



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

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How to read SEK's Annual Report

SEK's Annual Report 2016 is an integrated report that adheres to the principles set out in the IIRC's International Integrated Reporting Framework. This framework applies principles aimed 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 8–131. The Report of the Directors can be found on pages 8–59. The GRI-based Sustainability Report with GRI Index definitions on pages 138–139 has been reviewed.

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, call our Communications Department on +46 8 613 83 00. Design and production: SEK, with counsel from Hallvarsson & Halvarsson, and production support from Textfokus, Stockholm 2017. 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 includes administration of the officially supported CIR 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.

120

SEK currently has some 120 clients within the Swedish export industry.



256

employees



SEK's first financing
M/S Berit

1963

Collaboration
Solution Orientation
Professionalism

SEK's core values

Rating

AA+

Standard & Poor's

Aa1

Moody's

SEK's offering

SEK's offering is aimed at the Swedish export industry and buyers of Swedish products and services. SEK's clients are mainly represented among the 100 largest Swedish exporters with sales exceeding Skr 4 billion. Since 2015, SEK has also expanded its offering to reach medium-sized exporters with sales exceeding Skr 500 million.



We support Global Compact

Collaboration

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

2016 in brief

During the year, SEK has continued to deepen business with existing clients and to attract new clients. Half of the new clients are medium-sized companies and half large companies. In 2016, SEK invested considerable resources into developing system support for raising its risk management and measurement capabilities. SEK has excellent liquidity and is well-prepared to assist the Swedish export industry with financing solutions.

55

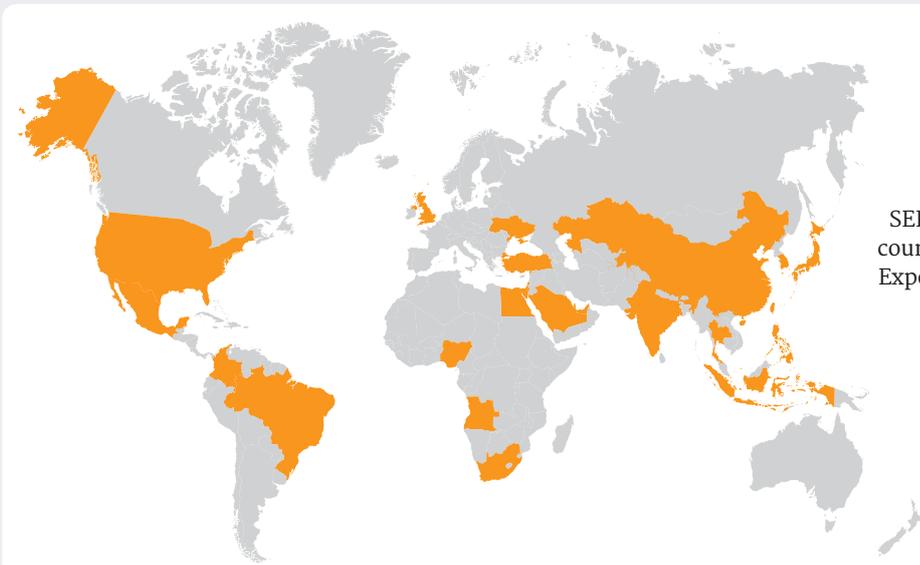
billion Swedish kronor
in new lending

263

billion Swedish kronor
in the total lending portfolio

1,002

billion Swedish kronor
in operating profit



SEK has lending in 23 of the 26 countries that the government's Export Strategy has identified as prioritized markets.



4.6%

Return on equity



SEK's employee survey 2016

85%

I feel strong commitment to my work duties

81%

My manager provides excellent leadership

Partnership with 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, EKN, Business Sweden and Swedfund. That includes the establishment of regional export centers.

Green Loans

3.3

billion Swedish kronor in new lending

25.1%

Total capital ratio



Public policy assignment

87%

of companies say that the Swedish export credit system is better than the systems of competitor countries.

Clients

94

Client Satisfaction Index

Banks

100%

of the banks would consider collaborating with SEK again and would recommend SEK to others

These figures were obtained from SEK's client survey conducted in April 2016



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



SEK contributes to meeting the global sustainability goals.

Optimism for Swedish exports despite difficult macro environment

Our efforts to reach new clients with our offering has during 2016 performed well. In total, SEK entered into relationships with 15 new clients and lent Skr 55 billion during the year.

Political uncertainty largely prevailed through 2016 and created unrest in the financial markets. In the latter part of the year however, we noted significantly more stable markets despite the continued unclear state of US politics. Moreover, the global financial market also appears to be more susceptible to the new US fiscal policy rather than monetary policy moving forward. In Europe, we face the negotiations for the UK's exit from the EU in parallel with election processes in a number of major economies.

Over the next few years, the OECD expects global trade to increase from a historically low level, but the coming years' increases are assessed as moderate. Moving forward, political uncertainty risks negatively impacting willingness to invest. Increased protectionism and the introduction of new trade barriers could both increase costs and cause difficulties for the Swedish export industry, which is largely dependent on foreign suppliers. Efforts to ensure a larger share of Swedish exports reach emerging markets remain important. And this is where SEK has a pivotal role.

Despite a relatively weak global investment trend, Swedish goods exports increased at the end of 2016. The weak Swedish krona was a contributory factor. The service sector has performed strongly over the last few years and continued to trend favorably, albeit at a slightly slower pace than previously.

» By reaching new clients, we add value for even more export companies «

Looking forward, we have noted increased optimism among Swedish exporters. Our own Export Credit Index (ECI) rose from 54 to 58 between June and December 2016, and Business Sweden's Export Managers' Index climbed from 53.9 (Q3 2016) to 58.2 (Q1 2017). In our surveys, exporters emphasized that access to finance was one of the most significant factors for a successful export transaction. With regard to access to financing, our clients' perception is that their financial position has continued to strengthen, and access to finance has improved as a result of favorable capital market conditions.

Despite the favorable capital market providing clients with alternative forms of financing, SEK experienced a healthy flow of work during the year. Our efforts to reach medium-sized companies with our offering has also performed well. In total, SEK entered into relationships with 15 new clients and lent Skr 55 billion to and for the Swedish export industry and its customers during the year. By reaching new clients, we add value for even more export companies who can increase the competitiveness of their offerings through our financing.

Similar to many other financial institutions, the prevailing low interest rates make it challenging for SEK to maintain profitability and to develop operations. Therefore, it was pleasing to post an increase of around 5 percent in net interest income to Skr 1,747 million (2015: Skr 1,662 million). SEK has a strong capitalization with a total capital ratio of 25.1 percent and healthy liquidity. Operating profit for 2016 declined to Skr 1,002 million (2015: Skr 1,535 million). This decline in profit was mainly due to lower net results of financial transactions related to unrealized changes in market value. The pace of investment in adapting operations to new regulatory frame-works was high in 2016 and will remain high in 2017.

In 2017, SEK will continue its efforts to reach new clients and broaden its business with existing clients

Sweden's Export Strategy aims to strengthen Swedish exports to and internationalization in emerging markets around the world. Moreover, in many emerging markets, Swedish environmental expertise can create the greatest benefits in the form of reduced GHG emissions. The government has high expectations for sustainable business and for the operations of companies active in Sweden and abroad to respect human rights. SEK has a pivotal role in meeting these aims. Financing is often key to a company winning an order in emerging markets and, in parallel, we have a responsibility to set requirements regarding respecting human rights for example. Our sustainability efforts focus therefore on managing sustainability risks in the transaction we finance and on actively promoting the export of Swedish environmental expertise to the rest of the world. International guidelines, including the UN Global Compact and Sustainability Development Goals, show the way forward for our sustainability efforts.



I am extremely proud that, during the year, we were able to continue driving large internal development projects in parallel with attracting new clients and increasing client satisfaction. SEK has a client satisfaction index (CSI) with an overall score of 94, which is probably among the highest client rating in the entire industry. Furthermore, when asked, all of our Swedish and international banking partners responded that they would recommend us to others. The client survey found that 87 percent of the client companies consider that the Swedish export credit system to be better than the corresponding export credit systems in key competitor countries.

» SEK has a client satisfaction index with an overall score of 94, which is probably among the highest client rating in the entire industry «

Despite the likelihood of 2017 being marked by continued political uncertainty in our macro environment, we have an optimistic outlook on the development of Swedish exports and on what SEK can do for these companies. We are a stable partner with a substantial contingency for new lending and we will continue to strive to assist the Swedish export industry. In this way, our vision of strengthening the competitiveness of the Swedish export industry is realized, and thereby contributes to creating jobs and sustainable growth in Sweden.

Stockholm February 22, 2017

Catrin Fransson, CEO

A business environment with 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 that SEK refines the modes of operation.



Internationalization

Companies' possibilities for exporting and internationalization can be enhanced by state export-promoting activities, of which SEK is one part. The companies can be supported with information on exports and individual export markets, and about guarantees and financial solutions, help to contact purchasers, procurers and decision makers, and help to deal with bureaucratic trade barriers.

Geopolitical concerns, war and refugees

Conflicts in the operating environment can impact Swedish exporters and have led to streams of refugees to Sweden. SEK works with integration, in part by employees giving talks in schools in areas with many pupils born outside Sweden.



Technological development, digitalization and fintech

The pace of technological development is rapid and digitalization has made major inroads and will change many industries and exporters' business models. SEK is also affected by this and works close to its clients to gain insight into how they are impacted and to adapt its offering.



Low interest rates and stimuli from central banks
Monetary policy stimuli from central banks worldwide and low interest rates heavily influence the Western world's economies. This is also affecting SEK's earnings.

Regulations

The financial sector continues to be impacted by new regulations and requirements. SEK adapts its systems and organization to comply with the requirements that affect its operations.





More service exports

The Swedish export trend toward an increasing content of services will continue in the years ahead. SEK is working together with other participants to develop its offering.



European banking sector

The European banking sector faces a number of challenges. A number of major and minor European banks have experienced problems. There is a risk that this will impact other parts of the financial sector.

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, not least due to the ongoing urbanization in many countries. SEK, together with the other state export promotion agencies, will assist Swedish exporters in reaching new markets. Sustainability work is of the utmost importance and SEK has extensive experience of working in complex markets.



Risk of protectionism

Protectionist forces are gaining ground in many countries. Free trade and free mobility are extremely important to Swedish exports and, by extension, to SEK's operations.



Considerable scope for climate issues

At the UN's summit meeting in September 2015, heads of government of the world's leading countries adopted 17 Sustainability Development Goals (SDG). The countries undertook up to 2030 to lead the world towards a more sustainable and just future. In Paris in December 2015, the countries of the world also united behind a new global climate agreement. SEK promotes achieving these global goals by issuing green bonds that finance green loans aimed at reducing GHG emissions.



Mission and strategy

SEK's operations are determined by the strategy and focus areas defined in SEK's mission, operating environment and core values.

1. Mission

SEK's mission is determined by the owner, the Swedish government, and 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 and financial targets encompassing capital structure, profitability targets and dividend policy. SEK has a complementary role to the market.

The Swedish parliament has established a public policy assignment for SEK, which is to administrate the CIRR system. This assignment is followed up through measuring the added value that SEK adds by offering export credits and the stakeholder dialogue.

SEK is a member of Team Sweden, which is made up of the Swedish state export promotion agencies, including EKN, Almi, Business Sweden and Swedfund, and works to realize the government's Export Strategy. SEK and the Swedish Export Credits Guarantee Board (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 by means of business acumen, proactivity and endeavoring to see opportunities.

Collaboration entails sharing information and asking for the skills of colleagues, talking to colleagues, listening and talking frankly, 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.



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



- Solution orientation
- Collaboration
- Professionalism

3. Strategy

SEK endeavors to understand the macro environment and develop the offering to continue to generate value for Swedish exports.

The strategy is to free up time and enhance the efficiency of the company's use of capital, thus creating scope for additional business. In this way, the vision of strengthening the competitiveness of the Swedish export industry is realized, thereby contributing to creating jobs and sustainable growth in Sweden. Realizing the strategy requires that SEK continues to develop the foundation for operations; i.e. having well-functioning IT systems and processes, an efficient organization and succeeding in retaining and developing competent and committed employees.

4. Focus areas

SEK currently has approximately 120 clients among large and medium-sized companies. In 2016, SEK's work to access more medium-sized companies generated effect and SEK was able to finance a number of new clients.

In the years ahead, SEK wants to continue to develop by reaching new clients and broadening its business with existing clients. SEK is also endeavoring to reach more clients by jointly with other players continuing to develop the offering. SEK hopes to be able to reach new client categories, including suppliers to the export industry, service exporters and overseas companies with exporting operations in Sweden.

A large part of SEK's transactions derives from collaboration with banks, which account for a significant number of the new clients. Collaboration with Swedish and international banks as well as with Almi, Business Sweden and the EKN continues to be important.

Swedish exporters are engaging increasingly in business in emerging markets. However, more has to be done by various export-promoting organizations to help small and medium-sized enterprises reach emerging markets, as is also highlighted by the government in its export strategy.

SEK contributes to sustainable development by financing Swedish environmental expertise in exports and by imposing sustainability requirements in the transactions that SEK finances. The focus on business development moving forward sets considerable demands for IT development.



- Free up time and capital to create scope for additional business
- A client-focused corporate culture
- Further develop IT systems, processes and organization
- Attractive and sustainable employer



- Develop the offering
- New client categories
- Develop collaboration with other organizations
- Green loans

Targets and outcomes

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

		2016 TARGETS	2016 OUTCOMES		2017 TARGETS
Business objective	Broaden the client base: Number of new clients	7	15	●	14
	C/I ratio	0.34	0.34	●	0.40
Client value	Client Satisfaction Index	>80%	94%	●	>80%
	Value added for clients through export credits ¹	-	63%	●	>60%
An attractive employer	Diversity: Percentage of women in management positions	>40%	36%	●	>40%
	Diversity: Number of employees with a foreign background	>25%	30%	●	>25%
	Commitment ²	80%	85%	●	80%
A sustainable society	Green loans	Skr 3 bn	Skr 3.3 bn	●	Skr 3 bn
	Sustainability rating ³	C+	C	●	C+
		2016 TARGETS	2016 OUTCOMES		LONG-TERM TARGETS
Financial targets ⁴	Return on equity	5.5%	4.6%	●	6%
	Dividend policy	30%	30%	●	30%
	Capital target	18.3– 20.3%	25.1%	●	1–3% ⁵

¹ Proportion of the client survey that perceives that SEK's export credits contributed significantly or very significantly to the execution of their export transactions.

² Proportion of respondents to the employee survey that agreed or agreed entirely that they showed significant commitment to work duties.

³ External sustainability rating conducted by Oekom. The survey is conducted biennially and most recently in 2016.

⁴ The General Meeting has decided the long-term financial targets for SEK.

⁵ 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 conducted its first follow-up on its public policy assignment through a customer survey that included the question of whether SEK's export credits had aided in concluding the clients' export transactions. Moving forward, the aim is to retain the high level of added value shown in the survey that SEK generates for clients. The gender equality goal among management was not reached. SEK works actively with staff development and recruitment to, over time, promote increased gender equality at the workplace. The return was negatively impacted by unrealized changes in fair value in the results and did not reach the 2016 target. Capital adequacy is above the capital target, but will be reviewed over a longer horizon with regard to regulatory changes.

Follow-up of the public policy assignment

The fact that SEK is to administrate the export credit system (CIRR system) is a specially commissioned public policy assignment by the Swedish parliament. 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 stakeholder dialogue. The stakeholder dialogue is presented on page 26.

The results of the monitoring included:

- 1. “How do 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, 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 there was room for improvement 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 that the Swedish export credit system is better than the systems in key competitor countries.

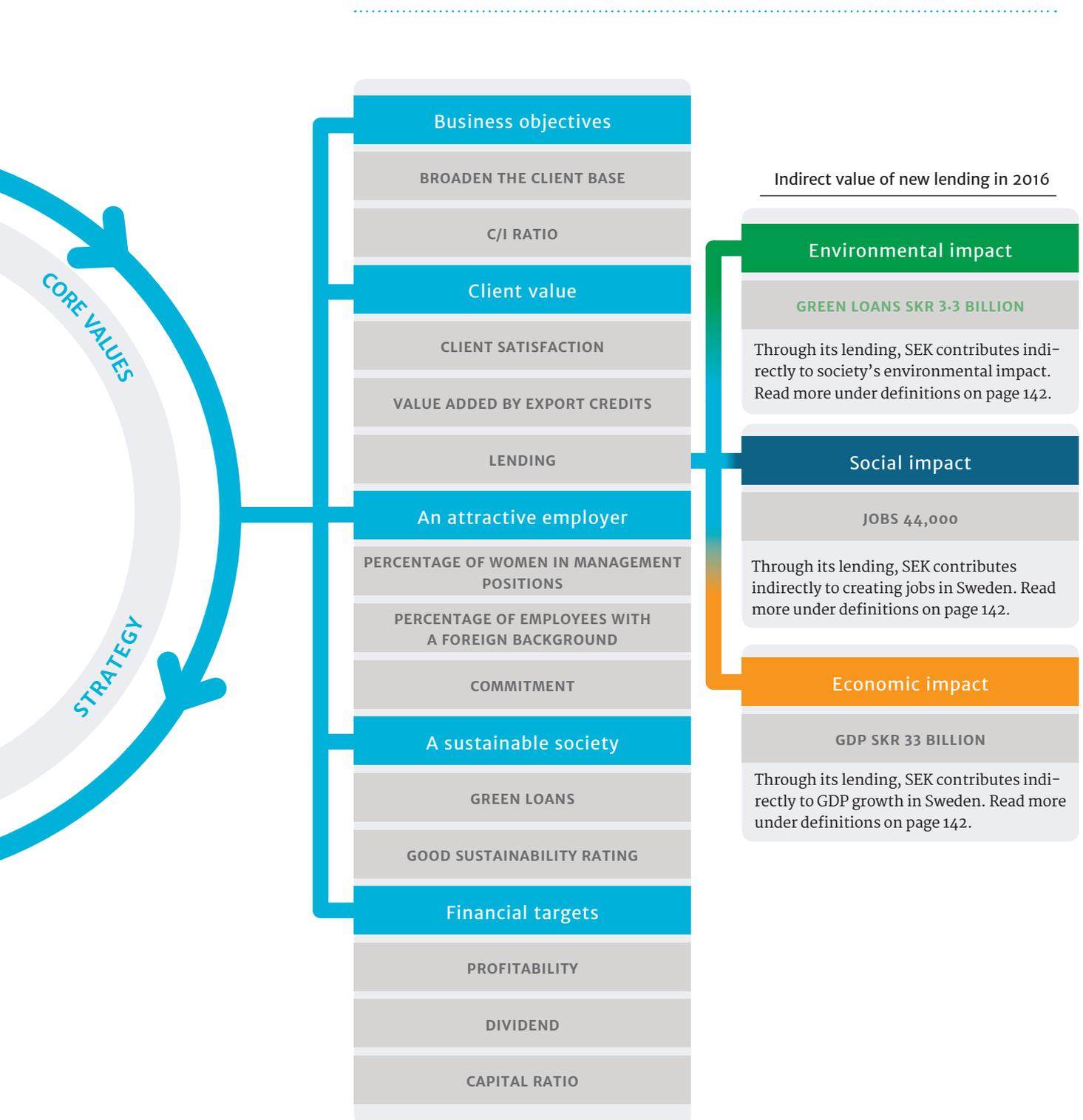
How SEK creates value

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



The most central feature is the financial flow. SEK raises capital in the international capital market, which is then lent to exporters and their customers. The lending generates value for the Swedish export industry, and for SEK and its stakeholders, both directly and indirectly.

VALUE



Offering

By offering various forms of financial solutions, SEK helps the Swedish export industry secure more export transactions.

SEK finances exporters

SEK finances Swedish exporters and buyers of Swedish products and services. SEK complements the client companies' existing borrowing sources and serves as an alternative for Swedish exporters that require access to multiple alternative sources of financing. SEK is a long-term partner with considerable experience of international financing and can offer long credit periods.

Collaboration boosts exports

As a result of collaboration with SEK, client companies gain access to a large international contact network of banks. Collaboration with the EKN creates a highly competitive export credit system that offers financing and guarantees to the Swedish export industry.

Since SEK also collaborates 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.

State-supported export credits system provides more opportunities

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.

SEK adds value for the export industry

Sales

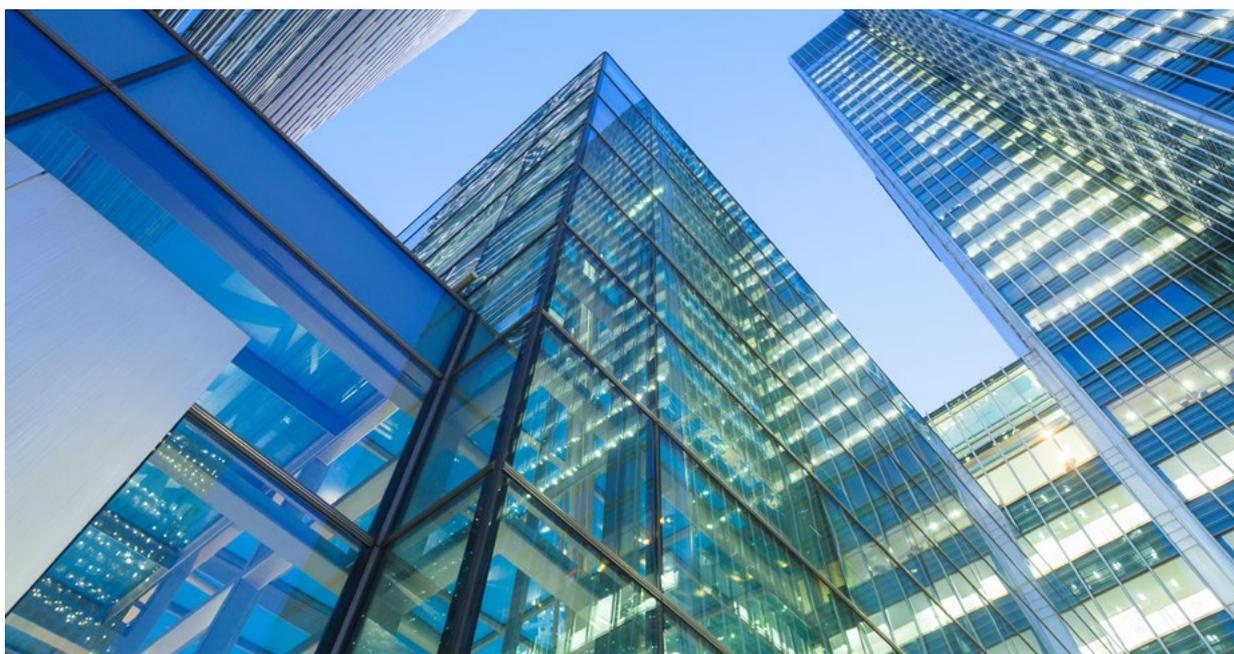
The possibility of the Swedish export industry to offer financing solutions to buyers of products and services contributes to increased sales. SEK offers financing in various formats and currencies.

Growth

Financing that enables exporters to grow, such as to build a new plant, acquire a new company or establish a subsidiary abroad.

Working capital

By, inter alia, acquiring the exporter's accounts receivable, SEK can release the client companies' capital thereby creating scope for additional capital expenditure.



Lending to Swedish exporters

SEK offers loans direct to Swedish exporters or 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 offer loans in local currencies, such as MXN (Mexican pesos) and TRY (Turkish lira).



Lending to buyers of Swedish exports

SEK offers financing to buyers of Swedish products and services through export credits among other things. In an export credit, there is an arranging bank and an ECA (guarantee institution), which in transactions involving a Swedish interest is usually the EKN. The structure complies with an OECD-wide regulation governing, inter alia, repayment terms and repayment. SEK administrates the state export credit system and can offer a fixed interest-rate option during the negotiation phase. This gives buyers an overview of their total cost of investment and can function as an important bargaining tool for securing a transaction.



Green Loans

Some of the transactions that SEK finances promote the transition to a low-carbon economy and may be classified as green loans. The classification is performed by sustainability analysts at SEK using an internal evaluation process. The effects that the loan will give rise to, such as reduced emissions of greenhouse gases, are monitored and reported.

Financial solutions

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, etc.

Lending directly to Swedish exporters

SEK offers lending directly to Swedish export companies or its affiliates around the world. The lending may be in Euro US dollars or Swedish kronor. SEK also offers lending in local currencies.

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.

SEK finances Northern Europe's second largest biogas facility

SEK has financed the Norwegian company Biokraft's construction of a biogas facility in Skogn, just north of Trondheim. Construction of the facility in Skogn started in 2015 and, on its completion in 2017, it will be one of Northern Europe's largest producers of liquid biogas. The facility will more than double production of biogas in Norway.



"Norway has entered a period of comprehensive readjustment. We are developing industry and commerce, which will take over the role that oil and gas operations currently play. Biokraft shows that it is possible to combine industry's demands for profitability with the need for clean fuel, increased production and reduced climate emissions."

– Håvard Wollan, CEO, Biokraft

The facility is being constructed by the Swedish environmental engineering company, Purac. SEK is financing an export credit to Biokraft AS that is being arranged by SpareBank 1 SMN. The project is also co-financed by Innovation Norway and the Norwegian company ENOVA.

"At Purac, we are tremendously proud to have the opportunity to construct this landmark in renewable fuel. The facility in Skogn will be the largest biogas plant that Purac has constructed in Europe and it is thanks to competitive financing from SEK and collaboration with the Swedish export credit system that the project can be brought to fruition and Biokraft can contribute to a better environment."

– Jonas Fack, Managing Director, Purac

Facts and business partners

Amount: Export credit, NOK 160 million

Start: 2016

Maturity: 2027

Borrower: Biokraft AS of Norge

Exporter: Purac AB

Arranger: SpareBank 1 SMN

Guaranteed by: Sparebank 1 och EKN

Sustainability

The facility in Skogn will contribute to an annual reduction of CO₂ emissions corresponding to 30,000 metric tons.



Green Lending

SEK finances ITAB Shop Concept AB

SEK has financed ITAB's acquisition of the Italian group, La Fortezza. The financing of acquisitions by Swedish companies falls well within SEK's mission which, in addition to promoting exports, also includes creating employment in Sweden. Swedish exporters who expand through acquisitions rather than allow themselves to be acquired are expected to contribute to growth and higher employment.

ITAB Shop Concept AB is one of Europe's leading suppliers of store interiors and lighting systems. Following the acquisition, the group has annual sales of about Skr 6.5 billion and operations in 28 countries. La Fortezza is an Italian company in concept interiors and, through the acquisition, ITAB strengthened its market position in Europe and also gained a local presence in Southern Europe.

ITAB wanted to broaden its financing base to ensure continued growth, both organic and through acquisitions. SEK's close collaboration with ITAB's commercial bank meant SEK could offer a loan with a longer maturity than that offered by the bank market, in connection with the acquisition. The loan from SEK helped ITAB to both diversify and extend its debt structure. ITAB's successful acquisition track record combined with its continued growth potential constituted a key aspect of SEK's assessment.

"I view SEK as a valuable complement to our commercial bank. Through their longstanding relationship, SEK and our commercial bank were able to act quickly when a need for increased financing arose in conjunction with this particular acquisition."

– Samuel Wingren, CFO, ITAB Shop Concept AB

Facts

Amount: EUR 32.5 million

Start: 2016

Maturity: 2023





SEK finances ABB's deliveries to the North Sea Link

SEK has financed ABB's deliveries to the 720 km long subsea interconnector, the North Sea Link (NSL), between the UK and Norway. This comprises a high voltage direct current (HVDC) cable with a capacity of around 1,400 megawatts (MW). The aim is to secure electricity supplies between the two countries and the cable is expected to be operational in 2021. The interconnector will be bidirectional allowing the import and export of electricity between the UK and Norway.

ABB's involvement in the project comprises the delivery of converter stations. The order value is about USD 450 million and SEK is providing financing of around USD 230 million in the form of an export credit at a fixed CIRR.

The proposed subsea cables will be routed from the converter station in East Sleekburn near Blyth in the UK to Kvilldal in Norway. The cable will pass through UK and Norwegian territorial waters. The North Sea Link will give the UK access to Norwegian hydropower whilst giving Norway access to UK's increasing portfolio of wind and other renewable technology generation.

Facts and business partners

Amount: Approximately USD 230 million CIRR export credit

Buyer: Statnett and National Grid

Exporter: ABB

Structuring bank and agent: BNP Paribas

Export Credit Guarantee provider: EKN

Sustainability

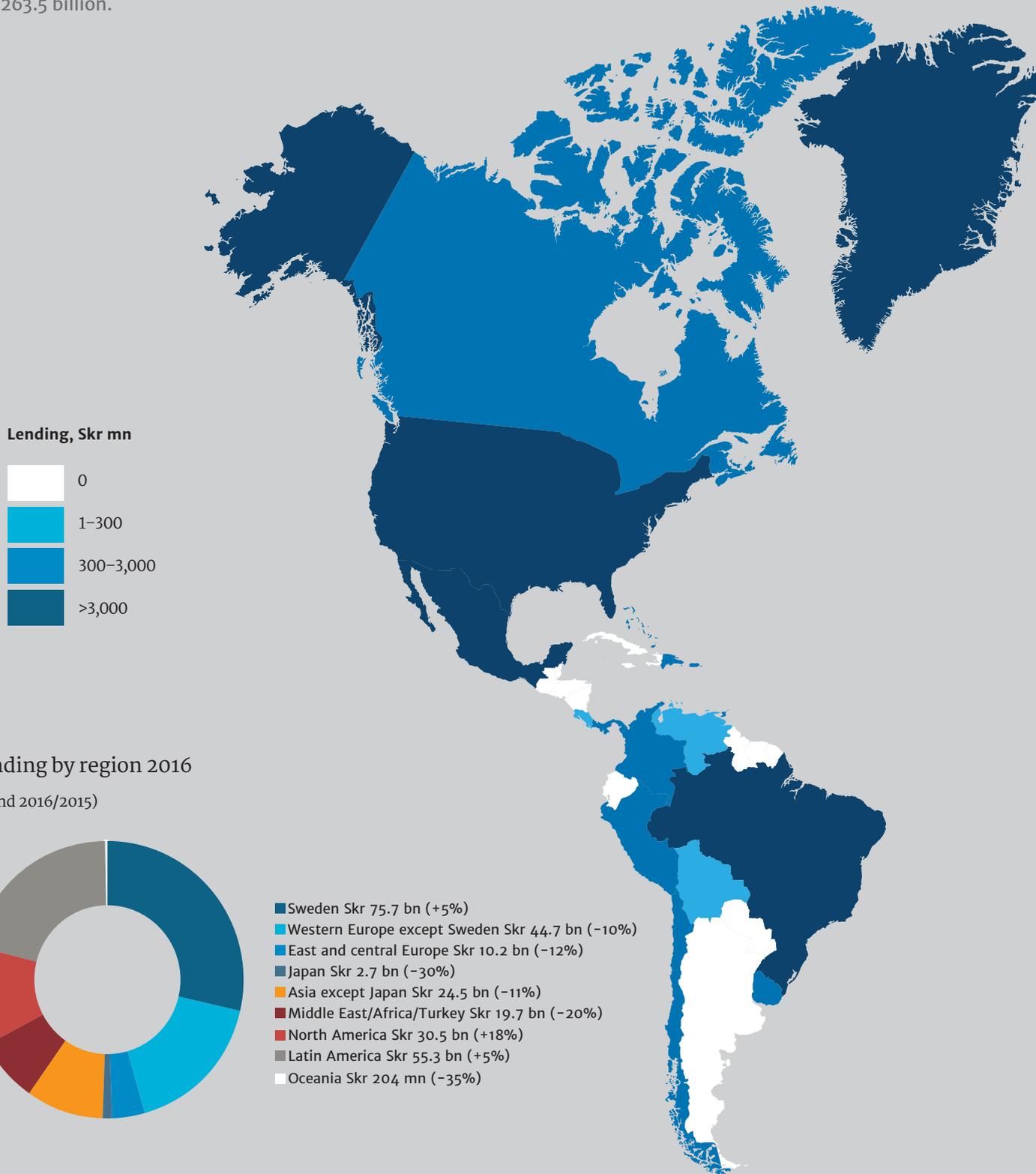
The North Sea Link will increase the security of electricity supplies and lead to a reduction in CO₂ emissions equivalent to 2.65 million tons per year. The part being financed by SEK corresponds to an annual reduction of 371,000 tons of CO₂ emissions.



