internal governance and responsibility

Operational risk exists in potentially all SEK's activities. Accordingly, each function is responsible for identifying operational risks within its own function and for the efficient management of these risk. To support the management of operational risk, the company works according to procedures based on SEK's risk framework regarding operational risk. Responsibility for monitoring, analyzing and reporting operational risk, including internal controls, lies with the independent risk control function. The risk control function is also responsible for monitoring the suitability and effectiveness of the management of operational risk. The Compliance function has responsibility for monitoring and reporting compliance risk. The Risk and Compliance Committee is responsible for monitoring operational risk.

6.1.2. Risk identification and management methods

The main activities used to manage the operational risk are described below.

Risk self-assessments

The company conducts risk analyses using the self-assessment method that encompasses the whole company. Risks are identified both through top-down executive management involvement and bottom-up through the involvement of heads of separate functions. Action plans are developed for proactive management of identified risks that are not accepted, which each head of function is responsible for following up. The independent risk control function carries out an aggregated analysis and monitoring of the risks and action plans. The highest valued risks are then analyzed and monitored individually. The annual risk analyses are conducted in coordination with business planning and the internally assessed economic capital as part of strategic planning.

Risk analysis of changes

When changes are made to operations, a risk analysis is carried out in order to identify and manage operational risks before the change is rolled out. This prevents uncontrolled changes to the company's risk exposure. Ongoing analysis of changes is carried out, at minimum, when a new or significant amendment to a product, IT system or process is introduced and in the event of other changes to the business or organizational structure.

Incident management

When an operational risk event – an incident – occurs, the focus lies on resolving the direct event in order to minimize damage. An analysis of the root cause is then

performed to understand why it occurred, and remedial action is determined and followed up in order to prevent repetition of the event. SEK views incident reports as an important part of its continuous improvement measures and they are an important source of information. 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 level of operational risk. If an increased level is indicated the independent risk function analyses the reason behind the increase and follow-up on mitigating action, if needed.

Internal Control

In order to ensure correct and reliable financial reporting and internal control throughout the company, SEK applies a framework for internal control based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control, the version updated in 2013. Controls have been designed to prevent, detect and correct deficiencies and discrepancies in the financial reporting and in major processes. The controls are carried out at a companywide-level, including general IT controls and transaction-based controls in major processes. Monitoring and testing of control activities are carried out on an ongoing basis throughout the year to ensure that risks are taken into account and managed satisfactorily. Testing is performed by staff who are independent in relation to the individuals who carrying out the controls. The risk control function monitors and reports the results from the testing activities to the Risk and Compliance Committee and to the Board's Audit Committee.

Information Security

The objective of security activities at SEK is to assure management that Information Security (IS) risks in the logical, technical and physical domains are properly identified and correctly ranked and that IS control processes are effective and in line with the defined risk appetite and relevant legislation. SEK has adopted a standardized threat profile that is extended on demand by more detailed IS threat assessments. Combined, these provide baseline for the annual IS risk assessment that is supplemented with risk treatment plans. The IS internal control system supplements the SEK framework for operational risk, allowing compliance with regulatory requirements and alignment with other internationally recognized reference frameworks such as ISO 27001 and the Information Technology Infrastructure Library (ITIL).

To ensure continuous availability of business critical processes, SEK annually conducts a careful review of its

use of technology, buildings and staff in the operational processes. The requirements for this are part of the IS framework. SEK runs two geographically separated IT centers between which critical servers are duplicated and data is mirrored. In addition, SEK has access to separate backup office facilities outside the city center with enough capacity for staff to run all critical business processes, including IT operations and maintenance. The effectiveness of data centers and recovery procedures is assured through disaster recovery exercises at least once a year.

Compliance risk and money laundering

Compliance risk is an operational risk and has been elevated to its own category for reporting purposes due to the importance of this area. The CEO has overall responsibility for regularly identifying compliance risks and for ensuring that business is conducted in compliance with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to SEK's financial activities. The CEO has assigned the compliance function to assist 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 laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to its financial activities. This assessment covers new legislation, internal regulations and the risk of conflicts of interest.

Money laundering risks are identified in accordance with the Swedish Act on Measures against Money Laundering and Terrorist Financing (SFS 2009:62). 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 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. SEK has a process for providing information regarding suspicion of money laundering to the Swedish National Police Board.

6.2. Measurement

SEK measures the level of operational risk on an ongoing basis. The company's conclusion regarding the risk level is based on an assessment of primarily four components. In brief, these are:

- The number of existing identified risks assessed as "high risk"
- The amount of losses from reported incidents during the last four quarters
- Whether incidents have occurred, and if so how many, that fall outside the risk appetite during the last four quarters
- Whether management has assessed that efficient internal controls relating to financial reporting, in accordance with SOX Section 404, exist.

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.

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. Table 6.1 shows SEK's capital requirement for year-end 2015 and 2014.

6.3. Exposure and Capital requirements

Over the years, the overall level of operational risk has decreased as a result of long-term work focusing on continuous improvement, well-documented procedures and higher awareness of the importance of managing operational risk. In 2015, 178 incidents were reported (2014: 177 incidents). The majority of these incidents are minor events that have been rectified promptly within respective functions. Total losses due to incidents maintained on a low level, well within the risk appetite. At SEK, regardless of the impact on earnings, events related to deficiencies in management, processes, systems, and compliance or similar areas are reported in accordance with the company's incident reporting procedure. The loss resulting from reported incidents was Skr 0.8 million (2014: Skr 0.4 million). Only a small portion of the incidents results in a loss.

Table 6.1: SEK's Minimum capital requirement and internally assessed economic capital for operational risk

SKR mn	2015		2014	
	Mini- capital require- ment	Internally assessed economic capital	Mini- capital require- ment	Internally assessed economic capital
Operational risk	318	227	278	316
Total	318	227	278	316

Due to the minimum capital requirement being higher than the internally assessed economic capital, the minimum capital requirement is used to calculate the total capital requirement in the ICAAP.

7. Liquidity risk

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.

7.1. Management

7.1.1. Internal governance and responsibility

SEK's Board of Directors has the overall responsibility for liquidity risk management and establishes policies for liquidity risk management. Operational responsibility for liquidity risk management lies within SEK's Treasury function. Short-term liquidity is monitored and managed on a daily basis, while long-term liquidity planning is monitored on a monthly basis and reported to account managers, the Risk and Compliance Committee, CEO and the Board of Directors and its committees. Funding managers ensure that available funding always exceeds credit commitments – outstanding credits and agreed but undisbursed credits – throughout the lifespan of the credit portfolio. Responsibility for ensuring compliance with short-term and long-term liquidity risk limits lies within Treasury. The Risk function in the second line of defense is responsible to follow up exposures versus limits and to escalate to executive management, the Board's Risk and Finance Committee and Board of Directors as appropriate.

7.1.2. Risk mitigation methods

The primary tools to avoid a deficit in the short term are to control the maturity profile of the liquidity portfolio and to have access to a diversified funding base. A sound maturity profile is maintained by adapting the volume of overnight deposits in accordance with current needs and market situation. 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 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 readily and at low cost can be converted into cash.

SEK has a low tolerance for long term structural liquidity risk and funding must be available for all, disbursed as well as undisbursed, credit commitments for the full maturity period. For CIRR credits, which SEK manages on behalf of the Swedish state, the company includes its loan facility with the Swedish National Debt Office as available funding. The loan facility, granted by the Swedish parliament via the National Swedish Debt Office, amounted to Skr 80 billion during 2015 (2014: Skr 80 billion) and may only be used to finance CIRR credits. In December 2015, the Swedish parliament decided that the credit facility for 2016 should amount to Skr 125 billion. The credit facility is valid through December 31, 2016 and entitles SEK to receive financing over the maturities that the underlying

ing CIRR credits have. SEK has not yet utilized the credit facility.

7.2. Measurement

7.2.1. Liquidity risk from a short term perspective

The liquidity coverage ratio (LCR) is used to address short term liquidity. LCR measures the available unencumbered high-quality liquid assets (HQLAs) against net cash outflows arising in the 30 day stress scenario period. Swedish institutions are expected to maintain a LCR of at least 100% for all currencies combined, and for EUR and USD. Liquidity forecasts for a period of up to one year are also produced on a regular basis.

Stress tests on cash flows are performed on a regular basis. The analysis is based on three scenarios: market-related stress, company-specific stress and a combination of the two. The effects on SEK's liquidity position and access to central bank facilities are analyzed and the results are incorporated in SEK's contingency funding plan, which address liquidity management in a liquidity crises. See section 7.2.3 "Stress testing and contingency plan" for more detailed information.

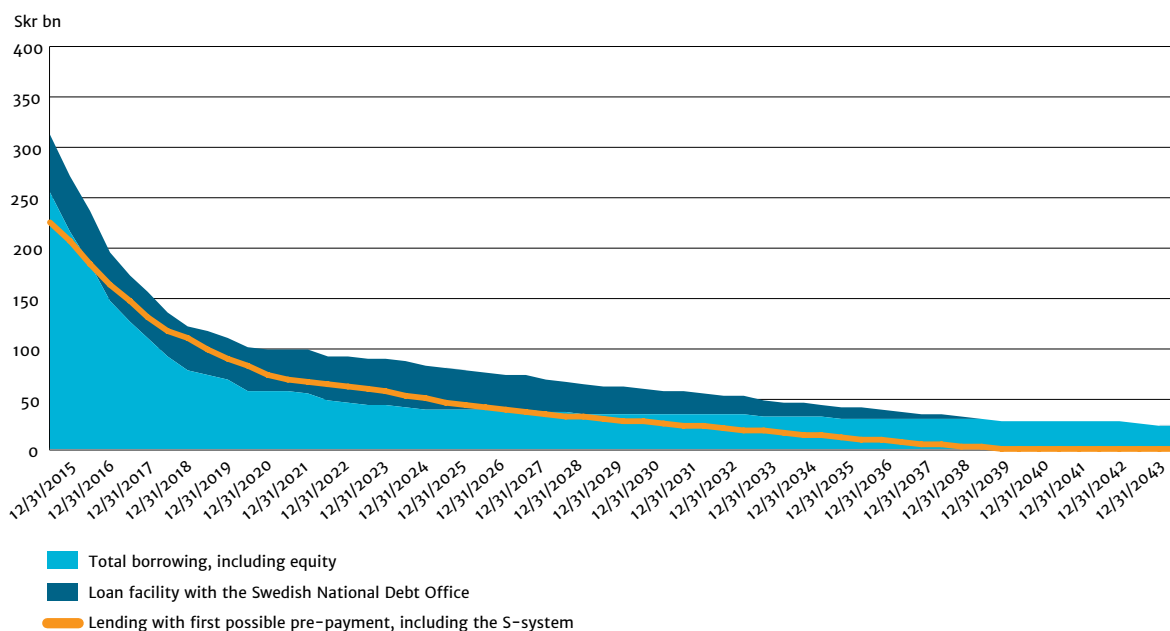
7.2.2. Liquidity risk from a long term perspective

Funding must be available for the full maturity period for all of SEK's credit commitments – outstanding credits and agreed, but undisbursed credits. This strategy is a fundamental and integral part of SEK's business operations. Consequently, no additional funding is required to manage commitments with regard to existing credits. This policy is monitored through the reporting of maturity profiles for lending and borrowing in accordance with Chart 7.1.

