SEK

The Swedish Export Credit Corporation

Annual Report 2017

SEK's vision is to strengthen the competitiveness of the Swedish export industry and, thereby to help create employment and sustainable growth in Sweden.

Contents

How to read SEK's Annual Report

SEK's Annual Report 2017 is an integrated report in which the sustainability report is included. SEK adheres to the principles set out in the IIRC's International Integrated Reporting Framework. This framework aims at creating cohesion in the reporting process on those factors that impact a company's ability to create value over time. The company's audited annual accounts and the consolidated financial statements are included on pages 8–132. The Report of the Directors can be found on pages 8–57.

Alternative performance measures (APMs) are key performance indicators that are not defined under IFRS or in the Capital Requirements Directive IV (CRD IV) or in Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR). SEK has chosen to present these, either because they are in common use within the industry or because they accord with SEK's mission from the Swedish government. The APMs are used internally to monitor and manage operations, and are not considered to be directly comparable with similar key performance indicators presented by other companies. For additional information regarding the APMs, refer to www.sek.se.

AB Svensk Exportkredit (SEK), Swedish corporate identity number 556084-0315, with its registered office in Stockholm, Sweden is a public company as defined in the Swedish Companies Act. In some instances, a public company is obliged to add "(publ)" to its company name. For more information about SEK's operations, contact our Marketing & Business Development Department at info@sek.se or on +46 8 613 83 00. Design and production: SEK, with production support from Textfokus, Stockholm 2018. Images (unless otherwise stated): Jan Danielsson.

This is SEK

Mission

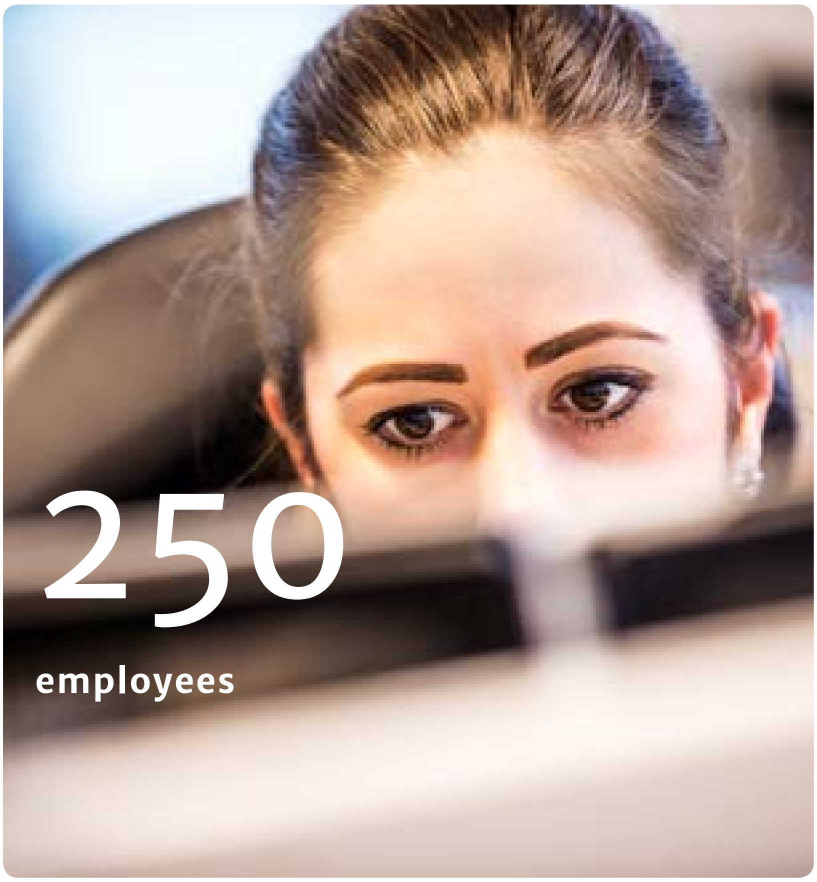
SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. The mission also includes administration of the officially supported CIRR-system.

Vision

SEK's vision is to strengthen the competitiveness of the Swedish export industry and thereby help to create employment and sustainable growth in Sweden.

137

SEK currently has 137 clients within the Swedish export industry.



SEK's offering

SEK has a great deal of experience and competence, and offers a variety of financial solutions.
The offering is aimed at the Swedish export industry and buyers of Swedish products and services. SEK focuses on large and medium-sized companies with sales of more than Skr 500 million.

SEK's core values

Collaboration
Solution orientation
Professionalism

Rating

Standard & Poor's

AA+

Moody's

Aa1

THE GLOBAL COMPACT

We support Global Compact

Collaboration

SEK has a strong network in international financing and close co-operation with many Swedish and international banks.

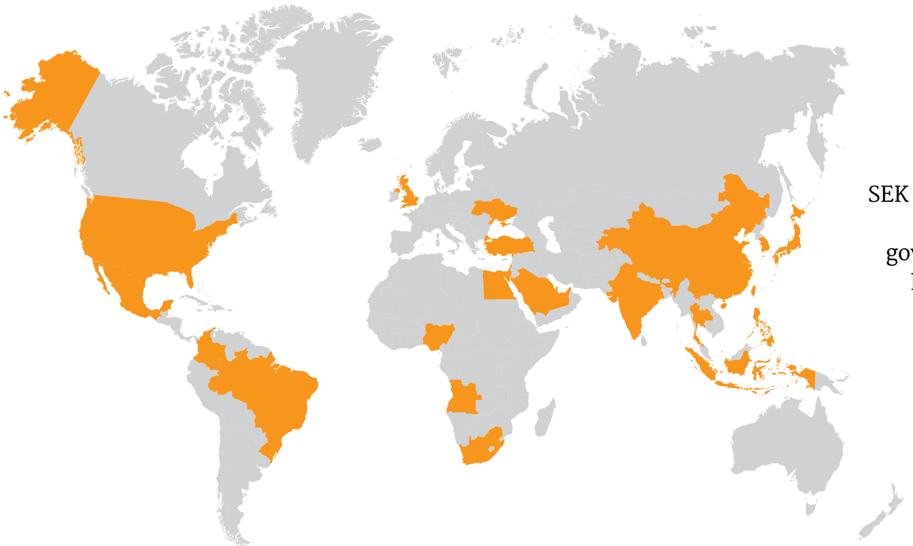
2017 in brief

During the year, SEK deepened its business with existing clients and also attracted new clients. The new lending was one of the highest figures ever. In 2017, SEK concluded major internal efforts to improve methods and new systems for risk measurement. SEK has good liquidity and remains well placed to finance the Swedish export industry and to thereby strengthen Swedish exporters' competitiveness.

89
billion Swedish kronor in new lending

268
billion Swedish kronor in the total lending portfolio

1,007
million Swedish kronor in operating profit



SEK has lending in 22 (see map) of the 26 countries that the government's export strategy has identified as prioritized markets. In total, SEK has lending in 75 countries.

Return

4.5%

on equity

Green Loans

2.4

billion Swedish kronor in new lending

SEK's employee survey 2017

85%

I feel strong commitment to my work duties

Partnership within Team Sweden

Within the framework of the government's export strategy, SEK develops partnerships with the other export promotion agencies in Team Sweden, including Almi, Business Sweden, EKN and Swedfund. That includes the establishment of regional collaboration and joint seminars.

Export Credit Trends Survey, December 2017:

56

Export Credit Index

- Growing need for export financing
- Continued trend of employing in Sweden

25 **New co-workers**

"I thought that the opportunity to participate in building SEK's operations in West Sweden and enabling more companies to leverage our offering was both a meaningful and exciting challenge!"

Annette Johansson

10%

More customers

1 New podcast about exports

SEK Podden

Winner of the 2016 award for the best sustainability report

FAR

Fossilfritt Sverige

SEK is participating in the government's Fossil Free Sweden initiative.

EQUATOR PRINCIPLES

During the year, SEK adopted the Equator Principles, a global framework for evaluating and handling environmental and societal risks in connection with project financing.

SUSTAINABLE DEVELOPMENT GOALS

SEK contributes to global sustainability goals.

The positive trend for Swedish exports was reflected in SEK's lending.

Looking back, 2017 was an eventful year for Swedish exports and for SEK. Many companies were able to win export contracts with the help of our financing solutions and, internally, we focused on laying the foundations for further broadening our offering. We have satisfied clients and a committed staff, which is a good starting point for continued positive expansion of our operations.

Swedish exports developed strongly in 2017; Statistics Sweden's most recent statistics show that exports of goods grew ten percent during the year. Exports of goods increased to EU countries and the rest of the world. The upswing for exports is closely linked to the positive economic climate in large European economies, as well as the US and China. Moreover, the global economic recovery is strengthening in all regions. In 2017, world GDP growth rose to 3.6 percent according to the International Monetary Fund and is expected to maintain that pace in 2018. This is the strongest growth since 2011, and the underlying reasons include higher commodity prices, the favorable economic trend in Europe and a substantial need to replace old equipment. However, the prevailing geopolitical turmoil means that expectations of future trends are uncertain.

"It is gratifying to note that Sweden is holding pace with the macro environment as regards exports to emerging markets."

An analysis published by Business Sweden showed the export trend from the start of the millennium and compared the trend until 2015 with the performance in 2016. Given the targets in the government's export strategy, the analysis is interesting since it shows that Sweden is on track for recapturing market shares.

The positive trend for Swedish exports was also reflected in SEK's lending. During the year, SEK's new lending amounted to Skr 89.3 billion (2016: Skr 54.8 billion). This was one of the highest figures ever, if one excludes the two exceptional years of 2009 and 2015. In those years, new lending was extremely high due to the financial crisis and new lending to Brazil to purchase Gripen aircraft. The high level of new lending in 2017 was due to a number of large export credits, and to SEK noting generally high demand in its various product areas from different parts of the Swedish export industry.

"In other words, this has been an active year for our lending and just as active internally at SEK."

In 2017, we concluded internal efforts to improve methods and new systems for risk measurement. Due to these efforts, SEK now has a stable foundation for more effective risk management. We have also adopted the Equator Principles, a globally recognized framework for assessing and managing environmental and societal risks in conjunction with financing projects. As an export credit institution, SEK already conducts sustainability assessments in line with the OECD's regulations and other relevant international frameworks for export and project financing. The Equator Principles will provide us with an additional tool for ensuring that the projects and export credits we finance meet international requirements. International guidelines, including the UN Global Compact and the global sustainability goals, show the way forward for our sustainability efforts.

From a historical perspective, the 100 largest exporters have been SEK's clients and, in the last few years, we have also worked actively to reach medium-sized companies. We have visited many new potential clients, both alone and in collaboration with banks. We have also expanded our existing partnerships with the Swedish Export Credits Guarantee Board and Almi in the form of collaborative client offerings and activities.

"We have completed a number of new recruitments to strengthen client relations both in Stockholm and in Gothenburg."

Together with other organizations, SEK has endeavored to identify financing solutions for Swedish environmental technology exports for areas including smart cities. One of the challenges when financing sustainable urban development is that this often entails one larger buyer who sources from numerous, separate Swedish exporters. The aim is to provide a more detailed clarification of our compiled Swedish offering in the future.

SEK is continuing to develop together with our clients. In a few years' time, we will reach even more exporters with our financing solutions. A large part of growth and job opportunities is created by medium-sized companies, which in all likelihood means that the demand for export credits, which was previously mainly the domain of large companies, will also include medium-sized companies in the future. The rapid pace of societal development together with new technical solutions and digitalization creates challenges and opportunities for most companies. Our aim is for the new

opportunities provided by digitalization to lead to simpler solutions for our clients. Therefore, SEK recruited two new members to its executive management during the year: an IT Manager and a Head of Marketing & Business Development.

SEK is a state-owned company with a far-reaching and vital mission. We are a stable partner with a substantial contingency for new lending and we will continue to strive to develop together with our clients. In this way, our vision — to strengthen the competitiveness of the Swedish export industry, and thereby contribute to creating jobs and sustainable growth in Sweden — can be realized.

Stockholm, February 22, 2018

Catrin Fransson
Chief Executive Officer

SEK adheres to the UN's sustainable development goals and has chosen to integrate the SDG's most closely related to SEK's operations together with SEK's own goals and strategies.

A business environment with both challenges and opportunities

SEK is impacted by factors in its macro environment. Some of the events worldwide create new opportunities to develop the offering and to identify new business opportunities. There are also challenges that require SEK to refine its operations and how it works.

Low interest rates

The recovery of the industrialized economies is progressing well and they no longer need stimulus packages. Central banks are therefore starting to normalize monetary policy, which in practical terms means scaling back their bond-buying programs and raising interest rates. Despite interest rates being on the rise, low interest rates will prevail for a good while yet.

Urbanization

Urbanization is extensive and is transforming the entire world. More than half of the world's population live in urban areas. By 2050, this proportion is expected to have risen to 70 percent. This rapid, mass movement of people to cities requires new investments. SEK works together with other facilitators in Team Sweden to be able to offer financing for sustainable cities and system export.

Technological development, digitalization and fintech

The pace of technological development is rapid and digitalization has made major inroads and changed many industries and exporters' business models.
SEK is also affected by this and works closely with its clients to gain insight to be able to adapt its offering and its own business model. The clients' needs guide SEK in its own digitalization.

Climate change

Climate change remains in focus. There is a considerable international need for investment over the next 15 years if Agenda 2030 and the Paris Agreement are to become reality. A market for green financing is being developed to mobilize private capital for climate change projects at the same time as the interest in green bonds is growing among international investors. SEK promotes achieving global sustainability goals with green loans aimed at reducing GHG emissions.

Exports to emerging markets

In the years ahead, growth will probably be low in the more mature markets that currently account for the majority of Swedish exports' business. Asia, the Middle East and several African countries will account for most of the growth. SEK, together with the other state export promotion agencies, will help strengthen the Swedish export industry in order to reach new markets. Sustainability work is of the utmost importance and SEK has extensive experience of working in complex markets.

Growth comes from small and medium-sized enterprises

SME's are where many of tomorrow's export successes will be found, and this is primarily where the new jobs will be created in Sweden. In its export strategy, the government states that the growth and internationalization of these companies is crucial for Sweden's welfare. The government's export-promoting activities also need to be able to help these companies, regardless of where in the country they conduct their operations. SEK works together with regional export centers and business partners to ensure it can reach even the smaller companies.

Mission and strategy

SEK's strategy and focus areas are determined by the mission, macro environment and core values that define SEK's operations.

1. Mission

The mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. SEK is also to set a positive example in sustainability issues.

SEK is governed by an owner instruction adopted by the 2016 general meeting of shareholders and by mission goals and financial targets encompassing capital structure, profitability targets and dividend policy.

The Swedish parliament has also established a public policy assignment for SEK, which is to administrate the officially supported export credit system (CIRR system).

SEK is a member of Team Sweden, which comprises of the Swedish state export promotion agencies, including Almi, Business Sweden, the Swedish Export Credits Guarantee Board (EKN) and Swedfund, and works to realize the government's export strategy. SEK and the EKN jointly constitute the Swedish export credit system.

2. Core values

SEK's core values are to permeate the actions of the employees in their professional roles and are defined as: solution orientation, collaboration and professionalism.

Solution orientation entails that the employees strive to attain long-term holistic solutions and to resolve challenges efficiently, and to act professionally and proactively as well as endeavor to see opportunities.

Collaboration entails sharing information and asking for the skills of colleagues, talking to and helping colleagues to achieve their targets and taking responsibility for the results of the unit.

Professionalism entails striving for simplicity, efficiency and quality in everything. It also entails taking responsibility for the big picture and offering skills and showing great commitment for SEK's objective of having satisfied clients and a profitable business.

With the core values as the lodestar, a culture is created at SEK that enables everyone to contribute on the basis of their specific skills.

1 Mission

To ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms.

2 Core values

- Solution orientation
- Collaboration
- Professionalism

3. Strategy

SEK has a key role in strengthening Sweden's export industry and thereby contributing to increased growth and employment in Sweden. Through freeing up time and capital to enable more business transactions, SEK creates scope for the business to grow and thereby create profitable growth. Efficiency enhancements are implemented in terms of the use of capital and in administrative processes. New client offerings enable SEK to create possibilities for more exporters to use the export credit system.

Strong indicators point to Sweden's future growth largely stemming from new companies and industries that currently lack any access to SEK's offering. New technology and digitalization make it possible to offer greater advantage to more companies, and to do so profitably. In the years ahead, SEK wants to continue to develop by reaching new clients and broadening its business with existing clients.

A large part of SEK's transactions derives from collaboration with banks. Collaboration with Swedish and international banks, Almi, Business Sweden and the EKN continues to be important. The Swedish export industry is engaging increasingly in business in emerging markets. Together with other export-promoting agencies, SEK wants to help small and medium-sized enterprises reach emerging markets, as is also highlighted by the government in its export strategy.

4. Focus areas

Key elements of the strategy comprise developing SEK's offering and collaboration with other market participants. To ensure the high quality of deliveries, in accordance with the 2018–2020 business plan, strategic efforts have been divided into five focus areas:

Structured client processing
Clients' needs will form the foundation for SEK's offering and the relevant distribution channels.

Client-driven digitalization
Clients' needs will guide the prioritization of SEK's digitalization.

Sustainable financing
Create new business for SEK and contribute to Swedish exports capturing a global leading role in sustainable urban development. Team Sweden uses a Swedish financing model for system export that is internationally competitive.

Efficiency enhancement
The development of efficient and IT-supported processes based on the strategic priorities.

Inclusive leadership
Ensure that SEK's leadership has favorable prerequisites for implementing SEK's strategy.

- Free up time and capital to create scope for additional business
- Efficiently create more value for more parties

- Structured client processing
- Client driven digitalization
- Sustainable financing
- Efficiency enhancement
- Inclusive leadership

Targets and outcomes

SEK's strategy is to free up time and capital to create scope for additional business and more value for more parties. SEK's prioritized targets are as follows and on page 13, the follow-up of the public policy assignment.

		2017 TARGETS	2017 OUTCOMES	2018 TARGETS
Business objective	Broaden the client base: Number of new clients	14	13	18
	C/I ratio	0.40	0.36	0.34
Client value	Client Satisfaction Index[1]	>80%	94%	>80%
	Value added for clients through export credits[1, 2]	>60%	63%	>60%
An attractive employer	Diversity: Percentage of women in management positions	>40%	42%	>40%
	Diversity: Number of employees with a foreign background	>25%	33%	>25%
	Commitment[3]	80%	85%	80%
A sustainable society	Green loans	3.0 bn	2.4 bn	3.0 bn
	Sustainability rating[4]	C+	C	n.a
	Lending to sustainable urban development	n.a	n.a	1.0 bn

		2017 TARGETS	2017 OUTCOMES	LONG-TERM TARGETS
Financial targets[5]	Return on equity	3.9%	4.5%	6%
	Dividend policy	30%	30%	30%
	Capital target	21.1%	23.0%	1–3%[6]

[1] SEK's client survey is conducted every second year and will be conducted next in 2018. The results are from 2016.
[2] Proportion of the client survey that perceives that SEK's export credits contributed significantly or very significantly to the execution of their export transactions.
[3] Proportion of respondents to the employee survey that agreed or agreed entirely that they showed significant commitment to work duties.
[4] External sustainability rating conducted by Oekom.
[5] The general meeting of shareholders has decided the long-term financial targets for SEK.
[6] According to the capital target, under normal conditions, SEK's total capital ratio is to exceed the Swedish FSA's capital adequacy requirement by 1 to 3 percentage points.

Comments on target attainment

SEK gained 13 new clients in 2017, which was a shortfall of one from the target. In 2018, client processing will be further intensified and the target has been raised to 18 new large and medium-sized clients. New lending that qualifies as green loans did not reach the target for 2017. The raised target remains firm for 2018. The aim was to raise SEK's sustainability rating by one rung in 2017. The outcome was an unchanged rating. SEK will continue efforts to raise its sustainability rating even though the rating is not included in SEK's strategic targets for 2018. Capital adequacy is above the capital target, but should be viewed over a longer horizon with regard to regulatory changes and growth in business.

Follow-up of the public policy assignment

The fact that SEK is to administrate the officially supported export credit system (CIRR-system) is a specially commissioned public policy assignment by the Swedish parliament. The socioeconomic value of this assignment should be evaluated in part by measuring the added value that SEK generates in terms of export credits (of which CIRR's comprise a part) and in part through the stakeholder dialogue. The stakeholder dialogue is presented on page 26.

SEK follows up the public policy assignment using a biennial client survey, which will be conducted next in 2018. The results of the 2016 survey included the following:

1. *"How SEK's export credits contribute to execution of the clients' export transactions"*
   63 percent of clients who had engaged SEK's services for export credits stated that SEK's credits had contributed significantly or very significantly to the execution of their export transactions.

2. *"The reason why the exporters decided to collaborate with SEK"*
   The responses are shown as open replies and include the fact that SEK is customer-oriented, that the clients appreciate SEK's ability to assist medium-sized companies, and that SEK offers long maturities and access to CIRR.

3. *"Did the collaboration match the clients' expectations?"*
   73 percent of clients stated that the collaboration exceeded their expectations. 18 percent responded that the collaboration significantly exceeded their expectations.

4. *"How SEK can further improve its offering of export credits"*
   Approximately two thirds of the clients considered SEK as proactive, but that it had improvement potential in this respect and scope to increase its proactivity.

5. *"How the clients perceived the Swedish export credit system compared with corresponding systems in key competing countries"*
   87 percent of the client companies consider the Swedish export credit system to be better than the systems in key competitor countries.

Value creation and business model at SEK

SEK's mission is to create value for various stakeholders. The model shows SEK's operations as types of resources and how these are used in the business model to create value.

SEK's macro environment and resources...

SEK is heavily influenced by its macro environment. Many events create new opportunities to create offerings.

...make the operations possible...

SEK's strategy and focus areas align with the mission and the macro environment and are guided by the core values. SEK's primary mission is to lend to the Swedish export industry.

Macro environment

Growth comes from small and medium-sized enterprises
Exports to emerging markets
Urbanization
Climate issues
Technological development, digitalization and fintech
Low interest rates

Resources

Financial capital
- Equity
- Borrowing

Intellectual Capital
- Internal regulations
- IT systems and processes
- The brand

Human capital
- Competent employees

Relationship capital
- Exporters
- Export promotion agencies
- Banks
- Investors

Lending to Swedish exporters and their customers around the globe.

Mission

Core values

Strategy

Focus areas

Raising capital in the international capital market

...and create value for the stakeholders.

SEK promotes access to financial solutions for the Swedish export industry on commercial and sustainable terms.

For clients
Lending with customer advantage
Competence and experience
Value added by export credits
Green loans

For employees
An attractive employer
Commitment and development
Equality and diversity

For society
Contribution to Sweden's GDP and jobs
The CIRR-system
Responsible business practices
Tax expense

For the owner
Completion of the public policy assignment and the financial targets

Offering

SEK boosts the international competitiveness of the Swedish export industry. SEK's financing solutions enable increased sales, investments and help release working capital for exporters.

SEK finances the export industry

SEK finances Swedish exporters and international buyers of Swedish products and services. SEK complements the client companies' existing sources of funds. SEK is a long-term partner with considerable experience of international financing.

Swedish interests

SEK finances companies with operations that are linked to Swedish interests and exports. The link can be direct or indirect in the form of subcontracts and could pertain to goods or services. The financing solutions are adapted to meet clients' needs. SEK finances Swedish exporters as well as their customers abroad. The loans can be made with short or long tenors and be disbursed in different currencies.

Large and medium-sized companies

Using its know-how and experience, SEK offers a variety of financial solutions. SEK focuses on large and medium-sized companies with sales of more than Skr 500 million.

Collaboration boosts exports

Collaboration between SEK and the EKN creates a highly competitive export credit system that offers financing and guarantees to the Swedish export industry. Since SEK also collaborates with other export-promoting agencies, including Almi and Business Sweden within the framework of the government's export strategy and Team Sweden, SEK's clients have access to the entire Swedish export-promoting system.

Moreover, SEK has extensive partnerships with Swedish and international banks that benefit Swedish exporters and their customers.

The officially supported export credit system provides more opportunities

SEK has an assignment issued by the Swedish government to administrate the Swedish system for officially supported export credits. As an alternative to a floating or fixed market interest rate, SEK can offer its clients a fixed commercial interest reference rate (CIRR), when this is required to boost competitiveness and secure export transactions.

Lending to buyers of Swedish exports

Export Credits
Export credits are a common form of financing when the Swedish exporter's buyers require investment financing with a credit period of two years or more. The loan is offered at a fixed CIRR or at the market interest rate. The EKN can offer guarantees covering most of the credit risk. The terms of contract for CIRR-loans conform to the standard agreed upon by the OECD in terms of the size of advances.

Trade Finance
SEK can strengthen its client companies' liquidity and risk capacity by financing or discounting the accounts receivable of Swedish exporters. This is usually done together with a bank.

Customer Finance
SEK offers financing in the form of leasing and installment plans for export transactions that utilize capital goods as collateral. This is based on collaboration and that SEK can engage in risk-sharing with the individual exporter, which enables smaller-scale transactions in various markets.

Project finance
SEK may participate in a financing structure for which a project is the only asset, or in project finance combined with export credit institutions. SEK makes long-term commitments by offering long maturities, and aims to be part of the project throughout the entire period to maturity.

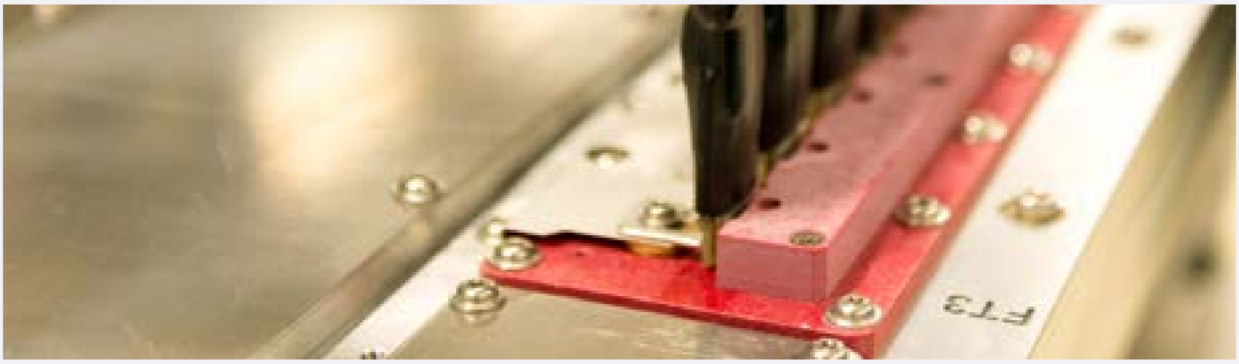
Lending to Swedish exporters

SEK offers loans direct to Swedish exporters and their subsidiaries across the globe. This can then be used to facilitate continued growth or capital expenditure. In addition to Skr, EUR and USD, SEK offers loans in local currencies, such as MXN (Mexican pesos) and TRY (Turkish lira).

Climate change and system export

Some of the transactions that SEK finances promote the transition to a low-carbon economy. During the year, SEK has, together with other market participants, endeavored to offer financing for system export, which entail multi-supplier solutions. This is to enable Sweden to capture a position as a leading supplier in terms of system export for uses including the development of smart cities. One of the challenges is to coordinate a financing offering from numerous suppliers to one single purchaser.

Case: SEK finances ScandiNova Systems AB



SEK has financed ScandiNova Systems AB. The company develops and manufactures pulse generators, which are used in various high-power and high voltage applications in the following areas: medical applications (radiation therapy, imaging, etc.); industrial applications (industrial scanning, sterilization, etc.); radar and research applications (accelerator system for research in particle physics, biotechnology, pharmaceuticals, chemistry, etc.). The financing covers the immediate need for working capital to fund the company's continued expansion.

"At ScandiNova, we value long-term relationships and, during the year, we initiated an extremely successful partnership with SEK who, with its competence, smooth processes and competitive solution, helped ScandiNova develop its key global position with continued positive progress. Accordingly, SEK has become both a close and a key business partner for our future expansion."
– Elisabeth Ogéus, CFO, ScandiNova Systems AB

Facts and business partners

Amount: Skr 20 million
Start: 2017
Maturity: Until 2019
Borrower: ScandiNova Systems AB
Guaranteed by: The European Investment Fund covered 50 percent

Sustainability

Know your customer and sustainability checks have been conducted, as is SEK's standard practice in all transactions. The checks mean that the business transaction is analyzed to assess the risk of money laundering and financing of terrorism, the risk of corruption, negative environmental impact, human rights and labor conditions.

Case: Murabaha financing to Saudi Arabia

SEK has financed Swisslog's export of logistics solutions to Almarai. Almarai is a company domiciled in Saudi Arabia that retails dairy products. Swisslog is a Swiss company with production in Sweden. Swisslog's deliveries create unique logistics solutions for warehouses, including pallet cranes and conveyors, picking robots, etc. Financing was conducted in accordance with sharia law, Islamic canonical law, and pursuant to the murabaha financing structure, which entails no payments of interest. Murabaha has become the most widespread type of Islamic financing.

Facts and business partners

Amount: Export credit of EUR 36.3 million
Start: 2017
Maturity: Until 2029
Borrower: Almarai
Exporter: Swisslog-Accalon AB
Arranger: Societe General
Guaranteed by: EKN 95 percent, Société Générale 5 percent

Sustainability

The transaction is assessed as having no negative environmental impact, since it pertains to the export of an existing facility. Swisslog's governance and control system together with anti-corruption clauses in agreements satisfactorily mitigate the primary risks in relation to Almarai. SEK will continue the dialogue with Swisslog regarding the management of sustainability risks.

Case: Financing of Inwido

SEK has provided finance to Inwido, which is Europe's largest supplier of windows and one of the leading suppliers of doors. Inwido's brand portfolio encompasses several well-known and local brands, including Elitfönster. The Group currently has a total of 29 production facilities in seven countries: Sweden, Denmark, Finland, Norway, Poland, the UK and Estonia. The head office is located in Malmö.

The Group has grown both organically and through acquisitions and has total sales of slightly more than Skr 6.4 billion and has about 4,400 employees. Around 73 percent of sales is to consumers, and the remainder is to industry. Inwido's foremost markets are the Nordic countries, the UK, Ireland, Poland and Austria. The loan has been used to refinance parts of existing loans and to finance acquisitions. SEK's financing has contributed to broadening Inwido's banking network.

Facts

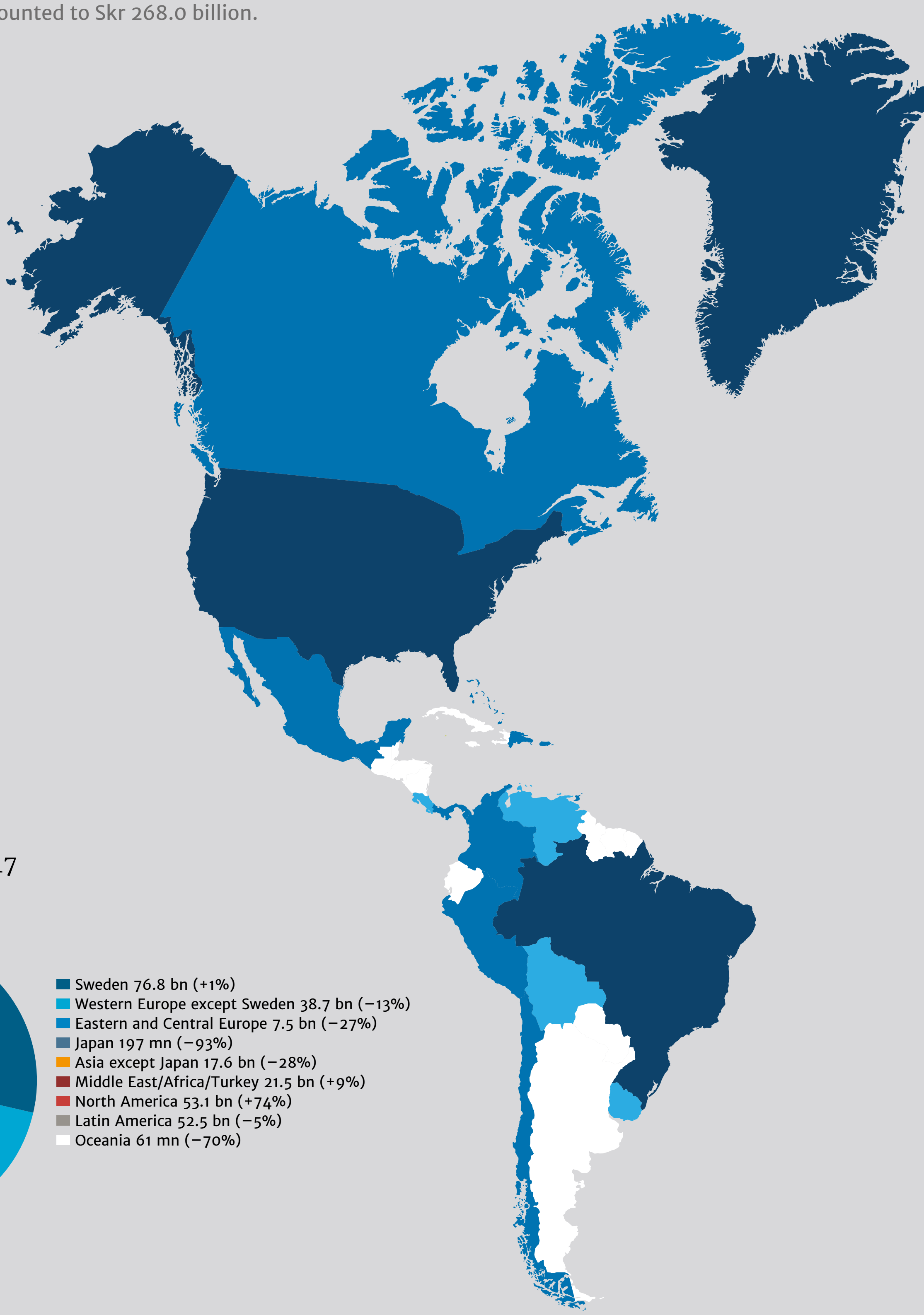
Amount: EUR 51.5 million
Start: 2017
Maturity: Until 2022

Sustainability

Inwido actively promotes environmentally friendly products including energy-efficient windows and doors. Moreover, the company's main raw material is wood, which is renewable and recyclable.

Lending worldwide

The map shows the countries where SEK has lending to Swedish exporters or buyers of Swedish goods and services. At December 31, 2017, the total volume of loans outstanding and undisbursed loans amounted to Skr 268.0 billion.

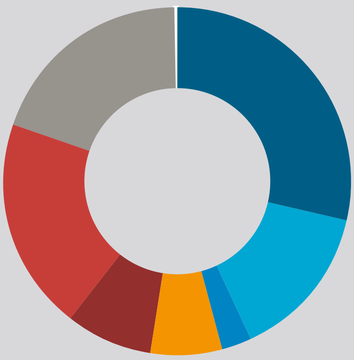


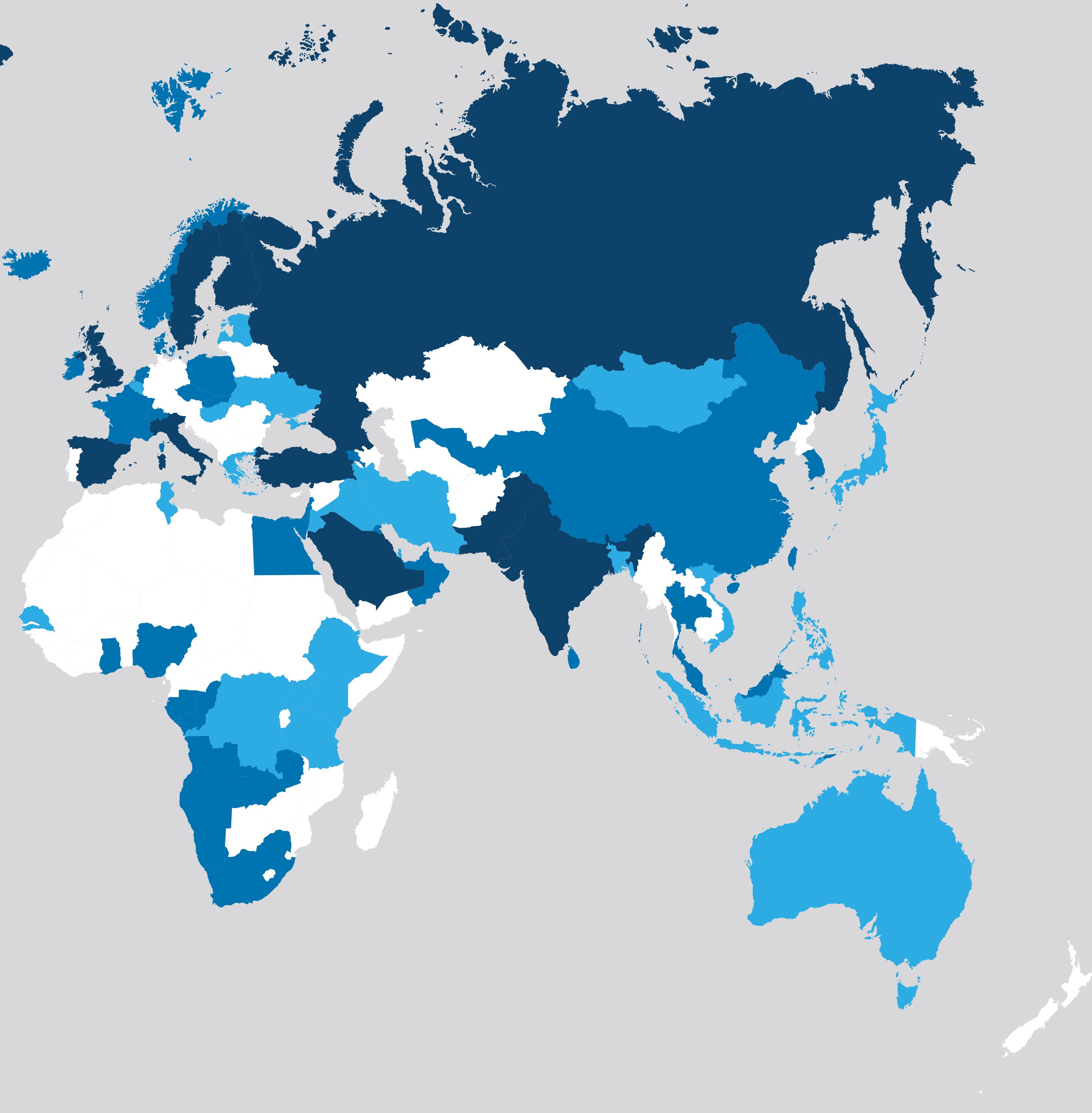
Lending, Skr mn

- 0
- 1–300
- 300–3,000
- >3,000

Lending by region 2017

(Trend 2017/2016)





Lending

Over the year, Swedish exports trended positively, which is reflected in high demand in SEK's product areas and in its new lending volumes.

During 2017, SEK has been very active in improving its offering, reaching new clients and broadening its business with several clients. These efforts were successful and resulted both in more clients and in broadened business with existing clients. In total, SEK signed new lending agreements corresponding to Skr 89.3 billion (2016: Skr 54.8 billion) to the Swedish export industry and its customers. The high level of new lending was due to a number of larger export credits, and to SEK noting generally high demand from different parts of the Swedish export industry.

The number of clients continued to increase. Between 2016 and 2017, the number of clients increased by just over 10 percent. The new clients include both large and medium-sized companies. SEK has completed a number of new recruitments to strengthen customer relations both in Stockholm and in Gothenburg.

During the year, SEK also worked actively to broaden its offering. Together with other organizations, SEK has endeavored to identify financing solutions for Swedish environmental technology exports to areas including sustainable urban development.

SEK actively participates as a speaker at various seminars and industry conferences around the world. The aim is to spread knowledge of the Swedish export credit system. SEK's annual seminar for Swedish and international banks, companies and other business partners was conducted in May and dealt with sustainable urban development.

SEK also invited guests to breakfast seminars on different themes, for example block chains and the bond market of the future.

How an export credit is handled

1. **Customer contact:** In conjunction with an exporter and a buyer negotiating a contract of sale, one of the parties contacts a bank to arrange an export credit, if winning the contract so requires. The bank contacts SEK to obtain financing in the required currency, and the bank and SEK jointly suggest a financing solution, which often includes a guarantee from EKN.

2. **Indicative offer:** SEK issues an offer to the exporter or the arranging bank. SEK can offer financing at market interest rates or at the commercial interest reference rate (CIRR), which is set by the OECD.

3. **Deeper collaboration:** If the exporter wins the contract, a deeper analysis is initiated at the bank, EKN and SEK. This analysis includes both a credit and a sustainability analysis of the export transaction and its parties in line with the respective institution's routines.

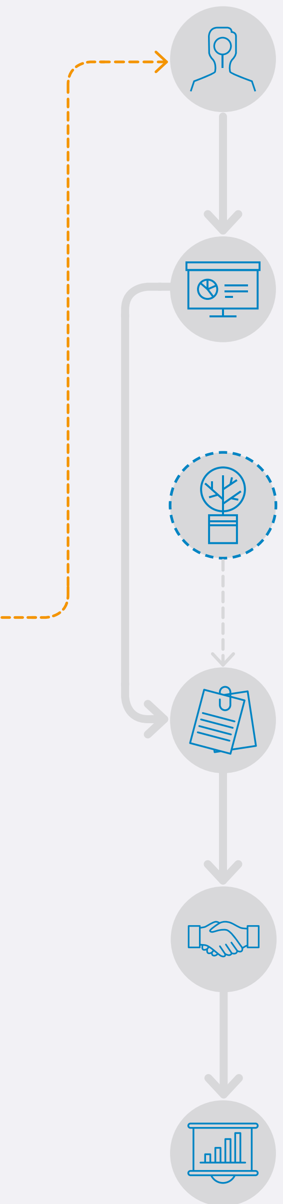
4. **Binding offer and contract:** Thereafter, the bank and SEK draw up a loan agreement that includes items such as credit periods and sustainability issues.

5. **Signing contracts and loan disbursement:** When the loan agreement has been signed, the loan is disbursed to the exporter according to the payments schedule agreed by the exporter with the buyer. The buyer then makes capital and interest payments according to the plan set out in the loan agreement, normally on a six-monthly basis.

Credit and sustainability analysis

SEK strives to provide efficient, sound and sustainable credit granting in conjunction with all lending. This requires in-depth knowledge of the operating environment, clients and business.

How SEK works with credit analysis



1. When a business enquiry is received, the account manager at SEK carries out know your customer (KYC) and sustainability assessments on the parties in the deal. A basic requirement of any business transaction is that SEK obtains a level of KYC that meets the requirements in the applicable laws and regulations pertaining to money laundering and terrorism financing.

2. The account manager involves credit analysts who carry out a counterparty risk classification and a transaction credit risk assessment.

3. If a more in-depth sustainability review is required due to higher risk at country, counterparty or transaction levels, the account manager engages a sustainability analyst. The sustainability assessment covers areas such as human rights, including labor conditions, corruption and environmental impact.

4. The account manager structures the transaction and compiles documentation ahead of credit decisions, including the rating, credit and sustainability analyses.

5. Account managers, credit analysts and, where necessary, sustainability analysts participate when decisions are taken by SEK's Credit Committee.

6. The loan is followed up at least once per year in an annual report.

The importance has risen of more highly developed credit analysis of new and existing counterparties to leverage business opportunities and meet regulatory requirements. The analysis models are continuously reviewed in pace with changes in SEK's macro environment. In 2017, SEK developed its assessment methodology regarding all its clients whose risks are covered, and tailored its "know your customer" routines to the new rules.

In 2017, SEK measured and reported risks in the lending portfolio linked to climate change in accordance with SEK's regular risk reporting. Measurement and analysis of how these risks are managed by SEK's clients creates an understanding of how the companies' business models are impacted by climate change and what impact this is assessed as having on their credit rating.

The credit portfolio has predominantly an extremely high credit quality. Just over 90 percent of SEK's exposure is against risk counterparties who have a risk classification corresponding to investment grade. SEK's mission and longstanding partnerships with large Swedish exporters is reflected in a concentration in its lending portfolio.

In its business transactions, SEK often uses risk mitigation, primarily through guarantees from the EKN and other government export credit agencies in the OECD, and in certain cases credit derivatives. This leads to relatively large differentials between exposures before risk mitigation (gross exposures) and exposures after risk mitigation (net exposures) based on geographic location and industry. The portfolio has a favorable spread in terms of geographies and industries before taking into account risk mitigation, while net exposures are more concentrated.

"Qualitative credit analysis and a strong credit culture are of great importance in today's market, with great demand for financing and a large amount of capital in the market."

Teresa Hamilton Burman,
Chief Credit Officer

Case: Financing of Valmet's exports to the United Arab Emirates

SEK has financed Valmet's delivery and installation of a production line for tissue in Abu Dhabi in the United Arab Emirates. The purchaser Crown Paper has a paper mill that following Valmet's delivery can increase annual production capacity by 65,000 tons of FSC-certified tissue.

Valmet owns several production plants and research and development units in Sweden, the largest of which are in Gothenburg, Karlstad and Sundsvall. The Group has about 1,500 employees in Sweden.

Facts and business partners

Amount: Equivalent in USD of EUR 54 million, relates to a production line for tissue from Valmet and other costs associated with the project.
Start: 2017
Maturity: 2028
Borrower: Crown Paper Mill Ltd, United Arab Emirates
Exporter: Valmet AB
Agent bank: HSBC Bank plc
Guaranteed by: HSBC Bank plc and EKN

Sustainability

In conjunction with this transaction, we have conducted an in-depth sustainability review and categorized the transaction as a B project. This means that the project entails a risk for a degree of environmental and societal impact. SEK monitors the project through continuous incident searches and via checks of compliance with the agreement's sustainability covenants.

Case: SEK finances Syntronic AB

SEK has financed Syntronic, which is an engineering consulting company specializing in radio technology and wireless communications. Syntronic is a subcontractor to Ericsson, Saab, Sandvik and others. The loan has enabled the company's continued international expansion in countries including China, Canada and Indonesia.

"For Syntronic, SEK is an extraordinary supplement to our commercial bank. SEK and our bank have collaborated on financing, and this has helped up in our global expansion."
– Björn Jansson, CEO and lead owner, Syntronic AB

Facts and business partners

Amount: Skr 50 million
Start: 2017
Maturity: 2020
Borrower: Syntronic AB
Guaranteed by: EIF covering 50 percent of the loan

Sustainability

Know your customer and sustainability checks have been conducted, as is SEK's standard practice in all transactions. The checks mean that the business transaction is analyzed to assess the risk of money laundering and financing of terrorism, the risk of corruption, negative environmental impact, human rights and labor conditions.

Borrowing and liquidity

SEK should always be able to lend funds to the Swedish export industry, even during times of financial turbulence. This can be safeguarded through SEK maintaining diversified borrowing and liquidity. SEK strives to maintain its solid credit rating and the favorable reputation that it has earned through its longstanding experience and presence in the world.

Borrowing and liquidity

Bond issue
SEK borrows funds using several different instruments in various geographic markets. SEK targets different investor categories, both institutional and private investors. SEK also issues green bonds to finance green loans.

New lending capacity*:
Part of the liquidity portfolio forms a contingency for new lending in the event of poorer access to the capital markets.

Collateral*:
SEK neutralizes market risk through derivative contracts. SEK also has collateral agreements in place with all counterparties to neutralize the counterparty risk that arises in conjunction with derivative contracts.

Committed undisbursed loans*
Lending commitments that are as yet undisbursed have been funded in advance as SEK does not assume any refinancing risk.

New lending including disbursement of committed loans
By matching the maturities of available financing with lending, SEK ensures that it can meet its obligations. This applies to all lending commitments, for both loans outstanding and committed undisbursed loans.

* SEK holds liquidity investments as a contingency for disbursements of new loans and committed loans as well as for payments under the collateral agreements SEK has in place with derivative counterparties.

Compared with 2016 which involved greater market volatility, the market was characterized by stability and high liquidity in the capital market during the year despite geopolitical unrest.

During the year, SEK issued several public benchmark bonds that were well received by investors, including three in USD totalling USD 3.9 billion. A large volume of structured debt was also issued during the year. SEK continued to be active in the Japanese Uridashi market, where it remains one of the largest foreign issuers. Approximately half of the year's borrowings came from this market.

During the year, SEK completed approximately 250 borrowing transactions in twelve currencies at a total volume of Skr 82.4 billion, compared with approximately 300 transactions in nine different currencies at a total volume of Skr 70.4 billion during 2016.

SEK continues to maintain high liquidity for new lending and remains well-prepared to meet the future financing needs of the Swedish export industry.

Sustainability

SEK's mission requires that operations be conducted in a manner that promotes sustainable development. This means acting responsibly and minimizing the risk of negative impact, and of leveraging business opportunities to promote global sustainability goals.

A materiality analysis is conducted to enable focus on the sustainability topics where SEK has the greatest impact. The material topics reflect the topics given highest priority by SEK's stakeholders and those topics deemed most material for SEK from sustainability and business strategy perspectives. These efforts are controlled and followed up using sustainability targets in the strategy.

Stakeholder dialogue

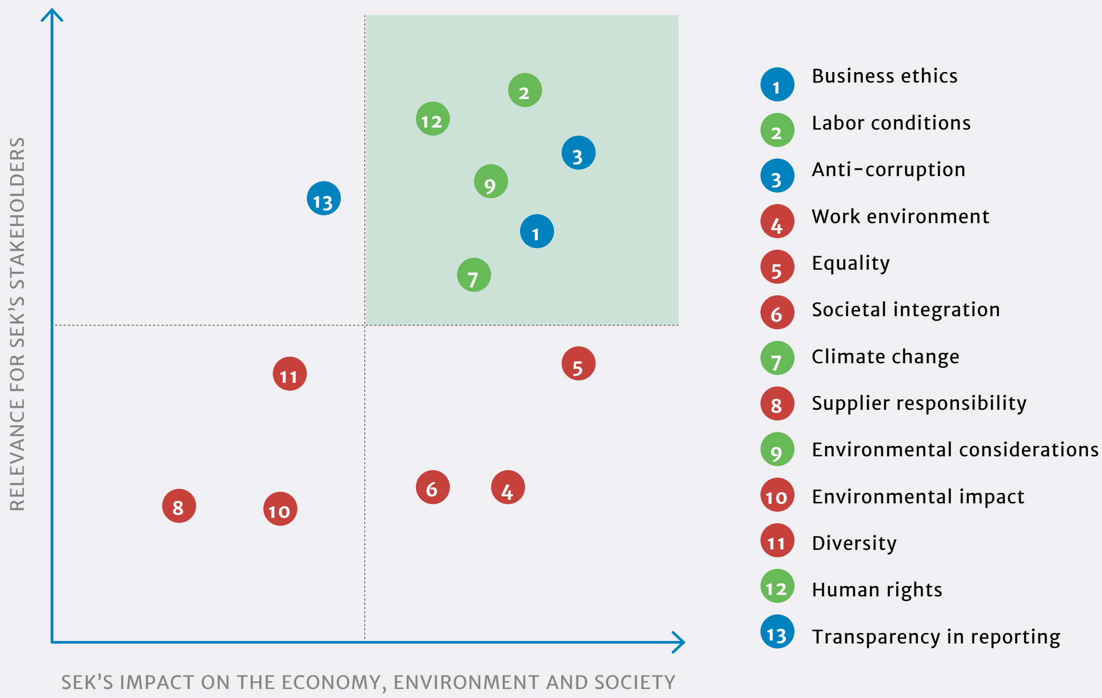
It is important for SEK to listen to the company's stakeholders to identify the sustainability topics that are impacted by SEK's operations or that the stakeholders regard as material. SEK's key stakeholders are those groups that are most affected by or have the highest impact on operations, namely: the owner, the Swedish government; Swedish exporters and their customers; banks; investors in SEK's bonds; Team Sweden; and employees.