Green lending

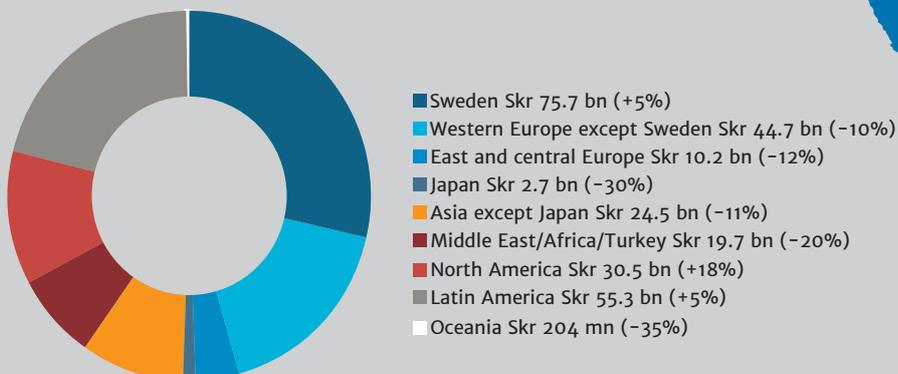
Lending worldwide

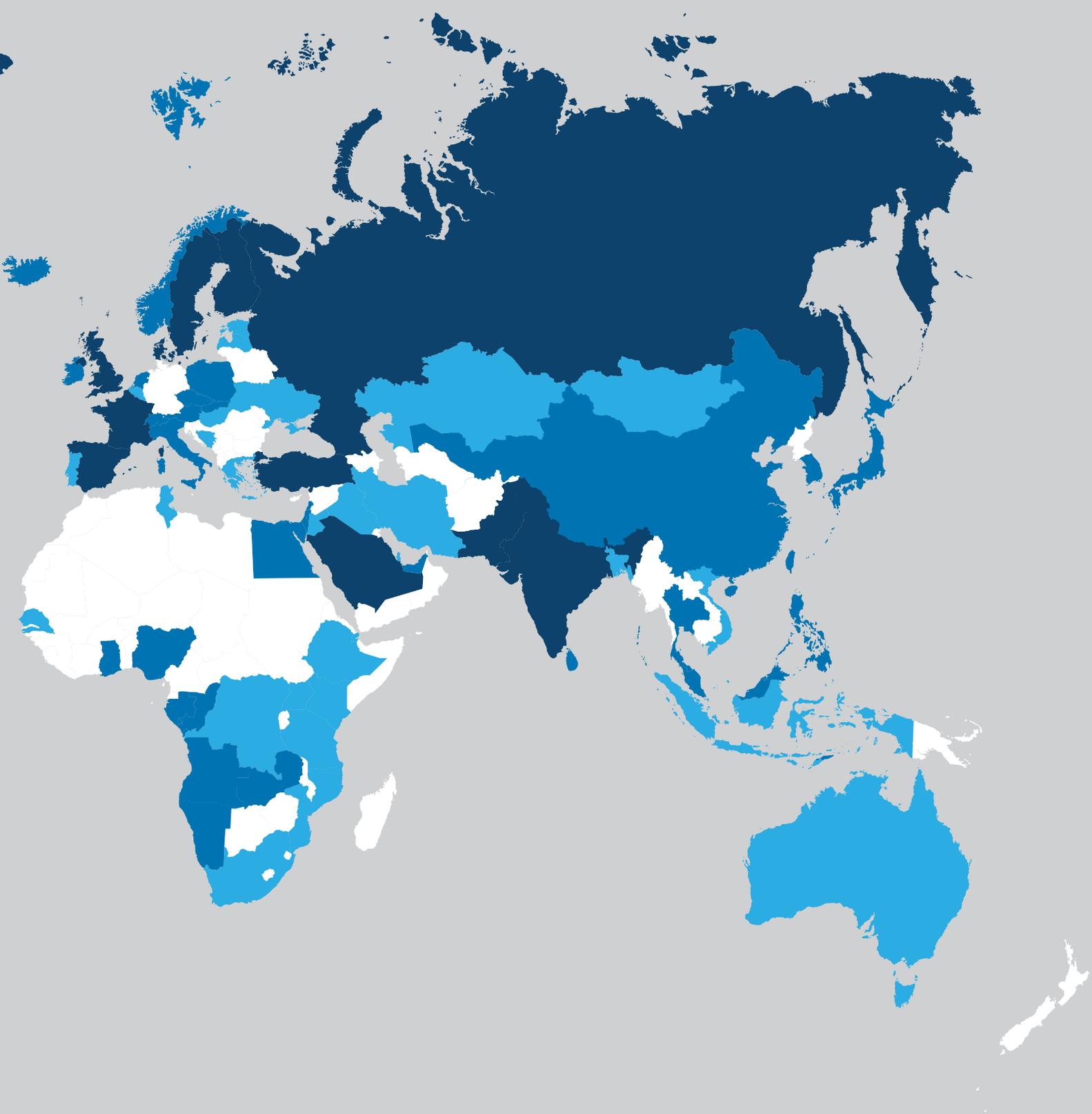
The map shows the countries where SEK has lending to Swedish exporters or buyers of Swedish goods and services. At December 31, 2016, the total volume of loans outstanding and undisbursed loans amounted to Skr 263,5 billion.



Lending by region 2016

(Trend 2016/2015)





Lending

Over the year, SEK has actively worked to attract new clients and to add value for more exporters. Through SEK's financing, these companies can increase the competitiveness of their offerings.

One of the year's key objectives was to canvass new clients and client groups. The client base grew slightly more than 10 percent and the new clients include both large and medium-sized companies. During the year, SEK provided new lending for the growing sector of service exporting companies and subcontractors.

Total new lending in 2016 amounted to Skr 54.8 billion.

The 2016 client survey found a continued high client satisfaction index (CSI) with an overall CSI score of 94. The Swedish export credit system also received high ratings from companies, where 87 percent of the clients responded that the Swedish export credit system was better than the systems of competitor countries.

As part of efforts to reach more clients and spread awareness of SEK, a number of client events were conducted during the year. The annual seminar to which SEK invites Swedish and international banks, clients and business partners was conducted in May. Minister for Enterprise and Innovation Mikael Damberg was the main speaker and presented the aims of the government's Export Strategy. SEK also arranged breakfast seminars on how Swedish exporters could be impacted by the US presidential election.

SEK also participated in panel discussions at several Swedish and international trade days and conferences with the aim of raising awareness of SEK and the Swedish export credit system.

Additionally, within the framework of the co-operation with the other export promoters in Team Sweden, SEK participated in the development of six regional export centers that have been established across Sweden. The Swedish Agency for Economical and Regional Growth is the coordinator for these efforts and the aim has been to create "one door in" for companies, in line with the government's Export Strategy.

In 2016, SEK established operations in Gothenburg, where it shares offices with Almi and the Swedish Export Credits Guarantee Board (EKN), primarily to assist medium-sized companies.



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 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 credit periods, sustainability issues, etc.



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 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, SEK's account manager carries out know your customer (KYC) and sustainability assessments on all 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 that have been prepared.

5. The account manager, credit analysts and, where necessary, sustainability analysts participate in decisions taken by the Credit Committee.

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

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 operating environment.

In 2016, SEK started to measure the risks in the lending portfolio that are linked to climate change. This comprises an important step in SEK's sustainability efforts. Measurement and analysis of how these risks are managed by counterparties creates an understanding of how the companies' business models are impacted by climate change and how their credit ratings could be affected.

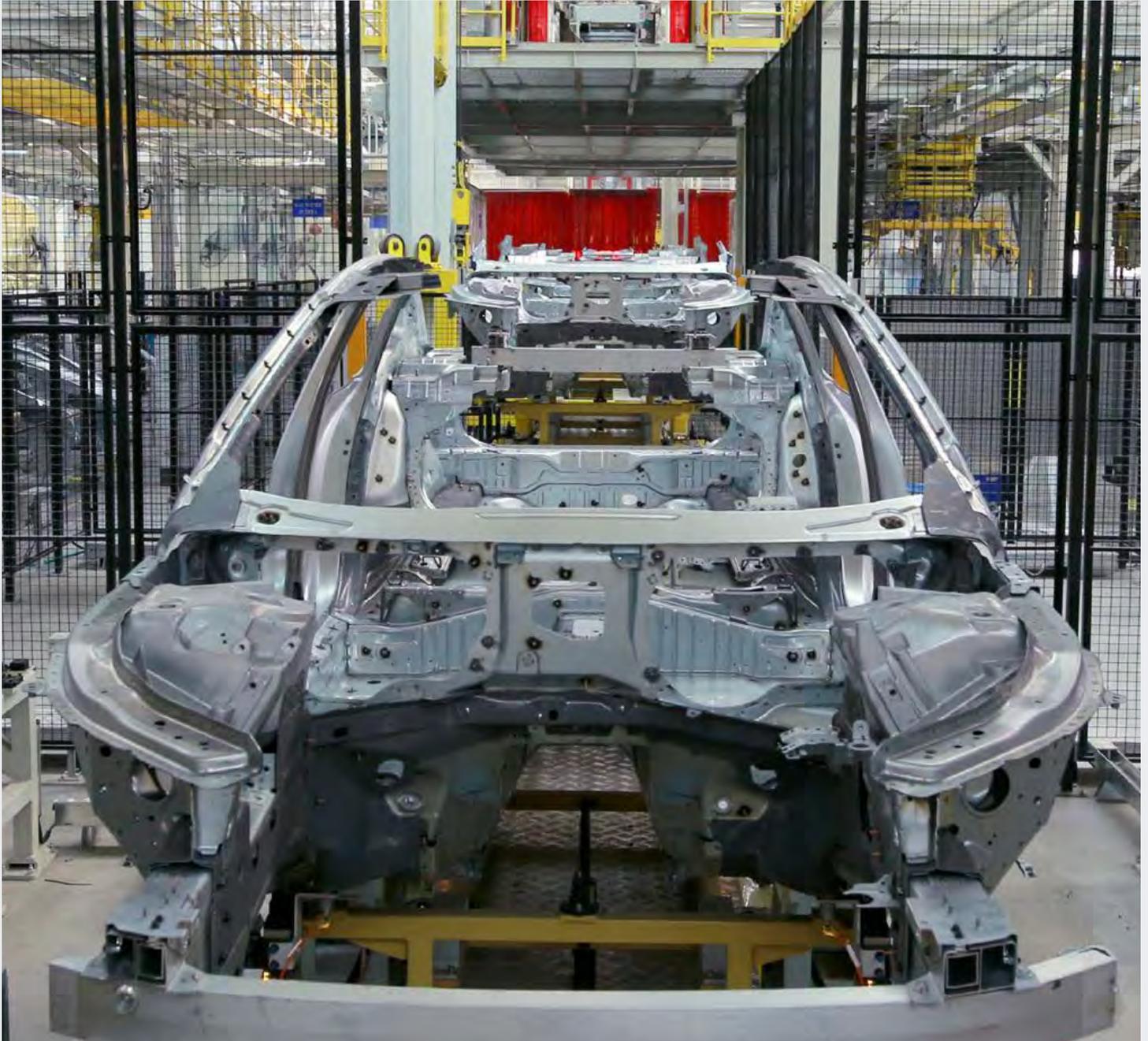
During the year, SEK also implemented a new IT tool for managing KYC activities and sustainability reviews.

The credit portfolio has predominantly an extremely high credit quality. About 90 percent of SEK's lending is to risk counterparties that have a risk classification corresponding to investment grade. In its business transactions, SEK often uses risk mitigation measures, mainly through guarantees from the EKN and other government export credit institutes in the OECD and to some extent 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. SEK's mission and longstanding partnerships with large exporters is reflected in a concentration in its lending portfolio.

"Thanks to our strong, longstanding relationships with many of Sweden's largest exporters, we are able to tailor our business proposals as well as identify solutions if the exporter's customer has problems."

Teresa Hamilton Burman,
Chief Credit Officer





SEK finances Volvo Car's suppliers

The ability to finance suppliers of Swedish export companies is a new possibility for SEK, following the change in SEK's assignment by the owner, the Swedish government in 2015 to allow SEK to also offer financing solutions that indirectly promote Swedish exports. SEK has during 2016 completed such financing for Volvo Cars. The underlying need arose from relatively long lead times from when the products are delivered to Volvo by the supplier until the product is ready for use in production.

SEK's financing solution frees up capital, which benefits all parties. The partnership is run together with the EKN, local banks, the exporter and suppliers.

SEK's borrowing and liquidity

SEK should always be able to lend funds to Swedish exporters, even during times of financial turbulence. This capacity can be safeguarded through diversified borrowing. 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.



Funding markets were volatile in 2016. The somewhat unexpected results of the UK referendum to exit the EU and the US presidential election caused uncertainty in the market. SEK built up liquidity with the aim of avoiding borrowing in the markets, in cases where the markets became turbulent. This resulted in the at time turbulent market having no significant impact on SEK.

During the year, there are periods in conjunction with interim and annual reports where borrowing transactions are not permitted. Together with uncertain markets, the major political events further hampered borrowing, which contributed to relatively small windows for SEK to be active in the market. Despite this, SEK borrowed more in 2016 than in 2015, both in the form of public offerings and private placements. Altogether, SEK completed approximately 300 borrowing transactions in nine currencies, compared with approximately 240 transactions in nine currencies in 2015.

In 2016, SEK continued to be active in the structured bond markets, primarily in Japan. SEK increased its borrowing on the so-called Uridashi market, from USD 2.2 billion in 2015 to USD 2.6 billion in 2016, an increase of about 20 percent. This in a market with reduced volumes and increased competition. This means that SEK is currently the largest foreign issuer in the Uridashi market. SEK's success is based on a high presence together with a well-developed and extensive contact net. The Uridashi-transactions were carried out with 25 different Japanese distributors and 13 different arrangers in 2016.



Strategic sustainability efforts

On the basis of a continuous dialogue with the stakeholders, SEK identifies significant sustainability areas on which the sustainability efforts can then focus. SEK monitors and measures the impact of these efforts by means of sustainability targets that are integrated in the business strategy.

Stakeholder dialogue

Listening to the company's stakeholders to identify the economic, social and environmental issues that are impacted by SEK's operations and that the stakeholders regard as significant is an important part of SEK's operations.

SEK's work to promote exports is conducted in collaboration with a number of other public organizations and with commercial operators. To obtain the optimal outcome and achieve efficiency, it is important that SEK holds a stakeholder dialogue. As part of this dialogue, a discussion is held as to how the various operators can develop their efforts to promote the Swedish export industry.

SEK's stakeholder dialogue occurs through, inter alia, meetings with clients and the owner, and through discus-

sions 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. During 2015, SEK conducted a survey of the company's key stakeholders to determine, inter alia, the principal sustainability issues. A new survey is scheduled for 2017. The results of the stakeholder dialogue, and the formats for arranging the dialogue, are reported below.

SEK reports the result of its sustainability efforts according to the international reporting standard, GRI, which includes identifying material sustainability aspects.

STAKEHOLDER		DIALOGUE THROUGH	PRINCIPAL EXPECTATIONS SUSTAINABILITY
Swedish government (owner)	Determine the public policy assignment, set profitability requirements and have the company set a positive example in sustainability issues.	Owner policy, mission, owner instruction, regular discussions and meetings, Board representation and network meetings.	Behave responsibly and leverage business opportunities to generate sustainable value.
Swedish exporters	Swedish exporters contact SEK when they have a need for borrowing. SEK markets its offering.	Customer meetings, client survey, questionnaire including sustainability issues and sending delegations.	Distinct and reasonable sustainability requirements. Proactive efforts to finance the impact of climate change.
Banks	Swedish and international banks assist SEK by providing a contact network and collaborating to help the exporters.	Meetings and questionnaire including sustainability issues.	Collaboration on sustainability issues.
Investors	Invests in SEK's bonds.	Financial statements, investor presentations and meetings.	Issue green bonds and in the future social bonds. High sustainability rating.
Rating agencies	Conduct credit and sustainability ratings.	Financial statements, investor presentations and meetings.	Report sustainability efforts transparently.
Team Sweden	Along with SEK, there are other state organizations that assist exporters.	Delegations, meetings and Team Sweden's network.	SEK contributes expertise in sustainability issues.
NGOs/civil society	Representatives drive social 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 internally competitive.	Discussions, meetings, employee survey and workplace dialogues with trade unions.	Good work environment, development opportunities and engaging duties.

Materiality analysis

As a result of the stakeholder dialogue, SEK forms an opinion of the type of sustainability issues the company should work with. Subsequently, SEK's management decides on the issues' order of priority. This prioritization is agreed on the basis of what is deemed reasonable considering SEK's ability to act. The results of the prioritization are presented below.



Focus areas in SEK's sustainability efforts

Based on the stakeholder dialogue and the materiality analysis, SEK's sustainability efforts are shaped into various focus areas.

Responsibility

SEK's responsibility focuses on managing sustainability risks in connection with lending. International guidelines are used as guidance. The aim is that the risk assessment will earn SEK a high sustainability rating and match expectations for responsible lending. SEK divides its work into the focus areas of Anti-corruption and Business ethics, Environmental concerns and Human rights, including labor conditions.

Exports of Swedish environmental know-how

Through the offering and collaboration with other organizations, SEK works proactively to finance exports of Swedish environmental expertise worldwide, thus contributing to sustainable development and supporting global sustainability goals. The aim is to increase the volume of green loans.

An attractive employer

A culture characterized by diversity, equality and committed employees is a prerequisite for SEK to succeed with its mission. SEK's goals as an attractive employer are measured in the percentage of women in management positions and the percentage of employees of non-Swedish origin as well as by the level of employee commitment.

"We regard the dialogue with our stakeholders as very important for us and for how we can develop sustainable operations. During 2017, our aim is to further intensify the dialogue with our stakeholders."

Edvard Unsgaard,
Head of Communication



Responsibility

SEK works to ensure compliance with international sustainability guidelines in respect of the financing of the Swedish export industry. Important activities implemented in 2016 are presented on this spread. The management of sustainability efforts is presented in the Corporate Governance Report on page 54 and the management of sustainability risk is presented in its entirety in Note 27 on page 128.

Anti-corruption and business ethics

SEK's operations are characterized by good business ethics whereby SEK's Code of Conduct guides the employees in daily work. SEK adhere to the OECD's Anti-bribery Convention together with other international anticorruption guidelines, and are involved in ensuring that they are implemented in practice. In terms of risk, SEK is mainly exposed to corruption indirectly in connection with SEK's lending.

Important activities in 2016

- SEK implemented an annual review and update of the company's Code of Conduct, which was communicated to the employees by means of in-house training.
- Annual risk assessment of all SEK's operational corruption risks.
- SEK introduced a new IT tool for identifying and monitoring sustainability risks, including risk of money laundering and financing of terrorism.
- SEK continued to impose requirements on its suppliers and 84 percent demonstrated that they comply with SEK's ethical and anti-corruption requirements.

Environmental 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.

Important activities in 2016

- During the year, SEK conducted a scenario analysis to identify the impact on SEK's lending portfolio of the implementation of the COP21 global climate treaty.

- SEK's own environmental efforts were focused on reducing electricity consumption. The reduction was approximately 2.5 percent, which did not reach up to the target of 5 percent because SEK needed more IT capacity than was expected. SEK uses renewable energy sources for electricity and heating.
- SEK has implemented carbon offsetting by investing in a biomass power plant in India that is certified in accordance with the Clean Development Mechanism and Gold Standard.

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 it 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.

Important activities in 2016

- SEK implemented an annual risk assessment of the operations' risk of causing, contributing to or being linked to human rights violations including labor conditions.
- SEK and the EKN jointly produced draft guidelines for managing human rights in the telecom sector.

Telecom and human rights

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

During the year, SEK and the EKN produced draft guidelines for human rights in the telecom sector. Work is being conducted in collaboration with the IHRB (Institute for Human Rights and Business), which also compiled a background report as a complement to the guidelines. The draft may be viewed as Sweden's ambition to pursue human rights matters in the OECD and export credits.



Sustainability risks in lending

In connection with a new business opportunities, sustainability risks are identified and assessed at country, counterparty and transaction level.

Countries are analyzed, inter alia, on the basis of 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 by using an IT tool as part of KYC activities, including checks of ownership and checks against international sanction lists, as well as whether the counterparty has been involved in significant sustainability-related incidents.

Projects and project-related financing are classified based on their potential social and environmental impact according to the OECD's framework for export credits. Other business transactions are analyzed to assess the risk of, inter alia, negative environmental impact, corruption, human rights violations including labor conditions and the risk of money laundering, financing of terrorism and tax non-transparency.

An in-depth sustainability review is performed in cases of elevated sustainability risk. The extent and format depends on the scope of the financing, the level of identified risks and SEK's ability to influence the situation.

Where necessary, social and environmental conditions are included in loan agreements and site visits are conducted.

Monitoring during the maturity of the loan is conducted via incident searches and via checks of compliance with the agreement's sustainability clauses.

Networks in sustainable business

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

EXAMPLE OF SEK'S LENDING IN 2016



SEK finances customer for Dynasafe Demil Systems AB

Dynasafe Demil Systems AB designs and manufactures systems for the destruction of both chemical and conventional weapons. The company's facilities for the destruction of ammunition are based on unique technology that is internationally acknowledged to successfully and at high capacity destroy various types of conventional and chemical ammunition. This is done in a safe and eco-friendly manner. The group has sales of about Skr 760 million and all sales are exported.

"Thanks to SEK, we can offer our customers financing, which substantially increases our competitiveness. We get paid directly and we can sell our products secure in the knowledge that we have an excellent financing solution."

– Jörgen Björkman, CEO, Dynasafe Demil Systems AB

In connection with Dynasafe securing a transaction with a spanish customer, SEK and Dynasafe entered into a dialogue in autumn 2015. Thanks to the collaboration between SEK and EKN, SEK were able to offer Dynasafe's customer a competitive financing solution. As a result of an export credit from SEK, Dynasafe receives payment directly on delivery and can thus focus more on future business. The loan from SEK is secured through a lender guarantee from EKN.

Facts

Amount: USD 6 million, export credit

Start: 2016

Maturity: 2022

Exports of Swedish environmental know-how

SEK contributes to a reduction in climate change by financing exports of Swedish environmental expertise.

This is what SEK is contributing

SEK is working to reduce climate change by means of green loans, green bonds and measuring climate-related risks. SEK are also participating in the Swedish state agencies' collaboration concerning the financing of smart cities internationally.



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.

Measure climate-related risks associated with lending

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

EXAMPLE OF SEK'S LENDING IN 2016

SEK finances Rottneros AB

Facts

Amount: Skr 65 million
Start: 2016
Maturity: 2020

Sustainability

SEK's part of the financing will result in an annual reduction in CO₂ emissions of appr 11,000 metric tons.



Green lending

SEK and a commercial bank have jointly financed the project of exporter Rottneros to replace fossil-dependent thermal energy with a state-of-the-art biofuel burner.

Rottneros AB's business concept is to be an independent and flexible supplier of high-quality, customized paper pulp. The Rottneros Mill in the county of Värmland is one of the company's two mills and it produced just over 156,000 metric tons of mechanical pulp in 2016. The company currently uses thermal energy generated in part by an old bark burner, in part through an oil-powered furnace and in part through excess heat from the production process.

As part of the "Fossil-free energy" project, Rottneros is to build a biofuel burner, which is expected to generate 18-20 MW of fossil-free energy. The capital expenditure in the new energy and emissions-efficient biofuel burner, and in an improved energy system, totals Skr 98 million and will minimize oil consumption. Together with capacity-enhancing capital expenditure, CO₂ emissions will be reduced by approximately 17,000 metric tons. The new biofuel burner will be commissioned in mid-2017.



Employees

SEK possesses a committed, client-focused culture driven by collaboration, professionalism and a solution orientation. SEK is an organization that has been tasked with a vital mission and, which means it is crucial for SEK to attract, develop and retain the right competence.

Leadership and culture

In 2016, all managers at SEK completed a leadership program dedicated to collaboration, customer focus, change management and solution orientation. Within the program, SEK worked on areas including charting and understanding how the know-how and different behaviors of employees and managers can improve communication and collaboration. These efforts will continue during 2017, including under the framework of SEK's new follow-up and development dialog model.



Andreas Ericson, Head of Mid Corporates

"As one of SEK's managers, I am able to continue my professional development through courses, such as leadership training. This equips me with more tools to enable me to provide direct and clear leadership. This is important."

A healthy and sustainable workplace

SEK strives to be a modern employer. The long-term ambition is for the work and working conditions to promote good health. Therefore, everyday health, wellness, recovery and support have been prioritized in the preparation of the new benefits package. The company's strategy is, at the earliest possible moment, to alert employees who need support in terms of their work circumstances to the need to start rehabilitation measures as soon as possible.

SEK has continued to pursue its equality and diversity plan that was prepared in 2015. Employee development and recruitment procedures comprise tools that will promote an even more equal and inclusive workplace over time.

SEK partners with the Red Cross and My Dream Now to enable employees to get involved with voluntary work on work time.



Jonatan Ay, new recruit to Financial Risk Analysis

"Being part of promoting the Swedish export industry and, at the same time, being able to work with quantitative tasks felt like an interesting challenge."

New employees

SEK had many applicants to its vacant positions. SEK's mission is often viewed as attractive to new employees. During the year, 22 new employees joined SEK, primarily in the Risk, IT and Credit functions.



Sofia Grundtman, moved within the Risk department to Operational Risk

"It's interesting and fun to switch jobs internally and broaden my skills."

2016 employee survey

The findings of this year's employee survey showed strong commitment and high motivation among employees. SEK's mission is perceived as a powerful driver. As a result of the new organization with clearer roles and responsibilities, intra-function collaboration has improved.

Internal job rotation continues to be high at SEK with 15 people changing jobs in 2016. The employee survey found that employees desired even better long-term development within SEK, which is a challenge for a company of SEK's size.



"We closed the chapter on an exciting year in terms of leadership development at SEK. High levels of commitment and energy marked the leadership program, and we have added many tools that will help us moving forward."

Sirpa Rusanen,
Head of Human Resources

Procurement of products and services

In 2016, SEK procured products and services to a value of around Skr 260 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.

In 2016, efforts continued to reach the goal of all of SEK's suppliers undertaking to comply with SEK's anti-corruption and business ethics guidelines. At year end, about 84 percent of SEK's suppliers had committed to comply with SEK's Code of Conduct or demonstrated that they have an equivalent approach. This work has taken longer than expected, but SEK look forward to its completion in 2017. SEK's largest suppliers comprise one IT supplier and the company that owns the property where SEK rents office space.

A more risk-based approach is being developed to be able to more efficiently ensure that the suppliers meet SEK's requirements. Checks and follow-ups will be adapted to the supplier's, the product's and alternatively the service's assessed risk level.



"In 2016, SEK extended the lease on its offices in Stockholm. We have also completed the procurement of office supplies and printers for our offices. The procurement of printers also included an analysis of how SEK can reduce the number of printouts to become more resource efficient."

Susanna Rystedt,
Chief Administrative Officer

Procedure for approving suppliers



1. Needs: A needs analysis is conducted and a procurement, adapted to the size of the procurement, carried out, whereby various suppliers are invited to tender offers that are evaluated in terms of price, quality and other conditions in relation to the SEK's requirements.



2. Environmental concerns: 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 labelling 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.



3. 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.



4. Credit assessments and sustainability reviews: SEK performs a credit assessment and carries out a sustainability review of the supplier.



5. Code of Conduct certificate: Suppliers must undertake to adhere to SEK's Code of Conduct, which includes a policy on anti-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.



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



Financial key performance indicators

Amounts (other than %) in Skr mn	2016	2015	2014	2013	2012
Results					
Net interest revenue	1,747	1,662	1,578	1,555	1,880
Operating profit	1,002	1,535	1,629	1,408	824
Net profit	780	1,187	1,260	1,090	709
C/I ratio	0.34	0.34	0.33	0.33	0.29
After-tax return on equity	4.6%	7.2%	8.1%	7.4%	5.0%
After-tax return on assets	0.3%	0.4%	0.4%	0.4%	0.2%
Earnings per share before and after dilution (Skr)	195	297	316	273	178
Dividend	234	356	378	327	213
Statement of financial position					
Total assets	299,442	280,411	325,166	306,554	313,136
Total liabilities	282,306	263,583	309,009	291,564	298,756
Total equity	17,136	16,828	16,157	14,990	14,380
Lending					
New customer financing	54,856	104,583	57,118	55,701	56,235
of which to Swedish exporters	18,107	19,254	23,231	16,685	17,577
of which to exporters' customers	36,749	85,329	33,887	39,016	38,658
CIRR-loans as a percentage of new lending	20%	49%	10%	24%	35%
Loans outstanding and undisbursed loans	263,483	268,535	234,250	221,958	218,822
Borrowing					
New borrowing	70,388	47,025	52,216	95,169	43,231
Outstanding senior debt	252,948	233,556	282,192	269,216	272,637
Outstanding subordinated debt	2,266	2,088	1,945	1,607	3,013
Capital and liquidity position					
Common Equity Tier 1 capital	22.1%	21.6%	16.9%	19.5%	19.8%
Tier 1 capital ratio	22.1%	21.6%	16.9%	19.5%	23.0%
Total capital ratio	25.1%	24.5%	19.2%	21.8%	23.0%
Leverage ratio	5.3%	5.4%	4.4%	n.a.	n.a.
Liquidity coverage ratio (LCR) according to the Swedish FSA	383%	573%	250%	595%	n.a.
Liquidity coverage ratio (LCR) according to the EU Commission's delegated act	215%	n.a.	n.a.	n.a.	n.a.
Net stable funding ratio (NSFR)	131.5%	99.4%	103.6%	97.9%	n.a.

For definitions, see page 142.

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

Indirect impact	2016	2015	2014	2013	2012
Contribution to Sweden's GDP (Skr mn)	33,000	36,000	35,000	-	-
Contribution to jobs in Sweden (number)	44 000	48,000	47,000	-	-
Annual carbon dioxide reductions from green projects (tons)	>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)	1	2	5	3	6
Loans granted to category B projects (number)	5	3	5	3	3
Total volume of green bonds issued (Skr mn)	-	4,176	-	-	-
New lending to green loans (Skr mn)	3 334	988	-	-	-
Climate impact of our operations in tons CO₂e					
Total greenhouse gas emissions	502	614	767	658	1,052
of which business travel	426	486	628	558	953
of which premises	25	75	93	54	55
of which other	51	53	46	46	44
Direct greenhouse gas emissions scope 1	15	15	24	25	37
Indirect greenhouse gas emissions from energy use scope 2	25	74	85	46	48
Other indirect greenhouse gas emissions scope 3	462	525	658	587	967
Emissions per employee	1.96	2.33	3.18	2.64	4.48
Status after carbon offset of emissions	0	0	0	0	0
Energy consumption, premises (kWh)	1,322	1,420	1,515	1,585	1,477
of which electricity	1,139	1,169	1,344	1,386	1,278
of which district heating	183	251	171	199	199
Employees and suppliers					
Training days per employee (number)	3	2	2	2	5
Percentage of employees who had a development dialogue	98%	98%	92%	93%	87%
Allocation of women/men in management positions	36/64	38/62	41/59	44/56	39/61
Distribution of employees with foreign/Swedish backgrounds	30/70	30/70	29/71	29/71	28/72
The percentage of suppliers that undertake to comply with SEK's anti-corruption guidelines	84%	48%	23%	5%	-
Percentage of employees who have completed training in SEK's Code of Conduct including anti-corruption	97%	97%	99%	94%	-

For definitions, see page 142.