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. Chart 7.1 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. SEK also carries out various sensitivity analyses with regard to such instruments in which different market conditions are simulated.

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 firm against the required amount of stable funding over a period of one year. Minimum requirements, in accordance with CRR, will be in place January 1, 2018, at the earliest.

Chart 7.1: Development over time of SEK's available funds as of December 31, 2015



7.2.3. Stress testing and contingency plan

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

General assumptions for these scenarios include, but are not limited to, the following:

- SEK meets all of its previously agreed credit commitments.
- SEK continues to grant new credits in accordance with the business plan.
- SEK's liquidity reserve can quickly be converted into liquid funds.
- Scenario-specific assumptions include, but are not limited to:
 - Market stress: not all funding that matures can be refinanced and cash needs to be paid out under collateral agreements.
 - Company-specific stress: only a small fraction of all funding that matures can be refinanced.

Chart 7.2 shows the trend in accumulated cash flows for the different scenarios. SEK's significant amount of assets that are eligible to be held as collateral at central banks are not utilized in the stressed scenarios. They serve as an additional back-up if market conditions were to become even more disadvantageous. This extra reserve would be used to off-set the potential deficit in accumulated cash flows under the scenarios in the chart below. The credit facility with the Swedish National Debt Office is included in the stress tests as one of the possible measures to avoid deficits. The extra reserve ensures that the market stress scenario seen in Chart 7.2, with an emerging deficit in July 2016, can be managed and is in line with SEK's Liquidity and Funding Policy.

The results of the 2015 stress tests show that SEK has, in line with its Liquidity and Funding Policy, 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 address 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 is to occur. The plan also describes the roles and responsibilities during a liquidity crisis, including the authority to invoke the plan. It contains an escalation procedure, including a description of when the plan should be activated and how the different actions should be prioritized in a liquidity crisis. Furthermore, an internal and external communication plan is included in SEK's contingency funding plan.

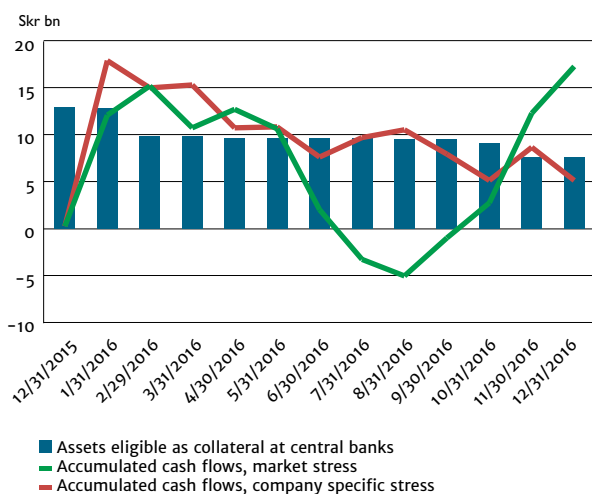
In addition to the scenario stress tests above, SEK analyzes the effect on the requirement for regulation of net exposures in the event that the credit rating of the company is stressed. No amount could be claimed from SEK in the event of a downgrade of SEK's rating to 'A+' from 'AA+' at year-end 2015, which was the same outcome as at year-end 2014.

7.3. Exposure and capital requirements

7.3.1. 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 profile of the liquidity investments is 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

Chart 7.2: Stress tests and cash flows in market and company-specific stress scenarios



business model and necessary to meet SEK's policy on liquidity and funding risk.

To meet the financing requirements for long-term lending, liquid assets surpluses are invested in assets with high credit quality. At December 31, 2015, the size of SEK's liquidity investments was Skr 58.7 billion (2014: Skr 86.6 billion), which is a significant decrease compared with year-end 2014. In 2015, SEK reduced the volume of liquidity investments in order to utilize capital more efficiently. 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. Including CIRR credits, at year-end 2015, the volume of agreed but undisbursed credits amounted to Skr 63.4 billion (2014: Skr 16 billion). SEK assumes that liquidity investments will be able to cover a liquidity buffer of Skr 15.0 billion (Skr 15.0 billion), which is intended to cover any outflows under the company's collateral agreements with its derivative counterparties in order to reciprocally regulate counterparty risks. Liquidity investments should also cover a pre-financing buffer that takes into account funding transactions amounting at least to an equivalent of USD 500 million and maturing within six months. At year-end 2015, the pre-financing buffer amounted to Skr 8.6 billion (2014: Skr 3.9 billion). Finally, liquidity investments include capacity for SEK's estimated new lending requirements. The aim is for this capacity to provide at least four months' (four) normal new lending besides CIRR credits. At year-end 2015, new lending capacity amounted to Skr 11.1 billion (2014: Skr 40.6 billion), which corresponds to four months' (16) normal new lending.

The charts below provide a breakdown of SEK's liquidity investments by exposure class/type, maturity and rating at December 31, 2015. See Appendix table 23, 24 for further breakdowns.

SEK's liquidity reserve comprises highly-liquid assets including overnight deposits in banks. All assets are either confirmed or assumed to be eligible as collateral at the Riksbank (Sweden's central bank) and/or confirmed to be eligible as collateral at the ECB. The composition of the liquidity reserve is presented in table 25 in Appendix. Assets that are assumed to be eligible with the Riksbank are not explicitly listed by the Riksbank, but meet its criteria for central bank-eligible assets. A portion of the liquidity reserve qualifies as high quality assets under the quantitative liquidity ratio, Liquidity Coverage Ratio (LCR), which is binding in Sweden. See section 7.3.3 for reported figures.

Chart 7.3: SEK's liquidity investments at December 31, 2015 (and 2014), by exposure class/type

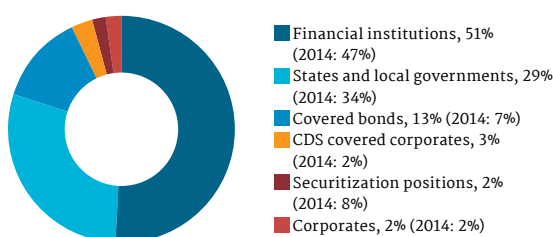


Chart 7.4: Remaining maturity (M) in SEK's Liquidity investments at December 31, 2015 (and 2014)

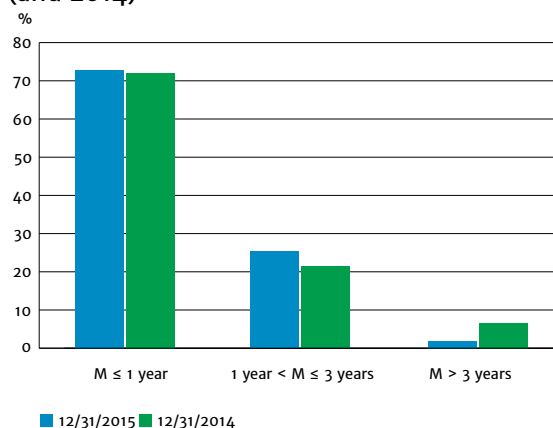
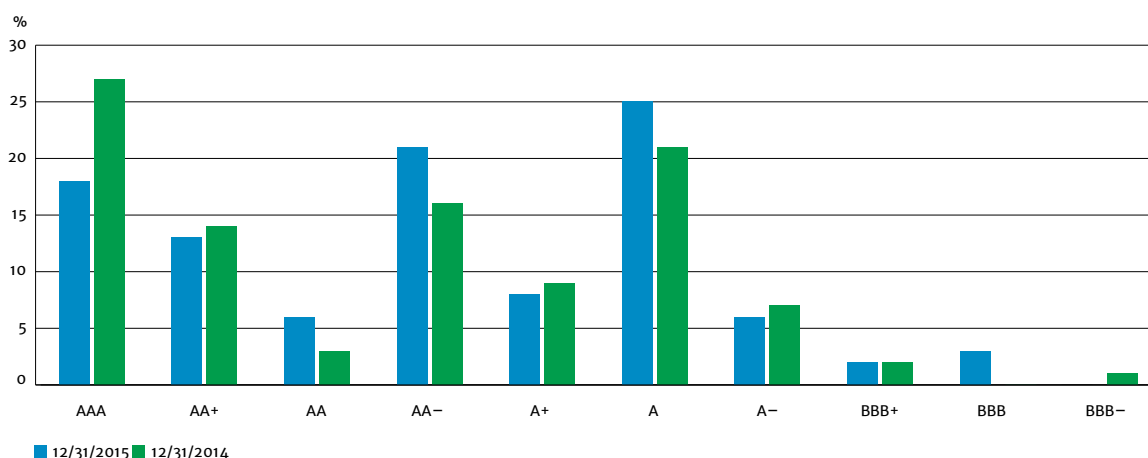


Chart 7.5: SEK's liquidity investments at December 31, 2015 (and 2014), by rating



7.3.2. 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 geographic markets. As a general rule, SEK converts the issue proceeds from foreign currency bonds to EUR or USD by using derivatives. To manage and ensure market access at all times, SEK seeks to establish and maintain relationships with its investors. See below charts that illustrate some of the aspects of the diversification of SEK's funding. See Table 26 in Appendix for a detailed breakdown by region and structure. Net total long-term funding taking into account swaps amounts to Skr 233,3 billion at December 31, 2015.

