

The Swedish economy experienced a slight contraction in 2023 due to tightening monetary conditions. However, the labor market demonstrated resilience, and the financial position of corporates outside the commercial real estate sector remained strong. Looking ahead, lower inflation and easing financial conditions are expected to support a cyclical recovery over the forecast horizon. Substantial payouts of tax rebates to households, particularly related to interest deductibility of mortgage loans in April 2024, could provide a boost to consumer spending. From the 2H of 2024, lower debt service cost and inflation are projected to support disposable income and household consumption. The recovery in household consumption is expected to gain momentum in 2025 as the labor market improves.

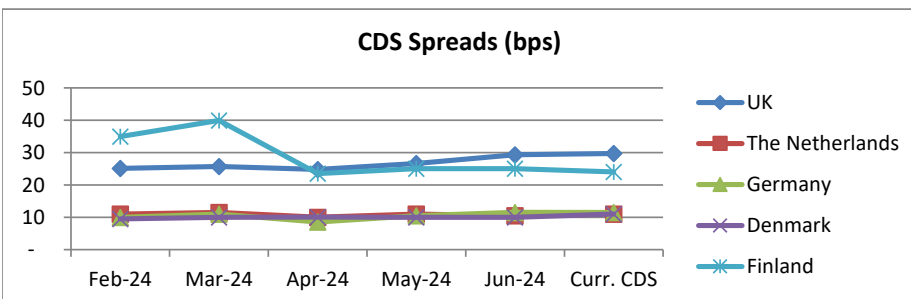
Risks to the outlook appear broadly balanced. Upside risks include improved export competitiveness and strong corporate balance sheets, which could boost growth more than expected. Downside risks relate to uncertainty weighing on the spending plans of economic agents and possible stickiness of underlying inflation. Affirming.

Annual Ratios (source for past results: IMF)

CREDIT POSITION	2021	2022	2023	P2024	P2025	P2026
Debt/ GDP (%)	59.3	54.0	50.6	50.3	51.3	53.6
Govt. Sur/Def to GDP (%)	1.3	2.6	0.8	-0.4	-1.8	-3.2
Adjusted Debt/GDP (%)	59.3	54.0	50.6	50.3	51.3	53.7
Interest Expense/ Taxes (%)	0.5	1.3	1.9	1.9	1.9	1.8
GDP Growth (%)	8.8	7.3	5.8	2.5	3.6	3.6
Foreign Reserves/Debt (%)	12.3	15.3	13.3	13.0	12.5	11.6
Implied Sen. Rating	AA+	AAA	AA+	AA+	AA+	AA+

INDICATIVE CREDIT RATIOS	AA	A	BBB	BB	B	CCC
Debt/ GDP (%)	100.0	115.0	130.0	145.0	170.0	200.0
Govt. Sur/Def to GDP (%)	2.5	0.5	-2.0	-5.0	-8.0	-10.0
Adjusted Debt/GDP (%)	95.0	110.0	125.0	140.0	160.0	190.0
Interest Expense/ Taxes (%)	9.0	12.0	15.0	22.0	26.0	35.0
GDP Growth (%)	3.5	3.0	2.0	1.0	-1.0	-5.0
Foreign Reserves/Debt (%)	3.0	2.5	2.0	1.5	1.0	0.5