Review of 2016¹

Business reporting

In 2016, SEK posted lending of Skr 54.8 billion (2015: Skr 104.6 billion). The decline compared to the prior year pertains mainly to SEK's financing of Brazil's purchase of Saab's Gripen aircraft in 2015 amounting to Skr 41.9 billion. At the start of the year, export credits, both at a fixed rate (CIRR) and the floating market rate, were mainly requested for exporters' customers. During the latter part of 2016, increased demand was noted for working capital financing through direct lending to exporters. Export credits are often large transactions, which means that new lending for them often varies between quarters.

In 2016, SEK has focused on broadening its client base and product offerings. SEK has performed strongly in soliciting new clients and the client base has increased. These new customers are in both of SEK's customer groups: large and medium-sized companies. As a part of the cooperation with Team Sweden SEK is now established in Gothenburg together with the Swedish Export Credits Guarantee Board and Almi Företagspartner AB which enables closer contact with companies in the west of Sweden. Work is ongoing at Team Sweden with the other export promotion agencies and the joint effort to improve the competitiveness of Sweden's export industry continue.

2016 was a year marked by political turbulence and, consequently, volatile markets. Ahead of major events, such as the Brexit referendum in the UK and the presidential election in the US, SEK secured its liquidity position through good planning in terms of borrowings, which were invested in high-quality assets that have generally suffered no significant impact from the occasionally turbulent markets. During the year, SEK issued three benchmark bonds of USD 1.3, 1.5 and 1.2 billion, which were all well-received by the market. SEK has had favorable access to the international investor base in the public debt market and, in 2016, SEK continued to have a significant presence in the Japanese Uridashi market. Despite an overall decline in this market, SEK has maintained the same borrowing volumes as before. SEK is now the largest foreign issuer in Japan's Uridashi

market, which is due to a long-standing presence and a solid reputation.

SEK continues to maintain high liquidity for new lending and is well-prepared for consequences that political turbulence in the macro environment may have for the Swedish export sector financing possibilities. In 2016, 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 2016, new lending that qualified for classification as green loans amounted to Skr 3.3 billion, which exceeded our target of Skr 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 2016, SEK has also charted operations based on the global sustainability development goals and joined the government's Fossil Free Sweden initiative, which aims to put Sweden on the map as one of the world's first fossil-free welfare nations.

New lending

Skr bn	2016	2015
Lending to Swedish exporters ¹	18.1	19.3
Lending to exporters' customers ²	36.7	85.3
Total	54.8	104.6
CIRR loans as percentage of new financial transactions	20%	49%

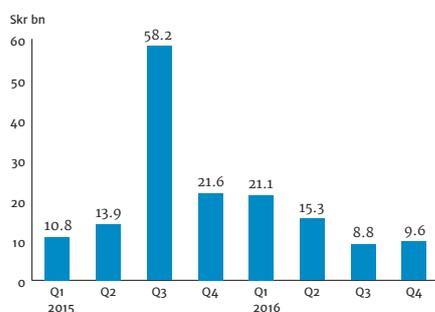
¹ Of which Skr 0.1 billion (year-end 2015: Skr 0.9 billion) had not been disbursed at period end.

² Of which Skr 8.3 billion (year-end 2015: Skr 52.5 billion) had not been disbursed at period end.

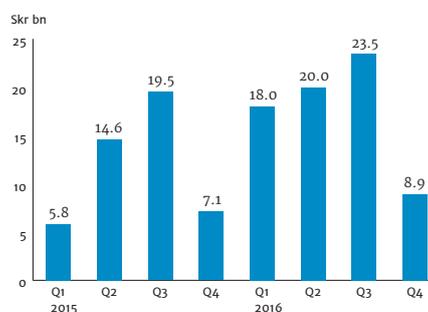
SEK's borrowing

Skr bn	2016	2015
New long-term borrowings	70.4	47.0
Outstanding senior debt	252.9	233.6
Repurchase and redemption of own debt	14.5	41.0

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, 2016, the Consolidated Group comprised SEK and its wholly owned subsidiary Venantius AB, including its wholly owned subsidiary VF Finans AB ('the Subsidiaries'). 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).

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. The relative proportions of assets funded by debt and equity are also crucial.

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.

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 basis spreads. The credit spread on own debt is related to the creditworthiness SEK's investors believe that SEK has. 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.

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

Operating profit

Operating profit amounted to Skr 1,002 million (2015: Skr 1,535 million). Net profit amounted to Skr 780 million (2015: Skr 1,187 million).

Net interest revenues

Net interest revenues amounted to Skr 1,747 million (2015: Skr 1,662 million). Borrowing margin cost decreased compared to 2015, at the same time as average margin on interest-bearing assets increased as a result of somewhat higher lending margins. In addition, the average market interest rate slightly increased year-on-year. This was offset by a lower average volume of interest-bearing assets.

Skr bn, Average	2016	2015	Change
Total loans	206.9	211.7	-2%
Liquidity investments	65.5	72.7	-10%
Interest-bearing assets	272.4	284.3	-4%
Interest-bearing liabilities	245.4	259.9	-6%

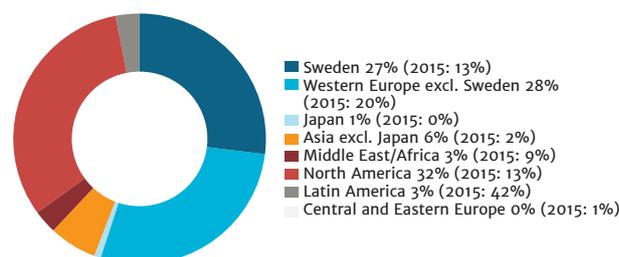
Commission earned and commission incurred

Commission earned and commission incurred amounted to Skr -29 million (2015: Skr -6 million). Commission earned amounted to Skr 3 million (2015: Skr 2 million). Commission incurred amounted to Skr -32 million (2015: Skr -8 million).

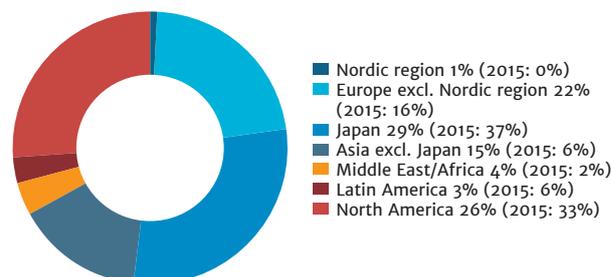
Net results of financial transactions

Net results of financial transactions amounted to Skr -110 million (2015: Skr 400 million), which was primarily due to

SEK's markets for new lending 2016, Skr 54.8 billion (Skr 104.6 billion)



SEK's markets for new borrowing 2016, Skr 70.4 billion (2015: Skr 47.0 billion)



unrealized losses in value attributable to currency swaps and basis spreads. This was offset by a positive impact from repurchases and an early redemption of SEK's own debt. During 2015, the change in fair value of SEK's debt, which originated from changes in SEK's credit spread, made a positive contribution. Unrealized gains on financial instruments at fair value, which are included in hedges, also had a positive impact in 2015.

Operating expenses

Skr mn	2016	2015	Change
Personnel expenses	-308	-295	4%
Other administrative expenses	-236	-164	44%
Depreciation and impairment of non-financial assets	-46	-98	-53%
Total operating expenses	-590	-557	6%

The increase in other administrative expenses is explained by intensive development work on methods and processes for market risk measurement. This has led to development of IT systems with increased use of consultants. Furthermore, a larger proportion of this expenditure was expensed compared to 2015.

The decrease in depreciation and impairment of non-financial assets was due to a Skr -55 million impairment of intangible assets taken in 2015. There was no provision taken for the employee incentive scheme in 2016 (2015: Skr - million). However, a Skr 4 million reversal of earlier provisions for the employee incentive scheme for 2015 was recorded in 2016 (2015: Skr 6 million).

The yield from the scheme for employees in 2016 was based on return on equity, and could not exceed two months'

salary. For 2016, the scheme covered all permanent employees with the exception of the CEO, other members of the executive management and employees working in risk and compliance functions.

Net credit losses

Net credit losses amounted to Skr -16 million (2015: Skr 36 million). The change compared to 2015 was mainly attributable to the reversal in 2015 of Skr 70 million from the portfolio-based reserve (i.e., the reserve not attributable to a specific counterparty). The portfolio-based reserve amounted to Skr 170 million at year-end 2016 (year-end 2015: Skr 170 million).

Taxes

Tax costs amounted to Skr -222 million (2015: Skr -348 million), of which Skr -382 million (2015: Skr -348 million) consisted of current tax and Skr 156 million (2015: Skr 0 million) consisted of deferred tax (see Note 10). The effective tax rate was 22.2 percent (2015: 22.7 percent), while the nominal tax rate for 2016 was 22.0 percent (2015: 22.0 percent).

Other comprehensive income

Skr mn	2016	2015
Items to be reclassified to operating profit	-123	-225
of which available-for-sale securities	46	-8
of which other comprehensive income effects related to cash-flow hedges	-169	-217
Items not to be reclassified to operating profit	-26	49
Other comprehensive income after tax	-149	-176

A major part of the items to be reclassified to operating profit were 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. The positive impact in fair value was caused by the higher discount rate.

Return on equity

After-tax return on equity amounted to 4.6 percent (2015: 7.2 percent).

Statement of financial position

Total assets and liquidity

The increase in total assets was mainly due to increased liquidity investments since the turn of the year 2015/2016. Liquidity investments have increased to ensure a healthy financial capacity in light of global concerns.

Skr bn	2016	2015	Change
Total assets	299.4	280.4	7%
Liquidity investments	72.3	58.7	23%
Outstanding loans	208.7	205.1	2%
of which loans in the S-system	50.8	44.1	15%

Liabilities and equity

As of December 31, 2016, 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.

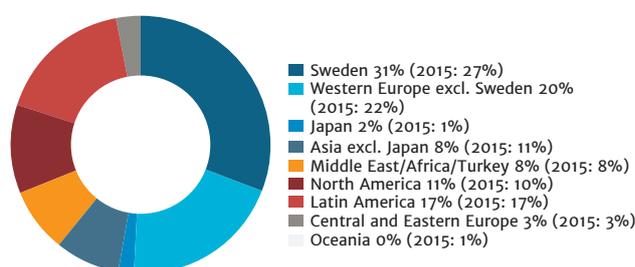
In 2016, SEK had a credit facility in place with the Swedish National Debt Office of up to Skr 125 billion. To date, SEK has not utilized the credit facility. The credit facility can only be utilized for loans covered by the officially supported export credits system (CIRR). In December 2016, the Swedish Parliament confirmed that the credit facility will continue to be available in 2017 in an amount up to Skr 125 billion.

Credit risks

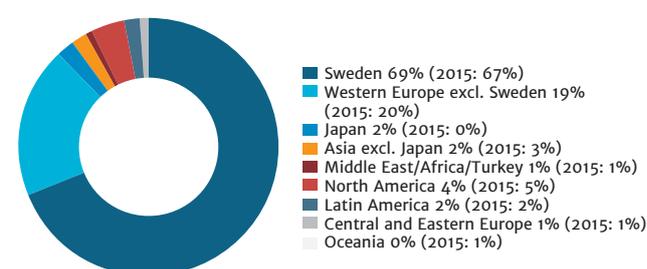
There has been no significant change in the composition of SEK's counterparty exposure, see Note 27. Total exposures amounted to Skr 340.7 billion on December 31, 2016 (year-end 2015: Skr 326.2 billion), of which the increase is mainly attributable to increased company exposures.

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, 2016



Net exposures per region, December 31, 2016



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 exposures, 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 25.1 percent as of December 31, 2016, and healthy liquidity.

Percent	December 31, 2016	December 31, 2015
Common Equity Tier 1 capital ratio	22.1	21.6
Tier 1 capital ratio	22.1	21.6
Total capital ratio	25.1	24.5
Leverage ratio	5.3	5.4
LCR according to the Swedish FSA	383	573
LCR according to the EU Commission's delegated act	215	n.a.
Net stable funding ratio (NSFR)	131.5	99.4

Results under the S-system

In return for compensation, SEK administers the Swedish government's system for subsidized export credits and development aid credits (together referred to as the 'S-system'). The S-system paid net compensation to SEK of Skr 116 million (2015: Skr 123 million). This is compensation paid to SEK for carrying the S-system loans and their related credit risks on SEK's balance sheet. The compensation is included in SEK's net interest revenues.

Skr mn	2016	2015	Change
CIRR loans	235	164	43%
Concessionary loans	-53	-52	2%
Results from the S-system	182	112	63%
<i>of which interest differential compensation</i>	<i>121</i>	<i>13</i>	<i>831%</i>

The CIRR credits 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 credits are provided in collaboration between SEK, EKN and commercial banks.

The aggregate surplus for CIRR-based export credits under the S-system for the period from 1990 to 2016 amounted to approximately Skr 3.2 billion, with the average year-end volume of outstanding loans at Skr 16.3 billion. The surplus for the past five years amounts to Skr 882 million and the average volume of outstanding loans amounts to Skr 44.3 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 2016, 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 2016 amounted to Skr 29 million (2015: Skr 59 million). In the last quarter 2015 write-downs of intangible assets was made amounting to Skr -55 million, mainly attributable to investments during 2014 and the period January to September 2015.

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, 2016, 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 234 million (2015: Skr 356 million), corresponding to 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	10,942
The Board of Directors proposes that the Annual General Meeting dispose of these funds as follows:	
– Dividend to the shareholder of Skr 58.65 per share, amounting to	234
– Remaining disposable funds to be carried forward	10,708

The financial position of the company and the Group is good as evidenced by the annual report for 2016. From the equity of the Parent Company and the Group has 2 percent, constituting unrealized changes in value, been deducted due to valuation of financial instruments at fair value, as of December 31, 2016.

The own funds for the Group amounted to, as of December 31, 2016, Skr 18,821 million resulting in a total capital adequacy ratio of 25.1 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

Introduction

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 situation 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 2016", available at www.sek.se.

Events in 2016

In 2016, several events in the external environment affected the macro scenario, such as Brexit and the US presidential election. To date, however, the economies of the Western World have been favorably impacted by monetary policy stimuli from central banks worldwide, by the low interest-rate environment and, initially at least, by the outcome of the US presidential election. A number of European banks have found themselves under pressure from assessments that they are inadequately capitalized. The fact that major banks have transgressed applicable rules and regulations has also attracted attention. 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. The greatest uncertainty concerning the future is found in new floor regulations in the capital adequacy regulatory framework, which risk resulting in a return to more risk-insensitive capital requirements.

SEK's capital adequacy increased marginally in 2016. At the end of the year, the total capital ratio was 25.1 percent (2015: 24.5 percent), of which the Tier 1 capital ratio and the Common Equity Tier 1 capital ratio both amounted to 22.1 percent (2015: 21.6 percent). SEK's total exposures increased, which led to an increase in the capital requirement under the IRB approach primarily for exposures to companies. During the same period, the company's total own funds increased due to an increase in retained earnings. The risk parameters declined because of further improvements in default statistics in recent years. SEK's largest financial

risks are credit risk (Skr 7.5 billion (2015: Skr 7.9 billion) in allocated capital), market risk (Skr 1.6 billion (2015: Skr 1.4 billion) in allocated capital) and operational risk (Skr 0.2 billion (2015: Skr 0.3 billion) in allocated capital). SEK's liquidity trended stably over the year.

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 or SEK's own assessment, whichever is higher. 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 17.3 percent, based on SEK's balance sheet at September 30, 2016. At December 31, 2016, the total capital ratio was 25.1 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.

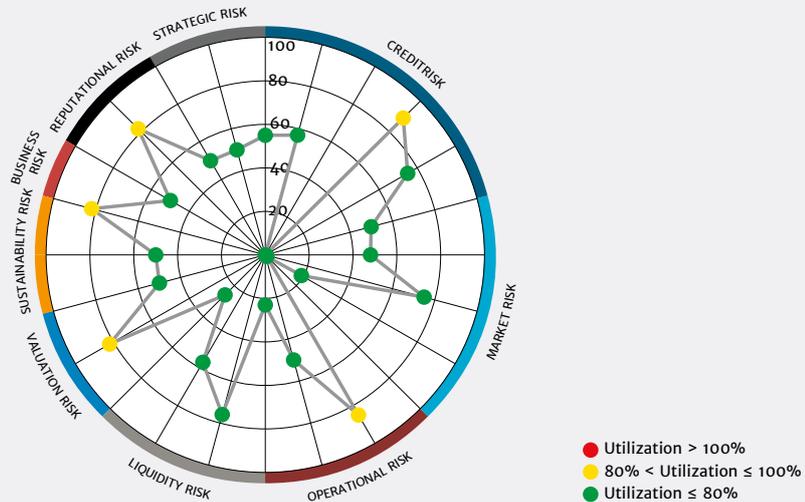
Risk appetite

The Board approves 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. The graph on the next page illustrates how the risk exposure in relation to the risk appetite is presented in a summarized format to the Board. Refer



Summary of SEK's risk appetite

The risk appetite encompasses all of the company's significant risk classes and expresses the outer limits for the business operations. The graph illustrates how the risk exposure in relation to the risk appetite is presented in a summarized format to the Board.



also to the “SEK’s risks and its risk management of them” section, where the risk appetite by risk class is described in detail.

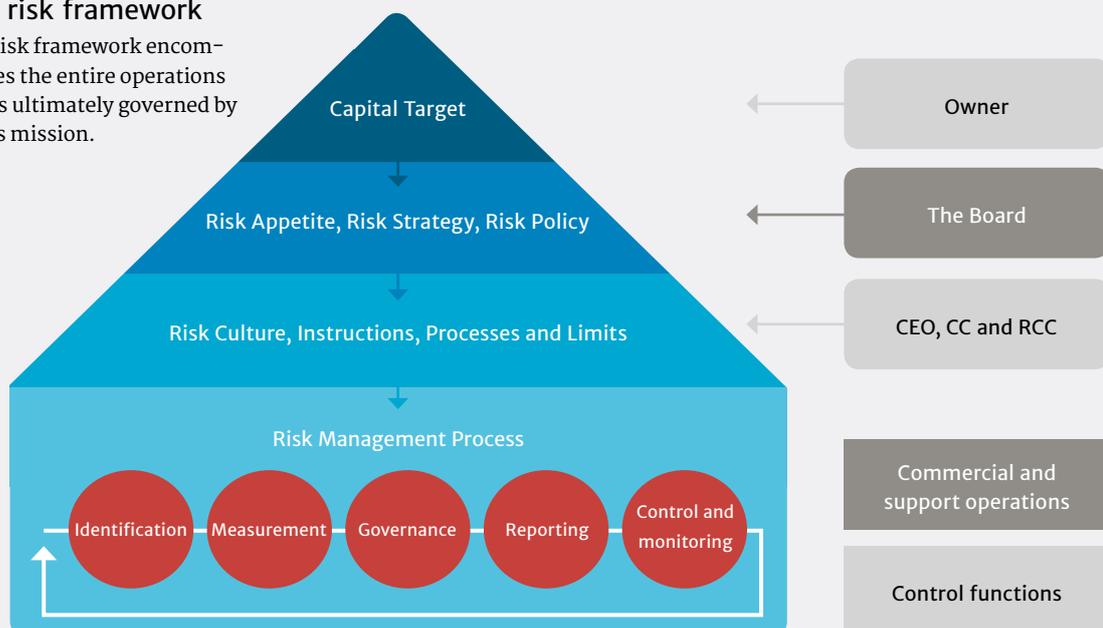
Risk governance

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. The Board has established the Finance and Risk Committee (FRC), which assists the Board in overall issues regarding governance and monitoring of risk-taking, risk management and use of capital. The FRC also decides on certain limits, primarily involving market risk. The Board’s Credit Committee (CC) is the Board’s working body for matters involving loans and loan limit decisions, and for matters of fundamental significance or generally of great importance to SEK, and also makes loans decisions that have been delegated by the Board. The

The risk framework

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



Board’s Audit Committee (AC) assists the Board with SEK’s financial reporting and matters involving internal control. For a detailed description of the Board of Directors’ rules of procedure, refer to the Corporate Governance Report in this Annual Report.

SEK’s CEO is responsible for day-to-day management of business operations. The CEO has established committees that are tasked with following up matters, serving as consultative bodies for the CEO in matters decided by the CEO and preparing matters ahead of decisions by the Board. The Risk and Compliance Committee deals with risk, capital, compliance and audit matters and evaluates the effects of new regulations. The Committee monitors SEK’s risk exposure and reports issued by the control functions. Following consultation with the Committee, the CEO issues governing documents regarding delegation of responsibility and management of the types of risk arising in SEK. The Credit Committee (CC) is responsible for issues pertaining to credit decisions. The CC has been mandated to take credit decisions within the framework of the division of authority determined by the Board.

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 to the right.



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 is 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 relevant 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 confines 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.

SEK's risks and its 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 profile	Risk appetite metrics	Risk management
Credit risk	SEK's credit risk portfolio maintains a high credit quality. The portfolio is exposed to a concentration risk due to SEK's mission. The net risk is principally limited to counterparties with high credit ratings, such as government export credit agencies, major Swedish exporters and banks and insurance companies. SEK invests its liquidity in high-credit-quality securities, primarily with short maturities.	<ul style="list-style-type: none"> Individual or collectively limited exposures must not exceed 20 percent of own funds. The company's expected loss within one year must not exceed 2 percent and based on the total remaining maturity not exceed 8 percent of the Common Equity Tier 1 capital. Concentration risk, exposures larger than 10 percent of own funds, is to be reported at least on a quarterly basis. The company's exposures to counterparties with a credit rating lower than investment grade are to be reported at least quarterly. Risk ratings and risk limits are to be updated at least annually. 	Lending must be responsible and based on in-depth knowledge of SEK's counterparties. Lending must also take place in accordance with SEK's mission based on the owner instruction and must be based on the counterparty's repayment capacity. SEK's credit risks are limited by the risk-based selection of counterparties and are managed, inter alia, by the use of guarantees and other types of collateral. SEK endeavors to achieve a diversified lending portfolio. Concentrations that naturally result from SEK's mission are accepted, although risk mitigation solutions are used to partly reduce concentration risks.
Market risk	SEK's business model leads to exposure primarily to spread risk, interest-rate risk and currency risk. 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 spreads.	<ul style="list-style-type: none"> The aggregated risk from exposures measured at fair value in the balance sheet is not to exceed Skr 1,300 million Total interest-rate sensitivity to a 100 basis-point parallel shift in all yield curves, comprising the entire balance sheet, must not exceed Skr 600 million. Net interest income 1 year, the impact on SEK's future earnings margin resulting from a change in interest rates, a 100 basis-point parallel shift, must not exceed Skr 250 million. Risk to NII from cross-currency basis swaps 1 year, the impact on SEK's future earnings margin resulting from a change in cross-currency basis spreads must not exceed Skr 150 million. 	The core of SEK's market risk strategy is to borrow funds by issuing securities which, regardless of the market risk exposures generated by these, 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 used to ensure sufficient liquidity. The aim is to hold assets and liabilities to maturity.
Operational risk	Operational risks arise naturally in all parts of the business. The incidents that have occurred predominantly comprise minor events that are rectified promptly within the relevant function.	<ul style="list-style-type: none"> The risk appetite for losses due to incidents is Skr 20 million per calendar year SEK does not accept any material risks or serious audit remarks. Material risks are risks whereby the aggregated assessment of probability and consequence exceeds the level that the company may accept. In the event that the risk still arises, it must be mitigated to an acceptable level within three months. No transgression of laws, ordinances or other regulations governing operations requiring permits, including the requirement of internal control of financial reporting is permitted. 	SEK works continuously to manage operational risk, primarily by means of efficient internal controls, by performing risk analyses prior to changes, by focusing on continuous improvements and through contingency planning. Costs to reduce risk exposures must be in proportion to the effect that such measures have.

	Risk profile	Risk appetite metrics	Risk management
Liquidity risk	SEK has secured borrowing for all of its credit commitments, including those committed but as yet undisbursed. In addition, the size of SEK's liquidity investments allows new lending to continue at a normal pace, even during times of stress.	<ul style="list-style-type: none"> • The company is to operate with a liquidity coverage ratio (LCR) for the entire balance sheet, and in EUR and USD, exceeding 110 percent. • The company is to operate with a net stable funding ratio (NSFR) exceeding 100 percent. • The company is to operate with a matched balance sheet and have contingencies for potential disbursements of new lending for at least four months. • All lending transactions are to be funded using at least the same maturity. 	SEK must have diversified borrowing to ensure that borrowing is available through maturity for all credit commitments — loans outstanding as well as committed undisbursed loans. 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 thus appraised using models.	<ul style="list-style-type: none"> • The price adjustment for prudent valuation is not to exceed 10 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	SEK is primarily exposed to sustainability risks when lending. A sustainability risk could arise from the financing of major projects or from operations in high-risk countries in terms of corruption or human rights violations.	<ul style="list-style-type: none"> • SEK only engages in transactions for which we have conducted know your customer activities and that entail an acceptable sustainability risk, at least in accordance with the international guidelines adhered to by the company. • Initially approved projects that can give rise to sustainability-related issues at a later stage, including reputational risk, are to be assigned particular attention. 	Sustainability risks are managed according to a risk-based approach. In the event of a high sustainability risk, an in-depth sustainability review is conducted and, where necessary, requirements set that measures be implemented to counteract the adverse environmental and societal impact. Requirements are based on national and international regulations and guidelines in the areas of anti-corruption, climate and environment, human rights including labor conditions and business ethics including money laundering and the financing of terrorism.
Commercial and reputational risk	SEK has a natural concentration risk to Sweden and to large Swedish exporters pursuant to its mission from the owner. The main factors considered to affect the reputation of the SEK brand are credit losses, transactions that could be perceived to lack Swedish interests or the perception that SEK has breached applicable regulations.	<ul style="list-style-type: none"> • Concentration in income from a limited number of clients • Follow-up of the reputational impact from transactions 	Business risk is identified through risk analyses and is monitored and prevented as deemed necessary. Reputational risk is mitigated actively through a number of activities, including ongoing analysis of media coverage, stakeholder dialogues and risk analyses. SEK's communication plan describes the principles for both long-term and short-term management of reputational risk.
Strategic risk (business environment risk)	SEK's strategic risks mainly arise from structural changes in competition, which could lead to limited lending opportunities for SEK, and from regulatory reforms.	<ul style="list-style-type: none"> • SEK accepts conscious strategic risks in line with the company's strategy. • Governance of new initiatives is to include monitoring of business volumes and, where relevant, have limits applied. 	Strategic risk is identified through risk analyses and is monitored and prevented as deemed necessary.

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 conjunction with its internal capital adequacy assessment process, an in-depth liquidity analysis is performed. During the planning period, the liquidity requirement and its composition 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 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 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 CreditMetrics 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 requirement specified by the Swedish FSA constitutes a minimum requirement for the size of 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 further information, refer to the separate risk report, "Capital Adequacy and Risk Management Report — Pillar 3 2016", available at www.sek.se.

New regulations

For exposures to central governments and regional governments, SEK has been granted, until further notice, an exemption from using the IRB approach for risk classification and quantification of credit risk. SEK applies the standardized approach for these exposures but will switch to the IRB approach during 2017. The minimum capital requirements for these exposures will increase in connection with a switch to the IRB approach.

In the assessment of SEK, 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.

An intense year for SEK

2016 was marked by tumultuous political events, such as the US presidential election and the UK's decision to leave the EU. The outcomes of these events reflect the growing trend of increasing nationalism and protectionism as well as opposition to globalization. It is important that Sweden, with its interest in free trade and dependence on exports, monitors these trends. In addition, 2016 marked another turbulent year in the European financial market, partly as a result of challenges for several European banks.

2016 was also an intensive year for SEK. SEK has continued to add value for existing clients and strengthened the competitiveness of the Swedish export industry. Initiatives for reaching new clients have led to business in new client segments. A high level of internal activity was also maintained with strengthening SEK's organization and infrastructure. During the year, the Board has worked with areas including initiatives to improve the company's risk management and risk measurement capability.

In 2015, SEK created a separate unit for medium-sized exporters and it is extremely pleasing to note that efforts in 2016 resulted in new partnerships with a number of companies with whom SEK had previously had no customer relationship. The government's Export Strategy also has considerable focus on how more Swedish companies, particularly medium-sized companies, can reach emerging markets. Large companies have often had long exposure in emerging markets and SEK has often participated in their expansion. To assist both large and medium-sized companies in these emerging markets, we need to increase our ability to operate in difficult markets, which requires local knowledge and the ability to manage often complex risks. SEK must work closely with our clients, their customers and local providers of finance to achieve this.

But we believe we can add value for even more exporters, even small companies. Therefore, the Board has put forward a strategy setting out how, in the longer term (at least five years), SEK can develop operations to reach more medium and smaller companies, without compromising its ability to aid the largest Swedish companies. Working with smaller companies sets substantial new requirements on SEK's organization, infrastructure and capital, which take time to develop.

In these more uncertain times, perhaps now more than ever, SEK is a strong market participant. Irrespective of whether the economic stimuli in the US accelerate growth or whether the world will be marked by increased protectionism, SEK must keep up with developments. We must remain relevant and fulfil our mission, namely, to always be prepared to assist the Swedish export industry with financing solutions. SEK must also adapt to the increasing content of services in exports and how we can develop the offering to finance this type of export.

At the UN Summit in 2015, world leaders adopted 17 sustainability development goals (SDG), which are also known as Agenda 2030. Based on the above, the Swedish government has set out a strategy for Sweden to work toward these goals, and state-owned companies have an important part in this work. In 2016, SEK clarified how these goals are linked to our strategies, goals and activities. Among other initiatives, SEK works proactively to finance exports of Swedish environmental expertise around the world. This contributes to sustainable development and supports the SDGs. In 2016, SEK joined the

government's Fossil Free Sweden initiative and the company has implemented a scenario analysis to identify the impact on the lending portfolio of the implementation of the COP21 global climate treaty.

The targets set by the general meeting of shareholders were met, except the target for the after-tax return on equity for 2016, which was 4.6 percent (2015: 7.2 percent). The profitability target is 6 percent over time. SEK has a strong capitalization with a total capital ratio of 25.1 percent at the end of the year (24.5 at the end of 2015) and SEK's Board decided to propose to the Annual General Meeting the distribution of a dividend of Skr 234 million (2015: Skr 356 million), corresponding to 30 percent of net profit for the year. 2016 was also the first year in which we have followed up the specially commissioned public policy assignment. The measurement of the value added by SEK found that 63 percent of clients who had engaged SEK's services for export credits perceived that SEK's credits had contributed significantly or very significantly to the execution of their export transactions.

SEK's strategic sustainability targets are primarily linked to our lending. Our objective is to set clear sustainable business requirements when granting credit and, concurrently, increase our green loans to promote a green transition. During the year, we lent Skr 3.3 billion in the form of green loans, which slightly exceeded our target for the year. We have also set a goal of gradually raising our external sustainability rating, thereby providing proof that we are developing our responsible lending as well as sustainability efforts in general. The strength of SEK's sustainability rating and credit rating is also starting to become increasingly important for our investors. Moreover, SEK has continued work with designing sustainability efforts to meet external requirements, guidelines and expectations. SEK has been tasked with a vital mission, which means it is crucial for SEK to attract, develop and retain the right competence. The 2016 employee survey found high employee commitment at SEK. We have also all but succeeded in reaching our equality and diversity goals.