Chart 7.7: Long-term funding as of December 31, 2015 (and 2014), by structure type

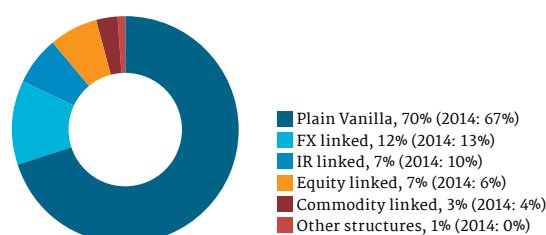


Chart 7.8: Long-term funding as of December 2015 (and 2014), by region

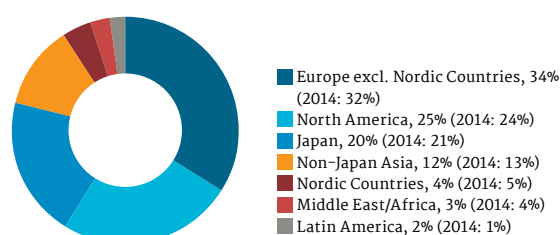
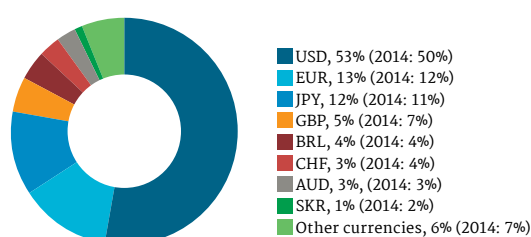


Chart 7.6: Long-term funding at December 31, 2015 (and 2014), by issue currency



Some of SEK's structured long-term borrowing includes early-redemption clauses that will be triggered if certain market conditions are met. For long-term funding, 13 percent (year-end 2014: 16 percent) of the outstanding volume includes such early-redemption clauses at December 31, 2015. The sensitivity to the underlying indexes of such early-redemption clauses is presented to the Board's Risk and Finance Committee on a regular basis together with a forward-looking analysis of how this debt is expected to perform.

Liquidity risk

For short-term funding see Table 7.1 that illustrates SEK's funding programs, including US Commercial Paper program (UCP) and European Commercial Paper program (ECP), for maturities up to one year.

Table 7.1: Short-term funding programs

Program type	UCP	ECP
Currency	USD	Multiple currencies
Number of dealers	4	4
"Dealer of the day facility"	No	Yes
Program size	USD 3,000 mn	USD 4,000 mn
Usage at Dec. 31, 2015	USD 400 mn	USD 150 mn
Maturity	Maximum 270 days	Maximum 364 days

7.3.3. Liquidity risks during 2015

SEK's liquidity situation has been stable over the year. Below charts illustrate the development of the liquidity measures LCR and NSFR over time. At December 31, 2015, the volume LCR eligible assets was Skr 13,8 billion and SEK fulfilled the LCR regulatory requirements by having a LCR ratio at an aggregate level of 573 percent, a ratio for EUR of 825 percent and a ratio for USD of 312 percent. At December 31, 2015, NSFR was 99,4 percent due to a low volume of liquidity investments at year-end.

Chart 7.9: LCR over time as of December 31, 2015

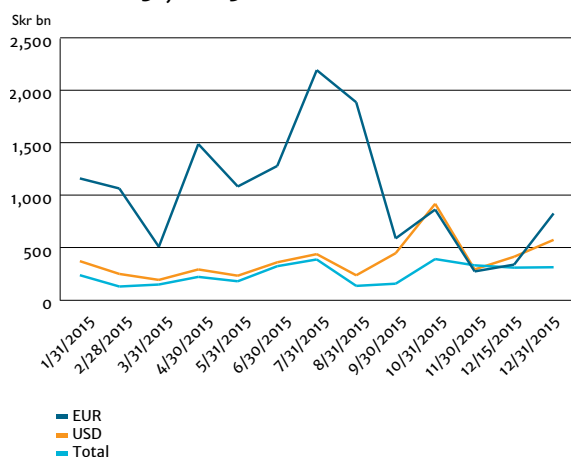
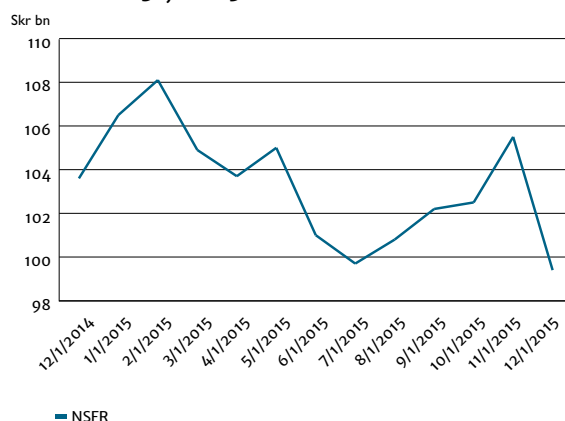


Chart 7.10: NSFR over time at December 31, 2015



SEK has had positive availability throughout the period, which is in line with the company's policy to avoid refinancing risk.

7.3.4. 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.

7.4. Asset encumbrance

The main sources of encumbrance are the collateralized derivatives with a negative fair value. SEK did not enter into any repurchase agreement in 2015. Some 90 percent of unencumbered other assets comprise cash and cash equivalents and SEK's lending portfolio.

Table 7.2: Encumbered and unencumbered assets at December 31, 2015

Skr mn	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Debt securities	–	–	91,259	90,673
Other assets	13,594	13,594	174,831	177,562
Total assets	13,594	13,594	266,090	268,235

Table 7.3: Collateral received not recognised in statement of financial position
at December 31, 2015

Skr mn	Fair value of encumbered collateral received or own debt securities issued	Fair value of collateral received or own debt securities issued available for encumbrance
Other collateral received	-	-
Total collateral received	-	-
Own debt securities issued other than own covered bonds or ABSs	1,264	1,264

Table 7.4: Encumbered assets/collateral received and associated liabilities
at December 31, 2015

Skr mn	Matching liabilities, contingent liabilities or securites lent	Assets, collateral received and own debt securities issued other than covered bonds and ABS encumbered
Carrying amout of selected financial liabilites	15,177	13,594

Appendix

Table 1: Reconciliation of balance sheet and own funds

Disclosure according to Article 2 of the Commission Implementing Regulation (EU) No 1423/2013

Skr mn	Consolidated balance sheet at December 31, 2015 ¹	Consolidated balance sheet at December 31, 2014	Cross reference to row number in Table 2
Assets			
Cash and cash equivalents	2,258	7,099	
Treasuries/government bonds	2,006	3,458	
Other interest-bearing securities except loans	40,831	66,398	
<i>of which Exposure amount of securitisation positions which qualify for a RW of 1,250%, where the institution opts for the deduction alternative</i>	-	216	20c
Loans in the form of interest-bearing securities	48,107	53,140	
Loans to credit institutions	29,776	25,510	
Loans to the public	140,806	149,240	
Derivatives	12,672	16,017	
Property, plant, equipment and intangible assets	129	161	
<i>of which Intangible assets</i>	109	135	8
Other assets	1,854	2,053	
Prepaid expenses and accrued revenues	1,972	2,090	
Total assets	280,411	325,166	
Liabilities and equity			
Borrowing from credit institutions	5,283	8,290	
Borrowing from the public	61	63	
Senior securities issued	228,212	273,839	
<i>of which gains or losses on liabilities valed at fair value resulting from changes in own credit standing</i>	290	366	14
Derivatives	23,631	18,886	
Other liabilities	1,637	3,054	
Accrued expenses and prepaid revenues	1,912	2,014	
Deferred tax liabilities	720	821	
Provisions	39	97	
Subordinated securities issued	2,088	1,945	
<i>of which T2 Capital instruments and the related share premium accounts¹</i>	2,088	1,953	46
Total liabilities	263,583	309,009	
Share capital	3,990	3,990	1
Reserves	227	403	
<i>of which Accumulated other comprehensive income</i>	228	403	3
<i>of which Fair value reserves related to gains or losses on cash flow hedges</i>	228	386	11
<i>of which Regulatory adjustments relating to unrealised gains pursuant to Article 468</i>	-	62	26a
Retained earnings	12,611	11,764	
<i>of which Independently reviewed interim profits net of any foreseeable charge or dividend</i>	830	882	5a
<i>of which Retained earnings</i>	11,404	10,522	2
<i>of which Accumulated other comprehensive income</i>	19	-18	3
Total equity	16,828	16,157	
Total liabilities and equity	280,411	325,166	

¹ The basis for consolidation for supervisory purposes does not differ from the consolidation for accounting purposes² Nominal amount, which differs from the carrying value of the instruments as recognized in the balance sheet

Table 2: Transitional Own funds

Disclosure according to Article 5 of the Commission Implementing Regulation (EU) No 1423/2013

Skr mn		Amount at Dec 31, 2015	Amount at Dec 31, 2014	Regulation (EU) no 575/2013 article reference	Amounts subject to preregulation (EU) no 575/2013 treatment or pre- scribed residual amount of Regulation (EU) no 575/2013
Common Equity Tier 1 capital: instruments and reserves					
1	Capital instruments and the related share premium accounts	3,990	3,990	26 (1), 27, 28, 29, EBA list 26 (3)	
	of which: Share capital	3,990	3,990	EBA list 26 (3)	
2	Retained earnings	11,404	10,522	26 (1) (c)	
3	Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	247	385	26 (1)	
3a	Funds for general banking risk	-	-	26 (1) (f)	
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	-	-	486 (2)	
	Public sector capital injections grandfathered until January 1, 2018	-	-	483 (2)	
5	Minority Interests (amount allowed in consolidated CET1)	-	-	84, 479, 480	-
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	830	882	26 (2)	
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	16,471	15,779		
Common Equity Tier 1 (CET1) capital: regulatory adjustments					
7	Additional value adjustments (negative amount)	-429	-560	34, 105	-
8	Intangible assets (net of related tax liability) (negative amount)	-109	-135	36 (1) (b), 37, 472 (4)	-
9	Empty Set in the EU				
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) are met) (negative amount)	-	-	36 (1) (c), 38, 472 (5)	-
11	Fair value reserves related to gains or losses on cash flow hedges	-228	-386	33 (a)	-
12	Negative amounts resulting from the calculation of expected loss amounts	-	-	36 (1) (d), 40, 159, 472 (6)	-
13	Any increase in equity that results from securitised assets (negative amount)	-	-	32 (1)	-
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	290	366	33 (b)	-
15	Defined-benefit pension fund assets (negative amount)	-	-	36 (1) (e), 41, 472 (7)	-
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	-	-	36 (1) (f), 42, 472 (8)	-
17	Holdings of the CET1 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)	-	-	36 (1) (g), 44, 472 (9)	-

