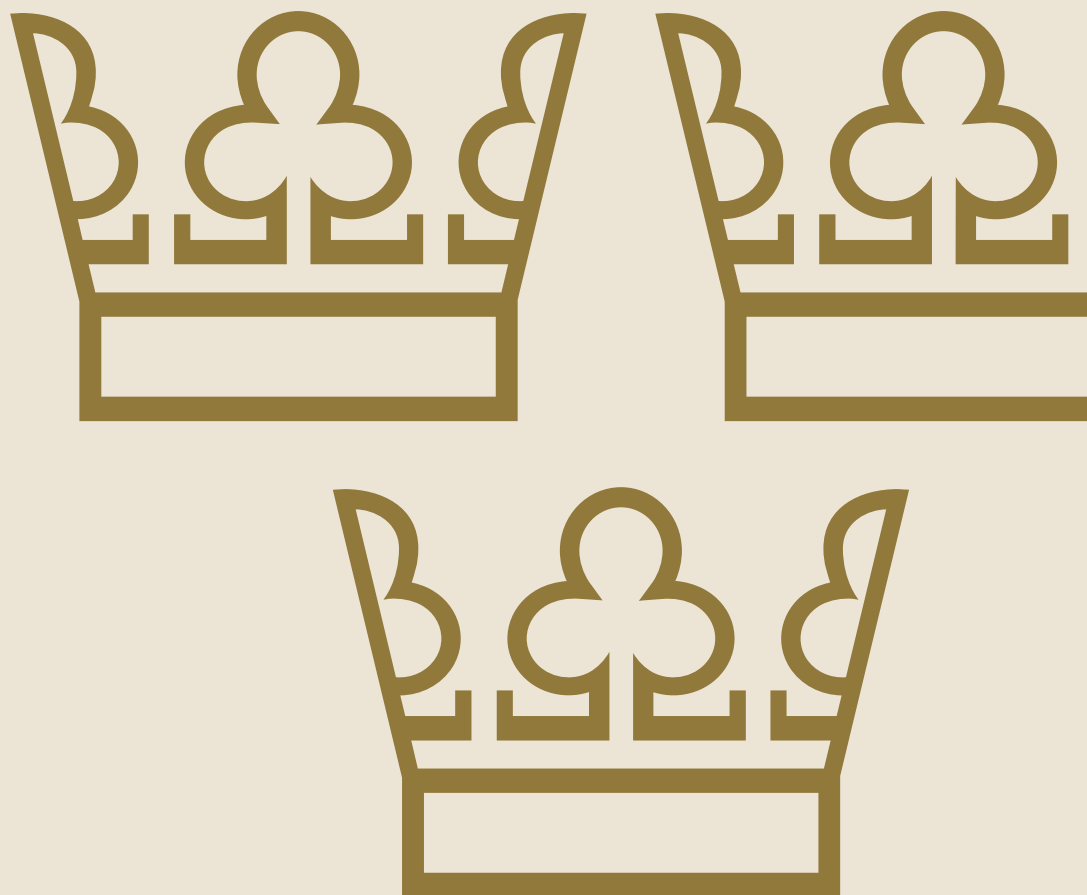


# Risk Policy



Adopted: 2025-12-19  
Adopted by: Board of Directors of the Swedish National Debt Office  
Information owner: Head of Risk Unit

The risk policy provides an overall view of the risks involved in the Swedish National Debt Office's operations, specifies the principles for risk management, and sets forth the agency's risk appetite and risk reporting to the Board.