SEK plays a pivotal role in promoting the Swedish export industry and assists in export transactions that create employment and sustainable growth in Sweden. 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.



Lars Linder-Aronson,
Chairman of the Board

Corporate Governance Report 2016

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.

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.

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

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. For further information on internal governance and control regarding sustainability, refer to page 54.

The Code

The Code is part of the Swedish government’s framework for corporate governance that supplements the state’s ownership policy (for example, regarding financial reporting and remuneration of senior executives). SEK complies with the Code in line with the owner’s guidelines.

Deviations from the Code

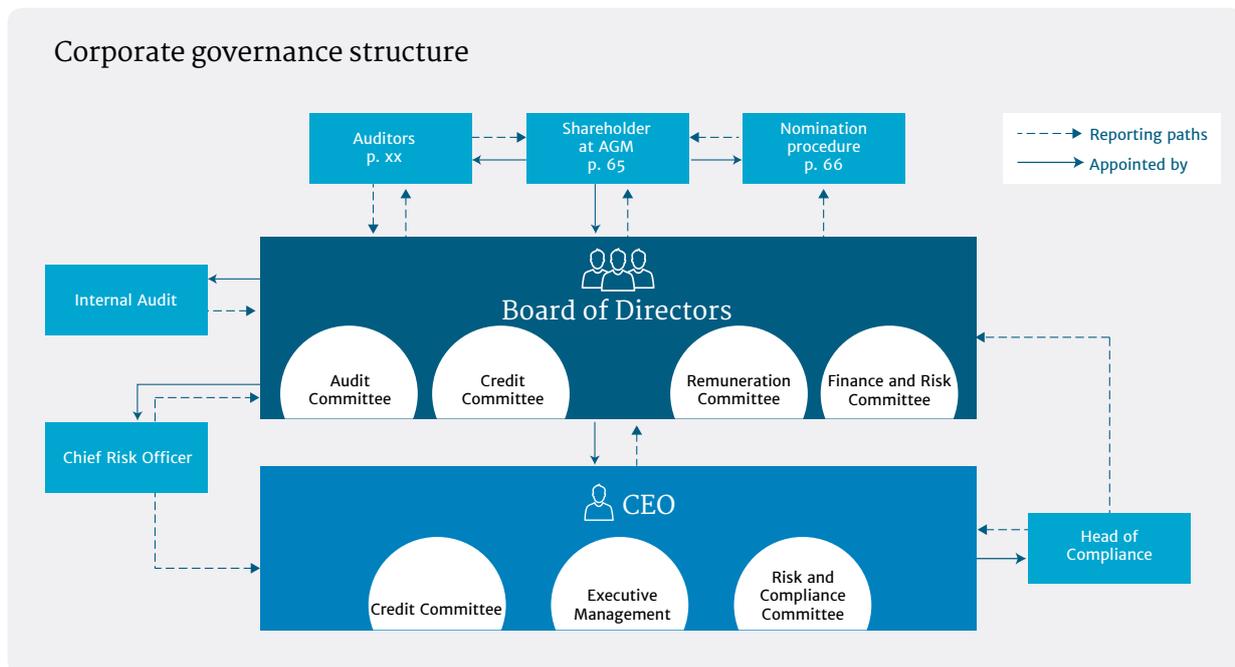
SEK chooses to deviate from the Code in regard to certain aspects, in accordance with the Code’s regulations regarding “comply or explain.” The reason for such deviations is that SEK is wholly owned by the state and thus is not a publicly listed company with diverse ownership. SEK’s corporate governance deviated from the requirements of the Code on the following points in the 2016 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

A new owner instruction was adopted at the Annual General Meeting on April 26, 2016. 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 officially supported credits (CIRR loans); (c) in periods when the market cannot 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, anticorruption, 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.

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 at which 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 was held on April 26, 2016. 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 Ardstrom, Jan Belfrage, Susanne Lithander, Lotta Mellstrom, Ulla Nilsson and Teppo Tauriainen. Magnus Uggla was elected as a new

member. Lars Linder-Aronson was re-elected Chairman of the Board by the Meeting.

The Annual General Meeting adopted the Annual Report 2015 submitted by the Board and the CEO, and discharged the Board and the CEO from liability for the 2015 fiscal year. The Annual General Meeting also resolved, in line with the Board's proposed appropriation of profits, to pay a dividend of Skr 356 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.

Extraordinary General Meeting

The company held an extraordinary general meeting on January 21, 2016, at which the meeting resolved in line with the shareholder's proposal to set SEK's total capital ratio, under normal conditions, at 1 to 3 percentage points in excess of the requirement announced by Swedish FSA.

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. It is important for the owner that the Board represents diversity and breadth in terms of age, gender, ethnic origin, industry experience, academic background and profession.

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. SEK's Board of Directors comprises the eight members elected at the 2016 Annual General Meeting. The CEO is not a member of the Board. Four of the Board members are women and four are men. The names, ages, and main education of the Board members, and the number of Board and Committee meetings held during the year are presented on pages 52 and 55-57. 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, unless the Chairman resigns from his/her assignment during his/her term of office, in which case the Board is to elect a new Chairman from within its ranks to serve until the end of the general meeting that is to elect

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 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. The Board is also tasked with ensuring that the company's financial statements 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, and issues general internal regulations in policies and instructions. 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 Chief Risk Officer and deciding on remuneration of these individuals and other members of executive management.

The Board's work follows the rules of procedure adopted each year at the statutory Board meeting and the Board's annual plan. The Board of Directors met on 12 occasions in 2016. 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.

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.

Board's work during the year

Over the year, matters addressed by the Board included the following:

- Year-end report and annual report
- Annual reports from internal audit and regulatory compliance
- Review of SEK's remuneration system
- Adoption of the Pillar 3 report and risk strategy
- Client visit at SAAB AB in Linköping, Sweden, and at Skanska and banks in London, UK
- Project decisions
- Internal capital adequacy assessment process
- Notice of Annual General Meeting
- Decision on salary and benefits for CEO and senior executives
- Review of 2015 CEO and Board evaluations
- Statutory Board meeting
- Interim reports
- Review of the revised structure for internal rules
- Strategy meeting
- Review of outcome of employee survey
- Termination of the employee incentive system, which has been replaced with an employee benefit package.
- Review of succession plan for senior executives
- Issue of several new and revised governing documents
- Business plan
- Selection of external auditor
- Decision on business plan
- Board training

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

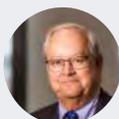


During the year, the Remuneration Committee invested substantial time in preparing the item regarding the replacement of the employee incentive scheme with new benefits. SEK has chosen to invest in employee benefits that promote health and well-being, and therefore expanded the benefits package to include the possibility of an extra health day as well as healthcare and medical insurance. The possibility of a limited amount of variable remuneration has been introduced for a few employees, those that work in positions with direct client contact or that generate business.

- 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.

Credit Committee

Jan Belfrage (Chairman), Lars Linder-Aronson, Ulla Nilsson and Teppo Tauriainen



The Credit Committee decided 119 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. In 2016, the Board made one such decision regarding a credit to the European Spallation Source (ESS). Moreover, the Credit Committee issued a new credit instruction in 2016.

- 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 make decisions regarding credits in accordance with the delegation rules determined by the Board.

Finance and Risk Committee

Cecilia Ardström (Chairman), Lars Linder-Aronson, Ulla Nilsson and Magnus Uggla



During the year, the Finance and Risk Committee devoted substantial effort to following up developments in the company's project to improve the measurement of market risk. Moreover, the Committee addressed a number of issues arising primarily from the EU's Crisis Management Directive.

- 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, 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.

Audit Committee

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



Over and above its customary tasks, the Audit Committee has addressed issues relating to the procurement of new auditors that was conducted. During the year, the Committee devoted substantial effort to following up developments in the company's project to adapt operations to the forthcoming financial reporting standard, IFRS 9.

- Monitor the company's financial reporting and to 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.

In 2016, 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
Risk Reporting Instruction	The Board of Directors
Code of Conduct	The Board of Directors
Sustainable Business Policy	The Board of Directors
Policy on Combating Money Laundering and Terrorist Financing	The Board of Directors
Internal Governance and Control Policy	The Board of Directors
Risk Policy	The Board of Directors
Finance 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
Market risk limits	Finance and Risk Committee

Attendance at Board and committee meetings in 2016

	Total	Board of Directors	Remuneration Committee	Finance and Risk Committee	Credit Committee	Audit Committee
Number of meetings	47	12	5	7	14	9
Lars Linder-Aronson	41	12	5	7	11	6
Cecilia Ardström	19	12	0	7	0	0
Jan Belfrage	24	11	0	0	13	0
Susanne Lithander	24	10	5	0	0	9
Lotta Mellström	26	12	5	0	0	9
Ulla Nilsson	29	10	0	7	12	0
Jan Roxendal	10	6	0	0	2	2
Teppo Tauriainen	23	11	0	0	12	0
Magnus Uggla	10	6	0	4	0	0

Jan Roxendal stepped down from the Board on April 26, 2016. Jan participated in six meetings in 2016

Jan Roxendal stepped down from the Credit Committee on April 26, 2016. Jan participated in two meetings in 2016

Jan Roxendal stepped down from the Audit Committee on April 26, 2016. Jan participated in two meetings in 2016

Magnus Uggla was elected as a member of the Board and the Finance and Risk Committee on April 26, 2016.

Lars Linder-Aronson was elected as a member of the Credit Committee and the Audit Committee on April 26, 2016

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.

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.

Conflicts of interest

Under the company's Internal Governance and Control Policy, each manager within the company is responsible for identifying, analyzing, rectifying and documenting any conflicts of interest within that manager's area of responsibility.

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. Part of the work of the Board is to establish, update and approve a number of fundamental policies that govern the company's operations (see the left table). The Board issues guidelines that create the prerequisites for an organizational structure with clear roles and responsibilities, procedures for attracting, developing and retaining employees, and a

remuneration system that favors the effective management of operational risks. Using these cornerstones, internal rules, processes and structures are created that form the basis for internal governance and control throughout the organization. It is the responsibility of the CEO to establish guidelines so that all employees understand the requirement for maintaining ethical values and the role of each individual in such work, as regulated in part by the Code of Conduct to which all employees must adhere. 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 has reported its observations on an ongoing basis to the Board, the Audit Committee and the CEO, and has regularly informed the executive management. As of 2012, 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. The internal audit assignment includes liaising with the external auditors so that they are able to rely on the work carried out by the internal auditors, thereby ensuring that all material areas of risk have been audited.

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. Risk assessment for financial reporting comprises identifying and evaluating material risks that may result in the goal of reliable financial reporting not being achieved in

terms of comprehensiveness, accuracy, valuation, reporting and risk of fraud. 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.

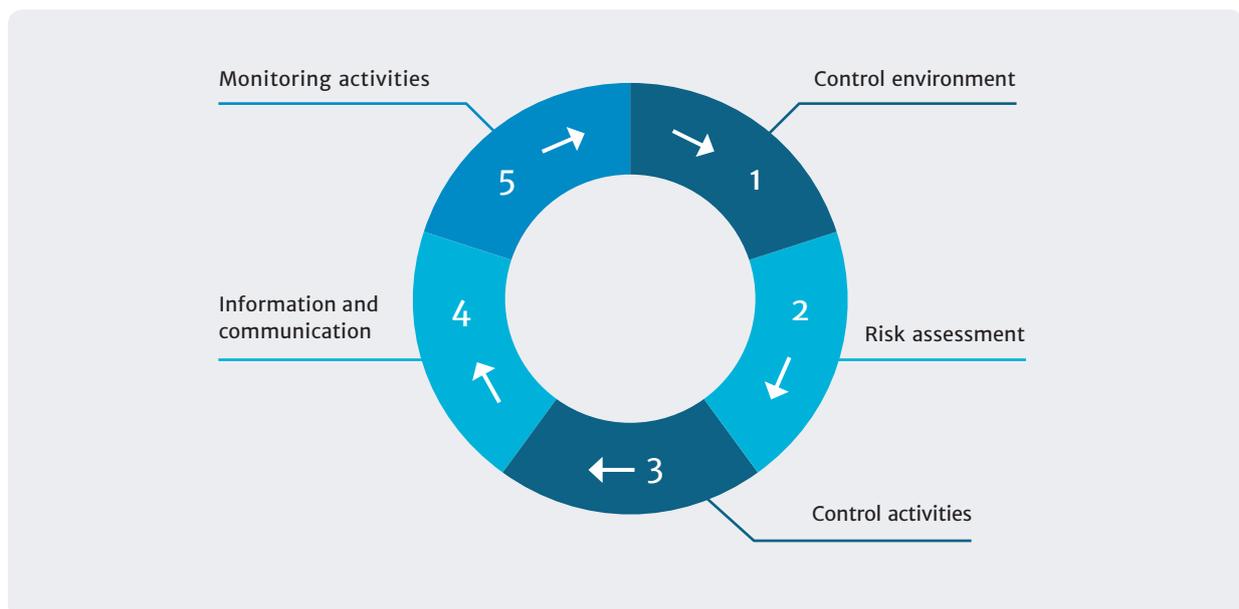
The controls are conducted at transaction level, as company-wide controls and as general IT controls. Company-wide controls include instructions and procedures regarding authorizations, powers and responsibilities relating to credit granting, and monitoring of compliance. SEK's accounting and financial reporting depends on complex IT systems. General IT controls include change management, back-up procedures and access 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, through 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.

The Board of Directors and the Audit Committee are continually provided with management reports on financial performance together with analyses of and commentaries on results, budgets and forecasts. The executive management's duties include assessing material accounting policies and other matters pertaining to financial reporting and address-



ing interim reports, year-end reports and annual reports prior to the Audit Committee being given the opportunity to present its views and the documents being submitted to the Board for approval.

The Board and the Audit Committee meet the auditors regularly and study the audit reports.

Monitoring activities

Internal audit, and the functions for compliance and risk 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 effectiveness of the internal control over 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 over financial reporting in accordance with the rules applicable to foreign private issuers. At December 31, 2016, the conclusion was that effective and efficient controls were in place relating to internal control over financial reporting.

Auditors

The 2016 Annual General Meeting elected Ernst & Young AB as auditor of the company, with Erik Åström as Auditor in Charge. The Swedish National Audit Office may appoint one or more auditors to participate in the annual audit. However, this did not occur in 2016.

Each year, the Audit Committee reviews the audit plan and is informed of the audit observations on an ongoing basis. While examining the annual and interim accounts, the company's auditors participated at three Board meetings. 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 has decided to propose PwC as SEK's auditors for 2017 to the general meeting of shareholders.

Internal governance and control — sustainability

The Board is responsible for the organization and the administration of SEK's affairs in which sustainability issues form 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 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 has established committees, including the Finance and Risk Committee, which prepare matters pertaining to general policies, strategies and risk appetite in all risk and capital-related issues, where sustainability risk comprises one type of risk. The Credit Committee includes sustainability aspects when it prepares matters relating to credits and credit decisions that are of fundamental or otherwise significant importance to the company, and also makes decisions regarding credits in accordance with the delegation rules determined by the Board. The Audit Committee monitors the company's financial reporting, including sustainability reporting, and submits recommendations and proposals aimed at assuring the reliability of the company's reporting. More information regarding SEK's policies is provided at www.sek.se.

SEK's mission entails financing projects and operations in countries with sustainability risks that may require management. Sustainability risk is the risk that SEK directly or indirectly negatively impacts its surroundings in terms of money laundering, financing of terrorism, environmental issues, anti-corruption, human rights, labor conditions or business ethics. The management of sustainability risks is detailed in Note 27.

In accordance with the owner instruction, 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. SEK applies the following international guidelines in its efforts to act responsibly: 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 and the OECD's conventions and guidelines on anti-corruption measures.

Business ethics

SEK's promotes business and relationships that are characterized by good business ethics. 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, which the Board adopts each year, provides support for governing the operations and is signed by the Board and employees every year. The Code demands integrity and ethical conduct and is communicated to employees through annual training sessions. Suspected conduct that could involve or lead to a breach of the law, unethical behavior, infringement or suspected breach of SEK's Code of Conduct must be reported. These types of breaches can also be reported anonymously via SEK's SpeakUp system, which is managed by a third party. For more information on our Code of Conduct, refer to www.sek.se.

Money laundering and terrorism financing

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. In the case of any new business relationship, SEK collects and analyzes information pertaining to who represents the company, its ownership structure including its beneficial owner, politically vulnerable individuals and international sanctions. Moreover, SEK analyzes the country where the company is domiciled in terms of the country's capacity to deal with corruption, tax transparency and legislation regarding money laundering and terrorism financing.

Anti-corruption

SEK's principal exposure risk to corruption arises indirectly in connection with lending in countries and industries with a high risk of corruption. 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 expectations in this area.

Human rights and labor conditions

SEK's principal risk is of becoming linked to human rights violations, including labor conditions, when we lend to major projects or to exporters' customers in countries which have a high risk of human rights violations. Human rights, including the ILO's 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 material risk exists that human rights will be neglected, or where SEK assesses that the risks will not be managed in line with the UN's framework for business and human rights.

Environmental concerns

SEK's own operations have little negative environmental impact. Any potential negative environmental impact by SEK is mainly indirect through lending operations. 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. Moreover, SEK uses carbon offset for the greenhouse gas emissions its operations produce.

The Board of Directors



Lars Linder-Aronson
Chairman of the Board
Chairman SEK's Remuneration Committee
Member SEK's Audit Committee, SEK's Credit Committee and SEK's Finance and Risk 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
Other assignments: Board member Betsson AB, e-Capital AB, Facility Labs AB and Morco Förvaltning AB



Cecilia Ardström
Board member
Chairman SEK's Finance and Risk Committee
Born: 1965
Education: Economics, 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, Head of Asset Management and CIO Folksam Group
Other assignments: Board member Guldsillen AB



Jan Belfrage
Board member
Chairman SEK's Credit Committee
Born: 1944
Education: MSc Economics and Business, Stockholm School of Economics
Elected: 2010
Previous positions: Nordic Manager Credit Agricole, Nordic Manager and former CEO Sweden Citigroup, CFO AGA AB and Group Treasurer AB SKF
Other assignments: Chairman of the Board Universal Creation



Susanne Lithander
Board member
Member SEK's Audit Committee and SEK's Remuneration Committee
Born: 1961
Education: MSc Economics and Business, University of Gothenburg School of Business, Economics and Law
Elected: 2015
Previous positions: VP Finance SCA-group, CEO Mercuri International Group and VP Head of Advisory Services Ericsson, BU Global Services
Other assignments: Board member Eltel AB
Current positions: CFO BillerudKorsnäs AB

Auditors: Ernst & Young AB, auditors for SEK since 2008
Principal auditor: Erik Åström, Authorized Public Accountant. Born: 1957. Auditor at SEK since 2013.

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



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, Controller Sydskraft Group and ABB Group

Other assignments: Board member Swedavia AB

Current positions: Deputy Director Swedish Ministry of Finance



Ulla Nilsson

Board member

Member SEK's Finance and Risk Committee and SEK's Credit Committee

Born: 1947

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

Elected: 2011

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

Other assignments: CEO Swedish Chamber of Commerce London

Current position: President at the Swedish Chamber of Commerce London



Teppo Tauriainen

Board member

Member SEK's Credit Committee

Born: 1961

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

Elected: 2014

Previous positions: Ambassador to Singapore and Canada, Head of department, Department of international trade policy, Ministry for Foreign Affairs

Current positions: Head of department, Americas Department, Ministry for Foreign Affairs



Magnus Ugglå

Board member

Member SEK's Finance and Risk Committee

Born: 1952

Education: MBA, Stockholm School of Economics. MSc Royal Institute of Technology, Stockholm. Stanford Executive Program

Elected: 2016

Previous positions: Executive Vice President Handelsbanken, in several roles including head of Stockholm Region, Head of UK and Head of Handelsbanken International

Other assignments: Board member Hoist Finance AB and Chairman of the Board Fotografiska, Stockholm

Management



Catrin Fransson
Chief Executive Officer
Born: 1962
Education: MSc Economics and Business, Luleå University of Technology
Employed: 2014
Other assignments: Chairwoman Venantius AB and Board Member of 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 assignments: Chairman of the Credit Markets Group and Board Member of the Swedish Society of Financial Analysts (SFF)



Karl Johan Bernerfalk
General Counsel
Born: 1972
Education: LLM, Lund University
Employed: 2007
Other assignments: Board Member of Venantius AB



Stefan Friberg
Chief Risk Officer
Born: 1968
Education: MSc Business and Economics, Stockholm University
Employed: 2015
Other assignments: -



Teresa Hamilton Burman
Chief Credit Officer
Born: 1962
Education: MSc Business and Economics, Stockholm University
Employed: 2015
Other assignments: -

Co-opted members 2016

Co-opted member have during 2016: Marie Lindstedt (Head of Compliance), Dan Kohlberg (IT Manager) and Sven-Olof Söderlund (Senior Specialist, Head of Ownership Issues).



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 assignments: -



Jane Lundgren Ericsson

Head of Lending

Born: 1965

Education: LLM, Stockholm University and LL M (London)

Employed: 1993

Other assignments: Board member of SBAB



Sirpa Rusanen

Head of Human Resources

Born: 1964

Education: Behavioural Science Degree, Lund University

Employed: 2005

Other assignments: -



Susanna Rystedt

Chief Administrative Officer

Born: 1964

Education: MSc Economics and Business, Stockholm School of Economics

Employed: 2009

Other assignments: Board Member of AB Trav och Galopp



Edvard Unsgaard

Head of Communication

Born: 1974

Education: BA Journalism, Mid Sweden University, university studies in Russian and History

Employed: 2012

Other assignments: -

Changes after 2016-12-31

Dan Kohlberg (IT manager) has left his position and Ingela Nachtweij is the Acting IT Manager.

Consolidated Statement of Comprehensive Income

Skr mn	Note	2016	2015
Interest revenues		3,188	2,835
Interest expenses		-1,441	-1,173
Net interest revenues	2	1,747	1,662
Net fee and commission expense	3	-29	-6
Net results of financial transactions	4	-110	400
Total operating income		1,608	2,056
Personnel expenses	5	-308	-295
Other administrative expenses	6	-236	-164
Depreciation and impairment of non-financial assets	7	-46	-98
Total operating expenses		-590	-557
Operating profit before net credit losses		1,018	1,499
Net credit losses	9	-16	36
Operating profit		1,002	1,535
Tax expenses	10	-222	-348
Net profit¹		780	1,187
Other comprehensive income related to:			
Items to be reclassified to profit or loss			
<i>Available-for-sale securities²</i>		46	-8
<i>Derivatives in cash-flow hedges²</i>		-169	-217
Tax on items to be reclassified to profit or loss	10	27	49
Net items to be reclassified to profit or loss		-96	-176
Items not to be reclassified to profit or loss			
<i>Revaluation of defined benefit plans</i>		-26	49
Tax on items not to be reclassified to profit or loss	10	6	-11
Net items, not to be reclassified to profit or loss		-20	38
Total other comprehensive income		-116	-138
Total comprehensive income¹		664	1,049
Skr			
Basic and diluted earnings per share ³		195	297

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 2016 amounts to 3,990,000 (2015: 3,990,000)

Consolidated Statement of Financial Position

Skr mn	Note	31 December 2016	31 December 2015
Assets			
Cash and cash equivalents	11,12	7,054	2,258
Treasuries/government bonds	11,12	3,687	2,006
Other interest-bearing securities except loans	11,12	49,901	40,831
Loans in the form of interest-bearing securities	11,12	46,222	48,107
Loans to credit institutions	9,11,12	26,190	29,776
Loans to the public	8,9,11,12	147,909	140,806
Derivatives	14	12,005	12,672
Property, plant, equipment and intangible assets	7	123	129
Other assets	16	4,167	1,854
Prepaid expenses and accrued revenues	17	2,184	1,972
Total assets		299,442	280,411
Liabilities and equity			
Borrowing from credit institutions	12,18	3,756	5,283
Borrowing from the public	12,18	0	61
Senior securities issued	12,18	249,192	228,212
Derivatives	14	22,072	23,631
Other liabilities	19	2,374	1,637
Accrued expenses and prepaid revenues	20	2,036	1,912
Deferred tax liabilities	10	559	720
Provisions	5,21	51	39
Subordinated securities issued	12,22	2,266	2,088
Total liabilities		282,306	263,583
Share capital		3,990	3,990
Reserves		130	246
Retained earnings		13,016	12,592
Total equity	23	17,136	16,828
Total liabilities and equity		299,442	280,411

Consolidated Statement of Changes in Equity

Skr mn	Equity	Share capital	Reserves			Retained earnings
			Hedge reserve	Fair value reserve	Defined benefit plans	
Opening balance of equity January 1, 2015	16,157	3,990	398	5	-19	11,783
Net profit for the year	1,187					1,187
Other comprehensive income related to:						
Items to be reclassified to profit or loss						
<i>Available-for-sale securities</i>	-8			-8		
<i>Derivatives in cash-flow hedges</i>						
Reclassified to profit or loss	-217		-217			
Tax on items to be reclassified to profit or loss	49		47	2		
Items not to be reclassified to profit or loss						
<i>Revaluation of defined benefit plans</i>	49				49	
Tax on items not to be reclassified to profit or loss	-11				-11	
Total other comprehensive income	-138		-170	-6	38	
Total comprehensive income	1,049		-170	-6	38	1,187
Dividend	-378					-378
Closing balance of equity 2015^{1,2}	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						
<i>Available-for-sale securities</i>	46			46		
<i>Derivatives in cash-flow hedges</i>						
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						
<i>Revaluation of defined benefit plans</i>	-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

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	2016	2015
Operating activities		
Operating profit ¹	1,002	1,535
<i>Adjustments to convert operating profit to cash flow:</i>		
Provision for credit losses - net	16	-36
Depreciation and impairment of non-financial assets	46	98
Exchange-rate differences	0	22
Unrealized changes in fair value	195	-396
Other	30	18
Income tax paid	-276	-580
Total adjustments to convert operating profit to cash flow	11	-874
Loan disbursements	-61,350	-56,404
Repayments of loans	72,214	70,777
Net decrease in bonds and securities held	-9,041	28,448
Derivatives relating to loans	652	469
Other changes - net	-54	469
Cash flow from operating activities	3,434	44,420
Investing activities		
Capital expenditures	-39	-66
Cash flow from investing activities	-39	-66
Financing activities		
Short-term senior debt	17,904	16,312
Long-term senior debt	70,085	53,043
Repayments of debt	-70,829	-74,546
Repurchase and early redemption of own long-term debt	-14,523	-41,006
Derivatives relating to debts	-834	-2,540
Dividend paid	-356	-378
Cash flow from financing activities	1,447	-49,115
Net cash flow for the year	4,842	-4,761
Exchange-rate differences on cash and cash equivalents	-46	-80
Cash and cash equivalents at beginning of year	2,258	7,099
Cash and cash equivalents at end of year²	7,054	2,258
<i>of which cash at banks</i>	916	294
<i>of which cash equivalents</i>	6,138	1,964
¹ Interest payments received and expenses paid		
Interest payments received	2,975	2,990
Interest expenses paid	1,229	1,273

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	2016	2015
Interest revenues		3,188	2,835
Interest expenses		-1,441	-1,173
Net interest revenues	2	1,747	1,662
Dividend from subsidiary	15	2	8
Net fee and commission income	3	-29	-6
Net results of financial transactions	4	-110	400
Total operating income		1,610	2,064
Personnel expenses	5	-313	-296
Other administrative expenses	6	-236	-164
Depreciation and impairment of non-financial assets	7	-46	-98
Total operating expenses		-595	-558
Operating profit before net credit losses		1,015	1,506
Net credit losses	9	-16	35
Operating profit		999	1,541
Changes in untaxed reserves	10	712	3
Taxes expenses	10	-377	-348
Net profit		1,334	1,196

Parent Company Statement of Comprehensive Income

Skr mn	Note	2016	2015
Net profit for the year (after taxes)		1,334	1,196
Other comprehensive income related to:			
Items to be reclassified to profit or loss			
<i>Available-for-sale securities¹</i>		46	-8
<i>Derivatives in cash-flow hedges¹</i>		-169	-217
Tax on items to be reclassified to profit or loss	10	27	49
Net items, to be reclassified to profit or loss		-96	-176
Total other comprehensive income		-96	-176
Total comprehensive income		1,238	1,020

¹ See the Parent Company Statement of Changes in Equity.

Parent Company Balance Sheet

Skr mn	Note	31 December 2016	31 December 2015
Assets			
Cash and cash equivalents	11,12	7,031	2,234
Treasuries/government bonds	11,12	3,687	2,006
Other interest-bearing securities except loans	11,12	49,901	40,831
Loans in the form of interest-bearing securities	11,12	46,222	48,107
Loans to credit institutions	9,11,12	26,190	29,776
Loans to the public	8,9,11,12	147,909	140,805
Derivatives	14	12,005	12,672
Shares in subsidiaries	15	17	17
Property, plant, equipment and intangible assets	7	123	129
Other assets	16	4,167	1,854
Prepaid expenses and accrued revenues	17	2,184	1,972
Total assets		299,436	280,403
Liabilities and equity			
Borrowing from credit institutions	12,18	3,756	5,283
Borrowing from the public	12,18	0	61
Senior securities issued	12,18	249,192	228,212
Derivatives	14	22,072	23,631
Other liabilities	19	2,374	1,637
Accrued expenses and prepaid revenues	20	2,036	1,912
Deferred tax liabilities	10	0	0
Provisions	5,21	16	25
Subordinated securities issued	12,22	2,266	2,088
Total liabilities		281,712	262,849
Untaxed reserves	10	2,565	3,277
Non-distributable capital			
Share capital		3,990	3,990
Legal reserve		198	198
Fund for internally developed software		29	-
Distributable capital			
Fair value reserve		131	227
Retained earnings		9,477	8,666
Net profit for the year		1,334	1,196
Total equity	23	15,159	14,277
Total liabilities and equity		299,436	280,403

Parent Company Statement of Changes in Equity

	Equity	Share capital	Legal reserve	Fund for internally developed software	Fair value reserve		Retained earnings
					Hedge reserve	Fair value reserve	
Skr mn							
Opening balance of equity 2015	13,635	3,990	198	-	398	5	9,044
Net profit for the year	1,196						1,196
Other comprehensive income related to:							
Items to be reclassified to profit or loss							
<i>Available-for-sale securities</i>	-8					-8	
<i>Derivatives in cash-flow hedges</i>							
Reclassified to profit or loss	-217				-217		
Tax on items to be reclassified to profit or loss	49				47	2	
Total other comprehensive income	-176				-170	-6	
Total comprehensive income	1,020				-170	-6	1,196
Dividend	-378						-378
Closing balance of equity 2015¹	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							
<i>Available-for-sale securities</i>	46					46	
<i>Derivatives in cash-flow hedges</i>							
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 2016¹	15,159	3,990	198	29	96	35	10,811

¹ See Note 23.