Appendix

Skr mn		Amount at Dec 31, 2015	Amount at Dec 31, 2014	Regulation (EU) no 575/2013 article reference	Amounts subject to preregulation (EU) no 575/2013 treatment or pre- scribed residual amount of Regulation (EU) no 575/2013
18	Direct and indirect 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 the 10% threshold and net of eligible short positions) (negative amount)	-	-	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)	-
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)	-	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)	-
20	Empty Set in the EU				
20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-	-216	36 (1) (k)	-
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	-	36 (1) (k) (i), 89 to 91	-
20c	of which: securitisation positions (negative amount)	-	-216	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258	-
20d	of which: free deliveries (negative amount)	-	-	36 (1) (k) (iii), 379 (3)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in 38 (3) are met) (negative amount)	-	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	-
22	Amount exceeding the 15% threshold (negative amount)	-	-	48 (1)	-
23	of which: 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	-	-	36 (1) (i), 48 (1) (b), 470, 472 (11)	-
24	Empty Set in the EU				
25	of which: deferred tax assets arising from temporary differences	-	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)	-
25a	Losses for the current fiscal year (negative amount)	-	-	36 (1) (a), 472 (3)	-
25b	Foreseeable tax charges relating to CET1 items (negative amount)	-	-	36 (1) (l)	-
26	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to pre-CRR treatment	-	-		
26a	Regulatory adjustments relating to unrealised gains and losses pursuant to Articles 467 and 468	-	-62		
	Of which: ...filter for unrealised loss 1	-	-	467	
	Of which: ...filter for unrealised loss 2	-	-	467	
	Of which: ...filter for unrealised gain 1	-	-62	468	
	Of which: ...filter for unrealised gain 2	-	-	468	

Skr mn		Amount at Dec 31, 2015	Amount at Dec 31, 2014	Regulation (EU) no 575/2013 article reference	Amounts subject to preregulation (EU) no 575/2013 treatment or pre- scribed residual amount of Regulation (EU) no 575/2013
26b	Amount to be deducted from or added to Common Equity Tier 1 capital with regard to additional filters and deductions required pre CRR	-	-	481	
27	Qualifying AT1 deductions that exceed the AT1 capital of the institution (negative amount)	-	-	36 (1) (j)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-476	-993		
29	Common Equity Tier 1 (CET1) capital	15,995	14,786		
Additional Tier 1 (AT1) capital: instruments					
30	Capital instruments and the related share premium accounts	-	-	51, 52	
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) and the related share premium accounts subject to phase out from AT1	-	-	486 (3)	
	Public sector capital injections grandfathered until January 1, 2018	-	-	483 (3)	
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	-	-	85, 86, 480	-
35	of which: instruments issued by subsidiaries subject to phase out	-	-	486 (3)	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-		
Additional Tier 1 (AT1) capital: regulatory adjustments					
37	Direct and indirect holdings by an institution of own AT1 Instruments (negative amount)	-	-	52 (1) (b), 56 (a), 57, 475 (2)	-
38	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)	-	-	56 (b), 58, 475 (3)	-
39	Direct and indirect holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above the 10% threshold and net of eligible short positions) (negative amount)	-	-	56 (c), 59, 60, 79, 475 (4)	-
40	Direct and indirect holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 10% threshold net of eligible short positions) (negative amount)	-	-	56 (d), 59, 79, 475 (4)	-

Skr mn		Amount at Dec 31, 2015	Amount at Dec 31, 2014	Regulation (EU) no 575/2013 article reference	Amounts subject to preregulation (EU) no 575/2013 treatment or pre- scribed residual amount of Regulation (EU) no 575/2013
41	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-		
41a	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Common Equity Tier 1 Capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc	-	-		
41b	Residual amounts deducted from Additional Tier 1 capital with regard to deduction from Tier 2 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-	-	477, 477 (3), 477 (4) (a)	-
	Of which items to be detailed line by line, e.g. Reciprocal cross holdings in Tier 2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc	-	-		
41c	Amount to be deducted from or added to Additional Tier 1 capital with regard to additional filters and deductions required pre-CRR	-	-	467, 468, 481	
	Of which: ...possible filter for unrealised losses	-	-	467	
	Of which: ...possible filter for unrealised gains	-	-	468	
	Of which: ...	-	-	481	
42	Qualifying T2 deductions that exceed the T2 capital of the institution (negative amount)	-	-	56 (e)	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-		
44	Additional Tier 1 (AT1) capital	-	-		
45	Tier 1 capital (T1 = CET1 + AT1)	15,995	14,786		
Tier 2 (T2) capital: instruments and provisions					
46	Capital instruments and the related share premium accounts	2,088	1,953	62, 63	
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2	-	-	486 (4)	
	Public sector capital injections grandfathered until January 1, 2018	-	-	483 (4)	
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	-	-	87, 88, 480	-

Skr mn		Amount at Dec 31, 2015	Amount at Dec 31, 2014	Regulation (EU) no 575/2013 article reference	Amounts subject to preregulation (EU) no 575/2013 treatment or pre- scribed residual amount of Regulation (EU) no 575/2013
49	of which: instruments issued by subsidiaries subject to phase out	-	-	486 (4)	
50	Credit risk adjustments	9	51	62 (c) & (d)	
51	Tier 2 (T2) capital before regulatory adjustments	2,097	2,004		
Tier 2 (T2) capital: regulatory adjustments					
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	63 (b) (i), 66 (a), 67, 477 (2)	-
53	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)	-	-	66 (b), 68, 477 (3)	-
54	Direct and indirect 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)	-	-	66 (c), 69, 70, 79, 477 (4)	-
54a	Of which new holdings not subject to transitional arrangements	-	-		-
54b	Of which holdings existing before January 1, 2013 and subject to transitional arrangements	-	-		-
55	Direct and indirect 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)	-	-	66 (d), 69, 79, 477 (4)	-
56	Regulatory adjustments applied to tier 2 in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-		-
56a	Residual amounts deducted from Tier 2 capital with regard to deduction from Common Equity Tier 1 capital during the transitional period pursuant to article 472 of Regulation (EU) No 575/2013	-	-	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)	
	Of which items to be detailed line by line, e.g. Material net interim losses, intangibles, shortfall of provisions to expected losses etc	-	-		
56b	Residual amounts deducted from Tier 2 capital with regard to deduction from Additional Tier 1 capital during the transitional period pursuant to article 475 of Regulation (EU) No 575/2013	-	-	475, 475 (2) (a), 475 (3), 475 (4) (a)	
	Of which items to be detailed line by line, e.g. reciprocal cross holdings in AT1 instruments, direct holdings of non significant investments in the capital of other financial sector entities, etc	-	-		

Skr mn		Amount at Dec 31, 2015	Amount at Dec 31, 2014	Regulation (EU) no 575/2013 article reference	Amounts subject to preregulation (EU) no 575/2013 treatment or pre- scribed residual amount of Regulation (EU) no 575/2013
56c	Amount to be deducted from or added to Tier 2 capital with regard to additional filters and deductions required pre CRR	-	-	467, 468, 481	
	Of which: ...possible filter for unrealised losses	-	-	467	
	Of which: ...possible filter for unrealised gains	-	-	468	
	Of which: ...	-	-	481	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-		
58	Tier 2 (T2) capital	2,097	2,004		
59	Total capital (TC = T1 + T2)	18,092	16,790		
59a	Risk weighted assets in respect of amounts subject to pre-CRR treatment and transitional treatments subject to phase out as prescribed in Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	-		
	Of which: ...items not deducted from CET1 (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Deferred tax assets that rely on future profitability net of related tax liability, indirect holdings of own CET1, etc)	-		472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)	-
	“Of which: ...items not deducted from AT1 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Reciprocal cross holdings in T2 instruments, direct holdings of non-significant investments in the capital of other financial sector entities, etc)”	-		475, 475 (2) (b), 475 (2) (c), 475 (4) (b)	-
	“Items not deducted from T2 items (Regulation (EU) No 575/2013 residual amounts) (items to be detailed line by line, e.g. Indirect holdings of own t2 instruments, indirect holdings of non significant investments in the capital of other financial sector entities, indirect holdings of significant investments in the capital of other financial sector entities etc)”	-		477, 477 (2) (b), 477 (2) (c), 477 (4) (b)	-
60	Total risk weighted assets	73,959	87,317		
Capital ratios and buffers					
61	Common Equity Tier 1 (as a percentage of risk exposure amount)	21.6%	16.9%	92 (2) (a), 465	
62	Tier 1 (as a percentage of risk exposure amount)	21.6%	16.9%	92 (2) (b), 465	
63	Total capital (as a percentage of risk exposure amount)	24.5%	19.2%	92 (2) (c)	
64	Institution specific buffer requirement (CET1 requirement in accordance with article 92 (1) (a) plus capital conservation and countercyclical buffer requirements, plus systemic risk buffer, plus the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	7.7%	7.0%	CRD 128, 129, 130	
65	of which: capital conservation buffer requirement	2.5%	2.5%		
66	of which: countercyclical buffer requirement	0.7%	-		