Dialogue occurs through, inter alia, meetings with clients and the owner, and through discussions with representatives of non-governmental organizations (NGOs) and civil society. SEK also arranges an annual employee survey, as well as a biennial client survey the aims of which include evaluating how well SEK has fulfilled its public policy assignment. In 2017, SEK completed a survey of a selection of the company's stakeholders regarding the principal sustainability issues. The results of the stakeholder dialogue and the survey, together with the formats for arranging the dialogue, are reported below.

STAKEHOLDER		DIALOGUE THROUGH	PRINCIPAL EXPECTATIONS SUSTAINABILITY
Swedish government (owner)	Determine SEK's public policy assignment, set profitability requirements and have the company set a positive example in sustainability issues.	Owner policy, mission, owner instruction, Board representation, regular discussions and meetings, and network meetings.	Behave responsibly and leverage business opportunities to generate sustainable value.
Swedish exporters	SEK offers lending to Swedish exporters and their customers.	Customer meetings, client survey, sustainability topics questionnaire and sending delegations.	Distinct and reasonable sustainability requirements. Proactive efforts to finance the impact of climate change.
Banks and investors	SEK works with banks to support the Swedish export industry with financing. Investors supply SEK with capital by investing in SEK's bonds.	Meetings, conferences, investor presentations and financial statements.	Collaboration on sustainability issues. Issues green bonds and, in the future, bonds links to global sustainability goals.
Rating agencies	Evaluate SEK's credit rating and sustainability efforts.	Financial statements, investor presentations and meetings.	Report sustainability efforts transparently.
Team Sweden	Collaboration together with other state agencies to promote Swedish the export industry.	Delegations, meetings and Team Sweden's network.	SEK contributes expertise in sustainability issues.
NGOs/civil society	Representatives who drive societal and environmental issues from a societal perspective.	Meetings, questionnaire on sustainability issues and reports.	Behave responsibly and transparently.
Employees	Implement and develop SEK's offering to make it internationally competitive.	Discussions, meetings, employee survey and workplace dialogues with trade unions.	Good work environment, development opportunities engaging duties and responsible behavior.

Materiality analysis

Each year, SEK's management prioritizes which sustainability topics are most material. This prioritization is agreed on the basis of what is deemed reasonable based on SEK's impact on the economy, environment and society as well as SEK's ability to act. The results of the prioritization in 2017 are presented below. SEK reports the results of work on the material sustainability topics based on the Global Reporting Initiatives' (GRI) international guidelines for sustainability reporting.



Sustainability at SEK

Based on the stakeholder dialogue and the materiality analysis, SEK's sustainability efforts are conducted in various areas:

- Responsible business practices
- Green financing
- An attractive employer

"During the year, SEK adopted the Equator Principles, which provides us with an additional risk management tool for environmental and societal issues in projects that we finance. We have also succeeded in lending Skr 2.4 billion in new green loans, which is positive, albeit slightly below our target for the year."

Johan Henningsson
Head of Sustainability

Responsible business practices

SEK's responsibility focuses mainly on managing sustainability risks in connection with lending. The aim is that SEK will meet the owner's expectations vis-à-vis sustainable business and the requirements for responsible lending. International guidelines are used as guidance for SEK's assumption of responsibility. SEK divides its work into the areas of anti-corruption and business ethics, environmental and climate concerns, and human rights and labor conditions. The management of sustainability risks is presented in its entirety in Note 27 on page 127. More information regarding SEK's policies is provided at www.sek.se.

Anti-corruption and business ethics

SEK adheres to the OECD's Anti-bribery Convention together with other international anti-corruption guidelines. In terms of risk, SEK is mainly exposed to corruption indirectly in connection with SEK's lending.

Policy

SEK takes a stand against all forms of corrupt behavior, and adheres to Swedish anti-bribery legislation, the Swedish Anti-corruption Institute's Code of Business Conduct as well as other international initiatives. SEK does not accept corruption in any form in the transactions the company finances. Suppliers and clients are expected to comply with SEK's requirements in this area. SEK does not accept business transactions whose primary and main aims are for tax planning. Under certain circumstances, SEK may require additional tax transparency. SEK's Code of Conduct guides employees in daily work. Each manager is responsible for identifying, analyzing, rectifying and documenting any conflict of interest within that manager's area of responsibility.

Important activities in 2017

- SEK implemented a review and update of the company's Code of Conduct, which was communicated to the employees by means of annual in-house training.
- SEK has conducted an annual risk assessment for corruption risks across all operations based on prodcuts, sectors and countries.
- SEK has introduced a separate Code of Conduct for Suppliers to clarify its requirements and 99 percent of SEK's suppliers have demonstrated that they comply with SEK's anti-corruption and business ethics requirements.

Environmental and climate concerns

The financing of deliveries to major projects is what can primarily result in an elevated risk of environmental impact. SEK's own operations are conducted in an environmentally certified building and business travel is climate compensated. SEK uses renewable energy sources for electricity and heating.

Policy

SEK refrains from participating in transactions where the environmental impact is deemed unacceptable and inconsistent with international guidelines. SEK strives to reduce the environmental impact of its own operations and the impact connected with the company's transactions.

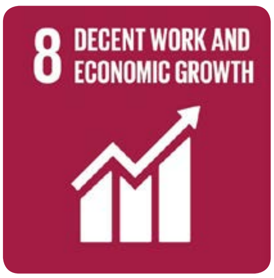
Important activities in 2017

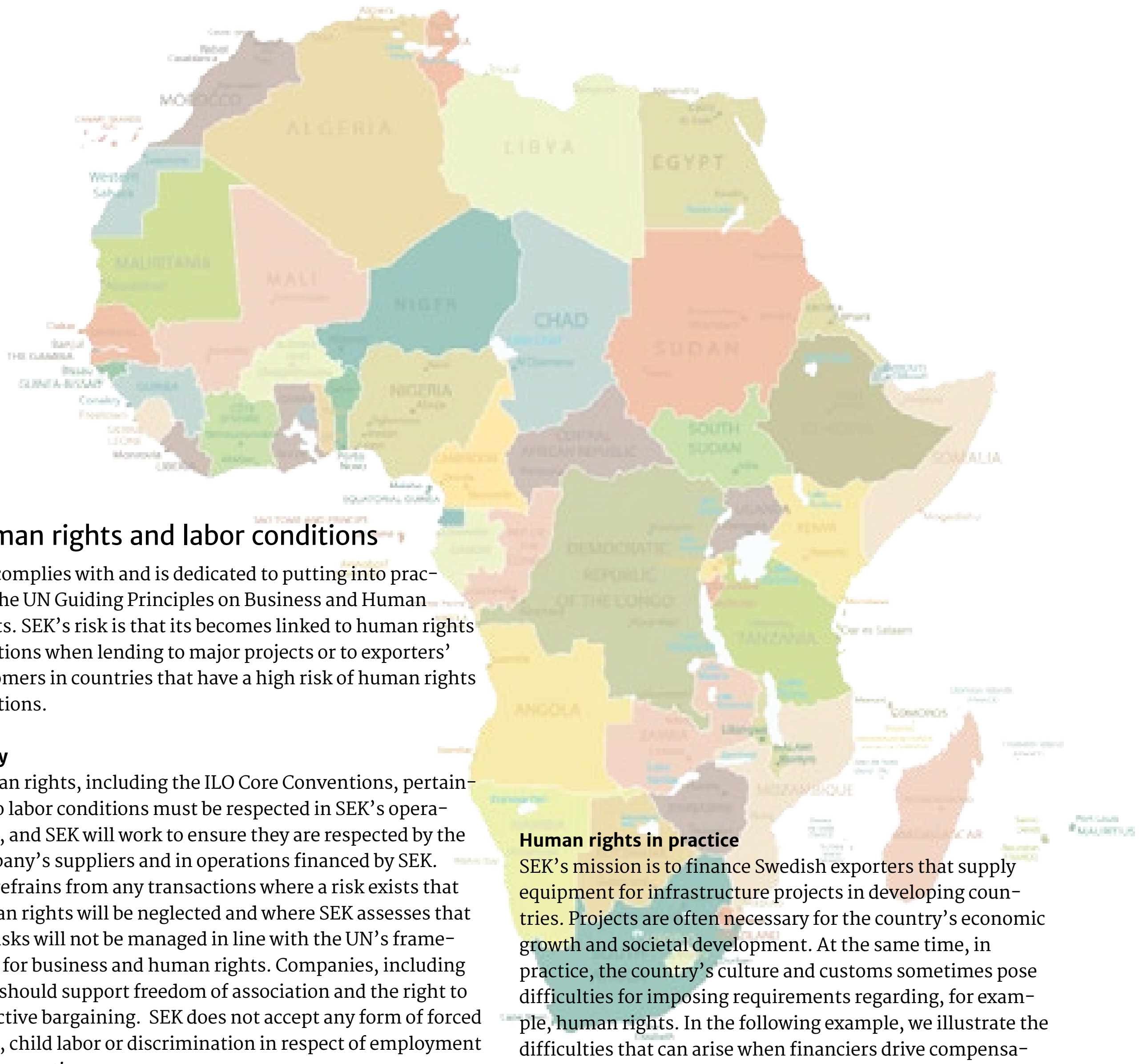
- During the year, SEK implemented a scenario analysis to identify the impact on its lending portfolio of the implementation of the COP21 global climate treaty.
- SEK has implemented carbon offsetting through a program that is certified in accordance with the Clean Development Mechanism and Gold Standard.
- SEK has completed an environmental assessment, which will form the basis for an updated environmental plan.

Networks in sustainable business

Through collaboration with different organizations, SEK can share experience and discuss challenges and solutions for various sustainability-related issues. SEK participates in the following networks:

- Sustainable business at state-owned companies
- The Equator Principles
- The OECD's working groups for environmental issues and human rights in terms of officially supported credits
- ICC Sweden's CSR reference group
- Transparency International Business Group
- UN Global Compact's Nordic network





Human rights and labor conditions

SEK complies with and is dedicated to putting into practice the UN Guiding Principles on Business and Human Rights. SEK's risk is that its becomes linked to human rights violations when lending to major projects or to exporters' customers in countries that have a high risk of human rights violations.

Policy

Human rights, including the ILO Core Conventions, pertaining to labor conditions must be respected in SEK's operations, and SEK will work to ensure they are respected by the company's suppliers and in operations financed by SEK. SEK refrains from any transactions where a risk exists that human rights will be neglected and where SEK assesses that the risks will not be managed in line with the UN's framework for business and human rights. Companies, including SEK, should support freedom of association and the right to collective bargaining. SEK does not accept any form of forced labor, child labor or discrimination in respect of employment and occupation.

Important activities in 2017

- SEK implemented an annual risk assessment of the business operations' risk of causing, contributing to or being linked to human rights violations including labor conditions.
- SEK participated in a human rights working group to share experience in the area.

Human rights working group

A key aspect of putting the UN Guiding Principles on Business and Human Rights into practice is clarifying responsibility and SEK's requirements of exporters and their customers.

In 2017, SEK participated in a working group together with the EKN, Swedfund and the Swedish Space Corporation to share experience on challenges pertaining to the management of human rights. This work entailed discussions on various dilemmas. The work also included dialogues with representatives from Amnesty International, Diakonia and Save the Children.

Human rights in practice

SEK's mission is to finance Swedish exporters that supply equipment for infrastructure projects in developing countries. Projects are often necessary for the country's economic growth and societal development. At the same time, in practice, the country's culture and customs sometimes pose difficulties for imposing requirements regarding, for example, human rights. In the following example, we illustrate the difficulties that can arise when financiers drive compensation to people who need to move because of the implementation of a project.

A Swedish exporter supplies equipment to a large-scale infrastructure project in a country with weak institutional capacity and widespread poverty. The project will provide the necessary transportation infrastructure to ensure safe and reliable mobility in a region with poor road conditions. The project developer is a state-owned company and the construction is being led by an international contractor. The buyer has the skills and experience to apply national regulatory requirements but has no previous experience of the application of international standards.

Together with other international financing bodies, SEK identifies resettlement and compensation issues when land is claimed as key societal issues to manage within the project. This is included as a condition of the loan agreement, whereby SEK has the same terms as the other international banks participating in the project. An independent body monitors how the project meets human rights and supports the management of any shortfalls.

The buyer's government connection and lack of previous experience of international financing creates challenges in terms of the dialogue. The financiers' requirements were clear, but difficulties arose on implementation of the requirements in the actual project because of the buyer's inexperience of working to international standards. In this case, the compensation dialogue took longer and was further complicated by some people who were living in the areas affected by the project not having the legal right to live there.

Green financing

Through the offering and collaboration with other organizations, SEK works proactively to finance exports of Swedish environmental technology. This contributes to sustainable development and supports the global sustainabilty goals. The aim is to increase the volume of green loans and to be able to offer financing for the system export, for example, for the development of smart cities.

Lending to sustainable urban development

SEK works together with Business Sweden, the EKN and Swedfund to develop financial solutions and shared working methods with the aim of generating more and larger Swedish transactions in the sustainable urban development business area. During the year, the work resulted in a joint support from SEK and the EKN for system export.

Green loans

An increased volume of green loans contributes to increasing exports of Swedish environmental expertise worldwide and is also a profitable business for SEK.

Green bonds

SEK's green loans are financed by issuing green bonds in international capital markets. Green bonds help to diversify SEK's investor base.

Metrics for climate-related risks associated with lending

By taking into account the risks linked to climate change in the lending portfolio, SEK creates awareness of how credit ratings and the companies' business models are affected by measures.

Position paper on green bonds impact reporting

In 2017, SEK participated in a working group with Nordic public sector issuers of green bonds. At an OECD green financing conference in Paris on October 24, the group launched a framework for how to report the effects of green bonds.

The aim is to create a reporting platform for the group's participants and other Nordic public sector issuers with the aim of making the framework usable for other green bond issuers and investors.

Climate change

Risks and opportunities for SEK

Climate change leads to climate risks, which can affect physical assets when average global temperatures continue to rise resulting in, inter alia, gradually rising sea levels and increased average rainfall. When climate measures are taken, for example in the form of COP21, transition risk arises for governments and companies. Transition risk is defined as non-physical climate-related risks that can impact the value of assets and companies' business models. Risks include legislative and regulatory changes, raised climate-related taxes, changed production and consumption patterns, and new technology as well as climate-related reputational risks. SEK could potentially be exposed to financial losses due to transition risk if clients' business models are not adapted to the new conditions. This could entail future credit losses for SEK. Climate-change measures make it possible for SEK to finance exports of Swedish environmental technology.

Scenario analysis

Climate-related risks are included in sustainability risk, which means that the country, counterparty and transaction are analyzed in the same way as other sustainability risks, which are reported in Note 27. The ongoing risk reporting to the Board includes a scenario analysis that consist of an estimate of SEK's transition risk exposure and the impact of expected credit losses for various scenarios. Outcome of scenario analysis shows limited impact on SEK.

An attractive employer

SEK possesses a committed, client-centric culture driven with a focus on solutions, collaboration and professionalism. It is crucial for SEK to attract, develop and retain the right competence.

Development opportunities

The findings of the 2017 employee survey showed strong commitment and high motivation among employees. SEK's mission is perceived as a powerful driver. Collaboration has improved between the various functions as a result of in-house training.

During the year, SEK has invested in increased and broadened competence. Internal job rotation remained high with 16 people changing jobs internally in 2017. At the same time, the employee survey found that employees desired even better long-term development. The Swedish Export Academy is one possibility. This has been created in collaboration by Business Sweden, the EKN and SEK. Program participants will be able to develop their personal competence at the same time as they gain insight into how the organizations collaborate to help clients. SEK also partners with the Red Cross and My Dream Now, which allows employees the possibility to develop and get involved with voluntary work.

Mikael Axenstig, internal recruitment to Treasury

"After six months on paternity leave, I started my new position in another interesting and challenging environment. I appreciate the cross-functional career paths offered by SEK's relatively small scale."

Equality and diversity

SEK aims to be a workplace where diversity and equality are naturally included. This creates conditions where everyone can contribute their skills, which creates value for SEK's clients.

Irina Slinko, Head of Risk, Capital and Valuation

""Being the head of a specialist group with varied and broad skill-sets is an enjoyable challenge. This is when clear, shared goals become important — to strengthen the competitiveness of the Swedish export industry feels like the perfect goal for leading the group forward."

Health

SEK's long-term ambition is for the work and working conditions to promote good health. To support this, health, wellness, recovery and everyday support were prioritized when the new benefits package was introduced in 2017. The benefits are highly appreciated and well used. The company's strategy is to draw attention to and start supportive measures for employees who need support in terms of their work circumstances as soon as possible. SEK's work environment committee held regular meetings during the year. Focus has been placed on reviewing active measures to increase diversity and to design SEK's gym to increase its appeal for more employees. SEK's centrally located office and its own gym, make it easier for employees to travel to and from work in an eco-friendly manner.

New employees

SEK has had many applicants to its vacant positions. SEK's mission is often viewed as attractive also to new employees. During the year, 25 new employees joined SEK, primarily in the Risk and IT functions.

Procurement of products and services

In 2017, SEK procured products and services to a value of around Skr 230 million. Procurements ranged from major IT systems and information services to office supplies and travel. A well-functioning procurement process is important if SEK is to have cost-efficient operations and to ensure that supplies meet SEK's sustainability requirements.

2017 entailed continued focus on reaching the goal of all of SEK's suppliers undertaking to comply with SEK's anti-corruption and business ethics guidelines. At year end, 99 percent of SEK's suppliers had committed to comply with SEK's Code of Conduct or demonstrated that they have an equivalent approach. A Code of Conduct for Suppliers has been introduced to clarify SEK's supplier requirements, at the same time as SEK's Code of Conduct continues to apply for all employees and consultants.

Most of SEK's around 500 suppliers are based in Sweden, but several of SEK's largest suppliers are foreign IT companies. The largest suppliers include the company that owns the property where SEK rents office space.

Each year, a company-wide risk assessment is carried out of sustainability risks associated with the procurement of products and services. The risk assessment forms the basis for being able to judge whether any increase in sustainability risk applies when choosing a new supplier.

A more risk-based approach has been developed to be able to more efficiently ensure that the suppliers meet SEK's requirements. In 2017, risk assessments using the new procedure were conducted for around 70 new suppliers. The risk assessment encompasses the identification of high-risk industries and high-risk countries with regard to corruption, tax non-transparency, human rights including labor conditions, as well as the environment and climate change. Identified risks are considered when deciding whether or not to approve a new supplier.

"In 2017, we introduced a risk-based approach for identifying sustainability risks in procurements. The new approach means we can focus on the right issues and thereby enhance the efficiency of processes at the same time as we more accurately identify potential problems with suppliers."

Susanna Rystedt,
Chief Administrative Officer

Procedure for approving suppliers

1. Needs: A needs analysis is conducted and a scope-appropriate procurement conducted, whereby various suppliers are invited to submit tenders that are evaluated in terms of price, quality and other conditions in relation to the SEK's requirements.

2. Ownership checks: When the procurement has resulted in a desirable supplier, SEK checks the ownership and the group structure, and which physical persons own more than 25 percent of the supplier.

3. Credit assessments and sustainability reviews: SEK performs a credit assessment and carries out a sustaina bility review of the supplier. SEK applies the Global Compact's Principles and wants to ensure that products and services are produced under acceptable conditions with regard to human rights and labor conditions. SEK prioritizes products and services with labeling that ensures consideration for the environment and climate, for example, TCO certification, Energy Star certification, The Swan (Nordic ecolabel), Good Environmental Choice, KRAV label or similar.

4. Code of Conduct certificate: Suppliers must undertake to adhere to SEK's Code of Conduct for Suppliers, which includes a policy on corruption. SEK also requires a non-disclosure agreement if the supplier has access to SEK's premises, IT systems or any information belonging to SEK.

5. Approval: The supplier is approved and the partnership can be initiated.

Environmental considerations

SEK works actively with environmental aspects in the procurement of products and services. SEK's travel policy stipulates that any business travel must be motivated and use the most cost-efficient and eco-friendly method possible. The use of alternatives such as e-mail, video or telephone conferences should always be considered. Transportation should be chosen so as to minimize environmental impact. Where possible, only The Swan (Nordic ecolabel) hotels are used in Sweden. In 2017, the climate impact from business travel rose slightly and, even if SEK carbon offsets all travel, a review of how SEK can continue to reduce climate impact is ongoing. Renewable energy sources are used for heating SEK's offices. Electricity consumption decreased in 2017, due to actions including reviewing the office lighting. The consumption of district heating for warming the offices has also declined. Since 2008, when SEK started to measure the climate impact of its own operations, electricity and heat consumption has decreased by around 15 percent. All paper consumed has an EU or Swan ecolabel. In autumn 2017, on the employees' initiative, a competition was run under the hashtag #noprint2017 to see which department could achieve the biggest reduction in the amount of paper printed. This resulted in an overall decrease in printouts of 40 percent.

Financial key performance indicators

Amounts (other than %) in Skr mn	2017	2016	2015	2014	2013
Results					
Net interest revenues	1,683	1,747	1,662	1,578	1,555
Operating profit	1,007	1,002	1,535	1,629	1,408
Net profit	772	780	1,187	1,260	1,090
C/I ratio	0.36	0.34	0.34	0.33	0.33
After-tax return on equity	4.5%	4.6%	7.2%	8.1%	7.4%
After-tax return on assets	0.3%	0.3%	0.4%	0.4%	0.4%
Earnings per share before and after dilution (Skr)	193	195	297	316	273
Dividend	232	234	356	378	327
Statement of financial position					
Total assets	264,392	299,442	280,411	325,166	306,554
Total liabilities	246,818	282,306	263,583	309,009	291,564
Total equity	17,574	17,136	16,828	16,157	14,990
Lending					
New customer financing	89,305	54,856	104,583	57,118	55,701
of which to Swedish exporters	21,643	18,107	19,254	23,231	16,685
of which to exporters' customers	67,662	36,749	85,329	33,887	39,016
CIRR-loans as a percentage of new lending	41%	20%	49%	10%	24%
Loans outstanding and undisbursed loans	268,034	263,483	268,535	234,250	221,958
Borrowing					
New borrowing	82,441	70,388	47,025	52,216	95,169
Outstanding senior debt	224,833	252,948	233,556	282,192	269,216
Outstanding subordinated debt	2,040	2,266	2,088	1,945	1,607
Capital and liquidity position					
Common Equity Tier 1 capital	20.6%	22.1%	21.6%	16.9%	19.5%
Tier 1 capital ratio	20.6%	22.1%	21.6%	16.9%	19.5%
Total capital ratio	23.0%	25.1%	24.5%	19.2%	21.8%
Leverage ratio	5.9%	5.3%	5.4%	4.4%	n.a.
Liquidity coverage ratio (LCR) according to the Swedish FSA	505%	383%	573%	250%	595%
Liquidity coverage ratio (LCR) according to the EU Commision's delegated act	169%	215%	n.a.	n.a.	n.a.
Net stable funding ratio (NSFR)	140%	132%	99%	104%	98%

For definitions, see page 139.

The information in the above table relates to the Group. There is no substantial difference between the Group and the Parent Company except that untaxed reserves are disclosed in the balance sheet of the Parent Company and information on earnings per share for the Parent Company is not provided. For differences between the Group and the Parent Company, see Note 1, the income statement of the Parent Company, the balance sheet of the Parent Company and related notes.

Sustainability key performance indicators

	2017	2016	2015	2014	2013
Indirect impact					
Contribution to Sweden's GDP (Skr mn)	51,000	33,000	36,000	35,000	–
Contribution to jobs in Sweden (number)	65,000	44 000	48,000	47,000	–
Annual carbon dioxide reductions from green projects (tons)	>4,615,000	>4,638,000	>4,137,000	–	–
Lending and funding					
Percentage of new lending subjected to environmental and societal review, including human rights	100%	100%	100%	100%	100%
Loans granted to category A projects (number)	2	1	2	5	3
Loans granted to category B projects (number)	4	5	3	5	3
Total volume of green bonds issued (Skr mn)	–	–	4,176	–	–
New lending to green loans (Skr mn)	2,385	3,334	988	–	–
Climate impact of our operations in tons CO_2e					
Total greenhouse gas emissions	553	502	614	767	658
of which business travel	477	426	486	628	558
of which premises	26	25	75	93	54
of which other	50	51	53	46	46
Direct greenhouse gas emissions scope 1	16	15	15	24	25
Indirect greenhouse gas emissions from energy use scope 2	25	25	74	85	46
Other indirect greenhouse gas emissions scope 3	513	462	525	658	587
Emissions per employee	2.21	1.96	2.33	3.18	2.64
Status after carbon offset of emissions	0	0	0	0	0
Energy consumption, premises (MWh)	1,106	1,322	1,420	1,515	1,585
of which electricity	984	1,139	1,169	1,344	1,386
of which district heating	122	183	251	171	199
Employees and suppliers					
Training days per employee (number)	2	3	2	2	2
Percentage of employees who had a development dialogue	95%	98%	98%	92%	93%
Allocation of women/men in management positions	42/58	36/64	38/62	41/59	44/56
Distribution of employees with foreign/Swedish backgrounds	33/67	30/70	30/70	29/71	29/71
The percentage of suppliers that undertake to comply with SEK's anti-corruption guidelines	99%	84%	48%	23%	5%
Percentage of employees who have completed training in SEK's Code of Conduct including anti-corruption	96%	97%	97%	99%	94%

For definitions, see page 139.

Review of 2017[1]

Business reporting

In 2017, SEK signed new lending agreements corresponding to Skr 89.3 billion (2016: Skr 54.8 billion) in total to the Swedish export industry and its customers. The increase in new lending volume was primarily attributable to high demand for export credit lending to exporters' customers. The new lending to Swedish exporters was also higher as compared to the previous year. During the year, export credits in the form of officially supported export credits (CIRR-loans) were significant, primarily in the telecom sector. Despite good access to financing in the capital markets for the largest exporters, new lending to this customer group has been strong. Together with increased demand from medium-sized exporters this has contributed to high volumes.

Capital markets in 2017 were stable with high liquidity. SEK completed several public financing transactions during the year as well as a large volume of structured debt, mainly in the Japanese Uridashi market. SEK remains one of the largest foreign issuers in the Uridashi market. In 2017, SEK remained competitive with other borrowers and was able to borrow at advantageous levels both in the public and structured markets. During the fourth quarter, an unusually high volume of structured debt was redeemed related to the development of the Nikkei Index, as a consequence of an upswing in the Japanese stock market. In combination with the maturity and disbursement of new lending, the unusually high volume of structured debt redemption has led to a reduction in liquidity investments. However, SEK continues to have strong liquidity for new lending and remains well-prepared to meet the future financing needs of the Swedish export industry.

In 2017, credits were granted to six larger international projects where SEK conducted separate sustainability reviews in line with the OECD guidelines for Environmental and Social Due Diligence as well as the Equator Principles. In 2017, new lending that qualified for classification as green loans amounted to Skr 2.4 billion (2016: Skr 3.3 billion).

In collaboration with clients and business partners, SEK has continued to clarify its accountability for human rights in conjunction with export credits. In 2017, SEK has also together with other actors, worked to find financing solutions for Swedish environmental technology exports to, among other things, sustainable urban development.

New lending

Skr bn	2017	2016
Lending to Swedish exporters[1]	21.6	18.1
Lending to exporters' customers[2]	67.7	36.7
Total	**89.3**	**54.8**
CIRR-loans as percentage of new financial transactions	41%	20%

[1] Of which Skr 0.7 billion (year-end 2016: Skr 0.1 billion) had not been disbursed at period end.
[2] Of which Skr 35.1 billion (year-end 2016: Skr 8.3 billion) had not been disbursed at period end.

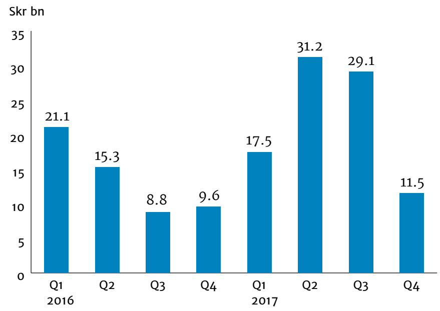
SEK's borrowing

Skr bn	2017	2016
New long-term borrowings	82.4	70.4
Outstanding senior debt	224.8	252.9
Repurchase and redemption of own debt	38.7	15.0

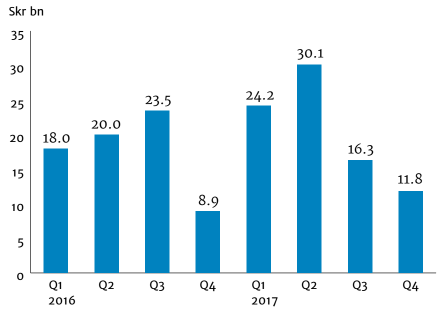
Factors affecting SEK's total comprehensive income

A major part of SEK's operating profit derives from net interest revenues, which are earned mainly on loans to customers, but also to a lesser extent on liquidity investments. Borrowing for these assets comes from equity and from securities issued in international capital markets. Accordingly, the key determinants of SEK's operating profit are: the interest rate on interest-bearing assets, the interest rate of issued securities, the outstanding volume of interest-bearing assets and the proportion of assets financed by equity.

New lending



New borrowing, long-term borrowing



[1] All amounts in this Report of the Directors relate to the Consolidated Group, unless otherwise stated (see Note 1). As of December 31, 2017, the Consolidated Group comprised SEK and its wholly owned subsidiary Venantius AB, including its wholly owned subsidiary VF Finans AB ('the Subsidiaries'). Venantius AB is no longer engaged in any active business; Venantius AB together with its wholly owned subsidiary is being wound down.
The Parent Company's results and assets correspond predominantly to those of the Group and, accordingly, the information essentially reflects the conditions in the Parent Company. For differences in the accounting policies between the Group and Parent Company, see Note 1 (r).

SEK issues debt instruments with terms that may be fixed, floating or linked to various indices. SEK's strategy is to economically hedge these terms at floating rates with the aim of matching the terms of its debt-financed assets. The quality of SEK's operating profit, its relatively stable credit ratings and SEK's public role have enabled SEK to achieve borrowing at levels that are competitive within the market. Another factor affecting net interest revenues is the size of the resolution fee.

In addition to net interest revenues, another key influence on SEK's operating earnings has been changes in the fair value of certain assets, liabilities and derivatives. The factors that mainly have impact on unrealized changes in fair value are credit spreads on own debt and cross-currency basis spreads. The credit spread on own debt is related to the creditworthiness SEK's investors believe that SEK has. Cross-currency basis spread is the deviation in the nominal interest rate between two currencies in a currency interest rate swap caused by the difference between the base interest rate of the currencies.

The operating expenses also have an important impact on SEK's operating profit.

Total other comprehensive income is mainly affected by effects attributable to cash-flow hedges.

Operating profit

Operating profit amounted to Skr 1,007 million (2016: Skr 1,002 million). Net profit amounted to Skr 772 million (2016: Skr 780 million).

Net interest revenues

Net interest revenues amounted to Skr 1,683 million (2016: Skr 1,747 million), a decrease of 4 percent compared to the previous year. Net interest revenues were affected negatively by a higher resolution fee of Skr 193 million (2016: Skr 102 million), which SEK is required to pay to a fund to support the recovery of credit institutions. The higher fee was partially offset by higher market interest rates and lower borrowing costs.

Skr bn, Average	2017	2016	Change
Total loans	201.9	206.9	-2%
Liquidity investments	64.0	65.5	-2%
Interest-bearing assets	**265.9**	**272.4**	**-2%**
Interest-bearing liabilities	**241.0**	**245.4**	-2%

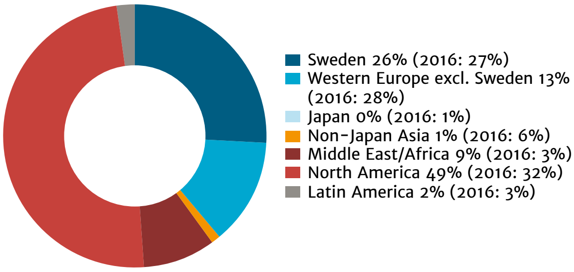
Commission earned and commission incurred

Commission earned and commission incurred amounted to Skr -28 million (2016: Skr -29 million). Commission earned amounted to Skr 3 million (2016: Skr 3 million). Commission incurred amounted to Skr -31 million (2016: Skr -32 million).

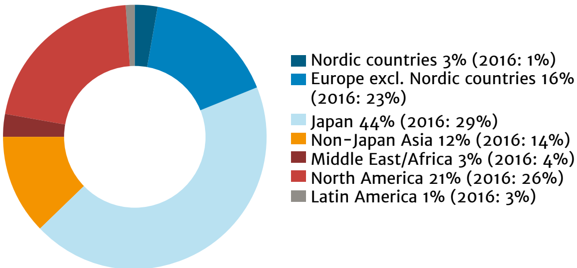
Net results of financial transactions

Net results of financial transactions amounted to Skr -102 million (2016: Skr -110 million), mainly due to unrealized losses related to changes in the fair value of the credit spreads on SEK's own debt, where increased credit spreads have had a negative effect on net profit. This was partially offset by unrealized gains related to the fair value in the basis spread of currency swaps.

SEK's markets for new lending 2017, Skr 89.3 billion (2016: Skr 54.8 billion)



SEK's markets for new borrowing 2017, Skr 82.4 billion (2016: Skr 70.4 billion)



Operating expenses

Skr mn	2017	2016	Change
Personnel expenses	-320	-308	4%
Other administrative expenses	-232	-236	-2%
Depreciation and impairment of non-financial assets	-45	-46	-2%
Total operating expenses	**-597**	**-590**	**1%**

Operating expenses increased somewhat compared to the previous year, mainly due to increased personnel expenses, which were partially offset by a decrease in other administrative expenses. In 2017, a provision of Skr 7 million was made for the individual variable remuneration in the system. During the previous year, a reversal of Skr 4 million for the previous employee incentive scheme was made. Beginning in 2017, SEK introduced a system for individual variable remuneration for permanent employees with customer or business responsibility, with the exception of members of the executive management team. In 2017, the cost for the remuneration could amount to a maximum of Skr 12 million.

Net credit losses

Net credit losses amounted to Skr 51 million (2016: Skr -16 million). In 2017, a provision of Skr -59 million was made for anticipated credit losses relative to individually-assessed counterparties. During 2017, a previous reserved loss of Skr 47 million was realized. The collectively-assessed credits reserve decreased by Skr 80 million during the year. The decrease was due to improvements in the assessment basis in preparation for the introduction of the new process under IFRS 9 beginning in 2018 (see Notes 1 and 9). The collectively-assessed credits reserve amounted to Skr 90 million at December 31, 2017 (year-end 2016: Skr 170 million).

Taxes

Tax costs amounted to Skr -235 million (2016: Skr -222 million), of which Skr -262 million (2016: Skr -382 million) consisted of current tax and Skr 27 million (2016: Skr 156 million) consisted of deferred tax (see Note 10). The effective tax rate was 23.3 percent (2016: 22.2 percent), while the nominal tax rate for 2017 was 22.0 percent (2016: 22.0 percent). The difference between the nominal tax rate and the effective tax rate is primarily due to the fact that the interest expense for subordinated loans from 2017 is no longer deductible due to a change in the Swedish tax rules that became effective as of January 1, 2017.

Other comprehensive income

Skr mn	2017	2016
Items to be reclassified to operating profit	-124	-123
of which available-for-sale securities	*-33*	*46*
of which other comprehensive income effects related to cash-flow hedges	*-91*	*-169*
Items not to be reclassified to operating profit	-4	-26
Other comprehensive income after tax	-128	-149

A major part of the items to be reclassified to operating profit related to cash flow hedges. The effect was related to reclassification from other comprehensive income to net interest revenues due to the fact that hedging instruments previously were included in cash flow hedges. Items not to be reclassified to operating profit were related to revaluation of defined benefit pensions.

Return on equity

After-tax return on equity amounted to 4.5 percent (2016: 4.6 percent).

Statement of financial position

Total assets and liquidity

Liquidity investments and outstanding loans decreased compared to the end of 2016. Liquidity investments decreased during the fourth quarter due to early redemption of structured debt related to the Nikkei Index and the strong performance of the Japanese stock market. SEK has not replaced this debt yet because of continued strong new lending capacity. Maturities and repayments caused outstanding loans to decrease, which was not significantly offset by the new lending because new lending was primarily attributable to export credits of which only a small portion had been disbursed as of December 31, 2017.

Skr bn	2017	2016	Change
Total assets	264.4	299.4	-12%
Liquidity investments	55.7	72.3	-23%
Outstanding loans	195.1	208.7	-7%
of which loans in the CIRR-system	*49.1*	*49.8*	*-1%*

Liabilities and equity

As of December 31, 2017, the aggregate volume of available funds and shareholders' equity exceeded the aggregate volume of loans outstanding and loans committed at all maturities. Accordingly, SEK considers all of its outstanding commitments to be covered through maturity.

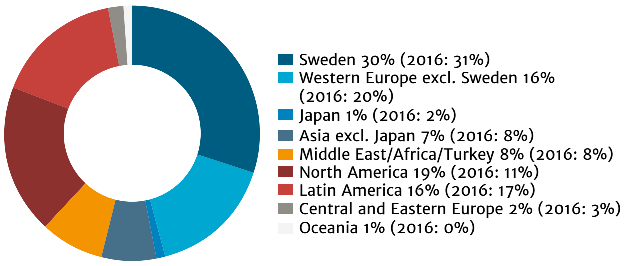
In 2017, SEK had a credit facility in place with the Swedish National Debt Office of up to Skr 125 billion. To date, SEK has not utilized the credit facility. The credit facility can only be utilized for loans covered by the officially supported export credits system (CIRR). In December 2017, the Swedish Parliament confirmed that the credit facility will continue to be available in 2018 in an amount up to Skr 125 billion.

Credit risks

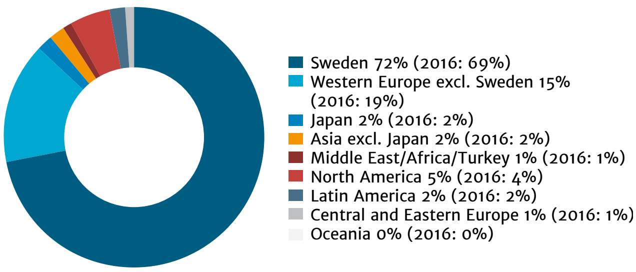
There has been no significant change in the composition of SEK's counterparty exposure, see Note 27. Total exposures amounted to Skr 327.2 billion on December 31, 2017 (year-end 2016: Skr 340.7 billion). SEK's exposures to central and regional governments as well as financial institutions have decreased as exposures to corporates have increased (see Note 27).

The credit risk is limited primarily through the use of guarantees. The guarantors are predominantly government export credit agencies in the OECD, of which the Swedish Export Credits Guarantee Board (EKN) is the largest, which explains the higher net exposure toward Sweden in the following diagram.

Gross exposures per region, December 31, 2017



Net exposures per region, December 31, 2017



Other exposures and risks

SEK's hedging transactions are expected to be effective in offsetting changes in fair value attributable to hedged risks. The determination of the gross value of certain items in the statements of financial position, particularly derivatives and issued unsubordinated securities, which effectively hedge each other, requires complex judgments regarding the most appropriate valuation technique, assumptions and estimates. If different valuation models or assumptions were used, or if assumptions changed, a different result may arise. Excluding the impact on the valuation of spreads on SEK's own debt and basis spreads (which can be significant), such changes in fair value would generally offset each other, with little impact on the value of net assets.

SEK maintains a conservative policy with regard to market risk exposures, primarily consisting of interest rate risks, currency risks and operational risks. For quantitative and qualitative information about risks and exposures, see the 'Risk and capital management' section of this Annual Report as well as Note 27 Risk Information.

Capital adequacy

SEK has a strong capitalization, with a total capital ratio of 23.0 percent as of December 31, 2017 (year-end 2016: 25.1 percent), and healthy liquidity.

Percent	December 31, 2017	December 31, 2016
Common Equity Tier 1 capital ratio	20.6	22.1
Tier 1 capital ratio	20.6	22.1
Total capital ratio	23.0	25.1
Leverage ratio	5.9	5.3
LCR according to the Swedish FSA	505	383
LCR according to the EU Commission's delegated act	169	215
Net stable funding ratio (NSFR)	**140**	**132**

Results under the CIRR-system

Pursuant to the company's assignment as stated in its owner instruction issued by the Swedish government, SEK administers credit granting in the Swedish system for officially supported export credits (CIRR-system). The CIRR-system paid net compensation to SEK of Skr 123 million (2016: Skr 114 million). This is compensation paid to SEK for carrying the CIRR-system loans and their related credit risks on SEK's balance sheet. The compensation is included in SEK's net interest revenues.

Skr mn	2017	2016	Change
Results from the CIRR-system	**125**	**235**	**-47%**
of which interest differential compensation	*26*	*121*	*-79%*

The CIRR-loans are provided under agreements within the OECD, which is a common regulatory framework for the individual countries' subsidies on their export industries. Exporters are offered the opportunity to fix interest rates for the period of the offer. CIRR-loans are provided in collaboration between SEK, EKN and commercial banks.

The aggregate surplus for CIRR-based export credits under the system for the period from 1990 to 2017 amounted to approximately Skr 3.3 billion, with the average year-end volume of outstanding loans at Skr 17.4 billion. The surplus for the past five years amounts to Skr 878 million and the average volume of outstanding loans amounts to Skr 46.4 billion.

Investments

SEK continually invests in the development of new IT systems in order to meet regulatory requirements, to develop the business and to ensure appropriate and effective IT support for the company's business and support processes. During 2017, an intensive development work on methods and processes for market risk measurement has been made, which has implicated large IT expenditures. Capital expenditures in IT systems during 2017 amounted to Skr 2 million (2016: Skr 29 million).

Proposal for the distribution of profits

All amounts are in Skr million, unless otherwise indicated.

The results of the Consolidated Group's and the Parent Company's operations during the year and its financial position at December 31, 2017, can be seen in the statement of comprehensive income, statement of financial position and statement of cash flows for the Consolidated Group as well as the income statement, balance sheet and statement of cash flows for the parent company and related Notes. The Board has decided to propose the payment of a dividend of Skr 232 million (2016: Skr 234 million) at the Annual General Meeting, corresponding to the company's dividend policy of 30 percent of the profit for the year. The following proposal regarding distribution of profits relates to the Parent Company.

At the disposal of the Annual General Meeting	11,477
The Board of Directors proposes that the Annual General Meeting dispose of these funds as follows:	
– Dividend to the shareholder of Skr 58.05 per share, amounting to	232
– Remaining disposable funds to be carried forward	**11,245**

Unrealized changes on assets and liabilities at fair value have affected the equity of the Parent Company with three percent.

The own funds for the Group amounted to, as of December 31, 2017, Skr 19,285 million resulting in a total capital adequacy ratio of 23.0 percent. It is the assessment of the Board of Directors that the proposed dividend has coverage in equity. The own funds and the volume of liquidity investments will, even after the proposed dividend continue to be satisfactory in relation to the line of business the company operates in, and the company is assumed to fulfill its obligations in the short and long term. Thus, it is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the company's and the Group's equity, which are imposed by the nature, scope and risks associated with the business, and the company's and the Group's need for consolidation, volume of liquidity investments and financial position in general.

Risk and capital management

The Risk and capital management section addresses significant aspects of SEK's risk and capital management. For detailed descriptions, including quantitative information on SEK's capital adequacy and its risk and capital management, refer to Note 26 Capital adequacy and Note 27 Risk information, respectively. For supplementary and expanded information, refer to the separate risk report, "Capital Adequacy and Risk Management Report — Pillar 3 2017," available at www.sek.se.

Events in 2017

In 2017, several events in the external environment affected the macro scenario, such as Brexit, US politics, the conflict between the US and North Korea, the increase in global debt, and high asset and share prices. Although these events have led to some political concern, the markets have been largely stable and the world economy has so far been affected marginally. However, at the beginning of 2018, we have seen a greater instability in terms of, among other things, volatile share prices. In Sweden, we have noted an increase in exports and high GDP growth. Even if regulators have largely agreed on the final capital rules in the US and soon within the EU, the consequences of the new regulations for the financial sector remain considerable in the form of adaptation costs, new fees and stricter capital requirements, primarily related to the introduction of the Banking Recovery and Resolution Directive (BRRD). To some extent, there still exists uncertainty regarding the impact of the new regulations moving forward.

SEK's capital adequacy has decreased slightly in 2017. At the end of the year, the total capital ratio was 23.0 percent (2016: 25.1 percent), of which the Tier 1 capital ratio and the Common Equity Tier 1 ratio both amounted to 20.6 percent (2016: 22.1 percent). The primary reason for the decrease in capital adequacy is the permission received by SEK from the Swedish FSA to apply an internal risk classification method for exposures to central governments, regional governments and multilateral development banks. The minimum capital requirement for these exposures has increased. SEK's total exposures have marginally decreased since the end of 2016.

"During the year, we have maintained focus and continued to raise the quality of risk measurement and valuation. Adequate risk management capabilities are a cornerstone and a prerequisite for the company's operations."

Stefan Friberg
– *Chief Risk Officer (CRO)*

SEK's largest financial risks are credit risk (Skr 6.9 billion (2016: Skr 7.5 billion) in allocated capital), market risk (Skr 1.6 billion (2016: Skr 1.6 billion) in allocated capital) and operational risk (Skr 0.1 billion (2016: Skr 0.2 billion) in allocated capital) in line with internally assessed capital adequacy.

SEK's liquidity was stable during the year. The liquidity portfolio varies during the year and totaled Skr 55.7 billion (2016: Skr 72.3 billion) at year end. However, the margin on new lending capacity has been high and amounted to 15 months (2016: 9 months) at year end.

VaR metrics were developed for market risk during the year. VaR for own funds amounted to Skr 20 million at year end. The formerly primary risk metric for market risk, the aggregated risk measure (ÖGR) is a more conservative metric and amounted to Skr 582 million (2016: Skr 621 million) at year end.

Within the framework of the BRRD, the Swedish National Debt Office has made the assessment that ten Swedish institutions, including SEK, conduct operations that are critical for the financial system. Therefore, the Swedish National Debt Office, has set minimum requirements for own funds and eligible liabilities (MREL), which in SEK's case amounts to 7.1 percent of total liabilities and own funds. This corresponds to a minimum requirement of 28.0 percent of risk-weighted assets. SEK meets these requirements since a portion of the senior debt can be included. SEK is also impacted by MiFID II, which entered into force at the start of 2018. The requirements encompass primarily SEK's borrowing in the capital markets.

Capital target

The company's capital target, which is one of the Board's principal control instruments, is established by the owner at a general meeting of shareholders. The capital target is designed to ensure that SEK has sufficient capital to support its strategy and that capital adequacy always exceeds the regulatory requirements, even in the event of deep economic declines. Under normal conditions, SEK's capital target is for its total capital ratio to exceed the capital adequacy requirement communicated by the Swedish FSA by 1 to 3 percentage points. The point of departure for this is the Swedish FSA's estimated capital requirement for SEK and SEK's own assessment. In addition, SEK's own funds must also cover the volatility that may be expected under normal conditions. As a result of the Swedish FSA's review and evaluation process, SEK was required to have a total capital ratio of 15.9 percent, based on SEK's balance sheet at September 30, 2017. At December 31, 2017, the total capital ratio was 23.0 percent.

Core risk management principles

SEK must be selective in its choice of counterparties and clients in order to ensure a strong credit rating.

SEK only lends funds to clients who have successfully undergone SEK's procedure for gaining understanding of the customer and its business relations (know your customer), and have a business structure that complies with SEK's mission of promoting the Swedish export industry.

The business operations are limited to financial solutions and positions that the company has approved and has procedures for, whose risks can be measured and evaluated and where the company complies with international sustainability risk guidelines.

SEK's liquidity strategy entails that the company secures financing that, at the very least, has the same maturities as the funds that it lends.

Risk appetite

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

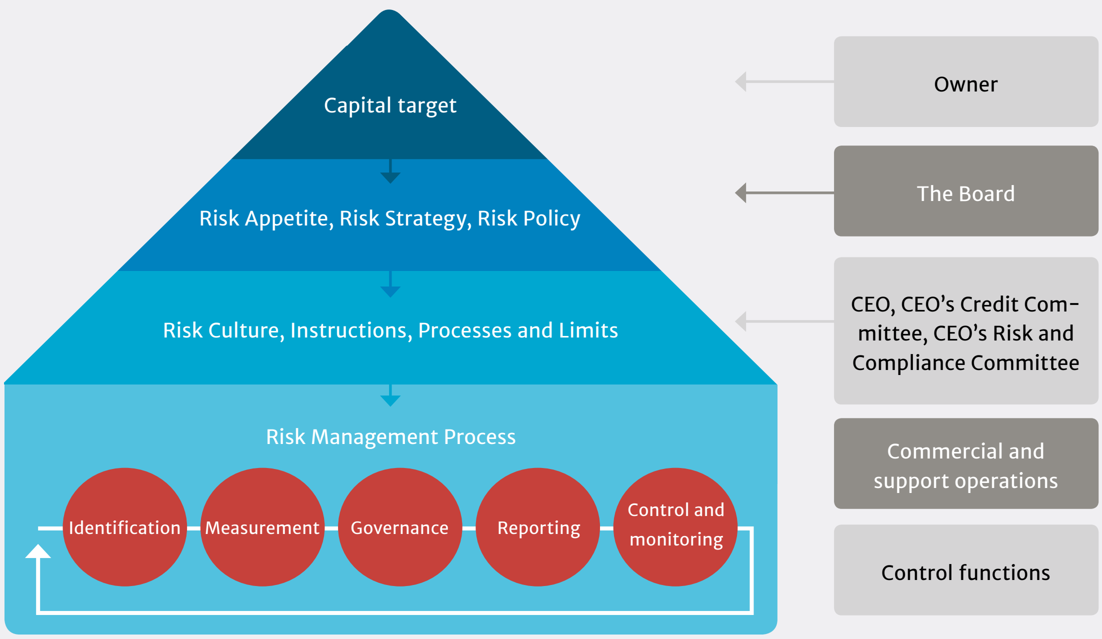
Refer also to the "SEK's risks and risk management" section, where the risk appetite by risk class is described in detail.

Risk governance

The owner determines the capital target at a general meeting of shareholders. The Board of Directors has ultimate responsibility for governing and monitoring risk exposure and risk management, and for ensuring satisfactory internal control. The Board determines the overall risk governance by taking decisions on such matters as risk appetite and risk strategy. The Board also decides on risk policies and on matters of considerable importance to credit granting. For a detailed description of the Board of Directors' rules of procedure, refer to the Corporate Governance Report.

SEK's risk framework

The risk framework encompasses the entire operations and is ultimately governed by SEK's mission.



SEK has organized risk management and risk control in accordance with the principle of three lines of defense in the form of clear-cut separation of responsibility between the commercial and support operations that own the risks, the control functions that independently identify and monitor the risks and an internal audit, which reviews these matters and reports directly to the Board; see diagram below.

Division of responsibility for risk, liquidity and capital management in SEK

First line of defense

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

Second line of defense

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

Third line of defense

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

Risk management process

The company's risk management process encompasses: identification, measurement, management, reporting, control and monitoring of those risks with which the business is associated and for which SEK has formulated internal controls with this purpose in mind. SEK's risk management process consists of the following key elements:

Risk identification — at any given time, SEK must be aware of the risks to which it is exposed. Risks are identified, primarily in new transactions, in external changes in SEK's operating environment or internally in, for example, products, processes, systems and through annual risk analyses that include all aspects of SEK. Both forward-looking and historical analyses and testing are performed.