Statement of Cash Flows in the Parent Company

Skr mn	2016	2015
Operating activities		
Operating profit ¹	999	1,541
<i>Adjustments to convert operating profit to cash flow:</i>		
Provision for credit losses - net	16	-36
Depreciation and impairment of non-financial assets	46	98
Gain on sale of subsidiary	-	-
Exchange-rate differences	0	22
Unrealized changes in fair value	195	-396
Other	31	18
Income tax paid	-276	-580
Total adjustments to convert operating profit to cash flow	12	-874
Loan disbursements	-61,350	-56,404
Repayments of loans	72,214	70,777
Net change in bonds and securities held	-9,041	28,448
Derivatives relating to loans	652	469
Other changes - net	-51	442
Cash flow from operating activities	3,435	44,399
Investing activities		
Capital expenditures	-39	-66
Cash flow from investing activities	-39	-66
Financing activities		
Short-term senior debt	17,904	16,312
Long-term senior debt	70,085	53,043
Repayments of debt	-70,829	-74,546
Repurchase and early redemption of own long-term debt	-14,523	-41,006
Derivatives relating to debts	-834	-2,540
Dividend paid	-356	-378
Cash flow from financing activities	1,447	-49,115
Net cash flow for the year	4,843	-4,782
Exchange-rate differences on cash and cash equivalents	-46	-80
Cash and cash equivalents at beginning of year	2,234	7,096
Cash and cash equivalents at end of year²	7,031	2,234
<i>of which cash at banks</i>	893	270
<i>of which cash equivalents</i>	6,138	1,964
¹ Interest payments received and expenses paid		
Interest payments received	2,975	2,990
Interest expenses paid	1,229	1,273

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.

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Note 1. 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 a company domiciled in Sweden. The address of the company's registered office is Klarabergsviadukten 61-63, P.O. Box 194, SE-101 23 Stockholm, Sweden. The Consolidated Group as of December 31, 2016 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.

(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 Financial Supervisory Authority (FFFS 2008:25), all of which have been complied with in preparing the consolidated financial statements, of which these notes form part. SEK also follows the Swedish Government's general guidelines regarding external reporting in accordance with its corporate governance 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 1, section (r) 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 40-46). Such information is deemed to be incorporated herein by reference.

The consolidated financial statements and the Parent Company's annual report were approved for issuance by SEK's Board of Directors on February 22, 2017. The Group's statements of comprehensive income and financial position 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 March 22, 2017.

(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, in order 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 its 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 expenses, especially personnel expenses, other expenses and taxes, are denominated in Swedish kronor. SEK manages its foreign currency risk by hedging the 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 may could 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 2015 Annual Report, except for changes in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and FFFS 2008:25. The changes in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies and FFFS 2008:25 entail that the possibility

Note 1, continued

of recognizing memorandum items has been removed and disclosures must now be provided in Note 24 Pledged assets and contingent liabilities. In addition, remeasurements of defined-benefit net liabilities for defined-benefit pension plans are now recognized in a separate reserve in equity: reserve for defined-benefit plans. These were previously recognized in retained earnings; the change is applied retrospectively from the introduction of IAS 19R. For financial guarantees documented as derivatives, a voluntary change of accounting policy occurred during 2016. They are now accounted for as derivatives in line with current accounting practice and measured at fair value, compared to earlier as guarantees at amortized cost. The effect of the accounting policy change is not material for current or prior periods.

In addition to the above changes, certain amounts reported in prior periods have been reclassified 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 income and expenses 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 have been identified to prevent the transfer of own funds or the repayment of liabilities among the parent or its subsidiaries.

(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 notes 2 and 3.

(f) Recognition of operating income**(i) Net interest income**

Interest revenues and interest expenses related to all financial assets and liabilities, regardless of classification, are recognized in net interest income. Interest income and interest expense are recognized gross, with the exception of interest income and interest expenses related to derivative instruments, 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 income, 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 income. Interest income and interest expenses are calculated and recognized based on the effective interest rate method or based on a method that

results in interest income or interest expenses that are a reasonable approximation of the result that would be obtained using the effective interest method as the basis for the calculation. Fees regarded as an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate (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 income and interest expense, net interest income, where these are recognized as interest expense, includes the resolution fee (as earlier the stability fund fee) and guarantee commissions that are comparable to interest.

The state-supported system ("S-system") SEK's net compensation for administering the S-system is recognized as part of interest income in the statement of comprehensive income. SEK administers, in return for compensation, the Swedish State's export credit support system, and the State's related aid credit program (jointly referred to as the "S-system"). Pursuant to the instruction from the State, the State reimburses SEK for all interest differentials, financing costs and any net foreign exchange losses under the S-system. SEK has determined that the S-system should be considered an assignment whereby SEK acts as an agent on behalf of the Swedish State, rather than being the principal in 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. Accordingly, interest income, interest expense and other costs settled with the State are not recognized in SEK's statement of comprehensive income. Such settlements are made on a yearly basis. Assets and liabilities related to the S-system are included in SEK's assets and liabilities since SEK bears the credit risk for the lending and acts as contractor for lending and borrowing. Unrealized fair value changes on derivatives related to the S-system are recognized net under other assets. Accordingly, assets and liabilities related to the S-system are included in the statement of financial position for the Consolidated Group and the balance sheet of the Parent Company.

(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 commission income depends on the purpose for which the fee is received. 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 commission 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 carried 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 -rate effects, interest-rate changes, changes in credit spreads on SEK's own debt, changes in basis-spreads and changes in the creditworthiness of the counterparty to the financial contract. The item also includes market value changes attributable to hedged risks in fair-value hedges and inefficiency in cash-flow hedges. Realized gains and losses from financial instruments measured at amortized cost, such as interest rate compensation received and realized gains/losses from buy-back of issued own debt, are recognized as they arise directly under net results of financial transactions.

Note 1, continued

(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 relevant 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-rate effects. Currency exchange effects on the nominal amounts of financial assets and liabilities measured at fair value are recognized as currency exchange effects, although currency exchange effect of 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.

(ii) Measurement on initial recognition

When financial instruments are initially recognized, they are measured at fair value plus, in the case of a 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 derivative liabilities in relation to central clearing counterparties are not offset, since these so far 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 receivables, 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 the greater part of 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 exposure relating to a loan or receivable, fair-value hedge accounting is applied. Furthermore, cash-flow hedge accounting can be applied for certain transactions classified as loans and receivables, such as when SEK wishes to hedge against variability in the cash flow from these assets. Hedge accounting is not applied for lending in the S-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 a financial asset, such transactions may be classified irrevocably as a financial asset 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. No assets were classified as held-for-trading other than derivatives held for economic hedging.

Available-for-sale financial assets. This category is used for interest-bearing assets 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. Senior 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. No liabilities were classified as held-for-trading other than 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 guarantee contracts in connection with certain loans. Such guarantees are ordinarily accounted for as guarantees in accordance with SEK's established accounting policy

Note 1, continued

and are therefore not recognized in the 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 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 closely 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. Financial leases are reported as receivables from the lessees in the category of loans and receivables. 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 flow concerning loan disbursements related to loans committed but not yet disbursed at the period-end date, as well as binding offers.

Reacquired debt. SEK reacquires its own debt from time to time. Gains or losses that SEK realizes when reacquiring 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 S-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 hedging relationships must be highly effective in offsetting changes in fair values attributable to the hedged risks, both at inception of the hedge and on an ongoing basis. If hedge efficiency does not fall within established boundaries, the hedge relationship is discontinued.

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 maturity of the previously hedged item.

Cash-flow hedge accounting. 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 fair-value changes in the hedging instrument 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 instruments 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 to profit or loss over the remaining maturity of the previously hedged item.

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

The best evidence of fair value is quoted prices in an active market. Fair-value measurements are categorized using a fair-value hierarchy. The financial instruments measured at fair value 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 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:

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 that use inputs with 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 and quotations furnished by external parties. 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, if available, recent arm's length market transactions between knowledgeable, willing parties. 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, SEK seeks to use observable market quotes (market data) to best reflect the market's view on prices. These market quotes are used, directly or indirectly, in quantitative models 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 interpolated to calculate the non-observable data points; and
- quantitative models, which are used to calculate the fair value of a financial instrument, where the model is calibrated so that available market data can be used to recreate observable market prices on similar instruments.

Note 1, continued

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 there are no observable market data as of that day's date, the previous day's market data is used in the valuation.
- 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 on 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 equity and credit default swap spreads. SEK continuously ensures 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 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 creditworthiness are assessed by recent SEK's issuances of securities, 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 creditworthiness and other non-observable parameters, where relevant.

All 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. Derivative instruments are recognized at fair value, and fair value is calculated based upon internally established valuations, external valuation models, quotations furnished by external parties or market quotations. 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 hybrid instruments with embedded derivatives. SEK issues debt instruments in many financial markets. A large portion of these are hybrid instruments with embedded derivatives. SEK's policy is to hedge the risks in these instruments using derivatives in order to obtain effective economic hedges. The entire hybrid debt instruments are irrevocably classified as financial liabilities measured at fair value through profit or loss, and thus do not separate the embedded derivatives. 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 flow. If there is objective evidence that an impairment loss on a loan or other financial asset has been incurred, the amount of the loss 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 date at the financial asset's original effective interest rate. The amount of the loss is recognized in profit or loss.

After an individual determination has been made, and if there is no objective evidence for impairment of an individually assessed financial asset, regardless of whether the asset is individually 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 that have occurred as of a period-end date but which have not yet been identified as individual loan losses.

Impairment of an asset 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 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 be paid to SEK has been finally determined by a court of jurisdiction.

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 principal amount. Thus, 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 in accordance with the relevant loan agreement will not be recorded in earnings.

Note 1, continued

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 the 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. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. 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 depreciated 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 tested annually. 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 plan is a post-employment benefit plan under which an entity (SEK, in this case) pays fixed contributions into a separate entity and will have 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 plans are post-employment benefit plans other than defined contribution plans. The net obligation in respect of 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. This benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The cost for defined benefit plans is calculated using the "projected unit credit method", which distributes the cost of a plan over a covered 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 for Swedish mortgage bonds, with a remaining term approximating that of the actual commitments. Changes in actuarial assumptions and experience-based obligated adjustments generate actuarial gains or losses. These actuarial gains and losses are reported together with the difference between 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 public pension plans covering all employees. Sufficient information is available to allow the calculation of SEK's proportionate share of 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. Reserves consist of the following items: the reserve for fair-value changes in respect of available-for-sale securities (fair value reserve), the reserve for fair-value changes in derivatives in cash-flow hedges (hedge reserve) and the reserve for remeasurement in respect of defined-benefit pension plans (reserve for defined-benefit plans).

(m) Income tax

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 financial year. Deferred tax includes deferred tax in the untaxed reserves of the individual Group companies and deferred taxes on other taxable temporary differences. Deferred taxes on taxable temporary differences are calculated with an expected tax rate of 22.0 percent (2015: 22.0 percent). Deferred taxes are calculated on all taxable temporary differences, regardless of whether a given temporary difference is recognized in profit or loss or through other comprehensive income.

(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 loan losses. The cash flows are classified by 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 acquisition date.

(p) Critical accounting policies, assumptions and estimates

When applying the Group's accounting policies, 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 recognized 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
 - SEK is to be considered an agent in respect of the S-system
- Furthermore, the company has identified the following key sources of estimation uncertainty when applying IFRS:
- Fair value assessments of certain financial instruments
 - Provisions for probable credit losses

Note 1, continued

(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 carrying amounts and current values are recognized as currency exchange-rate 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) SEK is to be considered an agent in respect of the S-system

SEK has determined that the S-system should be considered an assignment whereby SEK acts as an agent on behalf of the Swedish State, rather than being the principal in individual transactions. This assessment has been made based on a number of factors, such as the following: (i) although it does in form, SEK does not in substance bear risks and make decisions 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 S-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 S-system, all revenues and expenses in the S-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 S-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 (not subordinated) 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. See Note 27 for disclosure of change in value of assets and liabilities if the market interest rate rises or falls by one percentage point. Other pricing 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) is made to reflect the counterparty's credit risk and SEK's own credit rating, which affects the fair value of the derivatives (see Note 12, 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 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 valued 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.

At December 31, 2016, financial assets and liabilities for which valuation models had been used, and where market inputs with a significant effect on the recorded fair value are observable (level 2) amounted to Skr 57 billion (48) and Skr 41 billion (39) (19 percent (17) and 14 percent (15) of total financial assets and total financial liabilities respectively). For financial assets and liabilities for which valuation includes non-observable parameters, amounted to Skr 3 billion (2) and Skr 53 billion (43) (1 percent (1) and 19 percent (17) 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, 2016, 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 -227 million (-222) and Skr 227 million (225) 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 made if and when SEK determines that it is probable that the obligation under a loan agreement or another asset held by SEK, in each case together with existing guarantees and collateral, will fail to cover SEK's full claim. If the judgment underlying this determination were to 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 repayments. This estimate takes into account a number of factors related to the obligor. 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

Note 1, continued

recognized in the financial statements. On December 31, 2016, total lending amounted to Skr 209 billion (205) and the related impairment reserve amounted to Skr 244 million (228), of which the individual reserve accounted for Skr 84 million (66). 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, 2016 by an additional Skr 20–30 million (20–30) and equity at the same date by Skr 16–24 million (16–24). 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) above for additional information.

(q) Forthcoming changes in regulatory framework not yet applied

The following new standards and amendments to standards and interpretations not yet adopted are considered to impact SEK:

(i) IFRS 9 Financial Instruments

In July 2014, IASB issued IFRS 9 Financial Instruments, the definitive standard for the recognition and measurement of financial instruments. IFRS 9 replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, and becomes effective on January 1, 2018. IFRS 9 was approved by the European Commission in December 2016. During 2015, SEK initiated the implementation of IFRS 9 by setting up a project with participants from Risk, Credit, Lending, Finance and Administration and IT. The project has substreams for Classification and Measurement, Impairment, Hedge Accounting Disclosures and Finrep. The project is now in the implementation phase, with parallel runs scheduled for the second half of 2017, and is scheduled to become effective on January 1, 2018.

Classification and measurement. For financial assets, the current categories will be removed but the three measurement methods will be retained: fair value through profit or loss, fair value through other comprehensive income and amortized cost. To determine what should be accounted for in which way, a new valuation 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 of deciding on initial recognition to choose to recognize financial instruments at fair value through profit or loss still remains in those cases where this would eliminate or materially reduce measurement and accounting mismatches. The changes are expected to have limited measurement consequences for SEK's lending portfolios and, in the vast majority of cases, these will continue to be measured at amortized cost. It is anticipated that financial assets and liabilities measured at fair value through profit or loss will continue to be measured at fair value through profit or loss. Most of the instruments classified as available for sale under IAS 39 are expected to be measured at amortized cost or at fair value through other comprehensive income, while a number of instruments are expected to be measured at fair value through profit or loss, either because of the type of cash flows or because of their business model. For financial liabilities, the policies have essentially been transferred from IAS 39. A material change for SEK is that when own debt is measured at fair value through profit or loss, changes in value due to the company's own credit risk will no longer affect profit or loss but will be separated and recognized directly through other comprehensive income, which will probably entail reduced profit volatility for SEK.

Hedge accounting. As a result of the new general rules for hedge accounting, companies can better reflect their risk management in the consolidated financial statements. IFRS 9 provides opportunities for improving and simplifying hedge accounting, which will primarily affect the hedge accounting process. SEK plans to implement hedge accounting under IFRS 9 effective January 1, 2018.

Impairment. One of the major changes compared with IAS 39 and which is expected to have the greatest consequences is that the loan loss impairment methodology based on incurred losses under IAS 39 will be replaced with a forward-looking expected loss approach. IFRS 9 states that all assets measured at amortized cost and at fair value

through other comprehensive income, as well as loan commitments and financial guarantees, are to be subject to impairment testing, which is a change in relation to IAS 39, where collective provisions are not posted for off-balance-sheet exposures or available-for-sale financial assets. The provision is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the provision is based on the probability of default over the life of the asset.

The assets are grouped into three stages depending on the degree of credit deterioration. Stage 1 is where the loan is placed at initial recognition and which is encompassed by assets for where the credits has not increased significantly since initial recognition. The provisions correspond to the 12-month expected credit losses. Under IAS 39, the impairment of assets corresponding to those in stage 1 has been assessed collectively, whereby the need for impairment is related to losses that have occurred as of a period-end date but which have not yet been identified as individual impairment losses. Stage 2 comprises assets for which the credit risk has increased significantly since their initial recognition. For these assets, a loss allowance needs to be recognized based on their lifetime expected credit losses. Under IAS 39, these assets have also been included in the collective impairment assessment, but the impairment will probably increase under IFRS 9, since it will be required that the provisions will correspond to expected credit losses throughout the entire remaining maturity. To assess of whether there has been a significant increase in credit risk for an asset, SEK will base the assessment on a relative deterioration in rating levels for each of the exposures, taking into account the change in the risk of default for the various rating levels. The rating levels are determined by SEK's internal rating model for the various exposures. As part of this basis for testing a significant increase in credit risk, SEK also considers taking into account one or more of the parameters of past-due days, expected forbearance and recurring risk-elevating behaviors that could indicate that a significant increase in credit risk has occurred. Stage 3 includes assets that have been determined individually as credit impaired. The provisions correspond to the expected credit losses throughout the entire remaining maturity, and interest is credited to the net amortized cost of the loan after impairment. Assets in stage 3 according to IFRS 9 correspond to the assets considered to be individually impaired under IAS 39.

For impairment for assets measured at fair value through other comprehensive income, the carrying amount of the asset in the statement of financial position will not be reduced, since this is recognized at fair value. An item corresponding to the impairment in profit or loss will instead be recognized in other comprehensive income as an accumulated impairment amount.

SEK will incorporate forward-looking information, such as macro-economic factors and economic forecasts, both in assessment of significant increase in credit risk and in the measurement of the expected credit loss. The intention is to use three different scenarios: a base case, a worse case and a better case. Both external and internal information will be used in the forward-looking information. SEK continuously evaluates the effects of the new standard and, as parameters are developed according to the IFRS 9 policies, the simulated amounts will become more like amounts that can be used in the application of IFRS 9. Since work to develop parameters according to IFRS 9 is still under way, it is not possible to arrive at a conclusion concerning the standard's impact on SEK's financial statements, capital adequacy and large exposures. With respect to the impact on capital adequacy, this depends, among other things, on whether capital adequacy regulations will be amended to reflect IFRS 9.

(ii) 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 not

Note 1, continued

expected to have any material impact on SEK's financial statements, capital adequacy or large exposures. The standard has been approved by the EU and will be applicable from January 1, 2018.

(iii) IFRS 16 Leasing

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

(r) 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 Financial Supervisory Authority (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 Financial Supervisory Authority. The accounting policies of the Parent Company are essentially unchanged, apart from amendments to ÅRKL and FFFS 2008:25. In the Parent Company, a new restricted reserve within equity, the development expenditure reserve, has been established for the capitalization of expenditure on internally worked up development in accordance with ÅRKL. 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 measured at cost and dividends from investments in subsidiaries are recognized in the income statement.

(iii) Income taxes

In accordance with Swedish tax law, the Parent Company maintain certain untaxed reserves. Untaxed reserves are disclosed in the balance sheet of the Parent Company and changes in untaxed reserves are disclosed in the income statement of the Parent Company.

(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; fair value reserve; retained earnings; and net profit for the year. Fair value 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 Financial Supervisory Authority. 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 2. Net interest revenues

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Interest revenues were related to:				
Loans to credit institutions	546	544	546	544
Loans to the public	2,827	2,663	2,827	2,663
Interest-bearing securities	364	395	364	395
Impaired financial assets	3	0	3	0
Derivatives	-552	-767	-552	-767
Total interest revenues¹	3,188	2,835	3,188	2,835
Total interest expenses²	-1,441	-1,173	-1,441	-1,173
Net interest revenues	1,747	1,662	1,747	1,662

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Interest revenues were related to:				
Available-for-sale financial assets	292	225	292	225
Financial assets at fair value through profit or loss	93	-5	93	-5
Derivatives used for hedge accounting	-379	-470	-379	-470
Loans and receivables	3,182	3,085	3,182	3,085
Total interest revenues¹	3,188	2,835	3,188	2,835
Interest expenses were related to:				
Available-for-sale financial assets	-46	-	-46	-
Financial liabilities at fair value through profit or loss	12	-156	12	-156
Derivatives used for hedge accounting	2,452	2,484	2,452	2,484
Other financial liabilities	-3,859	-3,501	-3,859	-3,501
Total interest expenses²	-1,441	-1,173	-1,441	-1,173
Net interest revenues	1,747	1,662	1,747	1,662

Interest revenues geographical areas

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Sweden	1,358	1,353	1,358	1,353
Europe except Sweden	681	511	681	511
Countries outside of Europe	1,149	971	1,149	971
Total interest revenues¹	3,188	2,835	3,188	2,835

Interest revenues per productgroup

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Lending to Swedish exporters	1,500	1,517	1,500	1,517
Lending to exporters' customers ³	1,042	978	1,042	978
Liquidity	646	340	646	340
Total interest revenues¹	3,188	2,835	3,188	2,835

¹ Negative effective interest rates on debt are reported as interest income. During 2016 they amounted to Skr - million (2015: Skr - million). See Note 1 for further information regarding negative interest rates.

² Negative effective interest rates on assets are reported as interest expense. During 2016 they amounted to Skr -106 million. The negative effective interest rates were immaterial during the previous year and were therefore not presented in the annual report. See Note 1 for further information regarding negative interest rates.

³ In interest revenues for Lending to exporters' customers, Skr 116 million (2015: Skr 123 million) represent remuneration from the S-system (see Note 25).

Note 3. Net fee and commissions expense

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Fee and commissions earned were related to¹				
Financial consultants' commissions	-	0	-	0
Other commissions earned	3	2	3	2
Total	3	2	3	2
Commissions incurred were related to¹				
Depot and bank fees	-7	-6	-7	-6
Brokerage	-4	-2	-4	-2
Other commissions incurred	-21	0	-21	0
Total	-32	-8	-32	-8
Net fee and commissions expense	-29	-6	-29	-6

¹ Skr -26 million (2015: Skr -3 million) includes financial assets and liabilities not measured at fair value through profit or loss.

Fee and commission earned geographical areas

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Sweden	1	1	1	1
Europe except Sweden	1	0	1	0
Countries outside of Europe	1	1	1	1
Total	3	2	3	2

Fee and commission earned per productgroup

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Lending to Swedish exporters	1	-	1	-
Lending to exporters' customers	2	2	2	2
Total	3	2	3	2

Note 4. Net results of financial transactions

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Net results of financial transactions were related to:				
Derecognition of financial instruments not measured at fair value through profit or loss				
Available-for-sale financial assets	-	-	-	-
Loans and receivables	4	-42	4	-42
Other financial liabilities	-	-	-	-
Financial assets or liabilities at fair value through profit or loss ¹ :				
Designated upon initial recognition (FVO)	-2,779	4,526	-2,779	4,526
Held-for-trading	2,699	-4,324	2,699	-4,324
Financial instruments under fair-value hedge accounting:				
Net results of the hedging instrument	-693	-290	-693	-290
Net results of the hedged item	661	536	661	536
Currency exchange-rate effects on all assets and liabilities excl. currency exchange-rate effects related to revaluation at fair value	-2	-6	-2	-6
Total net result of financial transactions	-110	400	-110	400

¹ During 2016, SEK adopted a new valuation method for derivatives. The new valuation method led to a negative impact on operating profit.

SEK's general business model is to hold financial instruments measured at fair value to maturity. The net fair value changes that occur, mainly related to changes in credit spreads on SEK's own debt and basis spreads and recognized in net results of financial transactions, could be significant in a single reporting period. However, they 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, as in the cases when SEK repurchases 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

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Salaries and remuneration to the Board of Directors and the Chief Executive Officers	-6	-6	-6	-6
Salaries and remuneration to Senior Executives	-18	-17	-18	-17
Salaries and remuneration to other employees	-160	-141	-160	-142
Pensions	-57	-62	-62	-62
Social insurance	-58	-56	-58	-56
Other personnel expenses	-9	-13	-9	-13
Total personnel expenses	-308	-295	-313	-296

The combined total of the remuneration to senior executives, excluding the CEO of the Parent Company, amounted to Skr 18 million (2015: Skr 17 million). Of the remuneration to senior executives, Skr 17 million (2015: Skr 16 million) is pensionable. Of the remuneration to the CEOs of the Parent Company, Skr 4 million (2015: Skr 4 million) is pensionable. For all employees, excluding the CEO, SEK follows collective agreements between Banking Institution Employers' Organization (BAO) and trade unions.

Notes

Note 5, continued

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 fee 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 Ugglå, from April 26, 2016 ⁴	-186	-	-	-	-186
Senior Executives:					
Catrin Fransson, Chief Executive Officer (CEO) ⁶	-	-4,487	-86	-1,332	-5,905
Karl Johan Bernerfalk, General Counsel	-	-1,281	-11	-405	-1,697
Teresa Hamilton Burman, Chief Credit Officer (CCO)	-	-2,253	-12	-460	-2,725
Stefan Friberg, Chief Risk Officer (CRO)	-	-2,769	-12	-467	-3,248
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, Head of Human Resources	-	-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
Per Åkerlind, Head of Treasury and Capital Management and Executive Vice President	-	-3,207	-86	-1,112	-4,405
Total	-1,889	-21,995	-443	-6,267	-30,594

Note 5, continued

Remuneration and other benefits to the Board of Directors and Senior Executives in the Consolidated Group

2015 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	-614	-	-	-	-614
Other members of the Board of Directors:					
Cecilia Ardström	-218	-	-	-	-218
Jan Belfrage	-217	-	-	-	-217
Lotta Mellström ⁵	-	-	-	-	-
Ulla Nilsson	-236	-	-	-	-236
Jan Roxendal ⁴	-327	-	-	-	-327
Teppo Tauriainen ⁵	-	-	-	-	-
Susanne Lithander, from January 20, 2015	-209	-	-	-	-209
Senior Executives:					
Catrin Fransson, Chief Executive Officer (CEO) ⁶	-	-4,379	-75	-1,295	-5,749
Karl Johan Bernerfalk, General Counsel	-	-1,281	-10	-412	-1,703
Teresa Hamilton Burman, Chief Credit Officer (CCO), from August 3, 2015	-	-910	-5	-186	-1,101
Stefan Friberg, Chief Risk Officer (CRO), from May 15, 2015	-	-1,688	-8	-282	-1,978
Johan Henningsson, Head of Sustainability	-	-1,139	-10	-366	-1,515
Per Jedefors, Chief Risk Officer (CRO), resigned with pension April 30, 2015	-	-1,390	-28	-228	-1,646
Jane Lundgren-Ericsson, Head of Lending	-	-2,286	-50	-606	-2,942
Sirpa Rusanen, Head of Human Resources	-	-1,266	-85	-473	-1,824
Susanna Rystedt, Chief Administrative Officer (CAO)	-	-2,055	-91	-642	-2,788
Edvard Unsgaard, Head of Communication	-	-1,000	-11	-297	-1,308
Per Åkerlind, Head of Treasury and Capital Management and Executive Vice President	-	-3,134	-86	-1,103	-4,323
Total	-1,821	-20,528	-459	-5,890	-28,698

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 2016 Skr thousand (if not number of beneficiaries)	Members of staff whose actions have a material impact on the risk profile of the institution (excluding executive management)	
	Executive management	
Total amount expended 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	-	-

Note 5, continued

Total Expenditure on Remuneration in accordance with CRR 2015

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 expended for remuneration	-26,716	-124,362
of which fixed remuneration	-26,716	-124,362
of which variable remuneration in cash	-	-
number of beneficiaries	11	137
Outstanding vested deferred remuneration	-	-
Outstanding unvested deferred remuneration	-244	-7,869
Deferred remuneration awarded	-	-
Deferred remuneration paid out	-163	-8 214
Deferred remuneration reduced through performance adjustments	-	-
Severance payments made	-3,487	-
number of beneficiaries	1	-
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 2016 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 the pension age for senior executives is 65, and the maximum scope for severance pay has been limited from 18 to 12 months and is subject to deductions for paid assignments (for example, board assignments).

SEK's remuneration system is designed to promote sound and effective risk management and does not encourage 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 of Directors (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 employee incentive system (EIS). 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 eight times in 2016.

Since 2011, the Company has only one system for variable remuneration, the employee incentive system (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), and employees within the Risk Department and the Compliance Department.

The aim of the EIS has been to attract and retain 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, exceeds the budgeted return, those employees encompassed by EIS receive a share of the excess return, however this is capped at an amount equal to two months' salary, including payroll taxes. The terms and conditions entail that the variable remuneration never exceeds 16.67 percent of the fixed remuneration. The final decision on the result and the amount to be paid out under the EIS is 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, 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 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 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 depart-

Note 5, continued

ment'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 EIS, 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, 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. 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-bene-

fit 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 all 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.

Peter Yngwe stepped down from his position as CEO on April 28, 2014. Severance pay has been paid on a monthly basis to Peter Yngwe and has been offset against any other income.

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	2016	2015
Service cost	-4	-7
Interest cost, net	0	-2
Pension cost for defined benefit pensions, incl. payroll tax	-4	-9
Pension cost for defined contribution pension cost incl. payroll tax	-53	-53
Pension cost recognized in personnel costs	-57	-62
Actuarial gains and (losses) on defined benefit obligation during period	-35	60
Return above expected return, gains and (losses) on plan assets	5	-7
Change in the effect of the asset ceiling excluding interest	4	-4
Revaluation of defined benefit plans	-26	49

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

Skr mn	2016	2015
Defined benefit obligations	254	215
Plan assets	-216	-202
Restriction to net defined benefit asset due to the asset ceiling	0	4
Provision for pensions, net obligation (see Note 21)	38	17

Note 5, continued

The following table shows the development of defined benefit obligations

Skr mn	2016	2015
Defined benefit obligation, opening balance	215	267
Service cost	4	7
Interest cost	8	7
Pension Payments incl. special payroll tax	-9	-7
Other	-	-
Actuarial (gains) and losses, effect due to changed demographic assumptions	-	-
Actuarial (gains) and losses, effect due to changed financial assumptions	38	-51
Actuarial (gains) and losses, effect due to experience based outcome	-2	-8
Defined benefit obligation, closing balance	254	215

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

Skr mn	2016	2015
Fair value of plan assets, opening balance	202	201
Expected return on plan assets	7	5
Contributions by the employer ¹	8	8
Benefits paid ²	-7	-5
Other	-	-
Return on plan assets excluding interest income	6	-7
Fair value of plan assets, closing balance	216	202

¹ Expected contribution from the employer in the following year is Skr 8 million (2015: Skr 8 million) excluding payroll tax.

² Expected compensation paid in the following year is Skr 9 million (2015: Skr 7 million).

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

Skr mn	2016	2015
Domestic equity investments	4	4
Foreign equity investments	4	12
Domestic government bonds	69	63
Domestic corporate bonds	69	63
Mortgage bonds	52	48
Properties	18	12
	216	202

The following table displays principal actuarial assumptions used end of year

%	2016	2015
Discount rate ¹	2.7	3.4
Assumption of early pension withdrawal	20.0	20.0
Expected salary increase	2.0	2.0
Expected inflation	1.6	1.6
Expected lifetime ²	DUS14	DUS14
Expected turnover	5.0	5.0

Note 5, continued

Sensitivity analysis of essential assumptions

	Negative outcome		Positive outcome	
¹ Discount rate	-1%	1.7%	+1%	3.7%
Defined benefit obligation		314		208
Service cost		7		4
Interest cost		5		8
² Expected lifetime	+1 year		-1 year	
Defined benefit obligation		264		243
Service cost		5		5
Interest cost		7		7

Net reconciliation of pension liabilities

Skr mn	2016	2015
Pension liabilities, opening balance	17	66
Net periodic pension cost	4	9
Contributions by the employer	-8	-8
Net pension payments	-1	-1
Revaluations recognized in other comprehensive income	26	-49
Pension liabilities, closing balance	38	17

Pension cost

Skr mn	Parent Company	
	2016	2015
Pension commitments provided for in the statement of financial position		
Pension costs for the year, excluding taxes	-1	-1
Pension commitments provided for through insurance contracts		
Pension costs for the year, excluding taxes	-61	-61
Net cost accounted for pensions, excluding taxes	-62	-62

Reconciliation of provisions for pensions

Skr mn	Parent Company	
	2016	2015
Opening balance, January 1	12	12
Provisions made / provision used	0	0
Closing balance, December 31	12	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 2016 for defined benefit pensions amounts to Skr 4 million (2015: Skr 9 million).