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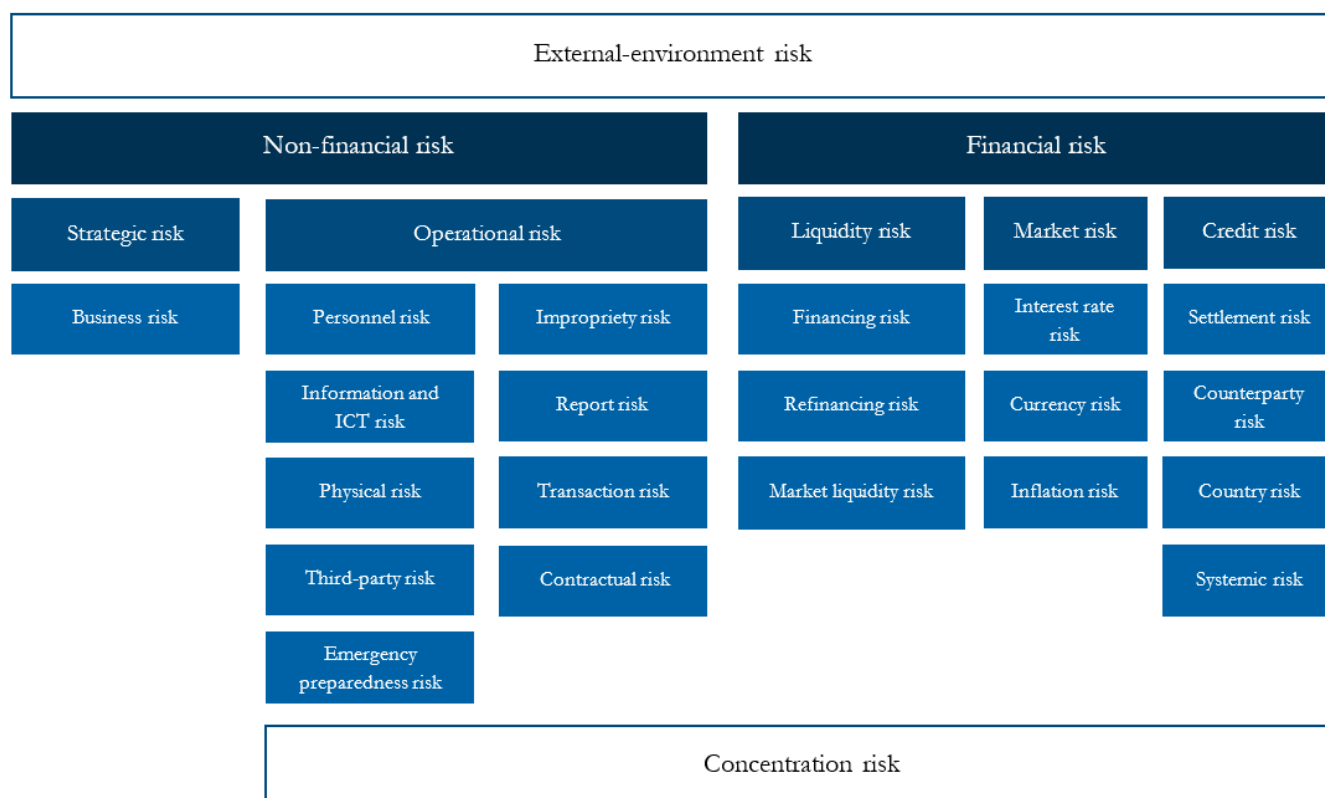
# 1. Introduction

According to the Ordinance (2023:909) containing Instructions for the Swedish National Debt Office, the Board of Directors of the Debt Office is to decide on frameworks and guidelines for managing the risks associated with the operations. The purpose of this policy is to provide a comprehensive presentation of the primary risks and establish fundamental principles to ensure effective and appropriate risk management. Through a systematic and integrated working method, the risk management is to contribute to the agency carrying out its assignments and achieving its objectives within the parameters of the current regulatory frameworks and established risk appetite.

## 2. Risk map

The risk map is intended to provide an overarching picture of the main risks associated with the Debt Office's operations. The risks are defined in Appendix 1 – Definitions.

Figure 1 – The Debt Office's risk map



### 3. The Debt Office's risk management process

The purpose of the risk management is to identify and manage risks that may affect the execution of the Debt Office's assignments or have an adverse effect on the Debt Office's finances, reputation, or operations. The risk management process is to ensure a systematic working method and encompass risk identification, evaluation, measures and priorities, implementation, and follow-up and reporting.

Figure 2 The risk management process



**Risk identification:** The Debt Office is to have processes and methods for identifying risks in the operations.

**Evaluation:** The method for evaluating identified risks may vary among different types of risk. For certain risks, the evaluation is done considering likelihood and consequence, and for other risks quantitative methods and models are used.

**Measures and priorities:** After identification and evaluation, the management of the risk is decided on. The risk owner can choose between eliminating, limiting, transferring (insuring), or accepting the risk without measures being taken. The choice depends on the evaluation of the risk and which risk appetite or risk level is decided on by the Board. A trade-off is to be made between expected cost and risk.

**Implementation:** Measures decided on are carried out by the area of operation.

**Follow-up and reporting:** The effects of the risk management are monitored, evaluated, and reported in accordance with the procedures decided on by the agency.

## **3.1 Non-financial risk**

### **3.1.1 Strategic risk**

Strategic risk refers to risks that can affect the Debt Office's long-term capability to carry out its assignments and achieve overall objectives. The risks are related to important strategic decisions, changes in the external environment, and the implementation of chosen strategies. The following is to apply for the management of strategic risk:

- The Debt Office is to have a process for strategic planning that includes appropriate risk analyses and follow-up.
- The results of the risk analyses are to be taken into consideration in important strategic decisions. The aim is to ensure that decisions and priorities are based on a well-grounded understanding of the strategic risks that can affect the agency.

### **3.1.2 Operational risk**

The Debt Office's operations are associated with different types of operational risks. Security-related risks are included in operational risks and are to be handled in collaboration with the security function. The following is to apply for the management of operational risk:

- Operational risks in the operations are to be analysed annually and followed up on at least once a year, as well as when necessary.
- The results of the annual risk analysis and from the follow-up risk analysis are to be reported to the Board and taken into consideration in the operational planning.

### **3.1.3 Incident management**

An incident is an event that has, or risks having, an adverse effect on the operations. The following is to apply for the management of incidents:

- The Debt Office is to have a clear process for reporting and managing incidents.
- The Board is to be informed of serious incidents in conjunction with the regular reporting or immediately in accordance with section 5.

## 3.2 Financial risk

The Debt Office's assignments and operations are inherently associated with different types of financial risks. The financial risk management, certain frameworks and principles for the Debt Office's different operations, and chosen risk level in applicable situations, are further regulated by the Debt Office's Financial Policy.

## 3.3 Significant changes

Significant changes in the external environment, the Debt Office's assignments, or the operations may give rise to new risks or higher risk levels. A risk analysis is to be conducted when a change is assessed as being able to affect the Debt Office's security, regulatory compliance, or capability to carry out its assignments.

## 3.4 Projects

A risk analysis is to be conducted as part of a feasibility study for projects. The aim is to discover early on and assess risks that can affect a project's objectives, schedule, costs, or results. The risk analysis is to provide a basis for determining whether the project can be carried out and on what terms.

## 4. Risk appetite

By establishing a risk appetite, the Board clarifies which net risk level is accepted in order to carry out the Debt Office's assignments and achieve overall objectives. The Debt Office's general risk-appetite levels are described in Table 1. Table 2 shows the Board's established risk appetite for applicable risk types.

Table 1 General risk-appetite levels

<b>Risk appetite</b>	<b>Description</b>
1. Very low	Risks are to be avoided or reduced to a minimal level.
2. Low	Only limited risks are accepted. Prudence and security are to be prioritised.
3. Moderate	Certain risks are accepted within supervised limits if they are in proportion to the benefit.
4. High	High risks and a high level of uncertainty are accepted.

Table 2 Established risk-appetite levels per risk type

Risk	Risk appetite
Strategic risk	The Debt Office has a low to moderate risk appetite for strategic risk.
Operational risk	The Debt Office has a low risk appetite for operational risk.

Action plans are to be created for risks that are assessed to exceed the risk appetite in accordance with section 5.

## 5. Reporting

The continual risk reporting to the Board is conducted four times per year in conjunction with regular Board meetings. In the following cases, the Board is to be informed immediately:

- Upon identification of circumstances that constitute a significant risk of the Debt Office not being able to carry out its assignments.
- In the event of an incident so serious that it significantly affects the Debt Office's capability to carry out its assignments.

### 5.1 Risks that exceed risk appetite

The following is to apply for risks deemed to exceed the risk appetite.

#### 5.1.1 The risk control function's assessment

If the risk control function assesses that a risk level exceeds the established risk appetite, the risk control function is to report the risk and its assessment to the Debt Office Director General.

#### 5.1.2 The agency's management

If the risk level exceeds the established risk appetite by *one level*, the following is to apply:

- The Debt Office Director General has a mandate to make decisions on deviations from the risk appetite.
- The risk is reported to the Board in the regular reporting.