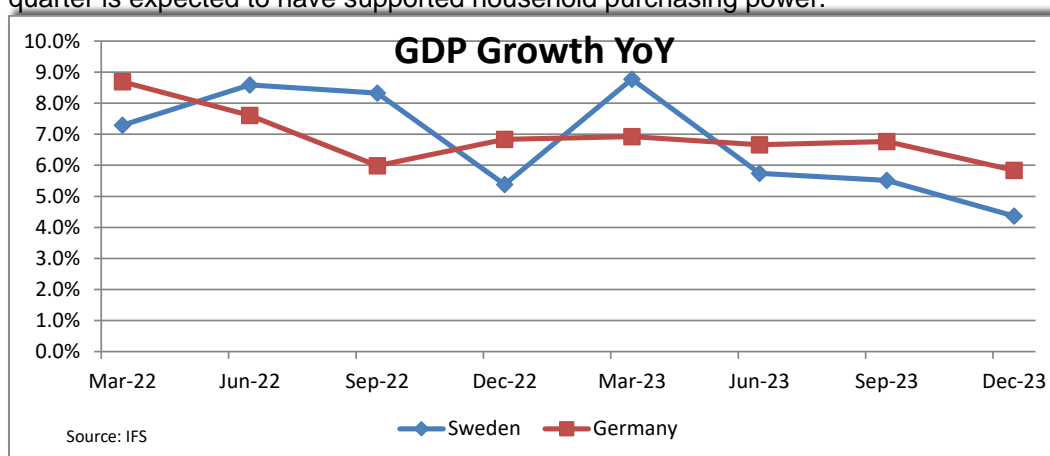
PEER RATIOS	Other NRSRO Sen.	Debt as a % GDP	Govt. Surp. Def to GDP (%)	Adjusted Debt/ GDP	Interest Expense/ Taxes %	GDP Growth (%)	Ratio- Implied Rating*
Federal Republic Of Germany	AAA	64.0	-2.6	64.0	3.8	6.3	AA+
Kingdom Of Denmark	AAA	33.9	4.0	33.9	1.3	-1.7	A-
United Kingdom	AAA	143.8	-6.2	143.8	10.5	7.2	BBB
Kingdom Of The Netherlands	AA+	51.3	-0.3	51.3	2.4	7.9	BB+
Republic Of Finland	AA+	79.0	-2.2	79.0	3.8	3.7	BBB-



Country	EJR Rtg.	CDS
UK	A+	30
The Netherlands	AA-	11
Germany	AA	12
Denmark	AA	11
Finland	AA	24

Economic Growth

The Swedish economy experienced a strong rebound in the first quarter of 2024, with GDP expanding by a seasonally adjusted 0.7% quarter-on-quarter. This marked the strongest upturn since the second quarter of 2022 and exceeded market expectations, improving upon both the flat reading in the fourth quarter of 2023 and the preliminary estimate of a 0.1% contraction. However, it's worth noting that a significant portion of the growth came from inventories, which can be volatile and may not necessarily reflect the underlying health of the economy. Looking ahead to the second quarter, the economic growth momentum is expected to decelerate. In April, GDP contracted by 0.7% month-on-month, the worst result since June 2023. Moreover, the services PMI slipped into contractionary territory for the first time since November in the April-May period. On a more positive note, the manufacturing PMI averaged above the first quarter's level during the same two-month period, and lower inflation compared to the first quarter is expected to have supported household purchasing power.



Fiscal Policy

The Swedish government's fiscal position recorded a slight deficit of 0.6% of GDP in 2023, primarily due to slower revenue growth resulting from sluggish domestic demand. In 2024, the deficit is projected to increase to 1.4% of GDP, reflecting the delayed response to the economic slowdown. This is driven by weaker growth in tax revenue and higher expenditure on social transfers to households, particularly index-linked pensions in the regional and municipal subsector. The remaining measures to mitigate the impact of high energy prices, representing less than 0.1% of GDP, are being phased out in 2024.

	Surplus-to-GDP (%)	Debt-to-GDP (%)	5 Yr. CDS Spreads
Sweden	0.81	50.59	15.01
Germany	-2.55	64.01	11.51
Denmark	4.03	33.89	11.01
UK	-6.24	143.77	29.72
The Netherla	-0.26	51.34	11.01
Finland	-2.22	78.96	24.00

Sources: Thomson Reuters and IFS

Unemployment

The Swedish labor market is expected to respond to economic activity with a lag. Employment growth is projected to fall slightly in 2024 but pick up again from the second half of the year, in the wake of the projected recovery. The unemployment rate is set to increase from 7.7% in 2023 to somewhat above 8% in 2024 before falling back in 2025. Wage agreements, extending to the spring of 2025, have remained moderate, while wage drift is expected to remain limited. Average real wages decreased

	Unemployment (%)	
	2022	2023
Sweden	7.48	7.67
Germany	3.07	3.03
Denmark	4.48	5.12
UK	3.90	3.80
The Netherla	3.54	3.54
Finland	6.77	7.22