		Amounts subject to preregulation (EU) no 575/2013 treatment or pre-scribed residual amount of Regulation (EU) no 575/2013		
Skr mn		Amount at Dec 31, 2015	Amount at Dec 31, 2014	Regulation (EU) no 575/2013 article reference
67	of which: systemic risk buffer requirement	-	-	
67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	-	-	CRD 131
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	20.1%	15.4%	CRD 128
69	[non relevant in EU regulation]			
70	[non relevant in EU regulation]			
71	[non relevant in EU regulation]			
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of the capital 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)	-	-	36 (1) (h), 45, 46, 472 (10) 56 (c), 59, 60, 475 (4) 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	-	-	36 (1) (i), 45, 48, 470, 472 (11)
74	Empty Set in the EU			
75	Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	-	-	36 (1) (c), 38, 48, 470, 472 (5)
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)	-	-	62
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-	62
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings- based approach (prior to the application of the cap)	9	51	62
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	383	462	62
Capital instruments subject to phase-out arrangements (only applicable between Jan. 1, 2013 and Jan. 1, 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	484 (3), 486 (2) & (5)
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	484 (3), 486 (2) & (5)
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	484 (4), 486 (3) & (5)
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	484 (4), 486 (3) & (5)
84	Current cap on T2 instruments subject to phase out arrangements	-	-	484 (5), 486 (4) & (5)
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	484 (5), 486 (4) & (5)

Table 3: Main features of capital instruments at December 31, 2015

Disclosure according to Article 3 of the Commission Implementing Regulation (EU) No 1423/2013

		Shares	Dated Subordinated Instruments
1	Issuer	AB Svensk Exportkredit (556084-0315)	AB Svensk Exportkredit (556084-0315)
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	XS0992306810
3	Governing law(s) of the instrument	Swedish law	English law
Regulatory treatment			
4	Transitional CRR rules	Common Equity Tier 1	Tier 2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-) consolidated	Solo and Consolidated	Solo and Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Share capital as published in Regulation (EU) no 575/2103 article 28	Tier 2 capital as published in Regulation (EU) no 575/2103 article 63
8	Amount recognised in regulatory capital (Currency in million, at most recent reporting date)	Skr 3,990 mn	Skr 2,088 mn
9	Nominal amount of instrument	Skr 3,990 mn	USD 250 mn
9a	Issue price	Skr 3,990 mn	99.456%
9b	Redemption price	N/A	100%
10	Accounting classification	Equity	Liability – amortised cost
11	Original date of issuance	1962	November 14, 2013
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	N/A	November 14, 2023
14	Issuer call subject to prior supervisory approval	N/A	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	November 14, 2018
16	Subsequent call dates, if applicable	N/A	N/A
Coupons / dividends			
17	Fixed or floating dividend/coupon	N/A	Fixed to floating
18	Coupon rate and any related index	N/A	Fixed 2.875% p.a. untill first call date, thereafter floating 1.45% p.a. above the applicable swap rate for USD swap transactions with a maturity of 5 years
19	Existence of a dividend stopper	N/A	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	Mandatory
21	Existence of step up or other incentive to redeem	N/A	No
22	Noncumulative or cumulative	N/A	Noncumulative
23	Convertible or non-convertible	N/A	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A

	Shares	Dated Subordinated Instruments
30 Write-down features	N/A	No
31 If write-down, write-down trigger(s)	N/A	N/A
32 If write-down, full or partial	N/A	N/A
33 If write-down, permanent or temporary	N/A	N/A
34 If temporary write-down, description of write-up mechanism	N/A	N/A
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Lowest, next senior is Tier 2 capital	Pari passu amongst same class, but subordinate to all instruments except shares
36 Non-compliant transitioned features	No	No
37 If yes, specify non-compliant features	N/A	N/A

Table 4: Geographical distribution of credit exposures and capital requirements relevant for the calculation of the countercyclical capital buffer at December 31, 2015¹

Country	Exposure at default for relevant exposures by method (Skr mn)		Minimum capital requirement ² (Skr mn)	Minimum capital requirement weights (decimal)	Countercyclical capital buffer rate ³ (percent)
	Standardized approach	IRB approach			
Sweden	73	58,894	2,559	0.649	1.00%
Finland	-	5,883	317	0.080	-
United Kingdom	167	2,362	147	0.037	-
United States	-	2,534	132	0.034	-
Denmark	-	3,602	107	0.027	-
Mexico	300	1,760	91	0.023	-
Chile	-	1,677	67	0.017	-
Turkey	-	1,654	61	0.016	-
Luxembourg	-	373	39	0.010	-
Canada	-	520	38	0.010	-
Netherlands	8	1,320	31	0.008	-
Ireland ⁴	-	1,133	28	0.007	-
Tanzania	-	421	26	0.007	-
Brazil	269	38	24	0.006	-
Korea (the Republic of)	-	567	23	0.006	-
China	-	911	23	0.006	-
Peru	-	595	20	0.005	-
Thailand	241	-	19	0.005	-
Japan	-	513	19	0.005	-
Iceland	-	201	17	0.004	-
Norway	-	304	17	0.004	1.00%
Switzerland	-	1,072	14	0.004	-
Bermuda	-	149	13	0.003	-
South Africa	-	240	12	0.003	-
Saudi Arabia	-	210	12	0.003	-
Colombia	28	229	12	0.003	-
United Arab Emirates	-	208	11	0.003	-
Hungary	135	-	11	0.003	-
India	-	113	9	0.002	-
Vietnam	110	-	9	0.002	-
Qatar	-	163	8	0.002	-
Indonesia	83	-	7	0.002	-

Country	Exposure at default for relevant exposures by method (Skr mn)		Minimum capital requirement ² (Skr mn)	Minimum capital requirement weights (decimal)	Countercyclical capital buffer rate ³ (percent)
	Standardized approach	IRB approach			
Germany	–	73	5	0.001	–
Russian Federation	–	53	4	0.001	–
Belgium	–	91	2	0.001	–
Spain	–	111	2	0.001	–
Italy	25	–	2	0.001	–
Congo	–	42	1	0.000	–
Uzbekistan	–	9	1	0.000	–
France	0	–	0	0.000	–
Total	1,440	88,024	3,940	1.000	n/a

¹ This table differs from the standard format of Commission delegated regulation (EU) 2015/1555. Columns regarding trading book positions have been omitted as SEK does not have a trading book. Columns regarding securitization positions have also been omitted, the amounts related to SEK's single securitization position have been included in the amounts regarding Ireland (see footnote 2).

² Minimum capital requirement is 8.0 percent of relevant risk exposure amount.

³ Includes only active buffers at December 31, 2015.

⁴ Of which related to securitization positions: Exposure at default according to IRB approach Skr 756 mn, Capital requirement Skr 19 mn.

Table 5. Amount of institution-specific countercyclical capital buffer

	2015	2014
Total risk exposure amount (Skr mn)	73,959	87,317
Institution specific countercyclical buffer rate (percent)	0.7%	–
Institution specific countercyclical buffer requirement (Skr mn)	484	–

Table 6: Summary reconciliation of accounting assets and leverage ratio exposures at December 31, 2015

Disclosure according to Article 4 of the proposed Commission Implementing Regulation (EU) according to EBA/ITS/2014/04/rev1.

Skr mn	Item	2015
1	Total assets as per published financial statements	280,411
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	–
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio exposure measure in accordance with Article 429(13) of Regulation (EU) No 575/2013 “CRR”	–
4	Adjustments for derivative financial instruments	–22,701
5	Adjustments for securities financing transactions “SFTs”	–
6	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	39,161
EU-6a	Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013	–
EU-6b	Adjustment for exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (14) of Regulation (EU) No 575/2013	–
7	Other adjustments	–821
8	Total leverage ratio exposure	296,050

Table 7: Leverage ratio common disclosure at December 31, 2015

Disclosure according to Article 3 (a) of the proposed Commission Implementing Regulation (EU) according to EBA/ITS/2014/04/rev1.

Skr mn		CRR leverage ratio exposures
		2015
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	266,064
2	Asset amounts deducted in determining Tier 1 capital	-109
3	Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)	265,955
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	92
5	Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method)	4,434
EU-5a	Exposure determined under Original Exposure Method	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-
7	Deductions of receivables assets for cash variation margin provided in derivatives transactions	-13,592
8	Exempted CCP leg of client-cleared trade exposures	-
9	Adjusted effective notional amount of written credit derivatives	-
10	Adjusted effective notional offsets and add-on deductions for written credit derivatives	-
11	Total derivative exposures (sum of lines 4 to 10)	-9,066
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13	Netted amounts of cash payables and cash receivables of gross SFT assets	-
14	Counterparty credit risk exposure for SFT assets	-
EU-14a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Article 429b (4) and 222 of Regulation (EU) No 575/2013	-
15	Agent transaction exposures	-
EU-15a	(Exempted CCP leg of client-cleared SFT exposure)	-
16	Total securities financing transaction exposures (sum of lines 12 to 15a)	-
Other off-balance sheet exposures¹		
17	Off-balance sheet exposures at gross notional amount	124,649
18	Adjustments for conversion to credit equivalent amounts	-85,488
19	Other off-balance sheet exposures (sum of lines 17 to 18)	39,161
Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)		
EU-19a	Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet)	-
EU-19b	Exposures exempted in accordance with Article 429 (14) of Regulation (EU) No 575/2013 (on and off balance sheet)	-
Capital and total exposures		
20	Tier 1 capital	15,995
21	Total leverage ratio exposures (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	296,050
Leverage ratio		
22	Leverage ratio	5.4%
Choice on transitional arrangements and amount of derecognised fiduciary items		
EU-23	Choice on transitional arrangements for the definition of the capital measure	Fully phased in ²
EU-24	Amount of derecognised fiduciary items in accordance with Article 429(11) of Regulation (EU) NO 575/2013	-

¹ Inclusive of non-binding offers. Nominal amounts for these are at December 31, 2015 Skr 54,857 mn of which 10 percent is included in leverage ratio exposure measure. In other tables regarding total credit risk exposures non-binding offers are excluded.

² Since 2015 the Own funds of SEK in no aspect are affected by any transitional arrangements that still are in force in Swedish regulations.

Table 8: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) at December 31, 2015

Disclosure according to Article 3 (b) of the proposed Commission Implementing Regulation (EU) according to EBA/ITS/2014/04/rev1.