As of December 31, 2016, the expected weighted average remaining service time for active employees was 19.07 years, (2015: 19,4 years) the expected weighted average duration for the present value was 20.7 years (2015: 22.7 years) and the average salary for active employees was Skr 0.8 million (2015: 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.

Note 5, continued

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	2016	2015	2014	2013
Women	122	115	111	112
Men	138	136	132	131
Total average number of employees	260	251	243	243
...of which geographically located in Sweden	260	250	242	241
...of which geographically located in Singapore	0	1	1	2
Number of employees at year-end	2016	2015	2014	2013
Women	122	124	110	114
Men	134	139	131	135
Total number of employees	256	263	241	249
...of which geographically located in Sweden	256	262	240	247
...of which geographically located in Singapore	0	1	1	2
...of which full-time employees	250	257	236	244
...of which part-time employees	6	6	5	5
...of which permanent employees	251	254	237	240
...of which temporary employees	5	9	4	9
...of which managers	33	32	39	43
...of which non-management	223	231	202	206
Employees by age distribution	2016	2015	2014	2013
Total number of employees	256	263	241	249
... of which under the age of 30 years	16	22	19	24
... of which between 30 and 39 years	63	73	68	80
... of which between 40 and 49 years	90	90	91	87
... of which over 50 years	87	78	63	58

Employee turnover	2016	2015	2014	2013
Number of employees who left employment	26	17	22	16
...of which women	9	5	10	5
...of which men	17	12	12	11
...of which under the age of 30 years	2	2	2	1
...of which between 30 and 50 years	17	11	14	13
...of which over 50 years	7	4	6	2
...of which geographically located in Sweden	26	17	21	16
...of which geographically located in Singapore	1	0	1	-

Health, %	2016	2015	2014	2013
Absence due to sickness	4.0	3.1	2.5	2.5
Percentage of employees that use SEK's fitness allowance	84.0	79.0	93.0	93.0

Equality and diversity	2016	2015	2014	2013
Allocation of women/men on the Board of Directors	50/50	50/50	43/57	50/50
Allocation of women/men in SEK's executive management	50/50	50/50	57/43	43/57
Allocation of women/men in management positions	36/64	38/62	41/59	44/56
Allocation of women/men at SEK in total	48/52	47/53	46/54	46/54
Allocation of employees with foreign/swedish background ¹	30/70	30/70	29/71	29/71

¹ Percentage of employees that state they are raised in another country or have at least one parent born in another country.

Employee development	2016	2015	2014	2013
Percentage of employees who had a performance review (percent)	98	98	92	93
Average number of training days per employee (all employees are white-collar workers)	3	2	2	2

Note 6. Other administrative expenses

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Travel expenses and marketing	-10	-9	-10	-9
IT and information system (fees incl.) ¹	-141	-79	-141	-79
Other fees ¹	-47	-40	-47	-40
Premises ²	-28	-27	-28	-27
Other	-10	-9	-10	-9
Total other administrative expenses	-236	-164	-236	-164

¹ The increase is explained by development of IT systems due to adaptation to regulations and a higher portion of this expenditure has been expensed compared to the previous year.

² 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		Parent Company	
	2016	2015	2016	2015
Leases	-27	-26	-27	-26

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		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Within 1 year	-31	-26	-31	-26
Between 1 and 5 years	-120	-145	-120	-145
More than 5 years	-	-	-	-
Total future minimum rentals payable under non-cancellable operating leases	-151	-171	-151	-171

Remuneration to auditors

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
EY:				
Audit fee ¹	-11	-11	-11	-11
Audit related fee ²	0	0	0	0
Tax related fee ³	0	0	0	0
Summa	-11	-11	-11	-11

¹ Fees related to audit of annual financial statements, reviews of interim financial statements, attestation services that are provided in connection with statutory, regulatory and stock exchange filings or engagements and services provided in connection with issuances of debt.

² Fees charged for assurance and related services that are related to the performance of audit or review of the financial statements.

³ Fees for professional services rendered by the principal independent auditors for tax compliance and tax advice.

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

Note 7. Tangible and intangible assets

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Tangible assets				
Office and building equipment				
Acquisition cost at the beginning of the year	90	83	90	83
Sales or disposals of the year	-11	-1	-11	-1
Acquisitions of the year	10	7	10	7
Accumulated acquisitions	89	89	89	89
Accumulated depreciation at the beginning of the year	-69	-57	-69	-57
Reversed depreciation due to sale or disposals	11	1	11	1
Depreciation during the year	-9	-13	-9	-13
Accumulated depreciation	-67	-69	-67	-69
Book value	22	20	22	20
Intangible assets¹				
Acquisition cost at beginning of the year	373	314	369	310
Sales or disposals of the year	-	-	-	-
Acquisitions of the year	29	59	29	59
Accumulated acquisitions	402	373	398	369
Accumulated depreciation at the beginning of the year	-264	-179	-260	-175
Impairment	-	-55	-	-55
Sales or disposals of the year	-	-	-	-
Depreciation of the year	-37	-30	-37	-30
Accumulated depreciation	-301	-264	-297	-260
Book value	101	109	101	109
Net book value				
Property, land and equipment	22	20	22	20
Intangible assets	101	109	101	109
Total net book value	123	129	123	129
Depreciation and impairment during the year according to the Consolidated Statement of Comprehensive Income				
	-46	-98	-46	-98

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.

Skr mn	Consolidated Group				Parent Company			
	December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015	
	Gross investment	Present value of minimum lease payments	Gross investment	Present value of minimum lease payments	Gross investment	Present value of minimum lease payments	Gross investment	Present value of minimum lease payments
No later than one year	122	103	131	111	122	103	131	111
Later than one year and no later than five years	319	287	305	268	319	287	305	268
Later than five years	23	21	46	43	23	21	46	43
Total	464	411	482	422	464	411	482	422
Unearned finance income	-	53	-	60	-	53	-	60
Unguaranteed residual value	-	-	-	-	-	-	-	-
Total	464	464	482	482	464	464	482	482

All lease agreements are classified as Loans and receivables. 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

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Credit losses	-23	-33	-23	-33
Reversal of previous impairment	7	279 ¹	7	279 ¹
Net impairment and reversals	-16	246	-16	246
Established losses	-	-211 ¹	-	-211 ¹
Recovered credit losses	0	1	0	0
Net credit losses	-16	36	-16	35
Reserve of impairment of financial assets				
Opening balance	-236	-464	-228	-456
Reserves used to cover write-downs	-	-9	-	-9
Net impairment and reversals	-16	246	-16	246
Currency effects	-2	-9	-2	-9
Closing balance	-254	-236	-246	-228

¹ An asset in the form of a collateralized debt obligation was sold during 2015 and the corresponding reserve of Skr 206 million was dissolved. The recorded loss amounted to Skr 211 million.

Note 9, continued

Past-due receivables

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

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Past-due receivables¹:				
Aggregate amount of principal and interest less than, or equal to, 90 days past-due	55	387	55	387
Aggregate amount of principal and interest more than 90 days past-due ²	44	358	44	358
Principle amount not past-due on such receivables	3,778	4,923	3,778	4,923
Total Past-due receivables	3,877	5,668	3,877	5,668

¹ A restructuring and refinancing of a larger, previously past-due, unpaid loan was effected during 2016. SEK considers the loan to be fully paid and it has been refinanced with a new loan at terms and conditions which mainly correspond to the terms and conditions of the old loan. The new loan is fully covered by adequate guarantees and therefore no loan loss has been recorded.

As of December 31, 2016, SEK has one large unpaid amount, which represents the main part of total past-due loans outstanding. The unpaid amount, which became due during the fourth quarter of 2015, is, to a large extent, covered by adequate guarantees, which is why expected future credit loss is limited in relation to the amount included in past-due receivables above. The credit loss reserve for the second unpaid loan is Skr 40 million (year-end 2015: Skr 33 million).

² Of the aggregate amount of principal and interest past due, Skr 38 million (year-end 2015: Skr 97 million) was due for payment more than three but less than, or equal to, six months before the end of the reporting period, Skr 4 million (year-end 2015: Skr 64 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 2 million (year-end 2015: Skr 197 million) was due for payment more than nine months before the end of the reporting period.

Note 10. Taxes

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Income tax				
Adjustment previous year	4	0	4	0
Current tax	-382	-348	-381	-348
Deferred tax	156	0	0	0
Total income tax	-222	-348	-377	-348
Income tax related to other comprehensive income				
Tax on items to be reclassified to profit or loss				
Current tax	27	-63	27	-63
Deferred tax	-	112	-	112
Tax on items not to be reclassified to profit or loss				
Deferred tax	6	-11	-	-
Income tax related to other comprehensive income	33	38	27	49
Reconciliation of effective tax rate				
The Swedish corporate tax rate, %	22.0	22.0	22.0	22.0
Profit before taxes	1,002	1,535	1,711	1,541
National tax based on profit before taxes	-220	-338	-376	-339
Tax effects of:				
Non-deductible expenses	-1	-2	-1	-2
Imputed interest on tax allocation reserve	-3	-5	-3	-5
Dividend received	-	-	0	2
Other	2	-3	3	-4
Total tax	-222	-348	-377	-348
Effective tax expense in %	22.2	22.7	22.0	22.6

Note 10, continued

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Deferred tax assets concerning:				
Temporary differences, related to pensions	6	1	-	-
Other temporary differences	-	0	-	-
Total deferred tax assets	6	1	-	-
Deferred tax liabilities concerning:				
Untaxed reserves	565	721	-	-
Total deferred tax liabilities	565	721	-	-
Net deferred tax liabilities (+) / tax assets (-)	559	720	-	-

No deductible loss carry forwards existed per December 31, 2016, or December 31, 2015.

Change in deferred taxes

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Opening balance	720	821	-	112
Change through profit or loss	-156	0	-	-
Change in other comprehensive income	-5	-101	-	-112
Total	559	720	-	0

Untaxed reserves

Skr mn	Parent Company	
	December 31, 2016	December 31, 2015
Tax allocation reserve:		
Opening balance	3,277	3,280
Dissolution during the year	-1,232	-454
Allocation during the year	520	451
Closing balance	2,565	3,277
<i>Of which</i>		
2010 Tax allocation reserve	-	1,232
2011 Tax allocation reserve	471	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	-

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

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Loans:				
Loans in the form of interest-bearing securities	46,222	48,107	46,222	48,107
Loans to credit institutions	26,190	29,776	26,190	29,776
Loans to the public	147,909	140,806	147,909	140,806
Less:				
Cash collateral under the security agreements for derivative contracts ¹	-11,621	-13,592	-11,621	-13,592
Deposits with time to maturity exceeding three months	-	0	-	0
Total loans	208,700	205,097	208,700	205,097
Liquidity investments:				
Cash and cash equivalents	7,054	2,258	7,031	2,234
Cash collateral under the security agreements for derivative contracts	11,621	13,592	11,621	13,592
Deposits with time to maturity exceeding three months	-	0	-	0
Treasuries/government bonds	3,687	2,006	3,687	2,006
Other interest-bearing securities except loans	49,901	40,831	49,901	40,831
Total liquidity investments	72,263	58,687	72,240	58,663
<i>of which</i>				
issued by public authorities	13,052	15,456	13,052	15,456
quoted on an exchange	61,092	71,641	61,092	71,641

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

Skr mn	Consolidated Group		Parent Company	
	2016	2015	2016	2015
Sum of amounts exceeding nominal	8	14	8	14
Sum of amounts falling below nominal	-32	-36	-32	-36

Volume Development, Lending

Skr mn	Consolidated Group		of which the S-system		
	2016	2015	CIRR-loans 2016	Concession-ary loans 2016	Total 2016
Offers of long-term loans accepted	54,856	104,583	10,804	-	10,804
Undisbursed loans at year-end	54,783	63,438	49,080	-	49,090
Loans outstanding at year-end	208,700	205,097	51,518	991	50,793

Outstanding loans as per business area

Skr mn	Consolidated Group		Parent Company		of which the S-system	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Lending to Swedish exporters	94,962	86,813	94,962	86,813	-	-
Lending to exporters' customers	113,738	118,284	113,738	118,284	50,793	44,077
Total lending	208,700	205,097	208,700	205,097	50,793	44,077

Note 12. Classification of financial assets and liabilities

The amounts reported concerns 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:

Consolidated Group	December 31, 2016					
	Financial assets at fair value through profit or loss	Designated upon Held-for-trading	Derivatives used for hedge accounting	Available-	Loans and receivables ¹	Total
Skr mn		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				Total
	Financial liabilities at fair value through profit or loss	Designated upon Held-for-trading	Derivatives used for hedge accounting	Other financial liabilities ²	
Skr mn		Designated upon initial recognition (FVO)			
Borrowing from credit institutions	-	-	-	3,756	3,756
Borrowing from the public	-	-	-	0	0
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

Financial assets by accounting category:

Consolidated Group	December 31, 2015					
	Financial assets at fair value through profit or loss	Designated upon Held-for-trading	Derivatives used for hedge accounting	Available-for-sale	Loans and receivables ¹	Total
Skr mn		Designated upon initial recognition (FVO)				
Cash and cash equivalents	-	-	-	-	2,258	2,258
Treasuries/government bonds	-	-	-	2,006	-	2,006
Other interest-bearing securities except loans	-	1,568	-	38,061	1,202	40,831
Loans in the form of interest-bearing securities	-	728	-	-	47,379	48,107
Loans to credit institutions	-	-	-	-	29,776	29,776
Loans to the public	-	-	-	-	140,806	140,806
Derivatives	6,213	-	6,459	-	-	12,672
Total financial assets	6,213	2,296	6,459	40,067	221,421	276,456

Note 12, continued

Financial liabilities by accounting category:

Consolidated Group	December 31, 2015				Total
	Financial liabilities at fair value through profit or loss	Designated Held-for- trading	upon initial re- cognition (FVO)	Derivatives used for hedge accounting	
Skr mn					
Borrowing from credit institutions	-	-	-	-	5,283
Borrowing from the public	-	-	-	-	61
Senior securities issued	-	58,926	-	-	169,286
Derivatives	17,628	-	-	6,003	-
Subordinated securities issued	-	-	-	-	2,088
Total financial liabilities	17,628	58,926	6,003	176,718	259,275

¹ Of loans and receivables, 8 percent (year-end 2015: 9 percent) are subject to fair-value hedge accounting. The remaining 92 percent (year-end 2015: 91 percent) are not subject to hedge accounting and are therefore valued at amortized cost.

² Of other financial liabilities, 76 percent (year-end 2015: 72 percent) are subject to fair-value hedge accounting, the remaining 24 percent (year-end 2015: 28 percent) are not subject to hedge accounting and are therefore valued at amortized cost.

Fair value related to credit risk

Skr mn	Fair value originating from credit risk (- liabilities increase/ + liabilities decrease)		The period's change in fair value originating from credit risk (+ income/ - loss)	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Net CVA/DVA ¹	-14	-23	9	-4
OCA ²	-383	-384	1	87

¹ CVA (Credit value adjustment) and DVA (Debt value adjustment) reflect how the counterparties' credit risk as well as SEK's own credit rating affect the fair value of derivatives.

² OCA (Own credit adjustment) reflects how the changes in SEK's credit rating affects the fair value of financial liabilities measured at fair value through profit and loss.

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.

Had not SEK chosen the reclassification option, other comprehensive income would have decreased by Skr -1 million for the period January 1 to December 31, 2016 (2015: Skr -5 million).

Skr mn	31 December 2016			31 December 2015		
	Nominal value	Book value	Fair value	Nominal value	Book value	Fair value
Reclassified financial assets						
Loans in the form of interest-bearing securities	57	60	60	420	439	440

Note 12, continued

Note 13. Financial assets and liabilities at fair value

The amounts reported concerns 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, 2016		
	Book value	Fair value	Surplus value (+) / Deficit value (-)
Skr mn			
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	0
Borrowing from the public	0	0	0
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

Consolidated Group	December 31, 2015		
	Book value	Fair value	Surplus value (+) / Deficit value (-)
Skr mn			
Cash and cash equivalents	2,258	2,258	-
Treasuries/governments bonds	2,006	2,006	-
Other interest-bearing securities except loans	40,831	40,874	43
Loans in the form of interest-bearing securities	48,107	48,982	875
Loans to credit institutions	29,776	29,771	-5
Loans to the public	140,806	142,619	1,813 ¹
Derivatives	12,672	12,672	-
Total financial assets	276,456	279,182	2,726
Borrowing from credit institutions	5,283	5,267	-16
Borrowing from the public	61	61	-
Senior securities issued	228,212	229,128	916
Derivatives	23,631	23,631	-
Subordinated securities issued	2,088	2,077	-11
Total financial liabilities	259,275	260,164	889

¹ Skr 1,721 million of the surplus value (year-end 2015: Skr 1,452 million) is related to CIRR loans within the S-system. See Note 25 for more information regarding the S-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 1.

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.

Note 13, continued

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	
Borrowing from the public	-	-	-	-	-	
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 amortized cost in fair value hierarchy

Consolidated Group		December 31, 2015				
Loans and accounts receivable		Fair value				Book value
Skr mn	Level 1	Level 2	Level 3	Total	Total	
Cash and cash equivalents	2,258	-	-	2,258	2,258	
Treasuries/governments bonds	-	-	-	-	-	
Other interest-bearing securities except loans	-	1,245	-	1,245	1,202	
Loans in the form of interest-bearing securities	1,833	46,421	-	48,254	47,379	
Loans to credit institutions	-	29,771	-	29,771	29,776	
Loans to the public	-	142,619	-	142,619	140,806	
Total financial assets in fair value hierarchy	4,091	220,056	-	224,147	221,421	

Financial liabilities reported at amortized cost in fair value hierarchy

Consolidated Group		December 31, 2015				
Other financial liabilities		Fair value				Book value
Skr mn	Level 1	Level 2	Level 3	Total	Total	
Borrowing from credit institutions	-	5,267	-	5,267	5,283	
Borrowing from the public	-	61	-	61	61	
Senior securities issued	-	170,202	-	170,202	169,286	
Subordinated securities issued	-	2,077	-	2,077	2,088	
Total financial liabilities in fair value hierarchy	-	177,607	-	177,607	176,718	

Note 13, continued

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, December 31, 2016	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	-	-	-	-
Borrowing from the public	-	-	-	-
Senior securities issued	-	23,192	47,887	71,079
Derivatives	1	17,405	4,666	22,072
Subordinated securities issued	-	-	-	-
Total, December 31, 2016	1	40,597	52,553	93,151

There were no transfers made between levels during 2016.

Financial assets reported at fair value in fair value hierarchy

Consolidated Group	December 31, 2015							
	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	-	-	-	-	2,006	-	-	2,006
Other interest-bearing securities except loans	1,191	116	261	1,568	1,244	36,817	-	38,061
Loans in the form of interest-bearing securities	271	457	-	728	-	-	-	-
Loans to credit institutions	-	-	-	-	-	-	-	-
Loans to the public	-	-	-	-	-	-	-	-
Derivatives	13	10,771	1,888	12,672	-	-	-	-
Total, December 31, 2015	1,475	11,344	2,149	14,968	3,250	36,817	-	40,067

Note 13, continued

Financial liabilities reported at fair value in fair value hierarchy

Consolidated Group		December 31, 2015			
		Financial liabilities at fair value through profit or loss			
Skr mn		Level 1	Level 2	Level 3	Total
Borrowing from credit institutions		-	-	-	-
Borrowing from the public		-	-	-	-
Senior securities issued		-	20,217	38,709	58,926
Derivatives		23	19,169	4,439	23,631
Subordinated securities issued		-	-	-	-
Total, December 31, 2015		23	39,386	43,148	82,557

There were no transfers made between Level 1 and Level 2 during 2015. Transfers to Level 3 of both assets and liabilities totaled Skr 236 million due to non-observable market data.

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, 2016	-40,999	-16,538	9,913	-	-	67	-2,477	-50,034

Financial assets and liabilities at fair value in Level 3, December 31, 2015

Consolidated Group		2015						
Skr mn	January 1, 2015	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, 2015
Other interest-bearing securities except loans	266	261	-260	-	-	-5	-1	261
Senior securities issued	-54,756	-11,970	30,443	-214	-	1,352	-3,564	-38,709
Derivatives, net	348	-986	-979	22	-	-2,304	1,348	-2,551
Net assets and liabilities, 2015	-54,142	-12,695	29,204	-192	-	-957	-2,217	-40,999

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, 2016, amount to Skr 12 million profit (year-end 2015: Skr 132 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. This means that an increase or decrease in fair value of the issued security, excluding SEK's own credit spread, is offset by an equally large increase or decrease of fair value in the derivative because the underlying market data in the security is also used to evaluate the derivative.

Note 13, continued

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 loss²					227	-227

Sensitivity analysis – level 3

Assets and liabilities		December 31, 2015				
Skr mn	Fair Value	Unobservable input	Range of estimates for unobservable input ¹	Valuation method	Sensitivity max	Sensitivity min
Interest rate	261	Credit spreads	10BP - (10BP)	Discounted cash flow	0	0
Sum other interest-bearing securities except loans	261				0	0
Equity	-997	Correlation	0.41 - (0.74)	Option Model	-5	6
Interest rate	1,013	Correlation	0.18 - (0.20)	Option Model	-179	175
FX	-2,409	Correlation	0.71 - (0.74)	Option Model	51	-48
Other	-158	Correlation	0.70 - (0.14)	Option Model	-1	1
Sum derivatives, net	-2,551				-134	134
Equity	-10,655	Correlation	0.41 - (0.74)	Option Model	5	-6
		Credit spreads	10BP - (10BP)	Discounted cash flow	18	-18
Interest rate	-23,865	Correlation	0.18 - (0.20)	Option Model	181	-174
		Credit spreads	10BP - (10BP)	Discounted cash flow	110	-110
FX	-4,049	Correlation	0.71 - (0.74)	Option Model	-52	49
		Credit spreads	10BP - (10BP)	Discounted cash flow	91	-91
Other	-140	Correlation	0.70 - (0.14)	Option Model	1	-1
		Credit spreads	10BP - (10BP)	Discounted cash flow	5	-5
Sum senior securities issued	-38,709				359	-356
Total effect on profit or loss²					225	-222

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 244 million (year-end 2015: Skr 224 million) under a maximum scenario and Skr -244 million (year-end 2015: Skr -224 million) under a minimum scenario.

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, 2016			December 31, 2015		
	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
Skr mn						
Interest rate-related contracts	4,309	9,909	244,854	5,582	8,225	221,515
Currency-related contracts	7,115	10,302	137,656	6,548	13,745	116,290
Equity-related contracts	581	1,683	24,829	542	1,497	16,089
Contracts related to commodities, credit risk, etc.	-	178	2,662	-	164	1,978
Total derivatives	12,005	22,072	410,001	12,672	23,631	355,872

Consolidated Group	December 31, 2016			December 31, 2015		
	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
of which derivatives used for economic hedges, accounted for as held-for-trading under IAS39						
Skr mn						
Interest rate-related contracts	2,723	7,163	113,684	3,535	6,296	114,279
Currency-related contracts	3,120	6,841	94,521	2,136	9,671	71,631
Equity-related contracts	581	1,683	24,829	542	1,497	16,089
Contracts related to commodities, credit risk, etc.	-	178	2,662	-	164	1,978
Total derivatives	6,425	15,865	235,696	6,213	17,628	203,977

Consolidated Group	December 31, 2016			December 31, 2015		
	Assets Fair value	Liabilities Fair value	Nominal amounts	Assets Fair value	Liabilities Fair value	Nominal amounts
of which derivatives used for hedge accounting						
Skr mn						
Interest rate-related contracts	1,586	2,746	131,170	2,047	1,929	107,236
Currency-related contracts	3,995	3,461	43,136	4,412	4,074	44,659
Equity-related contracts	-	-	-	-	-	-
Contracts related to commodities, credit risk, etc.	-	-	-	-	-	-
Total derivatives	5,581	6,207	174,306	6,459	6,003	151,895
of which cash-flow hedges	-	-	-	-	-	-
of which fair-value hedges	5,581	6,207	174,306	6,459	6,003	151,895

Derivatives used as fair-value hedge

Consolidated Group	December 31, 2016				
	≤ 1 month	1 month ≤ 3 months	3 months ≤ 1 year	1 year ≤ 5 years	> 5 years
Skr mn					
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

Derivatives used as fair-value hedge

Consolidated Group	December 31, 2015				
	≤ 1 month	1 month ≤ 3 months	3 months ≤ 1 year	1 year ≤ 5 years	> 5 years
Skr mn					
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

Note 14, continued

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

Skr mn	2016	2015
Interest income	169 ¹	217
Interest expense	-	-
Total	169	217

¹ Relates to previously terminated cash flow hedges which comprehensive income are 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 (primarily) 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 ISDA Credit Support Annex.

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

Skr mn	December 31,	December 31,
	2016	2015
	Derivatives	Derivatives
Gross amounts of recognized financial assets	12,005	12,672
Amounts offset in the statement of financial position	-	-
Net amounts of financial assets presented in the statement of financial position	12,005	12,672
Amounts subject to an enforceable master netting arrangement or similar agreement not offset in the statement of financial position related to:		
Financial instruments	-8,675	-8,733
Cash collateral received	-3,104	-3,558
Net amount	226	381

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

Skr mn	December 31,	December 31,
	2016	2015
	Derivatives	Derivatives
Gross amounts of recognized financial liabilities	22,072	23,631
Amounts offset in the statement of financial position	-	-
Net amounts of financial liabilities presented in the statement of financial position	22,072	23,631
Amounts subject to an enforceable master netting arrangement or similar agreement not offset in the statement of financial position related to:		
Financial instruments	-8,675	-8,733
Cash collateral paid	-8,854	-9,614
Net amount	4,543	5,284

Note 14, continued

Note 15. Shares

Venantius AB is domiciled in Stockholm, Sweden, and is wholly owned by AB Svensk Exportkredit. The net profit for the year amounts to Skr 0 million (2015: Skr 1 million). Dividend to parent company amounts to Skr 2 million (2015: Skr 8 million).

Skr mn	December 31, 2016		December 31, 2015	
	Book value	Number of shares	Book value	Number of shares
Venantius AB (reg no 556449-5116)	17	5,000,500	17	5,000,500

Note 16. Other assets

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Realized claim against the State	13	13	13	13
Unrealized claim against the State for revaluation of derivatives of the S-system	3,254	974	3,254	974
Cash receivables, funding operations	837	797	837	797
Other	63	70	63	70
Total	4,167	1,854	4,167	1,854

Note 17. Prepaid expenses and accrued revenues

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Interest revenues accrued	2,163	1,932	2,163	1,932
Prepaid expenses and other accrued revenues	21	40	21	40
Total	2,184	1,972	2,184	1,972

Note 18. Debt

Skr mn	Consolidated Group December 31, 2016			Parent Company December 31, 2016		
	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	-	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:						
Swedish Kronor			1,594			1,594
Other currencies			251,354			251,354

Note 18, continued

Skr mn	December 31, 2015			December 31, 2015		
	Total debt ex- cluding senior securities issued	Total senior securities issued	Total	Total debt ex- cluding senior securities issued	Total senior securities issued	Total
Exchange-rate related contracts	-	58,049	58,049	-	58,049	58,049
Interest rate related contracts	5,283	153,926	159,209	5,283	153,926	159,209
Equity related contracts	-	16,072	16,072	-	16,072	16,072
Contracts related to raw materials, credit risk etc	61	165	226	61	165	226
Total debt outstanding	5,344	228,212	233,556	5,344	228,212	233,556
Of which denominated in:						
Swedish Kronor			3,244			3,244
Other currencies			230,312			230,312

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:

Borrowing programs	Value outstanding ¹	
	December 31, 2016	December 31, 2015
Skr mn		
<i>Medium-term note program:</i>		
Unlimited Euro Medium-Term Note Programme	111,358	117,239
Unlimited SEC-registered U.S. Medium-Term Note Programme	128,641	99,295
Unlimited Swedish Medium-Term Note Programme	371	247
Skr 8,000,000,000 Swedish Medium-Term Note Programme	-	105
Unlimited MTN/STN AUD Debt Issuance Programme	3,353	1,842
<i>Commercial paper program:</i>		
USD 3,000,000,000 U.S. Commercial Paper Programme	-	3,340
USD 4,000,000,000 Euro-Commercial Paper Programme	-	1,251

¹ Amortized cost excluding fair value adjustments.

Note 19. Other liabilities

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Cash payables, debt purchases	2,056	1,354	2,056	1,354
Other	318	283	318	283
Total	2,374	1,637	2,374	1,637

Note 20. Accrued expenses and prepaid revenues

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Interest expenses accrued	2,000	1,768	2,000	1,768
Other accrued expenses and prepaid revenues	36	144	36	144
Total	2,036	1,912	2,036	1,912

Note 21. Provisions

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Pension liabilities (see Note 5)	38	17	12	12
Long term employee benefit	4	13	4	13
Termination reserve	9	9	0	0
Total	51	39	16	25

Note 22. Subordinated debt securities

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Fixed Rate Resetable Dated Subordinated Instruments ¹	2,266	2,088	2,266	2,088
Total subordinated debt outstanding	2,266	2,088	2,266	2,088
Of which denominated in:				
Swedish kronor	-	-	-	-
Foreign currencies	2,266	2,088	2,266	2,088
	2016	2015	2016	2015
Total räntekostnad	62	51	62	51
varav upplupen ränta ²	9	8	9	8

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		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Share capital	3,990	3,990	3,990	3,990
Legal reserve	-	-	198	198
Fund for internally developed software	-	-	29	-
Reserves/Fair value reserve				
Hedge reserve	96	228	96	228
<i>Fair value reserve</i>	35	-1	35	-1
<i>Defined benefit plans</i>	-1	19	-	-
<i>Retained earnings</i>	13,016	12,592	10,811	9,862
Total Equity	17,136	16,828	15,159	14,277

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 4 million (2015: Skr 25 million), Skr -37 million, (2015: Skr -22 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:

Note 23, continued

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Restricted equity	6,218	6,744	4,217	4,188
Unrestricted equity	10,918	10,084	10,942	10,089
Total equity	17,136	16,828	15,159	14,277

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, 2016, 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 following proposal regarding distribution of profits relates to the parent company.

At the disposal of the Annual General Meeting	10,942
The Board of Directors proposes that the Annual General Meeting dispose of these funds as follows:	
Dividend to the shareholder of Skr 58.65 per share, amounting to	234
Remaining disposable funds to be carried forward	10,708

Note 24. Pledged assets and contingent liabilities

Skr mn	December 31, 2016	December 31, 2015
Collateral provided		
Cash collateral under the security agreements for derivative contracts	11,621	13,592
Contingent liabilities		
Guarantee commitments	3,027	4,081
Commitments		
Committed undisbursed loans	54,783	63,438
Binding offers	4,630	2,273

Note 25. S-system

In accordance with its mission in the owner's instruction to the company issued by the Swedish State, SEK manages the granting of loans in the Swedish State's export credit support system, and the State's related aid credit program (together the "S-system"). SEK administers the S-system for a compensation of 0.25 percent per year on credit amounts outstanding at each date. The remuneration from the S-system to SEK in accordance with the owner's instruction, which amounted to Skr 116 million for the period (2015: Skr 123 million), is shown as a part of interest revenues in the statement of comprehensive income for SEK, see Note 1(f). The other items in the statement of comprehensive income for the S-system are not included in the statement of comprehensive income for SEK. The assets and liabilities of the S-system are included in SEK's statement of financial position. CIRR loans (Commercial Interest Reference Rate) represent one of the two loan types in the S-system, the other being concessionary loans. The net result in the S-system for 2016 amounted to Skr 182 million (2015: Skr 112 million), of which the net result for the CIRR loans represented Skr 235 million (2015: Skr 164 million).

Statement of comprehensive income for the S-system

Skr mn	2016	2015
Interest revenues	1,185	1,222
Interest expenses	-1,012	-1,001
Net interest revenues	173	221
Interest compensation	121	13
Remuneration to SEK	-116	-123
Foreign exchange effects	4	1
Reimbursement to (-) / from (+) the State	-182	-112
Net result	0	0

Results under the S-System by type of loan

Skr mn	CIRR loans		Concessionary loans	
	2016	2015	2016	2015
Net interest revenues	224	271	-51	-50
Interest compensation	121	13	-	-
Remuneration to SEK	-114	-120	-2	-2
Foreign exchange effects	4	0	-	-
Total	235	164	-53	-52

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

Skr mn	December 31, 2016	December 31, 2015
Cash and cash equivalents	55	1
Loans	50,793	44,077
Derivatives	321	213
Other assets	3,414	1,133
Prepaid expenses and accrued revenues	352	328
Total assets	54,935	45,752
Liabilities	50,982	44,215
Derivatives	3,576	1,186
Accrued expenses and prepaid revenues	377	351
Equity	-	-
Total liabilities and equity	54,935	45,752
Commitments		
Committed undisbursed loans	49,080	54,638
Binding offers	2,911	2,273

Note 26. Capital adequacy

Capital adequacy analysis

	Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<i>Capital ratios excl. of buffer requirements¹</i>				
Common Equity Tier 1 capital ratio	22.1%	21.6%	22.1%	21.6%
Tier 1 capital ratio	22.1%	21.6%	22.1%	21.6%
Total capital ratio	25.1%	24.5%	25.1%	24.5%
Institution specific Common Equity Tier 1 capital requirement incl. buffers²				
<i>of which Capital conservation buffer</i>	8.0%	7.7%	8.0%	7.7%
<i>of which Countercyclical Buffer</i>	2.5%	2.5%	2.5%	2.5%
<i>of which Systemic Risk Buffer</i>	1.0%	0.7%	1.0%	0.7%
of which Systemic Risk Buffer	-	-	-	-
Common Equity Tier 1 capital available to meet institution specific requirement ³	20.6%	20.1%	20.6%	20.1%
Total capital ratio according to Basel I floor⁴	22.8%	23.4%	22.8%	23.4%

¹ Capital ratios excl. of buffer requirements are the quotients of the relevant capital measure and the total risk exposure amount. The minimum requirements according to CRR, which without regard to transitional period already have come into force in Sweden, 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.

² Inclusive of the minimum requirement of 4.5 percent, expressed as a percentage of total risk exposure amount.

³ Common Equity Tier 1 capital, as a percentage of the total risk exposure amount, available to meet the institution specific Common Equity Tier 1 capital requirement. SEK does not have any additional Tier 1 capital, hence Common Equity Tier 1 capital is required to meet the difference between the minimum requirements on Tier 1 capital and Common Equity Tier 1 capital with the result that this indicator is 1.5 percentage points less than the Common Equity Tier 1 capital ratio.

⁴ Refers to the so called Basel I floor. The minimum requirement is 8.0 percent.

continued, Note 26

Own funds – adjusting items

Skr mn	Consolidated Group		Parent Company	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Share capital ¹	3,990	3,990	3,990	3,990
Retained earnings	12,236	11,404	9,477	8,667
Accumulated other comprehensive income and other reserves	130	247	358	425
Independently reviewed profit net of any foreseeable charge or dividend	546	830	1,100	840
Common Equity Tier 1 (CET1) capital before regulatory adjustments	16,902	16,471	14,925	13,922
Equity-portions of untaxed reserves	-	-	2,000	2,556
Additional value adjustments due to prudent valuation	-444	-429	-444	-429
Intangible assets	-101	-109	-101	-111
Fair value reserves related to gains or losses on cash-flow hedges	-96	-228	-96	-228
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	281	290	281	290
Total regulatory adjustments to Common Equity Tier 1 capital	-360	-476	1,640	2,078
Total Common Equity Tier 1 capital	16,542	15,995	16,565	16,000
Additional Tier 1 capital	-	-	-	-
Total Tier 1 capital	16,542	15,995	16,565	16,000
Tier 2-eligible subordinated debt ²	2,267	2,088	2,267	2,088
Credit risk adjustments ³	12	9	12	9
Total Tier 2 capital	2,279	2,097	2,279	2,097
Total Own funds	18,821	18,092	18,844	18,097
Total Own funds according to Basel I floor	18,809	18,083	18,832	18,088

¹ For a detailed description of the instruments constituting equity, see Note 23.

² For a detailed description of the instruments constituting Tier 2-eligible subordinated debt, see Note 22.

³ Expected loss amount calculated according to 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 according to the IRB-approach related to exposures to corporates and financial institutions. As of December 31, 2016, the limitation rule had no effect (year-end 2015: no effect).

continued, Note 26

Minimum capital requirements exclusive of buffers

Skr mn	Consolidated Group						Parent Company					
	December 31, 2016			December 31, 2015			December 31, 2016			December 31, 2015		
	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.
<i>Credit risk standardized method</i>												
Central governments	145,531	963	77	141,235	760	61	145,531	963	77	141,235	760	61
Regional governments	19,904	-	-	13,999	-	-	19,904	-	-	13,999	-	-
Multilateral development banks	1,900	-	-	24	-	-	1,900	-	-	24	-	-
Corporates	1,450	1,450	116	1,441	1,441	115	1,450	1,450	116	1,440	1,440	115
Total credit risk standardized method	168,785	2,413	193	156,699	2,201	176	168,785	2,413	193	156,698	2,200	176
<i>Credit risk IRB method</i>												
Financial institutions ²	44,947	14,089	1,127	51,805	16,437	1,315	44,926	14,084	1,127	51,782	16,431	1,314
Corporates ³	95,519	51,104	4,088	81,575	46,990	3,760	95,519	51,104	4,088	81,575	46,990	3,759
Securitization positions	-	-	-	756	241	19	-	-	-	756	241	19
Assets without counterparty	123	123	10	129	129	10	139	139	11	146	146	12
Total credit risk IRB method	140,589	65,316	5,225	134,265	63,797	5,104	140,584	65,327	5,226	134,259	63,808	5,105
Credit valuation adjustment risk	n.a.	2,526	202	n.a.	2,403	192	n.a.	2,526	202	n.a.	2,403	192
Foreign exchange-rate risks	n.a.	999	81	n.a.	1,570	126	n.a.	999	81	n.a.	1,570	126
Commodities risk	n.a.	14	1	n.a.	19	1	n.a.	14	1	n.a.	19	1
Operational risk	n.a.	3,669	293	n.a.	3,969	318	n.a.	3,668	293	n.a.	3,958	317
Total	309,374	74,937	5,995	290,964	73,959	5,917	309,369	74,947	5,996	290,957	73,958	5,917
Adjustment according to Basel I floor	n.a.	7,572	606	n.a.	3,262	261	n.a.	7,586	607	n.a.	3,272	261
Total incl. Basel I floor	n.a.	82,509	6,601	n.a.	77,221	6,178	n.a.	82,533	6,603	n.a.	77,230	6,178

¹ Exposure at default (EAD) shows the size of the outstanding exposure at default.

² Of which counterparty risk in derivatives: EAD 4,515 million (year-end 2015: Skr 4,138 million), Risk exposure amount of Skr 1,784 million (year-end 2015: Skr 1,656 million) and Capital requirement of Skr 143 million (year-end 2015: Skr 132 million).

³ Of which related to specialized lending: EAD Skr 2,853 million (year-end 2015: Skr 4,085 million), Risk exposure amount of Skr 1,942 million (year-end 2015: Skr 2,806 million) and Capital requirement of Skr 155 million (year-end 2015: 224 million).

continued, Note 26

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, average risk weight is the quotient of risk exposure amount and EAD. The amounts reported concern the Consolidated Group, the amounts for the Parent Company are essentially the same.

Consolidated Group	December 31, 2016					December 31, 2015				
	AAA to AA- 0.01%-	A+ to A- 0.05%-	BBB+ to BBB- 0.17%	BB+ to B- 0.54%-	CCC to D 28.60%-	AAA to AA- 0.01%-	A+ to A- 0.05%-	BBB+ to BBB- 0.17%	BB+ to B- 0.58%-	CCC to D 28.52%-
Skr mn	0.04%	0.12%	0.34%	8.40%	100%	0.04%	0.12%	0.35%	8.68%	100%
<i>Financial institutions</i>										
EAD	9,198	32,664	1,814	1,271	-	13,072	34,287	2,004	2,442	-
Average PD in %	0.04	0.08	0.20	0.84	-	0.04	0.08	0.22	0.58	-
Average LGD in %	36.7	43.3	45.0	45.0	-	41.3	40.9	45.0	45.0	-
Average risk weight in %	19.6	29.6	61.8	117.8	-	21.6	28.6	64.9	102.3	-
<i>Corporates</i>										
EAD	5,516	20,690	46,118	20,285	57	3,614	16,073	36,940	20,784	79
Average PD in %	0.03	0.10	0.24	0.87	81.32	0.04	0.11	0.22	0.94	79.71
Average LGD in %	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0	45.0
Average risk weight in %	18.6	32.1	50.3	89.9	69.0	18.6	33.8	52.1	93.2	74.8

Credit risks

For risk classification and quantification of credit risk, SEK uses an internal ratings-based (IRB) approach. The Swedish Financial Supervisory Authority has approved SEK's IRB approach. Specifically, SEK applies the Foundation Approach. Under the Foundation Approach, the company determines the probability of default within one year (PD) of each of its counterparties, while the remaining parameters are established in accordance with CRR. Certain exposures are, by permission from the Swedish Financial Supervisory Authority, exempted from application of the IRB approach, and, instead, the standardized approach is applied. SEK has applied to the Swedish Financial Supervisory Authority for approval of an IRB approach for most of the exposures which currently are exempted and calculated according to the standardized approach. For further information regarding these exposures see section "Risk measurement" in note 27. Minimum capital requirements for these exposures will increase when an IRB approach is applied. Counterparty risk exposure amounts in derivatives are calculated in accordance with the mark-to-market method.

Credit valuation adjustment risk

Credit valuation adjustment risk shall be calculated for all OTC derivative contracts, except for credit derivatives used as credit protection and transactions with a qualifying central counterparty. SEK calculates this capital requirement according to the standardized method.

Foreign exchange-rate risks

Foreign exchange-rate risk is calculated according to the standardized approach, whereas the scenario approach is used for calculating the gamma and volatility risks.

Commodities risk

Capital requirements for commodity risk are calculated in accordance with the simplified approach under the standardised approach. The scenario approach is used for calculating the gamma and volatility risks.

Operational risks

Capital requirement for operational risk is calculated according to the standardized approach. 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 financial years for each business area.

Transitional rules

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 based on CRR, the capital requirement under the above mentioned Basel I-based rules should constitute the minimum capital requirement.

Capital buffer requirements

SEK shall meet capital buffer requirements with Common Equity Tier 1 capital. SEK has not been classified as a systemically important institution. The capital buffer requirements for systemically important institutions that entered into force January 1, 2016 will hence 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 1.5 percent is applied to exposures located in Sweden as of June 27, 2016 and going forward. As of December 31, 2016 the capital requirement related to exposures in Sweden is 69 percent (year-end 2015: 65 percent) of total capital requirement regardless of location, this fraction is also the weight applied on the Swedish buffer rate when calculating SEK's countercyclical capital buffer. The Swedish countercyclical capital buffer rate will increase to 2 percent as of March 19, 2017. Buffer rates activated in other countries may have effects on SEK, but as most capital requirements from relevant credit exposures are related to Sweden the potential effect is limited. As of December 31, 2016 the contribution to SEK's countercyclical capital buffer from buffer rates in other countries was 0.01 percentage points (year-end 2015: 0.01 percentage points).

continued, Note 26

Leverage ratio

Skr mn	Consolidated Group	
	December 31, 2016	December 31, 2015
<i>Exposure measure for the leverage ratio</i>		
On-balance sheet exposures	278,324	256,889
Off-balance sheet exposures	35,626	39,161
Total exposure measure	313,950	296,050
Leverage ratio	5.3%	5.4%

A leverage ratio measure has been introduced by the CRR, starting in 2015. Currently, there is no minimum requirement as to what a company's leverage ratio should be. The leverage ratio is defined as the quotient of the Tier 1 capital and an exposure measure. The exposure measure consists of assets and off-balance sheet credit risk exposures, the latter of which are weighted with a factor depending on the type of exposure. Special treatment is given to for, inter alia, derivatives.

Internally assessed economic capital excl. buffer

Skr mn	Consolidated Group	
	December 31, 2016	December 31, 2015
Credit risk	7,481	7,944
Operational risk	182	318
Market risk	1,597	1,447
Other risks	258	238
Total	9,518	9,947

SEK regularly conducts an internal capital adequacy assessment process, during which the company determines how much capital is needed in order to cover its risks. The result of SEK's assessment of capital adequacy is presented above. For more information regarding the internal capital adequacy assessment process and its methods, please see the Risk and capital management section.

Note 27. Risk information

For further information on SEK's risk management, see the Risk and capital management section, on pages 40–46.

The amounts reported concern 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 according to the CRR contain carrying amounts. Other tables show amounts in accordance with the capital adequacy calculations, however before application of conversion factors.

Credit risk

Credit risk is the risk of the loss that could occur if a borrower or party in another agreement cannot meet its obligations under the contractual terms and conditions. Credit risk also includes counterparty risk, concentration risk and settlement 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 form the foundation for risk management. Risk level is limited through risk reduction measures and setting limits.

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 governing 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. Operational criteria
2. Norm for risk level
3. Norm for lending terms
4. Know your customer (KYC)
5. Sustainability foundation

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 hedging various credit risks, 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 expo-

Note 27, continued

sure 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 and monitoring

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. 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.

SEK's exposures are analyzed and reported regularly in respect of risk concentration based on (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. 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.

Risk measurement

SEK uses, and has permission to use, a foundation internal ratings-based approach (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 rating. Other risk parameters, including loss given default (LGD) and credit conversion factors (CCF), are determined by the Capital Requirements Regulation (CRR). All of SEK's counterparties are assigned an internal risk rating, apart from those cases where the Swedish FSA has granted SEK exemption from adopting the IRB approach. SEK's permission from the Swedish FSA to use a foundation IRB approach encompasses exposures to companies, including insurance companies and financial institutions. The Swedish FSA has permitted SEK to apply certain exceptions from the IRB approach. 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 to the Swedish government and Swedish regional governments or county councils
- Exposures to foreign governments, foreign regional governments and multilateral development banks (time-limited exception valid through March 30, 2017)
- 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)

SEK has applied for permission from the Swedish FSA to apply the IRB approach for exposures to the Swedish government, Swedish regional governments and county councils, and for exposures encompassed by the time-limited exceptions. Until such time as these permissions have been granted, the standardized approach is applied for these exposures.

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), 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.

Note 27, continued

Risk disclosures, credit risk

The table below shows the maximum credit exposure. Nominal amounts are shown, apart from derivatives, which are recognized at the carrying amount

Consolidated Group	December 31, 2016		
	Maximum credit-risk exposure		
Skr million	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

Consolidated Group	December 31, 2015		
	Maximum credit-risk exposure		
Skr million	Assets at fair value through profit or loss	Available-for-sale assets	Loans and accounts receivable
Cash and cash equivalents	-	-	2,258
Treasuries/government bonds	-	2,005	-
Other interest-bearing securities except loans	1,481	37,965	1,210
Loans in the form of interest-bearing securities	708	-	46,773
Loans to credit institutions	-	-	29,750
Loans to the public	-	-	203,622
Derivatives	12,672	-	-
Total financial assets	14,861	39,970	283,613

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; also refer to the Risk and capital management section.

Consolidated Group	December 31, 2016					Carrying amount
	AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC to D	
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
<i>Committed undisbursed loans</i>	<i>50,604</i>	<i>2,631</i>	<i>871</i>	<i>677</i>	<i>-</i>	<i>54,783</i>

Note 27, continued

Consolidated Group		December 31, 2015				
Skr million	AAA	AA+ to A-	BBB+ to BBB-	BB+ to B-	CCC to D	Carrying amount
Cash and cash equivalents	-	2,258	-	-	-	2,258
Treasuries/government bonds	1,586	420	-	-	-	2,006
Other interest-bearing securities except loans	7,550	32,384	897	-	-	40,831
Loans in the form of interest-bearing securities	3,804	15,862	22,469	5,972	-	48,107
Loans to credit institutions	9,403	17,133	760	2,480	-	29,776
Loans to the public	78,698	29,415	17,631	15,005	57	140,806
Derivatives	-	12,091	581	-	-	12,672
Total financial assets	101,041	109,563	42,338	23,457	57	276,456
Committed undisbursed loans	59,227	1,980	1,025	1,206	-	63,438

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, 2016						
Skr bn	Carrying amount	Adjustment from carrying amount to exposure ¹	Central governments	Regional governments	Multilateral development banks	Financial institutions	Corpo-rates	Securitization positions
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	-

Consolidated Group		December 31, 2015						
Skr bn	Carrying amount	Adjustment from carrying amount to exposure ¹	Central governments	Regional governments	Multilateral development banks	Financial institutions	Corpo-rates	Securitization positions
Treasuries/government bonds	2.0	-	2.0	-	-	-	-	-
Other interest-bearing securities except loans	40.8	0.2	4.5	6.4	-	27.7	1.6	0.8
Loans in the form of interest-bearing securities	48.1	0.1	4.4	-	-	5.6	38.2	-
Loans to credit institutions including cash and cash equivalents ¹	32.1	-13.6	3.6	6.5	-	8.3	0.1	-
Loans to the public	140.8	0.7	94.4	1.1	-	5.5	40.5	-
Derivatives	12.7	-8.5	-	-	-	4.2	-	-
Other assets	1.0	-	1.0	-	-	-	-	-
Total financial assets	277.5	-21.1	109.9	14.0	-	51.3	80.4	0.8
Contingent liabilities and Commitments ²	69.8	-	62.7	-	-	0.8	6.3	-
Total	347.3	-21.1	172.6	14.0	-	52.1	86.7	0.8

¹ Skr 11.6 billion (2015: Skr 13.6 billion) of the book value for Loans to credit institutions is Cash collateral under the security agreements for derivative contracts.

² Contingent liabilities and Commitments, except cash collateral.

Note 27, continued

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 3.3 billion (2015: SEK 3.9 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 adequacy 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, 2016		December 31, 2015		December 31, 2016		December 31, 2015		December 31, 2016		December 31, 2015	
Exposure class	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Central governments	117.3	42.9	109.9	43.6	56.4	84.1	62.7	84.6	173.7	51.0	172.6	52.9
Regional governments	19.9	7.3	14.0	5.6	-	-	-	-	19.9	5.8	14.0	4.3
Multilateral development banks	1.9	0.7	0.0	0.0	-	-	-	-	1.9	0.6	0.0	0.0
Financial institutions	39.8	14.5	47.0	18.5	5.4	8.0	5.0	7.0	45.2	13.2	52.0	16.0
Corporates	94.7	34.6	80.6	32.0	5.3	7.9	6.2	8.4	100.0	29.4	86.8	26.6
Securitization positions	-	-	0.8	0.3	-	-	-	-	-	-	0.8	0.2
Total	273.6	100.0	252.3	100.0	67.1	100.0	73.9	100.0	340.7	100.0	326.2	100.0

Geographical breakdown of credit exposures by exposure class

Geographical breakdown of gross exposures by exposure class, at December 31, 2016

Skr bn	Middle East/Africa	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	-
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 gross exposures by exposure class, at December 31, 2015

Skr bn	Middle East/Africa	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
	Central governments	2.2	9.9	-	1.3	-	42.8	1.2	2.2	-
Regional governments	0.6	-	-	-	-	-	5.6	1.1	0.0	7.3
Multilateral development banks	-	-	-	-	-	-	-	0.0	-	0.0
Financial institutions	2.5	4.7	0.0	4.7	2.2	2.1	13.4	17.6	0.4	47.6
Corporates	20.1	19.9	3.8	26.6	0.3	12.5	67.7	48.7	11.3	210.9
Securitization positions	-	-	-	-	-	-	-	0.8	-	0.8
Total	25.4	34.5	3.8	32.6	2.5	57.4	87.9	70.4	11.7	326.2

Notes

Note 27, continued

Geographical breakdown of net exposures by exposure class, at December 31, 2016

Skr bn	Middle East/Africa	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

Geographical breakdown of net exposures by exposure class, at December 31, 2015

Skr bn	Middle East/Africa	Asia excl. Japan	Japan	North America	Oceania	Latin America	Sweden	Western Europe excl. Sweden	Central and Eastern Europe	Total
Central governments	-	4.9	-	5.9	-	0.8	137.6	20.3	3.1	172.6
Regional governments	-	-	-	-	-	-	12.7	1.3	-	14.0
Multilateral development banks	-	-	-	-	-	-	-	0.0	-	0.0
Financial institutions	2.5	4.6	0.5	3.9	2.2	2.1	8.6	27.2	0.4	52.0
Corporates	1.1	1.4	0.5	5.5	-	1.8	60.0	16.3	0.2	86.8
Securitization positions	-	-	-	-	-	-	-	0.8	-	0.8
Total	3.6	10.9	1.0	15.3	2.2	4.7	218.9	65.9	3.7	326.2

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 the amounts are covered or are not 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, 2016

Skr bn	Gross exposures by exposure class							Total
	Central governments	Regional governments	Multilateral development banks	Financial institutions	Corporates	Public Sector Entity	Securitization positions	
Amounts related to hedges issued by:								
Central governments	51.2	0.6	-	2.6	100.7	0.4	-	155.5
<i>of which, guarantees issued by the EKN</i>	49.8	0.6	-	2.3	77.4	0.4	-	130.5
<i>of which, guarantees issued by other export credit agencies</i>	1.4	-	-	0.3	19.6	-	-	21.3
<i>of which, other guarantees</i>	-	-	-	-	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
<i>of which, credit default swaps</i>	-	-	-	0.0	2.5	-	-	2.5
<i>of which, guarantees</i>	0.0	0.0	-	0.1	8.7	-	-	8.8
Corporates	-	-	-	0.0	3.2	-	-	3.2
<i>of which, credit insurance from insurance companies</i>	-	-	-	-	2.5	-	-	2.5
<i>of which, other guarantees</i>	-	-	-	0.0	0.7	-	-	0.7
Total hedged exposures	51.2	0.6	-	9.0	115.5	0.4	-	176.7
Unhedged exposures ¹	18.2	13.2	1.9	33.9	96.8	-	-	164.0
Total	69.4	13.8	1.9	42.9	212.3	0.4	-	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 financial institutions.

Note 27, continued

Impact of credit risk hedges, at December 31, 2015

Skr bn	Gross exposures by exposure class						Total
	Central govern-ments	Regional govern-ments	Multilateral development banks	Financial institutions	Corporates	Securi-tization positions	
Amounts related to hedges issued by:							
Central governments	51.3	0.6	-	1.9	110.5	-	164.3
<i>of which, guarantees issued by the EKN</i>	49.9	0.6	-	1.5	84.3	-	136.3
<i>of which, guarantees issued by other export credit agencies</i>	1.4	-	-	0.4	21.9	-	23.7
<i>of which, other guarantees</i>	-	-	-	-	4.3	-	4.3
Regional governments	-	0.0	-	6.7	0.6	-	7.3
Financial institutions	0.0	0.0	-	0.0	13.0	-	13.0
<i>of which, credit default swaps</i>	-	-	-	-	4.0	-	4.0
<i>of which, guarantees</i>	0.0	0.0	-	0.0	9.0	-	9.0
Corporates	-	0.1	-	0.0	2.0	-	2.1
<i>of which, credit insurance from insurance companies</i>	-	-	-	-	1.3	-	1.3
<i>of which, other guarantees</i>	-	0.1	-	0.0	0.7	-	0.8
Total hedged exposures	51.3	0.7	-	8.6	126.1	-	186.7
Unhedged exposures ¹	8.3	6.7	0.0	38.9	84.8	0.8	139.5
Total	59.6	7.4	0.0	47.5	210.9	0.8	326.2

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 17.6 billion for corporates and Skr 1.3 billion for financial institutions.

Notes

Note 27, continued

Gross exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2016

Skr mdr	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

Gross exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2015

Skr bn	Central governments	Regional governments	Multilateral development banks	Financial institutions	Corporates	Securitization positions	Total
Spain	-	-	-	0.2	17.5	-	17.7
The Netherlands	-	-	-	5.4	3.2	-	8.6
United Kingdom	-	-	-	3.4	5.1	-	8.5
Russia	-	-	-	-	7.9	-	7.9
Finland	-	0.3	-	0.4	6.8	-	7.5
Denmark	-	0.7	-	1.8	2.9	-	5.4
France	-	-	-	1.7	3.7	-	5.4
Luxembourg	1.4	-	0.0	0.0	1.9	-	3.3
Poland	-	-	-	-	3.1	-	3.1
Norway	-	-	-	2.0	1.1	-	3.1
Italy	-	-	-	-	2.4	-	2.4
Switzerland	-	-	-	1.2	1.1	-	2.3
Germany	0.4	0.1	-	1.6	0.1	-	2.2
Ireland	-	-	-	-	1.2	0.8	2.0
Iceland	-	-	-	-	1.2	-	1.2
Austria	0.4	-	-	-	0.0	-	0.4
Latvia	-	-	-	0.3	-	-	0.3
Portugal	-	-	-	-	0.2	-	0.2
Hungary	-	-	-	-	0.1	-	0.1
Greece	-	-	-	-	0.1	-	0.1
Ukraine	-	-	-	-	0.1	-	0.1
Other countries	-	0.0	-	0.1	0.2	-	0.3
Total	2.2	1.1	0.0	18.1	59.9	0.8	82.1

Note 27, continued

Net exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2016

Skr mdr	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

Net exposures Europe, excluding Sweden, breakdown by exposure class, at December 31, 2015

Skr bn	Central governments	Regional governments	Multilateral development banks	Financial institutions	Corporates	Securitization positions	Total
France	10.9	-	-	4.4	0.0	-	15.3
United Kingdom	1.3	-	-	4.7	3.2	-	9.2
Finland	1.1	0.5	-	0.8	5.8	-	8.2
Germany	3.7	0.1	-	2.7	1.0	-	7.5
The Netherlands	-	-	-	5.6	1.4	-	7.0
Denmark	0.1	0.7	-	3.3	2.5	-	6.6
Norway	0.6	-	-	3.4	0.3	-	4.3
Poland	3.1	-	-	-	-	-	3.1
Luxembourg	1.4	-	0.0	0.0	0.8	-	2.2
Switzerland	-	-	-	1.4	0.6	-	2.0
Ireland	-	-	-	-	0.3	0.8	1.1
Iceland	0.6	-	-	-	0.2	-	0.8
Spain	-	-	-	0.4	0.1	-	0.5
Austria	0.4	-	-	0.1	-	-	0.5
Belgium	-	-	-	0.4	0.0	-	0.4
Latvia	-	-	-	0.3	-	-	0.3
Portugal	0.2	-	-	-	-	-	0.2
Estonia	-	-	-	0.1	-	-	0.1
Italy	0.0	-	-	-	0.0	-	0.0
Greece	-	-	-	-	-	-	-
Other countries	-	-	-	-	0.3	-	0.3
Total	23.4	1.3	0.0	27.6	16.5	0.8	69.6

On December 31, 2016, net exposures to counterparties in Ireland, Italy, Portugal and Spain amounted to Skr 2.6 billion (2015: Skr 1.9 billion). On December 31, 2016, gross exposures to counterparties in Greece amounted to Skr 0.0 billion (2015: Skr 0.1 billion). On December 31, 2016, gross exposures to counterparties in Ukraine amounted to Skr 0.1 billion (2015: Skr 0.1 billion). The gross exposures are guaranteed in their entirety by counterparties in countries other than Greece and Ukraine. On December 31, 2016, gross exposures to counterparties in Russia amounted to Skr 6.6 billion (2015: Skr 7.9 billion). On December 31, 2016, net exposures to counterparties in Russia amounted to Skr 0.1 billion (2015: Skr 0.1 billion).

Note 27, continued

Corporate exposures, broken down by industry (GICS)

Skr bn	December 31, 2016		December 31, 2015	
	Gross exposure	Net exposure	Gross exposure	Net exposure
IT and telecom	74.8	10.7	73.6	8.4
Industry	45.2	34.5	49.1	34.0
Finance	28.6	15.1	22.3	7.2
Commodities	22.2	15.8	22.9	14.7
Consumer goods	16.3	13.4	15.9	12.2
Electricity, water and gas	13.4	4.4	14.8	4.0
Healthcare	6.1	5.3	6.2	5.4
Energy	5.3	0.8	5.6	0.9
Other	0.4	0.0	0.5	0.0
Total	212.3	100.0	210.9	86.8

Market risk

Market risk is the risk of loss or changes in future earnings 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 government-supported S-system has been excluded since the government compensates SEK for all interest-rate differentials, borrowing costs and net foreign-exchange losses within the S-system (see Note 1).

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. SEK's 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 price 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 2016 was a scenario based on market movements from February 2009. The risk at year-end 2016 amounted to Skr 621 million (2015: Skr 624 million). The limit is set at Skr 1,300 million (2015: Skr 1,300 million).

Risk specific measures

The aggregated risk measure and stress tests are complemented with risk-specific measures, including specific 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).

Note 27, continued

Market risk, type	Definition	Risk profile
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. The risk amounted to Skr 286 million (2015: Skr 124 million) at the end of 2016. At the end of 2016, the interest-rate price risk limit amounted to Skr 600 million (2015: 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 2016, the risk amounted to Skr 188 million (2015: Skr 202 million) and the interest-rate price risk limit amounted to Skr 250 million (2015: 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 2016, the credit spread risk in assets was negative Skr 274 million (2015: negative Skr 279 million), and the limit for credit spread risk in assets amounted to Skr 500 million (2015: Skr 550 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 2016, the credit spread risk in own debt amounted to Skr 668 million (2015: Skr 603 million) and the limit for credit spread risk in own debt amounted to Skr 1,000 million (2015: 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 2016, the cross currency basis spread risk amounted to Skr 184 million (2015: Skr 227 million) and the limit for cross-currency basis spread risk amounted to Skr 450 million (2015: Skr 600 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 2016, the risk amounted to Skr 28 million (2015: Skr 34 million) and the limit for the risk to NII from cross-currency basis swaps amounted to Skr 150 million (2015: 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 2016, the risk amounted to Skr 2 million (2015: Skr 2 million) and the limit for currency risk was Skr 15 million (2015: Skr 15 million).
Other risks (equities, commodities and volatility risks)	These are attributable to structured borrowing and are calculated with the aid of stress tests of underlying equity indexes or volatility.	SEK's equities and commodities 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 2016, these risks and limits were low.

Note 27, continued

Stress tests

SEK conducts regular stress tests by applying movements in market factors that have been historically observed in the marketplace (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 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	2016			2015		
	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
Skr million						
Foreign currency	-10	237	-36	68	306	-58
Swedish kronor	-213	101	-21	4	93	-10
	-223	338	-57	72	399	-68

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	2016			2015		
	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
Skr million						
Foreign currency	-8	-260	36	-62	-280	68
Swedish kronor	325	-102	24	79	-93	21
	318	-362	60	17	-373	89

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 bal-

ance 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.

Currency	December 31, 2016			December 31, 2015		
	Exchange rate	Share at year end, %	Currency positions at year end (Skr million)	Exchange rate	Share at year end, %	Currency positions at year end (Skr million)
SKR	1	91	n.a	1	93	n.a
EUR	9.5407	3	-559	9.1350	3	-539
USD	9.0682	2	443	8.3524	1	252
JPY	0.07752	1	-311	0.06935	1	-136
GBP	11.2126	1	-155			
CHF				8.4287	1	203
MXN				0.4832	0	-74
THB	0.2535	1	-131			
Other		1	182		1	-223
Total foreign currency position		100	-531		100	-517

Note 27, continued

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 19 million (2015: Skr 2 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).

Skr million	December 31, 2016		December 31, 2015	
	Consolidated Group	Parent Company	Consolidated Group	Parent Company
Total assets,	299,442	299,436	280,411	280,403
<i>of which, denominated in foreign currencies</i>	237,516	237,516	226,981	226,981
Total liabilities,	282,306	281,712	263,583	262,849
<i>of which, denominated in foreign currencies</i>	238,047	238,047	227,498	227,498

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 governing 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 2016 (2015: Skr 80 billion) and is available solely for CIRR loans. In December 2016, the state established that the credit facility for 2017 will amount to Skr 125 billion. The credit facility is valid through December 31, 2017 and entitles SEK to receive financing over the maturities of the underlying CIRR loans. The credit facility is renewed annually and serves as a cushion in extreme stress scenarios. SEK has no intention to otherwise utilize the credit facility.

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 S-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 4 months of new lending, in line with SEK's estimated new lending requirements besides CIRR credits and still guaranteeing that SEK stays match funded.

Instead of selling assets as funds are needed, the maturity profile of the liquidity investments is matched against funds expected to be paid out. 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 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."

Notes

Note 27, continued

Liquidity reserve at December 31, 2016

Skr billion	Total	SKR	EUR	USD	Other
Securities issued or guaranteed by municipalities or other public entities	6.4	4.7	-	1.1	0.6
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	5.1	-	2.8	2.2	0.0
Balances with other banks and National Debt Office, overnight	4.7	0.0	1.5	3.2	0.0
Covered bonds issued by other institutions	2.4	-	1.7	0.7	-
Total liquidity reserve	18.6	4.7	6.0	7.2	0.6

Liquidity investments by country and exposure type, at December 31, 2016

	Financial institutions		Central governments		Regional governments		Covered bonds		CDS-covered corporates		Securitization positions		Corporates		Multilateral development banks		Total ¹	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sweden	0	0.2	6.8	0.3	11.5	5.6	2.5	3.7	-	0.1	-	-	2.4	0.7	-	-	23.2	10.5
Canada	6.4	1.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6.4	1.9
Japan	0.9	0.0	2.8	-	-	-	-	-	-	-	-	-	0.5	-	-	-	4.2	0
Denmark	0.8	0.4	-	-	1.6	0.7	1.4	1.2	-	-	-	-	-	-	-	-	3.8	2.3
Luxembourg	-	-	1.9	1.4	-	-	-	-	-	-	-	-	-	-	1.3	-	3.2	1.4
Norway	2.9	2.0	-	-	-	-	-	-	-	-	-	-	0	0.1	-	-	2.9	2.0
United Kingdom	2.0	1.3	-	-	-	-	-	-	0.4	0.4	-	-	-	-	-	-	2.4	1.6
The Netherlands	2.3	5.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.3	5.4
Germany	1.4	1.3	0.5	0.4	-	0.1	-	-	-	-	-	-	-	-	-	-	1.9	1.8
France	0.9	1.2	-	-	-	-	-	-	0.7	0.7	-	-	-	-	-	-	1.6	1.9
Qatar	-	1.3	-	-	-	-	-	-	-	-	-	-	1.4	-	-	-	1.4	1.3
Korea	-	0.9	1.4	2.7	-	-	-	-	-	-	-	-	-	-	-	-	1.4	3.6
United Arab Emirates	-	0.6	-	-	-	-	-	-	-	-	-	-	1.3	-	-	-	1.3	0.6
Switzerland	1.0	0.5	-	-	-	-	-	0.7	-	-	-	-	-	-	-	-	1.0	1.2
United States	0.9	0.5	-	1.3	-	-	-	-	-	-	-	-	-	-	-	-	0.9	1.9
Singapore	0.8	0.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.8	0.4
Malaysia	-	0.7	-	-	-	-	-	-	-	-	-	-	0.7	-	-	-	0.7	0.7
Finland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.6	-	0.6	-
Australia	0.5	2.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5	2.2
Austria	-	-	0.5	0.4	-	-	-	-	-	-	-	-	-	-	-	-	0.5	0.4
Belgium	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
China	-	2.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.1
Ireland	-	-	-	-	-	-	-	-	-	-	-	0.8	-	-	-	-	-	0.8
Spain	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Total	20.7	22.9	13.8	6.5	13.0	6.4	3.9	5.6	1.1	1.1	-	0.8	6.4	0.7	1.9	-	60.9	44.1

¹ Total amounts in this table exclude collateral deposited.

Note 27, continued

Liquidity investments by country and rating, at December 31, 2016

Country	AAA		AA+ to AA-		A+ to A-		BBB+ to BBB-		Total ¹	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Sweden	18.2	5.8	3.4	1.5	1.6	3.2	0.0	0.0	23.2	10.5
Canada	-	-	-	-	6.4	1.9	-	-	6.4	1.9
Japan	-	-	0.5	-	3.7	0.0	-	-	4.2	0.0
Denmark	1.6	0.7	-	-	2.2	1.6	-	-	3.8	2.3
Luxembourg	1.3	-	1.9	1.4	-	-	-	-	3.2	1.4
Norway	-	-	-	-	2.9	2.0	-	-	2.9	2.0
United Kingdom	-	-	-	-	2.4	1.6	-	-	2.4	1.6
The Netherlands	0.1	-	0.8	2.6	1.4	2.8	-	-	2.3	5.4
Germany	0.5	0.5	-	-	1.4	1.3	-	-	1.9	1.8
France	-	-	-	-	1.6	1.9	-	-	1.6	1.9
Qatar	-	-	-	-	1.4	1.3	-	-	1.4	1.3
Korea	-	-	1.4	2.7	-	0.9	-	-	1.4	3.6
United Arab Emirates	-	-	1.3	0.6	-	-	-	-	1.3	0.6
Switzerland	-	-	-	-	1.0	1.2	-	-	1.0	1.2
United States	-	1.3	-	0.3	0.9	0.2	-	-	0.9	1.9
Singapore	-	-	0.8	0.4	-	-	-	-	0.8	0.4
Malaysia	-	-	-	-	0.7	0.7	-	-	0.7	0.7
Finland	0.6	-	-	-	-	-	-	-	0.6	-
Australia	-	-	0.1	1.9	0.5	0.3	-	-	0.5	2.2
Austria	-	-	0.5	0.4	-	-	-	-	0.5	0.4
Belgium	-	-	0.0	0.0	-	-	-	-	0.0	0.0
China	-	-	-	-	-	2.1	-	-	-	2.1
Ireland	-	0.8	-	-	-	-	-	-	-	0.8
Spain	-	-	-	-	-	-	-	0.0	-	0.0
Total	22.4	9.2	10.6	11.9	27.9	22.9	0.0	0.0	60.9	44.1

¹ Total amounts in this table exclude collateral deposited.**Liquidity investments by remaining maturity ("M")**

	2016	2015
M ≤ 1 year	83%	73%
1 year < M ≤ 3 years	17%	25%
M > 3 years	0%	2%

SEK's borrowing programs for shorter maturities

Type of program	UCP	ECP
Currency	USD	Several different
Number of dealers	4	4
"Dealer of the day facility" ¹	No	Yes
Size of program	USD 3,000 mn	USD 4,000 mn
Utilized at Dec. 31, 2016	USD 0 mn	USD 0 mn
Maturity	270 days (maximum)	364 days (maximum)"

¹ Dealer of the Day offers an opportunity for market participants who are not issuers to arrange individual issues under the corporate paper program.

Notes

Note 27, continued

Total long-term borrowing by region at December 31, 2016

	2016	2015
Europe, excl. Nordic countries	82.0	79.2
North America	61.7	57.0
Japan	60.2	47.3
Asia excl. Japan	31.3	28.7
Nordic countries	7.5	9.2
Middle East/Africa	6.6	6.4
Latin America	6.0	4.6
Oceania	0.6	0.7
Total	255.9	233.3

New lending capacity

	Dec 31, 2016	Dec 31, 2015
New lending capacity	9 months	4 months
Volume, liquidity investments	72.3 bn	SEK 58.7 bn
Volume, committed undisbursed loans	54.8 bn	SEK 63.4 bn
of which, S-system	49.1 bn	SEK 54.6 bn

	Dec 31, 2016	Dec 31, 2015
LCR according to the Swedish FSA		
Total	383%	573%
EUR	2,603%	825%
USD	313%	312%
LCR according to the EU Commission's delegated act		
Total	215%	-
NFSR	132%	99.4%

Contractual flows

Consolidated Group	December 31, 2016							
	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
Skr million								
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	26,353	15,717	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	December 31, 2016							
	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
Skr million								
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		

In addition to the instruments in the statement of financial position and committed undisbursed loans, SEK has outstanding binding offers of Skr 4.6 billion as well as additional available funds consisting of a

credit facility with the Swedish National Debt Office of Skr 125 billion, which can be used within the Swedish State's export credit support system. In December 2016, the Swedish parliament decided that the

Note 27, continued

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 to be repaid at the time of the first redemption date. The conservative scenario 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 collaterals are assumed to have the same maturity profile as related derivatives.

Items other than financial instruments with an approximate expected recovery time within less than 12 months: other assets; prepaid expenses and accrued revenues, other liabilities; and accrued expenses and prepaid revenues. All other balance sheet items, other than financial instruments, have an approximate expected recovery time of 12 months or more. For information regarding liquidity risk, see section "Risk and Capital Management". The amounts above include interest, except for committed undisbursed loans.

Consolidated Group		December 31, 2015						
Skr million	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	2,258	-	-	-	-	2,258	-	2,258
Treasuries/government bonds	-	1	2,016	-	-	2,017	-11	2,006
Other interest-bearing securities except loans	3,291	10,820	14,257	12,933	-	41,301	-470	40,831
Loans in the form of interest- bearing securities	494	1,520	7,882	27,389	15,010	52,295	-4,188	48,107
Loans to credit institutions	595	14,493	2,163	7,414	6,350	31,015	-1,239	29,776
Loans to the public	3,672	7,410	23,958	84,285	33,774	153,099	-12,293	140,806
Derivatives	408	385	1,426	6,256	7,450	15,925	-3,253	12,672
Total	10,718	34,629	51,702	138,277	62,584	297,910	-21,454	276,456

Consolidated Group		December 31, 2015						
Skr million	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	-382	-4,866	-	-	-	-5,248	-35	5,283
Borrowing from the public	-	-	-61	-	-	-61	-	61
Senior securities issued	-5,641	-17,278	-56,549	-128,725	-46,298	-254,491	26,279	228,212
Derivatives	-95	-807	-2,772	-4,835	-2,116	-10,625	-13,006	23,631
Subordinated securities issued	-	-	-	-	-2,088	-2,088	-	2,088
Total	-6,118	-22,951	-59,382	-133,560	-50,502	-272,513	13,238	259,275
Obligations								
Committed, undisbursed loans	0	-5,517	-11,112	-10,493	27,122	0	-	63,438
Liquidity surplus (+) / deficit (-)	4,600	6,161	-18,792	-5,776	39,204	25,397		
Accumulated liquidity surplus (+) / deficit (-)	4,600	10,761	-8,031	-13,807	25,397	25,397		

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. In order 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 report-

ing the risk at an aggregated level, and for monitoring the appropriateness and efficiency of the way the company's operational risk is managed. 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.

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 regu-

Note 27, continued

lar 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 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.

Sustainability risk

Sustainability risk is the risk that SEK's operations directly or indirectly impact their surroundings negatively in respect of corruption, climate and the environment, human rights including labor conditions, and business ethics including money laundering and the financing of terrorism.

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, SEK's owner instruction, pertaining to the areas of money laundering and the financing of terrorism, climate and environmental consideration, anticorruption, human rights and labor conditions. We focus particularly on sustainability risks when SEK grants credit to companies in countries facing sustainability challenges. We set 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 54.

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. 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 negative environmental impact, corruption, human rights violations including 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, social 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. Monitoring during the tenor of the loan is conducted via continuous incident searches and via checks of compliance with the agreement's sustainability clauses.

Risk information

SEK granted loans to the following category A and B projects in 2016:

Category A project: Transmission line in Tanzania

Category B-projects:

- A biogas facility in Norway
- Optical fiber cable between Sweden and EU countries
- An European research facility in Sweden
- A destruction facility in the US
- Converter stations in the UK

Note 27, continued

Note 28. Transactions with related parties

SEK defines related parties to the Parent Company as:

- the shareholder, i.e. the Swedish State
- companies and organizations that are controlled through a common owner, the Swedish State
- subsidiaries
- key management personnel
- other related parties

SEK defines related parties to the Consolidated Group as:

- the shareholder, i.e. the Swedish State
- companies and organizations that are controlled through a common owner, the Swedish State
- key management personnel
- other related parties

The Swedish State 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, 36 percent (Year-end 2015: 36 percent) of the company's outstanding loans on December 31, 2016 were guaranteed by the State. The remuneration to EKN for the guarantees paid by SEK during 2016 amounted to Skr 31 million (2015: Skr 75 million). SEK administers, for compensation, the Swedish State's export credit support system, and the State's related concessionary credit program (together referred to as the "S-system"), see Note 1(f) and Note 25.

During 2016 SEK had a Skr 125 billion (2015: Skr 80 billion) credit facility with the Swedish National Debt Office which was entirely rela-

ted to the State's export credit support (CIRR). In December 2016, the credit facility was extended for 2017. 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 parties are conducted on the same terms (including interest rates and repayment schedules) as transactions with unrelated parties. The Consolidated 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 (2015: Skr 0 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 or controlled by close family members to key management personnel.

Notes

continued, Note 28

The following table further summarizes the Consolidated Group's transactions with its related parties:

Skr mn	2016					
	The shareholder, i.e. the Swedish State		Companies and organizations controlled through a common owner, the Swedish State		Total	
	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
Due from the 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 due from the state, see Note 16 "Other assets" and Note 25 "S-system".

² SEK has invested a large volume in interest-bearing securities issued by the Riksbank during the fourth quarter of 2016.

Skr mn	2015					
	The shareholder, i.e. the Swedish State		Companies and organizations controlled through a common owner, the Swedish State		Total	
	Assets/ liabilities	Interest income/ interest expense	Assets/ liabilities	Interest income/ Interest expense	Assets/ liabilities	Interest income/ Interest expense
Treasuries/government bonds	250	0	-	-	250	0
Other interest-bearing securities except loans	-	-	633	8	633	8
Loans in the form of interest- bearing securities	-	-	1,700	20	1,700	20
Loans to credit institutions	-	-	2,291	23	2,291	23
Loans to the public	-	-	866	9	866	9
Due from the State ¹	987	-	-	-	987	-
Total	1,237	0	5,490	60	6,727	60
Borrowing from credit institutions	-	-	-	-	-	-
Borrowing from the public	-	-	-	-	-	-
Senior securities issued	-	-	-	-	-	-
Other liabilities	164	-	-	-	164	-
Total	164	-	-	-	164	-

¹ For information about due from the state, see Note 16 "Other assets" and Note 25 "S-system".

Note 29. Events after the reporting period

No events with significant impact on the information in this report have occurred after the end of the reporting period.

Proposal for the distribution of profits

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

consolidated group's and parent company's financial position and results of operations. The Report of the Directors for the Consolidated Group and parent company provides a true and fair overview of the Consolidated Group's and parent company's business activities, financial position and results of operations as well as the significant risks and uncertainties which the parent company and its subsidiaries are exposed to.

Stockholm, February 22, 2017

Lars Linder-Aronson
Chairman of the Board

Cecilia Ardström
Director of the Board

Jan Belfrage
Director of the Board

Susanne Lithander
Director of the Board

Lotta Mellström
Director of the Board

Ulla Nilsson
Director of the Board

Teppo Tauriainen
Director of the Board

Magnus Ugglå
Director of the Board

Catrin Fransson
Chief Executive Officer

Our audit report on these annual accounts was submitted on February 22, 2017
Ernst & Young AB

Erik Åström
Authorized Public Accountant

Audit report

To the annual meeting of the shareholders of Aktiebolaget Svensk Exportkredit, 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 for the year 2016. The annual accounts and consolidated accounts of the company are included on pages 8-131 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 December 31, 2016 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 December 31, 2016 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Boards as well as adopted by the EU, and the Annual Accounts Act for Credit Institutions and Securities Companies.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act for Credit Institutions and Securities Companies.

We therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the statement of comprehensive income and the statement of financial position of the Consolidated Group.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters 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.

Financial Instruments valued at fair value

Financial instruments valued at fair value are classified in different levels in a fair value hierarchy (level 1, 2 and 3), where level 2 and 3 consist of instruments for which quoted market prices on active markets for identical assets or liabilities are not available. The company's financial assets and liabilities in level 2 amounts to Skr 57,332 million and Skr 40,597 million respectively in the consolidated statement of financial position and parent company balance sheet as of December 31, 2016. Financial assets and liabilities in level 3 amounts to Skr 2,519 million and Skr 52,553 million respectively in the consolidated statement of financial position and parent company balance sheet as of December 31, 2016.

For financial instrument in level 2 and 3, the fair value is derived through valuation models, external party valuation and assumptions regarding cash flows. The company makes an assessment on which valuation technique that is most suited for different instruments. If a different valuation technique would have been used, or if conditions which assumptions and estimates are based upon would change, reported numbers could be affected. Disclosures for financial instruments valued at fair value are presented in Footnote 1 and 13.

The company's valuation of financial instrument at fair value has been assessed as a key audit matter in our audit due to the material amounts in the financial statements as a whole and the valuation requires management to make assumptions and estimates. We have assessed the Company's process for valuation of financial instruments, use of valuation techniques and models as well as the reasonableness in assumptions when calculating fair value. We have, among other procedures, tested the company's controls and independently valued a sample of instruments with the assistance of our valuation specialists. The result of our independent valuation of a sample of instrument has been compared to the company's valuation and possible differences have been analyzed. We have also examined whether the presented disclosures in the financial statements regarding financial instruments are appropriate.

Provision for impairment of financial assets

Loans to credit institutions, loans to the public and loans in the form of interest bearing securities amounted to Skr 26,190 million, Skr 147,909 million and Skr 46,222 million, respectively, in the statement of financial position of the group and parent company's balance sheet. The company's provision for impairments of financial assets connected to loans amounts to Skr 244 million as of December 31, 2016. A provision is made if and when management deems it proba-

ble that the company won't be able to obtain full payment. If other underlying assumptions and estimates had been made for impairments of financial assets, a different amount could have been reported for impairment, thus we have identified this as a particular important area of our audit. Disclosures about loans and impairments of financial assets can be found in Footnote 1, 8, 9, 11, 12 and 27.

We have assessed the company's processes for valuation of loans. We have, among other procedures, reviewed the models used and assessed the reasonableness in assumptions and estimates used for projections of future cash flows. Further, we have evaluated the company's process for continuously monitor creditworthiness and indications of suspension of payment and insolvency for counterparts. In cases where provisions are made for an individual credit, we have examined the basis for the decision. For the part of the provision that refers to bad debts not linked to a specific counterparty, we have examined the model used for calculation and the assumptions, estimates and underlying data used in the model. We have also examined whether the disclosures made in the financial reports are appropriate.

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 136-143. 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 this auditor's report.

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 and, concerning the consolidated accounts, also in accordance with IFRS, as published by the International Accounting Standards Boards as well as adopted by the EU. 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to

events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 AB Svensk Exportkredit for the year 2016 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 fulfill 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 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 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judg-

ment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Stockholm, February 22, 2017
Ernst & Young AB

Erik Åström
Authorized Public Accountant

About the Sustainability Report

SEK reports its sustainability efforts in accordance with the international Global Reporting Initiative (GRI G4-Core) standard. SEK's Sustainability Report for 2015 was published in March 2016. We comply with the GRI framework and guidelines in our presentation of results for the reporting period. The report corresponds to GRI In Accordance core level and the selected indicators are reported in the GRI report on pages 138-139. The 2016 Sustainability Report has been reviewed by Ernst & Young.

Scope and boundaries of the Sustainability Report

SEK's Sustainability Report for the 2016 fiscal year covers the Parent Company and all subsidiaries. That is, companies whose financial and operational policies and procedures are controlled by the Parent Company. To varying degrees, SEK exercise 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 supplement for the financial services sector. 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.

Significant sustainability aspects

Significant sustainability aspects reflect SEK's significant economic, environmental and social 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 include SEK's mission and sustainability-related circumstances, issues highlighted by our stakeholders, societal expectations and our influence on suppliers and clients. SEK's suppliers are for example companies supplying IT-systems, consultants and office supplies. Export credits are regulated by international standards and agreements that SEK is expected to apply, see page 54.

SEK's method for defining material sustainability aspects comprises three steps:

- Stakeholder dialogues identify relevant sustainability issues and sustainability aspects as well as the sustainability related circumstances within which SEK operate.
- The executive management prioritizes material sustainability aspects and validates the content of the Sustainability Report.
- The sustainability strategy and sustainability targets are established by the Board in connection with the business plan.

SEK's main impact is downstream in the production chain, that is, in connection with our lending.

Changes in the 2016 Sustainability Report

No significant departures were made for the reporting period and no significant restatements were made of information provided in previous reports.

Sustainability-related circumstances and the precautionary principle

We identify our material sustainability aspects based on the circumstances in which we operate. 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 arise among its clients when lending to Swedish exporters or lending to buyers of Swedish export, in other words, outside of SEK's operations and control. This means that, 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, Swedish business confidentiality legislation 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 our operations or whose actions can reasonably be expected to materially impact our ability to create value over time. Stakeholders may consist of financial capital providers, employees, clients, suppliers, business partners, local communities, non-governmental organizations, environmental groups, legislators and decision-makers. Our key stakeholders are identified by the executive management. Form and outcome of the dialogue are presented on page 26.

Measurement of environmental impact

SEK measures the indirect environmental impact of green loans based on the method stated in the International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting, November 2012 and in accordance with SEK's Framework for Green Bonds, September 2014. The estimated reduction in carbon dioxide 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 environmental effects of SEK's operations 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. The climate reporting utilizes the number of annual full-time equivalents (FTEs) at the end of the year, which was 256. The majority of the values stated comprise measured values. The standards applied in the calculations pertain to material, taxi journeys and commuting. All environmental data is associated with a degree of uncertainty. This 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 green 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.

Categorization of green projects

Green projects are categorized as dark green or light green. Dark green projects follow SEK's framework for green bonds. Dark green projects are financed through SEK's green bonds

and reductions in CO₂ emissions are estimated for these projects. 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 can be found on www.sek.se. Light green projects lead to or aim for significant or demonstrable progress towards the goal of sustainable development, either by reducing the environmental impact or achieving a more efficient and responsible use of resources. The definition is based on the EU's definition of ECO innovation.

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.

Policy for external assurance

In accordance with the owner policy and the Board's decision, external assurance is provided by the company's auditors.

GRI Index, Global Compact reporting, the UN's Sustainability Development Goals and the Fossil Free Sweden initiative

Those indicators that SEK reports in its Annual Report and 2016 Sustainability Report in accordance with the Global Reporting Initiative (GRI) G4 — Core are listed below. As part of SEK's participation in the UN Global Compact (UN GC) we are submitting our Communication on Progress for 2016 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 and the UN GC, reports on activities within the framework of the UN's Sustainability Development Goals and the Fossil Free Sweden initiative can be found below.

Indicator	Indicator's content	Reference	UN GC principle
GENERAL STANDARD DISCLOSURES			
G4-1	Statement from the organization's most senior decision-maker	Page 6-7,47	
Organizational profile			
G4-3	Name of the organization	Page 68	
G4-4	Primary brands, products and services	Page 16-17	
G4-5	Location of the organization's head office	Page 68	
G4-6	Countries where the organization operates	Page 68	
G4-7	Nature of ownership and legal form	Page 68	
G4-8	Markets served	Page 20-21	
G4-9	Scale of the organization	Page 36,68,86	
G4-10	Employees	Page 86	
G4-11	Collective bargaining agreements	Page 79	
G4-12	Description of the organization's supply chain	Page 32	
G4-13	Significant changes during the reporting period	Page 6-7,47	
G4-14	Precautionary principle	Page 136	
G4-15	External regulatory frameworks, standards and principles	Page 54	
G4-16	Memberships of labor and/or industry associations	Page 29	
Identified material aspects and boundaries			
G4-17	List all entities included in the financial statements	Page 68	
G4-18	The process for defining the report content and the aspect boundaries	Page 136	
G4-19	List of material aspects	Page 27	
G4-20	Aspect boundaries within the organization	Page 136	
G4-21	Aspect boundaries outPagee the organization	Page 136	
G4-22	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	Page 136	
G4-23	Significant changes from previous reporting periods in the scope and aspect boundaries	Page 136	
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organization	Page 26	
G4-25	Basis for identification and selection of stakeholders	Page 136	
G4-26	Stakeholder engagement principles	Page 26	
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Page 26	
Report profile			
G4-28	Reporting period	Page 136	
G4-29	Publication date of most recent report	Page 136	
G4-30	Reporting cycle	Page 136	
G4-31	Contact point for questions regarding the report or its contents	Page 136	

Indicator	Indicator's content	Reference	UN GC prin- ciple
G4-32	The report has been prepared in line with the G4 – Core option	Page 136	
G4-33	External assurance	Page 136,137	
G4-34	Report on the governance structure of the organization, including the Board's committees	Page 48-55	
Ethics and integrity			
G4-56	The organization's values, principles, standards and norms of behavior in the form of codes of conduct and codes of ethics	Page 35,53,54	
SPECIFIC STANDARD DISCLOSURES			
Indirect economic impact			
Management approach		Page 11,15	
G4-EC8	Significant indirect economic impact	Page 35,137	
Environmental			
Management approach – energy		Page 28,55	Principle 7, 8, 9
G4-EN3	Energy consumption within the organization	Page 35	
G4-EN6	Reduction of energy consumption	Page 28,35	
Management approach – emissions		Page 28,55	
G4-EN16	Total direct and indirect greenhouse gas emissions	Page 35	
G4-EN17	Other indirect greenhouse gas emissions	Page 35	
Social			
Diversity and Equal Opportunity			
Management approach		Page 31	Principle 3
G4-LA12	Composition of Board of Directors and management, and breakdown of employees per category according to gender, age group and other indicators of diversity.	Page 86	
Human rights			
Management approach		Page 28, 29,55	Principle 1, 2, 4, 5, 6
G4-HR1	Credit decisions that have undergone human rights screening	Page 35	Principle 2
Anti-corruption			
Management approach		Page 28,29,52,55	Principle 10
G4-SO3	Analysis of operations for risks related to corruption	Page 28	Principle10
G4-SO4	Training on anticorruption policies and procedures	Page 35	Principle 10
Product responsibility			
Management approach		Page 29,54	
G4-FS6	Lending portfolio broken down by region and sector	Page 20-21	
G4-FS8	Products with environmental benefits	Page 17,35	

The UN's Sustainability Development Goals

At the UN's summit meeting on September 25, 2015, heads of government of the world's leading countries adopted 17 Sustainability Development Goals (SDG). In 2016, SEK clarified how these goals are linked to our strategies, goals and activities, which are reported below.

SEK:s activities		SEK:s activities	
	<ul style="list-style-type: none"> • Green bond page 30 • Green loans page 30 • Fossilfree operation page 28 		<ul style="list-style-type: none"> • Equality and diversity plan and targets page 31 • Partnership with the Red Cross and My Dream Now page 31
	<ul style="list-style-type: none"> • Equality and diversity plan and tagrets page 31 		<ul style="list-style-type: none"> • Green loans page 30 • Environmentally certified office building page 28 • Carbon offset own operation page 28
	<ul style="list-style-type: none"> • Adheres to international sustainability guidelines page 28 • Contributes indirectly to creating jobs in Sweden page 15 • Contributes indirectly to GDP growth in Sweden page 15 		<ul style="list-style-type: none"> • Support UN Global Compact page 7 • Stakeholder dialogue page 26

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 became a member of the Fossil Free Sweden initiative and participated in one network meeting during the year. The following activities support the initiative.



SEK:s activities

• Green loans	page 30
• Green bond	page 30
• Fossilfree operation	page 28

Auditor's Limited Assurance Report on AB Svensk Exportkredit's Sustainability Report

To AB Svensk Exportkredit

Introduction

We have been engaged by the Board of Directors of AB Svensk Exportkredit to undertake a limited assurance engagement of AB Svensk Exportkredit's Sustainability Report for the year 2016. The Company has defined the scope of the Sustainability Report to the pages referred to in the GRI index on the pages 138–139.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 136–137, and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative (GRI)) which are applicable to the Sustainability Report, as well as the accounting and calculation principles developed by the Company. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed.

We conducted our limited assurance engagement in accordance with RevR 6 Assurance of Sustainability Reports issued by FAR. A limited assurance engagement consists of making inquiries, primarily of persons responsible for

the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, February 22, 2017
Ernst & Young AB

Erik Åström
Authorized Public Accountant

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 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).

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).

Annual carbon dioxide reductions from green projects

Calculated as an annual CO₂e reduction for a normal year when the project is up and running, for more details refer to the calculation principles on pages 136–137.

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.

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.

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.

C/I ratio

Total operating expenses in relation to net interest revenues and net fee and commission expense.

CIRR loans as percentage of new lending

The system for officially supported export credits.

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.

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 GHG, are monitored and reported. The term green project is assigned the same meaning as the term green loan. The green loans are 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 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.

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.

Interest-bearing assets

The total of 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. Calculated using the opening and closing balances for the report period.

Interest-bearing liabilities

The total of outstanding senior debt and subordinated securities issued. Calculated using the opening and closing balances for the report period.

Large companies

Companies with an annual turnover of more than Skr 5 billion.

Leverage ratio

Tier 1 capital expressed as a percentage of the exposure measured under CRR (refer to Note 26).

Liquidity coverage ratio (LCR)

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.

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. 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 24).

Medium-sized companies

Companies with annual sales of between Skr 500 million and Skr 5 billion, inclusive.

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 9). 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.

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.

Net stable funding ratio (NSFR)

This ratio measures stable funding in relation to the company's illiquid assets over a one-year, stressed scenario in accordance with Basel III.

Outstanding senior debt

The total of borrowing from credit institutions, borrowing from the public and senior securities issued.

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.

Swedish exporters

SEK's clients that directly or indirectly promote Swedish exports.

Tier 1 capital ratio

The capital ratio is the quotient of total tier 1 capital and the total risk exposure amount.

Total capital ratio

The capital ratio is the quotient of total own funds and the total risk exposure amount.

Transition risk as a result of climate change

Actions taken to limit climate risks, such as legislative and regulatory changes, raised climate-related taxes, changed production and consumption patterns, and new technology can lead to transition risk for companies. SEK could potentially be exposed to credit losses due to the companies financed being exposed to transition risk that they were unable to manage.

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.

AB Svensk Exportkredit (SEK), Swedish corporate identity number 556084-0315, with its registered office in Stockholm, Sweden is a public limited liability company as defined under the Swedish Companies Act. In some instances, a public company is obliged to add "(publ)" to its company name.