Source: Intl. Finance Statistics

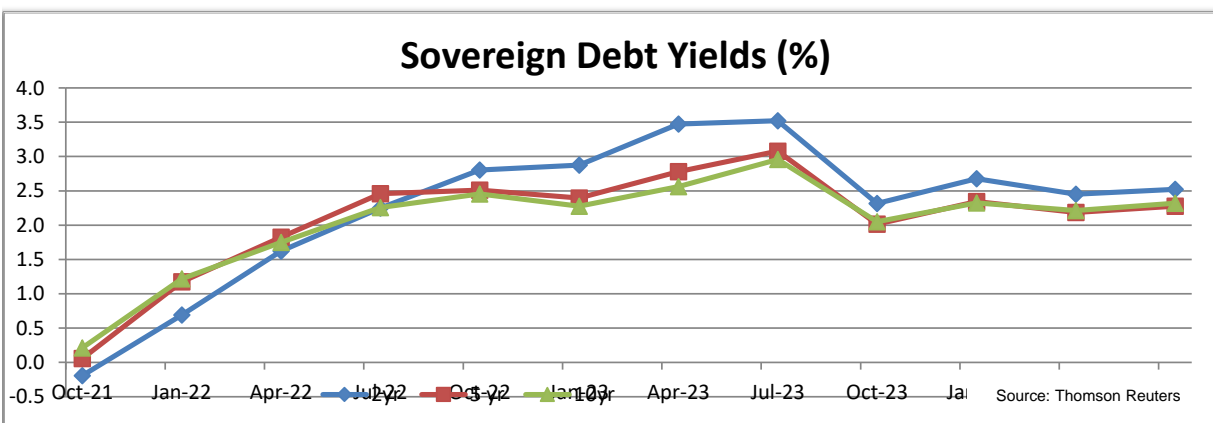
Banking Sector

the Swedish banking sector remains resilient, but elevated levels of debt and high financial sector exposure to both residential real estate (RRE) and commercial real estate (CRE) risks stand as the main sources of systemic risk. The major banks' large exposure to the highly indebted real estate companies is still a vulnerability, but the situation for real estate companies has recently improved somewhat.

Bank Assets (billions of local currency)		
	Assets	Mkt Cap/ Assets %
Nordea Bank AB	554.8	51.21
Skandinaviska Enskilda Banken AB	3,608.2	8.68
Svenska Handelsbanken AB	3,537.8	5.55
Swedbank AB	2,855.5	8.50
Total	10,556.4	
EJR's est. of cap shortfall at 10% of assets less market cap		19.4
Sweden's GDP		6,206.0

Funding Costs

The Swedish lending rate, which is the rate at which banks borrow overnight funds from the Riksbank, remained unchanged at 3.85% in July 2024. The yield on Sweden's 10-year government bond currently stands at 2.102%. The spread between the 10-year and 2-year government bond yields is -16.5 basis points (bps), indicating an inverted yield curve. The current quotation for Sweden's 5-year Credit Default Swap (CDS) is 12.58 basis points, which corresponds to an implied probability of default of 0.21%.



Ease of Doing Business

Major factors for growing the economy are the ease of doing business and the economic freedom; although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that with an overall rank of 10 (1 is best, 189 worst) is extremely strong.

The World Bank's Doing Business Survey*			
	2021	2020	Change in
	Rank	Rank	Rank
Overall Country Rank:	10	10	0
Scores:			
Starting a Business	39	39	0
Construction Permits	31	31	0
Getting Electricity	10	10	0
Registering Property	9	9	0
Getting Credit	80	80	0
Protecting Investors	28	28	0
Paying Taxes	31	31	0
Trading Across Borders	18	18	0
Enforcing Contracts	39	39	0
Resolving Insolvency	17	17	0

* Based on a scale of 1 to 189 with 1 being the highest ranking.

Economic Freedom

As can be seen below, Sweden is strong in its overall rank of 77.5 for Economic Freedom with 100 being best.

Heritage Foundation 2024 Index of Economic Freedom				
World Rank 77.5*				
	2024	2023	Change in	World
	Rank**	Rank	Rank	Avg.
Property Rights	96.2	96.6	-0.4	53.4
Government Integrity	93.2	95.7	-2.5	43.7
Judicial Effectiveness	95.4	95.6	-0.2	48.8
Tax Burden	50.6	45.1	5.5	78.1
Gov't Spending	28.5	26.2	2.3	64.2
Fiscal Health	97.1	96.2	0.9	52.1
Business Freedom	84.9	84.6	0.3	62.1
Labor Freedom	65.9	65.9	0.0	55.9
Monetary Freedom	74.4	80.9	-6.5	67.2
Trade Freedom	79.2	78.6	0.6	69.8

*Based on a scale of 1-100 with 100 being the highest ranking.
 **The ten economic freedoms are based on a scale of 0 (least free) to 100 (most free).
 Source: The Heritage Foundation

Credit Quality Driver: Taxes Growth:

KINGDOM OF SWEDEN has grown its taxes of 2.8% per annum in the last fiscal year which is more than the average for its peers. We expect tax revenues will grow approximately 2.8% per annum over the next couple of years and 2.8% per annum for the next couple of years thereafter.