If the risk level exceeds the established risk appetite by *more than one level*, the following is to apply:

- Only the Board has a mandate to make decisions on any deviations from the risk appetite.
- The risk is to be reported to the Board either in the regular risk reporting or immediately in accordance with the terms for immediate reporting.

For the risks that are reported to the Board, the Board takes a position on action plans and any deviations from the risk appetite.

## Appendix 1 – Definitions

In these definitions, the term *loss* refers to negative effects on finances, reputation and/or operations.

Table 3 Definitions

<b>Term</b>	<b>Definition</b>
Business risk	The risk of loss due to factors in the external business environment, such as lower demand for products or services.
Concentration risk	The risk of loss due to a concentration of individual and/or correlated risk factors.
Contractual risk	The risk of loss due to the Debt Office not complying with agreements entered into.
Counterparty risk (“default risk”)	The risk that the counterparty in a transaction will not fulfil its obligations. Settlement risk is a form of counterparty risk.
Country risk	Collected risks associated with doing business with a counterparty in a particular country. These risks mainly refer to the ability of a country to meet its external obligations, expectations about the general development of the economy in the country, political stability, and the legislative environment of the country.
Credit risk	The risk of loss due to a counterparty not fulfilling its obligations and the risk that a loss of value will arise from deteriorated credit quality. Credit risk includes settlement risk, counterparty risk, country risk, and systemic risk.
Currency risk	The risk that the value of assets and liabilities will change unfavourably as exchange rates change.
Emergency preparedness risk	The risk of loss due to insufficient preparedness to prevent, manage, or recover from a serious event or crisis.
External-environment risk	The risk of loss due to changes in the external environment, for example in the political or economic state of the world.
Financing risk	The risk that it will be difficult and/or expensive to raise new financing.
Impropriety risk	The risk of loss due to someone, internally at the Debt Office or externally, deliberately acting in an illegal manner or in violation of internal rules, such as through fraud, embezzlement, bribery, corruption, or other undue influence.
Inflation risk	The risk of loss in nominal terms due to higher-than-expected inflation.
Information and ICT risk	The risk of loss due to deficiencies or defects in, or threats to information and communication technology (ICT), that can affect confidentiality (that information is protected

	against unauthorised access), accuracy (that information is correct and unchanged), and accessibility (that information and systems are accessible when needed).
Interest rate risk	The risk of adverse price changes for financial instruments as the result of interest rate changes, as well as the risk that interest rate refixing will occur at unfavourable interest rate levels.
Liquidity risk	The risk of not being able to meet payment obligations as they fall due without a substantial increase in the cost of obtaining means of payment. Liquidity risk includes financing risk, refinancing risk, and market liquidity risk.
Market liquidity risk	The risk that it will not be possible to realise or cover a position at the current market price because the market is not deep enough or is not functioning as the result of disruption.
Market risk	The risk of loss due to unfavourable price movements in the market. Market risk includes interest rate risk, currency risk, and inflation risk.
Net risk	Refers to the risk that remains after risk-mitigating measures have been taken into consideration.
Operational risk	The risk of loss due to inappropriate or failing processes, people, systems, or external events.
Personnel risk	The risk of loss due to deficiencies or defects than stem from the Debt Office's employees and that can arise as a result of unintentional mistakes, incorrect actions, lack of competence, or employee absence.
Physical risk	The risk of loss due to physical deficiencies, threats, or events that can affect the operations.
Refinancing risk	The risk that it will be difficult and/or expensive to replace maturing loans.
Report risk	The risk of loss due to information reported internally or externally being incorrect, incomplete, misleading, or not available in time.
Risk appetite	The level and emphasis on risks that can be accepted in order to carry out the Debt Office's assignments and achieve overall objectives.
Settlement risk	The risk that one party will not fulfil its undertakings at the time of settlement, i.e. will not deliver currency or securities after the other party has already fulfilled its undertakings.
Strategic risk	Risks that can affect the Debt Office's long-term capability to carry out its assignments as the result of incorrect strategic decisions, deficiencies in the implementation of the strategy, or insufficient adaptation to changes in the external environment.

Systemic risk	The risk of problems affecting one or more participants spreading to other parties and causing general problems in the financial system.
Third-party risk	The risk of loss due to an external party – such as service providers or other collaborators – not fulfilling contractual commitments.
Transaction risk	The risk of loss due to error or deficiencies in connection with the implementation, registration, settlement, or follow-up of transactions.