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

Governance — SEK aims to oversee the development of business, actively utilize risk-reduction capabilities and control the development of risks over time to ensure that the business activities are kept within the risk appetite and limits. SEK also plans and draws up documentation to ensure the continuity of business-critical processes and systems and that planning is carried out for crisis management. Exercises and training regarding the management of situations that require crisis and/or continuity planning are performed continuously.

Reporting — the company reports on the current risk situation, on the use of capital and on related matters to the CEO, the Finance and Risk Committee and the Board, at least once each quarter.

Control and monitoring — SEK checks and monitors compliance with limits, risk appetite, capital targets, risk management and internal and external regulations to ensure that risk exposures are kept at an acceptable level for SEK and that risk management is effective and appropriate.

SEK's risk framework

Effective risk management and control in SEK are based on a sound risk culture, a shared approach and a well-functioning control environment. SEK emphasizes the importance of high risk awareness among personnel and an understanding of the importance of preventive risk management to, thereby, keep risk exposure within the determined level. SEK also has a risk framework (see the Risk Framework illustration on the preceding page) encompassing all of SEK's operations, all of its risks and all personnel.

The structure of the risk framework is ultimately governed by SEK's mission from its owner, the Swedish government, and SEK's business model.

The capital target constitutes the outer boundary for SEK's strategy. Within the restrictions of the capital target, risk appetite is stated, which is expressed by risk class and comprises the risk to which the Board is prepared to expose SEK in order to achieve its strategic objectives. Risk governance is specified in the form of a risk strategy, a risk policy, in SEK's risk culture, and in instructions, processes and limits. These policy documents describe the risk management process and define what activities and operations are included in the process, and how they should be performed. The policy documents also indicate how responsibility is structured in terms of the execution, monitoring of and compliance with risk management.

Internal capital and liquidity assessment processes

The internal capital adequacy assessment process is an integral part of SEK's strategic planning, whereby the Board determines SEK's risk appetite and approves the capital target. The purposes of the internal capital adequacy assessment process are to ensure that SEK has sufficient capital to meet the regulatory requirements under both normal and stressed financial conditions and to support SEK's high credit rating. The capital kept by SEK must be sufficient in relation to the risks that SEK has, or can be exposed to. The capital adequacy assessment is based on SEK's internal assessments of the risks and their development, as well as assessments of risk measurement models, risk governance and risk management. It is integrated into business planning and forms the foundation for SEK's strategy for maintaining an adequate level of capital. Capital adequacy assessments are conducted at least for the forthcoming three-year period.

In addition to the internal capital adequacy assessment process, an in-depth liquidity analysis is performed. During the planning period, the liquidity requirement and its composition in terms of liquidity requirements for different currencies, among other items, are evaluated to ensure the company has adequate liquidity to implement the business plan and meet regulatory requirements.

SEK's assessment is that the macroeconomic climate represents the foremost source of the risks to its earnings and financial stability. To arrive at an adequate capitalization level that also applies under stressed financial conditions, an analysis is conducted of how the capitalization is affected by stress in global financial markets, as well as of other factors that impact SEK's business model and net risk exposure.

When SEK performs the internal capital adequacy assessment, it applies methods other than those used for the Swedish FSA's capital requirement. The assessment is based on SEK's internal calculation of economic capital, which captures all of the specific risks to which SEK's operations are exposed, even risks over and above those included in the Swedish FSA's capital requirement. For example, for credit risk, economic capital is based on a quantitative approach whereby Value at Risk (VaR) is calculated at a confidence level of 99.9 percent. This quantitative estimate is performed using a simulation-based tool that produces a probability distribution of the value of the credit portfolio over a defined time horizon (usually one year). The methodology used in the VaR quantification is based on the Credit Metrics model. In addition to the internal capital adequacy assessment, SEK also estimates the total capital requirement as set for SEK by the Swedish FSA in its annual review and evaluation process. The capital adequacy assessment estimated by the Swedish FSA is a minimum requirement for SEK's own funds. In SEK's assessment, SEK has own funds that comfortably exceed both the internally estimated need of own funds and the total capital requirement calculated by the Swedish FSA.For supplementary and expanded information, refer to the separate risk report, "Capital Adequacy and Risk Management Report — Pillar 3 2017", available at www.sek.se.

New regulations that impact capital adequacy or liquidity

For exposures to central governments and regional governments, SEK has previously had an exemption from using the IRB approach for risk classification and quantification of credit risk. Therefore, SEK has applied the standardized approach for these exposures up until March 30, 2017. In the end of the first quarter of 2017, SEK changed to the IRB approach after receiving permission from the Swedish FSA for so doing. Accordingly, the minimum capital requirement for these exposures has increased.

By SEK's assessment, the company has sufficient eligible own funds in accordance with the Banking Recovery and Resolution Directive.

Under normal conditions, SEK satisfies the new CRR liquidity requirements.

Rules stipulating the particular derivatives that have to be cleared are evolving progressively, as are rules for how non-cleared derivatives should be managed. When these rules have been definitively finalized, this will have a certain impact on capital requirements and liquidity flows.

SEK's risks and risk management

SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. Different types of risk arise as part of operations, primarily credit risk. An overview of the risks SEK is exposed to and how these risks are managed is presented in this section. For more detailed descriptions, refer to Note 27.

Risk class	Risk profile	Risk appetite metrics	Risk management
Credit risk Credit risk is the risk of loss that could occur if a borrower or a counterpart can not meet its obligations. Counterparty risk, concentration risk and settlement risk are certain subsets of credit risk.	SEK's lending portfolio is of a high credit quality. The company's mission naturally entails certain concentration risks, such as geographical concentration risk against Sweden. The net risk is principally limited to counterparties with high creditworthiness, 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.	• Individual and collectively limited exposures must not exceed 20 percent of SEK's own funds. • The company's expected loss within one year must not exceed two percent, and the total portfolio maturity must not exceed eight percent of the Common Equity Tier 1 capital. • The average risk weight for SEK's credit-risk exposures to corporates and institutions may not exceed 65 percent. • Credit-risk-related concentration risk must not exceed 35 percent of the Swedish FSA's assessed capital requirement for credit risk. • The company's net exposures to counterparties in the segment <= BB- must not exceed four percent of SEK's total exposure.	Lending must be based on in-depth knowledge of SEK's counterparties as well as counterparties' repayment capacity. Lending must also be aligned with SEK's mission based on its owner instruction. SEK's credit risks are mitigated through a risk-based selection of counterparties and managed through the use of guarantees and other types of collateral. Furthermore, SEK's lending is guided by the use of a normative credit policy, specifying principles for risk levels and lending terms. Concentrations that occur naturally as a result of the company's mission are accepted, but the company continuously works towards reducing the risk of concentration where this is possible.
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 of 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.	• SEK's aggregated market risk measure for all the exposures at fair value must not exceed Skr 1,100 million • Total interest rate sensitivity to a 100 bps parallel shift of all yield curves, comprising the entire balance sheet, must not exceed Skr 500 million. • Net interest income (NII) one year, the impact on SEK's future earnings margin resulting from a change in interest rates, a 100 bps parallel shift, must not exceed Skr 250 million. • Risk to NII from cross-currency basis swaps one year, the impact on SEK's future earnings margin resulting from a change in cross-currency basis spreads must not exceed Skr 100 million.	SEK conducts no active trading. The core of SEK's market risk strategy is to borrow funds in the form of bonds which, regardless of the market risk exposures in the bonds, are hedged by being swapped to a floating interest rate. Borrowed funds are used either immediately for lending, mainly at a floating rate of interest, or swapped to a floating rate, or to ensure that SEK has sufficient liquidity. The aim is to hold assets and liabilities to maturity.
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.	Operational risks arise in all parts of the business. The vast majority of incidents that have occurred are minor events that are rectified promptly within the respective functions. Overall risk is low as a result of effective internal control measures and a focus on continuous improvement.	• The risk appetite for expected losses due to operational risk is limited to Skr 20 million per calendar year. • SEK does not accept considerable operational risks or critical audit remarks. Operational risk is divided into two categories. Category 1 includes particularly considerable operational risks, which encompass: a) critical external audit remarks; and b) possible losses in excess of Skr 150 million as estimated by SEK. Category 1 must be mitigated to an acceptable level without delay, but no later then within two months. Category 2 includes considerable operational risks, which are in turn divided into: a) critical internal audit remarks; and b) possible losses, as estimated by SEK, of less than Skr 150 million but with an expected loss of over Skr 2 million.Category 2 must be mitigated within six months.	SEK manages the operational risk on an ongoing basis through mainly efficient internal control procedures, performing risk analysis before changes, focus on continuous improvements and business continuity management. Costs to reduce risk exposures must be in proportion to the effect that such measures have.

Risk class	Risk profile	Risk appetite metrics	Risk management
Liquidity and refinancing risk Liquidity and refinancing risk is the risk, 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.	SEK has secured funding for all its credit commitments, including those agreed but not yet disbursed. In addition, the size of SEK's liquidity investments allow new lending to continue at a normal pace, even during times of stress. As a consequence of SEK having secured funding for all its credit commitments, the remaining term to maturity for available funding is longer than the remaining term to maturity for lending.	• The company must operate with a buffer, for the entire balance sheet and in EUR and USD, of not less than ten percentage points above the LCR regulatory requirement. • The company is to operate with a Net Stable Funding Ratio (NSFR) exceeding 100 percent. • The company is to have contingencies for new lending of at least four months. • All lending transactions are to be funded, on a portfolio basis, using at least the same maturity. The company's equity capital is included here as funding with perpetual maturity. • The maturity profile of the liquidity investments must reflect the net maturity of borrowing and lending. Under normal circumstances, the assets should be held until maturity and only be divested under conditions of stress.	SEK must have diversified funding to ensure that funding is 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.
Valuation risk SEK is exposed to a valuation risk for financial instruments that are not traded actively and are thereby marked-to-model.	Valuation risk is mainly inherent to OTC transactions and the type of instruments that are not actively traded in the market. The risk is mitigated since when entering a transaction, SEK always enters the exact same transaction, with the opposite sign, with another counterparty, which makes the valuation effect on the aggregated level much smaller.	• The price adjustment for prudent valuation is not to exceed ten percent of own funds. • The company may not accept identified material risks concerning valuation methods, including the regulatory framework for prudent valuation.	SEK works continuously to improve the quality of market data and internally developed models, to calibrate models against market transactions and to check market value with external counterparties.
Sustainability risk Sustainability risk is the risk of SEK directly or indirectly, negatively affects externalities within the areas of environmental and climate considerations, anti-corruption, human rights, labor conditions or business ethics.	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.	• SEK only engages in transactions that are compatible with the mission and for which SEK can serve as a good example through compliance with the international sustainability guidelines adhered to by the company. • Initially approved projects that can give rise to sustainability-related challenges at a later stage, including reputational risk, are to be assigned particular attention and reported to the Board. • Know your customer checks and controls to detect money laundering and terrorism financing are to be conducted on an ongoing basis. • For transactions conducted when other requirements applied and which would not meet current requirements, the company must in the first instance investigate possibilities for divesting and in the second instance have a clear communication plan.	Sustainability risks are managed according to a risk-based approach. In cases of heightened sustainability risk, a detailed sustainability review is performed and measures could be required in order to mitigate environmental and social risks. Requirements are based on national and international regulations and guidelines within the areas of environment and climate, anti-corruption, human rights including labor conditions and business ethics including tax.
Business and reputational risk Business risk is the risk of an unexpected decline in revenue as a result of a decrease in volumes and/or falling margins. Reputational risk is the risk of a negative reputation and/or reduced revenue as a result of external perceptions of the company or the sector in general.	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. Factors considered to affect the reputation of the SEK brand are mainly loan losses, transactions that could be perceived to lack Swedish interest or the perception that the company has breached applicable regulations, for example with regard to sustainability.	• Monitor concentration in revenues derived from a few clients. • Monitor reputational impact from business activities.	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. 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.
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.	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.	• SEK accepts conscious strategic risks in line with the company's strategy. • Control of the new initiatives should include monitoring of growth in business volumes and in appropriate cases, be limited.	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.

In our ever-changing world, SEK continues to ensure sustainable export financing

Sweden's welfare depends on the success of the Swedish export industry. In today's globalized world, technological, logistics and management know-how has spread to many new countries and companies. This means that competition is intensifying for the Swedish export industry.

A key factor for the continued success of Swedish export industry is the ability to always adapt to developments. Time after time, the exporters succeed in renewing their products, services and processes, and due to their hard work, they are often global leaders in their respective fields. Moreover, each year we see new ideas being transformed into new, successful export companies. They are taking the world by storm with products and services that, in just a few years, have gone from obscurity to being ubiquitous. This is most noticeable in the climate and sustainability field.

The Swedish export industry has to operate and compete in a rapidly changing world. Globalization means rising living standards for many people but, at the same time, means that countries, industries and companies are exposed to new competition that not all are able to meet. This leads to unemployment, turbulence and xenophobia, which can be leveraged by populistic forces. Advances in gene technology and artificial intelligence open new possibilities but also require exercising judgement and responsibility wisely.

"When the macro environment starts to spin faster, SEK has to keep up and maintain just as high a tempo."

How can, and should, SEK act in this changeable world? SEK's mission remains constant – to ensure access to sustainable financing solutions for the Swedish export industry. Despite all of the change in our operating environment, financing remains a decisive factor for export transactions. Every time we ask companies this question in our Export Credit Trends Survey, this is how they respond.

Since our clients' operations are always developing, SEK must always develop at the same pace. Our products as well as our way of working must be continuously adapted to our clients' needs and exacting requirements. SEK must maintain access to the global capital markets to ensure it always has the funds available to offer financing under competitive terms. If this is to be possible, SEK must have strong finances, be extremely well-managed, and meet all regulatory requirements, as well as act professionally and commercially and ensure operations are run sustainably.

In summing up the past year, it is extremely gratifying to see that SEK has further advanced its positions. Client processing has resulted in business with several new clients at the same time as we broadened business with existing clients. The after-tax return on equity amounted to 4.5 percent in 2017 (2016: 4.6 percent). SEK has a strong capitalization with a total capital ratio of 23.0 percent at the end of the year (25.1 at the end of 2016) and SEK's Board decided to propose to the Annual General Meeting the distribution of a dividend of Skr 232 million (2016: Skr 234 million), corresponding to 30 percent of net profit for the year.

The fact that SEK is to administer the officially supported export credit system (CIRR-system) is a specially commissioned public policy assignment by the Swedish parliament. In 2017, demand increased for export credits and, in particular, CIRR-loans.

Sustainable business is about running companies with an eye on the future — minimizing the negative societal impacts of companies, following international guidelines and contributing to positive societal development. Sustainability is a natural cornerstone of a modern and competitive business. The UN's sustainable development goals will require new business models and investments. Swedish exporters are very advanced in several of these areas. SEK works together with other facilitators in Team Sweden to be able to offer financing for areas including sustainable cities and system export.

SEK is a strong state-owned company with a vital mission. I am extremely proud to be the Chairman of this company and I would hereby like to thank the Board, management and, most of all, the employees, who in a committed manner, execute their tasks well on a daily basis and continue to develop SEK.

Corporate Governance Report 2017

SEK is a Swedish public limited company, and credit market institution, domiciled in Stockholm, Sweden. SEK is wholly owned by the Swedish state and under the administration of the Swedish Ministry of Enterprise and Innovation.

The government considers SEK a key participant in the state's promotion of the Swedish export industry and in the realization of the government's export strategy.

Corporate governance at SEK is based on Swedish law and the applicable Swedish and international regulations, including the international guidelines adopted by SEK.

The owner's governance of SEK is executed through the state's ownership policy and owner instruction and, as for all limited companies, through the Articles of Association, general meeting of shareholders, the Board and the CEO. Moreover, SEK applies international guidelines in its efforts to act responsibly: the Equator Principles, the ten principles in the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the UN Convention on the Rights of the Child, the OECD Guidelines for Multinational Enterprises, the OECD's conventions and guidelines within anti-corruption, the OECD's guidelines for managing social and environmental risks in state-supported lending and the OECD's sustainable lending guidelines for exports to low-income countries.

The state's ownership policy and guidelines for companies with state ownership

On December 22, 2016, the Swedish Government adopted a new ownership policy for state-owned companies. The policy is applicable from January 1, 2017. In the state's ownership policy, the government details its mission and objectives, the applicable frameworks and its position on key policy issues pertaining to corporate governance at all state-owned companies. The state's ownership policy includes the government's guidelines for external reporting and guidelines for terms of employment for senior executives. Moreover, the state's ownership policy means that the Swedish Corporate Governance Code (the "Code") applies.

As set out in the state's ownership policy, inter alia, as a state-owned company, SEK is to set a positive example for sustainable business, which primarily means that SEK is to:

- work strategically, integrate the issues in its business strategy and adopt strategic sustainability targets;
- work transparently in matters concerning material risks and opportunities and maintain an active dialog with the company's stakeholders in society;
- work together with other companies and relevant organizations; and
- comply with international guidelines in this area.

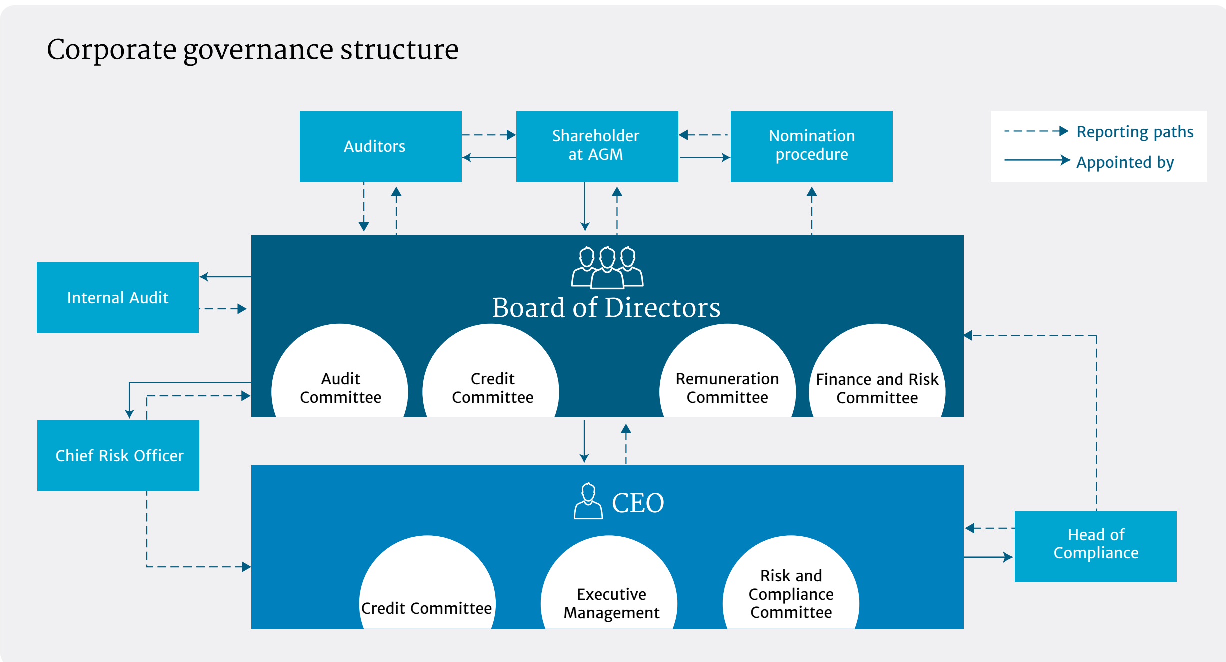
State-owned companies are subject to greater information requirements regarding sustainability reporting under the policy guidelines and, therefore, are to apply such regulations as the GRI Sustainability Reporting Guidelines.

The Code

The Code is part of the Swedish government's framework for corporate governance. SEK complies with the Code in line with the owner's guidelines.

Deviations from the Code

SEK chooses to deviate from the Code in regard to certain aspects, in accordance with the Code's regulations regarding "comply or explain." The reason for such deviations is that SEK is wholly owned by the state and thus is not a publicly listed company with diverse ownership. SEK's corporate



governance deviated from the requirements of the Code on the following points in the 2017 fiscal year:

Nomination Committee. The nomination process for Board members adheres to the principles described in the state's ownership policy.

Chairman of the Annual General Meeting. The nomination process for the Chairman of the Annual General Meeting adheres to the principles described in the state's ownership policy.

Election of auditors. The nomination process for auditors adheres to the principles described in the state's ownership policy.

The Board of Directors' independence from the owner. In accordance with the state's ownership policy, SEK does not disclose whether members of the Board of Directors are independent in relation to the owner.

Owner instruction

The owner instruction states, inter alia, that SEK is to: (a) conduct lending operations on commercial and sustainable terms, within the scope of the objects of the company as set out in the Articles of Association, with the aim of promoting the Swedish export industry by offering financing solutions that directly or indirectly promote Swedish exports; (b) provide export credits, including the officially supported credits (CIRR-loans); (c) in periods when the market can not satisfactorily provide financing to the Swedish export industry, constitute a tool whereby the government can take separate measures to ensure that such financing can be provided; and (d) promote compliance with international guidelines within the area of sustainable business relating to the environment, anti-corruption, human rights, labor conditions and business ethics. Where relevant when making credit assessments, SEK is to comply with international frameworks, such as the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence or the Equator Principles, and observe the OECD's Principles and Guidelines to Promote Sustainable Lending in the Provision of Official Export Credits to Low Income Countries. Accordingly, SEK's work with sustainability issues is integrated into its corporate governance.

The owner instruction sets further requirements for the reporting and following up of SEK's administration of the CIRR-system under the specially commissioned public policy assignment from the government. The socioeconomic value of this can be evaluated in part by measuring the added value that SEK generates in terms of export credits (of which CIRRs comprise a part) and in part through the company conducting a stakeholder dialogue.

Articles of Association

SEK's Articles of Association regulate such issues as the operating targets of the company. The Articles of Association do not contain any provisions regulating the appointment or removal of Board members, except for a provision stipulating that the Chairman of the Board is to be appointed by the general meeting of shareholders and the maximum and minimum number of Board members. For amendments to be made to the Articles of Association, the notice of the extraordinary general meeting that will address amendments to the Articles of Association is to be issued not earlier than six weeks and not later than four weeks prior to the meeting. SEK's Articles of Association do not contain any limitations on the number of votes that a shareholder can cast at a general meeting of shareholders.

General meeting of shareholders

Annual General Meeting

SEK's Annual General Meeting (AGM) was held on March 22, 2017. External parties were entitled to attend the Meeting. The minutes of the Annual General Meeting are available at www.sek.se.

The Annual General Meeting re-elected the following Board members: Lars Linder-Aronson, Cecilia Ardström, Susanne Lithander, Lotta Mellström, Ulla Nilsson and Teppo Tauriainen. Reinhold Geijer and Hans Larsson were elected as new members. Lars Linder-Aronson was re-elected Chairman of the Board by the Meeting.

The Annual General Meeting adopted the Annual Report 2016 submitted by the Board and the CEO, and discharged the Board and the CEO from liability for the 2016 fiscal year. The Annual General Meeting also resolved, in line with the Board's proposed appropriation of profits, to pay a dividend of Skr 234 million to the shareholder. The decision was in accordance with SEK's dividend policy.

Moreover, the Annual General Meeting resolved on unchanged guidelines for the remuneration of senior executives, see also under Note 5 of the Annual Report , as well as the state's ownership policy, the government's guidelines for external reporting in state-owned enterprises, and the government's guidelines for remuneration and other terms of employment for senior executives in state-owned enterprises as adopted by the government on 22 December 2016.

Extraordinary General Meeting

The company held an Extraordinary General Meeting on November 21, 2017, at which Teppo Tauriainen chose to leave the Board after three years of service. In connection with that the Board resolved to elect Anna Brandt as a Director of the Board of Directors of SEK.

The Board of Directors

The Board's composition and nomination procedure

The nomination procedure for Board members complies with the state's ownership policy and is conducted and coordinated by the Division for Corporate Governance and Analysis at the Swedish Ministry of Enterprise and Innovation. A working group analyzes the skills requirements based on the composition of the Board as well as the company's operations, status, future challenges and completed Board training. Any recruitment needs are then established and the recruitment process initiated. The state's ownership policy sets out that the government seeks to achieve an even gender balance and the target is a minimum of 40 percent board representation for both women and men. Boards with six to eight directors elected by the general meeting of shareholders must include at least three persons of each gender. Directors are to be selected from a broad recruitment base with the aim of utilizing the expertise of women and men, as well as of individuals with various backgrounds and experience. Discrimination based on gender, transgender identity or expression, ethnic affiliation, religion or other belief, disability, sexual preference or age is prohibited.

SEK carries out a suitability assessment of Board members and senior executives pursuant to the regulatory framework issued by the European Banking Authority (EBA). SEK's assessment of potential new Board members is based on the owner having identified the candidate in question according to a job specification. The owner is informed of the outcome following SEK's assessment. When the procedure is complete, the nominations are disclosed publicly in accordance with the provisions of the Code.

The Articles of Association stipulate that the Board is to comprise no less than six and no more than eight members. Board members are elected each year at the Annual General Meeting to serve until the end of the following Annual General Meeting. The CEO is not a member of the Board. Five of the Board members are women and three are men. The names, ages, main education of the Board members, and the number of Board and Committee meetings held during the year are presented on pages 51 and 54–55. None of the Board members or the CEO hold shares or financial instruments issued by SEK.

Chairman of the Board

The Chairman of the Board is elected by a general meeting of shareholders. Should the Chairman resign from his/her assignment during his/her term of office, the Board is to elect a new Chairman from within its ranks to serve until the end of the general meeting that elects a new Chairman. The Chairman leads the Board's work, monitors to ensure that the Board is performing its duties, represents the Board in relation to the owner and maintains contact with the owner. The Chairman is also responsible for initiating the annual evaluation of the Board's and the CEO's work. The Chairman ensures that the Board receives adequate information and decision data for its work by, inter alia, informing the Board about what has transpired from contact with the owner. The Chairman also ensures that the Board receives the requisite training for the Board work to function efficiently, and checks that Board decisions are implemented.

The Board and its working methods

The Board is responsible for the organization and the administration of SEK's affairs in which sustainability forms an integral part.The Board is also tasked with ensuring that the company's financial statements, including sustainability reporting, are prepared in accordance with legislation, applicable accounting standards and other requirements. The Board must continually assess SEK's financial position and ensure that SEK is structured in such a way that its accounting, management of funds and SEK's other financial circumstances are governed by satisfactory controls. The Board adopts the operating targets and strategies for the operations, in which sustainability is one aspect, and issues general internal regulations in policies and instructions where sustainability issues are integrated. The Board ensures that an efficient system is in place to monitor and control SEK's operations. In addition, the Board is tasked with appointing, and dismissing if necessary, the CEO and the Chief Risk Officer, and deciding on the remuneration of these individuals and other members of executive management.

The Board's work follows the rules of procedure and the Board's annual plan, which are adopted each year at the statutory Board meeting. The Board of Directors met on 11 occasions in 2017. The CEO attends all Board meetings except those addressing matters in which there is a conflict of interest, such as when evaluating the CEO's work.

Attendance at Board and committee meetings in 2017

	Total	Board of Directors	Remuneration Committee	Finance and Risk Committee	Credit Committee	Audit Committee
Number of meetings	45	11	4	8	15	7
Lars Linder-Aronson	45	11	4	8	15	7
Cecilia Ardström[1]	23	11	0	8	0	4
Jan Belfrage[2]	6	3	0	0	3	0
Anna Brandt[3]	3	1	0	0	2	0
Reinhold Geijer[4]	18	7	0	0	11	0
Hans Larsson[5]	11	6	0	5	0	0
Susanne Lithander	13	6	2	0	0	5
Lotta Mellström	21	10	4	0	0	7
Ulla Nilsson[6]	33	11	0	8	14	0
Teppo Tauriainen[7]	19	8	0	0	11	0
Magnus Uggla[8]	6	3	0	3	0	0

[1] Cecilia Ardström was elected as a member of the Audit Committee on March 22, 2017.
[2] Jan Belfrage stepped down from the Board and the Credit Committee on March 22, 2017.
[3] Anna Brandt was elected as a Director of the Board and as a member of the Credit Committee on November 21, 2017.
[4] Reinhold Geijer was elected as a Director of the Board and as a member of the Credit Committee on March 22, 2017.
[5] Hans Larsson was elected as a member of the Finance and Risk Committee on March 22, 2017.
[6] Ulla Nilsson was elected as Chairman of the Credit Committee on March 22, 2017.
[7] Teppo Tauriainen stepped down from the Board and the Credit Committee on November 21, 2017.
[8] Magnus Uggla stepped down from the Board and the Finance and Risk Committee on March 22, 2017.

Board's work during the year

Over the year, the Board's work has largely focused on following up how the company is adapting operations to meet new regulatory frameworks. In spring 2017, intensive efforts were ongoing at the company to complete the project to improve the measurement of market risk, which had been in progress for two years. The project was completed after summer 2017 and the Board has received ongoing status updates. The Board has also addressed questions pertaining to the company's adaptations to new accounting policies, reporting to regulatory bodies and resolution regulations.

The Board held its annual strategy meeting in early summer 2017. The focus was on the company's long-term efforts to substantially broaden the customer base and to be able to provide a digital customer offering.

Representatives of the Swedish FSA attended the Board meeting in April 2017, and presented their work and their assessment of SEK. On the same occasion, the Board decided to wind up its subsidiaries, Venantius AB and VF Finans AB, through liquidation.

In autumn 2017, the Board visited SEK's Gothenburg office and met clients and business partners in Gothenburg and Borås. The Board also adopted a new business plan for the company for the 2018–2021 period.

In addition to the scheduled meetings in 2017, the Board participated in targeted training activities on four occasions. The training encompassed the regulatory framework for officially supported credits, an in-depth review of new regulations, a presentation of how the company manages market risks as well as a presentation of the rules pertaining to and the company's measures to combat money laundering and terrorism financing, including anti-corruption.

In 2017, SEK's Board and committees adopted the following policies and instructions:

Policy documents	Issued by
The Board's rules of procedure	The Board of Directors
Authorization and Delegation Rules	The Board of Directors
Financial Reporting Instruction	The Board of Directors
Code of Conduct	The Board of Directors
Sustainable Business Policy	The Board of Directors
Risk Policy	The Board of Directors
Credit Policy	The Board of Directors
Remuneration Policy	The Board of Directors
Instruction for the CEO	The Board of Directors
Instruction for the Chief Risk Officer, CRO	The Board of Directors
Instruction for the Internal Audit function	The Board of Directors
Instruction for the Compliance function	The Board of Directors
Instruction for the assessment of the suitability of Board members, the CEO and senior executives	Remuneration Committee
Financing Strategy	Finance and Risk Committee
Liquidity Strategy	Finance and Risk Committee
Limits for market and liquidity risks	Finance and Risk Committee
Credit Instruction	Credit Committee

The Board established the following committees. The Board's rules of procedure include establishing annual instructions for all of its committees. The minutes from each committee are reported at Board meetings by the respective committee's chairman.

Remuneration Committee

Lars Linder-Aronson (Chairman), Susanne Lithander and Lotta Mellström

During the year, the Remuneration Committee's activities included following up the outcome of the individual remuneration program and preparing questions regarding the preparation of a skills development program together with Business Sweden and the Swedish Export Credits Guarantee Board.

- Prepare matters relating to employment terms and conditions, salaries, pensions and other benefits for the CEO and the management, and general issues relating to salaries, pensions and other benefits.
- Prepare proposals regarding the remuneration policy for decision by the Board.
- Prepare proposals on salaries for other individuals in management positions for whom the Board determines the terms of remuneration.
- Evaluate compliance with the Annual General Meeting's resolutions on remuneration.

Finance and Risk Committee

Cecilia Ardström (Chairman), Lars Linder-Aronson, Hans Larsson and Ulla Nilsson

2017 was a relatively hectic year for the Finance and Risk Committee. At the start of the year, much time was invested in following up the conclusion of the company's project to improve the measurement of market risk. Later in the year, the Committee dealt with questions that, inter alia, pertained to the company's liquidity management, preparation of new risk appetites and the new resolution regulations.

- Ensure that the company can identify, measure, manage, report internally and control the risks to which it is or can be expected to be exposed.
- Prepare matters pertaining to general policies, strategies and risk appetite in all risk and capital-related issues where sustainability risk is a component, as well as regarding overall issues concerning the company's financial operations.
- Set limits for such risk and capital-related matters that the Board delegates to the Committee to determine, and to establish measurement methods and limits concerning market and liquidity risk, in addition to models for valuing financial instruments.

Credit Committee

Ulla Nilsson (Chairman), Anna Brandt, Reinhold Geijer and Lars Linder-Aronson

The Credit Committee decided 142 (2016: 124) issues over the year. The Committee is the final instance for credit decisions with the exception of credit decisions that are of fundamental or otherwise significant importance to the company, which are determined by the Board. No such cases arose in 2017. During the year, the Committee has issued methodological working papers pertaining to the company's impairment process to thereby adapt this process to the new accounting standard IFRS 9.

- Ensure the Board's involvement in decision-making regarding credit risks.
- Prepare matters relating to credits and credit decisions that are of fundamental or otherwise significant importance to the company, and also to take decisions regarding credits in accordance with the delegation rules determined by the Board and in which sustainability aspects are included.

Audit Committee

Lotta Mellström (Chairman), Cecilia Ardström, Lars Linder-Aronson and Susanne Lithander

The Committee's work has largely encompassed addressing questions to the new accounting standard IFRS 9 as well as new regulations for reporting pertaining to regulatory bodies. For the Audit Committee 2017 was mosnotable for the election of new auditors (PwC) at the 2017 Annual General Meeting.

- Monitor the company's financial reporting and submit recommendations and proposals aimed at assuring the reliability of the company's reporting.
- Monitor the efficiency of the company's internal control, internal audit and risk management in terms of the financial reporting.
- Evaluate the audit process and inform the Board of the results and, through the Chairman of the Board, to inform the company's owner about the results of the evaluation.
- Keep informed about the audit of the annual accounts and the consolidated financial statements, as well as the conclusions of the Supervisory Board of Public Accountants' quality control.
- Assist in the preparation of proposals regarding the selection of auditors for resolution by the general meeting of shareholders.

Evaluation of the work of the Board of Directors and the executive management

A separate assessment of the work of the Board and executive management is carried out once a year under the leadership of the Chairman. The results of this assessment were reported to the Board and, by the Board's Chairman, to the owner. An evaluation is also performed by the owner in conjunction with the nomination of Board members. The Chairman and Board members check assessments regularly during the year.

Remuneration of the Board of Directors and senior executives

Information regarding remuneration of the Board, CEO and executive management and the Board's proposals to the Annual General Meeting are presented in Note 5 of this Annual Report.

Chief Executive Officer

Catrin Fransson has been the CEO of SEK since the 2014 Annual General Meeting. Catrin Fransson was born in 1962 and has an MSc in Economics and Business from Luleå University of Technology. The Board of Directors has established an instruction for the CEO's work. The CEO is responsible for day-to-day management of business operations in accordance with the Board's guidelines, established policies and instructions. The executive management (EM) is tasked with supporting the CEO in the operational management of the company.

The CEO has appointed a Risk and Compliance Committee (RCC), which has the main task of acting as a consultative body supporting the CEO on risk-related questions and questions pertaining to regulatory compliance. The RCC is tasked with preparing questions pertaining to risk and regulatory compliance, and which are to be addressed or decided by the Finance and Risk Committee, the Audit Committee and/or the Board. Moreover, the RCC is responsible for following up risk reports, deviations from planned measures due to identified deficiencies, and for the implementation of new and amended regulations. The internal audit function is co-opted to all of the RCC's meetings.

According to the Credit Instruction, all credit decisions are taken by not less than two employees jointly. Accordingly, the CEO may not take any unilateral credit decision. The Board's Credit Committee has instead delegated the mandate to the company's Credit Committee (CC). The CEO is Chairman of the CC and the Committee is to be comprised of the members appointed by the CEO. For any decision by the CC to be valid, a quorum is required of three members, who must participate in and agree unanimously on the decision. In the case of disagreement, the case is referred to the Board's Credit Committee for decision.

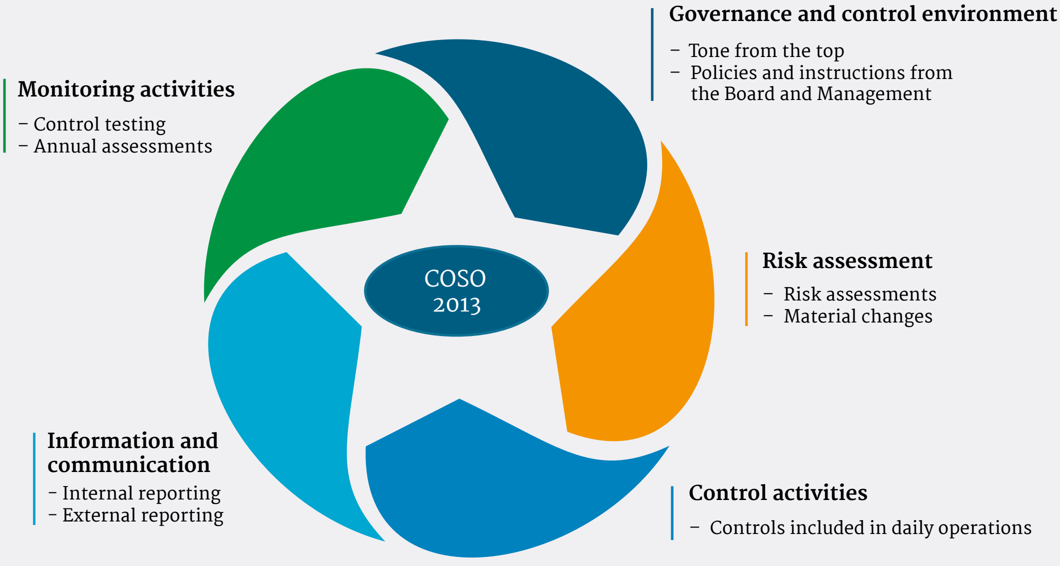
Internal governance, control and risk management with regard to financial reporting

To ensure correct and reliable financial reporting, SEK has developed a management system for financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal control (2013 version). This internal control framework is divided into five components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

Control environment

The Board is responsible for internal governance and control. Effective internal control is built on a sound culture regarding risk, effective internal processes and procedures, as well as the proper functioning of the control environment through operationally integrated internal controls. It is the responsibility of the CEO to establish guidelines so that all employees understand the requirement for maintaining ethical values

Framework for internal control



and the role of each individual in such work, as regulated in part by the Code of Conduct, which is adopted each year by the Board, and signed by all employees and the Board. The Code of Conduct demands integrity and ethical conduct and is communicated to employees also through annual training sessions. Suspected conduct that could involve or lead to a breach of the law, unethical behavior, infringement or suspected breach of the Code of Conduct must be reported. These types of breaches can also be reported anonymously via SEK's whistle-blower system, which is managed by a external party. SEK's Code of Conduct is available at www.sek.se.

SEK has an independent internal audit function that reviews the company's internal governance and control. The Board establishes the auditing assignment each year by means of an audit plan, which takes into account the mandatory audits required by legislation. The assignment involves checking and assessing whether the company's risk management, governance, control, reporting and management processes and regulatory compliance are effective. The internal audit reports its observations to the Board, the Audit Committee and the CEO. The Board commissioned an external party, KPMG, to be responsible for this independent internal audit. The appointment of an external party to perform the internal audit provides SEK with access to significant and extensive capabilities for auditing the company's regulatory compliance, particularly capital adequacy, including audits of ICAAP and the company's IRB model.

Risk assessment

SEK performs an annual risk assessment at management, function and process level. The aim is to identify, document and quantify the consequences and probability of events occurring that could entail that SEK's targets cannot be achieved. The company carries out regular risk assessments during the year in the event of material changes for the company.

Control activities

Controls have been designed based on identified risks to thereby prevent, detect and correct errors and discrepancies.

The controls are conducted as company-wide controls, as general IT controls and at transaction level. Company-wide controls include instructions and procedures regarding authorizations, powers and responsibilities relating to credit granting, and monitoring of compliance. General IT controls include change management, back-up procedures and rights.

Transaction-based controls, whether manual or automated, are carried out to manage the risk of errors occurring in financial reporting. Such controls include reconciliations and analyses. Processes and controls are documented in the form of flow charts and descriptions of individual control activities, which specify who executes a particular control, how it is implemented and how implementation of the control is to be documented.

Information and communication

Policies, instructions, guidelines and operating procedures are continually updated and communicated to staff via relevant channels, primarily via the intranet, internal training and personnel meetings. Formal and informal communication between staff and management is promoted by the small number of employees and their geographic location, primarily at one office.

Monitoring activities

Internal audit, the functions for compliance and the risk function monitor the management of operational risk, and compliance with policy documents.

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 carried out by staff who are independent of the implementation of controls and who are capable of evaluating the implementation of controls. Measures to address any deficiencies are monitored by the Risk and Compliance Committee and the Audit Committee. The executive management has also established controls to ensure that appropriate measures are taken in response to the recommendations made by the internal audit function and by the auditors elected by the Annual General Meeting.

SEK is a foreign private issuer as defined by US regulations and is therefore also affected by the US Sarbanes-Oxley Act (SOX). SOX requires the executive management to assess and comment, each year, on the efficiency of the internal control of financial reporting based on the testing of internal controls. However, no corresponding expression of opinion is required of the company's auditors for the category of companies to which SEK belongs under the US regulatory framework. The executive management has assessed the internal control of financial reporting in accordance with the rules applicable to foreign private issuers. At December 31, 2017, the conclusion was that effective and efficient controls were in place relating to internal control of financial reporting.

Auditors

The 2017 Annual General Meeting elected Öhrlings PricewaterhouseCoopers AB as auditor of the company, with auditor Peter Nyllinge as Principal Auditor and Authorized Public Accountant Anneli Granqvist as co-signing auditor. The Swedish National Audit Office may appoint one or more auditors to participate in the annual audit. However, this did not occur in 2017.

Each year, the Audit Committee reviews the audit plan and is informed of the audit observations on an ongoing basis. The company's auditors has participated at one Board meeting. The Board of Directors holds a meeting with the company's auditors at least once a year without the attendance of the CEO or any other member of the executive management. The Board also receives summary audit reports.

The Board of Directors

Lars Linder-Aronson

Chairman of the Board

Chairman, SEK's Remuneration Committee, Member, SEK's Finance and Risk Committee, SEK's Credit Committee and SEK's Audit Committee
Born: 1953
Education: MSc Economics and Business, Stockholm School of Economics
Elected: 2011
Previous positions: President, Enskilda Securities; Senior Vice President, Skandinaviska Enskilda Banken AB
Other appointments: Chairman, Nordisk Renting AB, Board member, Facility Labs AB and Morco Förvaltning AB

Cecilia Ardström

Board member

Chairman, SEK's Finance and Risk Committee.
Born: 1965
Education: Economics, University of Gothenburg School of Business, Economics and Law
Elected: 2011
Previous positions: Chief Financial Officer and Head of Asset Management, Länsförsäkringar AB; Head of Treasury, Tele2 Group; and Head of Asset Management and CIO, Folksam Group
Other appointments: Board member, Guldsillen AB and Stockholms Stads Brandförsäkringskontor AB

Anna Brandt

Board member

Member, SEK's Credit Committee
Born: 1961
Education: MBA, Major in Economics and International Business, Stockholm School of Economics
Elected: 2017
Previous positions: Executive Director and Member of the Board at the World Bank, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). Ambassador for Agenda 2030 at Ministry for Foreign Affairs and Sweden's Ambassador in Nairobi, Kenya
Current position: Sweden's Ambassador to Dublin (based in Stockholm)

Reinhold Geijer

Board member

Member, SEK's Credit Committee
Born: 1953
Education: MSc Economics and Business, Stockholm School of Economics
Elected: 2017
Previous positions: Chief Executive Officer, the Royal Bank of Scotland, Nordic Branch; Chief Executive Officer, Nordisk Renting AB; Executive Vice President, Telia AB; and Chief Executive Officer, Swedbank. Earlier employments in Ericsson Radio Systems AB, SSAB Swedish Steel and Weyerhaeuser Integrated Forest Company, USA
Other appointments: Chairman of the Board, BTS Group AB. Board Member, the British Swedish Chamber of Commerce BSCC, the Sweden American Foundation, Eterna Invest AB, Zacco A/S and Livförsäkringsaktiebolaget Skandia

Auditors: Öhrlings Pricewaterhouse Coopers AB, auditors at SEK since 2017.
Principal auditor: Authorized Public Accountant Peter Nyllinge. Born: 1966. Auditor at SEK since 2017.
Co-signing auditor: Authorized Public Accountant Anneli Granqvist. Born: 1972. Auditor at SEK since 2017.

Hans Larsson

Board member

Member, SEK's Finance and Risk Committee.

Born: 1961

Education: Bachelor of Business Administration and Economics, Uppsala University. Advanced Management Program (AMP), Stockholm School of Economics (SSE)

Elected: 2017

Previous positions: Head of Group Strategy & Business Development, SEB; Executive Vice President and Chief of Staff, Lindorff Group; and Board Member, Nordax AB and Nordax Bank AB

Other appointments: Chairman, Nordnet AB and Linderyd Advisory AB, Board member, Intrum Justitia AB

Current position: Chief Executive Officer, Linderyd Advisory AB and Lunda Advisory AB

Susanne Lithander

Board member

Member, SEK's Remuneration Committee and SEK's Audit Committee

Born: 1961

Education: MSc Economics and Business, University of Gothenburg School of Business, Economics and Law

Elected: 2015

Previous positions: VP Finance within SCA group; CEO, Mercuri International Group; and VP, Head of Advisory Services, Ericsson, BU Global Services

Current position: CFO, BillerudKorsnäs

Lotta Mellström

Board member

Chairman, SEK's Audit Committee. Member, SEK's Remuneration Committee

Born: 1970

Education: MSc Economics and Business, Lund University.

Elected: 2011

Previous positions: Management Consultant, Resco AB; and Controller within the Sydkraft Group and ABB Group.

Other appointments: Board member, Swedavia AB, Jernhusen AB and SOS Alarm Sverige AB

Current position: Investment Director and Senior Adviser, Division for State-Owned Enterprises, Ministry of Enterprise and Innovati

Ulla Nilsson

Board member

Chairman, SEK's Credit Committee. Member, SEK's Finance and Risk Committee.

Born: 1947

Education: M. Pol. Sc.; and Economics and Business Administration, Uppsala University.

Elected: 2011

Previous positions: Skandinaviska Enskilda Banken AB: Global Head of SEB Futures in London; Chairman of Enskilda Futures Limited in London; Head of Trading & Capital Markets Singapore; and Head of Treasury in Luxembourg and Skånska Banken

Other appointments: Board member, Swedish Chamber International

Current position: CEO, the Swedish Chamber of Commerce London

No members of the Board hold shares or other financial instruments in the company.

Management

Catrin Fransson

Chief Executive Officer
Born: 1962
Education: MSc Economics and Business, Luleå University of Technology.
Employed: 2014
Other appointments: Chairman, Almi Företagspartner Stockholm Sörmland AB; and SNS (Centre for Business and Policy Studies) Board of Trustees

Per Åkerlind

Executive Vice President, Head of Treasury and Capital Management
Born: 1962
Education: MSc in Engineering, the Royal Institute of Technology, Stockholm
Employed: 1990
Other appointments: Chairman, Credit Markets Group; and Board Member, the Swedish Society of Financial Analysts (SFF)

Karl Johan Bernerfalk

General Counsel
Born: 1972
Education: LLM, Lund University
Employed: 2007
Other appointments: –

Stefan Friberg

Chief Risk Officer
Born: 1968
Education: MSc Business and Economics, Stockholm University
Employed: 2015
Other appointments: –

Teresa Hamilton Burman

Chief Credit Officer
Born: 1962
Education: MSc Business and Economics, Stockholm University
Employed: 2015
Other appointments: –

Co-opted members 2017: Marie Lindstedt (Head of Compliance) and Sven-Olof Söderlund (Senior Specialist).
Changes after December 31, 2017: Madeleine Widaeus new IT Manager as of February 1, 2018.

Johan Henningsson

Head of Sustainability
Born: 1965
Education: PhD Industrial Economics and Organisations, Mälardalen University; and MBA International Business Studies, Gothenburg University
Employed: 2006
Other appointments: –

Petra Könberg

Head of Marketing & Business Development
Born: 1969
Education: Market Economist DIHM, IHM Business School Stockholm
Employed: 2017
Other appointments: –

Jane Lundgren Ericsson

Head of Lending
Born: 1965
Education: LLM, Stockholm University and LLM (London)
Employed: 1993
Other appointments: Board member, SBAB and SCBC

Ingela Nachtweij

Acting Head of IT
Born: 1966
Education: Bachelor of Business Administration, School of Business and Economics, Växjö
Employed: 2010
Other appointments: –

Sirpa Rusanen

Chief Human Resources (CHRO)
Born: 1964
Education: Behavioral Science Degree, Lund University
Employed: 2005
Other appointments: –

Susanna Rystedt

Chief Administrative Officer
Born: 1964
Education: MSc Economics and Business, Stockholm School of Economics
Employed: 2009
Other appointments: Board Member, AB Trav och Galopp

Consolidated Statement of Comprehensive Income

Skr mn	Note	2017	2016
Interest revenues		3,896	3,188
Interest expenses		–2,213	–1,441
Net interest revenues	2	**1,683**	**1,747**
Net fee and commission expense	3	–28	–29
Net results of financial transactions	4	–102	–110
Total operating income		**1,553**	**1,608**
Personnel expenses	5	–320	–308
Other administrative expenses	6	–232	–236
Depreciation and impairment of non-financial assets	7	–45	–46
Total operating expenses		**–597**	**–590**
Operating profit before net credit losses		**956**	**1,018**
Net credit losses	9	51	–16
Operating profit		**1,007**	**1,002**
Tax expenses	10	–235	–222
Net profit[1]		**772**	**780**
Other comprehensive income related to:			
Items to be reclassified to profit or loss			
Available-for-sale securities[2]		*–33*	*46*
Derivatives in cash-flow hedges[2]		*–91*	*–169*
Tax on items to be reclassified to profit or loss	10	27	27
Net items to be reclassified to profit or loss		**–97**	**–96**
Items not to be reclassified to profit or loss			
Revaluation of defined benefit plans		*–4*	*–26*
Tax on items not to be reclassified to profit or loss	10	1	6
Net items not to be reclassified to profit or loss		**–3**	**–20**
Total other comprehensive income		**–100**	**–116**
Total comprehensive income[1]		**672**	**664**

Skr		
Basic and diluted earnings per share[3]	193	195

[1] The entire profit is attributable to the shareholder of the Parent Company.
[2] See the Consolidated Statement of Changes in Equity.
[3] The average number of shares in 2017 amounts to 3,990,000 (2016: 3,990,000)

Consolidated Statement of Financial Position

Skr mn	Note	December 31, 2017	December 31, 2016
Assets			
Cash and cash equivalents	11, 12	1,231	7,054
Treasuries/government bonds	11, 12	4,382	3,687
Other interest-bearing securities except loans	11, 12	39,807	49,901
Loans in the form of interest-bearing securities	11, 12	41,125	46,222
Loans to credit institutions	9, 11, 12	23,198	26,190
Loans to the public	8, 9, 11, 12	141,111	147,909
Derivatives	12, 14	7,803	12,005
Property, plant, equipment and intangible assets	7	88	123
Other assets	16	3,556	4,167
Prepaid expenses and accrued revenues	17	2,091	2,184
Total assets		**264,392**	**299,442**
Liabilities and equity			
Borrowing from credit institutions	12, 18	2,317	3,756
Senior securities issued	12, 18	222,516	249,192
Derivatives	12, 14	16,480	22,072
Other liabilities	19	826	2,374
Accrued expenses and prepaid revenues	20	2,063	2,036
Deferred tax liabilities	10	531	559
Provisions	5, 21	45	51
Subordinated securities issued	12, 22	2,040	2,266
Total liabilities		**246,818**	**282,306**
Share capital		3,990	3,990
Reserves		30	130
Retained earnings		13,554	13,016
Total equity	23	**17,574**	**17,136**
Total liabilities and equity		**264,392**	**299,442**

Consolidated Statement of Changes in Equity

Skr mn	Equity	Share capital	Reserves: Hedge reserve	Reserves: Fair value reserve	Reserves: Defined benefit plans	Retained earnings
Opening balance of equity January 1, 2016	16,828	3,990	228	-1	19	12,592
Net profit for the year	780					780
Other comprehensive income related to:						
Items to be reclassified to profit or loss						
Available-for-sale securities	*46*			*46*		
Derivatives in cash-flow hedges						
Reclassified to profit or loss	*-169*		*-169*			
Tax on items to be reclassified to profit or loss	27		37	-10		
Items not to be reclassified to profit or loss						
Revaluation of defined benefit plans	*-26*				*-26*	
Tax on items not to be reclassified to profit or loss	6				6	
Total other comprehensive income	**-116**		**-132**	**36**	**-20**	
Total comprehensive income	**664**		**-132**	**36**	**-20**	**780**
Dividend	-356					-356
Closing balance of equity 2016[1,2]	**17,136**	**3,990**	**96**	**35**	**-1**	**13,016**
Net profit for the year	772					772
Other comprehensive income related to:						
Items to be reclassified to profit or loss						
Available-for-sale securities	*-33*			*-33*		
Derivatives in cash-flow hedges						
Reclassified to profit or loss	*-91*		*-91*			
Tax on items to be reclassified to profit or loss	27		20	7		
Items not to be reclassified to profit or loss						
Revaluation of defined benefit plans	*-4*				*-4*	
Tax on items not to be reclassified to profit or loss	1				1	
Total other comprehensive income	**-100**		**-71**	**-26**	**-3**	
Total comprehensive income	**672**		**-71**	**-26**	**-3**	**772**
Dividend	-234					-234
Closing balance of equity 2017[1,2]	**17,574**	**3,990**	**25**	**9**	**-4**	**13,554**

1 The entire equity is attributable to the shareholder of the Parent Company.
2 See Note 23.

Statement of Cash Flows in the Consolidated Group

Skr mn	2017	2016
Operating activities		
Operating profit[1]	1,007	1,002
Adjustments for non-cash items in operating profit		
Provision for credit losses - net	-51	16
Depreciation and impairment of non-financial assets	45	46
Exchange-rate differences	0	0
Unrealized changes in fair value	110	195
Other	170	30
Income tax paid	-365	-276
Total adjustments for non-cash items in operating profit	**-91**	**11**
Increase (–)/decrease (+) in lending	3,394	10,864
Increase (–)/decrease (+) in bonds and securities held	6,738	-9,041
Other changes in assets and liabilities – net	-1,598	-54
Cash flow from operating activities	**9,450**	**2,782**
Investing activities		
Capital expenditures	-10	-39
Cash flow from investing activities	**-10**	**-39**
Financing activities		
Senior debt	115,040	87,989
Repayments of debt	-86,266	-70,829
Repurchase and early redemption of own long-term debt	-38,693	-14,523
Derivatives	-4,931	-182
Dividend paid	-234	-356
Cash flow from financing activities	**-15,084**	**2,099**
Net cash flow for the period	**-5,644**	**4,842**
Cash and cash equivalents at beginning of the year	**7,054**	**2,258**
Net cash flow for the period	-5,644	4,842
Exchange-rate differences on cash and cash equivalents	-179	-46
Cash and cash equivalents at end of year[2]	**1,231**	**7,054**
of which cash at banks	*600*	*916*
of which cash equivalents	*631*	*6,138*

[1] Interest payments received and expenses paid

Interest payments received	3,965	2,975
Interest expenses paid	2,139	1,229

[2] Cash and cash equivalents include, in this context, cash at banks that can be immediately converted into cash and short-term deposits for which the time to maturity does not exceed three months from trade date. See Note 11.

Parent Company Income Statement

Skr mn	Note	2017	2016
Interest revenues		3,896	3,188
Interest expenses		–2,213	–1,441
Net interest revenues	2	**1,683**	**1,747**
Dividend from subsidiary	15	1	2
Net fee and commission income	3	–28	–29
Net results of financial transactions	4	–101	–110
Total operating income		**1,555**	**1,610**
Personnel expenses	5	–322	–313
Other administrative expenses	6	–232	–236
Depreciation and impairment of non-financial assets	7	–45	–46
Total operating expenses		**–599**	**–595**
Operating profit before net credit losses		**956**	**1,015**
Net credit losses	9	49	–16
Operating profit		**1,005**	**999**
Changes in untaxed reserves	10	121	712
Taxes expenses	10	–262	–377
Net profit		**864**	**1,334**

Parent Company Statement of Comprehensive Income

Skr mn	Note	2017	2016
Net profit for the year (after taxes)		**864**	**1,334**
Other comprehensive income related to:			
Items to be reclassified to profit or loss			
Available-for-sale securities[1]		–33	46
Derivatives in cash-flow hedges[1]		–91	–169
Tax on items to be reclassified to profit or loss	10	27	27
Net items to be reclassified to profit or loss		**–97**	**–96**
Total other comprehensive income		**–97**	**–96**
Total comprehensive income		**767**	**1,238**

[1] See the Parent Company Statement of Changes in Equity.

Parent Company Balance Sheet

Skr mn	Note	December 31, 2017	December 31, 2016
Assets			
Cash and cash equivalents	11, 12	1,216	7,031
Treasuries/government bonds	11, 12	4,382	3,687
Other interest-bearing securities except loans	11, 12	39,807	49,901
Loans in the form of interest-bearing securities	11, 12	41,125	46,222
Loans to credit institutions	9, 11, 12	23,198	26,190
Loans to the public	8, 9, 11, 12	141,111	147,909
Derivatives	12, 14	7,803	12,005
Shares in subsidiaries	15	24	17
Property, plant, equipment and intangible assets	7	88	123
Other assets	16	3,556	4,167
Prepaid expenses and accrued revenues	17	2,091	2,184
Total assets		**264,401**	**299,436**
Liabilities and equity			
Borrowing from credit institutions	12, 18	2,317	3,756
Senior securities issued	12, 18	222,516	249,192
Derivatives	12, 14	16,480	22,072
Other liabilities	19	833	2,374
Accrued expenses and prepaid revenues	20	2,063	2,036
Deferred tax liabilities	10	0	0
Provisions	5, 21	15	16
Subordinated securities issued	12, 22	2,040	2,266
Total liabilities		**246,264**	**281,712**
Untaxed reserves	10	**2,444**	**2,565**
Non-distributable capital			
Share capital		3,990	3,990
Legal reserve		198	198
Fund for internally developed software		28	29
Distributable capital			
Fair value reserve		35	131
Retained earnings		10,578	9,477
Net profit for the year		864	1,334
Total equity	23	**15,693**	**15,159**
Total liabilities and equity		**264,401**	**299,436**

Parent Company Statement of Changes in Equity

Skr mn	Equity	Share capital	Legal reserve	Fund for internally developed software	Fair value reserve		Retained earnings
					Hedge reserve	*Fair value reserve*	
Opening balance of equity 2016	14,277	3,990	198	–	228	–1	9,862
Net profit for the year	1,334						1,334
Other comprehensive income related to:							
Items to be reclassified to profit or loss							
Available-for-sale securities	46					46	
Derivatives in cash-flow hedges							
Reclassified to profit or loss	–169				–169		
Tax on items to be reclassified to profit or loss	27				37	–10	
Total other comprehensive income	**–96**				**–132**	**36**	
Total comprehensive income	**1,238**				**–132**	**36**	**1,334**
To the net results				29			–29
Dividend	–356						–356
Closing balance of equity 2016[1]	**15,159**	**3,990**	**198**	**29**	**96**	**35**	**10,811**
Net profit for the year	864						864
Other comprehensive income related to:							
Items to be reclassified to profit or loss							
Available-for-sale securities	–33					–33	
Derivatives in cash-flow hedges							
Reclassified to profit or loss	–90				–90		
Tax on items to be reclassified to profit or loss	27				20	7	
Total other comprehensive income	**–96**				**–70**	**–26**	
Total comprehensive income	**768**				**–70**	**–26**	**864**
To the net results				–1			1
Dividend	–234						–234
Closing balance of equity 2017[1]	**15,693**	**3,990**	**198**	**28**	**26**	**9**	**11,442**

[1] See Note 23.

Statement of Cash Flows in the Parent Company

Skr mn	2017	2016
Operating activities		
Operating profit[1]	1,005	999
Adjustments for non-cash items in operating profit		
Provision for credit losses - net	-49	16
Depreciation and impairment of non-financial assets	45	46
Gain on sale of subsidiary	-7	-
Exchange-rate differences	0	0
Unrealized changes in fair value	110	195
Other	175	31
Income tax paid	-365	-276
Total adjustments for non-cash items in operating profit	**-91**	**12**
Increase (–)/decrease (+) in lending	3,392	10,864
Increase (–)/decrease (+) in bonds and securities held	6,738	-9,041
Other changes in assets and liabilities – net	-1,586	-51
Cash flow from operating activities	**9,458**	**2,783**
Investing activities		
Capital expenditures	-10	-39
Cash flow from investing activities	**-10**	**-39**
Financing activities		
Senior debt	115,040	87,989
Repayments of debt	-86,266	-70,829
Repurchase and early redemption of own long-term debt	-38,693	-14,523
Derivatives	-4,931	-182
Dividend paid	-234	-356
Cash flow from financing activities	**-15,084**	**2,099**
Net cash flow for the period	**-5,636**	**4,843**
Cash and cash equivalents at beginning of the year	**7,031**	**2,234**
Net cash flow for the period	-5,636	4,843
Exchange-rate differences on cash and cash equivalents	-179	-46
Cash and cash equivalents at end of year[2]	**1,216**	**7,031**
of which cash at banks	*585*	*893*
of which cash equivalents	*631*	*6,138*

[1] Interest payments received and expenses paid

Interest payments received	3,965	2,975
Interest expenses paid	2,139	1,229

[2] Cash and cash equivalents include, in this context, cash at banks that can be immediately converted into cash and short-term deposits for which the time to maturity does not exceed three months from trade date. See Note 11.

Notes

Note table

Note 1a. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated.

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(a) Reporting entity

AB Svensk Exportkredit ("SEK" or "the Parent Company") is 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 as of December 31, 2017 encompasses SEK and its wholly owned subsidiary Venantius AB, including the latter's wholly owned subsidiary VF Finans AB (the "Subsidiaries"). These are jointly referred to as the "Consolidated Group" or the "Group". Venantius AB is no longer engaged in any active business; Venantius AB, together with its wholly owned subsidiary, is being wound down.

(b) Basis of presentation

(i) Statement of compliance

The consolidated accounts have been compiled in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The IFRS standards applied by SEK are all endorsed by the European Union (EU). Additional standards, consistent with IFRS, are imposed by the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) (ÅRKL), Recommendation RFR 1, Supplementary Accounting Principles for Groups, issued by the Swedish Financial Reporting Board (RFR), and the accounting regulations of the Swedish FSA (FFFS 2008:25), all of which have been complied with in preparing the Consolidated Financial Statements, of which these notes form a part. SEK also follows the Swedish Government's general guidelines regarding external reporting in accordance with the State's ownership policy and guidelines for state-owned companies. The accounting policies of the Parent Company match those used in the preparation of the Consolidated Financial Statements, except as stated in Note 1a, section (q) below.

Certain additional disclosures required by applicable regulations or legislation are included in the notes, or with reference to the "Risk and Capital Management" section (pages 40–45). Such information is deemed to be incorporated herein by reference. Disclosures regarding sustainability and policy for diversity are included in the notes, or on pages 26–33, pages 47–53 and pages 130–131.

The Consolidated Financial Statements and the Parent Company's annual report were approved for issuance by SEK's Board of Directors on February 22, 2018. The Group's Statements of Comprehensive Income and Financial Fosition and the Parent Company's income statement and balance sheet will be subject to approval by SEK's shareholder at the Annual General Meeting to be held on April 24, 2018.

(ii) Basis of measurement

The Consolidated Financial Statements have been prepared on an amortized cost basis, subject to the following exceptions:

- all derivatives are measured at fair value,
- financial instruments — measured at fair value through profit or loss — are measured at fair value,
- available-for-sale financial assets, are measured at fair value,
- when applying hedge accounting at fair value, amortized cost is adjusted in the Consolidated Financial Statements based on the underlying hedged item, to reflect changes in fair value with regard to the hedged risk.

(iii) Functional and presentation currency

SEK has determined that the Swedish krona (Skr) is the Parent Company's functional and presentation currency under IFRS. Significant factors are that SEK's equity is denominated in Swedish kronor, its performance is evaluated based on a result expressed in Swedish kronor, and that a large portion of SEK's expenses, especially personnel expenses, other expenses and taxes, are denominated in Swedish kronor. SEK manages its foreign currency risk by hedging exposures between the Swedish kronor and other currencies.

(iv) Going concern

SEK's Board of Directors and management have made an assessment of SEK's ability to continue as a going concern and are satisfied that SEK has the resources to continue operations for the foreseeable future. The Board of Directors and management are not aware of any material uncertainties that could cast significant doubt upon SEK's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going-concern basis.

(c) Changes to accounting policies and presentation

In all significant respects, the accounting policies, bases of calculation and presentation are unchanged compared with the 2016 Annual Report, except for the Consolidated Statement of Cash Flows. Cash flows related to derivative transactions are presented net under financing activities. Previously, these were allocated between operating activities and financing activities. The amendments to IAS 7 — Statement of Cash Flows contain new disclosure requirements applying to changes in financing activities that previously had been disclosed separately in conjunction with the Consolidated Statement of Cash Flows. SEK has also applied the amendments in the ÅRKL, the Code and the Swedish Government's general guidelines regarding external reporting in accordance with state's ownership policy and guidelines for state-owned companies pertaining to sustainability and diversity disclosures. In addition to the above changes, certain amounts reported in prior periods have been restated to conform to the current presentation. SEK analyzes and assesses the application and impact of changes in financial reporting standards that are applied within the Group. Changes that have not been named are either not applicable to SEK or have been adjudged to not have a material impact on SEK's financial reporting.

(d) Basis of consolidation

The Consolidated Financial Statements encompass the Parent Company and all subsidiaries, meaning companies over which the Parent Company has control and that are impacted by the company's results. The Consolidated Financial Statements have been prepared using the purchase method. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are consistent with Group policies. Intra-group transactions and balances, and any unrealized gains and losses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unless otherwise stated or when it is clear from the context, the information in these notes relates to the Consolidated Group and the Parent Company. Consolidation of SEK pursuant to the supervisory regulations does not differ from the consolidation made in the Consolidated Financial Statements. Since no subsidiary is an institute pursuant to the CRR definition, subsidiaries are not subject to the supervisory regulations on an individual basis. No current or anticipated material restrictions to prompt transfer of own funds or repayment of liabilities among the parent or its subsidiaries have been identified.

(e) Segment reporting

Segments are identified based on internal reporting to the CEO who serves as the chief operating decision maker. SEK has one segment, lending, based partly on the company's assignment from the owner, which is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms, and partly on how governance and earnings monitoring of the business are conducted. Accordingly, no segment reporting has been prepared. Disclosures regarding the geographic breakdown and revenue per product group are presented in Note 2.

(f) Recognition of operating income

(i) Net interest income

Interest revenue and interest expense related to all financial assets and liabilities, regardless of classification, are recognized in net interest income. Interest revenue and interest expense are recognized gross, with the exception of interest revenue and interest expenses related to derivatives, which are reported on a net basis. Interest for derivatives used to hedge borrowing is recognized as interest expense and interest on all derivatives used to hedge assets is recognized as interest revenue, regardless of whether the contracts' net interest is positive or negative. This reflects the real interest expense of borrowing after taking economic hedges into account. Negative effective interest rates on assets are recognized as interest expense and negative effective interest rates on liabilities are recognized as interest revenue. Interest revenue and interest expense are calculated and recognized based on the effective interest rate method or based on a method that results in interest revenue or interest expense that is a reasonable approximation of the result that would be obtained using the effective interest method as the basis for the calculation. The effective interest rate is regarded as an integral part of the effective interest rate of a financial instrument (usually fees received as compensation for risk). The effective interest rate is equivalent to the rate used to discount contractual future cash flows to the carrying amount of the financial asset or liability. In addition to interest revenue and interest expense, net interest income, where these are recognized as interest expense, includes the resolution fee (formerly called the stability fund fee) and guarantee commissions that are comparable to interest.

Pursuant to the company's assignment as stated in its owner instruction issued by the Swedish government, SEK administers credit granting in the Swedish system for officially supported export credits (CIRR-system). SEK receives compensation from the Swedish government in the form of an administration fee, which is calculated based on the principal amount outstanding. SEK has determined that the CIRR-system should be considered an assignment whereby SEK acts as an agent on behalf of the Swedish government, rather than being the principal in individual transactions. Accordingly, interest revenue, interest expense and other costs pertaining to CIRR-system assets and liabilities are not recognized in SEK's Statement of Comprehensive Income. The administrative compensation received by SEK from the Swedish government is recognized as part of interest income in SEK's Statement of Comprehensive Income since the commission received in compensation is equivalent to interest. Any income for SEK that arises from its credit arranger role is recognized in SEK's Statement of Comprehensive Income under net interest income.

All assets and liabilities related to the CIRR-system are respectively included in the Consolidated Statement of Financial Position and in the Parent Company's balance sheet since SEK bears the credit risk for the lending and acts as the counterparty for lending and borrowing. Unrealized revaluation effects on derivatives related to the CIRR-system are recognized net under other assets.

(ii) Net fee and commission expense

Commissions earned and commissions incurred are recognized as net fee and commission expense in SEK's Statement of Comprehensive Income. The gross amounts of commissions earned and commissions incurred are disclosed in the notes to the financial statements. The recognition of commissions earned depends on the purpose for which the fee is charged. Fees are either recognized as revenue when services are provided or accrued over the period of a specific business transaction. Commissions incurred are transaction-based, and are recognized in the period in which the services are received. Guarantee commissions that are comparable to interest and fees that comprise integrated components of financial instruments, and therefore included in the effective interest rate, are not recognized as commissions and are instead included under net interest income.

(iii) Net results of financial transactions

Net results of financial transactions include realized gains and losses related to all financial instruments and unrealized gains and losses on all financial instruments measured at fair value, except for the types of financial instruments for which the change is to be recognized in other comprehensive income. Gains and losses include gains and losses related to currency exchange effects, interest-rate changes, changes in credit spreads on SEK's own debt, changes in basis-spreads and changes in the credit rating of the counterparty to the financial contract. The item also includes market value changes attributable to hedged risks and derivatives in fair-value hedges. Realized gains and losses from financial instruments measured at amortized cost, such as interest rate compensation received and realized gains/losses from the repurchase of issued own debt, are recognized as they arise directly under net results of financial transactions.

(g) Foreign currency transactions

Monetary assets and liabilities in foreign currencies have been translated into the functional currency (Swedish krona) at the exchange rates applicable on the last day of each reporting period. Revenues and costs in foreign currencies are translated into Swedish kronor at the exchange rate prevailing on the dates that they arise. Any changes in the exchange rates between the relevant currencies and the Swedish krona relating to the period between the dates that they arise and the date of settlement are recognized as currency exchange effects. Currency exchange effects on the nominal amounts of financial assets and liabilities measured at fair value are recognized as currency exchange effects, although the currency exchange effect on the change in fair value that arises due to other components is not separated. Currency exchange effects are included as a component of net results of financial transactions.

(h) Financial instruments

(i) Recognition and derecognition in the statement of financial position

When recognizing financial instruments, trade date accounting is applied for the recognition and derecognition of securities bought, securities issued and derivatives. Other financial instruments are recognized in the statement of financial position and derecognized from this on the relevant settlement date. The difference between the carrying amount of a financial liability or an asset (or part of a financial liability or an asset) that is extinguished or transferred to another party and the consideration paid is recognized in the Statement of Comprehensive Income under net results of financial transactions. A financial asset or liability is recognized in the statement of financial position only when SEK becomes a party to the contractual provisions of the instrument. A financial asset is derecognized from the statement of financial position when the contractual rights to receive the cash flows from the asset cease or when the asset is transferred and the transfer qualifies for derecognition. A financial liability (or part of a financial liability) is derecognized from the statement of financial position only when it is extinguished, such as when the obligation specified in the contract is discharged, canceled or expires. In the case of renegotiated financial assets, such as lending, the asset is derecognized from the statement of financial position when the terms of the loan are deemed to be substantially different. The terms are deemed to be substantially different when the present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, differs by not less than 10 percent from the discounted present value of the remaining cash flows for the original debt instrument. A change of currency or counterparty are deemed substantially different terms. Should the renegotiated loan entail terms that are substantially different, it is recognized as a new loan.

(ii) Measurement on initial recognition

When financial instruments are initially recognized, they are measured at fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, any transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability.

(iii) Offsetting

Financial assets and liabilities are offset and presented in the statement of financial position when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Derivative assets and derivatives liabilities in relation to central clearing counterparties are not offset since these do not add up to material amounts. Refer to Note 14 for further information about the offsetting of financial assets and financial liabilities.

(iv) Classification of financial assets and liabilities

Financial assets are categorized in three categories for valuation purposes: loans and accounts receivable, financial assets at fair value through profit or loss and available-for-sale financial assets. Financial liabilities are categorized in two categories for valuation purposes: financial liabilities at fair value through profit or loss and other financial liabilities.

Loans and accounts receivable This category is used for loans and loans in the form of interest-bearing securities that are not listed in an active market. Transactions in the category of loans and receivables are measured at amortized cost, using the effective interest rate method. The balance sheet items Cash and cash equivalents, Loans to credit institutions, Loans to the public and Loans in the form of interest-bearing securities are included in this category. When one, or multiple, derivatives are used to hedge a currency and/or interest-rate risk relating to a loan or receivable, fair-value hedge accounting is applied. Hedge accounting is not applied for hedging lending in the CIRR-system.

Financial assets at fair value through profit or loss. There are two main subcategories in the category of financial assets at fair value through profit or loss: financial assets designated upon initial recognition at fair value through profit or loss; and assets held for trading. Where two or more derivatives hedge both interest-rate and credit exposures in an asset, such transactions may be classified irrevocably as a financial assets at fair value through profit or loss. Making such designations eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases. Derivatives are always classified as financial assets or liabilities at fair value through profit or loss, except when they are subject to hedge accounting. Assets classified as held-for-trading comprised solely derivatives held for economic hedging.

Available-for-sale financial assets. This category is used for interest-bearing securities included in SEK's liquidity investments. Transactions classified as available-for-sale financial assets are carried at fair value, with unrealized changes in value recognized in other comprehensive income. If assets are sold, changes in fair value are transferred from other comprehensive income to profit or loss.

Financial liabilities at fair value through profit or loss. There are two main subcategories in the category of financial liabilities at fair value through profit or loss: financial liabilities designated upon initial recognition at fair value through profit or loss and financial liabilities held-for-trading. Securities issued by SEK containing embedded derivatives are in their entirety irrevocably classified as financial liabilities at fair value through profit or loss. Derivatives are always classified as financial assets or liabilities at fair value through profit or loss, except when they are subject to hedge accounting. Liabilities classified as held-for-trading solely comprised derivatives held for economic hedging.

Other financial liabilities. All senior securities issued by SEK other than those classified as financial liabilities at fair value through profit or loss are classified as other financial liabilities and measured at amortized cost, using the effective interest rate method. Where one or more derivative is used to hedge currency, interest rate and/or other exposures, fair-value hedge accounting is applied. Subordinated debt is classified as other financial liabilities and is subject to fair-value hedge accounting. When applying fair-value hedge accounting on subordinated debt, hedging is applied to the subordinated debt for the period corresponding to the derivative's time to maturity, when the maturities do not coincide.

(v) Presentation of certain financial instruments in the statement of financial position

The presentation of financial instruments in the statement of financial position differs in certain respects from the categorization of financial instruments made for valuation purposes. Loans in the form of interest-bearing securities comprise loans granted to customers that are contractually documented in the form of interest-bearing securities, as opposed to bilateral loan agreements, which are classified in the statement of financial position either as loans to credit institutions or loans to the public. All other financial assets that are not classified in the statement of financial position as loans in the form of interest-bearing securities are presented as cash and cash equivalents, treasuries/government bonds, other interest-bearing securities except loans or derivatives.

(vi) Presentation of certain financial instruments

Derivatives. In the ordinary course of its business, SEK uses various types of derivatives for the purpose of hedging or eliminating SEK's interest-rate, currency-exchange-rate or other exposures. Derivatives are always classified as financial assets or liabilities at fair value through profit or loss, except in connection with hedge accounting. Where SEK decides to categorize a financial asset or liability at fair value through profit or loss, the purpose is always to avoid the mismatch that would otherwise arise from the fact that the changes in the value of the derivative, measured at fair value, would not match the changes in value of the underlying asset or liability, measured at amortized cost.

Guarantees. SEK holds financial guarantees in connection with certain loans. Such guarantees are ordinarily accounted for as guarantees in accordance with SEK's established accounting policy and are therefore not recognized in the Consolidated Statement of Financial Position (except for the deferred costs of related guarantee fees paid in advance for future periods). When SEK classifies a risk-mitigating instrument as a financial guarantee, SEK always owns the specific asset whose risk the financial guarantee mitigates and the potential amount that SEK can receive from the counterparty under the guarantee represents only the actual loss incurred by SEK related to its holding. Premiums on financial guarantees are accrued and recognized as interest expense in net interest income. Credit default swaps are recognized at fair value at fair value through profit or loss.

Embedded derivatives. In the ordinary course of its business, SEK issues or acquires financial assets or financial liabilities that frequently contain embedded derivatives. When financial assets or liabilities contain embedded derivatives, where the financial characteristics and risks of the instrument's unique components are not related, the entire instrument is irrevocably classified as financial assets or financial liabilities measured at fair value through profit or loss, and thus does not separate the embedded derivatives.

Leasing assets. In the ordinary course of its business, SEK acquires leases that are classified as finance leases (as opposed to operating leases). When making such a classification, all aspects of the leasing contract, including third-party guarantees, are taken into account. Any lease payment that is received from a lessee is divided into two components for the purposes of measurement: one component constituting a repayment of the loan and the other component recognized as interest income.

Committed undisbursed loans and binding offers. Committed undisbursed loans and binding offers, disclosed under the heading "Commitments" in Note 24 are measured as the undiscounted future cash flows concerning loan disbursements related to loans committed but not yet disbursed at the reporting period end date, as well as binding offers.

Repurchased debt. SEK repurchases its own debt from time to time. Gains or losses that SEK realizes when repurchasing own debt instruments are recognized in the Statement of Comprehensive Income as a component of Net results of financial transactions.

(vii) Hedge accounting

SEK applies hedge accounting in cases where derivatives are used to create economic hedging and the hedge relationship is eligible for hedge accounting, with the exception of lending within the CIRR-system, for which hedge accounting is not applied. The method used for hedge accounting is either fair-value hedge accounting or cash-flow hedge accounting. In order to be able to apply hedge accounting, the hedge relationships must be highly effective in offsetting changes in fair values attributable to the hedged risks, both at inception of the hedge and for the remaining tenor. If hedge efficiency does not fall within established boundaries, the hedge relationship is terminated.

Fair-value hedge accounting. Fair-value hedge accounting is used for transactions in which one or several derivatives are used to hedge the interest-rate risk that has arisen from a fixed-rate financial asset or liability. When applying fair-value hedging, the hedged item is revalued at fair value with regard to the risk being hedged. SEK defines the risk being hedged in fair-value hedge accounting as the risk of a change in fair value with regard to a chosen reference rate (referred to as interest-rate risk). The hedging instrument may consist of one or several derivatives that exchange fixed interest for floating interest in the same currency (interest-rate derivatives) or one or several instruments that exchange fixed interest in one currency for floating interest in another currency (interest and currency derivatives), in which case the currency risk is a part of the fair value hedge.

If a fair-value hedge relationship no longer fulfills the requirements for hedge accounting, the hedged item ceases to be measured at fair value and is measured at amortized cost, and the previously recognized fair-value changes for the hedged item are amortized over the remaining tenor of the previously hedged item.

Cash flow hedges. Cash flow hedge accounting is used for transactions in which one or several derivatives hedge risk for variability in the cash flows from a floating-rate financial asset or liability. When hedging cash flows, the hedged asset or liability is measured at amortized cost and changes in fair value in the hedging instrument are recognized in other comprehensive income. When the hedged cash flow is recognized in profit or loss, the value changes in the hedging instrument in the Statement of Comprehensive Income are reclassified from other comprehensive income to profit or loss. SEK defines the risk hedged in a cash flow hedge as the risk of variability of cash flows with regard to a chosen reference rate (referred to as cash flow risk). The hedging instrument may consist of one or several derivatives that exchange floating interest for fixed interest in the same currency (interest-rate derivatives) or one or several derivatives that exchange floating interest in one currency for fixed interest in another currency (interest and currency derivatives).

If a cash flow hedge relationship no longer fulfills the requirements for hedge accounting, or if the designation is revoked and accumulated gains or losses related to the hedge have been recorded in equity, such gains or losses remain in equity and are amortized through other comprehensive income to net interest income over the remaining tenor of the previously hedged item.

(viii) Principles for determination of fair value of financial instruments

The best evidence of fair value is prices in an active market. Fair-value measurements are categorized using a fair-value hierarchy. The financial instruments carried at fair value in the statement of financial position have been categorized under the three levels of the fair-value hierarchy according to IFRS that reflect the significance of inputs. The categorization of these instruments is based on the lowest level of input that is significant to the fair value measurement in its entirety. SEK uses the following hierarchy for determining and disclosing the fair value of financial instruments, based on valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: valuation models for which all inputs with a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

SEK recognizes transfers between levels of the fair-value hierarchy in the beginning of the reporting period in which the change has occurred.

For all classes of financial instruments (assets and liabilities), fair value is established by using internally established valuation models, externally established valuation models or observable market prices. If the market for a financial instrument is not active, fair value is established by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been at the measurement date in an arm's length exchange based on normal business terms and conditions. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available. Reference to the current fair value of another instrument that is substantially the same can also be used. If the aforementioned are not available, discounted cash flow analysis or option pricing models may be used for assessing the instrument's value. Periodically, the valuation techniques are calibrated and tested for validity using prices from observable current market transactions in the same instruments, or based on any available observable market data, or compared with the counterparty's prices.

In calculating fair value with valuation models, SEK seeks to use liquid, observable market quotes (market data) as far as possible, to best reflect the market's view on prices. These market quotes are used, directly or indirectly, for the calculation of fair value. Examples of the indirect use of market data are:

- the derivation of discount curves from observable market data, which is then interpolated to calculate the non-observable data points; and
- model parameters in quantitative models, which are used to calculate the fair value of a structured product, where the model is calibrated so that available market data can be used to recreate observable market prices on similar instruments.

In some cases, due to low liquidity in the market, there is no access to observable market data. In these cases, SEK follows market practice by basing its valuations on:

- historically observed market data. One example is when no observable market data exists for a specific date, the previous day's market data is used in the valuation; and
- similar observable market data. One example is if there are no observable market prices for a bond it can be valued through a credit curve based on observable prices for instruments with the same credit risk.

For observable market data, SEK uses third-party information based on purchased contracts (such as Reuters and Bloomberg). This type of information can be divided into two groups, with the first group consisting of directly observable prices and the second of market data calculated from the observed prices.

Examples from the first group are — for various currencies and maturities — currency rates, stock prices, share index levels, swap prices, future prices, basis spreads and bond prices. The discount curves that SEK uses, which are a cornerstone of valuation at fair value, are constructed from observable market data.

Examples from the second group are the standard forms of quotes, such as call options in the foreign exchange market quoted through volatility, which is calculated so that the "Black-Scholes model" recreates observable prices. Further examples from this group are — for various currencies and maturities — currency volatility, swap volatility, cap/floor volatilities, stock volatility, dividend schedules for equities and credit derivative spreads. SEK continuously assures the high quality of market data, and a thorough validation of market data is exercised quarterly in connection with the financial reporting.

For transactions that cannot be valued based on observable market data, the use of non-observable market data is necessary. Examples of non-observable market data are discount curves created using observable market data that are then extrapolated to calculate non-observable interest rates, correlations between different underlying market parameters and volatilities at long maturities. Correlations that are non-observable market data are calculated from time-series of observable market data. When extrapolated market data such as interest rates are used they are calculated by setting the last observable node as a constant for longer maturities. Non-observable market data, such as SEK's own credit rating, are assessed based on recently completed emissions by SEK, or if no continuous flow of new transactions exist, spreads against other issuers, in those cases in which observable prices in the secondary market are unavailable.

The valuation models applied by SEK comply with accepted methods for pricing financial instruments. Fair value adjustments are applied by SEK when there are additional factors that market participants take into account and that are not captured by the valuation model. The independent risk function assesses the level of fair-value adjustments to reflect counterparty risk, SEK's own credit rating and other non-observable parameters, where relevant.

Significant models for the valuation of financial instruments must receive annual approval from the Board's Finance and Risk Committee. The use of a valuation model demands a validation and thereafter an approval. Validation is conducted by the independent risk function. Analysis of significant non-observable market data, fair-value adjustments and significant changes in fair values of level 3-instruments are reviewed on quarterly basis by plausibility checks. The valuation result is analyzed and approved by persons responsible for valuation and accounting, and discussed with the Audit Committee quarterly in connection with SEK's interim reports.

(ix) Determination of fair value of certain types of financial instruments

Derivatives. Derivatives are recognized at fair value, and fair value is calculated based on internally established valuation models, external valuation models, prices furnished by external parties or market prices. When calculating fair value for derivative instruments, the impact on the fair value of the instrument related to credit risk (own or counterparty) is based on publicly quoted prices on credit default swaps of the counterparty or SEK, if such prices are available.

Issued debt instruments. When calculating the fair value of issued debt instruments, the effect on the fair value of SEK's own credit risk is assessed based on internally established models founded on observations from different markets. The models used include both observable and non-observable parameters for valuation.

Issued debt instruments that are compound financial instruments with embedded derivatives. SEK issues debt instruments in many financial markets. A large portion of these are compound financial instruments with embedded derivatives. SEK's policy is to hedge the risks in these instruments using derivatives in order to obtain effective financial hedges. The entire compound financial instruments are irrevocably classified as financial liabilities measured at fair value through profit or loss, and accordingly derivatives are not separated. As there are no quoted market prices for these instruments, valuation models are used to calculate fair value.

(x) Impairment testing of financial assets

SEK impairment tests loans and other financial assets as described below. Loans and other financial assets are identified as impaired if there is objective evidence of impairment and an impairment test indicates a loss.

Provisions for incurred impairment losses, mainly in the category loans and receivables, are recorded 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. Such determinations are made for each individual loan or other financial asset. Objective evidence consists of 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 flows. If there is objective evidence that an impairment loss on a loan or other receivable has been incurred, the amount of the impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted to the relevant period end at the financial asset's original effective interest rate. The impairment is recognized in profit or loss.

After an individual determination, and if no objective evidence exists for impairment of an individually assessed financial asset, regardless of whether it is material or not, the company includes the asset in a group of financial assets with similar credit risk characteristics and determines, collectively, the need for the impairment of such assets based on quantitative and qualitative analyses. The need for impairment is related to loan losses in the portfolio that have occurred as of the period-end date but which have not yet been identified as individual loan losses.

Impairment of an asset's carrying amount is made to a reserve account which, in the Consolidated Statement of Financial Position, reduces the line item to which it relates.

Charge-offs are recorded when a loss has been confirmed, that is that it is evident that it is highly unlikely that any remaining part of SEK's claim on a counterparty will be reimbursed within the foreseeable future and when there exists no guarantee or collateral covering the claim. Charge-offs may also be made once bankruptcy proceedings have been concluded and a final loss can be established, taking into account the value of any assets held by the bankruptcy estate and SEK's share of these assets.

Recoveries are recorded only if there is virtual certainty of collection, such as in the aftermath of a bankruptcy proceeding when the payment due to SEK has been finally determined.

When a loan is classified as impaired, is past due or is otherwise non-performing, the interest is accounted for in the same manner as the impairment of the principal amount. Accordingly, the interest related to any portion of a loan that is expected to be repaid in the future is recorded in earnings, discounted at the original effective interest rate, while the interest related to any portion of a loan that is not expected to be collected is not recorded in earnings.

Restructured loan receivables pertain to loan receivables where SEK has granted concessions to the borrower as a result of the borrower's deteriorated financial position. Following a restructure, normally, the loan receivable is no longer considered doubtful if the obligation is being met in compliance with the new terms and conditions. Concessions granted in connection with loan restructuring are regarded as credit losses.

If and when a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized is removed from other comprehensive income and recognized in profit or loss, even though the financial asset has not been derecognized in the statement of financial position.

(i) Tangible assets

Items of property and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Tangible assets are depreciated using the straight-line method over their estimated useful lives. Average useful lives, depreciation methods and residual values are evaluated and tested annually. No depreciation is carried out from the time that an asset is classified as an asset held-for-sale.

(j) Intangible assets

Intangible assets comprise mainly the capitalized portion of investments in IT systems. Expenses that are directly attributable to large investments in the development of IT systems are recognized as intangible assets if they are expected to generate future economic benefits. The capitalized portion of investments in IT systems includes expenses related to the intangible asset, such as consulting fees and expenses for Group personnel who have contributed to producing the intangible asset. Each intangible asset is amortized using the straight-line method over an estimated useful life from the date the asset is available for use. Average useful lives are evaluated and reconsidered on a yearly basis. An annual impairment test is performed on intangible assets not yet used.

(k) Employee benefits

SEK sponsors both defined-benefit and defined-contribution pension plans.

(i) Defined-contribution plans

A defined-contribution pension means that the size of the premium is predetermined, such as is the case with the BTP1 and BTPK plans. A defined-contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined-contribution pension plans are recognized as an employee benefit expense in profit or loss at the rate at which they are accrued by employees providing services to the entity during a period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined-benefit plans

Defined-benefit pension plans means that the pension benefit is predetermined, such as is the case with the BTP2 plan. Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The present value of the net obligation for defined-benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. The net obligation is recognized in the balance sheet at its present value less the fair value of any plan assets.

The cost for defined-benefit plans is allocated over the employee's service period. The calculation is performed annually by independent actuaries. The obligations are valued at the present value of the expected future disbursements, taking into consideration assumptions such as expected future pay increases, rate of inflation and mortality rates. The discount rate used is the equivalent of the interest rate on the reporting date for Swedish mortgage bonds, with a remaining term approximating that of the actual commitments. Changes in actuarial assumptions and experience-based adjustments to obligations may result in actuarial gains or losses. These actuarial gains and losses are reported together with the difference between the actual and expected return on pension assets in other comprehensive income as incurred. Service cost, gains/losses from changes in plans, and the interest net of pension assets and liabilities are recognized in profit or loss. The companies of the Group participate in various collective pension plans covering all employees. Sufficient information is available to allow the calculation of SEK's proportionate share in the defined-benefit liabilities, assets and the costs for these plans. The future costs of the plans may change accordingly if the underlying assumptions of the plans change.

(l) Equity

Equity in the Consolidated Group consists of the following items: share capital; reserves; retained earnings; and net profit for the year. Reserves consist of the following items: the reserve for fair-value changes in respect of available-for-sale assets (fair-value reserve); the reserve for fair-value changes in respect of derivatives in cash-flow hedges (hedge reserve); and the reserve for remeasurement in respect of defined-benefit pension plans (reserve for defined-benefit pension plans).

(m) Taxes

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is tax expected to be payable on taxable income for the fiscal year. Deferred tax includes deferred tax in the untaxed reserves of the individual Group companies and deferred taxes on other temporary fiscal differences. Deferred tax is calculated with an expected tax rate of 22.0 percent (2016: 22.0 percent). Deferred tax is calculated on all taxable temporary differences, regardless of whether a given temporary difference is recognized in profit or loss, or through other comprehensive income. A temporary difference is the difference between the recognized and fiscal values of an asset or a liability.

(n) Earnings per share

Earnings per share are calculated as net profit divided by the average number of shares. There is no dilution of shares.

(o) Statement of cash flows

The statement of cash flows shows inflows and outflows of cash and cash equivalents during the year. SEK's statement of cash flows has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and credit losses. The cash flows are classified under operating, investing and financing activities. Cash and cash equivalents include cash at banks where amounts can be immediately converted into cash and short-term deposits where the time to maturity does not exceed three months from the acquisition date.

(p) Critical accounting policies, assumptions and estimates

When adopting and applying the Group's accounting policies, in certain cases, the management makes judgments and estimates that have a significant effect on the amounts recognized in the financial statements. These estimates are based on past experience and assumptions that the company believes are fair and reasonable. These estimates and the judgments behind them affect the reported amounts of assets, liabilities, income and expenses as well as disclosures. Actual outcomes can later differ from the estimates and the assumptions made.

SEK assesses that the judgments made related to the following critical accounting policies are the most significant:

- Functional currency of the Parent Company; and
- That SEK should be regarded as an agent with respect to the CIRR-system.

Furthermore, SEK has identified the following key sources of estimation uncertainty when applying IFRS:

- Fair value assessments of certain financial instruments; and
- Provisions for probable credit losses.

(i) Functional currency of the Parent Company

SEK has established that the Swedish krona (Skr) is its functional currency under IFRS. Large portions of its assets, liabilities and related derivatives are denominated in foreign currencies. Under IFRS, both assets and liabilities are translated at closing exchange rates and the differences between historical book values and current values are recognized as currency exchange effects in the Statement of Comprehensive Income. These differences largely offset each other, causing the net result not to be of a material amount in relation to total assets and liabilities in foreign currency. This reflects the economic substance of SEK's policy of holding assets financed by liabilities denominated in, or hedged into, the same currency. See Note 27 for information on SEK's positions in foreign currency.

(ii) That SEK should be regarded as an agent with respect to the CIRR -system.

SEK has determined that the CIRR-system should be considered to be an assignment whereby SEK acts as an agent on behalf of the Swedish government rather than being the principal in the individual transactions. This assessment has been made based on a number of factors, such as: (i) although it does in form, SEK does not in substance bear the risks and benefits associated with ownership; (ii) SEK does not have discretion in establishing prices; and (iii) SEK receives compensation in the form of a fixed commission. SEK has consequently presented the economic activities of the CIRR-system on a net basis in profit or loss, rather than the gross amounts collected, in accordance with the owner instruction from the State. If SEK were regarded as a principal with respect to the CIRR-system, all revenues and expenses in the CIRR-system would be regarded as revenues and expenses of SEK. However, the net effect on SEK's operating profit would be unchanged. For information on the CIRR-system, refer to Note 25.

(iii) Fair value assessments of certain financial instruments

SEK recognizes a large part of the balance sheet at fair value, primarily interest-bearing securities recognized on the lines Treasuries/Government bonds and Other interest-bearing securities except loans, derivatives and issued (senior) debt. When financial instruments are recognized at fair value, these amounts are calculated on the basis of market prices, valuation models, valuations conducted by external parties and discounted cash flows. SEK's financial instruments are predominantly not subject to public trading and quoted market prices are not available. When recognizing the amounts for assets, liabilities and derivatives, as well as income and expenses, it is necessary to make assumptions and assessments regarding the fair value of financial instruments and derivatives, particularly if they comprise unquoted or illiquid securities or other instruments of debt. Should the conditions underlying these assumptions and assessments change, the recognized amounts would also change. Refer to Note 27 for further information about the impact on the value of financial assets and liabilities of a one percentage point movement in the market interest rate. Other valuation models or assumptions could produce different valuation results. SEK makes judgments regarding what the most appropriate valuation techniques are for the different financial instruments based on their categories. In all cases, the decision is based on a professional assessment pursuant to SEK's accounting and valuation policies. The use of a valuation model demands a validation and thereafter an approval, in addition to approval of all models at least annually. The valuation models applied by SEK comply with accepted methods for pricing financial instruments. Fair-value adjustments are applied when there are additional factors that market participants take into account and that are not captured by the valuation model. A CVA (Credit Value Adjustment) and DVA (Debt Value Adjustment) are made to reflect the counterparty's credit risk and SEK's own credit rating, which affects the fair value of the derivatives (see Note 13, for fair value changes related to credit risk.)

When financial assets or liabilities are recognized at fair value, the instruments are recognized at their full fair value, including any credit spreads. When quoted market prices are not available for such instruments, certain assumptions must be made about the credit spread of either the counterparty or one's own credit spread, depending on whether the instrument is an asset or a liability.

Developments in the financial markets have to some extent affected the prices at which SEK's debt is issued. These changes, which are different in different markets, have been included in the calculation of fair value for these liabilities. SEK issues debt instruments in many financial markets. A large portion of these are compound financial instruments with embedded derivatives. SEK's policy is to hedge the risks in these instruments using derivatives with corresponding structures in order to obtain effective economic hedges. Such compound financial instruments are classified as financial liabilities measured at fair value. As there mostly are no market quotes for this group of transactions, valuation models are used to calculate fair value. The gross value of these instruments and derivatives, which effectively hedge each other, requires complex judgments regarding the most appropriate valuation technique, assumptions and estimates. If other valuation models or assumptions are used, or if assumptions are changed, this could produce other valuation results. Excluding the impact on the valuation of credit spreads on SEK's own debt and basis spreads, such changes in fair value would generally offset each other.

SEK uses derivative instruments to mitigate and reduce risks attributable to financial assets and liabilities. In order to mitigate counterparty risk, i.e. the form of credit risk generated from derivative transactions, SEK enters into such transactions only with counterparties with good credit ratings. Moreover, SEK endeavors to enter into ISDA Master Agreements with Credit Support Annexes (CSAs) with its counterparties. This means that the highest allowed risk level is established in advance, regardless of what changes in market value may occur. Derivatives are measured at fair value with reference to listed market prices where available. If market prices are not available, valuation models are used instead. SEK uses a model to adjust the fair value of the net exposure for changes in SEK's or the counterparty's credit quality. The models use directly observable market parameters if such are available.

As of December 31, 2017, financial assets and liabilities for which valuation models had been used, and where market inputs with a significant effect on the recoded fair value are observable (level 2) amounted to Skr 46 billion (2016: Skr 57 billion) and Skr 34 billion (2016: Skr 41 billion) (18 percent and (2016: 19 percent) 14 percent (2016: 14 percent) of total financial assets and total financial liabilities respectively). Financial assets and liabilities for which valuation included significant non-observable parameters (level 3) amounted to Skr 2 billion (2016: Skr 3 billion) and Skr 46 billion (2016: Skr 53 billion) (1 percent and (2016: 1 percent) 19 percent (2016: 19 percent) of total financial assets and total financial liabilities respectively). The assessment of non-observable parameters included in models for assessing market value are associated with subjectivity and uncertainty, which can impact the results recognized for specific positions. Despite SEK using appropriate valuation models which are consistent with those used in the market, other models and assumptions for determining the fair value of financial instruments could result in other fair value estimates on the reporting date. At December 31, 2017, the total minimum and maximum effects of changing one or more non-observable parameters to reflect the assumptions under other reasonable circumstances for level 3-instruments amounted to Skr -211 million (2016: Skr

–227 million) and Skr 214 million (2016: Skr 227 million) respectively. Refer to Note 13 for information regarding value changes for assets and liabilities if non-observable market parameters are changed and section (h) (viii) above for the Principles for determination of fair value of financial instruments.

(iv) Provisions for probable credit losses
Provisions for probable credit losses are recorded if and when SEK determines that it is probable that the obligation under a loan agreement or another asset from the counterparty and/or guarantees held and/or through calling up other collateral held, will fail to cover SEK's full claim. If the underlying assumptions for these internal models should change, this could result in a material change in provisions for probable credit losses.

Impairment is recognized as the difference between the carrying value of a loan and the discounted value of SEK's best estimate of future cash flows. This estimate takes into account a number of factors related to the borrower. The actual amounts of future cash flows and the dates they are received may differ from these estimates and consequently actual losses incurred may differ from those previously recognized. On December 31, 2017, SEK's total lending amounted to Skr 195 billion (2016: Skr 209 billion) and the related impairment reserve amounted to Skr 155 million (2016: Skr 244 million), of which the individual reserve accounted for Skr 65 million (2016: Skr 84 million). If, for example, the actual amount of total future cash flow were to be 10 percent higher or lower than the estimate, this would affect operating profit for the fiscal year ended December 31, 2017 by an additional approximately Skr 15 million (2016: Skr 20–30 million) and equity at the same date by approximately Skr 12 million (2016: Skr 16–24 million). A higher total future cash flow would affect operating profit and equity positively, while a lower total future cash flow would affect operating profit and equity negatively. See Note 9 and Section h (x) above for additional information.

(q) Parent Company
The financial statements for the Parent Company, AB Svensk Exportkredit (publ), have been prepared in accordance with Swedish legislation, the requirements of the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) (ÅRKL), and Recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board (RFR), as well as the accounting regulations of the Swedish FSA (FFFS 2008:25). This means that IFRS standards have been applied to the extent permitted within the framework of ÅRKL and the accounting regulations of the Swedish FSA. The accounting policies of the Parent Company are essentially unchanged, apart from the changes presented with respect to the Group. The differences in accounting policies between the Parent Company and the Consolidated Group are as follows:

(i) Income statement
In accordance with ÅRKL requirements, the Parent Company presents an income statement and a separate statement of comprehensive income.

(ii) Shares in subsidiaries
The Parent Company's investments in subsidiaries are recognized at cost and dividends received are recognized in profit or loss.

(iii) Tax on profit for the year
In accordance with Swedish tax law, the Parent Company maintains certain untaxed reserves. Untaxed reserves are disclosed in the balance sheet of the Parent Company and changes in untaxed reserves are recognized in profit or loss.

(iv) Group contributions
Parent Company contributions to subsidiaries are recognized, taking into account their tax effect, as investments in shares in subsidiaries, unless impaired.

(v) Equity
Equity in the Parent Company consists of the following items: share capital; legal reserve; development expenditure reserve; revaluation reserve; retained earnings; and net profit for the year. The revaluation reserve consists of the following items: fair-value reserve (value changes on available-for-sale assets) and hedge reserve (value changes on derivatives in cash flow hedges).

(vi) Pension liability
The Parent Company applies a different basis for calculating defined-benefit pension plans compared with what is stated in IAS 19. In the Parent Company, the BTP plan is accounted for as a defined-contribution plan and the Parent Company complies with the regulations of the Swedish Pension Obligations Vesting Act and the Swedish FSA. Except for the BTP plan being accounted for as a defined-contribution plan, the primary differences as compared to IAS 19 include how the discount rate is set, the calculation of defined-benefit obligations based on current salary levels without consideration of future salary increases and the fact that all actuarial gains and losses are included in earnings as they occur.

Note 1b. The following new standards and amendments to standards and interpretations not yet adopted are considered relevant to SEK

Contents:

IFRS 9 Financial instruments
IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and enters force from January 1, 2018.

SEK will not be restating comparative periods. Comparative information for 2017 will be reported pursuant to IAS 39 and will not be comparable with the information presented for 2018. Differences arising from the introduction of IFRS 9 will be recognized directly in retained earnings as of January 1, 2018. From January 1, 2018, SEK also applies IFRS 9 for hedge accounting. The quantitative effect of introducing IFRS 9 as of January 1, 2018 is disclosed in Section 1b (e) Transition information.

The impact of the transition to IFRS 9 on SEK is summarized as follows:

- As of January 1, 2018 SEK has assessed liquidity investments, which were previously classified as available-for-sale assets. The conclusion was that these are included in a portfolio where the business model entails measurement at fair value and, accordingly, they are recognized at fair value through profit or loss (FVTPL). Those liquidity investments that were previously classified at fair value pursuant to the fair-value option (FVO) are also classified at FVTPL due to the portfolio's business model. Certain fixed-rate liquidity investments were subject to hedge accounting and, from January 1, 2018, these hedge accounting relationships have been terminated since liquidity investments are now measured at FVTPL.
- SEK's lending meets the conditions for SPPI (as defined below) tests and uses a business model that aims to collect contractual cash flows, which means it will be measured at amortized cost.
- SEK previously applied its own classification for derivatives in its hedge accounting. As of January 1, 2018, these are not separated into a separate category but instead are categorized together with other derivatives at FVTPL.
- Gains and losses that arise from changes in SEK's own credit risk on liabilities classified in accordance with FVO are recognized in the

Reserve for changes in own credit risk under Other comprehensive income and are not reclassified to profit or loss.
- The principle applied for the impairment of exposures has changed from the approach based on incurred credit loss events under IAS 39; to instead be based on expected credit losses. IFRS 9 states that all assets measured at amortized cost, including credit commitments and financial guarantees, are to be tested for any impairment need, which differs from IAS 39, where collective provisions are not made for off-balance-sheet items or financial assets available-for-sale. The implementation of expected credit loss (ECL) models means lower initial impairment but is expected to entail higher volatility over time.
- At December 31, 2017, the transition to IFRS 9 had a total impact on the Group's equity of Skr 14 million after taxes. IFRS 9 had no material impact on capital adequacy and large exposures.
- The positive impact on equity from the transition to IFRS 9 is mainly attributable to the calculation of expected credit losses under IFRS 9 representing the probability of default at a specific point-in-time in an economic cycle (Point-in-Time PD). It is also due to greater inclusion under IFRS 9 of forward-looking information.

(a) Changes in the classification and measurement of financial assets and liabilities

While the existing categories for financial assets are being removed, the three valuation approaches are being kept: fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI); and amortized cost. To determine what to recognize and how to do so, a new evaluation model is being introduced, based on the business model, which is assessed at portfolio level, and type of cash flows, which is assessed at instrument level. The option remains on initial recognition of a transaction, to recognize financial instruments at FVTPL in cases where it eliminates or significantly reduces inconsistencies in valuations and accounting (FVO).

The rules under IAS 39 are essentially transferred for the recognition of financial liabilities, with the exception of gains and losses arising from changes in SEK's own credit risk on liabilities classified in accordance with FVO. Under IFRS 9, these value changes are recognized in other comprehensive income. Recognition of embedded derivatives in financial liabilities remains unchanged.

From January 1, 2018, SEK will classify financial assets on the basis of the business model and type of cash flow (the asset's terms and conditions) as either:
- Financial assets at amortized cost (AMC)
- Financial assets at fair value through profit or loss (FVTPL)

Financial liabilities are measured at amortized cost or, if the liability is a derivative or when FVO is used, at FVTPL. The previous category Other financial liabilities has changed name to Financial liabilities measured at amortized cost (AMC), in other words, a financial liability is classified either as:
- Financial liabilities at amortized cost (AMC)
- Financial liabilities measured at fair value through profit or loss (FVTPL)

From January 1, 2018, SEK is not reclassifying financial assets, apart from exceptional cases that would change SEK's fundamental business model.

(i) Financial assets at amortized cost (AMC)

Prior to January 1, 2018, the balance sheet items Cash and cash equivalents, Loans to credit institutions, Loans to the public and Loans in the form of interest-bearing securities were recognized in the loans and receivables category, if the transaction was not listed in an active market, and was accordingly measured at amortized cost pursuant to the effective interest rate method.

From January 1, 2018, the balance sheet items Cash and cash equivalents, Loans to credit institutions, Loans to the public and Loans in the form of interest-bearing securities are recognized at amortized cost, provided that the following criteria are met by all assets:
- The financial asset is included in a portfolio where the business model aims to collect contractual cash flows.
- The terms and conditions for the financial asset entail that the cash flows received comprise solely payments of principal and interest (SPPI) on nominal amounts outstanding.

Evaluation of the business model

The business model is based on SEK's overriding portfolio objective, and on how the company manages, monitors and evaluates the financial assets in the portfolio from both a business and a risk perspective.

The business model is established at a level (homogenous portfolio) that reflects how the asset is treated in relation to the objective/business goal.

The following parameters have been evaluated in relation to the liquidity portfolio:
- Internal targets and governance of the liquidity portfolio, and documentation thereof;
- Administration and commercial follow-up;
- Risk management, follow-up and reporting;
- Frequency, objective and volume in terms of noted sales; and
- Remuneration models, and how these are impacted by valuation methods.

SPPI test

IFRS 9 requires that SEK categorize financial assets based on the properties of the contractual cash flows, where the financial asset is held in a business model with the objective of holding assets to collect contractual cash flows (hold to collect).

The assessment of the properties of the contractual cash flows aims to identify if the contractual cash flows comprise solely payments of principal and interest, which is an SPPI test. Contractual cash flows that solely payments of principal and interest qualify as a basic lending arrangement, which is a prerequisite for measuring the instrument at amortized cost. SEK has prepared a tool for the implementation and documentation of evaluations and assessments of financial assets in the lending portfolios, whereby relevant factors are taken into consideration, such as the tenor of the interest rate in relation the interest-rate setting period, interest-rate cap/floor, index-linked coupon/interest, payment trigger, currency mismatch, government interest rates and early repayment.

(ii) Financial assets and liabilities measured at fair value through profit or loss (FVTPL)

Prior to January 1, 2018, financial assets that were irrevocably categorized to recognition at fair value through profit or loss; and assets held for trading were recognized in the category financial assets measured at fair value through profit or loss. When two or more derivatives hedge both interest-rate and credit exposures in an asset, such transactions were sometimes previously classified irrevocably as a financial assets at fair value through profit or loss (FVO), since making such designations eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on them on different bases. Derivatives are always classified as financial assets or liabilities at fair value through profit or loss, except when they are subject to hedge accounting.

From January 1, 2018, SEK does not use FVO for financial assets. Derivatives are always measured at FVTPL. Interest-bearing securities included in SEK's liquidity investments, that is the balance-sheet items Treasuries/government bonds and Other interest-bearing securities except loans, are measured at fair value (FVTPL) and, accordingly, they are included in a portfolio, where the business model entails measurement at fair value. Liquidity investments were recognized under IAS 39 in the available-for-sale financial assets category and were measured at fair value with unrealized changes in fair value recognized in other comprehensive income.

Financial assets and liabilities measured at fair value through profit or loss (FVTPL) are recognized at fair value in the statement of financial position. Changes in fair value are recognized in profit or loss under the item Net results of financial transactions with the exception of gains and losses that arise from changes in SEK's own credit risk on liabilities classified in accordance with FVO. Such changes are recognized in the Reserve for changes in own credit risk under Other comprehensive income and are not reclassified to profit or loss.

(b) Changes in the impairment of financial assets

IFRS 9 entails a general change in the approach to the recognition of impairment of financial assets, since the principle applied for the impairment of exposures has changed from the approach based on incurred credit loss events under IAS 39; to instead be based on expected credit losses. SEK's calculation of the collectively-assessed credits reserve under IAS 39 was also based on a method using expected credit losses. IFRS 9 states that all assets measured at amortized cost, including credit commitments and financial guarantees, are to be tested for any impairment need, which differs from IAS 39, where collective provisions are not made for off-balance-sheet items or available-for-sale financial assets.

(i) Overriding basis for the calculation of expected credit losses (ECL)

The model for calculating ECL is based on an exposure being at one of three different stages. Initially, all exposures where at stage 1. Stage 1 also includes exposures where the credit risk is no longer significantly higher and which have therefore been reclassified from stage 2. In stage 1, the ECL calculation should correspond to provisions based on expected credit losses for the forthcoming 12-month period (12mECL). Where the credit risk has increased significantly since initial recognition, the exposure is moved to stage 2. Stage 2 also includes exposures where the counterparty/exposure is no longer in default and which have therefore been reclassified from stage 3, as well as a smaller portion of exposures that lack an initial rating and where the rating is below BBB. In stage 2, the provision is based on expected credit losses over the remaining lending period of the asset (LTECL). If the exposure moves into default, it is moved to stage 3, where the ECL calculation continues to be based on LTECL. 12mECL comprises the part of LTECL that arises from expected credit losses based on the probability of default (PD) within 12 months of the reporting date. Both LTECL and 12mECL are calculated on an individual basis.

SEK has chosen to use credit rating models for all exposures, in other words, to calculate expected credit losses (ECL) by using the probability of default (PD), loss given default (LGD) and exposure at default (EAD).

(ii) Significant increase in credit risk

A significant increase in credit risk is a relative assessment, whereby the credit quality at the reporting date is compared with the initial credit quality when the exposure was recognized. The starting point when assessing what should be included as criteria for the assessment of credit risk is the existing process for following up credit risk and credit risk management within SEK. All counterparties are given a risk rating, which means that risk classification forms the basis for follow-up should a significant increase in credit risk have occurred. Moreover, other indicators currently in use to follow up credit risk in exposures and of counterparties, include the number of days past due, forbearance measures and other risk raising factors, such as deviations from covenants. These indicators are applied to assess credit risk and whether a significant increase in credit risk has occurred.

- *Risk classification*. A significant increase in credit risk is defined based on a deterioration by a number of steps in the initial rating and where a separation is made between exposures with an initial rating of AAA to A - and others.
- *Number of days past due*. SEK applies the presumption specifically stated in IFRS 9 and applies a more than 30-days-past-due criterion for receivables when assessing a significant increase in credit risk. All exposures that are more than 30-days-past-due will therefore be included in stage 2 and the LTECL will be calculated for these exposures. To ensure that there is no longer a significant increase in credit risk, a waiting period is applied following the resumption of payments and all past-due receivables being extinguished for the exposure. Appropriate waiting periods are assessed on an ongoing basis to, at any given time, ensure that a reasonable waiting period is set given SEK's exposures and payment structures.
- *Forbearance measures*. Exposures encompassed by forbearance measures have a raised credit risk assessment and, therefore, will also be assessed as having a significant increase in credit risk on application of IFRS 9. Similar to the days-past-due criterion, a waiting period will be applied to ensure the exposure no longer has a raised credit risk at the time it is returned to stage 1. Appropriate waiting periods are assessed on an ongoing basis to, at any given time, ensure that a reasonable waiting period is set given SEK's exposures and the reasons the exposure was marked for forbearance.
- *Other risk raising factors*. Other factors can exist that indicate an exposure or a counterparty has an increased credit risk, which are not captured by a change in the risk classification, days-past-due or forbearance measures. Examples of these include recurring waivers that impact credit risk, sector trends and extraordinary changes in the management and/or Board of Directors. To capture these risk-raising factors, the management can conduct a specific qualitative assessment of the significant increase in credit risk at a counterparty. Since this assessment comprises a qualitative expert assessment, the waiting period for any transfer to stage 1 will be taken into consideration in the assessment and no extra waiting period will be applied.

(iii) Default

If the exposure moves into default, it is moved to stage 3, where the ECL calculation continues to be based on LTECL. Default is a key concept to the calculation of ECL, since ongoing assessments are made of how likely an exposure is to enter default and of the amount SEK is expected to lose on the exposure should it default.

In the financial reporting when applying IFRS 9, default is defined as:

- SEK assesses that it is unlikely that the counterparty will meet its loan commitments in full, irrespective of whether collateral or guarantees are used, and independent of any overdue amount or the number of calendar days since they fell due for payment. This also includes special reasons, such as the risk counterparty's financial position or equivalent is such that it finds itself in a position which — from a creditor's perspective — does not correspond to any form of composition or insolvency procedure. This is termed "unlikely to pay."
- The risk counterparty is more than 90 calendar days past due with the payment of a receivable.

If any exposure to a counterparty is deemed in default, all exposures to that counterparty are deemed in default. When an exposure or a counterparty that was previously classified as being in default no longer meets this definition, the exposure or counterparty should no longer be deemed in default. To ensure that default status no longer applies, a waiting period is applied after the moment the exposure or counterparty is no longer deemed to be in default and can accordingly return to stage 2.

(iv) Calculation of expected credit losses (ECL)

The ECL is based on SEK's objective expectation of how much it will lose on the exposure given its knowledge on the reporting date and after taking into consideration what could occur in the future. The ECL is a probability-weighted amount that is determined by evaluating the outcome of several possible stages, and where the data taken into consideration comprises both information from previous conditions, the current conditions and forecasts of future economic conditions. The expected credit loss should be calculated on the gross counterparty, in other words the borrower, which means that the PD for the gross counterparty is used in the model.

Moreover, the LGD should incorporate actual future expectations, in other words, all cash flows including guarantees. The calculation of ECL is Point-in-Time and the included parameters PD, LGD and EAD are all Point-in-Time and should not be confused with the corresponding parameters for capital adequacy.

Probability of default (PD)

The probability of default (PD) is the likelihood that a counterparty defaults on one or more exposures on a one-year horizon (for stage 1) or for the entire lending period (for stages 2 and 3). When calculating expected credit losses under IFRS 9, PD represents the probability of default at a specific point-in-time in an economic cycle (Point-in-Time PD). The two most important data sources for PD models are Standard & Poor's and the World Bank's database, where we obtain default statistics and transition matrices as well as macroeconomic series and GDP growth forecasts. SEK has chosen to create a PD segmentation at both geographic and industry levels.

SEK's method entails three scenarios being prepared for each PD curve: a base scenario; a downturn scenario; and an upturn scenario.

The three scenarios are defined by a weight allocated to each scenario; the weights should add up to 1, in other words 100%. The World Bank's forecast forms the base scenario. The other scenarios are prepared quarterly by a cross-functional group at SEK, and are then adopted by the Board's Credit Committee. By allocating a weight to each PD curve, we define our expectations of future macroeconomic trends.

Loss Given Default (LGD)

Loss given default (LGD) is the amount expressed as a percentage of the credit exposure that on default, SEK expects to lose from the defaulting counterparty. The same segments are used for preparing the LGD as are used for the PD, with the addition of the division into large corporates and small and medium-sized enterprises for non-financial companies. Due to the low historic rate of default in SEK's lending, the LGD is modeled by using default data from Global Credit Data (GCD), with the exception of the Sovereign segment, where LGD is prepared based on a qualitative assessment.

When estimating expected losses in cash flows, collateral and other credit enhancements included in the terms and conditions are taken into consideration, subject to the prerequisite that they are not reported separately by the company. The LGD used for estimating ECL should take into consideration all cash flows that could be collected in the case of a default. These also include the cash flows that SEK can expect from collateral and guarantees included in the terms and conditions. Accordingly, the LGD takes into consideration guarantees where the exposure guaranteed with a guarantee included in the terms and conditions unless an increased correlation between the borrower and the guarantee counterparty is deemed to exist.

Exposure at default (EAD)

The impairment requirement under IFRS 9 applies for all financial assets measured at amortized cost. Moreover, this encompasses accepted undisbursed binding offers and financial guarantees issued, which are recognized off balance sheet until used. In the above regard, an assessment is to be made of the scope of the default by the borrower on default, since only that amount should be included in the ECL estimate. These are generally termed credit conversion factors (CCF).

The ECL estimate is performed based on the appearance of the exposure at default, which means that the repayment structure and any expectations in terms of early repayment or extension clauses in the agreement need to be considered when assessing the EAD. Based on the completed analyses, contractual maturities are assessed given the repayment structures as being a good approximation of the expected maturities on which the ECL is to be estimated. No specific pattern exists regarding early repayment, which could possibly comprise the basis for another approach.

For existing facilities (accepted, undisbursed), two different credit conversion factors (CCFs) exist depending on when default occurs: (1) for default within one year, calculated using default data from GCD (2) for default after one year, calculated using internal default data. For binding offers regarding existing facilities, CCFs are based on historic internal data regarding the proportion of binding offers that are used. CCFs are used together with the preliminary repayment plan for both the utilized and unutilized portions of existing facilities to model the future exposure on default.

(c) Changes in hedge accounting

The new rules on hedge accounting allow entities to better reflect risk management activities in financial reporting. IFRS 9 opens opportunities to improve and simplify hedge accounting, which primarily impacts the administrative process for hedge accounting at SEK. The standard expands possibilities for hedging the risk components of non-financial items and allows the inclusion of more types of instruments in a hedge relationship. Moreover, the previous quantitative requirement of 80–125 percent in effect is removed. The three types of hedge relationships set out in IAS 39 (fair-value hedges, cash-flow hedges and hedges of net investment in a foreign operation) are unchanged in IFRS 9. The accounting for each type of hedge is also the same as in IAS 39. SEK only uses fair-value hedges.

A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at its inception there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge; and
- the relationship meets all of the hedge effectiveness requirements.

(i) Aggregated exposures

IFRS 9 permits an aggregated exposure that includes a derivative to be an eligible hedged item. This is a change from IAS 39 which explicitly prohibits a derivative from being designated as a hedged item (unless it is a written option designated as an offset to a purchased option).

(ii) Hedge effectiveness

The qualifying criteria in the IFRS 9 hedge accounting model significantly differ from those in IAS 39. To qualify for hedge accounting under IAS 39, the hedging instrument must be highly effective at achieving offsetting changes in fair value or cash flows attributable to the hedged risk both prospectively and retrospectively. To be highly effective, the level of offset must be between 80 percent and 125 percent. Entities must perform quantitative effectiveness tests on an ongoing basis to demonstrate that the hedging relationship qualifies for hedge accounting.

The IFRS 9 hedge accounting model employs a more principles-based approach. To qualify for hedge accounting, the hedge relationship must meet the hedge effectiveness criteria at the beginning of each hedged period which requires that:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that actually used in the economic hedge.

(iii) Rebalancing and discontinuation of hedge accounting

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedge ratio of the hedging relationship must be adjusted (i.e. rebalances the hedge) so that it meets the qualifying criteria again. Hedge accounting is discontinued prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria (after any rebalancing). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship). Unlike under IAS 39, hedge accounting may not be voluntarily discontinued if the criteria for discontinuation are not met, in other words, the possibility for voluntarily discontinuing the hedging relationship is removed.

(d) IFRS 7R

IFRS 7 Financial Instruments: Disclosures has been updated to reflect the differences between IFRS 9 and IAS 39. SEK will apply these updates together with IFRS 9 from January 1, 2018.

(e) Transition information

The following tables illustrate the effect of implementing IFRS 9 in the statement of financial position and retained earnings, including the effect of replacing IAS 39's impairment model with an ECL model pursuant to IFRS 9.

The following table summarizes the effect on the classification and measurement of SEK's financial assets and liabilities as of January 1, 2018:

Skr mn

Financial assets	Measurement category under IAS 39	Carrying amount under IAS 39	Reclassification	ECL	Carrying amount under IFRS 9	Measurement category under IFRS 9
Cash and cash equivalents	Loans and accounts receivable	1,231	–	0	1,231	AMC
Treasuries/government bonds[1]	Available-for-sale assets	4,382	4,382	–	4,382	FVTPL
Other interest-bearing securities except loans[1]	Available-for-sale assets	39,694	39,694	–	39,694	FVTPL
	Assets at fair value through profit or loss (FVO)	113	113	–	113	FVTPL
Loans in the form of interest-bearing securities	Loans and accounts receivable	41,125	–	-17	41,108	AMC
Loans to credit institutions	Loans and accounts receivable	23,198	–	-2	23,196	AMC
Loans to the public	Loans and accounts receivable	141,111	–	40	141,151	AMC
Derivatives[2]	Assets at fair value through profit or loss	7,803	–	–	7,803	FVTPL
Total financial assets		**258,657**	**44,189**	**21**	**258,678**	

Financial liabilities	Measurement category under IAS 39	Carrying amount under IAS 39	Reclassification	ECL	Carrying amount under IFRS 9	Measurement category under IFRS 9
Borrowings from credit institutions	Other financial liabilities	2,317	–	–	2,317	AMC
Borrowing from the public	Other financial liabilities	0	–	–	0	AMC
Senior securities issued	Financial liabilities at fair value through profit or loss (FVO)	63,421	–	–	63,421	FVTPL
	Other financial liabilities	159,095	–	–	159,095	AMC
Derivatives[2]	Financial liabilities at fair value through profit or loss	16,480	–	–	16,480	FVTPL
Subordinated securities issued	Other financial liabilities	2,040	–	–	2,040	AMC
Provisions[3]		45	–	3	48	
Total financial liabilities		**243,398**	**–**	**3**	**243,401**	

1 As of January 1, 2018, SEK has made an assessment of the liquidity investments that were previously classified as available-for-sale assets. The conclusion was that these are included in a portfolio where the business model entails measurement at fair value and, accordingly, they are recognized at fair value through profit or loss (FVTPL). Those liquidity investments that were previously classified at fair value pursuant to the fair-value option are also classified at FVTPL due to the portfolio's business model. Certain fixed-rate liquidity investments were already subject to hedge accounting and, from January 1, 2018, these hedge accounting relationships have been terminated since liquidity investments are now measured at FVTPL.

2 SEK previously applied its own classification for derivatives in its hedge accounting. As of January 1, 2018, these will not be separated into an own category, and will instead be categorized together with other derivatives at FVTPL.

3 Accumulated expected credit losses for non-financial items are reported under provisions in the statement of financial position.

The following table illustrates the effect of IFRS on reserves and retained earnings:

Skr mn	Reserves and retained earnings
Reserve for changes in own credit risk	
Closing balance under IAS 39 (December 31, 2017)	-
The impact of transferring value changes due to changes in credit risk to the Reserve for changes in own credit risk	-578
Tax	127
Opening balance under IFRS 9 (January 1, 2018)	**-451**
Fair-value reserve	
Closing balance under IAS 39 (December 31, 2017)	9
Reclassification of instruments from AFS to FVTPL	-12
Tax	3
Opening balance under IFRS 9 (January 1, 2018)	**-**
Retained earnings	
Closing balance under IAS 39 (December 31, 2017)	13,554
The impact of transferring value changes due to changes in credit risk to the Reserve for changes in own credit risk	451
Reclassification of instruments from AFS to FVTPL	9
Effect of IFRS 9 – ECL	18
Tax	-4
Opening balance under IFRS 9 (January 1, 2018)	**14,028**
Total changes in equity on introduction of IFRS 9	**14**

The following table is a reconciliation of the closing balance for accumulated impairments under IAS 39 and the opening balance for accumulated impairments under IFRS 9.

Skr mn	Impairment reserve under IAS 39 as of December 31, 2017	Revaluation	ECL IFRS 9 January 1, 2018
Reserve for changes in own credit risk regarding:			
Loans and receivables under IAS 39/financial assets at amortized cost under IFRS 9	155	-21	134
Available-for-sale assets under IAS 39/FVTPL pursuant to IFRS 9	-	-	-
Total	**155**	**-21**	**134**
Collateral provided and contingent liabilities	-	3	3
Total	**155**	**-18**	**137**

IFRS 15 Revenue from Contracts with Customers

In 2014, the IASB issued the new standard, IFRS 15, which describes a comprehensive model for the recognition of revenue from contracts with customers and which replaces current IFRS standards and interpretations for revenue recognition, such as IAS 18 Revenue. The standard is a five-step model, including accounting and measurement requirements, as well as new disclosures. The standard does not apply to financial instruments or leasing contracts. The standard is applicable from January 1, 2018.

SEK adopted the standard with retroactive application, and comparative figures for 2017 will not be recalculated. The adoption of IFRS 15 has not resulted in any transitional effect, and therefore does not affect equity. The standard is not expected to have any material impact on SEK's financial statements, capital adequacy or large exposures.

IFRS 16 Leases

In January 2016, the IASB issued the new accounting standard for leases, with changes for lessees. All leases (with the exception of short-term and low-value leases) are to be recognized as right-of-use assets subject to depreciation with corresponding liabilities in the lessee's balance sheet, and the lease payments recognized as repayments and interest expense. Lessor accounting remains essentially unchanged. Further disclosures are also required. SEK's preliminary assessment is that the standard will primarily affect SEK's recognition of operational leases for rental premises, which will not have any material impact on SEK's financial statements, capital adequacy or large exposures. The standard is applicable from January 1, 2019 and has not yet been approved by the EU.

Other IFRS standards or IFRS Interpretations Committee interpretations, or amendments, not yet effective are not expected to have any material impact on SEK's financial statements, capital adequacy or large exposures.

Note 2. Net interest revenues

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Interest revenues				
Loans to credit institutions	789	546	789	546
Loans to the public	2,265	1,992	2,265	1,992
Loans in the form of interest-bearing securities	629	722	629	722
Interest-bearing securities excluding loans in the form of interest-bearing securities	458	364	458	364
Derivatives	-372	-552	-372	-552
Administrative remuneration CIRR-system[1]	125	116	125	116
Other assets	2	0	2	0
Total interest revenues[2]	**3,896**	**3,188**	**3,896**	**3,188**
Interest expenses				
Interest expenses	-2,020	-1,339	-2,020	-1,339
Resolution fee	-193	-102	-193	-102
Total interest expenses[3]	**-2,213**	**-1,441**	**-2,213**	**-1,441**
Net interest revenues	**1,683**	**1,747**	**1,683**	**1,747**

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Interest revenues were related to:				
Available-for-sale financial assets	426	292	426	292
Financial assets at fair value through profit or loss	253	93	253	93
Derivatives used for hedge accounting	-253	-379	-253	-379
Loans and receivables	3,470	3,182	3,470	3,182
Total interest revenues[2]	**3,896**	**3,188**	**3,896**	**3,188**
Interest expenses were related to:				
Available-for-sale financial assets	-93	-46	-93	-46
Financial liabilities at fair value through profit or loss	278	12	278	12
Derivatives used for hedge accounting	1,479	2,452	1,479	2,452
Other financial liabilities	-3,877	-3,859	-3,877	-3,859
Total interest expenses[3]	**-2,213**	**-1,441**	**-2,213**	**-1,441**
Net interest revenues	**1,683**	**1,747**	**1,683**	**1,747**

Interest revenues geographical areas

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Sweden	1,724	1,358	1,724	1,358
Europe except Sweden	723	681	723	681
Countries outside of Europe	1,449	1,149	1,449	1,149
Total interest revenues[2]	**3,896**	**3,188**	**3,896**	**3,188**

Interest revenues per product group

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Lending to Swedish exporters	1,398	1,500	1,398	1,500
Lending to exporters' customers[4]	1,251	1,042	1,251	1,042
Liquidity	1,247	646	1,247	646
Total interest revenues[2]	**3,896**	**3,188**	**3,896**	**3,188**

[1] Including administrative remuneration for concessionary loans by Skr 2 million (2016:Skr 2 million).
[2] Negative effective interest rates on debt are reported as interest income. During 2017 they amounted to Skr - million (2016: Skr - million). See Note 1a for further information regarding negative interest rates.
[3] Negative effective interest rates on assets are reported as interest expense. During 2017 they amounted to Skr -62 million (2016: Skr -106 million). See Note 1a for further information regarding negative interest rates.
[4] In interest revenues for Lending to exporters' customers, Skr 123 million (2016: Skr 114 million) represent remuneration from the CIRR-system (see Note 25).

Note 3. Net fee and commissions expense

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Fee and commissions earned were related to[1]				
Financial consultants' commissions	–	–	–	–
Other commissions earned	3	3	3	3
Total	**3**	**3**	**3**	**3**
Commissions incurred were related to[1]				
Depot and bank fees	-6	-7	-6	-7
Brokerage	-4	-4	-4	-4
Other commissions incurred	-21	-21	-21	-21
Total	**-31**	**-32**	**-31**	**-32**
Net fee and commissions expense	**-28**	**-29**	**-28**	**-29**

1 Skr -24 million (2016: Skr -26 million) includes financial assets and liabilities not measured at fair value through profit or loss.

Note 4. Net results of financial transactions

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Derecognition of financial instruments not measured at fair value through profit or loss:				
Available-for-sale financial assets	-17	–	-17	–
Loans and receivables	16	4	16	4
Financial assets or liabilities at fair value through profit or loss:				
Designated upon initial recognition (FVO)	-326	-2,779	-325	-2,779
Held-for-trading	278	2,699	278	2,699
Financial instruments under fair-value hedge accounting:				
Net results of the hedging instrument	-999	-693	-999	-693
Net results of the hedged item	946	661	946	661
Currency exchange-rate effects on all assets and liabilities excl. currency exchange-rate effects related to revaluation at fair value	0	-2	0	-2
Total net result of financial transactions	**-102**	**-110**	**-101**	**-110**

SEK's general business model is to hold financial instruments measured at fair value to maturity. The net fair value changes that occur, mainly relate to changes in credit spreads on SEK's own debt and basis-spreads, and are recognized in net results of financial transactions. The changes could be significant in a single reporting period, but will not affect earnings over time since the changes in the instrument's market value will be zero if it is held to maturity and is a performing instrument. When financial instruments are not held to maturity, realized gains and losses can occur, for example when SEK repurchases its own debt, or if lending is repaid early and the related hedging instruments are terminated prematurely. These effects are presented under "Derecognition of financial instruments not measured at fair value through profit or loss", "Financial assets or liabilities at fair value through profit or loss" and "Financial instruments under fair-value hedge accounting".

Note 5. Personnel expenses

	Consolidated Group		Parent Company	
Skr mn	2017	2016	2017	2016
Salaries and remuneration to the Board of Directors and the Chief Executive Officers	-7	-6	-7	-6
Salaries and remuneration to Senior Executives	-20	-18	-20	-18
Salaries and remuneration to other employees	-162	-160	-162	-160
Pensions	-58	-57	-60	-62
Social insurance	-61	-58	-61	-58
Other personnel expenses	-12	-9	-12	-9
Total personnel expenses	**-320**	**-308**	**-322**	**-313**

The combined total of the remuneration to senior executives, excluding the CEO of the Parent Company, amounted to Skr 20 million (2016: Skr 18 million). Of the remuneration to senior executives, Skr 20 million (2016: Skr 17 million) is pensionable. Of the remuneration to the CEOs of the Parent Company, Skr 5 million (2016: Skr 4 million) is pensionable. For all employees, excluding the CEO, SEK follows collective agreements between Banking Institution Employers' Organization (BAO) and trade unions.

Remuneration and other benefits to the Board of Directors and Senior Executives in the Consolidated Group 2017 Skr thousand	**Fee, includes committee fee**	**Fixed remunera-tion**[1]	**Other benefits**[2]	**Pension fee**[3]	**Total**
Chairman of the Board of Directors:					
Lars Linder-Aronson[4]	-745	–	–	–	-745
Other members of the Board of Directors:					
Cecilia Ardström	-344	–	–	–	-344
Jan Belfrage, resigned March 22, 2017	-72	–	–	–	-72
Anna Brandt, from November 21, 2017	–	–	–	–	–
Reinhold Geijer, from March 22, 2017	-213	–	–	–	-213
Hans Larsson, from March 22, 2017	-212	–	–	–	-212
Susanne Lithander	-263	–	–	–	-263
Lotta Mellström[5]	–	–	–	–	–
Ulla Nilsson	-273	–	–	–	-273
Teppo Tauriainen, resigned November 21, 2017[5]	–	–	–	–	–
Magnus Uggla, resigned March 22, 2017[4]	-46	–	–	–	-46
Senior Executives:					
Catrin Fransson, Chief Executive Officer (CEO)[6]	–	-4,638	-97	-1,372	-6,107
Per Åkerlind, Head of Treasury and Capital Management and Executive Vice President	–	-3,278	-92	-1,159	-4,529
Karl Johan Bernerfalk, General Counsel	–	-1,372	-18	-447	-1,837
Stefan Friberg, Chief Risk Officer (CRO)	–	-2,908	-19	-465	-3,392
Teresa Hamilton Burman, Chief Credit Officer (CCO)	–	-2,252	-11	-485	-2,748
Johan Henningsson, Head of Sustainability	–	-1,191	-30	-435	-1,656
Petra Könberg, Head of Marketing & Business Development, from April 18, 2017	–	-830	-20	-220	-1,070
Jane Lundgren Ericsson, Head of Lending	–	-2,410	-98	-720	-3,228
Ingela Nachtweij, Acting Chief Information Officer (CIO), from January 10	–	-1,520	-27	-414	-1,961
Sirpa Rusanen, Chief Human Resources Officer (CHRO)	–	-1,415	-105	-536	-2,056
Susanna Rystedt, Chief Administrative Officer (CAO)	–	-2,191	-112	-720	-3,023
Edvard Unsgaard, Head of Communication, resigned April 18, 2017	–	-314	-8	-102	-424
Total	**-2,168**	**-24,319**	**-637**	**-7,075**	**-34,199**

Remuneration and other benefits to the Board of Directors and Senior Executives in the Consolidated Group 2016 Skr thousand	**Fee, includes committee fee**	**Fixed remuneration[1]**	**Other benefits[2]**	**Pension fees[3]**	**Total**
Chairman of the Board of Directors:					
Lars Linder-Aronson[4]	-669	-	-	-	-669
Other members of the Board of Directors:					
Cecilia Ardström	-216	-	-	-	-216
Jan Belfrage	-225	-	-	-	-225
Susanne Lithander	-240	-	-	-	-240
Lotta Mellström[5]	-	-	-	-	-
Ulla Nilsson	-244	-	-	-	-244
Jan Roxendal, resigned April 26, 2016[4]	-109	-	-	-	-109
Teppo Tauriainen[5]	-	-	-	-	-
Magnus Uggla, from April 26, 2016[4]	-186	-	-	-	-186
Senior Executives:					
Catrin Fransson, Chief Executive Officer (CEO)[6]	-	-4,487	-86	-1,332	-5,905
Per Åkerlind, Head of Treasury and Capital Management and Executive Vice President	-	-3,207	-86	-1,112	-4,405
Karl Johan Bernerfalk, General Counsel	-	-1,281	-11	-405	-1,697
Stefan Friberg, Chief Risk Officer (CRO)	-	-2,769	-12	-467	-3,248
Teresa Hamilton Burman, Chief Credit Officer (CCO)	-	-2,253	-12	-460	-2,725
Johan Henningsson, Head of Sustainability	-	-1,124	-12	-379	-1,515
Jane Lundgren Ericsson, Head of Lending	-	-2,355	-81	-616	-3,052
Sirpa Rusanen, Chief Human Resources Officer (CHRO)	-	-1,360	-91	-487	-1,938
Susanna Rystedt, Chief Administrative Officer (CAO)	-	-2,164	-41	-676	-2,881
Edvard Unsgaard, Head of Communication	-	-995	-11	-333	-1,339
Total	**-1,889**	**-21,995**	**-443**	**-6,267**	**-30,594**

1 Predetermined salary or other compensation such as holiday pay and allowances.
2 Other benefits consist of, for example, car allowances and subsistence benefits.
3 Includes premiums for insurance covering sickness benefit for prolonged illness and other public risk insurance as a result of collective pension agreements.
4 Remuneration is invoiced from their private companies in accordance with the state guidelines.
5 Remuneration is not paid from the Company to the representatives on the Board of Directors, who are employed by the owner, the Swedish Government.
6 The retirement age of the CEO, Catrin Fransson is 65 years and the pension fee is 30 percent of her fixed salary.

Total Expenditure on Remuneration in accordance with CRR 2017 Skr thousand (if not number of beneficiaries)	**Executive management**	**Members of staff whose actions have a material impact on the risk profile of the institution (excluding executive management)**
Total amount expensed for remuneration	-38,974	-144,635
of which fixed remuneration	-38,974	-139,434
of which variable remuneration in cash	-	-5,201
number of beneficiaries	11	114
Outstanding vested deferred remuneration	-85	-4,479
Outstanding unvested deferred remuneration	-85	-4,479
Deferred remuneration awarded	-	-3,121
Deferred remuneration paid out	-137	-1,399
Deferred remuneration reduced through performance adjustments	-	-
Severance payments made	-	-
number of beneficiaries	-	-
Severance payments awarded	-	-

Total Expenditure on Remuneration in accordance with CRR 2016 Skr thousand (if not number of beneficiaries)	**Executive management**	**Members of staff whose actions have a material impact on the risk profile of the institution (excluding executive management)**
Total amount expensed for remuneration	-28,623	-122,002
of which fixed remuneration	-28,623	-122,002
of which variable remuneration in cash	-	-
number of beneficiaries	10	135
Outstanding vested deferred remuneration	-	-
Outstanding unvested deferred remuneration	-163	-3,262
Deferred remuneration awarded	-	-
Deferred remuneration paid out	-81	-3,542
Deferred remuneration reduced through performance adjustments	-	-
Severance payments made	-	-
number of beneficiaries	-	-
Severance payments awarded	-	-

Finansinspektionens (the Swedish FSA's) regulations (FFFS 2011:1) regarding remuneration systems in credit institutions, investment firms and fund management companies apply to SEK. Moreover, SEK applies the government's guidelines on terms of employment for senior executives at state-owned companies. In accordance with these regulations, SEK's Board has prepared a proposal for a set of guidelines for the remuneration of senior executives at SEK, which was adopted at the 2017 Annual General Meeting. The guidelines stipulate that salary and remuneration to the senior executives of SEK should be fair and reasonable. They should also be competitive, capped and appropriate as well as contribute to good ethical principles and corporate culture. Remuneration should not be higher than at comparable companies, and should be reasonable. Remuneration to senior executives consists of fixed salary, pension and other benefits. Pension terms for senior executives should be in the form of defined contribution plans.

The Board's proposed guidelines are essentially unchanged from 2016, however certain additions have been made to the guidelines to apply from the 2017 Annual General Meeting. The guidelines have been clarified with information, such as that the pension age for senior executives is 65, that the maximum scope for severance pay has been limited from 18 to 12 months and that profit from paid assignments (for example, Board assignments) should be deducted from the severence pay.

SEK's remuneration system is designed to promote sound and effective risk management and restrict excessive risk-taking. Remuneration to employees is mainly determined at fixed amounts.

SEK's Board of Directors' Remuneration Committee (the "Remuneration Committee") prepares proposals for decision by the Board relating to remuneration policy for the Company, on total remuneration for the CEO, for other members of the executive management, for the Head of Compliance, and for other employees reporting directly to the CEO, as well as on the terms and conditions for and the outcome of the Company's remuneration system. The Remuneration Committee also prepares and handles overall issues relating to remuneration (salaries, pension and other benefits), measures aimed at applying SEK's remuneration policy, and issues relating to succession planning. Further, the Remuneration Committee prepares overall instructions for remuneration issues that it deems necessary. The Remuneration Committee also ensures that the relevant oversight department, together with the Remuneration Committee, annually reviews and evaluates the Company's remuneration systems and also reviews whether such systems comply with the Company's remuneration policy and relevant instructions regarding remuneration. The outcome is presented to the Board in a separate report on the same day as the annual report is submitted. The Remuneration Committee has met four times in 2017.

Since 2011, the Company has had only one system for variable remuneration, the EIS. The EIS applies to all permanent employees, with the exception of the executive management (except for three newly appointed senior executives, where deferred remuneration related to 2014 is included according to the agreement at that time), and employees within the Risk Department and employees within the Compliance Department.

The aim of the EIS was to contribute to attracting and retaining staff, promote the achievement of the Company's long-term objectives, and encourage cooperation between different parts of the organization in order to progress toward shared objectives.

If the resulting return, after adjustment for any non-operational items and risk assumption, exceeded the budgeted return, those employees encompassed by EIS received a share of the excess return, however this was capped at an amount equal to two months' salary, including payroll taxes. The terms and conditions entailed that the variable remuneration never exceeded 16.67 percent of the fixed remuneration. The final decision on the result and the amount to be paid out under the EIS was taken by the Board.

In autumn 2016, the Board decided that the EIS would cease to apply from the end of 2016. Any remaining payments under the EIS attributable to results up until 2016 will be subject to the same rules that applied in the respective vesting years. In parallel, the Board decided that permanent employees should be offered certain benefits related to wellness, healthcare and medical care. Moreover, the Board decided to implement a system, over a three-year trial period (2017-2019), whereby it will be possible to offer permanent employees with customer or business responsibility, with the exception of members of the executive management, the possibility of individual variable remuneration (IVR). IVR will be evaluated on an ongoing basis. The results of the evaluation will be referred to the Remuneration Committee. Following the trial period, a more extensive evaluation will be performed.

In the areas where IVR is applicable, the corresponding EIS rules apply. This includes the discretionary nature of the system, that all outcomes are subject to deferred payment and that the Board takes all decisions regarding results and payments. Before an individual receives any IVR payment, the payment is subject to testing at three different levels: the Company level, the Department level and the Individual level. The test at the Company level is the basis for any IVR outcome. The outcome at the Company level is conditional on the actual return, following any applicable adjustment for the impact of non-operational items and increases in the company's total risk assumption compared with the target risk assumption, exceeding a predetermined target. Of the profit that corresponds to any excess return, a percentage accrues to the IVR at the Company level. The outcome at the Company level is capped at a maximum of two months' salary, calculated on the basis of all company employees entitled to IVR. In the case of a positive outcome at the Company level, the next step is to test at the Department level. This test assesses the outcome at the Department level in relation to the department's quantitative targets. If the targets have not been reached, the outcome at the Company level is reduced for all members of the department. The remainder after this test comprises the outcome at the Department level, which is capped at a maximum of two months' salary, calculated on the basis of all department's employees entitled to IVR. The final test is at the Individual level. This test assesses the behavior and performance of individuals. For each individual, the outcome following the test at the Individual level is subject to a floor of zero and a ceiling of 1.5 times the amount at the Department level. Accordingly, the maximum outcome for any individual is three months' salary. The total outcome for all employees encompassed by IVR in a department must be within the outcome at the Department level. The Company pays payroll taxes on any IVR paid, which also carries pension entitlements.

SEK's remuneration policy is designed in such a way that the Company may decide that remuneration that is subject to deferred disbursement may be withheld, in part or full, if it subsequently transpires that the performance criteria have not been fulfilled or if the employee has breached certain internal rules. The same applies if disbursement would not be justifiable by the Company's financial situation. Moreover, the outcome may also be adjusted if credit losses, or recoveries of credit losses, have occurred after the relevant income year, but are deemed to be attributable to the said income year.

For all employees encompassed by IVR, the disbursement plan states that 40 percent of the outcome will be disbursed in April in the year following the income year to which the remuneration relates, and 20 percent will be disbursed in April in each of the three subsequent years.

To be able to identify, measure, manage, report and have control over the risks associated with the Company's business, the Company ensures that its remuneration system promotes sound and effective risk management. As part of its strategic analysis and planning, the Company undertakes an annual process for internal capital and liquidity assessment. The aim of this process is to identify and compile, in a comprehensive way, the Company's risks and to evaluate its risk management, need for capital and need for liquidity. Accordingly, in this process, among other items, the appropriateness of the Company's risk management is evaluated. As part of this evaluation, an analysis is conducted with the aim of identifying employees, whose work duties have a material impact on SEK's risk profile, including risks related to the Company's remuneration policy and remuneration system. The outcome of this analysis is taken into account when designing the remuneration systems in order to promote sound and efficient risk management and to restrict excessive risk-taking. The number of employees that receive remuneration of EUR 1 million or more per fiscal year is zero. No new agreements containing variable remunerations have been established during the year.

The CEO's, Catrin Fransson's, terms of employment comply with the Guidelines for Terms of Employment for Senior Executives in State-owned Companies (adopted April 20, 2009).

SEK pays a defined contribution pension insurance amounting to 30 percent of the CEO's pensionable salary. The retirement age for the CEO is 65.

For the CEO, SEK pays premiums for insurance for sickness benefits for prolonged illness, other collective risk insurance corresponding to those applicable under the BTP plan as well as healthcare insurance under Skandia Privatvård Plus and travel insurance. Other benefits payable to the CEO include car and per diem allowances. The CEO is entitled to six months' notice prior to termination initiated by SEK and severance pay corresponding to 18 months' salary. A deduction is made for any income arising from new employment.

The retirement age is 65 for all senior executives. The pension terms, conditions for termination of employment and other terms of employment for the senior executives follow the current Guidelines for Terms of Employment for Senior Executives in State-owned Companies (adopted April 20, 2009), where the BTP plan is included as an approved, collectively bargained, defined-benefit and defined-contribution pension plan. Since the 2017 Annual General Meeting, the new guidelines apply when appointing new senior executives at SEK. Pension provisions for senior executives in SEK are limited to 30 percent of pensionable income for retirement and survivors' pension. Due to SEK's implementation of a defined-benefit pension plan, the BTP plan, resulting from a collective agreement between the BAO and the Financial Sector Union of Sweden, covering employees in the banking and finance industries, the contribution for retirement and survivors' pension can exceed 30 percent.

For the senior executives, SEK pays premiums for insurance for sickness benefits for prolonged illness, other collective risk insurance arising out of applicable collective agreements as well as travel insurance and health insurance. Other benefits include car and per diem allowances.

Per Åkerlind and Sven-Olof Söderlund have notice periods of six months should termination be initiated by SEK and are entitled to severance pay corresponding to 18 months' salary. A deduction is made for any income arising from new employment. For other senior executives, the notice period upon termination initiated by SEK follows collective agreements. Upon resignation by the employee, the notice period is three or six months.

Pensions

The employees at SEK have a collectively bargained pension plan 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 companies SPP and SEB.

The total pension cost for defined benefit and defined contribution obligations are shown below

Skr mn	2017	2016
Service cost	-5	-4
Interest cost, net	-1	0
Pension cost for defined benefit pensions, incl. payroll tax	**-6**	**-4**
Pension cost for defined contribution pension cost incl. payroll tax	-52	-53
Pension cost recognized in personnel costs	**-58**	**-57**
Actuarial gains and (losses) on defined benefit obligation during period	-7	-35
Return above expected return, gains and (losses) on plan assets	3	5
Change in the effect of the asset ceiling excluding interest	0	4
Revaluation of defined benefit plans	**-4**	**-26**

The following table specifies the net value of defined benefit pension obligations

Skr mn	2017	2016
Defined benefit obligations	263	254
Plan assets	-223	-216
Restriction to net defined benefit asset due to the asset ceiling	0	0
Provision for pensions, net obligation (see Note 21)	**40**	**38**

The following table shows the development of defined benefit obligations

Skr mn	2017	2016
Defined benefit obligation, opening balance	254	215
Service cost	5	4
Interest cost	7	8
Pension Payments incl. special payroll tax	-10	-9
Other	–	–
Actuarial (gains) and losses, effect due to changed demographic assumptions	–	–
Actuarial (gains) and losses, effect due to changed financial assumptions	9	38
Actuarial (gains) and losses, effect due to experience based outcome	-2	-2
Defined benefit obligation, closing balance	**263**	**254**

The following table shows the development of plan assets related to defined benefit obligation

Skr mn	2017	2016
Fair value of plan assets, opening balance	216	202
Expected return on plan assets	6	7
Contributions by the employer [1]	7	8
Benefits paid [2]	-8	-7
Other	–	–
Return on plan assets excluding interest income	2	6
Fair value of plan assets, closing balance	**223**	**216**

[1] Expected contribution from the employer in the following year is Skr 7 million (2016: Skr 8 million) excluding payroll tax.
[2] Expected compensation paid in the following year is Skr 9 million (2016: Skr 9 million).

The following table shows the distribution of plan assets related to defined benefit obligation

Skr mn	2017	2016
Domestic equity investments	4	4
Foreign equity investments	16	4
Domestic government bonds	63	69
Domestic corporate bonds	40	69
Mortgage bonds	76	52
Properties	24	18
Total	**223**	**216**

The following table displays principal actuarial assumptions used end of year

%	2017	2016
Discount rate	2.5	2.7
Assumption of early pension withdrawal	20.0	20.0
Expected salary increase	2.0	2.0
Expected inflation	1.6	1.6
Expected lifetime	DUS14	DUS14
Expected turnover	5.0	5.0

Sensitivity analysis of essential assumptions

	Negative outcome		Positive outcome	
Discount rate	−1%	1.5%	+1%	3.5%
Defined benefit obligation		326		214
Service cost		6		3
Interest cost		5		7
Expected lifetime	+1 year		−1 year	
Defined benefit obligation		273		251
Service cost		5		4
Interest cost		7		6

Net reconciliation of pension liabilities

Skr mn	2017	2016
Pension liabilities, opening balance	38	17
Net periodic pension cost	6	4
Contributions by the employer	-7	-8
Net pension payments	-1	-1
Revaluations recognized in other comprehensive income	4	26
Pension liabilities, closing balance	**40**	**38**

Pension cost

	Parent Company	
Skr mn	2017	2016
Pension commitments provided for in the statement of financial position		
Pension costs for the year, excluding taxes	0	-1
Pension commitments provided for through insurance contracts		
Pension costs for the year, excluding taxes	-59	-61
Net cost accounted for pensions, excluding taxes	**-59**	**-62**

Reconciliation of provisions for pensions

	Parent Company	
Skr mn	2017	2016
Opening balance, January 1	12	12
Provisions made / provision used	-1	0
Closing balance, December 31	**11**	**12**

Net interest is calculated using the discount rate of pension obligations, based on the net surplus or net deficit in the defined benefit plan.

Pension expense in 2017 for defined benefit pensions amounts to Skr 6 million (2016: Skr 4 million).

As of December 31, 2017, the expected weighted average remaining service time for active employees was 17.58 years, (2016: 19.07 years) the expected weighted average duration for the present value was 17.38 years (2016: 20.7 years) and the average salary for active employees was Skr 0.8 million (2016: Skr 0.8 million).

Discount rate

Swedish government bonds were previously used as the basis for calculating pension liabilities. Since January 1, 2013 the calculation has instead been based on the estimated interest curve of Swedish mortgage bonds, as this market is regarded as liquid enough to be used for this purpose. The discount rate is based on market expectations at the end of the accounting period, using bonds with the same duration as the pension liability.

Expected early retirement

According to the transitional rule for § 8 in the BTP-plan, the calculation includes the assumption that 20 percent of the employees use the possibility for early retirement. The earliest retirement age is 61 for employees born 1956 or earlier. Employees born 1967 or later have no right to retire before age 65.

Expected return on plan assets

Expected return on plan assets is equal to the discount rate as regulated in IAS 19.

Expected salary increase

The assumption of salary increase is based on SEK's assessment.

Expected inflation

The expected inflation is in line with Swedish inflation-linked bonds.

Expected employee turnover

Expected employee turnover is based on SEK's assessment of the long-term expected company staff attrition during one year.

Parent Company

In the Parent Company, the BTP plan is accounted for as a defined contribution plan. Defined benefit plans are not accounted for in accordance with IAS 19 but are accounted for in accordance with Swedish standards, including the Swedish law on pensions, "Tryggandelagen" and regulations prescribed by the Swedish Financial Supervisory Authority. The primary differences as compared to IAS 19 include the discount rate and the calculation of defined benefit obligations based on current salary levels without consideration of future salary increases.

Average number of employees	2017	2016	2015
Women	121	122	115
Men	131	138	136
Total average number of employees	**252**	**260**	**251**

Number of employees at year-end	2017	2016	2015
Women	122	122	124
Men	128	134	139
Total number of employees[1]	**250**	**256**	**263**
of which full-time employees	243	250	257
Allocation of women/men	48/52	47/53	46/54
of which part-time employees	7	6	6
Allocation of women/men	86/14	83/17	83/17
of which permanent employees	246	251	254
Allocation of women/men	49/51	48/52	46/54
of which temporary employees	4	5	9
Allocation of women/men	50/50	20/80	67/33
of which managers	31	33	32
of which non-management	219	223	231

[1] In addition to its employees, SEK engaged an average of 27 consultants (FTEs) in 2017.

Employees by age distribution	2017	2016	2015
Total number of employees	**250**	**256**	**263**
of which under the age of 30 years	16	16	22
of which between 30 and 50 years	142	153	163
of which over 50 years	92	87	78

Employee turnover	2017	2016	2015
Number of employees who left employment	31	26	17
of which women	12	9	5
of which men	19	17	12
of which under the age of 30 years	4	2	2
of which between 30 and 50 years	20	17	11
of which over 50 years	7	7	4

Health, %	2017	2016	2015
Absence due to sickness	3.3	4.0	3.1
Percentage of employees that use SEK's fitness allowance	92.0	84.0	79.0

Equality and diversity	2017	2016	2015
Allocation of women/men on the Board of Directors	60/40	50/50	50/50
Allocation of women/men in SEK's executive management	64/36	50/50	50/50
Allocation of women/men in management positions	42/58	36/64	38/62
Allocation of women/men at SEK in total	49/51	48/52	47/53
Allocation of employees with foreign/swedish background[1]	33/67	30/70	30/70

[1] Foreign background is defined as "I was raised in a country other than Sweden (wholly or in part)", "I was born in another country but raised in Sweden" and "I myself was born and raised in Sweden but have a parent/parents born and raised in another country". The survey is conducted at least every three years.

Employee development	2017	2016	2015
Percentage of employees who had a performance review (percent)	95	98	98
Average number of training days per employee (all employees are white-collar workers)	2	3	2

Note 6. Other administrative expenses

Skr mn	Consolidated Group 2017	Consolidated Group 2016	Parent Company 2017	Parent Company 2016
Travel expenses and marketing	-8	-10	-8	-10
IT and information system (fees incl.)	-144	-141	-144	-141
Other fees	-38	-47	-38	-47
Premises[1]	-32	-28	-32	-28
Other	-10	-10	-10	-10
Total other administrative expenses	**-232**	**-236**	**-232**	**-236**

[1] SEK is a partner in rental agreements of office space in Stockholm and Gothenburg. SEK closed the office space in Singapore on July 1, 2016.

Cost of operating leases

Skr mn	Consolidated Group 2017	Consolidated Group 2016	Parent Company 2017	Parent Company 2016
Leases	-31	-27	-31	-27

The primary cost relates to SEK's office premises.

Future minimum rentals payable under non-cancellable operating leases are as follows

Skr mn	Consolidated Group December 31, 2017	Consolidated Group December 31, 2016	Parent Company December 31, 2017	Parent Company December 31, 2016
Within 1 year	-32	-31	-32	-31
Between 1 and 5 years	-88	-120	-88	-120
More than 5 years	–	–	–	–
Total future minimum rentals payable under non-cancellable operating leases	**-120**	**-151**	**-120**	**-151**

Remuneration to auditors

Skr mn	Consolidated Group 2017	Consolidated Group 2016	Parent Company 2017	Parent Company 2016
Öhrlings PricewaterhouseCoopers AB (2016: Ernst & Young AB):				
Audit fee[1]	-8	-10	-8	-10
Audit related fee[2]	0	0	0	0
Tax related fee[3]	0	0	0	0
Other fees[4]	-1	-1	-1	-1
Summa	**-9**	**-11**	**-9**	**-11**

[1] Fees related to audit of annual financial statements and reviews of interim financial statements.
[2] Fees charged for assurance and related services that are related to the performance of audit or review of the financial statements and are not reported under (1).
[3] Fees for professional services rendered by the principal independent auditors for tax compliance and tax advice.
[4] Fees for products and services rendered by the principal independent auditors, other than the services reported in (1) through (3) above.

In the financial statements remuneration to auditors is mainly included in Other administrative expenses.

Note 7. Tangible and intangible assets

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Net book value				
Property, land and equipment	22	22	22	22
Intangible assets[1]	66	101	66	101
Total net book value	**88**	**123**	**88**	**123**
Depreciation and impairment during the year according to the Consolidated Statement of Comprehensive Income	**-45**	**-46**	**-45**	**-46**

[1] Intangible assets consist of the capitalized portion of investments in IT systems. The average useful life for intangible assets is 5 years.

Note 8. Leasing

All SEK's leasing transactions, where SEK is the lessor, are classified as financial leases. When making such classification all aspects regarding the leasing contract, including third party guarantees, are taken into account. A reconciliation between the gross investment in the leases and the present value of minimum lease payments receivable at the end of the reporting period can be found below. Future lease payments receivable will mature in the following periods.

	Consolidated Group				Parent Company			
	December 31, 2017		**December 31, 2016**		**December 31, 2017**		**December 31, 2016**	
Skr mn	**Gross in-vestment**	**Present value of minimum lease pay-ments**	**Gross in-vestment**	**Present value of minimum lease pay-ments**	**Gross in-vestment**	**Present value of minimum lease pay-ments**	**Gross in-vestment**	**Present value of minimum lease pay-ments**
No later than one year	124	107	122	103	124	107	122	103
Later than one year and no later than five years	246	226	319	287	246	226	319	287
Later than five years	–	–	23	21	–	–	23	21
Total	**370**	**333**	**464**	**411**	**370**	**333**	**464**	**411**
Unearned finance income	–	37	–	53	–	37	–	53
Unguaranteed residual value	–	–	–	–	–	–	–	–
Total	**370**	**370**	**464**	**464**	**370**	**370**	**464**	**464**

The leases are included in the line item "Loans to the public" in the statement of financial position.

Note 9. Impairment and past-due receivables

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Impairment of financial assets	-59	-23	-59	-23
Reversal of previous write-downs	110	7	108	7
Net impairment and reversals	**51**	**-16**	**49**	**-16**
Established losses	-47	-	-41	-
Reserves applied to cover established credit losses	46	-	40	-
Recovered credit losses	1	0	1	0
Net credit losses[1]	**51**	**-16**	**49**	**-16**
Reserve of impairment of financial assets				
Opening balance	-254	-236	-246	-228
Reserves applied to cover established credit losses	46	-	40	-
Net impairment and reversals	51	-16	49	-16
Currency effects	2	-2	2	-2
Closing balance	**-155**	**-254**	**-155**	**-246**

[1] As a result of improvements in the assessment basis in preparation for the introduction of the new process under IFRS 9 from 2018, a decrease of the reserve for collectively-assessed credits of Skr 60 million has been made. The reserve for collectively-assessed credits amounted to Skr -90 million as of December 31, 2017 (year-end 2016: Skr -170 million).

Past-due receivables

Receivables past due have been recorded at the amounts expected to actually be received at settlement.

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Past-due receivables:				
Aggregate amount of principal and interest less than, or equal to, 90 days past-due	136	55	136	55
Aggregate amount of principal and interest more than 90 days past-due[1]	10	44	10	44
Principal amount not past-due on such receivables	494	3,778	494	3,778
Total Past-due receivables	**640**	**3,877**	**640**	**3,877**

[1] Of the aggregate amount of principal and interest past due, Skr 3 million (year-end 2016: Skr 38 million) was due for payment more than three but less than, or equal to, six months before the end of the reporting period, Skr 3 million (year-end 2016: Skr 4 million) was due for payment more than six but less than, or equal to, nine months before the end of the reporting period, and Skr 5 million (year-end 2016: Skr 2 million) was due for payment more than nine months before the end of the reporting period.

Note 10. Taxes

Skr mn	Consolidated Group 2017	Consolidated Group 2016	Parent Company 2017	Parent Company 2016
Income tax				
Adjustment previous year	0	4	0	4
Current tax	-262	-382	-262	-381
Deferred tax	27	156	0	0
Total income tax	**-235**	**-222**	**-262**	**-377**
Income tax related to other comprehensive income				
Tax on items to be reclassified to profit or loss				
Current tax	27	27	27	27
Deferred tax	-	-	-	-
Tax on items not to be reclassified to profit or loss				
Deferred tax	1	6	-	-
Income tax related to other comprehensive income	**28**	**33**	**27**	**27**
Reconciliation of effective tax rate				
The Swedish corporate tax rate, %	22.0	22.0	22.0	22.0
Profit before taxes	1,007	1,002	1,126	1,711
National tax based on profit before taxes	-222	-220	-248	-376
Tax effects of:				
Non-taxable income	1	0	1	0
Non-deductible expenses	-15	-1	-15	-1
Imputed interest on tax allocation reserve	-2	-3	-2	-3
Dividend received	-	-	0	0
Other	3	2	2	3
Total tax	**-235**	**-222**	**-262**	**-377**
Effective tax expense in %	23.3	22.2	23.3	22.0

Deferred taxes

Skr mn	Consolidated Group 2017	Consolidated Group 2016
Deferred tax assets concerning:		
Temporary differences, related to pensions	7	6
Other temporary differences	-	-
Total deferred tax assets	**7**	**6**
Deferred tax liabilities concerning:		
Untaxed reserves	538	565
Total deferred tax liabilities	**538**	**565**
Net deferred tax liabilities (+) / tax assets (–)	**531**	**559**

No deductible loss carry forwards existed as of December 31, 2017, or December 31, 2016.

Change in deferred taxes

Skr mn	Consolidated Group 2017	Consolidated Group 2016
Opening balance	559	720
Change through profit or loss	-27	-156
Change in other comprehensive income	-1	-5
Total	**531**	**559**

No deferred taxes accounted for in the Parent Company as of December 31, 2017, or December 31, 2016.

Untaxed reserves

	Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**
Tax allocation reserve:		
Opening balance	2,565	3,277
Dissolution during the year	-471	-1,232
Allocation during the year	350	520
Closing balance	**2,444**	**2,565**
of which:		
2011 Tax allocation reserve	*–*	*471*
2012 Tax allocation reserve	*257*	*257*
2013 Tax allocation reserve	*418*	*418*
2014 Tax allocation reserve	*448*	*448*
2015 Tax allocation reserve	*451*	*451*
2016 Tax allocation reserve	*520*	*520*
2017 Tax allocation reserve	*350*	*–*

In the financial statements of the Consolidated Group, the untaxed reserves of the Group companies are allocated 78 percent to equity and 22 percent to deferred taxes included as deferred tax liabilities in the statement of financial position. Changes in the amounts reported as deferred taxes are included in taxes on net profit in the Statement of Comprehensive Income.

Note 11. Loans and liquidity investments

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Loans:				
Loans in the form of interest-bearing securities	41,125	46,222	41,125	46,222
Loans to credit institutions	23,198	26,190	23,198	26,190
Loans to the public	141,111	147,909	141,111	147,909
Less:				
Cash collateral under the security agreements for derivative contracts[1]	-10,314	-11,621	-10,314	-11,621
Deposits with time to maturity exceeding three months	–	–	–	–
Total loans	**195,120**	**208,700**	**195,120**	**208,700**
Liquidity investments:				
Cash and cash equivalents	1,231	7,054	1,216	7,031
Cash collateral under the security agreements for derivative contracts	10,314	11,621	10,314	11,621
Deposits with time to maturity exceeding three months	–	–	–	–
Treasuries/government bonds	4,382	3,687	4,382	3,687
Other interest-bearing securities except loans	39,807	49,901	39,807	49,901
Total liquidity investments	**55,734**	**72,263**	**55,719**	**72,240**
of which:				
issued by public authorities	9,309	13,052	9,309	13,052
quoted on an exchange	22,396	61,092	22,396	61,092

[1] Included in Loans to credit institutions.

Difference between book value amount and amount contractually required to be paid at maturity for interest-bearing securities not carried at fair value

	Consolidated Group		Parent Company	
Skr mn	**2017**	**2016**	**2017**	**2016**
Sum of amounts exceeding nominal	4	8	4	8
Sum of amounts falling below nominal	-57	-32	-57	-32

Volume Development, Lending

	Consolidated Group		of which the CIRR-system	
Skr mn	2017	2016	2017	2016
Offers of long-term loans accepted	89,305	54,856	36,909	10,804
Undisbursed loans at year-end	72,914	54,783	69,161	49,080
Loans outstanding at year-end	195,120[1]	208,700[1]	50,335	49,802

Outstanding loans as per business area

	Consolidated Group		Parent Company		of which the CIRR-system	
Skr mn	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Lending to Swedish exporters	93,060	94,962	93,060	94,962	-	-
Lending to exporters' customers	102,060	113,738	102,060	113,738	50,335	49,802
Total lending	**195,120**[1]	**208,700**[1]	**195,120**[1]	**208,700**[1]	**50,335**	**49,802**

[1] Including concessionary loans by Skr 754 million (year-end 2016: Skr 991 million) .

Note 12. Classification of financial assets and liabilities

The amounts reported concern the Consolidated Group unless otherwise stated. The amounts reported for the Consolidated Group and the Parent Company are essentially the same.

Financial assets by accounting category:

	December 31, 2017					
Consolidated Group	**Financial assets at fair value through profit or loss**		**Derivatives used for hedge accounting**	**Available-for-sale**	**Loans and receivables[1]**	**Total**
Skr mn	Held-for-trading	Designated upon initial recognition (FVO)				
Cash and cash equivalents	-	-	-	-	1,231	**1,231**
Treasuries/government bonds	-	-	-	4,382	-	**4,382**
Other interest-bearing securities except loans	-	113	-	39,694	-	**39,807**
Loans in the form of interest-bearing securities	-	-	-	-	41,125	**41,125**
Loans to credit institutions	-	-	-	-	23,198	**23,198**
Loans to the public	-	-	-	-	141,111	**141,111**
Derivatives	4,356	-	3,447	-	-	**7,803**
Total financial assets	**4,356**	**113**	**3,447**	**44,076**	**206,665**	**258,657**

Financial liabilities by accounting category:

	December 31, 2017				
Consolidated Group	**Financial liabilities at fair value through profit or loss**		**Derivatives used for hedge accounting**	**Other financial liabilities[2]**	**Total**
Skr mn	Held-for-trading	Designated upon initial recognition (FVO)			
Borrowing from credit institutions	-	-	-	2,317	**2,317**
Senior securities issued	-	63,421	-	159,095	**222,516**
Derivatives	10,864	-	5,616	-	**16,480**
Subordinated securities issued	-	-	-	2,040	**2,040**
Total financial liabilities	**10,864**	**63,421**	**5,616**	**163,452**	**243,353**

Financial assets by accounting category:

Consolidated Group	December 31, 2016					
	Financial assets at fair value through profit or loss		Derivatives used for hedge accounting	Available-for-sale	Loans and receivables[1]	Total
Skr mn	Held-for-trading	Designated upon initial recognition (FVO)				
Cash and cash equivalents	–	–	–	–	7,054	**7,054**
Treasuries/government bonds	–	–	–	3,687	–	**3,687**
Other interest-bearing securities except loans	–	1,481	–	48,420	–	**49,901**
Loans in the form of interest-bearing securities	–	269	–	–	45,953	**46,222**
Loans to credit institutions	–	–	–	–	26,190	**26,190**
Loans to the public	–	–	–	–	147,909	**147,909**
Derivatives	6,371	–	5,634	–	–	**12,005**
Total financial assets	**6,371**	**1,750**	**5,634**	**52,107**	**227,106**	**292,968**

Financial liabilities by accounting category:

Consolidated Group	December 31, 2016				
	Financial liabilities at fair value through profit or loss		Derivatives used for hedge accounting	Other financial liabilities[2]	Total
Skr mn	Held-for-trading	Designated upon initial recognition (FVO)			
Borrowing from credit institutions	–	–	–	3,756	**3,756**
Senior securities issued	–	71,079	–	178,113	**249,192**
Derivatives	15,770	–	6,302	–	**22,072**
Subordinated securities issued	–	–	–	2,266	**2,266**
Total financial liabilities	**15,770**	**71,079**	**6,302**	**184,135**	**277,286**

[1] Of loans and receivables, 8 percent (year-end 2016: 8 percent) are subject to fair-value hedge accounting. The remaining 92 percent (year-end 2016: 92 percent) are not subject to hedge accounting and are therefore valued at amortized cost.
[2] Of other financial liabilities, 89 percent (year-end 2016: 76 percent) are subject to fair-value hedge accounting, the remaining 11 percent (year-end 2016: 24 percent) are not subject to hedge accounting and are therefore valued at amortized cost.

Reclassification

As of July 1, 2008, and October 1, 2008, SEK reclassified certain assets, moving those assets to the category "loans and receivables" from the category "assets available-for-sale". The reason for the reclassification was that those assets had been illiquid due to the extraordinary market conditions which existed during late 2008 owing to the global financial crisis, and SEK assessed itself to be able to hold the assets to maturity. Therefore there was no need for impairment of such assets. The reclassified assets consist of interest-bearing fixed rate bonds. At the time of the reclassification, the expected cash flows of the reclassified assets were equal to the contractual amounts, including principal and interest. The last reclassified loan and receivable expired in March 2017.

Skr mn	December 31, 2017			December 31, 2016		
Reclassified financial assets	**Nominal value**	**Book value**	**Fair value**	**Nominal value**	**Book value**	**Fair value**
Loans in the form of interest-bearing securities	0	0	0	57	60	60

Note 13. Financial assets and liabilities at fair value

The amounts reported concern the Consolidated Group unless otherwise stated. The amounts reported for the Consolidated Group and the Parent Company are essentially the same.

Consolidated Group	December 31, 2017		
Skr mn	**Book value**	**Fair value**	**Surplus value (+) / Deficit value (–)**
Cash and cash equivalents	1,231	1,231	–
Treasuries/governments bonds	4,382	4,382	–
Other interest-bearing securities except loans	39,807	39,807	–
Loans in the form of interest-bearing securities	41,125	42,352	1,227
Loans to credit institutions	23,198	23,451	253
Loans to the public	141,111	144,935	3,824[1]
Derivatives	7,803	7,803	–
Total financial assets	**258,657**	**263,961**	**5,304**
Borrowing from credit institutions	2,317	2,317	–
Senior securities issued	222,516	223,465	949
Derivatives	16,480	16,480	–
Subordinated securities issued	2,040	2,047	7
Total financial liabilities	**243,353**	**244,309**	**956**

Consolidated Group	December 31, 2016		
Skr mn	**Book value**	**Fair value**	**Surplus value (+) / Deficit value (–)**
Cash and cash equivalents	7,054	7,054	–
Treasuries/governments bonds	3,687	3,687	–
Other interest-bearing securities except loans	49,901	49,911	10
Loans in the form of interest-bearing securities	46,222	47,210	988
Loans to credit institutions	26,190	26,240	50
Loans to the public	147,909	150,338	2,429[1]
Derivatives	12,005	12,005	–
Total financial assets	**292,968**	**296,445**	**3,477**
Borrowing from credit institutions	3,756	3,756	–
Senior securities issued	249,192	250,151	959
Derivatives	22,072	22,072	–
Subordinated securities issued	2,266	2,265	-1
Total financial liabilities	**277,286**	**278,244**	**958**

[1] Skr 1,346 million of the surplus value (year-end 2016: Skr 1,721 million) is related to CIRR-loans. See Note 25 for more information regarding the CIRR-system.

The majority of financial liabilities and some of the financial assets in the statement of financial position are accounted for at full fair value or at a value that represents fair value for the components hedged in a hedging relationship. However, loans and receivables and other financial liabilities which are neither subject to hedge accounting nor carried at fair value using fair value option, are accounted for at amortized cost.

Determining fair value of financial instruments

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 are categorized using a fair value hierarchy. The financial instruments have been categorized under the three levels of the IFRS fair value hierarchy that reflects the significance of inputs. The categorization of these instruments is based on the lowest level of input that is significant to the fair value measurement in its entirety.

SEK uses the following hierarchy for determining and disclosing the fair value of financial instruments based on valuation techniques:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For more information on determining the fair value of financial transactions, see Note 1a.

In the process of estimating or deriving fair values for items accounted for at amortized cost, certain assumptions have been made. In those cases where quoted market values for the relevant items are available, such market values have been used.

The tables below show the fair values of the items carried at amortized cost or fair value. They are distributed according to the fair value hierarchy.

Financial assets reported at amortized cost in fair value hierarchy

Consolidated Group	December 31, 2017				
Loans and accounts receivable	Fair value				Book value
Skr mn	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Cash and cash equivalents	1,231	-	-	1,231	1,231
Treasuries/governments bonds	-	-	-	-	-
Other interest-bearing securities except loans	-	-	-	-	-
Loans in the form of interest-bearing securities	550	41,802	-	42,352	41,125
Loans to credit institutions	-	23,451	-	23,451	23,198
Loans to the public	-	144,935	-	144,935	141,111
Total financial assets in fair value hierarchy	**1,781**	**210,188**	**-**	**211,969**	**206,665**

Financial liabilities reported at amortized cost in fair value hierarchy

Consolidated Group	December 31, 2017				
Other financial liabilities	Fair value				Book value
Skr mn	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Borrowing from credit institutions	-	2,317	-	2,317	2,317
Senior securities issued	-	160,044	-	160,044	159,095
Subordinated securities issued	-	2,047	-	2,047	2,040
Total financial liabilities in fair value hierarchy	**-**	**164,408**	**-**	**164,408**	**163,452**

Financial assets reported at amortized cost in fair value hierarchy

Consolidated Group	December 31, 2016				
Loans and accounts receivable	Fair value				Book value
Skr mn	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Cash and cash equivalents	7,054	-	-	7,054	7,054
Treasuries/governments bonds	-	-	-	-	-
Other interest-bearing securities except loans	-	-	-	-	-
Loans in the form of interest-bearing securities	800	46,141	-	46,941	45,953
Loans to credit institutions	-	26,240	-	26,240	26,190
Loans to the public	-	150,338	-	150,338	147,909
Total financial assets in fair value hierarchy	**7,854**	**222,719**	**-**	**230,573**	**227,106**

Financial liabilities reported at amortized cost in fair value hierarchy

Consolidated Group	December 31, 2016				
Other financial liabilities	Fair value				Book value
Skr mn	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Borrowing from credit institutions	-	3,698	-	3,698	3,756
Senior securities issued	-	178,744	328	179,072	178,113
Subordinated securities issued	-	2,265	-	2,265	2,266
Total financial liabilities in fair value hierarchy	**-**	**184,707**	**328**	**185,035**	**184,135**

Financial assets reported at fair value in fair value hierarchy

Consolidated Group	December 31, 2017							
	Financial assets at fair value through profit or loss				Available-for-sale			
Skr mn	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	–	–	–	–	–	–	–	–
Treasuries/governments bonds	–	–	–	–	4,382	–	–	**4,382**
Other interest-bearing securities except loans	–	113	–	**113**	–	39,694	–	**39,694**
Loans in the form of interest-bearing securities	–	–	–	–	–	–	–	–
Loans to credit institutions	–	–	–	–	–	–	–	–
Loans to the public	–	–	–	–	–	–	–	–
Derivatives	–	5,829	1,974	**7,803**	–	–	–	–
Total financial assets in fair value hierarchy	**–**	**5,942**	**1,974**	**7,916**	**4,382**	**39,694**	**–**	**44,076**

Financial liabilities reported at fair value in fair value hierarchy

Consolidated Group	December 31, 2017			
	Financial liabilities at fair value through profit or loss			
Skr mn	Level 1	Level 2	Level 3	Total
Borrowing from credit institutions	–	–	–	–
Senior securities issued	–	20,426	42,995	**63,421**
Derivatives	–	13,660	2,820	**16,480**
Subordinated securities issued	–	–	–	–
Total financial liabilities in fair value hierarchy	**–**	**34,086**	**45,815**	**79,901**

There were no transfers made between levels during 2017.

Financial assets reported at fair value in fair value hierarchy

Consolidated Group	December 31, 2016							
	Financial assets at fair value through profit or loss				Available-for-sale			
Skr mn	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	–	–	–	–	–	–	–	–
Treasuries/governments bonds	–	–	–	–	3,687	–	–	**3,687**
Other interest-bearing securities except loans	1,099	125	257	**1,481**	956	47,464	–	**48,420**
Loans in the form of interest-bearing securities	269	–	–	**269**	–	–	–	–
Loans to credit institutions	–	–	–	–	–	–	–	–
Loans to the public	–	–	–	–	–	–	–	–
Derivatives	–	9,743	2,262	**12,005**	–	–	–	–
Total financial assets in fair value hierarchy	**1,368**	**9,868**	**2,519**	**13,755**	**4,643**	**47,464**	**–**	**52,107**

Financial liabilities reported at fair value in fair value hierarchy

Consolidated Group	December 31, 2016			
	Financial liabilities at fair value through profit or loss			
Skr mn	Level 1	Level 2	Level 3	Total
Borrowing from credit institutions	–	–	–	–
Senior securities issued	–	23,192	47,887	**71,079**
Derivatives	1	17,405	4,666	**22,072**
Subordinated securities issued	–	–	–	–
Total financial liabilities in fair value hierarchy	**1**	**40,597**	**52,553**	**93,151**

There were no transfers made between levels during 2016.

Financial assets and liabilities at fair value in Level 3, December 31, 2017

Consolidated Group	2017							
Skr mn	**January 1, 2017**	**Purchases**	**Settlements & sales**	**Transfers to Level 3**	**Transfers from Level 3**	**Gains (+) and losses (−) through profit or loss[1]**	**Currency exchange-rate effects**	**December 31, 2017**
Other interest-bearing securities except loans	257	–	-250	–	–	-6	-1	–
Senior securities issued	-48,217	-19,077	24,627	–	–	1,044	-1,372	-42,995
Derivatives, net	-2,404	3	-4,342	–	–	-1,202	7,099	-846
Net assets and liabilities	**-50,364**	**-19,074**	**20,035**	**–**	**–**	**-164**	**5,726**	**-43,841**

Financial assets and liabilities at fair value in Level 3, December 31, 2016

Consolidated Group	2016							
Skr mn	**January 1, 2016**	**Purchases**	**Settlements & sales**	**Transfers to Level 3**	**Transfers from Level 3**	**Gains (+) and losses (−) through profit or loss[1]**	**Currency exchange-rate effects**	**December 31, 2016**
Other interest-bearing securities except loans	261	–	–	–	–	-4	0	257
Senior securities issued	-38,709	-15,279	10,176	–	–	-651	-3,424	-47,887
Derivatives, net	-2,551	-1,259	-263	–	–	722	947	-2,404
Net assets and liabilities	**-40,999**	**-16,538**	**9,913**	**–**	**–**	**67**	**-2,477**	**-50,034**

[1] Gains and losses through profit or loss, including the impact of exchange rates, is reported as interest net revenue and net result of financial transactions. The unrealized fair value changes during the period for assets and liabilities, including the impact of exchange rates, held as of December 31, 2017, amount to Skr 768 million loss (year-end 2016: Skr 12 million profit) and are reported as net results of financial transactions.

Uncertainty of valuation of Level 3-instruments

As the estimation of the parameters included in the models to calculate the market value of Level 3-instruments is associated with subjectivity and uncertainty, SEK has, in accordance with IFRS 13, conducted an analysis of the difference in fair value of Level 3-instruments using other established parameter values. Option models and discounted cash flows are used to value the Level 3-instruments. For Level 3-instruments with a longer duration where extrapolated discount curves are used, a sensitivity analysis has been conducted with regards to the interest. The revaluation of the portfolio is made using an interest rate shift of +/− 10 basis points. For the Level 3-instruments that are significantly affected by different types of correlations, which are not based on observable market data, a revaluation has been made by shifting the correlations. The basis for this sensitivity analysis is therefore the revaluation of the relevant part of the portfolio, where the correlations have been adjusted by +/− 10 percentage points. After the revaluation is performed, the max/min value for each transaction is identified. For Level 3-instruments that are significantly affected by non-observable market data, such as SEK's own creditworthiness, a revaluation has been made by shifting the credit curve. The revaluation is made by shifting the credit spreads by +/− 10 basis points, which has been assessed as a reasonable change of SEK's credit spread. The analysis shows the impact of the non-observable market data on the market value. In addition, the market value will be affected by observable market data.

The result of the analysis corresponds with SEK's business model where issued securities are linked with a matched hedging derivative. The underlying market data is used to evaluate the issued security as well as to evaluate the fair value of the derivative. This means that a change in fair value of the issued security, excluding SEK's own credit spread, is offset by an equally large change in the fair value of the derivative.

Sensitivity analysis – level 3

Assets and liabilities	December 31, 2017					
Skr mn	**Fair Value**	**Unobservable input**	**Range of estimates for unobservable input**[1]	**Valuation method**	**Sensitivity max**	**Sensitivity min**
Interest rate	0	Credit spreads	10BP - (10BP)	Discounted cash flow	0	0
Sum other interest-bearing securities except loans	**0**				**0**	**0**
Equity	-171	Correlation	0.78 - (0.02)	Option Model	1	-1
Interest rate	1,001	Correlation	0.19 - (0.37)	Option Model	-192	178
FX	-1,512	Correlation	0.89 - (0.81)	Option Model	24	-22
Other	-164	Correlation	0.63 - (0.05)	Option Model	0	0
Sum derivatives, net	**-846**				**-167**	**155**
Equity	-680	Correlation	0.78 - (0.02)	Option Model	-1	1
		Credit spreads	10BP - (10BP)	Discounted cash flow	11	-11
Interest rate	-42,168	Correlation	0.19 - (0.37)	Option Model	195	-181
		Credit spreads	10BP - (10BP)	Discounted cash flow	106	-103
FX	-34	Correlation	0.89 - (0.81)	Option Model	-25	23
		Credit spreads	10BP - (10BP)	Discounted cash flow	92	-92
Other	-113	Correlation	0.63 - (0.05)	Option Model	0	0
		Credit spreads	10BP - (10BP)	Discounted cash flow	3	-3
Sum senior securities issued	**-42,995**				**381**	**-366**
Total effect on profit or loss[2]					**214**	**-211**

Sensitivity analysis – level 3

Assets and liabilities	December 31, 2016					
Skr mn	**Fair Value**	**Unobservable input**	**Range of estimates for unobservable input**[1]	**Valuation method**	**Sensitivity max**	**Sensitivity min**
Interest rate	257	Credit spreads	10BP - (10BP)	Discounted cash flow	0	0
Sum other interest-bearing securities except loans	**257**				**0**	**0**
Equity	-1,270	Correlation	0.74 - (0.01)	Option Model	3	-1
Interest rate	1,017	Correlation	0.09 - (0.12)	Option Model	-220	207
FX	-1,989	Correlation	0.83 - (0.76)	Option Model	31	-30
Other	-162	Correlation	0.55 - (0.04)	Option Model	0	0
Sum derivatives, net	**-2,404**				**-186**	**176**
Equity	-21,515	Correlation	0.74 - (0.01)	Option Model	-3	1
		Credit spreads	10BP - (10BP)	Discounted cash flow	24	-24
Interest rate	-26,224	Correlation	0.09 - (0.12)	Option Model	222	-211
		Credit spreads	10BP - (10BP)	Discounted cash flow	125	-125
FX	-4	Correlation	0.83 - (0.76)	Option Model	-51	52
		Credit spreads	10BP - (10BP)	Discounted cash flow	94	-94
Other	-144	Correlation	0.55 - (0.04)	Option Model	0	0
		Credit spreads	10BP - (10BP)	Discounted cash flow	2	-2
Sum senior securities issued	**-47,887**				**413**	**-403**
Total effect on profit or loss[2]					**227**	**-227**

1 Represents the range of correlations that SEK has determined market participants would use when pricing the instruments. The structures are represented both in the security and the derivative hedging the bond. The sensitivity analysis is based on a shift in the interval for correlation between 0.1 and –0.1. The correlation is expressed as a value between 1 and –1, where 0 indicates no relationship, 1 indicates maximum positive relationship and -1 indicates maximum negative relationship. The maximum correlation in the range of unobservable inputs can thus be from 1 to –1. The table presents the scenario analysis of the effect on Level 3-instruments, with maximum positive and negative changes.

2 Of the total impact on profit or loss, the sensitivity effect of SEK's own credit spread was Skr 211 million (year-end 2016: Skr 244 million) under a maximum scenario and Skr -208 million (year-end 2016: Skr -244 million) under a minimum scenario.

Fair value related to credit risk

Skr mn	Fair value originating from credit risk (– liabilities increase/ + liabilities decrease) December 31, 2017	December 31, 2016	The period's change in fair value origination from credit risk (+ income/ – loss) Jan-Dec 2017	Jan-Dec 2016
CVA/DVA, net[1]	-8	-14	6	9
OCA[2]	-578	-383	-195	1

[1] Credit value adjustment (CVA) and Debt value adjustment (DVA) reflects how the counterparties' credit risk as well as SEK's own credit rating affects the fair value of derivatives.
[2] Own credit adjustment (OCA) reflects how the changes in SEK's credit rating affects the fair value of financial liabilities measured at fair value through profit and loss.

Note 14. Derivatives

The amounts reported concern the Consolidated Group unless otherwise stated. The amounts reported for the Consolidated Group and the Parent Company are essentially the same.

Derivatives by categories

Consolidated Group	December 31, 2017			December 31, 2016		
Skr mn	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
Interest rate-related contracts	3,781	9,132	245,788	4,309	9,909	244,854
Currency-related contracts	3,772	6,879	139,614	7,115	10,302	137,656
Equity-related contracts	250	303	13,246	581	1,683	24,829
Contracts related to commodities, credit risk, etc.	–	166	-1,183	–	178	2,662
Total derivatives	**7,803**	**16,480**	**397,465**	**12,005**	**22,072**	**410,001**

Consolidated Group	December 31, 2017			December 31, 2016		
of which derivatives used for economic hedges, accounted for as held-for-trading under IAS39 Skr mn	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
Interest rate-related contracts	2,603	6,358	119,239	2,724	7,163	113,684
Currency-related contracts	1,501	4,003	92,133	3,120	6,841	94,521
Equity-related contracts	250	303	13,246	581	1,683	24,829
Contracts related to commodities, credit risk, etc.	–	166	-1,183	–	178	2,662
Total derivatives	**4,354**	**10,830**	**223,435**	**6,425**	**15,865**	**235,696**

Consolidated Group	December 31, 2017			December 31, 2016		
of which derivatives used for hedge accounting Skr mn	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
Interest rate-related contracts	1,178	2,774	126,549	1,586	2,746	131,170
Currency-related contracts	2,271	2,876	47,481	3,995	3,461	43,136
Total derivatives	**3,449**	**5,650**	**174,030**	**5,581**	**6,207**	**174,306**
of which cash-flow hedges	**–**	**–**	**–**	–	–	–
of which fair-value hedges	**3,449**	**5,650**	**174,030**	5,581	6,207	174,306

Derivatives used as fair-value hedge

Consolidated Group	December 31, 2017				
Skr mn	< 1 month	1 month < 3 months	3 months < 1 year	1 year < 5 years	> 5 years
Cash inflows (assets)	47	238	700	3,428	459
Cash outflows (liabilities)	8	56	-977	-1,526	-869
Net cash inflow	**55**	**294**	**-277**	**1,902**	**-410**

Derivatives used as fair-value hedge

Consolidated Group	December 31, 2016				
Skr mn	< 1 month	1 month < 3 months	3 months < 1 year	1 year < 5 years	> 5 years
Cash inflows (assets)	369	1,252	598	1,842	1,059
Cash outflows (liabilities)	130	-7	-234	-1,521	-702
Net cash inflow	**499**	**1,245**	**364**	**321**	**357**

Cash-flow hedges reclassified to profit or loss during the year

Skr mn	2017	2016
Interest income	91	169[1]
Interest expense	–	–
Total	**91**	**169**

[1] Relates to previously terminated cash flow hedges which comprehensive income is allocated over the previously hedged item's remaining maturity.

In accordance with SEK's policies with regard to counterparty, interest rate, currency exchange-rate, and other exposures, SEK uses, and is a party to, different kinds of derivative instruments, mostly various interest rate-related and currency exchange-rate-related contracts. These contracts are carried at fair value in the statements of financial position on a contract-by-contract basis.

SEK uses derivatives to hedge risk exposure inherent in financial assets and liabilities. Derivatives are measured at fair value by using market quoted rates where available. If market quotes are not available, valuation models are used. SEK uses models to adjust the net exposure fair value for changes in counterparties' credit quality. The models used include both directly observable and non-observable market parameters.

The majority of SEK's derivative contracts are what are known as OTC (over the counter) derivatives, i.e. derivative contracts that are not transacted on an exchange. SEK's derivative transactions that are not transacted on an exchange are entered into under ISDA Master Netting Agreements. In general, under such agreements the amounts owed by each counterparty in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs and all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions. SEK endeavors to only enter into derivatives transactions with counterparties in jurisdictions where such netting is enforceable when such events occur.

The above ISDA arrangements do not meet the criteria for offsetting in the statement of financial position. This is because such agreements create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of SEK or the counterparties. In addition, SEK and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The ISDA Master Netting Agreements are complemented by supplementary agreements providing for the collateralization of counterparty exposure. SEK receives and accepts collateral in the form of cash. Such collateral is subject to the standard industry terms of a CSA.

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that cover similar financial instruments. SEK only enters into derivative transactions that are subject to enforceable master netting agreements or similar agreements. SEK has no financial assets or liabilities that are offset in the statement of financial position.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	December 31, 2017	December 31, 2016
Skr mn	Derivatives	Derivatives
Gross amounts of recognized financial assets	7,803	12,005
Amounts offset in the statement of financial position	–	–
Net amounts of financial assets presented in the statement of financial position	**7,803**	**12,005**
Amounts subject to an enforceable master netting arrangement or similar agreement not offset in the statement of financial position related to:		
Financial instruments	-5,713	-8,675
Cash collateral received	-1,784	-3,104
Net amount	**306**	**226**

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	December 31, 2017	December 31, 2016
Skr mn	Derivatives	Derivatives
Gross amounts of recognized financial liabilities	16,480	22,072
Amounts offset in the statement of financial position	–	–
Net amounts of financial liabilities presented in the statement of financial position	**16,480**	**22,072**
Amounts subject to an enforceable master netting arrangement or similar agreement not offset in the statement of financial position related to:		
Financial instruments	-5,713	-8,675
Cash collateral paid	-9,031	-8,854
Net amount	**1,736**	**4,543**

Note 15. Shares

Venantius AB (being wound down) is domiciled in Stockholm, Sweden, and is wholly owned by SEK. The Parent Company has 2017 given a contribution to Venantius AB. The net profit for the year amounts to Skr 10 million (2016: Skr 0 million). Dividend to Parent Company amounts to Skr 1 million (2016: Skr 2 million).

Shares in subsidiaries	December 31, 2017		December 31, 2016	
Skr mn	**Book value**	**Number of shares**	**Book value**	**Number of shares**
Venantius AB (reg no 556449-5116)	24	5,000,500	17	5,000,500

Note 16. Other assets

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Claim against the State for CIRR-loans and concessionary loans	3,309	3,267	3,309	3,267
Cash receivables, funding operations	198	837	198	837
Other	49	63	49	63
Total	**3,556**	**4,167**	**3,556**	**4,167**

Note 17. Prepaid expenses and accrued revenues

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Interest revenues accrued	2,075	2,163	2,075	2,163
Prepaid expenses and other accrued revenues	16	21	16	21
Total	**2,091**	**2,184**	**2,091**	**2,184**

Note 18. Debt

	Consolidated Group December 31, 2017			Parent Company December 31, 2017		
Skr mn	**Total debt excluding senior securities issued**	**Total senior securities issued**	**Total**	**Total debt excluding senior securities issued**	**Total senior securities issued**	**Total**
Exchange-rate related contracts	–	33,016	33,016	–	33,016	33,016
Interest rate related contracts	2,317	188,607	190,924	2,317	188,607	190,924
Equity related contracts	–	779	779	–	779	779
Contracts related to raw materials, credit risk etc	–	114	114	–	114	114
Total debt outstanding	**2,317**	**222,516**	**224,833**	**2,317**	**222,516**	**224,833**
of which denominated in:						
Skr			1,116			1,116
USD			119,112			119,112
JPY			32,988			32,988
EUR			29,191			29,191
Other currencies			42,426			42,426

Skr mn	Consolidated Group December 31, 2016 Total debt excluding senior securities issued	Total senior securities issued	Total	Parent Company December 31, 2016 Total debt excluding senior securities issued	Total senior securities issued	Total
Exchange-rate related contracts	–	42,052	42,052	–	42,052	42,052
Interest rate related contracts	3,756	183,090	186,846	3,756	183,090	186,846
Equity related contracts	–	23,906	23,906	–	23,906	23,906
Contracts related to raw materials, credit risk etc	–	144	144	–	144	144
Total debt outstanding	**3,756**	**249,192**	**252,948**	**3,756**	**249,192**	**252,948**
of which denominated in:						
Skr			1,594			1,594
USD			140,749			140,749
JPY			34,659			34,659
EUR			28,810			28,810
Other currencies			47,137			47,137

Contracts have been categorized based on the contracts' main properties. If all properties were taken into account, a transaction could be contained in several categories.

SEK has the following major Borrowing programs in place:

Skr mn	Value outstanding [1] December 31, 2017	December 31, 2016
Medium-term note program:		
Unlimited Euro Medium-Term Note Programme	98,189	111,358
Unlimited SEC-registered U.S. Medium-Term Note Programme	111,444	128,641
Unlimited Swedish Medium-Term Note Programme	256	371
Unlimited MTN/STN AUD Debt Issuance Programme	3,607	3,353
Commercial paper program:		
USD 3,000,000,000 U.S. Commercial Paper Programme	1,637	–

[1] Amortized cost excluding fair value adjustments.

The amounts reported for the Consolidated Group and the Parent Company are the same.

Liabilities in financing activities

Skr mn	December31, 2016	Cash flow	Non-cash items Exchange-rate difference	Unrealized changes in fair value	December 31, 2017
Senior debt	252,948	-9,919	-18,254	58	224,833
Subordinated debt	2,266	–	-219	-7	2,040
Derivatives – net	10,067	-4,931	3,894	-353	8,677
Total liabilities in financing activities	**265,281**	**-14,850**	**-14,579**	**-302**	**235,550**

Note 19. Other liabilities

Skr mn	Consolidated Group December 31, 2017	December 31, 2016	Parent Company December 31, 2017	December 31, 2016
Liabilities to subsidiaries	–		7	–
Cash payables, debt purchases	668	2,056	668	2,056
Other	158	318	158	318
Total	**826**	**2,374**	**833**	**2,374**

Note 20. Accrued expenses and prepaid revenues

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Interest expenses accrued	2,023	2,000	2,023	2,000
Other accrued expenses and prepaid revenues	40	36	40	36
Total	**2,063**	**2,036**	**2,063**	**2,036**

Note 21. Provisions

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Pension liabilities (see Note 5)	40	38	11	12
Long term employee benefit	4	4	4	4
Termination reserve	1	9	0	0
Total	**45**	**51**	**15**	**16**

Note 22. Subordinated debt securities

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Fixed Rate Resettable Dated Subordinated Instruments[1]	2,040	2,266	2,040	2,266
Total subordinated debt outstanding	**2,040**	**2,266**	**2,040**	**2,266**
of which denominated in:				
Swedish kronor	–	–	–	
Foreign currencies	2,040	2,266	2,040	2,266
	2017	**2016**	**2017**	**2016**
Total interest expense	61	62	61	62
of which accrued interest[2]	8	9	8	9

[1] Nominal value USD 250 million fixed rate resettable dated subordinated instruments due November 14, 2023 (the dated subordinated instruments) were issued by SEK, 556084-0315, under the regulatory framework in effect on November 14th, 2013 (the issue date) at a price of 99.456 percent of the aggregate nominal amount. English law applies to the dated subordinated instruments.

SEK's dated subordinated instruments will bear interest (i) from (and including) the issue date, to (but excluding) November 14, 2018 (the optional redemption date (call)) at the rate of 2.875 per cent per annum payable semi-annually in arrears on May 14 and November 14 in each year commencing on May 14, 2014 and ending on November 14, 2018 and (ii) from (and including) the optional redemption date (call) to (but excluding) November 14, 2023 (the maturity date) at a rate of 1.45 per cent per annum above the applicable swap rate for USD swap transactions with a maturity of five years determined in accordance with market convention and payable semi-annually in arrears on May 14 and November 14 in each year commencing on May 14, 2019 and ending on the maturity date.

Unless previously redeemed or purchased and cancelled, SEK's dated subordinated instruments will be redeemed at their principal amount on the maturity date. Subject to certain conditions as provided in the applicable terms and conditions, the dated subordinated instruments may be redeemed at the option of SEK in whole, but not in part, (i) on the optional redemption date (call), (ii) at any time for certain withholding tax reasons or (iii) at any time upon the occurrence of a capital event (as defined in the applicable terms and conditions), in each case at their principal amount together with interest accrued to (but excluding) the date of redemption. Redemption is subject to the prior consent of the Swedish Financial Supervisory Authority.

[2] The accrued interest is attributable to subordinated borrowing and is included in "Accrued expenses and prepaid revenues".

Subordinated debt means debt for which, in the event of the obligor being declared bankrupt, the holder would be repaid after other creditors, but before shareholders.

Note 23. Equity

Skr mn	Consolidated Group December 31, 2017	Consolidated Group December 31, 2016	Parent Company December 31, 2017	Parent Company December 31, 2016
Share capital	3,990	3,990	3,990	3,990
Legal reserve	–	–	198	198
Fund for internally developed software	–	–	28	29
Reserves/Fair value reserve				
Hedge reserve	25	96	26	96
Fair value reserve	9	35	9	35
Defined benefit plans	-4	-1	–	–
Retained earnings	13,554	13,016	11,442	10,811
Total equity	**17,574**	**17,136**	**15,693**	**15,159**

The total number of shares is 3,990,000 with a quota value of Skr 1,000.

The hedge reserve comprises the cumulative effective portion of hedging derivatives in connection with cash-flow hedges and is reported in other comprehensive income. The hedge reserve is reported net after-tax.

The fair value reserve is displayed as after-tax difference between fair value and amortized cost recognized through other comprehensive income related to available-for-sale securities. In the cases in which an asset available-for-sale is included in a hedge relationship, the reserve includes the difference between the fair value and the amortized cost value revalued at fair value with regard to the risk being hedged. The difference normally consists of the cumulative change in the credit spread. Of the reserve represented interest-bearing securities with positive changes in fair value amounted to Skr 11 million (year-end 2016: Skr 4 million), Skr -17 million, (year-end 2016: Skr -37 million) represented interest-bearing securities with negative changes in fair value.

Fund for internally developed software represents expenses that are directly attributable to large investments in the development of IT systems.

The entire equity is attributable to the shareholder of the Parent Company.

According to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, the non-distributable capital and the distributable capital for the Consolidated Group at year-end are as follows:

Skr mn	Consolidated Group December 31, 2017	Consolidated Group December 31, 2016	Parent Company December 31, 2017	Parent Company December 31, 2016
Restricted equity	6,122	6,218	4,216	4,217
Unrestricted equity	11,452	10,918	11,477	10,942
Total equity	**17,574**	**17,136**	**15,693**	**15,159**

The Legal reserve reported in the Parent Company represents previous demands for statutory provision to non-distributable capital. The requirement was abolished January 1, 2006, and prior provisions remain. For information on the objectives, policies and processes for managing capital, see Report of the directors and the section on Risk and Capital Management.

Proposal for the distribution of profits

The results of the Consolidated Group's and the Parent Company's operations during the year and its financial position at December 31, 2017, can be seen in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows for the Consolidated Group as well as the income statement, balance sheet and statement of cash flows for the Parent Company and related Notes. The Board has decided to propose to the Annual General Meeting the payment of a dividend of Skr 232 million (2016: Skr 234 million), in accordance with the company's dividend policy. The following proposal regarding distribution of profits relates to the Parent Company.

At the disposal of the Annual General Meeting	11,477
The Board of Directors proposes that the Annual General Meeting dispose of these funds as follows:	
- dividend to the shareholder of Skr 58,05 per share, amounting to	232
- remaining disposable funds to be carried forward	**11,245**

Note 24. Pledged assets and contingent liabilities

Skr mn	December 31, 2017	December 31, 2016
Collateral provided		
Cash collateral under the security agreements for derivative contracts	10,314	11,621
Contingent liabilities		
Guarantee commitments	3,360	3,027
Commitments		
Committed undisbursed loans	72,914	54,783
Binding offers	1,211	4,630

Note 25. CIRR-system

Pursuant to the company's assignment as stated in its owner instruction issued by the Swedish government, SEK administers credit granting in the Swedish system for officially supported export credits (CIRR-system). SEK receives compensation from the Swedish government in the form of an administrative fee, which is calculated based on the principal amount outstanding.

All assets and liabilities related to the CIRR-system are included in the Consolidated Statement of Financial Position and in the Parent Company's balance sheet since SEK bears the credit risk for the lending and acts as the counterparty for lending and borrowing. Unrealized revaluation effects on derivatives related to the CIRR-system are recognized on a net basis under Note 16 Other Assets in the item Claim against the State for CIRR-loans and concessionary loans.

SEK has determined that the CIRR-system should be considered an assignment whereby SEK acts as an agent on behalf of the Swedish government, rather than being the principal in individual transactions. Accordingly, interest income, interest expense and other costs pertaining to CIRR-system assets and liabilities are not recognized in SEK's Statement of Comprehensive Income.

The administrative compensation received by SEK from the Swedish government is recognized as part of interest income in SEK's Statement of Comprehensive Income since the commission received in compensation is equivalent to interest. Any income for SEK that arises from its credit arranger role is recognized in SEK's Statement of Comprehensive Income under net interest income. Refer also to Note 1a (f).

The administrative fee paid by the state to SEK as compensation is recognized in the CIRR-system as administrative compensation to SEK. Arrangement fees to SEK are recognized together with other arrangement fees such as interest expenses. Refer to the following tables.

In addition to the CIRR-system, SEK administers the Swedish government's previous concessionary credit program according to the same principles as the CIRR-system. No new lending is being offered under the concessionary credit program. As of December 31, 2017, loans outstanding amounted to Skr 754 million (year-end 2016: Skr 991 million) and the government noted a negative result of Skr -48 million (2016: Skr -53 million). Administrative compensation to SEK amounted to Skr -2 million (2016: Skr -2 million).

Statement of comprehensive income for the CIRR-system

Skr mn	2017	2016
Interest revenues	1,343	1,185
Interest expenses	-1,115	-961
Net interest revenues	**228**	**224**
Interest compensation	26	121
Foreign exchange effects	-6	4
Profit before compensation to SEK	**248**	**349**
Administrative remuneration to SEK	-123	-114
Operating profit CIRR-system	**125**	**235**
Reimbursement to (-) / from (+) the State	-125	-235

Statement of financial position for the CIRR-system (included in SEK's statement of financial position)

Skr mn	December 31, 2017	December 31, 2016
Cash and cash equivalents	10	55
Loans	49,124	49,802
Derivatives	522	321
Other assets	3,472	3,414
Prepaid expenses and accrued revenues	364	352
Total assets	**53,492**	**53,944**
Liabilities	49,252	49,991
Derivatives	3,789	3,576
Accrued expenses and prepaid revenues	451	377
Total liabilities and equity	**53,492**	**53,944**
Commitments		
Committed undisbursed loans	69,166	49,080
Binding offers	628	2,911

Note 26. Capital adequacy

Capital adequacy analysis

The Consolidated Group encompasses the Parent Company AB Svensk Exportkredit and its wholly owned subsidiary Venantius AB, including the latter's wholly owned subsidiary VF Finans AB. Group entities are fully consolidated for accounting and supervisory purposes. No current or anticipated material restrictions to prompt transfer of own funds or repayment of liabilities among the Parent or its subsidiaries have been identified.

	Consolidated Group		Parent Company	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Capital ratios excl. buffer requirements[1]				
Common Equity Tier 1 ratio	*20.6%*	*22.1%*	*20.6%*	*22.1%*
Tier 1 capital ratio	*20.6%*	*22.1%*	*20.6%*	*22.1%*
Total capital ratio	*23.0%*	*25.1%*	*23.0%*	*25.1%*
Institution specific Common Equity Tier 1 capital requirement incl. buffers[2]	**8.4%**	**8.0%**	**8.4%**	**8.0%**
of which Common Equity Tier 1 capital requirement	*4.5%*	*4.5%*	*4.5%*	*4.5%*
of which capital conservation buffer	*2.5%*	*2.5%*	*2.5%*	*2.5%*
of which countercyclical buffer	1.4%	*1.0%*	1.4%	*1.0%*
of which systemic risk buffer	-	-	-	-
Common Equity Tier 1 capital available as a buffer[3]	**14.6%**	**16.1%**	**14.6%**	**16.1%**
Total capital ratio according to Basel I floor[4]	**21.9%**	**22.8%**	**21.9%**	**22.8%**

1 Capital ratios excluding buffer requirements are the quotients of the relevant capital metric and the total risk-weighted exposure amount. The minimum requirements, which were implemented in Sweden without a transitional period, are 4.5 percent, 6.0 percent and 8.0 percent for Common Equity Tier 1 capital, Tier 1 capital and total own funds, respectively. The minimum requirements apply in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of June 26, 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (CRR). The change in capital ratios compared to year-end 2016 is primarily due to SEK applying the internal rating-based (IRB) approach to exposures to central and regional governments and to multilateral development banks.

2 Minimum Common Equity Tier 1 capital requirement, expressed as a percentage of the total risk-weighted exposure amount.

3 The Common Equity Tier 1 ratio less the statutory minimum requirement of 4.5 percent and less 1.5 percent, which comprises Common Equity Tier 1 capital items used, since SEK lacks other Tier 1 capital, to meet the difference in the minimum requirement between Tier 1 capital and Common Equity Tier 1 capital. Accordingly, at year-end 2017, the capital ratio shows the availability to meet buffer requirements after deducting the minimum requirement. The value at year-end 2016 has been restated due to this change in the calculation method.

4 The minimum requirement is 8.0 percent.

Own funds — adjusting items

	Consolidated Group		Parent Company	
Skr mn	**December 31, 2017**	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Share capital [1]	3,990	3,990	3,990	3,990
Retained earnings	12,782	12,236	10,577	9,477
Accumulated other comprehensive income and other reserves	30	130	260	358
Independently reviewed profit net of any foreseeable charge or dividend	540	546	632	1,100
Common Equity Tier 1 (CET1) capital before regulatory adjustments	**17,342**	**16,902**	**15,459**	**14,925**
Equity-portions of untaxed reserves	–	–	1,906	2,000
Additional value adjustments due to prudent valuation	-396	-444	-396	-444
Intangible assets	-66	-101	-66	-101
Fair-value reserves related to gains or losses on cash-flow hedges	-25	-96	-25	-96
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	446	281	446	281
Negative amounts resulting from the calculation of expected loss amounts	-65	–	-65	–
Total regulatory adjustments to Common Equity Tier 1 capital	**-106**	**-360**	**1,800**	**1,640**
Total Common Equity Tier 1 capital	**17,236**	**16,542**	**17,259**	**16,565**
Additional Tier 1 capital	–	–	–	–
Total Tier 1 capital	**17,236**	**16,542**	**17,259**	**16,565**
Tier 2-eligible subordinated debt [2]	2,049	2,267	2,049	2,267
Credit risk adjustments [3]	–	12	–	12
Total Tier 2 capital	**2,049**	**2,279**	**2,049**	**2,279**
Total Own funds	**19,285**	**18,821**	**19,308**	**18,844**
Total Own funds according to Basel I floor	**19,350**	**18,809**	**19,373**	**18,832**

1 For a detailed description of the instruments constituting share capital, see Note 23.
2 For a detailed description of the instruments constituting Tier 2-eligible subordinated debt, see Note 22.
3 The expected loss amount calculated under the IRB approach is a gross deduction from own funds. The gross deduction is decreased by impairment related to exposures for which expected loss is calculated. Excess amounts of such impairment will increase own funds. This increase is limited to 0.6 percent of SEK's risk exposure amount under the IRB approach related to exposures to central governments, corporates and financial institutions. As of December 31, 2017, the limitation rule had no effect (year-end 2016: no effect).

Minimum capital requirements exclusive of buffers

	Consolidated Group						Parent Company					
	December 31, 2017			December 31, 2016			December 31, 2017			December 31, 2016		
Skr mn	**EAD[1]**	**Risk exposure amount**	**Min. capital Req.**	**EAD**	**Risk exposure amount**	**Min. capital Req.**	**EAD**	**Risk exposure amount**	**Min. capital Req.**	**EAD**	**Risk exposure amount**	**Min. capital Req.**
Credit risk, standardized approach[2]												
Central governments	–	–	–	145,531	963	77	–	–	–	145,531	963	77
Regional governments	–	–	–	19,904	–	–	–	–	–	19,904	–	–
Multilateral development banks	–	–	–	1,900	–	–	–	–	–	1,900	–	–
Corporates	1,316	1,316	105	1,450	1,450	116	1,316	1,316	105	1,450	1,450	116
Total credit risk, standardized approach	*1,316*	*1,316*	*105*	*168,785*	*2,413*	*193*	*1,316*	*1,316*	*105*	*168,785*	*2,413*	*193*
Credit risk, IRB approach[2]												
Central governments	161,429	9,331	747	–	–	–	161,429	9,331	747	–	–	–
Financial institutions[3]	38,163	12,688	1,015	44,947	14,089	1,127	38,148	12,684	1,014	44,926	14,084	1,127
Corporates[4]	104,630	53,763	4,301	95,519	51,104	4,088	104,630	53,763	4,301	95,519	51,104	4,088
Non-credit-obligation assets	121	121	10	123	123	10	145	145	12	139	139	11
Total credit risk IRB approach	*304,343*	*75,903*	*6,073*	*140,589*	*65,316*	*5,225*	*304,352*	*75,923*	*6,074*	*140,584*	*65,327*	*5,226*
Credit valuation adjustment risk	n.a.	1,989	159	n.a.	2,526	202	n.a.	1,989	159	n.a.	2,526	202
Foreign exchange risk	n.a.	1,326	106	n.a.	999	81	n.a.	1,326	106	n.a.	999	81
Commodity risk	n.a.	13	1	n.a.	14	1	n.a.	13	1	n.a.	14	1
Operational risk	n.a.	3,284	263	n.a.	3,669	293	n.a.	3,285	263	n.a.	3,668	293
Total	**305,659**	**83,831**	**6,707**	**309,374**	**74,937**	**5,995**	**305,668**	**83,852**	**6,708**	**309,369**	**74,947**	**5,996**
Adjustment according to Basel I floor	n.a.	4,503	360	n.a.	7,572	606	n.a.	4,499	360	n.a.	7,586	607
Total incl. Basel I floor	**n.a.**	**88,334**	**7,067**	**n.a.**	**82,509**	**6,601**	**n.a.**	**88,351**	**7,068**	**n.a.**	**82,533**	**6,603**

1 Exposure at default (EAD) shows the size of the outstanding exposure at default.
2 Exposure classes within the standardized approach and the IRB approach that have no outcomes have been omitted in the listing.
3 Of which counterparty risk in derivative contracts: EAD 4,131 million (year-end 2016: Skr 4,515 million), Risk exposure amount of Skr 1,574 million (year-end 2016: Skr 1,784 million) and Capital requirement of Skr 126 million (year-end 2016: Skr 143 million).
4 Of which related to Specialized lending: EAD 2,478 million (year-end 2016: Skr 2,853 million), Risk exposure amount of Skr 1,643 million (year-end 2016: Skr 1,942 million) and Capital requirement of Skr 131 million (year-end 2016: Skr 155 million).

Credit risk by PD grade

The tables illustrate the exposure at default (EAD), the portion of the exposure that will be lost in the event of a default (LGD) and the probability of default or cancellation of payments by a counterparty (PD) for the exposure classes where PD is estimated internally. Average PD is calculated without consideration of PD floors. Average PD and LGD are weighted by EAD, the average risk weight is the quotient of risk exposure amount and EAD. The amounts reported concern the Consolidated Group, and the amounts for the Parent Company are essentially the same.

Consolidated Group	December 31, 2017					December 31, 2016				
Skr mn	**AAA to AA– 0.003–0.02%**	**A+ to A– 0.03–0.07%**	**BBB+ to BBB– 0.12–0.32%**	**BB+ to B– 0.53–6.47%**	**CCC to D 25.29–100%**	**AAA to AA– – –**	**A+ to A– – –**	**BBB+ to BBB– – –**	**BB+ to B– – –**	**CCC to D – –**
Central governments[1]										
EAD	153,496	7,107	–	826	–	–	–	–	–	–
Average PD in %	0.004	0.04	–	0.9	–	–	–	–	–	–
Average LGD in %	45.0	45.0	–	45.0	–	–	–	–	–	–
Average risk weight in %	4.7	19.0	–	93.6	–	–	–	–	–	–

[1]Figures for 2016 are missing since the transition to the IRB approach was made in 2017.

Consolidated Group	December 31, 2017					December 31, 2016				
Skr mn	**AAA to AA– 0.01–0.04%**	**A+ to A– 0.06–0.12%**	**BBB+ to BBB– 0.17–0.34%**	**BB+ to B– 0.54–8.40%**	**CCC to D 28.60–100%**	**AAA to AA– 0.01–0.04%**	**A+ to A– 0.05–0.12%**	**BBB+ to BBB– 0.17–0.34%**	**BB+ to B– 0.58–8.68%**	**CCC to D 28.52–100%**
Financial institutions										
EAD	9,368	25,926	1,722	1,149	–	9,198	32,664	1,814	1,271	–
Average PD in %	0.04	0.08	0.23	0.84	–	0.04	0.08	0.20	0.84	–
Average LGD in %	41.6	44.3	45.0	45.0	–	36.7	43.3	45.0	45.0	–
Average risk weight in %	22.3	31.3	65.1	117.8	–	19.6	29.6	61.8	117.8	–
Corporates										
EAD	7,871	18,515	59,574	16,153	40	5,516	20,690	46,118	20,285	57
Average PD in %	0.03	0.10	0.25	0.81	65.59	0.03	0.10	0.24	0.87	81.32
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 %	18.5	33.6	51.3	85.6	127.1	18.6	32.1	50.3	89.9	69.0

Credit risks

For risk classification and quantification of credit risk, SEK uses an internal ratings-based (IRB) approach. The Swedish FSA has approved SEK's IRB approach. Specifically, SEK applies the foundation IRB approach. Under the foundation IRB approach, the company determines the PD within one year of each of its counterparties, while the remaining parameters are established in accordance with the CRR. Certain exposures are, by permission from the Swedish FSA, exempted from application of the IRB approach and, instead, the standardized approach is applied for calculating the capital requirement. For further information regarding these exposures see the Risk measurement section in Note 27. The Swedish FSA has given SEK permission to apply the IRB approach from March 31, 2017, with regard to exposures toward central governments, regional governments and multilateral development banks.

The minimum capital requirement for these exposures increased on the transition to the IRB approach, which largely explains why SEK's total minimum capital requirement for credit risks increased 14 percent in 2017 compared with year-end 2016.

Counterparty risk exposure amounts in derivative contracts are calculated in accordance with the mark-to-market approach.

Credit valuation adjustment risk

A capital requirement for credit valuation adjustment risk is calculated for all OTC derivatives, except for credit derivatives used as credit-risk hedges and transactions with a qualifying central counterparty. SEK calculates this capital requirement using the standardized approach.

Foreign exchange risk

Foreign exchange risk is calculated with the standardized approach, whereas the scenario approach is used for calculating the gamma and volatility risks.

Commodity risk

Own funds requirements for commodity risk are calculated using the simplified approach under the standardized approach, and where the scenario approach is used for calculating the gamma and volatility risks.

Operational risk

The capital requirement for operational risk is calculated with the standardized approach, whereby the company's operations are divided into business areas as defined in the CRR. The 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 fiscal years for each business area.

Transitional rules
The CRR states that the previously applicable transitional rules, i.e. the Basel I floor, will continue to apply until year-end 2017. According to the transitional rules, the capital requirement 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 under the CRR, the capital requirement under the Basel-I-based rules should constitute the minimum capital requirement.

Capital buffer requirements
SEK is to meet capital buffer requirements with Common Equity Tier 1 capital. SEK has not been classified as a systemically important institution. Accordingly, the capital buffer requirements for systemically important institutions that entered into force on January 1, 2016 do not apply to SEK. There is no systemic risk buffer applicable for SEK that is active at the moment. A countercyclical capital buffer rate of 2.0 percent is applied to exposures located in Sweden as of March 19, 2017 and going forward. At December 31, 2017, the capital requirement related to credit-risk exposures in Sweden was 67 percent (year-end 2016: 69 percent) of the total capital requirement regardless of location, this fraction is also the weight applied to the Swedish buffer rate when calculating SEK's countercyclical capital buffer. Buffer rates activated in other countries may impact SEK, but as most capital requirements from relevant credit exposures are related to Sweden, the potential effect is limited. At December 31, 2017, the contribution to SEK's countercyclical capital buffer from buffer rates in other countries was 0.05 percentage points (year-end 2016: 0.01 percentage points).

Leverage ratio

	Consolidated Group	
Skr mn	**December 31, 2017**	**December 31, 2016**
Exposure measure for the leverage ratio		
On-balance-sheet exposures	249,244	278,324
Off-balance-sheet exposures	42,168	35,626
Total exposure measure	**291,412**	**313,950**
Leverage ratio	**5.9%**	**5.3%**

The leverage ratio is a metric introduced in 2015. Currently, there is no minimum requirement. The leverage ratio is defined in the CRR as the quotient of the Tier 1 capital and an exposure measure. The exposure measure consists of assets, with special treatment of derivatives among other items, and off-balance-sheet credit-risk exposures that have been weighted with a factor depending on the type of exposure.

Internally assessed capital adequacy

	Consolidated Group	
Skr mn	**December 31, 2017**	**December 31, 2016**
Credit risk	6,898	7,481
Operational risk	142	182
Market risk	1,573	1,597
Other risks	170	258
Capital planning buffer	2,005	1,668
Total	**10,788**	**11,186**

SEK regularly conducts an internal capital adequacy assessment process (ICAAP), during which the company determines how much capital is needed to cover its risks. The result of SEK's capital adequacy assessment is presented above. For more information regarding the ICAAP and its methods, please see the Risk and capital management section.

Note 27. Risk information

Contents

For further information on SEK's risk management, see the Risk and capital management section, on pages 40–45.

The amounts reported pertain to the Consolidated Group unless otherwise stated. Under the supervisory regulations, the consolidated situation for SEK does not differ from the consolidation made under the consolidated accounts. The amounts reported for the Consolidated Group and the Parent Company are essentially the same.

The table of credit quality as per category in the statement of financial position and the table illustrating the link between the statement of financial position categories and exposures under the CRR contain carrying amounts. Other tables show amounts in accordance with the capital requirements calculations, however before application of conversion factors.

Credit risk
Credit risk is defined as the risk of incurring a loss due to a counterparty or issuer not meeting its contractual obligations to SEK and where the collateral does not cover the receivable. Credit risk is divided into issuer risk, counterparty risk and settlement risk. Credit risk also includes concentration risk.

SEK's credit risks are limited using a risk-based selection of counterparties and are further mitigated by the use of guarantees, netting agreements, collateral and credit derivatives. SEK's appetite for credit risk is significantly greater than its appetite for other risks.

Risk management
The Risk policy and the Credit Policy

The Risk Policy and the Credit Policy issued by the Board, and the Credit Instruction issued by the Board's Credit Committee are the foundations upon which SEK's credit risk management is based. These policy documents constitute the framework for the level of credit risk that SEK can accept and describe the decision-making structure and credit-decision mandate, the credit process, fundamental principles for loan limits and the management of problem loans. The norm is a core concept for SEK's credit granting and clarifies expectations in terms of credit quality. For a business transaction to be considered to fall within the norm, it is necessary for the proposition to satisfy the requirements for all of the following areas:

1. Norm for risk level
2. Norm for lending terms
3. Norm for know your customer (KYC)
4. Norm for sustainability risk

The Board determines the risk strategy, including the credit strategy and risk appetite, and the overall limits within which the company is to operate. All credit decisions are to be made in line with the decision-making mandate structure established by the Board for delegated decision-making. SEK's credit-decision structure and established mandates build on a decision-making structure based on the duality principle, thus ensuring thorough analysis and assessment of all credit propositions.

Risk reduction
SEK limits its credit risk by means of a methodical and risk-based selection of counterparties. The credit risk is further reduced through various credit-risk hedges, in the form of guarantees, netting agreements, collateral and credit derivatives.

The guarantors are predominantly government export credit agencies in the OECD, of which the Swedish Export Credits Guarantee Board (EKN) is the largest. Guarantees are also received from financial institutions and, to a lesser extent, non-financial corporations and insurance companies. Since the credit risk is allocated to a guarantor, SEK's guaranteed credit-risk exposure in reports of its net credit risk exposure largely consists of exposure to government counterparties. To a lesser extent, credit protection is achieved through purchases of credit default swaps (CDS).

The counterparty risk associated with derivative contracts is always documented using ISDA Master Agreements, which also entail a netting agreement, with the support of collateral agreements in the form of a credit support annex (CSA). Approved collateral under the CSAs signed by SEK always takes the form of liquid assets.

SEK also uses various types of collateral to reduce credit risks pertaining to certain types of credit granting. While collateral can be significant for individual transactions, it has limited impact on the total lending portfolio.

Limit setting
SEK utilizes limits to restrict credit risks to a specified level. Limits express the highest permissible exposure to a counterparty for specific tenors and for various types of exposures, such as corporate lending, guarantees, counterparty risk in derivative contracts or liquidity investments. Exposures must be encompassed within the limits that have been decided for the particular counterparties. All limits are reviewed at least once annually.

Testing provisions
SEK values its assets in terms of credit risk and assesses any need for provisions on a case by case basis. Each individual test is based on an analysis of all commitments with objective evidence and where the probability of default is high (non-performing receivable). The provision requirement for individual non-performing receivables is then complemented with an assessment of the collective provision requirement. The Credit Committee prepares provision proposals from the account managers and credit analysts, which are thereafter determined by the Board's Credit Committee. The Board adopts the accounts and thereby the provisions. Refer to Note 1b for an explanation of expected credit losses under IFRS 9, which entered into force on January 1, 2018.

Risk measurement
SEK uses, and has permission to use, a foundation IRB approach for measuring the credit risk inherent in exposures to a majority of SEK's counterparties. This means that for these exposures SEK uses its own estimates of the probability of default (PD) risk parameter which, per counterparty, reflects the assigned internal risk rating. Other risk parameters, including loss given default (LGD) and credit conversion factors (CCF), are determined by the CRR. All of SEK's counterparties are assigned an internal risk rating.

SEK's permission from the Swedish FSA to use a foundation IRB approach encompasses exposures to central governments, regional governments, county councils, multilateral development banks, and companies, including insurance companies and financial institutions. The Swedish FSA has permitted SEK to apply exceptions from the IRB approach for certain exposures. For these exposures, SEK uses the standardized approach and external ratings when calculating risk exposure amounts (when no external rating is available, the exposure is assigned a risk weight of 100 percent). [1]

The exempted exposures, for which the standardized approach is used instead, are as follows:

- Export credits guaranteed by the Swedish Export Credits Guarantee Board (EKN) and equivalent export credit agencies in the OECD (time-limited exception valid through December 31, 2018).
- Exposures in the Customer Finance business area (exception valid as long as these exposures are of minor importance in terms of scope and risk profile)
- Guarantees for the benefit of small and medium-sized enterprises (exception valid as long as these exposures are of minor importance in terms of scope and risk profile)

Counterparty risk in derivative contracts
Counterparty risk in derivative contracts — which is a type of credit risk — arises when derivatives are used to manage risks. To limit this risk, SEK enters into such transactions solely with counterparties with strong credit ratings. Risk is further reduced by SEK's entering into ISDA Master Agreements (ISDAs), together with associated CSAs, with its counterparties before entering into derivative contracts. These bilateral CSAs mean that the highest permitted risk levels, in relation to each individual counterparty, are agreed in advance. The formulation of these agreements is designed to ensure that agreed risk levels (known as threshold amounts) are not exceeded, regardless of market value changes that may occur. ISDA and CSA agreements are reviewed continuously to be able to renegotiate the terms as necessary. For counterparty exposures that exceed the threshold amounts under the relevant CSAs due to market value changes, settlement is demanded so that the counterparty exposure is reduced to the pre-agreed level. All interest derivative contracts are subject to central clearing according to EU's regulation on OTC-derivatives, central counterparties and trade repositories since the end of 2016.

Risk monitoring
SEK's exposures are analyzed, reported and monitored regularly in respect of credit portfolio risk concentration and the credit quality of individual debtors. The analysis encompasses the following: (i) the size of individual commitments, (ii) domicile and (iii) sector. The analysis refers to both direct exposure and indirect exposure from, for example, credit derivatives. The concentration risks mentioned above are reflected in SEK's calculation of economic capital for credit risks, which leads to a higher capital requirement compared with the minimum capital requirement. When calculating capital requirements, the minimum capital requirement does not take concentration risks into account. For the purpose of monitoring and checking large exposures, SEK has defined internal limits, which impose further limitations on the size of such exposures in addition to those stated in the CRR.

Exposures assessed as problem loans, meaning those for which SEK assesses that there is a high probability that the undertaking according to the original agreement will not be fulfilled, are analyzed in greater detail and more frequently. The intention is to identify at an early stage exposures subject to an elevated risk of loss and to adapt the exposure and ensure that the risk rating reflects the actual risk associated with the particular counterparty.

The credit portfolio is subject to regular stress tests. SEK's risk and product rating, and risk estimates, comprise a central feature of the reporting of credit risk to the Board, the Risk and Compliance Committee and the Credit Committee. The Chief Executive Officer and the Chief Risk Officer inform the Board of all significant changes concerning SEK's IRB system. SEK's IRB system is validated by Risk at least once annually.

[1] In the capital adequacy, those counterparties using external ratings are assigned an internal rating under IFRS 9. IFRS 9 entered into force on January 1, 2018.

Risk information, credit risk

The table below shows the maximum credit exposure. Nominal amounts are shown, apart from cash and cash equivalents and derivatives, which are recognized at the carrying amount.

Consolidated Group	December 31, 2017 Maximum credit-risk exposure		
Skr mn	**Assets at fair value through profit or loss**	**Available-for-sale assets**	**Loans and accounts receivable**
Cash and cash equivalents	–	–	1,231
Treasuries/government bonds	–	4,376	–
Other interest-bearing securities except loans	133	39,592	–
Loans in the form of interest-bearing securities	–	–	40,558
Loans to credit institutions	–	–	23,209
Loans to the public	–	–	213,549
Derivatives	7,803	–	–
Total financial assets	**7,936**	**43,968**	**278,547**

Consolidated Group	December 31, 2016 Maximum credit-risk exposure		
Skr mn	**Assets at fair value through profit or loss**	**Available-for-sale assets**	**Loans and accounts receivable**
Cash and cash equivalents	–	–	7,054
Treasuries/government bonds	–	3,673	–
Other interest-bearing securities except loans	1,451	48,228	–
Loans in the form of interest-bearing securities	262	–	45,284
Loans to credit institutions	–	–	26,187
Loans to the public	–	–	201,974
Derivatives	12,005	–	–
Total financial assets	**13,718**	**51,901**	**280,499**

Maximum credit-risk exposure for loans to credit institutions and loans to the public includes committed but undisbursed loans at year end, which are recognized in nominal amounts.

The table below shows the credit quality following risk mitigation (net) per row in the statement of financial position.
The figures pertain to carrying amounts. SEK uses guarantees, CDSs and insurance policies as credit-risk hedges; refer also to the Risk and capital management section.

Consolidated Group	December 31, 2017					
Skr mn	**AAA**	**AA+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC to D**	**Carrying amount**
Cash and cash equivalents	1,133	98	–	–	–	1,231
Treasuries/government bonds	401	3,981	–	–	–	4,382
Other interest-bearing securities except loans	4,396	34,295	1,116	–	–	39,807
Loans in the form of interest-bearing securities	–	9,636	27,434	4,055	–	41,125
Loans to credit institutions	3,018	15,766	3,229	1,185	–	23,198
Loans to the public	70,043	25,670	32,168	13,164	66	141,111
Derivatives	–	6,324	1,479	–	–	7,803
Total financial assets	**78,991**	**95,770**	**65,426**	**18,404**	**66**	**258,657**
Committed undisbursed loans	*63,922*	*978*	*6,452*	*1,562*	–	*72,914*

Consolidated Group	December 31, 2016					
Skr mn	**AAA**	**AA+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**CCC to D**	**Carrying amount**
Cash and cash equivalents	3,825	3,229	-	-	-	7,054
Treasuries/government bonds	442	3,245	-	-	-	3,687
Other interest-bearing securities except loans	18,003	31,896	12	-10	-	49,901
Loans in the form of interest-bearing securities	480	14,483	26,786	4,473	-	46,222
Loans to credit institutions	8,762	12,126	3,739	1,563	-	26,190
Loans to the public	79,643	30,213	21,172	16,840	41	147,909
Derivatives	-	9,912	2,093	-	-	12,005
Total financial assets	**111,155**	**105,104**	**53,802**	**22,866**	**41**	**292,968**
Committed undisbursed loans	*50,604*	*2,631*	*871*	*677*	-	*54,783*

The credit quality of financial assets is assessed using internal and external ratings.

The table below illustrates the link between the statement of financial position categories and net exposures according to CRR.

Consolidated Group	December 31, 2017							
Skr bn	**Carrying amount**	**Adjust-ment from carrying amount to exposure[1]**	**Central govern-ments**	**Regional govern-ments**	**Multilateral development banks**	**Public sec-tor entity**	**Financial institutions**	**Corporates**
Cash and cash equivalents	1.2	0.0	0.5	-	-	-	0.7	-
Treasuries/government bonds	4.4	0.0	4.4	0.0	-	-	0.0	0.0
Other interest-bearing securities except loans	39.8	5.4	1.3	0.0	-	0.4	20.1	12.6
Loans in the form of interest-bearing securities	41.1	-5.2	0.0	4.9	-	-	2.1	39.3
Loans to credit institutions including cash and cash equivalents[1]	23.2	16.2	1.9	0.0	-	-	4.8	0.3
Loans to the public	141.1	-87.3	159.0	5.8	-	-	6.1	57.5
Derivatives	7.8	2.3	0.0	0.7	-	-	4.8	0.0
Other assets	3.6	3.6	-	-	-	-	-	-
Total financial assets	**262.2**	**-65.0**	**167.1**	**11.4**	**-**	**0.4**	**38.6**	**109.7**
Contingent liabilities and commitments[2]	-	-	-	-	-	-	-	-
Total	**262.2**	**-65.0**	**167.1**	**11.4**	**-**	**0.4**	**38.6**	**109.7**

Consolidated Group	December 31, 2016						
Skr bn	**Carrying amount**	**Adjustment from carrying amount to exposure[1]**	**Central govern-ments**	**Regional govern-ments**	**Multilateral devel-opment banks**	**Financial institutions**	**Corporates**
Treasuries/government bonds	3.7	-	3.7	-	-	-	-
Other interest-bearing securities except loans	49.9	0.3	6.3	13.0	1.9	22.6	6.4
Loans in the form of interest-bearing securities	46.2	0.2	0.6	-	-	3.9	41.9
Loans to credit institutions including cash and cash equivalents[1]	33.2	-11.8	6.9	6.2	-	7.6	0.7
Loans to the public	147.9	0.9	96.6	0.7	-	5.8	45.7
Derivatives	12.0	-7.5	-	-	-	4.5	-
Other assets	3.3	-	3.3	-	-	-	-
Total financial assets	**296.2**	**-17.9**	**117.4**	**19.9**	**1.9**	**44.4**	**94.7**
Contingent liabilities and commitments[2]	62.4	-	56.3	-	-	0.8	5.3
Total	**358.6**	**-17.9**	**173.7**	**19.9**	**1.9**	**45.2**	**100.0**

[1] Skr 10.3 billion (2016: Skr 11.6 billion) of the book value for Loans to credit institutions is cash collateral under the CSAs for derivative contracts.
[2] Contingent liabilities and commitments, except cash collateral.

Derivative exposure after netting under current ISDA Master Agreements in accordance with the CRR's management of the counterparty risk in derivative contracts amounts to Skr 2.2 billion (2016: SEK 3.3 billion). For more information on the counterparty risk in derivative contracts under the CRR, refer to the Risk and capital management section.

Total credit exposures in the Group

Net exposures are recognized after taking the impact of guarantees and credit derivatives into account. Gross exposures are recognized without taking the impact of guarantees and credit derivatives into account. According to the internal risk follow-up, the amounts agree with the capital requirements calculations, although without the application of conversion factors. In tables showing the geographical breakdown of exposures, North America is shown excluding Central America.

Total net exposures

Skr bn	Interest-bearing securities and lending				Committed undisbursed loans, derivatives, etc.				Total			
	December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016		December 31, 2017		December 31, 2016	
Exposure class	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Central governments	97.1	39.6	117.3	42.9	70.0	85.1	56.4	84.1	167.1	51.1	173.7	51.0
Regional governments	11.4	4.7	19.9	7.3	–	–	–	–	11.4	3.5	19.9	5.8
Multilateral development banks	0.0	0.0	1.9	0.7	–	–	–	–	0.0	0.0	1.9	0.6
Public sector entity	0.4	0.2	–	–	–	–	–	–	0.4	0.1	–	–
Financial institutions	32.7	13.3	39.8	14.5	5.9	7.2	5.4	8.0	38.6	11.8	45.2	13.2
Corporates	103.4	42.2	94.7	34.6	6.3	7.7	5.3	7.9	109.7	33.5	100.0	29.4
Total	**245.0**	**100.0**	**273.6**	**100.0**	**82.2**	**100.0**	**67.1**	**100.0**	**327.2**	**100.0**	**340.7**	**100.0**

Geographical breakdown of credit exposures by exposure class

Geographical breakdown of gross exposures by exposure class, at December 31, 2017

Skr bn	Middle East/ Africa/ Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	1.8	5.6	4.0	–	–	42.7	7.4	0.2	–	**61.7**
Regional governments	0.6	–	–	–	–	–	4.8	0.1	–	**5.5**
Multilateral development banks	–	–	–	–	–	–	–	–	–	**–**
Public sector entity	–	–	–	–	–	–	–	0.4	–	**0.4**
Financial institutions	–	3.1	0.0	9.1	1.1	1.2	11.3	10.8	0.3	**36.9**
Corporates	23.0	14.6	0.2	53.5	0.1	9.9	74.3	39.9	7.2	**222.7**
Total	**25.4**	**23.3**	**4.2**	**62.6**	**1.2**	**53.8**	**97.8**	**51.4**	**7.5**	**327.2**

Geographical breakdown of gross exposures by exposure class, at December 31, 2016

Skr bn	Middle East/ Africa/ Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	2.1	8.2	2.8	–	–	43.1	10.0	3.2	–	**69.4**
Regional governments	0.6	–	–	–	–	–	11.5	1.7	0.0	**13.8**
Multilateral development banks	–	–	–	–	–	–	–	1.9	–	**1.9**
Public sector entity	0.4	–	–	–	–	–	–	–	–	**0.4**
Financial institutions	1.9	1.3	0.9	8.3	0.6	1.3	11.8	16.5	0.3	**42.9**
Corporates	20.7	17.9	2.7	30.7	0.2	12.3	72.0	45.6	10.2	**212.3**
Total	**25.7**	**27.4**	**6.4**	**39.0**	**0.8**	**56.7**	**105.3**	**68.9**	**10.5**	**340.7**

Geographical breakdown of net exposures by exposure class, at December 31, 2017

Skr bn	Middle East/ Africa/ Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	–	0.7	4.0	2.4	–	0.9	145.1	10.9	3.1	**167.1**
Regional governments	–	–	–	–	–	–	11.2	0.2	–	**11.4**
Multilateral development banks	–	–	–	–	–	–	–	0.0	–	**0.0**
Public sector entity	–	–	–	–	–	–	–	0.4	–	**0.4**
Financial institutions	–	3.0	0.5	9.6	1.2	1.1	6.9	16.0	0.3	**38.6**
Corporates	4.9	3.6	1.7	2.9	–	3.3	72.2	21.0	0.1	**109.7**
Total	**4.9**	**7.3**	**6.2**	**14.9**	**1.2**	**5.3**	**235.4**	**48.5**	**3.5**	**327.2**

Geographical breakdown of net exposures by exposure class, at December 31, 2016

Skr bn	Middle East/ Africa/ Turkey	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	–	3.6	2.8	3.8	–	0.9	140.7	18.6	3.3	**173.7**
Regional governments	–	–	–	–	–	–	18.0	1.9	–	**19.9**
Multilateral development banks	–	–	–	–	–	–	–	1.9	–	**1.9**
Financial institutions	–	1.1	1.4	9.2	0.6	1.3	7.2	24.1	0.3	**45.2**
Corporates	3.9	1.8	1.4	2.4	–	3.2	68.7	18.4	0.2	**100.0**
Total	**3.9**	**6.5**	**5.6**	**15.4**	**0.6**	**5.4**	**234.6**	**64.9**	**3.8**	**340.7**

Impact of credit-risk hedges by exposure class and hedge type

The table below shows, on the basis of gross exposure class, a breakdown based on whether or not the amounts are covered by credit-risk hedges in the form of guarantees or credit derivatives that are included in the capital adequacy calculations. Credit insurance issued by insurance companies is thus counted as guarantees. Hedged amounts have been divided up in accordance with the hedge issuer's exposure class and type of hedge. Accordingly, the tables show the hedge types that convert gross exposures to net exposures.

Impact of credit-risk hedges, at December 31, 2017

	Gross exposures by exposure class					
Skr bn	Central governments	Regional governments	Public Sector Entity	Financial institutions	Corporates	Total
Amounts related to hedges issued by:						
Central governments	49.3	0.5	–	0.4	104.4	154.6
of which, guarantees issued by the EKN	*48.2*	*0.5*	–	*0.2*	*88.6*	*137.5*
of which, guarantees issued by other export credit agencies	*1.1*	–	–	*0.2*	*12.5*	*13.8*
of which, other guarantees	–	–	–	–	*3.3*	*3.3*
Regional governments	–	0.0	–	5.9	0.6	6.5
Financial institutions	0.0	–	–	0.0	8.0	8.0
of which, credit default swaps	–	–	–	–	*1.0*	*1.0*
of which, guarantees	*0.0*	–	–	*0.0*	*7.0*	*7.0*
Corporates	–	–	–	0.0	3.1	3.1
of which, credit insurance from insurance companies	–	–	–	–	*2.5*	*2.5*
of which, other guarantees	–	–	–	*0.0*	*0.6*	*0.6*
Total hedged exposures	**49.3**	**0.5**	**–**	**6.3**	**116.1**	**172.2**
Unhedged exposures[1]	12.4	5.0	0.4	30.6	106.6	155.0
Total	**61.7**	**5.5**	**0.4**	**36.9**	**222.7**	**327.2**

[1] Exposures whereby the hedge issuer belongs to the same group as the counterparty in the unhedged exposure have been reported as "Unhedged exposures." The amounts for these were Skr 22.4 billion for corporates and Skr 0.2 billion for central governments.

Impact of credit-risk hedges, at December 31, 2016

	Gross exposures by exposure class						
Skr bn	Central govern-ments	Regional govern-ments	Multilateral development banks	Public sec-tor entity	Financial institutions	Corpo-rates	Total
Amounts related to hedges issued by:							
Central governments	51.2	0.6	–	0.4	2.6	100.7	**155.5**
of which, guarantees issued by the EKN	*49.8*	*0.6*	–	*0.4*	*2.3*	*77.4*	**130.5**
of which, guarantees issued by other export credit agencies	*1.4*	–	–	–	*0.3*	*19.6*	**21.3**
of which, other guarantees	–	–	–	–	–	*3.7*	**3.7**
Regional governments	–	0.0	–	–	6.3	0.4	**6.7**
Financial institutions	0.0	0.0	–	–	0.1	11.2	**11.3**
of which, credit default swaps	–	–	–	–	*0.0*	*2.5*	**2.5**
of which, guarantees	*0.0*	*0.0*	–	–	*0.1*	*8.7*	**8.8**
Corporates	–	–	–	–	0.0	3.2	**3.2**
of which, credit insurance from insurance companies	–	–	–	–	–	*2.5*	**2.5**
of which, other guarantees	–	–	–	–	*0.0*	*0.7*	**0.7**
Total hedged exposures	**51.2**	**0.6**	**–**	**0.4**	**9.0**	**115.5**	**176.7**
Unhedged exposures[1]	18.2	13.2	1.9	–	33.9	96.8	**164.0**
Total	**69.4**	**13.8**	**1.9**	**0.4**	**42.9**	**212.3**	**340.7**

[1] Exposures whereby the hedge issuer belongs to the same group as the counterparty in the unhedged exposure have been reported as “Unhedged exposures.” The amounts for these were Skr 20.0 billion for corporates and Skr 0.2 billion for central governments.

Gross exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2017

Skr bn	Central governments	Regional governments	Public sector entity	Financial institutions	Corporates	Total
Spain	–	–	–	0.1	12.4	12.5
Finland	0.2	0.1	–	–	7.1	7.4
Norway	–	–	–	3.3	2.5	5.8
United Kingdom	–	–	–	2.2	3.1	5.3
The Netherlands	–	–	–	2.2	2.1	4.3
Italy	–	–	–	–	4.2	4.2
France	–	–	–	1.6	2.5	4.1
Russia	–	–	–	–	4.0	4.0
Denmark	–	–	–	1.1	2.8	3.9
Poland	–	–	–	–	3.1	3.1
Luxembourg	–	–	–	0.0	1.2	1.2
Switzerland	–	–	–	–	0.9	0.9
Germany	–	–	0.4	0.3	–	0.7
Iceland	–	–	–	–	0.5	0.5
Ireland	–	–	–	–	0.4	0.4
Belgium	–	–	–	0.0	0.3	0.3
Latvia	–	–	–	0.2	–	0.2
Estonia	–	–	–	0.1	–	0.1
Greece	–	–	–	–	0.0	0.0
Hungary	–	–	–	–	0.0	0.0
Ukraine	–	–	–	–	0.0	0.0
Total	**0.2**	**0.1**	**0.4**	**11.1**	**47.1**	**58.9**

Gross exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2016

Skr bn	Central governments	Regional governments	Multilateral development banks	Financial institutions	Corporates	Total
Spain	–	–	–	0.1	18.0	**18.1**
United Kingdom	–	–	–	4.1	4.0	**8.1**
Finland	0.3	0.1	0.6	0.4	6.2	**7.6**
Denmark	–	1.5	–	2.4	3.2	**7.1**
Russia	–	–	–	–	6.6	**6.6**
The Netherlands	–	–	–	2.3	2.7	**5.0**
France	–	–	–	1.6	3.2	**4.8**
Norway	–	–	–	2.9	1.9	**4.8**
Luxembourg	1.9	–	1.3	0.0	1.2	**4.4**
Poland	–	–	–	–	3.3	**3.3**
Italy	–	–	–	–	2.3	**2.3**
Germany	0.5	–	–	1.7	–	**2.2**
Switzerland	–	–	–	1.0	0.8	**1.8**
Ireland	–	–	–	–	1.1	**1.1**
Iceland	–	–	–	–	0.6	**0.6**
Austria	0.5	–	–	–	0.0	**0.5**
Latvia	–	–	–	0.3	–	**0.3**
Belgium	–	–	–	0.0	0.3	**0.3**
Hungary	–	–	–	–	0.1	**0.1**
Portugal	–	–	–	–	0.1	**0.1**
Estonia	–	–	–	–	0.1	**0.1**
Ukraine	–	–	–	–	0.1	**0.1**
Greece	–	–	–	–	0.0	**0.0**
Other countries	–	0.0	–	–	0.1	**0.1**
Total	**3.2**	**1.6**	**1.9**	**16.8**	**55.9**	**79.4**

Net exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2017

Skr bn	Central governments	Regional governments	Multilateral development banks	Public sector entity	Financial institutions	Corporates	Total
France	7.8	–	–	–	2.5	0.0	10.3
United Kingdom	0.5	–	–	–	1.7	5.5	7.7
Finland	0.5	0.3	–	–	–	6.3	7.1
Norway	0.5	–	–	–	3.4	2.3	6.2
Denmark	0.2	–	–	–	2.2	2.4	4.8
Germany	1.4	–	–	0.4	2.0	0.9	4.7
Poland	3.1	–	–	–	–	–	3.1
The Netherlands	–	–	–	–	2.4	0.2	2.6
Spain	–	–	–	–	0.9	1.7	2.6
Belgium	–	–	–	–	0.7	0.2	0.9
Switzerland	–	–	–	–	0.2	0.3	0.5
Luxembourg	0.0	–	0.0	–	0.0	0.4	0.4
Ireland	–	–	–	–	–	0.4	0.4
Latvia	–	–	–	–	0.2	–	0.2
Iceland	–	–	–	–	–	0.2	0.2
Italy	–	–	–	–	–	0.1	0.1
Russia	–	–	–	–	–	0.1	0.1
Estonia	–	–	–	–	0.1	–	0.1
Austria	–	–	–	–	0.1	–	0.1
Hungary	–	–	–	–	–	0.0	0.0
Total	**14.0**	**0.3**	**0.0**	**0.4**	**16.4**	**21.0**	**52.1**

Note 27, continued

Net exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2016

Skr bn	Central governments	Regional governments	Multilateral development banks	Financial institutions	Corporates	Total
France	10.3	–	–	3.7	0.0	**14.0**
United Kingdom	1.1	–	–	3.9	3.5	**8.5**
Denmark	0.1	1.6		4.0	2.7	**8.4**
Finland	0.8	0.3	0.6	0.5	5.6	**7.8**
Germany	3.1	–	–	3.0	0.8	**6.9**
Norway	0.6	–	–	4.2	1.1	**5.9**
Luxembourg	1.9	–	1.3	0.0	1.6	**4.8**
Poland	3.3	–	–	0.0	–	**3.3**
The Netherlands	–	–	–	2.5	0.3	**2.8**
Spain	–	–	–	0.4	1.7	**2.1**
Switzerland	–	–	–	1.3	0.3	**1.6**
Belgium	–	–	–	0.4	0.2	**0.6**
Austria	0.5	–	–	0.1	–	**0.6**
Ireland	–	–	–	0.0	0.4	**0.4**
Iceland	0.1	–	–	–	0.2	**0.3**
Latvia	–	–	–	0.3	–	**0.3**
Portugal	0.1	–	–	–	–	**0.1**
Estonia	–	–	–	0.1	–	**0.1**
Italy	0.0	–	–	–	0.0	**0.0**
Other countries	–	–	–	–	0.2	**0.2**
Total	**21.9**	**1.9**	**1.9**	**24.4**	**18.6**	**68.7**

Corporate exposures, broken down by industry (GICS)

	December 31, 2017		December 31, 2016	
Skr bn	**Gross exposure**	**Net exposure**	**Gross exposure**	**Net exposure**
IT and telecom	88.4	12.9	74.8	10.7
Industry	41.9	36.4	45.2	34.5
Finance	32.2	19.9	28.6	15.1
Commodities	21.9	16.8	22.2	15.8
Consumer goods	18.3	15.9	16.3	13.4
Electricity, water and gas	14.1	4.4	13.4	4.4
Healthcare	3.0	2.7	6.1	5.3
Energy	2.9	0.7	5.3	0.8
Other	–	–	0.4	0.0
Total	**222.7**	**109.7**	**212.3**	**100.0**

Market risk

Market risk is the risk of loss or changes in future NII due to changes in, for example, interest rates, exchange rates, commodity prices or share prices. Market risk includes price risk in connection with sales of assets or the closing of exposures.

Risk management

SEK's Board establishes SEK's market risk appetite and its strategy. In addition, instructions established by the CEO regulate SEK's management of market risks. The Board's Finance and Risk Committee makes decisions on limit structures, which clearly define and limit the permissible exposure to net market risk. The Chief Risk Officer decides on the method for determining how market risks are to be calculated and proposes changes in limit structures in connection with reviews of risk appetite and limits. All instructions are re-established annually. Market risk exposures are measured and reported on a daily basis to the CEO, and to the Board's Finance and Risk Committee at its scheduled meetings. Cases where limits are exceeded are escalated without delay to the CEO, and the Board's Finance and Risk Committee.

SEK borrows funds by issuing bonds or other debt instruments which, regardless of the market risk exposures in the bonds, are hedged by being swapped via derivatives to a floating interest rate. The company's risk appetite for market risk resulting from unmatched cash flows is low. Borrowed funds are used either immediately for lending, mainly at floating interest rates, or alternatively through derivatives at a floating rate, or to ensure that SEK has adequate liquidity in the form of liquidity investments and liquidity reserves. The aim is to hold assets and liabilities to maturity.

The duration of available borrowing matches that of lending and the maturity profile of liquidity investments is adapted to ensure that funds are available for all accepted but as yet undisbursed lending.

Unrealized changes in fair value affect the value of SEK's assets and liabilities and impact the volatility of both earnings and SEK's own funds. SEK's largest net exposures are to changes in spread risk, mainly to credit spreads associated with assets and liabilities and to cross-currency basis swap spreads. Spread risks are managed by having established limits and daily limit monitoring.

Risk measurement

The following describes how SEK calculates and limits market risk internally. For the impact on earnings and other comprehensive income due to the interest-rate risk, see page 122. Additional factors, such as different sensitivity calculations regarding the impact on economic value, earnings, equity and own funds, as well as a number of stress tests, are measured and reported but are not subject to limits. The officially supported export credit system (CIRR-system) has been excluded since the government compensates SEK for all interest-rate differentials, borrowing costs and net foreign-exchange losses within the CIRR-system (see Note 1a).

Value at Risk

On July 1, 2017, SEK expanded the previous calculation of Value at Risk (VaR) for the liquidity portfolio to encompass the entire company. VaR is a statistical market risk metric that estimates the potential loss with a defined level of likelihood. In other words, for a given period of time and confidence level the VaR states a loss threshold value that will not be exceeded as a result of changes in the financial markets.

The VaR model is based on historical simulations in which historic market movements are applied to current holdings to simulate possible outcomes of value changes. Market parameters used as risk factors are interest rates, cross-currency basis spreads, credit spreads, currencies, equities, indices and commodities as well as volatilities of swaptions, caps/floors, equities, commodities and currencies. The VaR calculation is based on two years of historic daily market movements. Further historical data from December 2006 is used to calculate stressed VaR, in which several periods with extreme market movements are included, and a worst-case VaR outcome for the entire period can be identified. Stressed VaR is based on one year of historical daily data.

VaR is calculated for positions recognized at fair value in the balance sheet that impact own funds, with the exception of changes due to credit spreads on SEK's own debt. Currency positions are also included for all of these positions. VaR for own funds amounted to Skr 20 million at year end.

Aggregated risk measure

The aggregated risk measure is based on analyses of historical scenarios with a monthly risk horizon. The scenarios are updated each month and comprise historical movements in risk factors from the entire period from the end of 2006 until today. The aggregated risk measure estimates the impact on SEK's equity by applying historically observed movements in the market factors that affect the volatility of SEK's equity. The exposure, which is based on the worst case scenario, is evaluated using SEK's portfolio sensitivities to interest-rate risk, cross-currency basis swap risk, credit spread risk in assets, credit spread risk in SEK's own debt and currency risk. The limit is also based on the worst case scenario, which at the close of 2017 was a scenario based on market movements from June 2012. The risk at year-end 2017 amounted to Skr 582 million (2016: Skr 621 million). The limit is set at Skr 1,100 million (2016: Skr 1,300 million).

Risk-specific measures

The VaR, aggregated risk measure and stress tests are complemented with risk-specific measures, including interest-rate-risk measures, spread-risk measures, currency-risk measures, etc.

The measurement and limiting of interest-rate risk in SEK is divided into two categories:

- Interest-rate risk regarding changes in the economic value of SEK's portfolio (EVE)
- Interest-rate risk regarding changes in future net interest income (NII).

Market risk, type	Definition	Risk profile
Liquidity portfolio VaR	The liquidity portfolio VaR measures a potential negative impact on SEK's equity, in the form of unrealized gains or losses, as a result of value changes from market movements. Daily historic movements with a two-year horizon are applied to current holdings to simulate possible outcomes. The fifth worst outcome is reported as VaR.	The risk is attributable to SEK's liquidity portfolio, primarily for credit spread risk in its bond holdings. At the end of 2017, the risk amounted to Skr 8 million (2016: Skr 10 million) and the limit for Value at Risk was Skr 18 million (year-end 2016: Skr 14 million).
Interest-rate risk regarding changes in the economic value of SEK's portfolio (EVE)	The interest-rate risk regarding changes in economic value is calculated by means of a 100 basis-point parallel shift in all yield curves. Positive and negative exposures are measured separated and whichever is largest, in absolute terms, comprises the exposure.	The risk pertains to SEK's overall business profile, particularly the balance between interest-bearing assets and liabilities in terms of volume and fixed interest terms. The risk measurement captures the long-term impact of changes in interest rates. At the end of 2017, the risk amounted to Skr 223 million (year-end 2016: Skr 286 million) and the interest-rate price risk limit amounted to Skr 500 million (year-end 2016: Skr 600 million).
Interest-rate risk regarding changes in future net interest income (NII)	The net interest income risk within one year is calculated as the impact on net interest income for the coming year if new financing and investment must take place following a positive interest-rate shift of 100 basis points. For each stress test, the risk per currency is totaled in absolute terms.	The risk pertains to SEK's overall business profile, particularly the balance between interest-bearing assets and liabilities in terms of volume and fixed interest terms for the next year. The risk measurement captures the short-term impact of changes in interest rates. At the end of 2017, the risk amounted to Skr 193 million (year-end 2016: Skr 188 million) and the net interest income risk amounted to Skr 250 million (year-end 2016: Skr 250 million).
Credit spread risk in assets	Credit spread risk in assets is calculated as a potential impact on SEK's equity, in the form of unrealized gains or losses, as a result of changes in the credit spreads on assets for those assets measured at fair value. Credit spread risk in assets measures the instantaneous change in value that arises from a 100 basis-point shift in credit spreads for all assets measured at fair value.	The risk is attributable to bonds in liquidity investments, including liquidity reserves, credit derivatives that hedge the credit risk in a number of bonds, and securitizations. At the end of 2017, the credit spread risk in assets was negative Skr 210 million (year-end 2016: negative Skr 274 million), and the limit for credit spread risk in assets amounted to Skr 500 million (year-end 2016: Skr 500 million).
Credit spread risk in own debt	Credit spread risk in own debt can have a potential impact on SEK's equity, in the form of unrealized gains or losses, as a result of changes in present value after all of SEK's credit spreads have been reduced by 20 basis points.	The risk is attributable to SEK's structured debt measured at fair value. At year-end 2017, the credit spread risk in own debt amounted to Skr 601 million (year-end 2016: Skr 668 million) and the limit for credit spread risk in own debt amounted to Skr 1,000 million (year-end 2016: Skr 1,000 million).
Cross-currency basis spread risk	The cross-currency basis spread 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. The cross-currency basis spread risk is measured, using sensitivities, as the change in present value after an increase in cross-currency basis spreads by a number of points (varying by currency in accordance with a standardized method based on volatility).	The risk is attributable to cross-currency basis swaps used by SEK to hedge the currency risk in the portfolio. At the end of 2017, the cross-currency basis spread risk amounted to Skr 161 million (year-end 2016: Skr 184 million) and the limit for cross-currency basis spread risk amounted to Skr 450 million (year-end 2016: Skr 450 million).
Risk to NII from cross-currency basis swaps	The 12-month risk to NII from cross-currency basis swaps is measured as the impact on SEK's future earnings resulting from an assumed cost increase (varying by currency in accordance with a standardized method based on volatility) for transfers between currencies for which cross-currency basis swaps are used. For each stress test, the risk per currency is totaled in absolute terms.	The risk is attributable to cases where borrowing and lending are not matched in terms of currency and, therefore, the future cost of converting borrowing to the desired currency is dependent on cross-currency basis spreads. The risk is primarily attributable to Swedish kronor, because SEK has a deficit of Swedish kronor and borrows funds in other currencies, which are swapped into Swedish kronor. At the end of 2017, the risk amounted to Skr 23 million (year-end 2016: Skr 28 million) and the limit for the risk to NII from cross-currency basis swaps amounted to Skr 100 million (year-end 2016: Skr 150 million).
Currency risk	The risk is calculated as the change in value of all foreign currency positions at an assumed 10 percentage-point change in the exchange rate between the respective currency and the Swedish krona.	The foreign exchange position excluding unrealized changes in fair value is reported separately since SEK's hedging strategy entails that only foreign exchange positions excluding unrealized changes in fair value are to be hedged. The foreign exchange position mainly arises on an ongoing basis due to differences between revenues and costs (net interest margins) in foreign currency. Currency risk excluding unrealized changes in fair value is kept low by matching assets and liabilities in terms of currencies or through the use of derivatives. In addition, accrued gains/losses in foreign currency are regularly converted to Swedish kronor. At the end of 2017, the risk amounted to Skr 2 million (year-end 2016: Skr 2 million) and the limit for currency risk was Skr 15 million (year-end 2016: Skr 15 million).
Other risks (equities, commodity and volatility risks)	These are attributable to structured borrowing and are calculated with the aid of stress tests of underlying equity indices or volatility.	SEK's equities and commodity risks, as well as FX volatility risks, only arise from structured borrowing. The structured borrowing is hedged by being swapped to floating interest rates. While all structured cash flows are matched through a hedging swap, there could be an impact on earnings. This is because measurement of the bond takes account of SEK's own credit spread, while the swap is not affected by this credit spread, and also because of changes in expected maturity for the structured borrowing. Interest-rate volatility risk also arises from other transactions with early redemption options. These risks are calculated and limited. At the end of 2017, these risks and limits were low.