		CRR leverage ratio exposures
Skr mn		2015
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	252,472
EU-2	Trading book exposures	–
EU-3	Banking book exposures, of which:	252,472
EU-4	Covered bonds	5,599
EU-5	Exposures treated as sovereigns	123,918
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	358
EU-7	Institutions	41,066
EU-8	Secured by mortgages of immovable properties	–
EU-9	Retail exposures	–
EU-10	Corporate	80,532
EU-11	Exposures in default	57
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	942

Table 9: Leverage ratio, disclosure on qualitative items

1	Description of the processes used to manage the risk of excessive leverage	The leverage ratio is managed in accordance with SEK's risk management process, see chapter 2.3 in this report. The leverage ratio is measured and monitored on a monthly basis and reported to the President and the Board of Directors quarterly.
2	Description of the factors that had an impact on the leverage Ratio during the period to which the disclosed leverage Ratio refers	Leverage ratio at December 31, 2015 was 5.4 percent (year-end 2014: 4.4 percent), an increase of 1.0 percentage point compared to the previous year. The denominator of the ratio, that is the Tier 1 capital, was Skr 15,995 million (14,786), and the increase of 8 percent compared to the previous year is attributable to an increase in retained earnings. The nominator of the ratio, that is the exposure measure, amounted to Skr 296,050 million (336,561). Most of the decrease of 12 percent from the previous year is due to a reduction in the liquidity investments.

Table 10: Correspondence table

The correspondence table below shows different credit ratings and the steps in the credit quality scales which are set by supervisory authorities.

Credit quality step	Fitch	Moody's	S&P
1	'AAA'-'AA'	'Aaa'-'Aa3'	'AAA'-'AA'
2	'A+'-'A'	'A1'-'A3'	'A+'-'A'
3	'BBB+'-'BBB'	'Baa1'-'Baa3'	'BBB+'-'BBB'
4	'BB+'-'BB'	'Ba1'-'Ba3'	'BB+'-'BB'
5	'B+'-'B'	'B1'-'B3'	'B+'-'B'
6	'CCC+' and lower	'Caa1' and lower	'CCC+' and lower

Table 11: Net exposures under the standardized approach per quality step at December 31, 2015 (and 2014)

The majority of the exposures for which SEK use the standardized approach can be attributed to the highest credit quality step, which corresponds to a risk weight of zero percent.

Skr bn	1		2		3-6		Not rated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Central governments	167.8	186.2	3.1	2.7	1.7	2.1	–	–	172.6	190.9
Regional governments	14.0	20.9	–	–	–	–	–	–	14.0	20.9
Multilateral development banks	0.0	0.3	–	–	–	–	–	–	0.0	0.3
Corporates	–	–	–	–	–	–	1.5	1.2	1.5	1.2
Total	181.8	207.4	3.1	2.7	1.7	2.1	1.5	1.2	188.1	213.4

Table 12: Gross and net exposure by exposure class, at December 31, 2015 (and 2014) and average during 2015

Skr bn	Gross exposure			Net exposure		
	2015	Average 2015 ¹	2014	2015	Average 2015 ¹	2014
Central governments	59.6	60.5	66.7	172.6	178.2	190.9
Regional governments	7.3	10.8	13.0	14.0	18.8	20.9
Multilateral development banks	0.0	0.2	0.3	0.0	0.2	0.3
Institutions	47.6	60.1	62.0	52.0	64.3	67.5
Corporates	210.9	214.5	222.0	86.8	84.6	84.4
Securitizations	0.8	2.9	6.3	0.8	2.9	6.3
Total	326.2	349.0	370.3	326.2	349.0	370.3

¹ Average amounts are based on monthly exposures

Table 13: Average credit conversion factor (CCF) for off-balance exposures by exposure class at December 31, 2015 (and 2014)

Skr bn	Exposure after risk mitigation		Exposure at Default		Average CCF	
	2015	2014	2015	2014	2015	2014
Standardized approach						
Central governments	62.7	64.5	31.3	32.3	50%	50%
Corporate	0.1	0.1	0.0	0.0	52%	56%
IRB approach						
Institutions	0.9	0.8	0.6	0.6	75%	75%
Corporate	6.2	5.8	2.4	2.0	39%	34%

Table 14: Specialized lending at December 31, 2015 (and 2014)

Skr bn	Exposure at Default		Risk exposure amount	
	2015	2014	2015	2014
1	3.6	2.4	2.4	1.6
2	0.5	0.4	0.4	0.3
3	–	0.0	–	0.0
4	–	–	–	–
5	–	–	–	–
Total	4.1	2.8	2.8	2.0

Within the exposure class corporate exposures, exposures that represent specialized lending (i.e. Project Finance) are separately identified. For such exposures, SEK calculates risk weights based on “slotting.” According to the Basel II regulations, there are five categories for corporate exposures that constitute specialized lending. Categories 1–4 represent non-defaulted exposures, and category 5 represents defaulted exposures. The breakdown among categories 1–4 is based on the increased risk levels for the exposures (where category 1 represents the lowest risk and therefore the highest credit rating).

Table 15: Gross exposure by exposure class and region at December 31, 2015 (and 2014)

Skr bn	Middle East/ Africa/ Turkey		Asia excl. Japan		Japan		North America		Oceania		Latin America		Sweden		Western European countries excl. Sweden		Central-East European countries		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Central governments	2.2	2.2	9.9	8.4	-	-	1.3	0.4	-	-	42.8	43.0	1.2	7.9	2.2	4.8	-	0.0	59.6	66.7
Regional governments	0.6	0.7	-	-	-	-	-	-	-	-	-	-	5.6	11.8	1.1	0.5	0.0	-	7.3	13.0
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.3	-	-	0.0	0.3
Institutions	2.5	1.5	4.7	3.6	0.0	0.2	4.7	12.5	2.2	4.0	2.1	2.0	13.4	14.2	17.6	23.5	0.4	0.4	47.6	61.9
Corporates	20.1	17.6	19.9	22.5	3.8	14.0	26.6	27.0	0.3	0.5	12.5	12.1	67.7	70.2	48.7	45.2	11.3	12.9	210.9	222.0
Securitizations	-	-	-	-	-	-	-	1.1	-	1.2	-	-	-	-	0.8	4.1	-	-	0.8	6.4
Total	25.4	22.0	34.5	34.5	3.8	14.2	32.6	41.0	2.5	5.7	57.4	57.1	87.9	104.1	70.4	78.4	11.7	13.3	326.2	370.3

Table 16: Net exposure by exposure class and region at December 31, 2015 (and 2014)

Skr bn	Middle East/ Africa/ Turkey		Asia excl. Japan		Japan		North America		Oceania		Latin America		Sweden		Western European countries excl. Sweden		Central-East European countries		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Financial institutions	2.5	1.4	4.6	3.3	0.5	0.3	3.9	11.5	2.2	4.0	2.1	1.9	8.6	9.1	27.2	35.6	0.4	0.4	52.0	67.5
Corporates	1.1	0.7	1.1	0.7	0.5	2.3	5.5	5.6	-	0.1	1.2	0.5	59.7	58.7	16.1	14.3	0.1	0.4	85.3	83.2
Securitizations	-	-	-	-	-	-	-	1.0	-	1.2	-	-	-	-	0.8	4.	-	-	0.8	6.3
Standardized method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Central governments	-	-	4.9	3.5	-	-	5.9	4.4	-	-	0.8	0.8	137.6	155.7	20.3	23.9	3.1	2.6	172.6	190.9
Regional governments	-	-	-	-	-	-	-	-	-	-	-	-	12.7	18.5	1.3	2.4	-	-	14.0	20.9
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.3	-	-	0.0	0.3
Corporates	-	0.0	0.3	0.2	-	-	0.0	0.0	-	-	0.6	0.5	0.3	0.2	0.2	0.1	0.1	0.1	1.5	1.2
Total	3.6	2.1	10.9	7.7	1.0	2.6	15.3	22.5	2.2	5.3	4.7	3.7	218.9	242.2	65.9	80.7	3.7	3.5	326.2	370.3

Table 17: Corporate exposure by industry (GICS) at December 31, 2015 (and 2014)

Skr bn	Gross exposure		Net exposure	
	2015	2014	2015	2014
IT and telecom	73.6	83.1	9.4	9.4
Industrials	49.1	46.1	32.9	32.9
Financials	22.3	23.7	5.7	5.7
Materials	22.9	27	12.8	12.8
Consumer goods	15.9	16.4	12.5	12.5
Utilities	14.8	13.7	5	5.0
Health care	6.2	5.9	5.1	5.1
Energy	5.6	5.7	1	1.0
Other	0.5	0.4	0	0.0
Total	210.9	222.0	84.4	84.4
<i>of which small and medium-sized enterprises</i>	<i>0.5</i>	<i>0.3</i>	<i>0.5</i>	<i>0.3</i>

Table 18: Gross exposure by European countries, excluding Sweden, and exposure class at December 31, 2015 (and 2014)

Skr bn	Central governments		Regional governments		Multilateral development banks		Financial institutions		Corporates		Securitization positions		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Spain	-	-	-	-	-	-	0.2	0.2	17.5	13.4	-	0.8	17.7	14.4
The Netherlands	-	-	-	-	-	-	5.4	5.4	3.2	6.0	-	0.4	8.6	11.8
United Kingdom	-	-	-	-	-	-	3.4	5.8	5.1	3.7	-	0.2	8.5	9.7
Russian Federation	-	-	-	-	-	-	-	-	7.9	9.6	-	-	7.9	9.6
Finland	-	-	0.3	0.5	-	-	0.4	1.6	6.8	7.4	-	-	7.5	9.5
Denmark	-	0.2	0.7	-	-	-	1.8	1.8	2.9	2.7	-	-	5.4	4.7
France	-	1.2	-	-	-	-	1.7	1.9	3.7	4.1	-	-	5.4	7.2
Luxembourg	1.4	1.0	-	-	0.0	0.3	0.0	0.0	1.9	1.9	-	-	3.3	3.2
Poland	-	-	-	-	-	-	-	-	3.1	2.7	-	-	3.1	2.7
Norway	-	-	-	-	-	-	2.0	2.2	1.1	1.0	-	-	3.1	3.2
Italy	-	-	-	-	-	-	-	-	2.4	1.4	-	-	2.4	1.4
Switzerland	-	-	-	-	-	-	1.2	1.7	1.1	0.4	-	-	2.3	2.1
Germany	0.4	2.4	0.1	-	-	-	1.6	0.9	0.1	0.2	-	-	2.2	3.5
Ireland	-	-	-	-	-	-	-	0.3	1.2	1.5	0.8	2.5	2.0	4.3
Iceland	-	-	-	-	-	-	-	-	1.2	1.1	-	-	1.2	1.1
Austria	0.4	-	-	-	-	-	-	1.3	0.0	0.0	-	-	0.4	1.3
Latvia	-	-	-	-	-	-	0.3	0.3	-	0.3	-	-	0.3	0.6
Portugal	-	-	-	-	-	-	-	-	0.2	0.2	-	0.2	0.2	0.4
Hungary	-	-	-	-	-	-	-	-	0.1	0.1	-	-	0.1	0.1
Greece	-	-	-	-	-	-	-	-	0.1	0.1	-	-	0.1	0.1
Ukraine	-	-	-	-	-	-	-	-	0.1	0.1	-	-	0.1	0.1
Other Countries	-	0.0	0.0	-	-	-	0.1	0.2	0.2	0.2	-	-	0.3	0.7
Total	2.2	4.8	1.1	0.5	0.0	0.3	18.1	23.6	59.9	58.4	0.8	4.1	82.1	91.7

Table 19: Net exposure by European countries, excluding Sweden, and exposure class at December 31, 2015 (and 2014)

Skr bn	Central governments		Regional governments		Multilateral development banks		Financial institutions		Corporates		Securitization positions		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
France	10.9	12.6	-	-	-	-	4.4	6.1	0.0	-	-	-	15.3	18.7
United Kingdom	1.3	1.8	-	-	-	-	4.7	8.6	3.2	2.7	-	0.4	9.2	13.5
Finland	1.1	1.4	0.5	0.7	-	-	0.8	2.1	5.8	4.9	-	-	8.2	9.1
Germany	3.7	4.7	0.1	1.7	-	-	2.7	2.2	1.0	1.1	-	-	7.5	9.7
Netherlands	-	-	-	-	-	-	5.6	5.8	1.4	1.1	-	0.2	7.0	7.1
Denmark	0.1	0.4	0.7	-	-	-	3.3	3.3	2.5	2.2	-	-	6.6	6.0
Norway	0.6	0.7	-	-	-	-	3.4	3.5	0.3	0.3	-	-	4.3	4.5
Poland	3.1	2.7	-	-	-	-	-	-	-	-	-	-	3.1	2.7
Luxembourg	1.4	1.0	-	-	0.0	0.3	0.0	0.0	0.8	0.0	-	-	2.2	1.3
Switzerland	-	-	-	-	-	-	1.4	2.0	0.6	0.4	-	-	2.0	2.4
Ireland	-	-	-	-	-	-	-	-	0.3	0.4	0.8	2.6	1.1	3.0
Iceland	0.6	0.6	-	-	-	-	-	-	0.2	0.2	-	-	0.8	0.8
Spain	-	-	-	-	-	-	0.4	0.3	0.1	1.0	-	0.7	0.5	2.1
Austria	0.4	-	-	-	-	-	0.1	1.4	-	-	-	-	0.5	1.4
Belgium	-	-	-	-	-	-	0.4	0.3	0.0	-	-	-	0.4	0.3
Latvia	-	-	-	-	-	-	0.3	0.3	-	0.3	-	-	0.3	0.6
Portugal	0.2	0.2	-	-	-	-	-	-	-	-	-	0.2	0.2	0.4
Estonia	-	-	-	-	-	-	0.1	0.1	-	-	-	-	0.1	0.1
Italy	0.0	0.4	-	-	-	-	-	-	0.0	0.0	-	-	0.0	0.4
Greece	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other countries	-	-	-	-	-	-	-	0.1	0.3	0.3	-	-	0.3	0.3
Total	23.4	26.5	1.3	2.4	0.0	0.3	27.6	36.0	16.5	14.9	0.8	4.1	69.6	84.2

Table 20: Gross exposure by exposure class and maturity (M)

Skr bn	M<=1 year		1 year < M <= 3		3 year < M <= 5		M>5		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Central government	8.2	14.6	2.8	3.3	2.5	2.2	46.1	46.7	59.6	66.7
Regional governments	4.8	11.1	2.5	1.8	0.0	0.1	0.0	0.1	7.3	13.0
Multilateral banks	0.0	0.3	-	0.0	-	-	-	-	0.0	0.3
Financial institutions	28.8	37.0	10.7	14.8	2.2	3.8	5.8	6.3	47.6	61.9
Corporates	53.5	49.6	76.1	87.6	38.3	40.3	43.0	44.5	210.9	222.0
Securitization positions	0.0	0.9	0.2	1.2	0.5	1.0	-	3.2	0.8	6.4
Total	95.3	113.5	92.4	108.7	43.5	47.3	95.0	100.8	326.2	370.3

Table 21: Net exposure by exposure class and maturity (M)

Skr bn	M<=1 year		1 year < M <= 3		3 year < M <= 5		M>5		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
IRB method										
Financial institutions	33.1	40.4	15.0	20.0	2.1	5.2	1.8	1.9	52.0	67.5
Corporates	14.7	15.7	32.7	27.4	17.9	17.9	20.0	22.2	85.4	83.2
Securitization positions	0.0	0.9	0.2	1.2	0.5	1.0	-	3.2	0.8	6.3
Standardized method										
Central government	41.6	43.3	41.2	57.1	21.4	22.1	68.4	68.4	172.6	190.9
Regional governments	5.5	12.5	2.7	2.5	1.2	0.9	4.5	5.0	14.0	20.9
Multilateral banks	0.0	0.3	-	0.0	-	-	-	-	0.0	0.3
Corporates	0.4	0.3	0.6	0.5	0.3	0.3	0.2	0.1	1.4	1.2
Total	95.3	113.5	92.4	108.7	43.5	47.3	95.0	100.8	326.2	370.3

Table 22. Average PD, LGD, and risk weight and by risk class for net IRB exposures except specialized lending

Skr bn	AAA to AA- 0.01%- 0.04%	A+ to A- 0.05 - 0.12%	BBB+ to BBB- 0.17 - 0.35%	BB+ to B- 0.58 - 8.68%	CCC to D 28.52 - 100%	AAA to AA- 0.02%- 0.05%	A+ to A- 0.07 - 0.15%	BBB+ to BBB- 0.21 - 0.44%	BB+ to B- 0.79 - 10.05%	CCC to D 28.98 - 100%
Financial institutions										
Loans and interest bearing securities	12.5	31.0	1.1	2.4	-	20.1	37.4	3.2	0.2	-
Derivatives	0.6	2.8	0.8	-	-	0.9	3.1	1.7	-	-
Loan commitments and guarantees	0.0	0.7	0.1	-	-	0.3	0.5	0.1	-	-
Reduction for loan commitments and guarantees ¹	-0.0	-0.2	-0.0	-	-	-0.1	-0.1	-0.0	-	-
Exposure at default	13.1	34.3	2.0	2.4	-	21.3	40.8	5.0	0.2	-
Risk exposure amount	2.8	9.8	1.3	2.5	-	5.5	14.7	3.7	0.3	-
Average PD in %	0.04	0.08	0.22	0.58	-	0.05	0.10	0.32	0.79	-
Average LGD in %	41.3	40.9	45.0	45.0	-	42.4	42.1	45.0	45.0	0.0
Average risk weight in %	21.6	28.6	64.9	102.3	-	25.9	35.9	75.3	115.2	0.0
Corporates²										
Loans and interest bearing securities	3.6	15.9	36.4	19.6	0.1	4.6	16.8	34.7	18.5	0.0
Loan commitments and guarantees	0.0	1.0	1.2	3.4	-	-	1.3	1.3	3.0	-
Reduction for loan commitments and guarantees ¹	-0.0	-0.8	-0.6	-2.2	-	-	-1.0	-0.8	-1.9	-
Exposure at default	3.6	16.1	36.9	20.8	0.1	4.6	17.1	35.2	19.6	0.0
Risk exposure amount	0.6	5.3	18.8	19.4	0.1	1.0	6.5	21.9	19.6	0.1
Average PD in %	0.04	0.11	0.22	0.94	79.71	0.04	0.14	0.30	1.04	28.98
Average LGD in %	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0
Average risk weight in %	18.6	33.8	52.1	93.2	74.8	20.4	37.8	58.6	97.8	263.7

¹ Effect from the application of credit conversion factors from nominal amount to exposure value.

² There are no derivatives exposures to corporates.

Table 23: Liquidity placements at December 31, 2015 (and 2014), by country and exposure class/type

Net Exposures in Skr bn

Country	Financial Insti- tutions		States		Regional/ Local Govern- ments		Covered bonds		CDS covered corporates		Securi- tization positions		Corporates		Multi- lateral develop- ment banks		Total	
Sweden	0.2	0.0	0.3	7.9	5.6	10.8	3.7	4.4	0.1	0.1	-	-	0.7	0.8	-	-	10.5	24.1
Netherlands	5.4	5.6	-	-	-	-	-	-	-	-	-	0.2	-	-	-	-	5.4	5.9
Korea, Republic of	0.9	1.8	2.7	1.4	-	-	-	-	-	-	-	-	-	-	-	-	3.6	3.1
Denmark	0.4	1.7	-	0.2	0.7	-	1.2	-	-	-	-	-	-	-	-	-	2.3	1.9
Australia	2.2	3.9	-	-	-	-	-	-	-	-	-	1.2	-	-	-	-	2.2	5.1
China	2.1	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.1	0.6
Norway	2.0	2.2	-	-	-	-	-	-	-	-	-	-	0.1	-	-	-	2.0	2.2
Canada	1.9	9.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9	9.7
United States	0.5	0.7	1.3	0.4	-	-	-	-	-	-	-	0.9	-	-	-	-	1.9	2.0
France	1.2	1.2	-	1.2	-	-	-	-	0.7	0.7	-	-	-	-	-	-	1.9	3.1
Germany	1.3	0.5	0.4	0.7	0.1	1.7	-	-	-	-	-	-	-	0.2	-	-	1.8	3.1
United Kingdom	1.3	2.7	-	-	-	-	-	-	0.4	0.4	-	0.4	-	-	-	-	1.6	3.4
Luxembourg	-	-	1.4	1.0	-	-	-	-	-	-	-	-	-	-	-	0.3	1.4	1.2
Qatar	1.3	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.3	1.2
Switzerland	0.5	1.0	-	-	-	-	0.7	0.6	-	-	-	-	-	-	-	-	1.2	1.7
Ireland	-	-	-	-	-	-	-	-	-	-	0.8	2.4	-	-	-	-	0.8	2.4
Malaysia	0.7	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	0.3
United Arab Emirates	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-
Austria	-	1.3	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	1.3
Singapore	0.4	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	0.4
Belgium	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	-
Japan	0.0	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.0	0.0
Spain	0.0	-	-	-	-	-	-	-	-	-	-	0.8	-	-	-	-	0.0	0.8
Finland	-	1.2	-	-	-	-	-	-	-	0.3	-	-	-	0.5	-	-	-	2.0
Portugal	-	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-	-	0.3
Total	22.9	36.1	6.5	12.7	6.4	12.6	5.6	5.1	1.1	1.5	0.8	6.1	0.7	1.5	-	0.3	44.1	75.7

Table 24: Liquidity placements at December 31, 2015 (and 2014), by country and rating

Net exposures in Skr bn

Country	AAA		AA+ to AA-		A+ to A-		BBB+ to BBB-		BB+ to CCC		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Sweden	4.0	13.1	3.6	10.1	1.2	0.7	0.8	0.2	0.1	-	0.2	24.1
Netherlands	-	0.2	0.0	2.6	-	3.1	2.6	-	-	-	2.8	5.9
Korea, Republic of	-	-	-	-	-	2.8	2.7	0.4	-	-	-	3.1
Denmark	1.9	0.2	-	-	-	1.7	-	-	-	-	0.4	1.9
Australia	-	1.1	-	3.6	-	0.0	1.9	0.4	-	-	-	5.1
China	-	-	-	-	-	0.6	-	-	-	-	2.1	0.6
Norway	-	-	-	-	-	2.2	-	-	0.3	-	1.7	2.2
Canada	-	-	-	2.5	-	7.1	-	-	1.0	-	0.8	9.7
United States	-	0.8	1.3	1.1	-	0.0	-	-	0.3	0.0	0.0	2.0
France	-	-	-	1.2	-	1.9	-	-	0.4	-	1.5	3.1
Germany	0.4	2.4	0.1	-	-	0.7	-	-	-	-	1.3	3.1
United Kingdom	-	-	-	0.4	-	2.6	-	0.5	-	-	-	3.4
Luxembourg	-	0.3	-	1.0	1.4	-	-	-	-	-	-	1.2
Qatar	-	-	-	-	-	1.2	-	-	1.3	-	-	1.2
Switzerland	0.7	0.6	-	-	-	1.0	-	-	-	-	-	1.7
Ireland	0.8	1.6	-	-	-	0.4	-	0.2	-	0.2	-	2.4
Malaysia	-	-	-	-	-	0.3	-	-	-	-	-	0.3
United Arab Emirates	-	-	-	-	-	-	0.6	-	-	-	-	-
Austria	-	-	0.4	-	-	1.3	-	-	-	-	-	1.3
Singapore	-	-	-	0.4	-	-	0.4	-	-	-	-	0.4
Belgium	-	-	-	-	0.0	-	-	-	-	-	-	-
Japan	-	-	-	-	-	0.0	-	-	-	-	-	0.0
Spain	-	-	-	-	-	0.2	-	0.2	-	-	-	0.4
Finland	-	-	-	1.5	-	0.5	-	-	-	-	-	2.0
Portugal	-	-	-	-	-	0.0	-	0.1	-	-	-	0.2
Total	7.7	20.4	5.5	24.2	2.6	28.3	9.1	2.0	3.4	0.2	10.9	75.2

Table 25: Liquidity reserve¹ at December 31, 2015

Market values in Skr mn	SKR	EUR	USD	Other	Total
Balances with other banks and National Debt Office, overnight	-	502	2,298	-	2,801
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	-	1,378	2,403	-	3,780
Securities issued or guaranteed by municipalities or other public entities	1,453	94	2,058	-	3,605
Covered bonds issued by other institutions	1,050	2,036	868	1,215	5,170
Securities issued by non-financial corporates	-	871	-	-	871
Total Liquidity Reserve	2,503	4,881	7,627	1,215	16,226

¹ The liquidity reserve is a part of SEK's liquidity placements

Table 26: Net long-term funding amount, at December 31, 2015 (and 2014), by region and structure type

Net total long-term funding amount when swaps are taken into account: Skr 233.3 billion at December 31, 2015.

Region	Plain Vanilla		FX linked		IR linked		Equity linked		Commodity linked		Other structures		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Europe excl.														
Nordic Countries	66.0	73.5	0.7	1.3	11.4	13	0.1	0.5	0.0	0.2	1.0	0	79.2	88.5
North America	44.9	46.6	-	-	0.7	1.3	4.7	4.4	6.7	10.4	-	-	57.0	62.7
Japan	9.3	11.8	26.8	33.7	0.5	1.3	9.7	7.7	0.3	0.3	0.7	0.1	47.3	55
Non-Japan Asia	24.7	25.1	0.4	0.4	3.6	9.1	-	-	-	0.1	-	-	28.7	34.6
Nordic Countries	7.7	9.3	-	-	0.0	1	0.7	2	-	0	0.9	0.1	9.2	12.4
Middle East/Africa	6.4	9.9	-	-	-	0.4	-	-	-	-	-	-	6.4	10.3
Latin America	4.2	1.4	0.3	-	0.0	0	-	-	-	-	-	-	4.6	1.8
Oceania	0.7	0.5	-	-	-	-	-	-	-	-	-	-	0.7	0.5
Grand Total	164.0	178.1	28.3	35.7	16.2	26.1	15.2	14.7	7.0	11	2.6	0.1	233.3	265.7

Negative amounts in tables 27-30 below are due to provisions reversal. Reversals of both specific and general provisions in 2015 were mainly related to the sale of assets-based securities.

Table 27: Past due, Impaired exposures, Specific and general provisions by exposure class, 2015

Skr mn	Past due but not impaired	Impaired	Specific provisions, 2015	General Provisions, 2015	Specific provisions, accumulated	General Provisions, accumulated
Central governments	-	13	-	-	4	-
Regional governments	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	745	3,123	30	-70	62	162
Securitizations	-	-	-206	-	-	8
Total	745	3,136	-176	-70	66	170

Table 28: Past due, Impaired exposures, Specific and general provisions by exposure class, 2014

Skr mn	Past due but not impaired	Impaired	Specific provisions, 2014	General Provisions, 2014	Specific provisions, accumulated	General Provisions, accumulated
Central governments	-	20	-4	-	7	-
Regional governments	-	-	-	-	-	-
Multilateral development banks	-	-	-	-	-	-
Institutions	-	-	-	-	-	-
Corporates	16	27	-49	27	28	201
Securitizations	-	222	-66	3	189	39
Total	16	269	-119	30	224	240

Table 29: Past due, Impaired exposures, Specific and general provisions by geographical area

Skr mn	Past due but not impaired	Impaired	Specific provisions, 2015	General Provisions, 2015	Specific provisions, accumulated	General Provisions, accumulated
North America	38	-	-206	-	-	-
Latin America	4	-	-	-	-	-
Sweden	-	33	-3	-70	33	170
Central-East European countries	386	-	-	-	-	-
West European countries excl. Sweden	317	3103	33	-	33	-
Total	745	3136	-176	-70	66	170

Table 30: Reconciliation of changes in the specific and general provisions

Skr mn	Opening balance	Increases in provisions during 2015	Decreases in provisions during 2015	Transfers between specific and general provisions	Other adjustments	Closing balance	Recoveries recorded directly to the income statement
Specific provisions							
Central governments	7	-	-3	-	-	4	0
Regional governments	-	-	-	-	-	0	-
Multilateral development banks	-	-	-	-	-	0	-
Institutions	-	-	-	-	-	0	-
Corporates	28	33	-	-	-	61	1
Securitizations	189	-	-206	-	17	0	-
General Provisions							
Central governments	-	-	-	-	-	0	-
Regional governments	-	-	-	-	-	0	-
Multilateral development banks	-	-	-	-	-	0	-
Institutions	-	-	-	-	-	0	-
Corporates	201	-	-64	-	25	162	-
Securitizations	39	-	-6	-	-25	8	-

Glossary

BCBS	Basel Committee on Banking Supervision	IAS	International Accounting Standard
CCF	Credit Conversion Factor	ICAAP	Internal capital adequacy assessment process
CCP	Central counterparty	IFRS	International Financial Reporting Standards
CDO	Collateralized Debt Obligation	IRB	Internal ratings-based approach
CDS	Credit Default Swap	ISDA	International Swaps and Derivatives Association
CIRR	Commercial Interest Reference Rate	KYC	Know your customer
CLO	Collateralized Loan Obligation	LCR	Liquidity Coverage Ratio
CMBS	Commercial Mortgage-Backed Security	LGD	Loss given default
CRD	Capital Requirements Directive	M	Maturity
CRR	Capital Requirements Regulation	NII	Net interest income
CVA	Credit valuation adjustment	NSFR	Net Stable Funding Ratio
EAD	Exposure at default	O/N	Over-night deposit
EBA	European Banking Authority	OTC	Over-the-counter
EC	Economic capital	PD	Probability of default of a counterparty within one year
EKN	Swedish Exports Credits Guarantee Board	REA	Risk exposure amount
EL	Expected loss	RMBS	Residential Mortgage-Backed Security
EMIR	European Market Infrastructure Regulation	SEC	Security Exchange Commission
ESMA	European Securities and Markets Authority	SOX	Sarbanes-Oxley Act
EU	European Union	UL	Unexpected loss
FFFS	Swedish Financial Supervisory Authority regulations and general guidelines	VaR	Value at Risk
GICS	Global Industries Classification Standard		