Credit Quality Driver: Total Revenue Growth:

KINGDOM OF SWEDEN's total revenue growth has been less than its peers and we assumed no growth in total revenue over the next two years.

Income Statement	Peer Median	Issuer Avg.	Assumptions	
			Yr 1&2	Yr 3,4,5
Taxes Growth%	2.5	2.8	2.8	2.8
Social Contributions Growth %	4.0	5.2	5.0	5.0
Grant Revenue Growth %	0.0	NMF		
Other Revenue Growth %	0.0	NMF		
Other Operating Income Growth%	0.0	(1.3)	(1.3)	(1.3)
Total Revenue Growth%	3.5	2.4	2.4	2.1
Compensation of Employees Growth%	6.3	9.2	9.2	9.2
Use of Goods & Services Growth%	7.6	6.8	6.8	6.8
Social Benefits Growth%	6.3	5.5	5.5	5.5
Subsidies Growth%	(7.5)	6.1		
Other Expenses Growth%	0.0			
Interest Expense	1.8	1.5	1.5	
Currency and Deposits (asset) Growth%	(6.9)	0.0		
Securities other than Shares LT (asset) Growth%	5.1	0.0		
Loans (asset) Growth%	(149.2)	(48.8)	2.8	2.8
Shares and Other Equity (asset) Growth%	(43.9)	(100.2)	2.0	2.0
Insurance Technical Reserves (asset) Growth%	0.0	0.0		
Financial Derivatives (asset) Growth%	(15.5)	105.6	2.8	2.8
Other Accounts Receivable LT Growth%	1.5	(3.5)	(3.5)	(3.5)
Monetary Gold and SDR's Growth %	0.0	0.0	5.0	5.0
Other Assets Growth%	0.0	0.0		
Other Accounts Payable Growth%	(0.3)	(2.7)	3.0	3.0
Currency & Deposits (liability) Growth%	(2.9)	(22.6)	0.5	0.5
Securities Other than Shares (liability) Growth%	3.8	2.5	1.7	1.7
Loans (liability) Growth%	(3.6)	0.6	0.6	0.6
Insurance Technical Reserves (liability) Growth%	0.0	(0.1)	(0.1)	(0.1)
Financial Derivatives (liability) Growth%	(9.9)	(50.3)	(10.0)	(10.0)
Additional ST debt (1st year)(billions SEK)	0.0	0.0		

ANNUAL INCOME STATEMENTS

Below are KINGDOM OF SWEDEN's annual income statements with the projected years based on the assumptions listed on page 5.

	ANNUAL REVENUE AND EXPENSE STATEMENT					
	(BILLIONS SEK)					
	2020	2021	2022	2023	P2024	P2025
Taxes	1,994	2,183	2,331	2,396	2,463	2,532
Social Contributions	173	187	194	204	214	225
Grant Revenue						
Other Revenue						
Other Operating Income	317	327	387	382	382	382
Total Revenue	2,484	2,697	2,912	2,981	3,058	3,138
Compensation of Employees	652	681	700	765	835	912
Use of Goods & Services	404	426	464	495	529	565
Social Benefits	824	848	879	927	978	1,031
Subsidies	139	116	95	101	101	101
Other Expenses				377	377	377
Grant Expense						
Depreciation	166	180	204	221	221	221
Total Expenses excluding interest	2,532	2,614	2,730	2,885	3,040	3,206
Operating Surplus/Shortfall	-49	83	182	96	19	-68
Interest Expense	<u>14</u>	<u>12</u>	<u>30</u>	<u>46</u>	<u>47</u>	<u>47</u>
Net Operating Balance	-62	71	153	50	-28	-116

ANNUAL BALANCE SHEETS

Below are KINGDOM OF SWEDEN's balance sheets with the projected years based on the assumptions listed on page 5.