Stress tests
SEK conducts regular stress tests by applying movements in market factors that have been historically observed in the market place (historical scenarios) and movements that could happen in the future (hypothetical or forward-looking scenarios). Analyses of this type provide management with insight into the potential impact on SEK's operations of significant movements in risk factors, or of broader market scenarios, and continuously ensure that the risk measurement is effective.

Risk monitoring
Market risks are measured, analyzed and reported to the company's management on a daily basis. Cases where limits are exceeded are escalated without delay and managed pursuant to documented instructions. A more exhaustive analysis is conducted each month of how markets and risks have developed during the period and complemented with stress tests based on a number of historical scenarios.

Risk information
For a supplementary and expanded account of the market risk-related information, refer to the separate risk report, "SEK — Capital Adequacy and Risk Management Report — Pillar 3."

Change in value should the market interest rate rise by one percentage point
Impact on the value of assets and liabilities, including derivatives, should the market interest rate rise by one percentage point (+1%).

Consolidated Group	2017			2016		
Skr mn	**Total**	**of which, financial instruments measured at fair value through profit or loss**	**of which, financial instruments measured at fair value through other comprehensive income**	**Total**	**of which, financial instruments measured at fair value through profit or loss**	**of which, financial instruments measured at fair value through other comprehensive income**
Foreign currency	17	326	-21	-10	237	-36
Swedish kronor	-188	109	-1	-213	101	-21
	-171	**435**	**-22**	**-223**	**338**	**-57**

Change in value should the market interest rate decline by one percentage point
Impact on the value of assets and liabilities, including derivatives, should the market interest rate decline by one percentage point (-1%).

Consolidated Group	2017			2016		
Skr mn	**Total**	**of which, financial instruments measured at fair value through profit or loss**	**of which, financial instruments measured at fair value through other comprehensive income**	**Total**	**of which, financial instruments measured at fair value through profit or loss**	**of which, financial instruments measured at fair value through other comprehensive income**
Foreign currency	-4	-348	22	-8	-260	36
Swedish kronor	274	-110	18	325	-102	24
	270	**-458**	**40**	**317**	**-362**	**60**

Assets, liabilities and derivatives denominated in foreign currency
Assets, liabilities and derivatives denominated in foreign currency (meaning currencies other than Swedish kronor) have been translated to Swedish kronor using the exchange rates applying at year end between the currency concerned and Swedish kronor.

The relevant exchange rates for the currencies representing the largest shares in the Group's net assets and net liabilities in the balance sheet were as shown in the table below (expressed in Swedish kronor per unit of the particular foreign currency). Share at year end is the share of the total volume of assets and liabilities denominated in foreign currency. Currency positions at year end are the net for each currency of all assets and liabilities in the balance sheet. The figures pertain to carrying amounts.

	December 31, 2017			December 31, 2016		
Currency	**Exchange rate**	**Share at year end, %**	**Currency positions at year end (Skr mn)**	**Exchange rate**	**Share at year end, %**	**Currency positions at year end (Skr mn)**
SKR	1	93	n.a.	1	91	n.a
EUR	9.8255	2	-429	9.5407	3	-559
USD	8.1950	1	289	9.0682	2	443
JPY	0.07281	1	-216	0.07752	1	-311
GBP	11.0704	1	-133	11.2126	1	-155
CHF	0.4167					
MXN		1	-137			
THB				0.2535	1	-131
Other		1	-168		1	182
Total foreign currency position		**100**	**-794**		**100**	**-531**

Currency risk is limited to accrued net income and is hedged regularly. In accordance with SEK's rules for risk management, currency positions attributable to unrealized changes in fair value are not hedged. Currency positions excluding unrealized changes in fair value amounted to Skr 6 million (2016: Skr 19 million) at year end. Assets and liabilities denominated in foreign currency are included in the total volumes of assets and liabilities in the following amounts (in millions of Swedish kronor).

	December 31, 2017		December 31, 2016	
Skr mn	Consolidated Group	Parent Company	Consolidated Group	Parent Company
Total assets,	264,392	264,401	299,442	299,436
of which, denominated in foreign currencies	*201,371*	*201,371*	*237,516*	*237,516*
Total liabilities,	246,818	246,264	282,306	281,712
of which, denominated in foreign currencies	*202,166*	*202,166*	*238,047*	*238,047*

Liquidity risk and refinancing risk

Liquidity and refinancing risk is defined as the risk of SEK not being able to refinance its outstanding loans and committed undisbursed loans, or being unable to meet increased liquidity requirements. Liquidity risk also includes the risk of having to borrow funds at unfavorable interest rates or needing to sell assets at unfavorable prices in order to meet payment commitments.

Risk management

SEK's Board has overall responsibility for liquidity and refinancing risks and establishes policy documents for liquidity risk management; in addition, the CEO establishes instructions for operational management. Liquidity risk is managed operationally by the Treasury function. Liquidity and refinancing risk is measured and reported regularly to the relevant manager, the Risk and Compliance Committee, the CEO, and the Board and its committees.

SEK has low tolerance for long-term structural liquidity risk and financing must be available throughout the maturity for all credit commitments, pertaining to both outstanding and committed undisbursed loans. For CIRR-loans, which SEK manages on behalf of the Swedish government, the company's credit facility with the Swedish National Debt Office is also regarded as available borrowing. The credit facility, granted by the government through the Swedish National Debt Office, amounted to Skr 125 billion in 2017 (2016: Skr 125 billion) and is available solely for CIRR-loans. In December 2017, the state established that the credit facility for 2018 will amount to Skr 125 billion. The credit facility is valid through December 31, 2018 and entitles SEK to receive financing over the maturities of the underlying CIRR-loans. This credit facility has not been utilized.

Borrowed funds not yet used to finance credits must be invested in interest-bearing securities, also known as liquidity investments. The management of liquidity investments is regulated in the Liquidity Strategy established by the Board's Finance and Risk Committee. The size of the liquidity portfolio is adapted to cover outflows, outside the CIRR-system, attributable to: 1) committed undisbursed loans, 2) CSAs with derivative counterparties, 3) outflows attributable to short-term borrowing transactions and 4) budgeted new lending. The target for SEK's new lending capacity is to facilitate at least four months of new lending, in line with SEK's estimated new lending requirements.

The maturity profile of liquidity investments is matched against the net of borrowing and lending. Investments must be made in assets of good credit quality. Issuers in the liquidity portfolio must have an internal risk classification of at least A-. For commercial paper and corporate bonds, however, an internal risk classification of at least BBB- is permissible as long as the remaining maturity does not exceed one year and the domicile is in Sweden, Denmark, Finland, Norway or Germany. Such investments should take into account the liquidity of the investment under normal market conditions and the investment's currency must comply with established guidelines. SEK intends to hold these assets to maturity and only divest them should circumstances so demand. The liquidity reserve, in which only securities regarded as highly liquid are included, accounts for a portion of SEK's liquidity investments. The purpose of the liquidity reserve is to safeguard SEK's short-term solvency, and to fulfil the company's requirement for the lowest liquidity coverage ratio (LCR).

SEK's borrowing strategy is regulated in the Financing Strategy Policy, which is established by the Board's Finance and Risk Committee. The aims of the Financing Strategy include ensuring that SEK's borrowing is well-diversified in terms of markets, investors, counterparties and currencies. With regard to maturity, no refinancing risk is allowed. For the purpose of ensuring access to short-term funding, SEK has revolving borrowing programs for maturities of less than one year, including a US Commercial Paper Program (UCP) and a European Commercial Paper program (ECP). SEK also has a swingline facility that functions as a back-up facility for SEK's revolving borrowing program for maturities of less than one year. To secure access to substantial volumes of non-current borrowing, and to ensure that insufficient liquidity or investment appetite among individual borrowing sources does not constitute an obstacle to operations, SEK issues bonds with different structures, currencies and maturities. SEK also issues bonds in many different geographic markets.

SEK has a contingency plan for the management of liquidity crises, which is issued by the Head of Treasury & Capital Management. The plan describes what constitutes a liquidity crisis according to SEK and what actions SEK intends to take if such a crisis is deemed to have occurred. The plan also describes the decision-making structure during a liquidity crisis. An internal and external communication plan is also included. The contingency plan is also closely linked to the results of the scenario analyses that are performed regularly, whereby various actions are taken to increase the release of cash and cash equivalents that have been analyzed with a preventive purpose.

Risk measurement

In the short term, liquidity risk is monitored mainly through measurement of the liquidity coverage ratio (LCR), which shows SEK's highly liquid assets in relation to its net cash outflows for the next 30 calendar days. Cash-flow forecasts of up to one year are prepared regularly according to various scenarios. SEK's policy for long-term structural liquidity risk is not to accept refinancing risk. Forecasts are made of the relationship between borrowing, including equity, and lending over time. A net stable funding ratio (NSFR) is also estimated. The NSFR measures the volume of available stable funding in relation to the need of stable funding within a period of 1 year. SEK also performs regular liquidity stress tests.

Risk monitoring

Liquidity risk is monitored through regular analysis and reporting to the Board of Directors and the Treasury function. Monthly reports are submitted to the Board and cover monitoring of LCR, NSFR, internal metrics, portfolio composition and liquidity stress tests. Daily monitoring of liquidity risk in the form of cash-flow forecasts are reported to the Treasury function.

Risk information

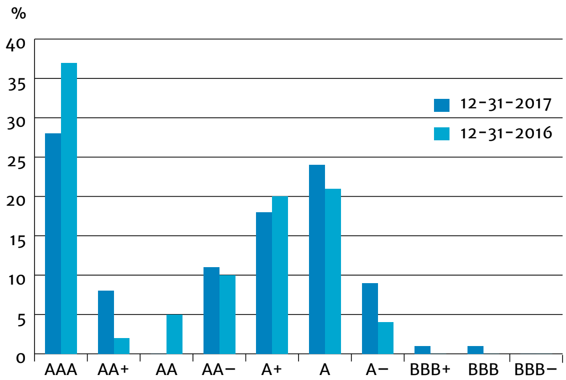
For a supplementary and expanded account of the liquidity and refinancing risk-related information, refer to the separate risk report, "SEK — Capital Adequacy and Risk Management Report — Pillar 3."

Liquidity reserve[1] at December 31, 2017

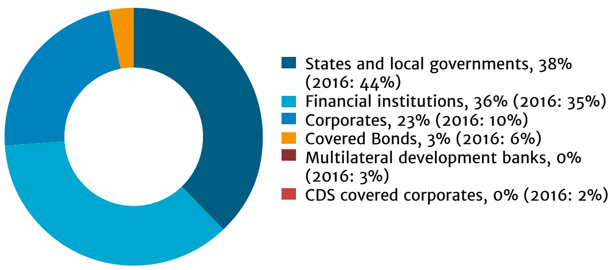
Skr billion	Total	SKR	EUR	USD	Other
Balances with other banks and National Debt Office	10.5	2.0	2.5	6.0	–
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	2.0	1.3	–	0.5	0.2
Covered bonds issued by other institutions	1.0	–	0.6	0.4	–
Securities issued or guaranteed by municipalities or other public entities	–	–	–	–	–
Total liquidity reserve	**13.5**	**3.3**	**3.1**	**6.9**	**0.2**

[1] The liquidity reserve is a part of SEK's liquidity investments. The table excludes account balances.

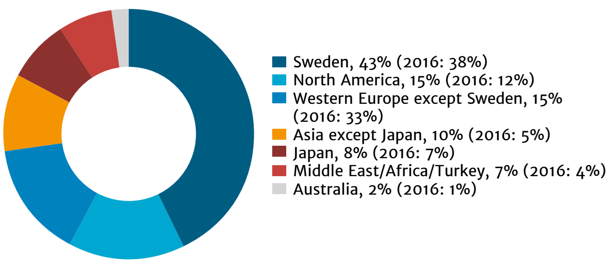
Liquidity investments by rating based on net exposure



Liquidity investments by exposure type as of December 31, 2017



Liquidity investment by region at December 31, 2017



Liquidity investments[1] by remaining maturity ("M")

	Dec. 31, 2017	Dec. 31, 2016
M ≤ 1 year	84%	83%
1 year < M ≤ 3 years	16%	17%
M > 3 years	0%	0%

[1] SEK's loan facility with the Swedish National Debt Office is excluded.

New lending capacity

	Dec. 31, 2017	Dec. 31, 2016
New lending capacity	15 months	9 months
Volume, liquidity investments	55.7 bn	72.3 bn
Volume, committed undisbursed loans	72.9 bn	54.8 bn
of which, CIRR-system	69.2 bn	49.1 bn

Key figures for liquidity risk

	Dec. 31, 2017	Dec. 31, 2016
LCR under Swedish FSA rules		
Total	505%	383%
EUR	3,064%	2,603%
USD	557%	313%
LCR under EU Commission's delegated act		
Total	169%	215%
NFSR	140%	132%

Note 27, continued

Contractual flows

Consolidated Group	December 31, 2017							
Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
Financial assets								
Cash and cash equivalents	1,231	–	–	–	–	**1,231**	–	1,231
Treasuries/government bonds	767	1,093	985	1,536	–	**4,381**	1	4,382
Other interest-bearing securities except loans	3,305	8,670	22,630	5,547	–	**40,152**	-345	39,807
Loans in the form of interest-bearing securities	314	1,451	6,789	24,151	11,574	**44,279**	-3,154	41,125
Loans to credit institutions	210	9,973	3,479	7,417	2,907	**23,986**	-788	23,198
Loans to the public	4,764	7,230	24,147	76,541	43,362	**156,044**	-14,933	141,111
Derivatives	309	1,069	1,165	2,801	2,687	**8,031**	-228	7,803
Total	**10,900**	**29,486**	**59,195**	**117,993**	**60,530**	**278,104**	**-19,447**	**258,657**

Consolidated Group	December 31, 2017							
Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
Financial liabilities								
Borrowings from credit institutions	40	-2,368	–	–	–	**-2,328**	11	-2,317
Senior securities issued	-1,832	-24,648	-48,126	-136,112	-34,095	**-244,813**	22,297	-222,516
Derivatives	-70	-1,227	-667	-658	236	**-2,386**	-14,094	-16,480
Subordinated securities issued			-2,049			**-2,049**	9	-2,040
Total	**-1,862**	**-28,243**	**-50,842**	**-136,770**	**-33,859**	**-251,576**	**8,223**	**-243,353**
Obligations								
Committed undisbursed loans	**-696**	**-3,649**	**-17,753**	**-14,013**	**36,111**			
Liquidity surplus (+)/ deficit (-)	**8,342**	**-2,406**	**-9,400**	**-32,790**	**62,782**	**26,528**		
Accumulated liquidity surplus (+)/deficit (-)	**8,342**	**5,936**	**-3,464**	**-36,254**	**26,528**	**26,528**		

In addition to the instruments in the statement of financial position and committed undisbursed loans, SEK has outstanding binding offers of Skr 1.2 billion as well as additional available funds consisting of a credit facility with the Swedish National Debt Office of Skr 125 billion for 2016, which can be used within the CIRR-system. In December 2016, the Swedish parliament decided that the credit facility for 2017 should amount to Skr 125 billion. With regard to deficit in cash flow with maturity between three months and five years, SEK has the intention to refinance these through borrowing on the financial markets.

Repayments subject to notice for liabilities and hedging derivatives are treated as if notice were to be given immediately, whether it is SEK or the counterparty that has the right to demand early redemption. Assets with repayments subject to notice are assumed to occur on the maturity date. "Subordinated securities issued" which consists of a dated subordinated instrument, were assumed be repaid at the time of the first redemption date. Embedded derivatives in financial assets and liabilities have been excluded. Forward prices are used for contracts with variable interest rate structure, except for contracts that have reached the fixing date in which case the interest rate is used. For a contract with a fixed-interest rate structure, the interest rate has been applied for the entire tenor. When a contract has been structured and uses an interest-rate formula, a plain vanilla setup has been adopted and forward rates applied. The conservative scenario using the prudence concept for cash flows for liabilities and hedging derivatives is not likely to be the real outcome. Differences between book values and future cash flows for financial assets and financial liabilities are reported in the column "Discount effect."

Cash flows for cash collateral under derivatives' CSAs are assumed to have the same cash flows as the related derivatives.

The following items other than financial instruments have an approximate expected recovery time of less than 12 months: other assets; prepaid expenses; accrued revenue; other liabilities; accrued expenses and prepaid revenue. All other balance-sheet items other than financial instruments have an approximate expected recovery time of 12 months or more.

The amounts above include interest, except for committed undisbursed loans.

Consolidated Group Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
				December 31, 2016				
Financial assets								
Cash and cash equivalents	7,054	–	–	–	–	**7,054**	–	7,054
Treasuries/government bonds	15	479	156	3,047	–	**3,697**	-10	3,687
Other interest-bearing securities except loans	6,811	14,598	21,295	7,654	–	**50,358**	-457	49,901
Loans in the form of interest-bearing securities	-113	230	7,030	20,549	20,549	**49,217**	-2,995	46,222
Loans to credit institutions	-59	12,029	2,016	8,676	4,394	**27,056**	-866	26,190
Loans to the public	3,219	7,407	25,890	88,428	36,956	**161,900**	-13,991	147,909
Derivatives	1,475	1,499	1,352	4,228	5,891	**14,445**	-2,440	12,005
Total	**18,402**	**36,242**	**57,739**	**138,386**	**62,958**	**313,727**	**-20,759**	**292,968**

Consolidated Group Skr mn	Due ≤ 1 month	Due 1 month ≤ 3 months	Due 3 months ≤ 1 year	Due 1 year ≤ 5 years	Due > 5 years	Total cash flow	Discounting effect	Carrying amount
				December 31, 2016				
Financial liabilities								
Borrowings from credit institutions	-119	-3,865	167	–	–	**-3,817**	61	-3,756
Borrowing from the public	–	–	–	–	–	**–**	–	–
Senior securities issued	-9,299	-37,844	-46,345	-133,418	-52,974	**-279,880**	30,688	-249,192
Derivatives	-56	-766	-1,914	-3,151	-57	**-5,944**	-16,128	-22,072
Subordinated securities issued	–	–	–	-2,267	–	**-2,267**	1	-2,266
Total	**-9,474**	**-42,475**	**-48,092**	**-138,836**	**-53,031**	**-291,908**	**14,622**	**-277,286**
Obligations								
Committed, undisbursed loans	-123	-3,534	-11,348	-10,080	25,085	0		54,783
Liquidity surplus (+) / deficit (–)	**8,805**	**-9,767**	**-1,701**	**-10,530**	**35,012**	**21,819**		
Accumulated liquidity surplus (+) / deficit (–)	**8,805**	**-962**	**-2,663**	**-13,193**	**21,819**	**21,819**		

Operational risk

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

Risk management

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

Risk measurement

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

Risk monitoring

SEK's work on operational risk is conducted at all levels of the organization to ensure that the company is able to identify and reduce risk. All risk-related events are registered in an IT-based incident-reporting system. The fundamental cause is analyzed and actions are then taken to prevent a recurrence. By means of the new product approval process (NPAP), SEK prevents the company from unknowingly taking on risks that the company is unable to manage. The functions perform regular self-assessments of the operations in order to identify and reduce major risks. The self-assessments and the subsequent analysis are coordinated with business planning and the internal capital assessment. The Risk function carries out aggregated monitoring and analysis of the risks and action plans, as well as of significant operational risk events.

Risk information

For a supplementary and expanded account of the operational risk-related information, refer to the separate risk report, "SEK — Capital Adequacy and Risk Management Report — Pillar 3."

Sustainability risk

Sustainability risk is the risk that SEK's operations directly or indirectly impact their surroundings negatively in respect of business ethics, corruption, climate and the environment, human rights and labor conditions. Human rights includes the child rights perspective, labor conditions encompasses gender equality and diversity, and ethics is included in tax transparency.

Risk management

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

The international guidelines pursued by SEK are described on page 47.

Risk measurement

In connection with new business opportunities, the potential sustainability risks are identified and assessed at country, counterparty and transaction level.

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

Elevated sustainability risk

The sustainability risk is considered to be elevated in the following cases:

- Category A and B projects
- Projects and operations subject to a high risk of corruption or human rights violations including labor conditions.
- Areas affected by conflict
- The mining and arms sectors
- Exporters or the exporters' customers who are internationally black-listed or have been involved in a significant incident.

In-depth sustainability review

An in-depth sustainability review is performed in cases of elevated sustainability risk. The extent and form of the review depends on the scope of the financing, the level of the identified risks and SEK's ability to influence the situation. Where necessary, societal and environmental conditions are included in loan agreements, and site visits may be included as part of an evaluation. In the case of deviations from international standards or other deficient management of sustainability risks, the counterparty is required to take actions to rectify this.

Risk monitoring

Sustainability risk is monitored through regular analysis and reporting to the Board of Directors. Project or project-related funding with an identified elevated sustainability risk is monitored via continuous incident searches and via checks of compliance with the agreement's sustainability clauses. In the monitoring, one transaction during the year, which is not project or project-related, was found to have not gone through the risk identification before credit approval.

Risk information

SEK granted loans to the following category A and B projects in 2017:

Category A project:

- Mine in Armenia
- Wind Power in the UK

Category B projects:

- Two separate projects for paper machines in the UAE
- Transmission lines in Ethiopia
- Converter stations in the UK

Note 28. Transactions with related parties

SEK defines related parties to the Parent Company as:

- the shareholder, i.e. the Swedish government
- companies and organizations that are controlled through a common owner, the Swedish government
- subsidiaries
- key management personnel
- other related parties

SEK defines related parties to the Group as:

- the shareholder, i.e. the Swedish government
- companies and organizations that are controlled through a common owner, the Swedish government
- senior executives
- other related parties

The Swedish government owns 100 percent of the company's share capital. By means of direct guarantees extended by the Swedish National Debt Office and the Swedish Export Credits Guarantee Board, EKN, 35 percent (Year-end 2016: 36 percent) of the company's loans outstanding on December 31, 2017 were guaranteed by the Swedish government. The remuneration to EKN for the guarantees paid by SEK during 2017 amounted to Skr 2 million (2016: Skr 31 million). SEK administers, in return for compensation, the Swedish government's system for officially supported export credits (CIRR system), and the government's previous concessionary credits system, refer to Note 1a (d) and Note 25.

In 2017, SEK had a Skr 125 billion (2016: Skr 125 billion) credit facility with the Swedish National Debt Office which was entirely related to the officially supported export credit system (CIRR-system). In December 2017, the credit facility was extended for 2018. SEK has not yet utilized the credit facility.

SEK enters into transactions in the ordinary course of business with entities that are partially or wholly owned or controlled by the State. SEK also extends export credits (in the form of direct or pass-through loans) to entities related to the State. Transactions with such counterparties are conducted on the same terms (including interest rates and repayment schedules) as transactions with unrelated parties. The Group's and the Parent Company's transactions do not differ significantly. Internal transactions between the Parent Company and the subsidiaries amount to Skr - million (2016: Skr - million) for interest expenses from the Parent Company's point of view. For further information see Note 1 (b), Basis of consolidation and Note 15, Shares.

Key management personnel include the following positions:

- The Board of Directors
- The Chief Executive Officer
- Other executive directors

For information about remuneration and other benefits to key management personnel see Note 5, Personnel expenses.

Other related parties include close family members of key management personnel as well as companies which are controlled by key management personnel of SEK or controlled by close family members to key management personnel.

The following tables further summarize the Group's transactions with its related parties:

	2017					
	The shareholder, the Swedish government		Companies and organizations controlled through a common owner, the Swedish government		Total	
Skr mn	**Assets/ liabilities**	**Interest income/ interest expense**	**Assets/ liabilities**	**Interest income/ Interest expense**	**Assets/ liabilities**	**Interest income/ Interest expense**
Treasuries/government bonds	401	4	–	–	401	4
Other interest-bearing securities except loans	–	–	5,933	-27	5,933	-27
Loans in the form of interest-bearing securities	–	–	2,198	18	2,198	18
Loans to credit institutions	–	–	2,607	52	2,607	52
Loans to the public	–	–	2,989	37	2,989	37
Settlement claim against State[1]	3,309	–	–	–	3,309	–
Total	**3,710**	**4**	**13,727**	**80**	**17,437**	**84**
Borrowing from credit institutions	–	–	–	–	–	–
Borrowing from the public	–	–	–	–	–	–
Senior securities issued	–	–	–	–	–	–
Other liabilities	125	–	–	–	125	–
Total	**125**	**–**	**–**	**–**	**125**	**–**

Note 28, continued

	2016					
	The shareholder, the Swedish government		Companies and organizations controlled through a common owner, the Swedish government		Total	
Skr mn	**Assets/ liabilities**	**Interest income/ interest expense**	**Assets/ liabilities**	**Interest income/ Interest expense**	**Assets/ liabilities**	**Interest income/ Interest expense**
Treasuries/government bonds	442	1	–	–	442	1
Other interest-bearing securities except loans	–	–	3,439 [2]	5	3,439	5
Loans in the form of interest-bearing securities	–	–	1,948	16	1,948	16
Loans to credit institutions	–	–	2,548	33	2,548	33
Loans to the public	–	–	1,299	15	1,299	15
Settlement claim against State[1]	3,267	–	–	–	3,267	–
Total	**3,709**	**1**	**9,234**	**69**	**12,943**	**70**
Borrowing from credit institutions	–	–	–	–	–	–
Borrowing from the public	–	–	–	–	–	–
Senior securities issued	–	–	–	–	–	–
Other liabilities	235	–	–	–	235	–
Total	**235**	**–**	**–**	**–**	**235**	**–**

[1] For information about "Settlement claim against State," see Note 16 Other assets and Note 25 CIRR system.
[2] SEK invested a large volume in interest-bearing securities issued by the Riksbank during the fourth quarter of 2016.

Note 29. Events after the reporting period

No events with significant impact on the information in this report occurred after the end of the reporting period.

About the Sustainability Report

SEK's Sustainability Report pertains to the 2017 calendar year and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The report applies the relevant sections of the GRI Sector Supplement for Financial Services. The selected indicators are reported in the GRI index on pages 136–137.

SEK's Sustainability Report is integrated into the company's annual report. The sustainability information is integrated together with other information in the Report of the Directors, and the financial statements and accompanying notes. In particular, pages 26–33 and page 35 address SEK's sustainable business initiatives, a description of the allocation of responsibility and governance of sustainability is set out in the Corporate Governance Report on pages 47–53, and a description of sustainability risks can be found in Note 27 on page 127.

SEK's latest sustainability report covered the 2016 calender year and was published in March 2017.

Scope and boundaries of the Sustainability Report

SEK's Sustainability Report covers the Parent Company. To varying degrees, SEK exercises influence over large defined projects that SEK finances. SEK reports on its governance and management of social and environmental risks in its lending in accordance with the GRI's Sector Supplement for Financial Services. SEK's operations are limited to Commercial and Corporate Banking under the GRI's definition. Accounting policies pertaining to individual indicators are stated in conjunction with the reporting of the respective indicator. For more information, please contact SEK's Head of Sustainability.

Material sustainability topics

Material sustainability topics reflect SEK's significant economic, environmental and societal impact, and the areas that can materially influence our stakeholders' assessments and decisions. A combination of internal and external factors have been used to establish what information the sustainability report should contain. These factors include SEK's mission and sustainability-related circumstances, issues highlighted by stakeholders, societal expectations and our influence on suppliers and clients. SEK's suppliers include companies from which SEK purchases goods and services, such as IT suppliers, consultants, advisors and stationery suppliers. Export credits are regulated by international standards and agreements that SEK is expected to apply. These are listed on page 47.

SEK's method for defining material sustainability topicscomprises three steps:

- Stakeholder dialogues identify sustainability topics as well as the circumstances within which SEK operates.
- SEK's management prioritizes material sustainability topics and validates the content of the Sustainability Report.
- The sustainability strategy and targets are established by the Board in the business plan.

SEK's main impact is downstream in the production chain, that is, in connection with SEK's lending.

Changes in the 2017 Sustainability Report

The 2017 Sustainability Report has been adapted to the GRI Standards and new requirements in the Swedish Annual Accounts Act. This has resulted in the inclusion of new indicators in the report: 102-15 Key impacts, risks, and opportunities; 102-17 Mechanisms for advice and concerns about ethics; and 102-32 Highest governance body's role in sustainability reporting. A new material topic was identified in this year's materiality analysis: 201-2 Financial implications and other risks and opportunities due to climate change. No significant restatements were made of information provided in previous reports.

Sustainability-related circumstances and the precautionary principle

SEK bases the identification of material sustainability topics on the circumstances under which it operates. The description of SEK's sustainability-related circumstances and updates of the sustainability strategy are part of SEK's yearly business planning. SEK follows the precautionary principle by managing risks of negative social and environmental impact in accordance with international guidelines.

Scope of the Sustainability Report

SEK's material impact on economic, social and environmental issues arises among its clients when lending to Swedish exporters or lending to buyers of Swedish exporters' goods or services, which are outside of SEK's own operations and control. Accordingly, SEK has an indirect impact through its lending. Through its role as lender, SEK has clear limits in its reporting of information about projects and businesses financed by the company. In many cases, confidentiality rules in the Swedish Banking and Financing Business Act limits SEK's ability to report information about individual transactions. Non-disclosure of business confidentiality is a key component of SEK's business ethics measures. Requirements for greater transparency about the social and environmental impacts of large projects arise through the development of international standards with which SEK complies, particularly within the OECD. SEK is actively involved in efforts to improve transparency at international level. SEK has a responsibility to the Swedish export industry, to ensure that disclosure requirements are reasonable based on requirements in competitor countries in line with agreed standards and practice.

Stakeholder engagement principles
Stakeholders consist of groups and individuals that can reasonably be expected to be affected by SEK's operations or whose actions can reasonably be expected to materially impact the ability to create value over time. Stakeholders include owners, exporters, banks, investors, employees, business partners, suppliers, local communities, non-governmental organizations, legislators and decision-makers. Our key stakeholders are identified by SEK's management. Forms of dialogue with our key stakeholders are detailed on page 26.

Green loans
SEK' s green lending comprises green loans that promote the transition to a low-carbon economy. The classification is performed by sustainability analysts at SEK. The effects that the loan will give rise to, such as reduced emissions of greenhouse gases, are monitored and reported. Green loans are categorized as dark green or light green. Dark green loans are classified under SEK's framework for green bonds. Dark green loans are financed through SEK's green bonds and reductions in CO_2 emissions are estimated for these loans. SEK's framework for green bonds contains eight categories of Swedish exports of environmental expertise with certain limitations. These limitations mean, among other things, the exclusion of any fossil fuel in the definition and that only small-scale hydropower or the expansion of existing hydropower can be included as dark green projects. SEK's framework for green bonds can be found at www.sek.se. Light green loans finance products or services that lead to significant and demonstrable progress toward the goal of sustainable development, either through a reduction in environmental impact or through more efficient use of resources. The classification of light green loans is based on the EU's definition of ECO innovation.

Measurement of environmental impact
SEK measures the indirect environmental impact of green loans, in terms of emissions, based on the method stated in the International Financial Institution Framework for a Harmonized Approach to Greenhouse Gas Accounting, November 2012 and in accordance with SEK's Framework for Green Bonds, September 2014. The estimated reduction in reported carbon dioxide emissions is based on calculations received by SEK from project owners, exporters or from environmental reports prepared in connection with the project. The estimates are prepared on a project basis, using a typical year once the project has been completed, and are reported in proportion to SEK's share of the total project financing. Reporting of the direct environmental effects of SEK's operations, in terms of emissions, are measured according to the GHG Protocol and apply operational control as the consolidation method. The method states how the emissions should be categorized and ranked (based on SEK's control over the emissions source). The GHG Protocol categorizes emissions according to three scopes with control declining as scope increases. Data for company cars has been gathered by reporting mileages and for electricity, district heating and couriers through invoice data. Data for business travel has been received from travel agents and standard values have been applied for material and commuting. Climate reporting for our own operations utilizes the number of annual full-time equivalents (FTEs) at the end of the year, which was 250.

All climate date is associated with a degree of uncertainty, which is attributable to scientific uncertainty regarding the measurement methods as well as uncertainties surrounding the data that the measurement methods are applied to. This applies particularly to the measurement of indirect environmental impact from loans, where SEK relies on project data and information prepared and supplied by the exporter. Uncertainty also exists vis-à-vis SEK's share of financed projects, which is based on assumptions by SEK.

Measurement of indirect economic and social impact
The indirect impact of SEK's new lending on Sweden's GDP and employment is calculated using sector-based multipliers developed by Statistics Sweden, according to the SNI 2007 standard. This model calculates the Swedish content in an export order or in an investment. SEK finances many different types of transactions and not all of them necessarily fit this model precisely. These calculations can therefore only be made at a general level and the results should be interpreted with caution.

Personnel
The information pertaining to personnel in Note 5 on page 87 is mainly based on information from SEK's HR system. Information regarding personnel's country of origin is gathered from a survey, which is conducted every three years.

Policy for external assurance
In accordance with the owner policy and the Board's decision, external assurance is provided by the company's auditors.

The Board of Directors' signatures

The Board of the Directors and the Chief Executive Officer confirm that the consolidated financial statements and the Parent Company financial statements have been prepared in accordance with International Financial Reporting Standards, IFRS, as issued by the International Accounting Standard Board (IASB) and endorsed by the European Parliament and Council Regulation (EC) No 1606/2002 dated July 19, 2002 and generally accepted accounting principles in Sweden, respectively, and give a true and fair view of the Group's and the Parent Company's financial position and results of operations. The Report of the Directors for the Group and the Parent Company provides a true and fair overview of the Group's and the Parent Company's business activities, financial position and results of operations as well as the significant risks and uncertainties to which the Parent Company and its subsidiaries are exposed.

Stockholm, February 22, 2018

Lars Linder-Aronson
Chairman of the Board

Cecilia Ardström
Board member

Anna Brandt
Board member

Reinhold Geijer
Board member

Hans Larsson
Board member

Susanne Lithander
Board member

Lotta Mellström
Board member

Ulla Nilsson
Board member

Catrin Fransson
Chief Executive Officer

Our audit report on these annual accounts was submitted on February 22, 2018
Öhrlings PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant
Principal auditor

Anneli Granqvist
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of AB Svensk Exportkredit (publ), Corporate Identity Number 556084-0315

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AB Svensk Exportkredit (publ) ("SEK") for the year 2017. The annual accounts and consolidated accounts of the company are included on pages 8-132 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies. The consolidated accounts have been prepared in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies.

A corporate governance report and sustainability report have been prepared. The statutory administration report, corporate governance report and sustainability report are consistent with the other parts of the annual accounts and consolidated accounts and the Annual Accounts Act for Credit Institutions and Securities Companies.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and the consolidated accounts are consistent with the content of the additional report that has been presented to the Audit Committee of SEK in accordance with the audit regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

As part of our audit we place reliance on internal controls for the applications/systems and related platforms that supports SEK's accounting and financial reporting. Therefore, we perform audit procedures to determine that systems and processes are designed, maintained, operated and kept secure in such a way as to provide assurance that the risk of error is minimized. The audit procedures include walk-throughs of processes and evaluation of design and test of effectiveness of controls. Substantive testing has also been performed. Where possible we have relied on management's own evaluation activities.

Our audit is carried out continuously during the year with special attention at each quarter end. In connection with SEK's issuance of interim reports, we report our observations to the Audit Committee and issue interim review reports. At the end of the year, we also report our main observations to the Board of Directors.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of certain Level 2 and Level 3 financial instruments held at fair value Valuation of financial instruments in level 2 and level 3 was an area of audit focus due to their significance in presenting both financial position and performance in the financial statements. The majority of SEK's assets and liabilities measured at fair value in level 2 and level 3 are held to manage the risks related to SEK's structured funding. Financial instruments held at fair value in level 2 and level 3 utilise to a large extent unobservable inputs for recurring fair value measurements. Such instruments are predominantly based on models and contain certain assumptions that are not observable by third parties. Important areas in valuation of financial instruments held at fair value relate to: • Framework and policies relating to models and valuation; • Internal controls relating to fair value hierarchy, fair value adjustments, price testing and model control & governance; and • Levelling and disclosures of financial instruments Refer to the Annual Report Note 1, Note 13, Note 14 and Note 18	In our audit, we assessed and tested the design and operating effectiveness of the controls over: • the identification, measurement and oversight of valuation of financial instruments • fair value hierarchy, fair value adjustments and independent price verification • model control and governance We examined the Company's independent price verification processes, model validation and approval processes, controls over data feeds and inputs to valuation and the Company's governance and reporting processes and controls. For the valuations dependent on unobservable inputs or which involve a higher degree of judgment, we assessed the assumptions, methodologies and models used by the Company. We performed an independent valuation of a sample of positions. We also examined whether the disclosures made in the annual report are appropriate.
Impairment of loans to customers Accounting for impairment of loans to customers require management's judgment over timing of recognition of impairment and the size of any such impairment allowance. SEK makes allowances for incurred credit losses both on an individual and on a collective basis. Important areas of impairment of loans to customers relate to: • Identification of impaired loans including completeness of the customer accounts that are included in the impairment calculation; and • Assumptions and estimates made by management underlying the calculation of individual and collective impairment allowances. Examples of these relate to the probability to default and loss given default calculations. Refer to the Annual Report Note 1 and Note 9	In our audit, we assessed and tested the design and operating effectiveness of the controls over: • Rating and scoring of customers • Individually assessed loan impairment calculations • Collectively assessed loan impairment calculations We performed detailed testing on a sample of loans to ascertain whether we concur with the risk assessment as expressed by the internal rating or scoring. We tested impairment calculations on a sample of significant impaired loans including assessment of expected future cash flow. In addition, we examined a sample of loans and advances which had not been identified by management as impaired. In relation to the transition to IFRS 9, we assessed the appropriateness of assumptions, parameters and methodology used to ensure compliance with IFRS 9.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–7 and 136–140. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies and, concerning the consolidated accounts, in accordance with IFRS, as adopted by the EU and the Annual Accounts Act for Credit Institutions and Securities Companies. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of SEK for the year 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Banking and Financing Business Act, the Annual Accounts Act for Credit Institutions and Securities Companies or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed as the auditor of SEK by the annual general meeting on 22 March 2017, and has been SEK's auditor since 22 March 2017.

Stockholm, 22 February 2018
Öhrlings PricewaterhouseCoopers AB

Peter Nyllinge *Authorized Public Accountant* *Principal auditor*	Anneli Granqvist *Authorized Public Accountant*

GRI content index

Those standards and disclosures that SEK reports in its Annual Report and 2017 Sustainability Report in accordance with the Global Reporting Initiative standards and Sector Supplement for Financial Services, are listed below. As part of SEK's participation in the UN Global Compact (UN GC) we are submitting our Communication on Progress for 2017 below. A statement of continued support for the UN GC can be found in the statement by the CEO section on page 6.

In addition to reporting in line with the GRI Standards and the UN GC, reports on activities within the framework of the UN's Sustainable Development Goals and the Fossil Free Sweden initiative can be found below.

Standard Disclosure	Content	Page number	UN GC principle
GRI 102: GENERAL DISCLOSURES 2016			
102-1	Name of the organization	Page 66	
102-2	Activities, brands, products and services	Pages 16–17	
102-3	Location of headquarter	Page 66	
102-4	Location of operations	Page 66	
102-5	Ownership and legal form	Page 47	
102-6	Markets served	Pages 16–17,20–21	
102-7	Scale of the organization	Pages 17,36,38–39 66,87	
102-8	Information on employees and other workers	Page 87,131	
102-9	Supply chain	Page 32	
102-10	Significant changes to the organization and its supply chain	No significant changes	
102-11	Precautionary principle or approach	Page 130	
102-12	External initiatives	Page 47	
102-13	Membership of associations	Page 28	
102-14	Statement from senior decision-maker	Pages 6–7, 46	
102-15	Key impacts, risks and opportunities	Pages 8–9,12,26–30,44	
102-16	Values, principles, standards and norms of behavior	Page 52	
102-17	Mechanisms for advice and concerns about ethics	Page 53	
102-18	Governance structure	Pages 47–53	
102-32	Highest governance body's role in sustainability reporting	Page 51	
102-40	List of stakeholder groups	Page 26	
102-41	Collective bargaining agreements	Page 81	
102-42	Identifying and selecting stakeholders	Page 130	
102-43	Approach to stakeholder engagement	Page 26	
102-44	Key topics and concerns raised	Page 26	
102-45	Entities included in the consolidated financial statements	Page 66	
102-46	Defining report content and topic boundaries	Page 130	
102-47	List of material topics	Page 27	
102-48	Restatements of information	Page 130	
102-49	Changes in reporting	Page 130	
102-50	Reporting period	Page 130	
102-51	Date of most recent report	Page 130	
102-52	Reporting cycle	Page 130	
102-53	Contact point for questions regarding the report	Page 130	
102-54	Claims of reporting in accordance with the GRI Standards	Page 130	
102-56	External assurance	Pages 133–135	

Standard Disclosure	Content	Page number	UN GC principle
MATERIAL TOPICS			
GRI 201: ECONOMIC PERFORMANCE 2016			
103-1,103-2,103-3	Management approach	Page 30	
201-2	Financial implications and other risks and opportunities due to climate change	Page 30	
GRI 203: INDIRECT ECONOMIC IMPACTS 2016			
103-1,103-2,103-3	Management approach	Page 11	
203-2	Significant indirect economic impacts	Pages 35, 135	
GRI 205: ANTI-CORRUPTION 2016			
103-1,103-2,103-3	Management approach	Pages 28,,127	10
205-1	Operations assessed for risks related to corruption	Page 28,127	10
205-2	Communication and training about anti-corruption policies and procedures	Page 35,50	10
GRI 302: ENERGY 2016			
103-1,103-2,103-3	Management approach	Page 28,33	
302-1	Energy consumption within the organization	Page 35	
302-4	Reduction of energy consumption	Page 33,35	
GRI 305: EMISSIONS 2016			
103-1,103-2,103-3	Management approach	Page 28,33	
305-2	Energy indirect (Scope 2) GHG emissions	Page 35	
305-3	Other indirect (Scope 3) GHG emissions	Page 35	
Social			
GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016			
103-1,103-2,103-3	Management approach	Pages 12,31, 48	3
405-1	Diversity of governance bodies and employees	Page 87	
GRI 412: HUMAN RIGHTS ASSESSMENT 2016			
103-1,103-2,103-3	Management approach	Pages 23, 29,127	1, 2, 4, 5, 6
412-3	Credit decisions that have been subject to human rights reviews or impact assessments	Pages 35,127	2
GRI G4: SECTOR-SUPPLEMENT FOR FINANCIAL SERVICES			
103-1,103-2,103-3	Management approach	Pages 30,130-131	
FS6	Lending portfolio broken down by region and sector	Pages 20-21,119	
FS8	Products with environmental benefits	Pages 17,30,35	

The UN’s Sustainable Development Goals

At the UN’s summit meeting on September 25, 2015, heads of government of the world’s leading countries adopted 17 Sustainable Development Goals (SDG). SEK adheres to the global sustainable development goals. SEK has chosen to integrate the SDG’s most closely related to its operations together with SEK’s strategies, goals and operations, which are set out below.

	SEK’s activities			SEK’s activities	
13 CLIMATE ACTION	• Green bonds • Green loans • Reducing the impact of our own operations	• Page 30 • Page 30 • Pages 28,33	10 REDUCED INEQUALITIES	• Gender equality and diversity plan, and targets • Partnership with the Red Cross and My Dream Now	• Page 31 • Page 31
5 GENDER EQUALITY	• Gender equality and diversity plan, and targets	• Page 31	11 SUSTAINABLE CITIES AND COMMUNITIES	• Green loans • Environmentally certified offices for SEK’s operations • Carbon offsetting	• Page 30 • Page 28 • Page 28
8 DECENT WORK AND ECONOMIC GROWTH	• Adhere to international guidelines • Contribute to GDP growth in Sweden • Contribute to job opportunities in Sweden	• Page 47 • Page 35 • Page 35	17 PARTNERSHIPS FOR THE GOALS	• Supports the UN Global Compact • Stakeholder dialogue	• Page 6 • Page 26
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• SEK’s mission is to ensure access to financial solutions for the Swedish export industry	• Page 10			

The Fossil Free Sweden initiative

The Fossil Free Sweden initiative aims to showcase participants that, through their operations, contribute to solving climate issues and to reaching the goal of a fossil-free society. In 2016, SEK joined the Fossil Free Sweden initiative and participated in network meetings during the year. The following activities support the initiative.

Fossilfritt Sverige

SEK’s activities	
• Green loans	Page 30
• Green bond	Page 30
• Own fossil free operations through carbon offsetting	Page 28

Definitions

A and B projects
Projects and project-related financing are classified based on their potential societal and environmental impact according to the OECD's framework for export credits. Category A projects have a potentially material impact and category B projects have some potential impact.

After-tax return on equity
Net profit, expressed as a percentage per annum of the current year's average equity (calculated using the opening and closing balances for the report period).

After-tax return on assets
Net profit, expressed as a percentage per annum of the current year's average total assets (calculated using the opening and closing balances for the report period).

Leverage ratio
Tier 1 capital expressed as a percentage of the exposure measured under CRR (refer to Note 26).

CIRR loans as percentage of new lending
The shares of new lending comprised by officially supported export credits.

CIRR-system
The CIRR-system is the Swedish government's system for officially supported export credits (CIRR loan).

COP21
The UN climate change conference held in Paris in 2015. This resulted in a climate agreement under which countries have undertaken to contribute to reducing greenhouse gas emissions.

The Equator Principles
A risk management framework adopted by financial institutions for determining, assessing and managing environmental and societal risk in projects.

Average interest-bearing liabilities
This item includes outstanding senior debt and subordinated securities issued and is calculated using the opening and closing balances for the report period.

Average interest-bearing assets
This item includes cash and cash equivalents, treasuries/government bonds, other interest-bearing securities except loans, loans in the form of interest-bearing securities, loans to credit institutions and loans to the public, and is calculated using the opening and closing balances for the report period.

Green lending and green loans
SEK' s green lending comprises green loans that promote the transition to a low-carbon economy. The classification is performed by sustainability analysts at SEK. The effects that the loan will give rise to, such as reduced emissions of greenhouse gases, are monitored and reported. The term green project is assigned the same meaning as the term green loan. The green loans are then categorized as dark or light green. Dark green loans are categorized under SEK's framework for green bonds and light green loans finance products or services that lead to significant and demonstrable progress toward the goal of sustainable development, either through a reduction in environmental impact or through more efficient use of resources based on the EU's definition of ECO innovation.

Sustainable terms
SEK's mission is to ensure access to financial solutions for the Swedish export industry on commercial and sustainable terms. Sustainable terms is defined as conducting operations in a manner that benefits sustainable development. This means acting responsibly and minimizing the risk of negative impact, and of leveraging opportunities for sustainable value creation.

Indirect impact on GDP growth and jobs in Sweden
SEK's lending has indirect impacts in Sweden, including the GDP growth and jobs created by export transactions. The indirect impact of SEK's new lending on Sweden's GDP and employment is calculated using sector-based multipliers developed by Statistics Sweden, according to the SNI 2007 standard. This model calculates the Swedish content in an export order or in an investment. SEK finances many different types of transactions and not all of them necessarily fit this model precisely.

These calculations can therefore only be made at a general level and the results should be interpreted with caution.

C/I ratio
Total operating expenses in relation to net interest revenue, and net fee and commission expense.

Climate risk
Climate change leads to climate risks, which can affect physical assets when average global temperatures continue to rise resulting in gradually rising sea levels and increased average rainfall.

Common Equity Tier 1 capital ratio
The capital ratio is the quotient of Common Equity Tier 1 capital and the total risk exposure amount.

Liquidity coverage ratio
The liquidity coverage ratio (LCR) is a liquidity metric that shows SEK's highly liquid assets in relation to the company's net cash outflows for the next 30 calendar days. An LCR of 100 percent means that the company's liquidity reserve is of sufficient size to enable the company to manage stressed liquidity outflows over a period of 30 days. Unlike the Swedish FSA's rules, the EU rules take into account the outflows that correspond to the need to pledge collateral for derivatives that would arise as a result of the effects of a negative market scenario.

Medium-sized companies
Companies with annual sales of between Skr 500 million and Skr 5 billion, inclusive.

New long-term borrowing
New borrowings with maturities exceeding one year, for which the amounts are based on the trade date. In the Consolidated Statement of Cash Flows, amounts are shown based on settlement dates. Differences can occur between these amounts, since trade dates and settlement dates can differ and occur in different reporting periods.

New lending
New lending includes all new committed loans, irrespective of tenor. Not all new lending is reported in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows since certain portions comprise committed undisbursed loans (see Note 24). The amounts reported for committed undisbursed loans may change when presented in the Consolidated Statement of Financial Position due to changes in exchange rates, for example.

Tier 1 capital ratio
The capital ratio is the quotient of Tier 1 capital and the total risk exposure amount.

Basic and diluted earnings per share (Skr)
Net profit divided by the average number of shares, which amounted to 3,990,000 for each period.

Net stable funding ratio
This ratio measures stable funding in relation to the company's illiquid assets over a one-year, stressed scenario in accordance with Basel III.

Large companies
Companies with annual sales of more than Skr 5 billion.

Swedish exporters
Companies that export from Sweden or suppliers of these companies.

System export
Export which entail multi-supplier solution.

Total capital ratio
The capital ratio is the quotient of total own funds and the total risk exposure amount.

Outstanding senior debt
The total of borrowing from credit institutions, borrowing from the public and senior securities issued.

Loans, outstanding and undisbursed
Lending pertains to all credit facilities provided in the form of interest-bearing securities, and credit facilities granted by traditional documentation. These amounts comprise SEK's real lending. SEK considers these amounts to be useful measurements of SEK's lending volumes. Accordingly, comments on lending volumes in this report pertain to amounts based on this definition (see the Statement of Financial Position and Note 11).

Annual carbon dioxide reductions from green projects
Calculated as an annual CO_2 reduction for a normal year when the project is up and running, for more details refer to the calculation principles on pages 130–131.

Unless otherwise stated, amounts in this report are in millions (mn) of Swedish kronor (Skr), abbreviated "Skr mn" and relate to the Consolidated Group consisting of the Parent Company and its subsidiaries. The international code for the Swedish currency (SEK) is not used in this report to avoid confusion with the same three-letter abbreviation that has been used to denote AB Svensk Exportkredit since the company was founded in 1962.

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