Base Case	ANNUAL BALANCE SHEETS (BILLIONS SEK)					
	2020	2021	2022	2023	P2024	P2025
ASSETS						
Currency and Deposits (asset)	223	201	203	187	222	222
Securities other than Shares LT (asset)	509	550	510	508	508	508
Loans (asset)	46	-27	-55	-28	-29	-30
Shares and Other Equity (asset)	87	-6	-42	0	0	0
Insurance Technical Reserves (asset)					0	0
Financial Derivatives (asset)	51	10	32	66	68	70
Other Accounts Receivable LT	666	754	851	821	792	764
Monetary Gold and SDR's						
Other Assets					3,473	3,473
Additional Assets	<u>3,018</u>	<u>3,639</u>	<u>3,473</u>	<u>3,473</u>		
Total Financial Assets	4,601	5,120	4,972	5,027	5,035	5,008
LIABILITIES						
Other Accounts Payable	555	591	641	624	643	662
Currency & Deposits (liability)	75	115	171	132	132	132
Securities Other than Shares (liability)	1,352	1,341	1,075	1,102	1,121	1,140
Loans (liability)	689	646	720	725	753	869
Insurance Technical Reserves (liability)	527	550	558	557	557	556
Financial Derivatives (liability)	18	35	26	13	11	10
Other Liabilities						
Liabilities	3,216	3,279	3,190	3,152	3,188	3,277
Net Financial Worth	<u>1,385</u>	<u>1,842</u>	<u>1,781</u>	<u>1,875</u>	<u>1,847</u>	<u>1,731</u>
Total Liabilities & Equity	4,601	5,120	4,972	5,027	5,035	5,008

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Comments on the Difference between the Model and Assigned Rating

We consider a one or less "notch" difference between in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "AA+" whereas the ratio-implied rating for the most recent period is "AA+"; we expect results to remain approximately the same.

Changes in Indicative Ratios

We have not made any adjustment in the indicative ratios at this time.

SEC Rule 17g-7(a) Disclosure

Below are the disclosures as required by Paragraph (a) of Rule 17g-7.

1. The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:

For the issuer KINGDOM OF SWEDEN with the ticker of 1179Z SS we have assigned the senior unsecured rating of AA+. There are three notches in our rating categories (e.g., A-, A, and A+) other than those deep into speculative grade; for CC, C, and D there are no notches.

2. The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:

We are using the methodology version #16 available via egan-jones.com under the tab at the bottom of the page "Methodologies".

3. The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:

The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to page 3 of this Rating Analysis Report.

4. The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:

Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

5. Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:

Our rating is dependant on numerous factors including the reliability, accuracy, and quality of the data relied used in determining the credit rating. The data is sourced from publicly-available 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, and other similar sources. In some cases, the information is limited because of issues such as short operating histories, the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such shortcomings are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

6. Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:

EJR does not utilize third-party due diligence services.

7. How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:

Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time period for corporation issuers is normally one year.

8. A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:

EJR uses 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, governmental filings and other similar sources for ratings on publicly-traded issuers. In the case of private issuers, EJR relies on information provided mainly by issuers.

9. A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7: The information is generally high quality and readily avail.**10. Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:**

This rating is unsolicited.

11. An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:

Our rating aims to assess the probability of the payment of obligations in full and on-time. Factors which affect such probability, and in turn our rating, include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

12. Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:

Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

13. Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:

Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

	Assumptions			Resulting Ratio-Implied Rating		
	Base	Optimistic	Pessimistic	Base	Optimistic	Pessimistic
Taxes Growth%	2.8	6.8	(1.2)	AA+	AA+	AA+
Social Contributions Growth %	5.0	8.0	2.0	AA+	AA+	AA+
Other Revenue Growth %		3.0	(3.0)	AA+	AA+	AA+
Total Revenue Growth%	2.4	4.4	0.4	AA+	AA+	AA+
Monetary Gold and SDR's Growth %	5.0	7.0	3.0	AA+	AA+	AA+

14. If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:

This credit rating is not assigned to an asset-backed security.

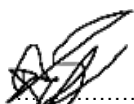
ATTESTATION FORM

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

- 1) No part of the credit rating was influenced by any other business activities,
- 2) The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
- 3) The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.

Analyst Signature:

Today's Date

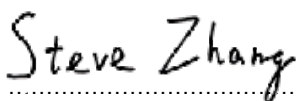


 Supramanian NG
 Senior Rating Analyst

Aug 16, 2024

Reviewer Signature:

Today's Date



 Steve Zhang
 Senior Rating Analyst

Aug 16, 2024

Sovereign Rating Methodology (Non-NRSRO)

Scope and Limitations: Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.

Key Rating Drivers: EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that the its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings

For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO.