

ANNUAL REPORT

More
exports with
guarantees

.19



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The year in brief

The guarantee volume amounted to SEK 54.2 billion, which means that the level continued to be high. The number of new transactions was a record 2,135, in spite of the Iranian market disappearing completely. An increasing number of small and medium-sized companies are using EKN's guarantees in more and more transactions. More small and medium-sized companies than ever are using EKN's guarantees. Both guarantee volume and the number of transactions are at record levels for these important companies.

54.2

The volume of guarantees amounted to SEK 54.2 billion (SEK 56,8 billion).

2,135

During the year, EKN guaranteed 2,135 transactions (2,082 transactions).

725

EKN guaranteed 725 transactions for small and medium-sized companies (682 transactions).

125

The exports that EKN guaranteed went to 125 countries (129 countries). At year-end, EKN had outstanding guarantees for transactions in 140 countries.

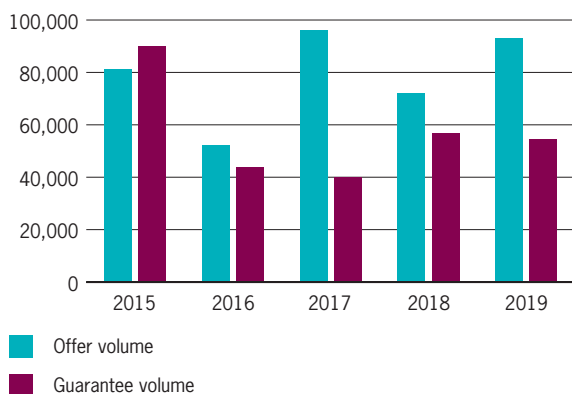
1.8

According to expectations, claims paid continued to be high, amounting to SEK 1.8 billion (SEK 1.7 billion). They mainly related to a few transactions with claims that arose in earlier years.

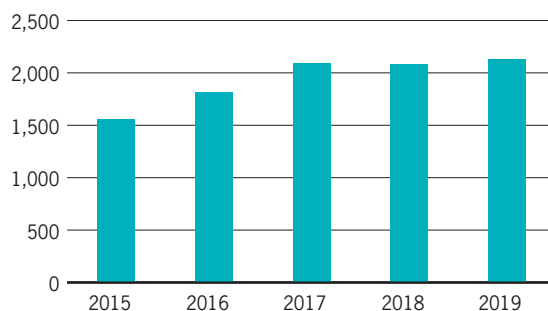
1.1

Profit amounted to SEK 1.1 billion (SEK 1.0 billion). EKN continues to have a strong financial position.

1.1 NEW OFFERS AND GUARANTEES (SEK MILLION)



1.2 NUMBER OF TRANSACTIONS



1.3 NUMBER OF CLIENTS

	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Number of clients	445	419	392	392	389

1.4 NEW TRANSACTIONS AND PROFIT/LOSS (SEK MILLION)

	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
New offers	93,116	71,890	96,023	52,031	81,105
New guarantees	54,231	56,816	39,914	43,610	90,056
Earned premiums	1,452	1,384	2,121	1,534	1,516
Claims paid	-1,861	-1,738	-1,410	-1,529	476
Profit/Loss	1,067	1,004	1,418	-1,057	194

1.5 OUTSTANDING EXPOSURE AND ACCUMULATED EARNINGS (SEK MILLION)

	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Offers outstanding	118,848	94,769	92,443	63,672	72,986
Guarantees outstanding	195,862	193,295	181,485	201,502	214,134
Provisions	8,137	9,031	10,085	11,623	9,833
Outstanding claims, nominal	12,595	11,429	9,925	8,924	6,897
Outstanding claims, calculated net value	1,814	1,727	1,576	1,523	2,055
Equity	24,930	23,863	22,860	21,434	22,737

Financing and risk cover stimulate exports

EKN continues to play an important role in the internationalisation of Sweden's trade and industry. By insuring exporting companies and banks against the risk of non-payment in export transactions, EKN reduces risk and stimulates economic growth.

The volume of guarantees issued by EKN in 2019 remained high and new transactions amounted to 2,135, a historically high level. It is particularly gratifying to note that the number of small and medium-sized businesses that made use of guarantees issued by EKN was higher than ever, reaching record levels in terms of guaranteed volume as well as number of transactions.

EKN's customers are satisfied with our services, according to the annual customer survey which showed more positive results than ever before. In addition, an independent survey of international banks rated EKN as one of the three highest ranked export credit agencies in the world.

We are currently expanding our network of international finance institutions in order to raise the awareness of EKN's ability to mitigate risk and facilitate financing. High-quality Swedish products and services competing in the world market benefit from the add-on provided by financing solutions, which increasingly comprise the starting point for negotiations.

RESEARCH HIGHLIGHTS BENEFITS

Risk management has grown increasingly important to the banking sector in the wake of new regulatory capital requirements. In addition, geopolitical and trade-related uncertainties reduce the appetite for risk taking and add to the need for risk cover.

When Sweden – as one of some ten countries worldwide enjoying a AAA rating – covers the risk of non-payment, it opens up for competitive financing solutions.

Swedish exports grew six percent in the past year and SMEs account for a sizable share of this growth. The effects of export credit guarantees on total exports have not, until now, been studied scientifically, but Örebro University Business School published a study in December, which concludes that access to guarantees issued by EKN increases the average probability of doing business in a foreign market by 18 percent. The size of the deal is also positively affected.

The report also states that EKN's guarantees matter even more for exports from SMEs, which is particularly rewarding given our mission to support the internationalisation of SMEs.

PROMOTING SUSTAINABLE EXPORTS

There is a considerable need for a transition towards a more sustainable use of the world's resources and climate change management. Fulfilling the UN Sustainable Development Goals will require substantial financing. Estimates show that roughly 40 percent of the funding required needs to come from the private sector. When banks finance sustainable projects in partnership with EKN, together we contribute to fulfilling the goals.

One example of a project with a positive net impact on the climate is our involvement in financing the construction of the world's largest offshore wind farm, Hornsea 1, in the North Sea, which will provide more than one million homes with clean energy. Supporting such a large project in non-carbon energy production fits our ambition to prevent climate change, while at the same time



Anna-Karin Jatko meets innovative companies with financing needs at Techarenan in Stockholm. EKN supports companies of all sizes.

promoting exports from a Swedish-based equipment manufacturer.

The growing focus on cleantech, green energy and conservation of scarce resources greatly benefits Swedish suppliers who offer higher-quality products that successfully compete in the world market thanks to their durability and low operating costs. We are witnessing a growing number of start-ups and tech ventures that offer smart solutions for reducing energy consumption, replacing plastics with organic materials, and purifying air and water.

The potential risk of negative impact must be dealt with in a responsible fashion. Close collaboration between financial institutions, exporting companies and EKN is crucial in offering an integrated approach to credit risk and sustainability risk.

MATCHING SWEDISH KNOW-HOW WITH GLOBAL DEMAND

Together with Business Sweden, the Swedish Export Credit Corporation (SEK), Swedfund and Swedish embassies, EKN markets Swedish

suppliers to international contractors responsible for large projects. Financing from SEK and guarantees from EKN combine to stimulate sourcing from Sweden.

Swedish know-how and manufacturing skills is highly relevant to urbanisation. The rapid adoption of bus rapid transit (BRT) systems in Latin America and Africa is one example. The transport industry accounts for a constantly growing share of EKN's commitment portfolio.

Looking back on yet another successful year for Swedish exports I would like to take this opportunity to thank the financial institutions and companies for the trust they place in us. Together we create trade, growth and development.

Going forward, I anticipate an exciting year and look forward to continued collaboration.

Anna-Karin Jatko,
Director General

Mission, delivery and costs

When Swedish goods and services reach out into the world, and when buyers ask for financing – that is when EKN is needed. Our mission is to promote Swedish exports by insuring the payment risk of companies and banks. Our activities are entirely financed from the insurance premiums.

EKN's task is to offer and issue guarantees, manage the outstanding exposure, indemnify when guarantee holders are not paid and recover claims that arise. For some customers, extensive consultancy is included in the guarantee process.

OFFERS

With each application, EKN makes an assessment of the risk of non-payment and the possibility of recovery if payment is not made. EKN also assesses any sustainability issues in the transaction. The assessment results in a decision. If the decision is to guarantee the transaction, there is then a decision on the premium and the issue of an offer. Some offers issued during the year have not been used. They may be taken up next year, but some transactions are never done or are completed without EKN's guarantee. See page 19 for offers issued during the year.

TRANSACTIONS

When the company goes through with the transaction or the bank extends a loan, EKN issues a guarantee. Some of the year's guaranteed transactions arise from offers in the same year, others from offers in previous years. For some transactions only one guarantee is issued. Other transactions may have several guarantees issued. See page 19 for transactions guaranteed during the year.

CLAIM PAYMENTS

Claim payments are made both in known problem transactions, where earlier payments under the repayment plan have failed, and in transactions where problems have arisen during the year. EKN expects recurrent non-payment to occur in a cer-

tain number of transactions and claims provisions are made for these.

GUARANTEES OUTSTANDING

Guarantees outstanding mainly consist of transactions that follow their amortisation repayment plan, but there are also transactions that require loss prevention work.

OUTSTANDING CLAIMS AND RECOVERY

When EKN indemnifies, EKN takes over the guaranteed claim and then works to recover all or part of the unpaid amounts. The claims are closed with repayment or write-off.

COST OF CLAIMS

Most of the premium for the indemnified transactions is retained as provisions to cover any claims. When the guaranteed transaction runs without problems EKN liquefies the reserve. The premium paid for the many transactions that run as planned covers claim payments to the guarantee holders that have not received payment from their customers.

COST OF OPERATION

With an unchanged number of employees, EKN is working with transactions increasing in number and complexity and is managing a greater exposure. The operating costs for a new transaction may vary widely from the average, depending on how time consuming the assessment is. The cost of managing exposure is affected by the size of the exposure, but also by the number of transactions that involve an increased need for loss prevention work by EKN. The administrative result is reported in Note 22.

2.1 CLAIM PAYMENTS IN RELATION TO OUTSTANDING GUARANTEES (MSEK)

	2019	2018	2017	2016	2015
Claims paid	1,861	1,738	1,410	1 529	476
Guarantees outstanding	195,862	193,295	181,485	201 502	214 134
Claims paid/Guarantees outstanding	0.95%	0.89 %	0.78%	0.76%	0.22 %

2.2 CLAIM PAYMENTS IN RELATION TO OUTSTANDING GUARANTEES (MSEK)

	2019	2018	2017	2016	2015
Operating costs (MSEK)	257	240	227	244	222
Received premiums (MSEK)	1,411	1,433	1,356	1 348	1 462
Costs as a percentage of received premiums	18%	17%	17%	18%	15%
Number of new transactions	2,135	2,082	2,093	1,821	1,557
Operating cost per transaction	120,539	115,194	108,689	134,012	142,689
Exposure (non-binding and binding) (MSEK)	314,709	288,064	273,928	265,174	287,120
Operating cost per million of exposure	817	833	830	920	774

2.3 PREMIUM BASED OPERATIONS, ADMINISTRATIVE RESERVE (SEK THOUSAND)

Operations	Administrative reserve	Result	Income	Costs	Result	Administrative reserve acc.
Guarantees	31/12/2017	2018	2019	2019	2019	31/12/2019
Guarantee operations, administration	392,211	-51,383	244,637	-261,196	-16,559	324,268
Guarantee operations, risk based	22,467,388	1,054,947	1,652,503	-569,101	1,083,402	24,605,737
Total	22,859,599	1,003,564	1,897,140	-830,297	1,066,843	24,930,006

The administrative part of the premium that EKN charges for each guarantee has generated an administrative reserve, which amounted to SEK 340,827 thousand as of December 31, 2018. In recent years, EKN's administrative costs have exceeded the administrative revenues, but the deficit has decreased in 2019. The outcome is -16 559 for 2019, compared with -51,383 for 2018. The administrative income and the costs are in line with budgeted revenues EKN is tasked with developing a model for guarantee premium calculation so that a permanent deficit or surplus does not arise and so that the administrative reserve is adjusted by 31 December 2020 at the latest.

DIGITALISATION AND INCREASING EFFICIENCY

New conditions relevant to banking rules and regulations have been finalised for the largest guarantee types by volume, Supplier Credit Guarantees and Buyer Credit Guarantees. The new customer portal, which was launched in 2018, has been further developed. The most significant improvement is that digital signature has been introduced, which gives the opportunity for entirely digital

processing. This gives a more secure and efficient transaction process.

EKN has launched a digital identification and signature solution so that foreign customers, who do not have access to Swedish BankID, can access the customer portal and digital signature.

Other examples of efficiency improvements include simplification of processing framework guarantees and the introduction of an e-archive.

Reporting back on the letter of appropriation

In the annual letter of appropriation, the government sets out goals and reporting requirements for the activities, as well as specific assignments for the year.

GOALS

- Promote Swedish exports by issuing guarantees.
- Collaborate with other export-promoting Swedish agencies and be part of Sweden's combined export promotion.
- Collaborate with relevant authorities and organisations so as to support companies' development and internationalisation.
- Increase awareness among small and medium-sized companies and maintain a presence in regional export centres.

REPORTING REQUIREMENTS

Number and volume of new guarantees during 2019, by industry sector and market/region:

Guarantees issued amounted to SEK 54 billion. EKN guaranteed 2,135 new transactions, to 125 countries. Swedish exports and export credit guarantees are presented by global region on page 15 and by industry segment on page 19.

Number of new customers among small and medium-sized companies:

During the year, a total of 445 companies were EKN customers and of these, 322 were small and medium-sized companies. 116 companies were new customers and of these, 104 were small and medium-sized companies. Find out more on page 20.

Collaboration with other agencies with export-promoting activities, aimed at both large companies and SMEs:

Collaboration with Almi, Business Sweden, the Swedish Export Credit Corporation (SEK), the Swedish Agency for Economic and Regional Growth and others is presented on pages 30–31. The collaboration covers regional export cooperation, the development of new financing solutions and marketing. The results of the regional export cooperation are described on page 20.

Increase awareness among small and medium-sized companies and the effects of regional presence.

48 per cent of small and medium-sized companies know about EKN. Among companies with a need for financing and customer finance, awareness is 56 per cent. Read more about activities aimed at small and medium sized companies on pages 30–31. The effects of regional presence are described on page 20.

Other initiatives taken to increase knowledge about our activities:

Company visits, cooperation with banks, regional export cooperation and promotional campaigns are described on page 30.

Reinsurance on the private market:

During 2019, there were two private reinsurance transactions. Find out more on page 25.

Measures for information security in states of heightened readiness:

EKN has performed a security protection analysis and technical measures for information security, as well as training initiatives and exercises. Find out more on page 34.



EKN promotes exports from companies of all sizes. One of EKN's customers is a newly started company that went for export immediately and sells fishing lures in the USA and Europe.

Development of the agency's administrative costs, as well as measures to rationalise and streamline operations:

Administrative costs are reported in note 22 on page 55. The customer portal has been further developed and digital signature has been introduced. This gives a better, more secure and more efficient transaction process. Read more about efficiency improvements on page 9.

Fair and sustainable global development and responsible business operations according to the guidelines and principles of the OECD and the UN:

EKN has further developed its work on sustainability and has introduced a new sustainability policy. This makes clear that EKN shall contribute to the UN's sustainable development goals and the Paris Agreement. On page 21, there is a presentation of sustainability issues in the year's new transactions and on page 33, EKN's cooperation in sustainability issues is presented. A report on "Sustainable lending" and the debt situation in low-income countries is given on page 32.

ASSIGNMENTS

Present Sweden's case in international fora where regulatory issues relating to export credits are discussed:

On page 32, there is a description of international collaboration and issues in which EKN has participated and been a driving force.

Action Plan for environmental quality goals and the generation goal:

In line with environmental quality goals and the Swedish government's new trade and investment strategy, which was launched in December, EKN shall contribute to the world's transition to fossil-free energy.

This means that by 2022 at the latest, EKN must cease giving export credit guarantees for exploration and extraction of fossil fuels. Read more on page 33.



Global outlook

This section describes the conditions for Swedish exports in the context of global trade and the global economy, as well as the distribution of guarantees issued by market and region.

Growth at different rates

The slowing of the global economy, which began in the late autumn of 2018, has continued and has affected many countries and regions during the year. The difference in growth between Asia and the rest of the world is increasing. The role of the OECD countries in global trade is diminishing.

Even though the global economy grew at a slower pace, the level was still relatively good, about three per cent according to a forecast from the International Monetary Fund (IMF). On the other hand, there was a stronger impression of a world sliding further apart in terms of economic development. Growth in Asia continued to be strong, but here too there was a certain slowdown. Other regions grew at a significantly lower rate.

ALMOST NO GROWTH IN THE MIDDLE EAST, NORTH AFRICA AND LATIN AMERICA

Latin America and Middle East/North Africa (MENA) showed the lowest growth in 2019. Forecasts indicate growth of no more than a couple of tenths of a percentage point in both regions. In the MENA region, it was primarily Iran's shrinking economy and the weak development in Saudi Arabia that led to the almost zero economic growth.

That expectations for Latin America were not fulfilled is partly explained by both investment and consumption being below our early 2019 estimates for the region's two dominant economies, Brazil and Mexico. Also, Argentina suffered an economic crisis during the summer. During the autumn, public protests arose in several Latin American countries, which contributed further to the weak economic development. Unequal distribution of income, social tensions and general dissatisfaction with economic policies were some of the reasons for the protests.

GOOD ACCESS TO FINANCE

How the market for corporate bonds develops has some significance for the demand for export credit guarantees. When the prices of corporate bonds are lower, demand for export credit guarantees is

reduced. This is especially true for export transactions involving large amounts.

The pricing of bonds tends to fluctuate more than for export credit guarantees. During 2018, risk margins for corporate bonds increased. After a rapid fall at the beginning of 2019, however, risk margins remained stable for the rest of the year.

One of the reasons for the rapid fall was an economic slowdown in the USA, which led to the American central bank lowering the key interest rate. The trade conflict between the USA and China also had a bearing. When a partial solution to the conflict became more or less clear, interest in buying corporate bonds increased and the risk margins fell. When the negotiations failed to be concluded, interest in buying fell.

MORE COUNTRIES PARTICIPATING IN GLOBAL TRADE

The conditions for a level playing field in export credits between the world's largest exporting countries have been changing ever since the OECD's joint regulations for government export credit guarantees came into force in 1978. Forty years ago, China's share of global exports was one per cent, which was less than Sweden's. India's share was barely half a per cent. Since then China's share has increased dramatically and is now more than ten per cent of global exports. India's share exceeds two per cent. Countries such as Brazil and Indonesia are now also becoming steadily more significant as export countries.

Through collaboration within the OECD and EU, Sweden seeks to influence non-OECD countries so as to attempt to reduce the differences in conditions for the financing of exports.

Swedish exports are increasing most strongly outside Europe

Swedish exports of goods are increasing, but at a somewhat slower pace. Almost three quarters of exports go to Europe, and here the export increase was low. It is considerably higher to North America and Asia.

During the first ten months of the year, Swedish exports of goods increased by 6 per cent. The pace of the increase is slower than in the same period in 2018, when it was 11 per cent. The weaker economic situation and the trade conflict between the USA and China have affected Swedish exports, in spite of the effects of a krona that continued to be weak.

A very large percentage of Swedish exports, 73 per cent, still went to Europe. Exports to Europe increased by only 4 per cent. As a percentage of exports, Asia was in second place at 10.5 per cent. North America was in third place at 8.6 per cent. The export increase to Asia was 7 per cent and to North America 22 per cent.

EKN's guarantee issuing is still at a high level and has increased for transactions with Asia and North America.

ASIA – STABLE HIGH GROWTH

The high pace of growth in Asia continued during 2019, with an anticipated economic growth of around six per cent. Swedish exports did well on the Asian markets.

In many countries in Asia, the domestic capital markets have developed and grown. The need for external loan finance is therefore limited. Even so, the need for guarantees from EKN for transactions to Asia increased during the year by 54 per cent compared with 2018. The need was mainly due to exporting companies covering the risk of their supplier credits to India, Indonesia, China and Pakistan.

LOW GROWTH AND CONFLICTS INCREASE THE NEED FOR GUARANTEES

The Middle East is still characterised by conflicts and weak economic growth. The conflicts have both local and international dimensions. Since the USA chose to pull out of the nuclear technology agreement with Iran in May 2018, the pitch has intensified in strength and seriousness. This has consequences, not least in conflicts and terrorist attacks in Syria and Iraq. As conflict levels increase between Iran and the USA/Saudi Arabia, oil production and exports are also brought into the risk zone.

The conflicts and weak growth led to the guarantee volume for transactions with the Middle East increasing by 9 per cent during the year. Transactions in telecommunications and power with Saudi Arabia, Iraq and the United Arab Emirates are dominant.

Previously, Iran accounted for a great deal of the guarantee issuing to the Middle East. But as a result of the American sanctions, banks have largely ceased to handle payments from Iranian banks. Consequently, no guarantees for exports to Iran have been issued in 2019. This is the reason for the reduction in number of guaranteed transactions with the region.

PUBLIC PROTESTS IN LATIN AMERICA

Weak economic development, political unrest and public protests have contributed to the considerable increase in guarantee issuing to Latin America

during 2019. Exporting companies and banks need risk cover. The increase was about 40 per cent compared with 2018.

Crises in Argentina have been recurring for years and the pattern was repeated in 2019. The combination of high risk and stable Swedish exports meant that Argentina accounted for the greatest guarantee volume in Latin America. It was closely followed by Chile, Colombia and Ecuador, all of which were affected by public protests in the late autumn.

INSUFFICIENT GROWTH IN AFRICA

The forecast growth for 2019 of about 3 per cent for Sub-Saharan Africa could appear high in comparison with other regions. But in the context of low per-capita income and a high rate of population growth, the pace of growth is insufficient. Rapidly growing government and foreign debts are creating difficulties for growth-promoting policies. The region's foreign debt in relation to GDP has doubled to 42 per cent over the last ten years. EKN's guarantee volume decreased by 16 per cent during the year, to SEK 5 billion. This figure includes guarantees for transactions with Egypt that account for 40 per cent of the total. The next three countries by amount of guarantee volume were Ghana, South Africa and the Ivory Coast.

GREAT INCREASE IN GUARANTEE ISSUES TO TURKEY

The guarantee volume for transactions with the Balkan area increased by approximately 170 per cent. Turkey accounted for almost all of this. Turkey's economic development has stabilised since the slow-down and currency crisis of 2018, but the economic slow-down and crisis led to an increasing need for exporting companies and banks to seek risk cover in their transactions with Turkey.

TRANSACTIONS WITH HIGH-INCOME COUNTRIES JUST OVER A THIRD OF THE GUARANTEE VOLUME

Guarantees for transactions with the high-income countries of the OECD represented 36 per cent of the total guarantee volume. Transactions in telecommunications and power were dominant, but there were also large transactions in the automotive sector. The biggest countries are the USA, the United Kingdom and Israel. The issuing of guarantees for transactions with high-income countries varies greatly depending on individual transactions for large infrastructure projects and on how competitive the Swedish export credit system is at any given time compared with other funding solutions.

3.1 ISSUING OF GUARANTEES AND NUMBER OF TRANSACTIONS BY REGION (SEK MILLION)

	2019		2018		2017		2016		2015	
	Number	MSEK	Number	MSEK	Number	MSEK	Number	MSEK	Number	MSEK
Asia	252	6,858	227	4,457	191	3,925	163	2,928	162	2,934
Latin America	521	8,030	525	5,686	533	4,254	345	6,442	231	53,434
CIS	134	2,638	146	3,258	105	6,023	94	2,049	80	4,386
Balkans	101	3,957	54	1,452	67	2,933	46	1,493	27	2,326
Africa	421	5,012	428	5,934	381	6,626	368	4,424	371	5,765
Middle East	158	6,258	166	5,754	279	7,301	214	5,766	150	6,281
OECD high-income	54	19,727	105	29,037	128	7,215	127	19,069	98	4,965
Sweden	488	1,667	429	1,182	405	1,602	461	1,423	435	9,770
Other countries	6	84	2	56	4	35	3	16	3	195
TOTAL	2,135	54,231	2,082	56,816	2,093	39,914	1,821	43,610	1,557	90,056

Israel, Japan and South Korea are included in the OECD's high-income countries (not Asia or Middle East). Kazakhstan and Uzbekistan are included in CIS (not in Asia). Turkey is included in the Balkans (not in Asia). Sweden is reported separately (not included in the OECD's high-income countries).



Issuing of guarantees

This section reports on guarantees issued by industry.

EKN has a special mission concerning small and medium-sized enterprises' exports and regional presence. This is also reported in this section.

The operations are to be conducted in accordance with international guidelines for human rights, working conditions, the environment, anti-corruption and freedom on the Internet. This section reports on reviews and requirements in this year's transactions.

Telecom, wind power and buses in the year's new transactions

The number of new transactions was the biggest ever and guarantee volume remained at a high level. Transactions with the USA account for the largest percentage. Guarantees for exports of vehicles, paper and steel are continuing to increase.

The guarantee volume, which increased greatly in 2018 to SEK 57 billion, continued at the very high level of SEK 54 billion in 2019. The number of new guaranteed transactions was 2,135, which is the highest ever.

The demand for guarantees is affected by Swedish companies' business opportunities, geopolitical unrest and the general willingness to risk and price of risk. The guarantee volume has been unusually high over the last two years.

As in previous years, the largest single transaction was with an American telecom operator which purchased Swedish telecom equipment. Sweden is a global leader in the development of 5G and the US is rolling out 5G in a fast pace. In transactions of this type, the buyer wants to diversify its source of financing and financing guaranteed by EKN is an attractive option. And, at the same time the exporting company can secure deliveries.

SWEDISH EXPORT TO THE WORLD'S LARGEST OFFSHORE WIND FARM

What will be the world's largest wind farm, with the capacity to supply a million homes with electricity, is being built in the North Sea off the coast of Yorkshire. Siemens Gamesa in Denmark is exporting wind turbines and the Swedish company NKT is exporting high-voltage cable to connect the wind farm with the national grid. EKN reinsured its Danish counterpart EKF for the Swedish part, which meant that the United Kingdom became

the second largest country in terms of guarantee volume.

CONTINUED INCREASE IN THE EXPORT OF VEHICLES

The automotive industry was the second largest after telecommunications. The trend of growing volumes in this sector has been going on for several years. During the year, the first two guarantees were issued, relating to an export transaction for a



The Swedish cable company NKT is supplying high-voltage cable to the wind farm in the North Sea.

BRT (Bus Rapid Transport) project in Bogotá, Colombia.

Trading houses' transactions in paper and wood pulp guaranteed by EKN also saw a continued increase in 2019 and the industry was the fifth largest during the year.

Demand for guarantees for the export of commodities in the form of paper and steel has been increasing for several years.

MORE FREQUENT SUPPLIER CREDITS

The number of guarantees for supplier credits continues to grow, both for short-term with payment terms up to 360 days and for longer credit periods. The trend in recent years has been that in certain larger and longer transactions, traditionally structured as buyer credits with a bank as the EKN guarantee holder, the exporter now offers supplier credits covered by EKN.

It is sometimes better also for banks, in certain transactions, to discount claims under a supplier credit compared to offering a loan to the buyer

CLAIMS PAID IN THE MIDDLE EAST, RECOVERIES FROM CHILE

EKN has continued to pay compensation for transactions in the power sector in Spain, two bus transactions in Latin America and a telecom transaction in India. For these transactions provisions have previously been made for future claims payment. No large new claims have been recorded.

In recent years, payment problems have increased in transactions in the Middle East. Continuing claims payments have been made in a number of transactions, mainly in the transport and construction sectors.

FURTHER RECOVERY IN BUS TRANSACTION

EKN's intense initiatives to recover part of previously indemnified amounts resulted in increased repayments.

The year's largest recoveries of commercial claims were from Chile and Iran.

EKN's guarantees

EKN offers guarantees for the entire transaction process, from sales and negotiation to manufacture and delivery and up until the customer's last payment.

A guarantee for loss on claim for exporting companies protects the company against the risk of not receiving payment in accordance with the purchase agreement. Insuring receivables facilitates financing.

For lenders, the loss on claim guarantee gives protection against the risk of not being paid by the borrower. The guarantee makes it easier for buyers of Swedish exports to finance their purchases.

The loss on production guarantee, which is given in combination with the loss on claim guarantee, protects against losses if the buyer cancels the agreement during the manufacturing period and the costs incurred cannot be invoiced.

A guarantee for unfair calling for exporting companies protects against the risk that the customer unfairly claims a contract guarantee.

With a counter guarantee, the bank issuing the contract guarantee shares the recourse risk on the exporting company with EKN, should the contract guarantee be claimed.

With a bill of exchange guarantee, EKN insures the bank against the payment risk in discounted bills of exchange. The guarantee improves the exporting company's liquidity when the bank takes over bills of exchange and pays the company.

The letter of credit guarantee shares the bank's risk in confirmed letters of credit. The guarantee makes it possible for the company to get more letters of credit confirmed by the bank.

An investment guarantee gives a company that has invested abroad compensation if it cannot dispose of the investment or the repayment of the investment loan is not made, due to government intervention in the investment country.

The working capital credit and the **Investment capital credit guarantees** share the bank's risk in working capital or investment credits to small and medium-sized enterprises. During the year, an extended guarantee was developed in collaboration with EIF, the European Investment Fund.

4.1 NEW GUARANTEES, SEK MILLION, BY INDUSTRY

INDUSTRY	2019		2018	
Telecom	17,779	33%	28,591	50%
Transport	10,752	20%	10,803	19%
Machinery	8,728	16%	9,328	16%
Power	5,877	11%	285	1%
Paper and pulp	4,582	8%	3,962	7%
Mining and steel	4,152	8%	1,812	3%
Others	2,361	4%	2,034	4%

4.2 NUMBER OF NEW TRANSACTIONS, BY INDUSTRY

INDUSTRY	2019	2018	2017
Telecom	53	61	73
Transport	226	254	235
Machinery	602	623	754
Power	11	11	8
Paper and pulp	746	688	648
Mining and steel	174	110	72
Others	323	335	303

4.3 NEW OFFERS DURING THE YEAR

	2019		2018		2017	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	28,697	1,831	33,233	1,924	28,763	1,959
Loss on production and loss on claim	1,409	18	373	27	1,074	19
Guarantee for loss on claim for lenders	56,683	28	28,552	28	56,473	46
Guarantee for unfair calling	0	0	142	4	1	1
Counter guarantee	3,109	268	6,460	273	4,399	270
Letter of credit guarantee	2,438	250	2,476	280	3,927	325
Bill of exchange guarantee	0	0	41	2	496	6
Investment guarantee	0	0	0	0	396	1
Working capital credit guarantee ¹	781	223	614	206	495	151
TOTAL	93,116	2,618	71,890	2,744	96,023	2,778

¹ for small and medium-sized enterprises**4.4 NEW GUARANTEES DURING THE YEAR**

	2019		2018		2017	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	26,428	7,225	22,968	6,431	20,135	5,978
Loss on production and loss on claim	69	9	131	15	168	14
Guarantee for loss on claim for lenders	22,413	47	28,001	47	12,707	35
Guarantee for unfair calling	0	0	57	4	1	1
Counter guarantee	2,081	271	2,262	250	2,428	276
Letter of credit guarantee	2,467	250	2,519	280	3,857	322
Bill of exchange guarantee	0	0	112	20	153	17
Investment guarantee	0	0	251	1	0	0
Working capital credit guarantee ¹	773	221	516	190	465	143
TOTAL	54,231	8,023	56,816	7,238	39,913	6,786

¹ for small and medium-sized enterprises

Record for small and medium-sized companies

Regional presence and cooperation in combination with active marketing and new solutions have given results. A large number of small and medium-sized companies have become new customers of EKN.

New guarantee volume to small and medium-sized companies amounted to SEK 2.7 billion, compared with SEK 2.2 billion the previous year. The number of guaranteed transactions increased to 725, compared with 682. The number of customers in this segment increased to 322, compared with 286. 104 of these companies were new EKN customers.

GREATEST ACTIVITY IN VÄSTRA GÖTALAND

Västra Götaland, with Gothenburg as its hub, accounted for almost 60 per cent of EKN's guarantees to small and medium-sized companies. The region is seeing strong export growth and there are also many trading houses. The trading houses are a link between Swedish companies and foreign buyers all over the world and thus of great significance for exports.

WORKING CAPITAL CREDIT GUARANTEES

In Skåne and Blekinge, small and medium-sized companies have considerable exports to the EU, the internal market. For short-term credits in the internal market the companies have access to private credit insurers. EKN does not work in this segment. On the other hand, there is a demand from companies for EKN's working capital credit guarantees, which make it easier for companies to obtain bank loans, since EKN shares the banks' risk.

NEW FINANCING GUIDE

EKN has continued to make many visits to companies and banks in northern Sweden and this is beginning to bring results. Guarantees for small and medium-sized companies in the Norrland region increased to SEK 132 million, compared with 118 million and 13 companies became new customers. EKN has increased its market activities in Norrbotten and engaged a financing guide with wide-

spread knowledge about companies in Norrbotten.

EXTENDED GUARANTEES FOR INNOVATIVE COMPANIES

Through collaboration with the European Investment Fund (EIF), EKN offers banks extended guarantees for working capital and investment credits to innovative companies. With a year's experience of this new service*, EKN can see that the EIF solution, with 80 per cent guarantee cover and the interest discount offered by EIF, has made it possible for banks to meet SME customers' finance needs for expansion and exports to new markets more effectively. The solution is particularly relevant for small tech companies. Transactions with this solution amounted to SEK 205 million and 23 new customers used it.

NEW FORMS OF COLLABORATION WITH THE BANKS

Close collaboration with banks, both centrally and at local level, is a prerequisite for reaching small and medium-sized companies and increasing their knowledge of what EKN can offer.

During the year, EKN has held training days for banks, to present news and increase their knowledge about how and when an EKN guarantee can help the banks to offer companies financing solutions. So far about 150 corporate advisers in bank branches have attended a training day.

A new initiative, of interest to a number of banks and to EKN, is to enter into strategic partnerships with the banks and together plan for regional open days, specific customer cooperation, joint information material, practice exchanges and regular harmonisation.

* The solution is for innovative companies according to the EIF's definition. Collaboration with the EIF is supported by InnovFin's guarantee instrument for SMEs, with financial support from the European Union within the framework of Horizon 2020 Financial Instruments.

Sustainability risks in new transactions

Before guarantee decisions, EKN assesses risks of negative impact on people or the environment from the business activity in which the exported goods or services will be used. In large projects, EKN sets specific requirements for relevant and responsible risk management and monitors compliance with action plans.

EKN classifies transactions for environmental and human rights. Category A means that exports will be used in an activity with risk of significant negative impact, B means a risk of some impact and C means limited or no impact. In category A transactions, EKN has specifically assessed the risk of negative impact and how risks will be managed.

4.5 NUMBER OF NEW TRANSACTIONS AND OFFERED GUARANTEE VOLUME IN THESE TRANSACTIONS

	2019		2018	
	Number	SEK millions	Number	SEK millions
Category A transactions	55	9,710	40	1,682
Category B transactions	1,032	21,374	933	32,292
Category C transactions	601	8,293	654	34,829
Non-classified transactions	447	3,029	455	3, 829

CHANGES IN RISK CLASSIFICATION

The number of new category A transactions has increased, partly as a result of EKN changing its internal guidelines for classification six months into 2018. For example, all transactions for fossil fuel extraction and power production are classified as A, because of the negative climate impact.

Unlike many other export credit agencies, EKN has for many years classified sustainability risks in transactions regardless of size and length of transaction.

NEW SUSTAINABILITY POLICY

During the autumn, EKN decided on a new sustainability policy. The new policy clarifies that EKN shall also contribute to the UN sustainable develop-

ment goals and the Paris Climate Agreement. EKN is the first export credit agency to set out these objectives. The policy also states that EKN shall work proactively to enable and guarantee exports that contribute to the transition required to achieve UN's goals, and also describes EKN's requirements on its customers and transparency in the transactions that EKN guarantees.

PLANS ARE MONITORED

During the year, EKN monitored 13 large category A projects in which EKN has set specific conditions for responsible risk management, as well as 72 other category A transactions. Projects that require a lot of land are particularly challenging, especially in situations where vulnerable people's livelihoods may be affected. EKN's conditions include requirements on how to handle land issues, including new income opportunities for those whose land has been affected. This may include, for example large-scale infrastructure projects or pulp and paper projects.

EXPORT CREDIT GUARANTEES AS A MEAN TO INFLUENCE OTHERS

Responsible risk management, as a condition to EKN's participation in the transaction, is a mean of exerting influence. EKN does not get involved in transactions with risks of major impact on people or the environment if there are no clear plans for responsible risk management and EKN would be unable to set effective requirements. In such cases, the application is usually terminated during EKN's review process. Sometimes EKN does not receive documentation or answers to questions and can therefore not take a decision. In some cases, the exporter chooses to withdraw their application.

UNACCEPTABLE SUSTAINABILITY RISKS

During the year, two transactions were formally rejected. One transaction was to a project involving coal mining and coal-fired power stations, thereby inconsistent with the OECD's sector agreement which limits export credit guarantees to coal-fired power stations. In the other transaction, the end-user of the exported products was active in the extraction of oil and gas by fracking. EKN rejected the transaction due to the high risk of serious, negative local environmental and social impact, in combination with high greenhouse gas emissions from the method of fossil fuel extraction.

In addition to the formal rejections, EKN also declined two transactions to pulp and paper mills and one transaction to a mine, due to risks and lack of information on environmental and social impact assessments.

A AND B PROJECTS

In new category A and B transactions:

- that exceed SEK 100 million,
- that are projects (new or expanded facilities),
- and where the credit exceeds two years,

EKN reports the assessment of environmental and social risks to the OECD. The reported projects are described below. EKN's assessment is that the risks in these projects are managed responsibly and in line with the frameworks that EKN follows.

HEAT AND POWER COGENERATION PLANT IN ARGENTINA: A-PROJECT

Offered guarantee amount of SEK 715 million.

A new, gas-powered heat and power plant which is part of an expansion of an existing power plant in an industrial area. The heat and electricity produced will be used by households and industry in the region. The main risks are climate impacts from emissions of greenhouse gases. Annual emissions are estimated at 492,000 tonnes CO₂eq after the expansion is completed.

FIVE SUBSTATIONS, IRAQ: B-PROJECTS

Offered guarantee amount of SEK 1,157 million in total.

New substations in industrial areas, for the conversion of power to the grid in three cities. The main risk is to staff safety. The exporter's safety risk assessments illustrate the risks in the country and what is required to minimise risks for the personnel.

THREE TRANSACTIONS FOR TISSUE MILLS IN CANADA, RUSSIA AND TURKEY: B-PROJECTS

Offered guarantee amount of SEK 962 million in total.

Expansion of existing tissue mills in established industrial areas. The main risks are emissions to air and water. The emission levels are below the IFC guidelines and national legislation requirements. The forest raw materials are certified.

4.5 SUMMARY OF A TRANSACTIONS NOT REPORTED TO THE OECD, EITHER BECAUSE THE EXPORT IS TO EXISTING OPERATIONS (NOT PROJECT) OR BECAUSE THE EXPORT VALUE IS LESS THAN SEK 100 MILLION.

MAIN RISK AREAS	EKN'S ASSESSMENT AND ACTION	TRANS-ACTIONS	GUARANTEE VOLUME, MSEK
Personal integrity and freedom of expression. Telephone and internet surveillance.	Assessment of the buyer's proximity to the state and how enquiries from the state are handled. Mitigating measures.	6	2,019
Emission of greenhouse gases from combustion of the extracted raw materials or steel production.	Greenhouse gases are produced when the fossil raw material is combusted or from steel production. EKN cannot mitigate the climate impact.	19 (of which 2 for steel production)	3,139 (of which 1,751 for steel production)
Risks of illegal detention and civilian victims in the military's anti-terrorist campaigns in two countries.	No indications of unacceptable negative impact or risk of violation of human rights.	4	9
Impact on biodiversity.	Mitigating measures have been taken by the buyer.	2	3,299
Risk of emission of radioactive material.	Mitigating measures have been taken by the buyer.	1	2
Health and safety of local communities. Minor relocation of people. Impact on water. Working environment and work conditions.	No indications of unacceptable environmental impact or risk of violation of human rights. Mitigating measures have been taken.	8	274
General environmental and social risks from mining.	No indications of unacceptable environmental impact or risk of violation of human rights. Mitigating measures have been taken.	14	250

Increased growth with EKN's guarantees

The estimated contribution of guaranteed transactions to GDP and jobs in Sweden is on a par with the previous year's transactions. New research shows the effect of guarantees on exports.

The transactions that EKN guaranteed during the year are estimated to contribute approximately 31,600 jobs in Sweden (30,300 previous year) and just over SEK 31 billion of Swedish GDP (32 billion the previous year).

The estimate is based on EKN's guarantee volume for the year and was performed according to a model based on the Swedish content of the guaranteed exports and industry-sector multipliers from Statistics Sweden for added value and employment. Different industries contribute different amounts, depending on the proportion of imported input goods and the work intensity.

MORE EXPORTS WITH GUARANTEES

New research from Örebro University shows in the report "Government guarantees in foreign trade – patterns, effects and reflections" that companies that use EKN's guarantees increase the probability of export transactions and that the value of the transactions is higher. The effect is particularly marked for smaller companies.

SMALL AND MEDIUM-SIZED COMPANIES' EXPORTS

Small and medium-sized companies have been increasing their proportion of Swedish exports for a number of years and EKN's guarantee volume for these companies has also increased. The guarantee volume for these companies' transactions was SEK 2.7 billion (2.2 billion). The transactions' contribution to Sweden's GDP is estimated at SEK 1.37 billion (1.27 billion) and 1,729 jobs (1,570).

Gingerbread maker Nyåkers is one of EKN's customers. Nine years ago the company was near bankruptcy and needed customers that paid more. It was not possible to raise margins in Sweden, so the solution was to go for exports. EKN's assistance was a requirement for bank finance.

All production is in the little town of Bjurholm in Västerbotten. Export efforts have meant that the

number of families living from the company has increased from 26 to 76.

EXPORTS TO MORE DIFFICULT MARKETS

For exports to countries with EKN's highest country risk classifications of 5, 6 and 7, EKN has particular significance. During the period October 2018 to September 2019 inclusive*, Swedish goods exports to these countries amounted to SEK 49 billion. The guarantee volume for these countries during the period was just over SEK 11 billion, which corresponds to 23 per cent of Swedish exports of goods, the same level as the previous period. EKN's proportion of total Swedish exports was 3.6 per cent.

* Export statistics for the full year were not available when the annual report was produced.



"We have gone from supporting 26 families to 76 here in Bjurholm," says Christoffer Sai Öberg, managing director of Nyåkers Pepparkakor.



Risk developments

The issue of guarantees generates a risk exposure in the form of outstanding guarantees and claims. This section describes the exposure and how it has changed compared to the previous year.

Increased commitments and large concentrations

EKN's outstanding guarantees increased to SEK 195.9 billion. Above all, commitments in the telecom sector in the USA have increased.

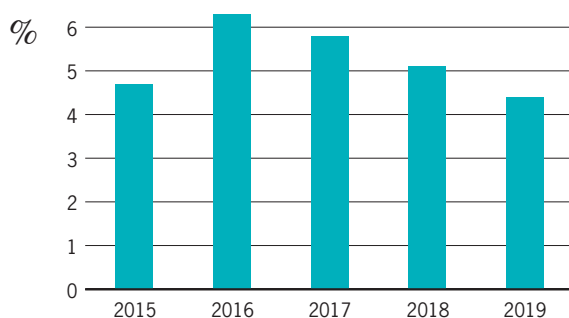
At the end of 2019, EKN had outstanding guarantees in 140 countries. Outstanding guarantees increased to SEK 195.9 billion at year end, from SEK 193.3 billion at the end of December 2018.

STABILISED RISK IN COMMITMENTS

EKN makes provisions for each year's expected losses. In the report, "Provisions for unearned premiums and unexpired risks before reinsurance" and "Provisions for claims before ceded reinsurance" are summarised as expected losses. Provisions in relation to commitments decreased to 4.4 per cent in 2019, partly due to increased guarantee issuing and a shorter duration for the portfolio as a whole.

Provisions for claims are made for transactions where there were no payments or where there is a high risk of non-payment. At year end, provisions for claims amounted to SEK 1.9 billion. As a proportion of commitments, claims provisions correspond to 1.0 per cent (1.4 per cent), a reduction as a result of increased commitments and a low volume of new claims.

5.1 PROVISIONS FOR ANTICIPATED LOSS AS A PERCENTAGE OF EKN'S EXPOSURE



LARGE CONCENTRATION INCREASE IN THE USA

A large part of EKN's commitments are concentrated in a few countries. Brazil represents the highest country risk concentration, which is largely due to a single large transaction. 64 per cent of total commitments relate to transactions with the five largest countries and 85 per cent to the 15 largest countries. Commitments in the 15 largest countries have increased to SEK 166.7 billion, from SEK 163.3 billion. The increase is mainly due to continuing high guarantee issuing in the USA.

DEFENCE ON THE RISE

The defence and telecom sectors represent the largest sector concentrations. As a result of the long terms to maturity of guarantees in these sectors, concentrations are expected to remain high over the next few years.

It is primarily the defence sector's proportion of the portfolio that has grown, from 27 per cent to 35 per cent, as a result of an increased volume of guarantee offers.

PRIVATE REINSURANCE FOR REDUCED RISK

To reduce the concentration risks in EKN's portfolio, EKN has made two private reinsurance transactions in 2019. One way of measuring concentration risks is by estimating unexpected losses. Estimated unexpected losses decreased by SEK 1.8 billion as a result of private reinsurance. The corresponding reduction in 2018 was SEK 2.0 billion.

CLAIMS

The total amount of outstanding claims has increased in recent years, including in 2018. It is the commercial claims that account for the increase, mainly due to large individual claims payments for

transactions in Spain, Chile and India, as well as a number of transactions in Saudi Arabia.

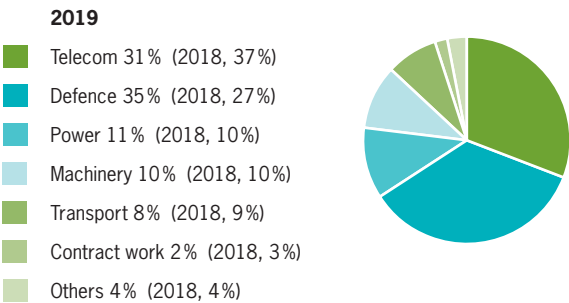
RECOVERIES

Amounts recovered from commercial claims have increased and amount to SEK 410 million, compared with SEK 217 million the previous year. These primarily relate to transactions in Chile and Iran.

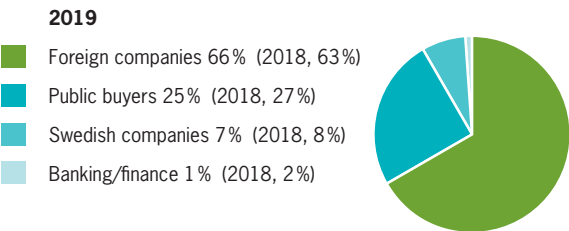
Most of the political claims, that is to say claims on governments, continue to be paid according to agreement. The governments that are not paying are North Korea, Syria, Venezuela and Zimbabwe.

The new political claims are for transactions in Iran, which could not be concluded before the trade sanctions came into force.

5.2 OUTSTANDING OFFERS AND GUARANTEES BY INDUSTRY

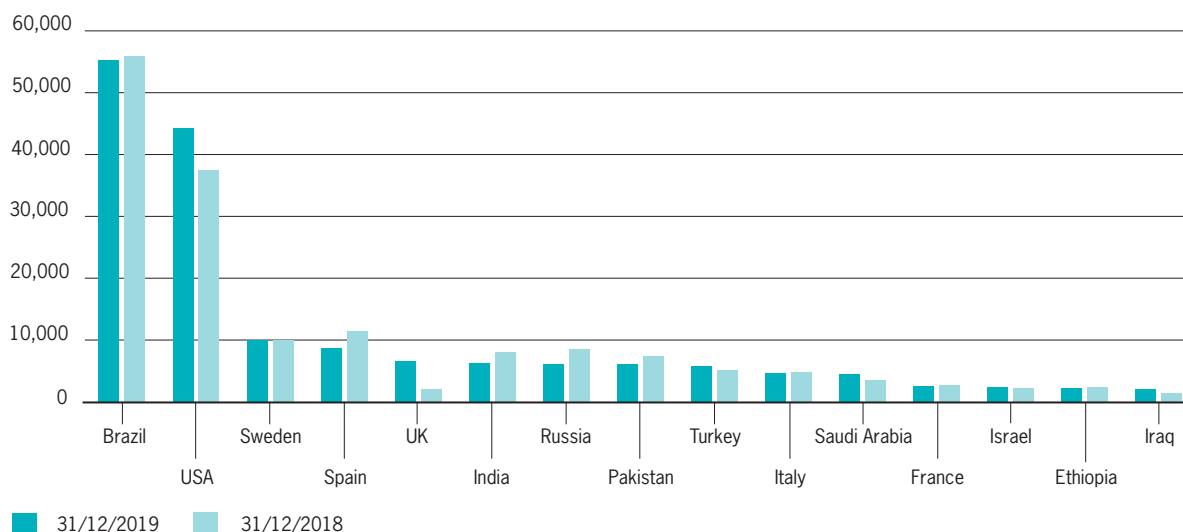


5.3 OUTSTANDING OFFERS AND GUARANTEES BY COUNTERPARTY



Outstanding guarantees for transactions to the USA have increased.

5.4 THE 15 LARGEST COUNTRIES – OUTSTANDING GUARANTEES (SEK MILLION) 31/12/2019



5.5 POLITICAL RECOVERIES, CLAIMS PAID, OUTSTANDING CLAIMS (SEK MILLION)

	RECOVERIES 2019	PAYMENT OF CLAIMS 2019	OUTSTANDING CLAIMS 31/12/2019
Argentina	23	0	33
Bosnia and Herzegovina	8	0	18
Indonesia	12	0	30
Iraq	46	0	354
Iran	0	0	48
Kenya	2	0	0
Cuba	0	2	2,145
North Korea	0	0	3,173
Pakistan	97	0	597
Serbia	6	0	35
Syria	0	0	17
Venezuela	0	0	5
Zimbabwe	0	0	46
Standard distribution of recoveries	15		
TOTAL	210	2	6,500

Totals for 2018: Recoveries 185, Claims paid 31, Outstanding claims 5 723

Totals for 2017: Recoveries 161, Claims paid 0, Outstanding claims 5,765.

Totals for 2016: Recoveries 804, Claims paid 0, Outstanding claims 6,021.

Totals for 2015: Recoveries 246, Claims paid 76, Outstanding claims 5,335

5.6 OUTSTANDING OFFERS

	13/12/2019		13/12/2018		13/12/2017	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	24,154	1,738	26,296	1,579	19,076	1,478
Loss on production and loss on claim guarantee	1,520	16	1,139	9	978	7
Guarantee for loss on claim for lenders	78,388	53	51,753	52	58,610	57
Unfair calling guarantee	88	1	87	1	279	1
Counter guarantee	12,363	54	13,475	55	11,143	43
Letter of credit guarantee	0	0	0	0	77	3
Bill of exchange guarantee	290	2	285	2	495	7
Working capital credit guarantee ¹	371	55	323	57	234	54
Investment guarantee	1,673	2	1,411	2	1,551	2
TOTAL	118,848	1,921	94,769	1,757	92,443	1,652

¹ for SMEs

5.7 OUTSTANDING GUARANTEES

	13/12/2019		13/12/2018		13/12/2017	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	17,703	5,363	16,341	4,911	15,805	4,556
Loss on production and loss on claim guarantee	492	20	761	28	803	24
Guarantee for loss on claim for lenders	153,497	296	153,550	326	142,893	322
Unfair calling guarantee	230	4	259	6	233	5
Counter guarantee	20,511	352	19,170	350	17,186	394
Letter of credit guarantee	1,323	109	1,526	138	3,263	206
Bill of exchange guarantee	6	2	61	15	131	26
Working capital credit guarantee ¹	769	232	475	181	369	136
Investment guarantee	1,333	2	1,152	2	802	1
TOTAL	195,862	6,380	193,295	5,957	181,485	5,670

¹ for SMEs



Collaboration

This section reports on how EKN is building and promoting awareness of EKN's services amongst small and medium-size enterprises.

EKN has the task of collaborating with other export promotion actors and reports the collaboration here.

EKN's mission includes participating in relevant international activities as reported in this section.

EKN's competence supply is reported.

Combined offering from Team Sweden

The regional export cooperation makes it easier for small and medium-sized companies to get support and finance. In international terms, the collaboration within Team Sweden means that the Swedish export credit system reaches out to international banks and buyers of Swedish goods and services. Marketing and PR increase awareness of EKN.

There is regional export collaboration in all 21 counties. The purpose of the collaboration is to give companies all over the country access to support and finance in their export activities. EKN is part of the counties' export collaboration and works together with Almi, Business Sweden, EEN (Enterprise Europe Network), the Swedish Export Credit Corporation, the Swedish Agency for Economic and Regional Growth and Vinnova. Companies in each county receive a combined offer of consultancy support and financing opportunities. Staff from EKN's local offices often visit companies together with Almi.

PRESENCE ALL OVER THE COUNTRY

The regional export collaboration includes many regional activities in which EKN participates, presents what it can offer and begins business discussions. These activities are complemented by commercial partnerships with organisations such as DI Gasell, Techarenan and Connect West and South. The partnerships provide access to local meeting places, widespread networking, stage presentations and participation in various mailings to small and medium-sized companies and banks.

PROMOTIONAL CAMPAIGNS TO GET MORE COMPANIES TO CONTACT EKN

A large number of companies start exporting every year. The number of exporting companies has been increasing for many years. EKN's efforts to make small and medium-sized exporting companies aware of EKN must therefore be constantly renewed.

EKN has performed two digital campaigns during the year, which have led to more companies choosing to contact EKN's regional offices and/or to choose to receive e-mailings from EKN.

NEW ARTICLES EVERY WEEK

Many small and medium-sized companies need temporary help from EKN but then have periods when EKN is not needed. When EKN comes into contact with a company it can take more than a year before an EKN guarantee is relevant for that company. Every week, EKN publishes articles about exporting and export financing, so as to maintain contact with companies and maintain interest in what EKN can offer. EKN also obtained editorial space in local and industry media to the same extent as in previous years.

INCREASED AWARENESS AMONG THOSE WHO NEED FINANCE

48 per cent of all small and medium-sized exporting companies are aware of EKN, which is the same level as the previous year. What EKN offers is mainly relevant for companies that offer their customers credit and/or have a need for finance. In this target group, 56 per cent are aware of EKN, which is an increase from 53 per cent the previous year.

THE SWEDISH EXPORT CREDIT SYSTEM

It is important for Swedish exports that international banks are aware of EKN. The focus has been on giving them greater and deeper knowledge of the Swedish export credit system, togeth-



Delegates from 40 countries attended an “SME Marketing Workshop” in Stockholm, hosted by EKN. There was great interest in EKN's marketing and sales.

er with the Swedish Export Credit Corporation (SEK).

The Swedish export credit system gives Swedish companies great competitiveness. As a collaboration between EKN, SEK, Business Sweden and Swedish embassies, international contractors who can take overall responsibility for large projects are contacted. During the year, two major seminars have been organised – in Istanbul and Madrid– to inform about the Swedish export credit system and discuss future projects in which Swedish goods and services can be included.

EKN works with Business Sweden, SEK, the Swedish Institute, Swedfund and SIDA on opportunities to strengthen and enhance relationships with countries where developments have moved from Swedish aid to mutual trade.

INTERNATIONAL EXCHANGE OF EXPERIENCE

New insights can be gained from experiences of how other export credit agencies work to give the best possible support for the development of small and medium-sized companies. In 2019 there was

an exchange programme between EKN and the export credit agency in Singapore, Enterprise Singapore.

During the year, EKN hosted an “SME Marketing Workshop” in Stockholm together with The Bern Union, the industry association for credit insurers. There were delegates from 40 countries who exchanged practical experiences with the focus on the best way of reaching exporting SMEs. Experiences shared included company training, solutions for financing working capital, buyer credits suitable for these companies and how to measure transactions' contributions to the UN Sustainable Development Goals.

MORE SATISFIED CUSTOMERS

EKN performs a customer survey about once every two years. This year's survey shows that both SMEs and large companies, as well as international banks and local bank branches, are very satisfied with EKN. The net promotion score has increased to 67, on a scale from minus 100 to plus 100. The most satisfied are international banks.

International collaboration

The OECD has decided on strengthening the recommendation on anti-corruption. On other issues, it has been more difficult to achieve results, but a number of proposals and updated guidelines are ready for decision. The global debt situation is discussed in the Paris club.

In the OECD, the government export credit agencies have agreed on common guidelines regarding financial terms, conditions and premiums. The aim is to ensure a level playing field and neutrality of competition between the member countries.

The Paris club is the forum in which public and publicly guaranteed credits are renegotiated when a country has such serious payment problems that it can no longer honour its commitments.



STRENGTHENED OECD RECOMMENDATIONS ON ANTI-CORRUPTION

For a number of years, EKN and Sweden have been a driving force for tightening OECD's Recommendations on anti-corruption, especially for also including bribery in the private sector in the guidelines. Agreement was reached in 2018 and the formal decision was taken by the OECD's Council in mid-2019. To follow up on the application of the recommendations and to exchange experiences of the work on anti-corruption, an annual workshop will be organised by the Export Credit Group's secretariat in the OECD.

LOCAL COSTS

Significant steps have been taken on the question of increasing the permitted portion of local costs, i.e. the percentage of the export contract value that is permitted to be local costs in the recipient country of the export, supported in the form of export credit guarantee. The proportion is at present 30 per cent according to the Arrangement on Officially Supported Export Credits. The EU member states have put forward a proposal to the OECD supporting an increase up to 50 per cent. EKN believes

that a change would be possible during 2020. EKN has raised this question several times and is now actively working for an increase in the local cost provisions. This is to ensure the competitiveness of the exporting companies when trading patterns change and global value chains become more and more common.

CONCERN ABOUT INCREASING DEBT IN THE PARIS CLUB

In recent years it has become clear that the global debt situation in many countries of the world is far from favourable. Among the low-income countries and emerging countries that are frequently discussed in the Paris Club, a number of states are presently in an unsustainable debt situation. In May, the Paris Club organised a conference at which many finance ministers - including Sweden's - participated to discuss debt issues and proposals for sustainable solutions. It will be increasingly important to handle the connection between the OECD agreement on "Sustainable lending" and the acute debt situation in some low-income countries.

Collaboration for sustainability

Collaboration on sustainability occurs in transaction-specific dialogues with companies and banks, in the OECD to achieve a level playing field in the requirements on responsible management of sustainability risks and with NGOs to exchange knowledge and experiences.

EKN's new sustainability policy clarifies that EKN shall also contribute to the UN Sustainable Development Goals (SDGs) and the Paris Agreement. EKN is the first export credit agency to set out these objectives. EKN hosted a meeting with a handful of other export credit agencies which focussed on the UN Sustainable Development Goals. The purpose of the meeting was to share experiences and practical ideas for how export credit agencies can use the SDGs to promote transition.

PROTECTION AGAINST CORRUPTION

The exporters that apply to EKN for a guarantee must attest that there is no corruption involved in the transaction. False certification can result in a guarantee becoming invalid or for a claim for repayment to EKN if compensation for claim has already been paid.

EKN is part of a joint working group for anti-corruption, together with organisations such as Business Sweden, the Swedish Export Credit Corporation and Swedfund. The purpose is to ensure that the same requirements are set for the companies' anti-corruption work and to exchange experiences. The working group held a stakeholder dialogue with Transparency International on managing corruption risks.

COAL-FIRED POWER

Some countries within the OECD are at the forefront of phasing out government export credit guarantees for the extraction of fossil-fuels. Other countries support the continuation of guarantees. Within the OECD there is agreement to limit government export credit guarantees for large transactions to coal-fired power plants. EKN ap-

plies this principle to all transactions, regardless of size, and promotes this attitude to other export credit agencies in the OECD, for the purpose of influencing and achieving conditions for a level playing field.

There is no agreement within the OECD regarding transactions to coal mining or the extraction and combustion of other fossil fuels. EKN's new sustainability policy and the Swedish government's new trade and investment strategy, which was launched in December, compel EKN to contribute to the world's transition to fossil-free energy. This means that by 2022 at the latest, EKN must cease giving export credit guarantees for exploration and extraction of fossil fuels.

CLEAR REQUIREMENTS AND TRANSPARENCY

EKN has ongoing dialogues, training and exchange in experiences with exporters and banks regarding sustainability risks in export transactions and the requirements that EKN sets on exporters that apply for export credit guarantees from EKN. Exporters must ensure that relevant risks are assessed and managed responsibly. During the year, EKN has updated its requirements on exporting companies' and banks' own risk assessment.

Unlike many other export credit agencies, EKN classifies transactions according to environmental and human rights risks, regardless of the size of the transaction. By describing risks in all category A transactions, EKN makes it possible for external stakeholders to obtain information about high-risk situations for environmental and human rights impacts, but where EKN has still decided to issue an export credit guarantee.

Provision of competence

During 2019, EKN had an average of 131 FTEs, compared with 133 in 2018. Recruitment and training have enhanced competence in many areas.

Staff turnover was 11 per cent, which is an increase from 8 per cent the previous year. The average age was 48.

RECRUITMENT AND TRAINING

Through recruitment, EKN has continued to enhance both financial competence and IT competence. Training has, for example, been performed on financial analysis, credit risk assessment, information security and conflict of interest risks.

JOINT TRAINING PROGRAMME IN TEAM SWEDEN

Within the Team Sweden collaboration, a new round of the training programme “Swedish Export Academy” has started and is continuing in 2020. As well as EKN, the Swedish Export Credit Corporation and Business Sweden, which created the programme in 2018, Almi and the Ministry for Foreign Affairs are also participating this time. 25 people are participating in all, four of them from EKN.

MODERN PREPAREDNESS JOBS

In 2019, EKN had no employees within the framework of modern preparedness jobs.

SECURITY

A number of technical measures have been taken to further enhance information security. These measures have been combined with training sessions.

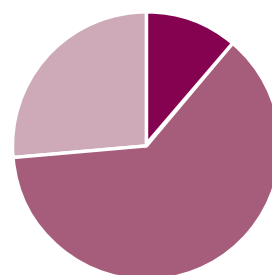
The new security protection act came into force during the year. EKN has focused on work on security protection analysis.

The ongoing security work has proceeded as planned, including evacuation exercises for the entire staff and crisis exercises for the crisis management group.

6.1 AGE DISTRIBUTION OF PERSONNEL

EKN TOTAL

34 or younger	11 %	(11 %)
35–54	62 %	(66 %)
55 or older	26 %	(22 %)



6.2 GENDER DISTRIBUTION OF PERSONNEL

NUMBER OF EMPLOYEES:

140 (141)

GENDER DISTRIBUTION:

Women: 56 % Men: 44 %

6.3 SICKNESS ABSENCE AS A PERCENTAGE OF DAYS WORKED

EKN TOTAL	2019	2018	2017
29 years or younger *	*		
30–49 years	1,2 %	1,2 %	1,6 %
50 years or older	1,4 %	2,7 %	3,0 %
Women	2,7 %	2,7 %	2,4 %
Men	0,7 %	1,0 %	1,8 %
TOTAL SICKNESS ABSENCE	1,9 %	1,9 %	2,1 %
Long-term sickness absence** as a proportion of total absence	51,4 %	31,1 %	42,5 %

* Sickness absence is not reported separately when the group is less than 10 people

**Long-term absence refers to 60 days or more

Financial reports

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Statutory limit utilisation

Refers to guarantee amounts in SEK million

EXPORT CREDIT GUARANTEES	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Maximum amount of liability permitted by Swedish parliament	450,000	450,000	450,000	450,000	500,000
Authorisation given to EKN by Swedish government	450,000	450,000	450,000	450,000	500,000
Outstanding guarantee exposure (guarantees and offers)	272,014	254,001	250,380	238,482	259,497
Distributed as follows:					
Binding offers	37,795	30,358	48,502	13,239	24,260
Non-binding offers	79,379	62,999	42,390	49,188	45,981
Offset by 50 %	-39,690	-31,500	-21,195	-24,594	-22,991
Guarantees	194,529	192,143	180,683	200,649	212,246
INVESTMENT GUARANTEES					
Maximum amount of liability permitted by Swedish parliament	10,000	10,000	10,000	10,000	10,000
Authorisation given to EKN by Swedish government	10,000	10,000	10,000	10,000	10,000
Outstanding guarantee exposure (guarantees and offers)	3,007	2,563	2,158	2,094	4,633
Distributed as follows:					
Binding offers	1673	1,411	1162	1237	2737
Non-binding offers	0	0	389	8	8
Offset by 50 %	0	0	-195	-4	-4
Guarantees	1,333	1,152	802	853	1,888

The Swedish parliament decides on the maximum amount to which EKN may commit the Swedish government in guarantees. The full amount of guarantees and binding offers is offset against the statutory limits, while 50 per cent of the amount of non-binding offers is offset. An offer becomes binding for EKN when the guarantee holder signs an agreement with the respective counterparties.

At the end of 2019, EKN had utilised SEK 272 billion of the statutory export credit guarantee limit. Statutory limit utilisation was SEK 254 billion

at the same time last year. The share of the statutory limit utilisation comprising guarantees and binding offers totaled SEK 232 billion and the share comprising non-binding offers was SEK 79 billion. The statutory export credit guarantee limit for 2019 was SEK 450 billion. A statutory limit of SEK 10 billion is granted by the Swedish parliament for investment guarantees. Statutory limit utilisation at the end of 2019 was SEK 3 billion, compared to SEK 2.6 billion in 2018.

Financial reporting principles

EKN complies with the Annual Reports and Budget Documentation Ordinance (2000:605) (FÅB), as well as the Ordinance on the Bookkeeping of Government Agencies (2000:606). EKN has opted for convergence with the policies of IFRS and insurance accounting. The layout is based on the Annual Accounts Act for Insurance Companies (1995:1560).

In order to do this, EKN has been granted an exemption from the National Financial Management Authority (ESV) with respect to the layout of income statements, balance sheets and cash flow statements as stipulated in FÅB.

Unless otherwise specified, all amounts are reported in SEK thousands.

CHANGES IN FINANCIAL REPORTING PRINCIPLES

With effect from December, EKN is included in the currency group account structure of the National Debt Office, which means that the National Debt Office's closing rate is used for revaluation of balances of the bank accounts for the currencies EUR, USD, CHF and JPY.

PREMIUMS

The premiums shall cover the expected losses and operating costs over time. Income from guarantees is entered when a guarantee is issued and liability is incurred. Liability is incurred when the insurance period has begun or the guarantee premium has fallen due for payment. At the same time as the income is recognised, a provision is made for unearned premiums which relate to the part of the premium that accrues after the year-end closure. The premium is earned during the guarantee period and adjustments are made for changes in the unexpired risk.

EKN's premiums reflect the expected loss in each guarantee, in accordance with the Ordinance on

Lending and Guarantees. With controls against international rules, the premium may deviate from the expected loss based premium. One case arises when EKN's established premium is below the minimum premium in international agreements and EU's state aid rules. The premium is adjusted to be at the level of the minimum premium and exceeds the expected loss based premium. Earned excess premiums are reported as debt to the Swedish state. The second case is when EKN, in the context of the EU's regulations for export credit guarantees, takes a lower premium than the expected loss based premium, due to matching of other countries Export Credit Agencies premiums. This is reported as claim to the Swedish state. In accordance with its instruction, EKN has the right to use each year's estimated deficit because of matching against the corresponding surplus. A deduction for deficits may only be used in the year a surplus arises. EKN reports separately the parts of premiums that are higher or lower than the expected loss. As a guarantee is earned over several years and may be liquidated early during the maturity period, each year's earnings from the premiums that are not expected loss based and the year's cost of matched premiums are calculated and the net amount is reported as a liability to the government. The next year the liability to the government is regulated in accordance with EKN's instruction.

Reinsurance costs and reinsurer's share of unearned premiums and unexpired risks are separately reported. Administrative revenue is not accrued because accrual of administrative expenses and revenue would have difficulty providing a truer and fairer image in light of the operations of the agency. The reason is that a large portion of the work is spent on the offer process, i.e. before a guarantee is issued, while the term of an individual guarantee can be very long.

	31/12/2019	31/12/2018	31/12/2017	31/12/2016	31/12/2015
USD	9.6526	9.5195	9.2074	9.0211	8.2322
EUR	10.6668	10.6645	10.4317	10.3527	9.8497
CHF	9.7388	9.6022	9.2143	9.1233	8.4281
JPY	0.0891	0.0881	0.0833	0.0800	0.0731

The rates are attached to each period's reports. In the table, rates have been rounded to four decimal points.

VALUATION OF EXPOSURE

EKN's outstanding exposure consists of outstanding guarantees, recently overdue amounts in problem transactions and reported delays. Provisions for the outstanding risk exposure are divided up into two parts for accounting purposes on the income statement and balance sheet. One part refers to provisions for unearned premiums and unexpired risks, the other refers to provisions for future claims.

EKN values all outstanding guarantees every tertiary on the basis of the risk assessment applicable at the time for transactions with equivalent remaining terms. Provisions for unearned premiums and unexpired risks refers to on-going guarantees that retain their original value, or where a minor value adjustment has been made. These are guarantees that EKN could enter into again at the time of valuation. After they are entered into, transactions can be valued at a lower risk than was the case when the guarantee was issued as the result of an improvement in the underlying risk. In these cases, this results in a positive effect on profit for the period. However, the premature redemption of a guarantee assessed at a lower value would result in a corresponding lower repayment of the remaining premium. As a result, prepayments reflect the new lower value. If the guarantee assessed at a lower value remains in EKN's exposure, the premium paid also remains in EKN's provision.

Provisions for claims are provisions for guarantees with such a risk that EKN could not have agreed to issue a new guarantee at the time of valuation. Given that the time is long from the indication that claims payment is highly likely to the point when indemnification is actually made, this provision is required. Amounts are deducted from provisions for the portion of the premium that, ac-

cording to calculation, corresponds to the administration costs. In cases where reinsurance has been taken out, the risk associated with the reinsurer is calculated in the same way as for other exposures.

VALUATION OF INDEMNIFIED CLAIMS

In the event of claims payment, EKN takes over the claim from the guarantee holder. Claims increase as a result of stipulated capitalized interest, past due unpaid interest and accrued interest not yet due according to new repayment agreements. Claims decrease as interest is paid and repayments are made or when written off. A decision in favour of a write-off is made when the possibilities of recovery are considered exhausted, in EKN's opinion, or when the debtor is granted debt relief. The value of the claims reflects the expected recoveries. All claims exceeding SEK 10 million are valued every tertials. The claims are valued at incremental five per cent levels. The basis for assessing sovereign risks is the country's debt, its income level and how well it has honoured its debt payments. This assessment is supplemented with information about the general risk situation in the country, and how long the remaining term is on EKN's claim. Other additional information that is used may include the ability to dispose of assets, realise collateral or the prospects of debt reduction.

FOREIGN EXCHANGE MANAGEMENT

Currency effects on the asset and liability sides are recognised under financial items. EKN balances assets and liabilities in all guarantee currencies every quarter. This is to reduce the effect of exchange rate changes on profit/loss. Assets and liabilities in foreign currencies have been measured at the bid price on the balance sheet date at the Riksbank.

CONCENTRATION RISKS

A large portion of EKN's exposure is concentrated on a limited number of countries and counter parties. Claims in respect of these risks can have a significantly more negative outcome than normally expected, or in other words can result in unexpected losses. Indemnified claims are also concentrated to a limited number of countries. EKN uses an in-house developed simulation model to calculate both the expected and unexpected loss in order to analyse, assess and report the cumulative risk of loss associated with the portfolio. EKN simulates a large number (600,000) of potential future outcomes to obtain a loss distribution curve which can be used to see how much provisions and buffer equity EKN needs to keep its operations self-sustaining over time for a given level of confidence. In accordance with the adopted portfolio risk policy, EKN's provisions and equity shall be equivalent to a level of confidence of at least 95 per cent for the horizon of the entire portfolio's term, which was defined as 20 years. This means that 95 per cent of all simulated scenarios meet the requirement that the premiums are to cover the costs of EKN's operations, which has been deemed a satisfactory level of confidence.

The unexpected loss in the exposure and claim portfolio is instead included in equity and recognised separately as a Note under the equity line item in the balance sheet.

MISCELLANEOUS

Other assets and liabilities have been valued and other revenue and expenses have been accrued under the rules of the FÅB and generally accepted accounting practices. Operating costs in excess of SEK 50,000 are accrued over the period to which the cost relates. Fixed assets include purchases

in excess of SEK 20,000. Computers and other IT equipment are depreciated over three years. Other office equipment is depreciated over five years. EKN capitalises costs for intangible assets and these are depreciated over five years. EKN's financial assets, in the form of investments with the Swedish National Debt Office (Riksgälden) and bonds in foreign currency are planned to be held to maturity.

CALCULATION OF LIMIT UTILISATION

The full amount of guarantees and binding offers and half of the amount of non-binding offers are offset in the calculation of the utilisation of the guarantee limits adopted by the Swedish parliament. Binding offers are offers for which unconditional agreements have been reported between the exporter and the buyer, but where no guarantee agreement has been issued between EKN and the guarantee holder. Non-binding offers arise when EKN decides to issue an offer. However, no underlying agreement between exporter and buyer has been reported for a non-binding offer, nor has a guarantee agreement been issued by EKN.

Profit analysis

EKN had a profit of SEK 1,067 million (SEK 1,004 million). Premiums increased compared with the previous year. This is mainly due to a somewhat higher risk level in guarantee issuing. Costs for EKN's claims were in line with the previous year. Claims payments, which refer to previous years' claims, are still high. The profit from financial items was higher than the previous year.

EKN's profit for the year was somewhat better than the previous year, which is mainly explained by higher guarantee income of SEK 1,452 million for 2019, compared with SEK 1,384 the previous year. EKN's claims costs amounted to SEK –555 million and net claims paid to SEK 1,861 million. The financial results increased during the year, mainly because there were no disposals of investments in 2019. The profit from financial items amounted in total to SEK 425 million.

PREMIUMS

Income from premiums during the year amounted to SEK 1,452 million, which is higher than the previous year's SEK 1,384 million and still at a high level. Guarantee income amounted to SEK 1,132 million, which is higher than the previous year's SEK 890 million. The high guarantee income for the year is mainly because the year's guarantee issuing was relatively homogeneous in terms of risk, which led to higher average risk premiums. There were no large individual transactions in low-risk OECD countries that had an effect during the year. The year's earnings from premiums over expectation amounted to SEK 171 million and the year's expenses for matched premiums amounted to SEK 10 million. SEK 160 million will be paid to the government in 2020 in respect of 2019. The provision requirement for unearned premiums and unexpired risks was reduced by SEK 315 million, compared with SEK 219 million the previous year. The interest effect included in the provision reduction amounted to SEK –279 million this year compared with SEK –172 million the previous year.

OTHER REVENUES

Other revenues amounted to SEK 2 million, compared with SEK 29 million the previous year. In 2018, EKN received compensation for previously paid lawyers' costs in claims cases. Of other income, SIDA accounted for SEK 0.6 million.

CLAIMS INCURRED

Claims incurred in 2019 amounted to SEK –555 million. They were SEK –559 million the previous year. Indemnified claims amounted to a nominal SEK 12,595 million at year end and are valued at SEK 1,814 million.

HIGHER CLAIMS PAID AND INCREASED RECOVERIES

Net claims payments amounted to SEK 1,861 million, an increase from SEK 1,738 million the previous year. The largest payments referred to transactions to Spain, Iran, Chile and Saudi Arabia.

Net recoveries of claims amounted to SEK 620 million. This is an increase from SEK 398 million in 2018. Payments from Pakistan, Iraq and Argentina accounted for most of the year's recoveries.

REINSURANCE

The cost of reinsurance amounted to SEK 92 million, compared with SEK 219 million the previous year. Reinsurance costs have decreased as a result of natural conversion of the reinsurance portfolio. The reinsurance share of the change in unearned premiums and unexpired risks amounted to SEK –74 million, compared with SEK 346 million the previous year. The reinsurance share of the

changes in claims provisions amounted to SEK –143 million, compared with SEK 26 million the previous year.

INCREASED OPERATING COSTS

Operating costs amounted to SEK 257 million, which is SEK 17 million above the previous year's level. The majority of EKN's operating costs refer to personnel costs which, like the previous year, account for almost two thirds of total operating costs. They amounted to SEK 155.3 million and thus increased by SEK 7.5 million. The increase in personnel costs is mainly due to pension provisions, salary developments and competence exchange. Travel costs amounted to SEK 6.5 million and increased by SEK 0.8 million compared with the previous year. Premises costs amounted to SEK 22.2 million and increased from SEK 18.6 million the previous year. Operation of offices amounted to SEK 1.7 million and the cost is somewhat lower than the previous year. Costs of IT operations have increased from SEK 9.5 million in 2018 to SEK 14.8 million in 2019. Consultancy costs amounted to SEK 42.7 million, which is on a par with the previous year. Consultancy costs mainly refer to IT development projects.

In 2019, EKN has taken internal claims prevention costs against the risk provision in accordance with the Lending and Guarantee Ordinance (2011:211). These costs amounted to SEK 16.1 million. EKN's administrative result for 2019 was SEK minus 16.6 million, compared with the previous year's SEK minus 51.4 million (see note 22).

FINANCIAL MANAGEMENT

EKN's financial assets at year-end amounted to SEK 27,690 million, which is an increase from SEK 27,658 million at the end of 2018. Of the financial assets, SEK 20,775 million were investments in Swedish kronor; investments in foreign currency were divested in autumn 2018. Because of low interest rates on new investments, yield from the bond portfolio decreased from 1.2 per cent in 2018 to 1.0 per cent in 2019. Income from financial management, including interest income, was SEK 414 million, which is a decrease from the previous year when divestment of investments in foreign currency had a positive effect. The foreign currency result for 2019 was positive and amounted to SEK 30 million, a decrease from the previous year's SEK 32 million. Most of the foreign currency result is unrealised gains. The total result from financial management was SEK 425 million, compared with the previous year's SEK 390 million.

FINANCIAL POSITION

EKN's mission is long term and the agency must be self-sustaining over time. This means that after many years with lower claims costs than income, years with higher claims costs can be sustained. At the end of 2019, EKN had a strong financial position and good financial results. EKN's equity increased during the year to SEK 24,930 million, from SEK 23,863 million.

Income statement

Amounts in SEK thousand

OPERATING INCOME AND EXPENSES		2019	2018
EARNED PREMIUMS (NET OF REINSURANCE)			
Gross premium income	Note 1	1,132,074	889,840
Premiums paid for reinsurance		-92,144	-218,842
Change in provision for unearned premiums and unexpired risks	Note 2	315,211	219,000
Reinsurer's share of unearned premiums and unexpired risks	Note 2	-74,000	346,000
Earnings for the year, over expectation premiums	Note 17	170,691	147,581
TOTAL EARNED PREMIUMS (NET OF REINSURANCE)		1,451,832	1,383,579
OTHER REVENUE			
Other revenue	Note 3	2,174	29,220
TOTAL		2,174	29,220
CLAIMS INCURRED			
Claims incurred (gross of reinsurance)	Note 4	-1,189,234	-1,284,443
Reinsurer's share of change in paid claims incurred	Note 5	-9,655	-10,027
TOTAL CLAIMS INCURRED		-1,198,888	-1,294,471
CHANGE IN PROVISIONS FOR CLAIMS (GROSS OF REINSURANCE)			
Change in provisions for claims gross of reinsurance	Note 2	957,441	857,000
Reinsurer's share of change in provisions for claims incurred	Note 2	-143,000	26,000
TOTAL CHANGE IN PROVISIONS FOR CLAIMS (GROSS OF REINSURANCE)		814,441	883,000
YEAR'S COSTS FOR MATCHED PREMIUMS			
Year's costs for matched premiums	Note 6	-10,216	-12,573
TOTAL YEAR'S COSTS FOR MATCHED PREMIUMS		-10,216	-12,573
COST OF SUBMISSION OF BELOW EXPECTED LOSS BASED PREMIUMS			
Cost of submission of below expectation premiums	Note 17	-160,475	-135,008
TOTAL COST OF SUBMISSION OF BELOW EXPECTED LOSS BASED PREMIUMS		-160,475	-135,008
TOTAL CLAIMS INCURRED (NET OF REINSURANCE)		-555,138	-559,052

Amounts in SEK thousand

		2019	2018
OPERATING COSTS	Note 7	-257,231	-239,833
OPERATING PROFIT/LOSS		641,636	613,915
INTEREST INCOME AND OTHER FINANCIAL INCOME	Note 8		
Return – treasury management		279,482	312,835
Other interest income		133,282	132,172
Other financial income		970	85,567
TOTAL INTEREST INCOME AND OTHER FINANCIAL INCOME		413,734	530,574
INTEREST EXPENSES AND OTHER FINANCIAL COSTS	Note 9		
Interest expenses loans		-9,163	-17,171
Expenses – treasury management		-561	-20,075
Other interest expenses		-8,615	-5,092
Capital loss on sale of long-term investments		0	-130,503
TOTAL INTEREST AND OTHER FINANCIAL COSTS		-18,338	-172,841
EXCHANGE RATES DIFFERENCIES	Note 2, 10,13		
Realised exchange rate gains		10,801	11,112
Unrealised exchange rate gains		1,310,170	2,419,015
Realised exchange rate losses		-3,211	-2,750
Unrealised exchange rate losses		-1,287,862	-2,395,462
TOTAL EXCHANGE RATES DIFFERENCIES		29,897	31,915
TOTAL FINANCIAL ITEMS		425,293	389,649
PROFIT/LOSS FOR THE PERIOD		1,066,929	1,003,564

Balance sheet

Amounts in SEK thousand

ASSETS		31/12/2019	31/12/2018
Intangible and tangible fixed assets			
Intangible fixed assets	Note 11	2,233	5,362
Tangible fixed assets	Note 12	1,312	2,151
TOTAL INTANGIBLE AND TANGIBLE FIXED ASSETS		3,545	7,513
FINANCIAL FIXED ASSETS			
Other non-current securities holdings	Note 15	20,775,000	19,905,000
Stocks and shares	Note 14	14,669	16,316
Premium receivables	Note 16	4,497,725	4,468,742
Reinsurer's share of net worth of indemnified claims	Note 13	1,858,978	1,769,000
Pension assets	Note 13	-45,385	-42,000
TOTAL FINANCIAL FIXED ASSETS		27,100,987	26,117,058
Reinsurer's share of actuarially-calculated provisions			
Reinsurer's share of unearned premiums and unexpired risks	Note 2	549,000	617,000
Reinsurer's share of provisions for claims incurred	Note 2	3,000	140,000
TOTAL REINSURER'S SHARE OF ACTUARIALLY-CALCULATED PROVISIONS		552,000	757,000
RECEIVABLES			
Account receivables		3,992	3,058
Under expectation premium share	Note 17	24,874	34,200
Other receivables		-127	158
TOTAL RECEIVABLES		28,739	37,416
ACCRUALS AND DEFERRALS			
	Note 18		
Prepaid expenses		7,265	7,134
Accrued income		137,687	127,278
TOTAL ACCRUALS AND DEFERRALS		144,952	134,412
CASH AND BANK BALANCES			
National Debt Office	Note 19	6,909,922	7,265,940
Cash and cash equivalents	Note 20	5,134	486,813
TOTAL CASH AND BANK BALANCES		6,915,056	7,752,753
TOTAL ASSETS		34,745,280	34,806,152

Amounts in SEK thousand

EQUITY AND LIABILITIES		31/12/2019	31/12/2018
EQUITY	Note 21		
Retained earnings	Note 22	23,863,077	22,859,599
Profit/loss for the period		1,066,929	1,003,564
TOTAL EQUITY		24,930,006	23,863,163
LIABILITIES TO THE STATE	Note 23		
Liabilities to the state		160,475	135,008
TOTAL LIABILITIES TO THE STATE		160,475	135,008
PROVISIONS			
Provision for unearned premiums and unexpired risks gross of reinsurance	Note 14	14,679	15,414
Provision for claims gross of reinsurance	Note 2	6,761,019	6,984,000
Provisions for pension liabilities	Note 2	1,927,655	2,804,000
TOTAL PROVISIONS		8,703,352	9,803,414
LIABILITIES			
Borrowings for fixed assets, National Debt Office	Note 24	7,513	7,513
Over expected loss based premium share	Note 17	466,738	478,588
Trade payables		9,961	9,002
Liabilities to guarantee holders		16,172	6,883
Other current liabilities	Note 25	408,969	487,962
TOTAL LIABILITIES		909,354	989,948
Accruals and deferrals	Note 26		
Accrued costs		17,605	14,620
Prepaid income		24,487	0
Total accruals and deferrals		42,092	14,620
TOTAL EQUITY AND LIABILITIES		34,745,280	34,806,152

Statement of appropriations

Amounts in SEK thousand

REVENUE HEADING	ESTIMATED AMOUNT	REVENUE
2127 001 Surplus transfer from the Swedish Export Credit Agency	—	135,008
2811 Other income	—	86

Cash flow statement

Amounts in SEK thousand

OPERATIONS FOR THE YEAR		2019	2018
Profit/loss for the year		1,066,929	1,003,564
Depreciation/amortisation charged against earnings	Note 11,12	4,042	4,116
Change in current receivables		-1,864	16,054
Change in current liabilities		-53,122	372,245
Payment to government		-135,094	-64,005
Change below expected loss based premiums	Note 23	160,475	135,008
Cash flow from operations for the year		1,041,367	1,466,982
INVESTMENTS			
Investment in fixed assets	Note 11,12	-73	-3,726
Change in actuarially-calculated net worth of indemnified claims	Note 13	-86,593	-151,000
Change in premium receivables		-28,983	-27,350
Change in pension assets	Note 14	1,647	797
Change in shares		0	39,583
Change in other non-current securities holdings	Note 15	-870,000	3,914,350
TOTAL INVESTMENTS		-984,002	3,772,654
Remainder after net investments		57,365	5,239,636
FINANCING ETC.			
Change in provisions for actuarially-calculated risk of exposure	Note 2	-894,326	-1,054,000
Change in provisions for pension liabilities	Note 14	-735	-1,166
Change in Borrowings for fixed assets, National Debt Office	Note 24	0	-327
TOTAL FINANCING		-895,061	-1,055,494
CHANGE IN CASH AND CASH EQUIVALENTS		-837,696	4,184,142
Cash and cash equivalents at beginning of year		7,752,753	3,568,611
Cash and cash equivalents at end of year		6,915,057	7,752,753

Cash and cash equivalents are defined as short-term investments, and as cash and bank balances.

Notes to the income statement and balance sheet

Amounts in SEK thousand

NOTE 1. GROSS PREMIUM INCOME

	2019	2018
Premium income – risk-based share	1,264,554	1,262,119
Premium income – administrative share	263,912	233,048
Premium repayments/refunds	–139,513	–95,920
Change in premiums in arrears and counter guarantees	–118,854	–196,208
Over expected loss based premium share	–138,026	–313,198
TOTAL PREMIUM INCOME	1,132,074	889,840

Premium payments are divided into a share for risk-based operations and an administrative share. EKN's guarantee holder can redeem the premium for the remaining risk period if the guarantee holder terminates the insurance before everything has been paid.

Income from total premiums for premiums in arrears is recognised when the guarantee enters into force. Payments of premiums in arrears are recognised as premium payments when they are paid on an ongoing basis during the period of validity of the guarantee. The change in premiums in arrears covers all new revenue from premiums in arrears (present value and risk-adjusted) less the premiums in arrears due for payment during the period and decreases premium receivables. Premiums can be both below or exceeding expected loss based premium. A share of premiums exceeding expected loss based premium reduces gross premium income, because EKN is not entitled to retain this share and it is recognised as a latent liability. They are paid to the treasury under EKN's revenue heading each year after the premium shares have been earned and a surplus has been accumulated.

NOTE 2. CHANGE IN PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS

ASSETS	Closing balance 31/12/18	Change	Exchange rate changes	Closing balance 31/12/19
Reinsured share of unearned premiums and unexpired risks	617,000	–74,000	6,000	549,000
Reinsured share of provisions for claims incurred	140,000	–143,000	6,000	3,000
TOTAL REINSURED SHARE OF PROVISIONS	757,000	–217,000	12,000	552,000
LIABILITIES				
Provision for unearned premiums	–6,455,000	223,634	–97,016	–6,328,382
Provision for unexpired risks	–529,000	91,577	4,786	–432,637
TOTAL PROVISION PREMIUMS AND UNEXPIRED RISKS	–6,984,000	315,211	–92,230	–6,761,019
Provision for claims gross of reinsurance	–2,804,000	957,441	–81,095	–1,927,655
TOTAL CHANGE IN PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS	–9,031,000	1,055,652	–161,325	–8,136,674

NOTE 3. OTHER REVENUE

	2019	2018
Administration income within government	601	933
Administrative income outside of government	1,573	28,229
Administrative income service exports*	0	58
TOTAL	2,174	29,220

*Refers to consultation on export credit insurance issues provided to EKN's counterpart in New Zealand and constitutes EKN's service exports.

NOTE 4. CLAIMS INCURRED (GROSS OF REINSURANCE)

	2019	2018
Recoveries net*	620,449	398,280
Claims paid net*	-1,860,660	-1,737,723
Change in indemnified claims	1,021,372	1,120,000
Change in provision for expected loss indemnified claims	-970,394	-1,065,000
TOTAL CLAIMS INCURRED (GROSS OF REINSURANCE)	-1,189,234	-1,284,443

*Costs of recovery and claim prevention measures are included in the amounts.

NOTE 5. REINSURER'S SHARE OF CLAIMS INCURRED

	2019	2018
Recoveries net	-7,270	-7,027
Change in indemnified claims	8,779	0
Change in provision for expected loss indemnified claims	-11,164	-3,000
TOTAL REINSURER'S SHARE OF CLAIMS INCURRED	-9,655	-10,027

NOTE 6. COSTS FOR MATCHED PREMIUM

	2019	2018
Change in the year's cost matched premiums	-10,216	-12,573
TOTAL, YEAR'S COST MATCHED GUARANTEE PREMIUMS	-10,216	-12,573

EKN's premiums are set to correspond to the anticipated loss in each guarantee in accordance with EKN's mandate. There are exceptions to the main rule. Where, in the framework of the EU rules, EKN charges a lower premium than the expected loss based premium, so-called matching of premiums, a provision is made for the expected loss and the transaction is entered with a loss. The year's cost for the matched premiums, 10,216 (12,573), reduce transfer to the government, not expected loss based premiums, see also note 23.

NOTE 7. OPERATING COSTS

	2019	2018
Payroll expenses (excluding employer's contributions, pension premiums and other charges according to law and agreement)	-82,288	-81,622
Of which, payroll expenses non-employed personnel	-495	-550
Social costs	-33,567	-30,048
Other costs for personnel	-39,418	-36,093
Premises costs	-22,212	-18,551
Other operating costs	-75,705	-69,403
Depreciation	-4,042	-4,116
TOTAL OPERATING COSTS	-257,231	-239,833

SEK 110,000 was paid to the Chair of the Board Hans Lindberg.

Director General Anna-Karin Jatko was paid salary of SEK 1,541,800 including luncheon voucher benefits. No remuneration was paid for the office of Board Member of EKN.

Peter Yngwe, Vice Chair, received SEK 82,500.

Camilla Melander, Elisabeth Nilsson, Åke Nordlander and Erica Sjölander received SEK 55,000 each. Fredrika Gullfot, Inger Dovlin and Jan Wärenby received SEK 27,500 each.

Fredrika Gullfot and Inger Dovlin left the board on 30 June 2019. Jan Wärenby joined on 1 July 2019.

No other benefits or future obligations have been agreed for EKN's Board of Directors and Director General.

Information about the board's other offices as board members of other Swedish government agencies or board positions in limited companies is presented, in accordance with chapter 7 section 2 of the Annual Reports and Budget Documentation Ordinance, in the section of the annual report on the board and management.

NOTE 8. INTEREST INCOME AND OTHER FINANCIAL INCOME

	2019	2018
Return on treasury management*	279,482	312,713
Other interest income**	133,282	132,172
Other financial income	970	85,567
Capital gains on sale of long-term investments	0	122
TOTAL INTEREST INCOME AND OTHER FINANCIAL INCOME	413,734	530,574

* Interest income from financial management amounts to SEK 262,525 thousand and interest income relating to the Swedish National Debt Office interest account amounts to SEK 16,957 thousand.

** Changes in financial management income are explained by lower interest income on on-demand account. Changes in other financial income are explained by the foreign currency portfolio being divested in 2018 and that EKN no longer has returns on capital from handling foreign currencies.

NOTE 9. INTEREST EXPENSES AND OTHER FINANCIAL COSTS

	2019	2018
Expenses – treasury management	–561	–20,075
Interest expenses loans	–9,163	–17,171
Other interest expenses	–8,615	–5,092
Loss on disposal of securities	0	–130,503
TOTAL INTEREST EXPENSES AND OTHER FINANCIAL COSTS	–18,338	–172,841

Losses on the divestment of long-term investments were a one-off effect that EKN suffered in connection with the divestment of the foreign currency portfolio.

NOTE 10. EXCHANGE RATE DIFFERENCES

	2019	2018
Realised exchange rate gains	10,801	11,112
Realised exchange rate losses	–3,211	–2,750
Unrealised exchange rate gains	1,310,170	2,419,015
Unrealised exchange rate losses	–1,287,862	–2,395,462
TOTAL EXCHANGE RATE DIFFERENCES	29,897	31,915

Unrealised exchange rate gains and losses were less in absolute terms because of reduced volatility in exchange rates during the year.

NOTE 11. INTANGIBLE FIXED ASSETS

	31/12/2019	31/12/2018
Opening balance cumulative acquisition value	16,232	14,790
Acquisitions for the year	0	1,442
Closing balance cumulative acquisition value	16,232	16,232
Opening balance cumulative depreciations	–10,869	–7,464
Depreciation for the year	–3,130	–3,405
Closing balance cumulative depreciations	–13,999	–10,869
TOTAL INTANGIBLE ASSETS	2,233	5,362

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	31/12/2019	31/12/2018
Opening balance cumulative acquisition value	12,261	9,979
Acquisitions for the year	73	2,284
Closing balance cumulative acquisition value	12,334	12,262
Opening balance cumulative depreciations	-10,110	-9,400
Depreciation for the year	-912	-711
Closing balance cumulative depreciations	-11,022	-10,111
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,312	2,151

NOTE 13. ACTUARIALLY CALCULATED NET WORTH OF INDEMNIFIED CLAIMS

	Closing balance 31/12/18	Change	Exchange rate changes	Closing balance 31/12/19
Gross value of outstanding claims	11,550,000	1,021,372	139,000	12,710,372
Provision for expected loss, gross	-9,781,000	-970,394	-100,000	-10,851,394
Actuarially calculated net worth of indemnified claims	1,769,000	50,978	39,000	1,858,978
Reinsurer's share of net worth of indemnified claims	-121,000	8,779	-3,000	-115,221
Provision for expected loss – reinsurer's share	79,000	-11,164	2,000	69,836
Reinsurer's share of net worth of indemnified claims	-42,000	-2,385	-1,000	-45,385
TOTAL ACTUARIALLY CALCULATED NET WORTH OF INDEMNIFIED CLAIMS	1,727,000	48,593	38,000	1,813,593

NOTE 14. PENSION ASSETS AND PROVISION FOR PENSION LIABILITY

Pension assets of KSEK 14 679 (16 316) have been funded by the National Debt Office for future pension payments. Pension liabilities refer to the former employees who received an occupational pension as per 31 December 2003.

NOTE 15. OTHER NON-CURRENT SECURITY HOLDINGS

Total investments in SEK with the Swedish National Debt Office amounted to SEK 20,775 million at year end 2019, compared with SEK 19,905 million in 2018. Provisions and accumulated results from the activities are invested with the Swedish National Debt Office so as to balance the market risk on the balance sheet. At the beginning of 2018, the investments consisted of investments in long-term securities, in Swedish kronor at the Swedish National Debt Office and liquid bonds issued in euros and US dollars. Bonds in euros and US dollars were divested in accordance with an amendment to the ordinance (2011:211) on lending and guarantees. At year end 2018, EKN only had restricted investments in Swedish kronor at the Swedish National Debt Office such as long-term securities and the same applied at year end 2019.

NOTE 16. PREMIUM RECEIVABLES

	31/12/2019	31/12/2018
Receivables related to premiums charged	66,816	75,109
Receivables related to premiums for counter guarantees and investment guarantees	112,809	128,733
TOTAL RECEIVABLES FOR ADVANCE PREMIUMS	179,624	203,842
Receivables related to premiums in arrears, nominal	4,685,303	4,793,710
Receivables related to premiums in arrears, present value adjusted	-89,468	-221,943
Receivables related to premiums in arrears, risk adjustment	-277,735	-306,867
Receivables related to premiums in arrears, net	4,318,101	4,264,900
TOTAL PREMIUM RECEIVABLES	4,497,725	4,468,742

Receivables relating to premiums in arrears relate almost entirely to JAS Gripen Brazil.
Not yet invoiced guarantee premiums amount to SEK 307,358.

NOTE 17. NOT EXPECTED LOSS BASED PREMIUMS

	Closing balance 31/12/2018	Change during the year	Of which non- disposable premiums earned during the year	Exchange rate change	Closing balance 31/12/2019
Asset – Share of premiums below expected loss based premium	34,200	0	-10,216	890	24,874
Liability – Share of premiums exceeding expected loss based premium	-391,600	-138,026	139,842	-17,660	-407,444
Liability – Share of premiums exceeding expected loss based premium (matrix)	-86,988	0	30,849	-3,156	-59,294
Total liabilities to government – share of premiums exceeding expected loss based premium	-478,588	-138,026	170,691	-20,815	-466,738
TOTAL LIABILITIES TO GOVERNMENT – SHARE OF PREMIUMS EXCEEDING EXPECTED LOSS BASED PREMIUM			160,475		

NOTE 18. ACCRUALS AND DEFERRALS

PREPAID EXPENSES AND ACCRUED INCOME	31/12/2019	31/12/2018
Prepaid rent first quarter of next year	4,660	5,827
Other prepaid expenses, annual fees	2,605	1,307
TOTAL PREPAID EXPENSES	7,265	7,134
Accrued interest income	88,255	95,931
Accrued premiums	49,432	31,347
TOTAL ACCRUED INCOME	137,687	127,278
TOTAL ACCRUALS AND DEFERRALS	144,952	134,412

NOTE 19. NATIONAL DEBT OFFICE

	31/12/2019		31/12/2018	
Currency	Amount in foreign currency	Equivalent value SEK	Amount in foreign currency	Equivalent value SEK
SEK	3,863,908	3,863,908	3,058,441	3,058,441
USD	235,819	2,195,741	183,602	1,646,913
EUR	80,063	834,911	241,838	2,485,735
CHF	1,496	14,310	178	1,624
JPY	12,329	1,052	901,724	73,226
TOTAL NATIONAL DEBT OFFICE		6,909,922		7,265,940

With effect from December 2018, EKN is part of the National Debt Office's currency group account structure. During 2018, investments in foreign currencies, EUR and USD, were liquidated and instead invested in the on demand account at the National Debt Office.

NOTE 20. LIQUID ASSETS

	31/12/2019		31/12/2018	
Currency	Amount in foreign currency	Equivalent value SEK	Amount in foreign currency	Equivalent value SEK
SEK	735	735	33 456	33 456
USD	436	4 066	40 521	363 512
EUR	23	238	7 394	75 976
CHF	5	45	1 438	13 088
JPY	603	51	9 619	781
TOTAL LIQUID ASSETS		5 134		486 813

Liquid assets are invested in Swedish commercial banks.

NOTE 21. RETAINED EARNINGS

	Change in equity	Equity – administrative reserve	Equity for concentration risks in exposure	Equity for concentration risks in indemnified claims	Equity for concentration risks in reinsurance	Profit/Loss for the period	Total
Closing balance 2018	9,050,772	340,827	15,393,000	53,000	-1,978,000	1,003,564	23,863,163
A Opening balance 2019	9,050,772	340,827	15,393,000	53,000	-1,978,000	1,003,564	23,863,163
Change in equity last year	1,003,564					-1,003,564	0
Change current year	1,264,123	-16,559	-396,000	-5,000	157,000	0	1,003,650
Revenue heading 2811	-86	0	0	0	0	0	-86
Change in equity this year	-1,003,564	0	0	0	0	1,066,929	-1,003,564
B Total change this year	1,264,037	-16,559	-396,000	-5,000	157,000	63,365	1,066,843
C Closing balance 2019	10,314,809	324,268	14,997,000	48,000	-1,821,000	1,066,929	24,930,006

NOTE 22. EKN'S ADMINISTRATIVE AND RISK BASED INCOME AND EXPENSES

ADMINISTRATIVE INCOME	2019	2018
Administrative share of premium	242,463	189,609
Administrative remuneration Sida, other government	601	933
Administrative remuneration of service exports	0	58
Other administrative income	1,573	2,042
TOTAL	244,637	192,642
CLAIMS INCURRED		
Costs of claim prevention	-333	-60
Administrative expenses for recovery of claims	-2,741	-2,637
TOTAL	-3,074	-2,697
OPERATING COSTS		
Salaries	-82,288	-81,622
Other personnel costs	-72,985	-66,141
Premises costs	-22,212	-18,551
Other operating costs	-75,705	-69,403
Depreciation	-4,042	-4,116
TOTAL	-257,231	-239,833
Accumulated shortfall/surplus of operating profit/loss	-15,668	-49,888
Interest on accumulated administrative surplus	-891	-1,495
RESULTS OF OPERATIONS, ADMINISTRATIVE	-16,559	-51,383
Accumulated administrative surplus	324,268	340,827
Administrative reserve, share of equity	324,268	340,827
EKN'S RISK-BASED OPERATIONS		
Operating profit/loss, risk-based	657,304	663,803
Financial items, risk-based	426,184	391,144
Results of operations, risk-based	1,083,488	1,054,947
SHARE OF EQUITY FOR RISK-BASED OPERATIONS	24,605,738	23,522,336

NOTE 23. SUBMITTED TO THE GOVERNMENT

	31/12/2019	31/12/2018
Undisposed premiums to report against revenue heading*	160,475	135,008
TOTAL SUBMITTED TO THE GOVERNMENT	160,475	135,008

* Not expected loss based premiums to report against revenue heading are paid to the treasury the following year; refers to premiums above expected loss based and matched premiums.

NOTE 24. BORROWINGS FOR FIXED ASSETS, NATIONAL DEBT OFFICE

EKN's loan limit for fixed assets was SEK 13,000 (14,000) thousand at 31 December 2018*.

	31/12/2019	31/12/2018
Undisposed premiums to report against revenue heading	7,513	7,841
Profit settlements relating to working capital credit guarantees to large companies	0	997
Total submitted to the government	0	-1,324
TOTAL LOAN FOR FIXED ASSETS, THE NATIONAL DEBT OFFICE	7,513	7,513

* See notes 11–12 for specification of the assets.

NOTE 25. OTHER CURRENT LIABILITIES

	31/12/2019	31/12/2018
Liabilities Swedish Tax Agency	2,597	3,678
Employee taxes	2,823	2,948
Liabilities to reinsurers*	399,272	441,034
Liabilities to reinsurers (present value-adjusted)	-2,213	-3,710
Future premium repayments	3,870	27,346
Reserve for staff turnover	1,133	1,168
Liabilities to SIDA	0	15,449
Other current liabilities	1,486	48
TOTAL OTHER CURRENT LIABILITIES	408,969	487,962

*Liabilities to reinsurers consist of premiums for purchased reinsurance not yet paid, because the premiums are due annually.

NOTE 26. ACCRUALS AND DEFERRALS

Accrued expenses and deferred income consisted of:	31/12/2019	31/12/2018
Accrued holiday and overtime pay	10,746	9,409
Audit and annual report	1,200	1,200
Other accrued costs	5,659	4,011
TOTAL ACCRUED COSTS	17,605	14,620
Prepaid recovery Iraq	24,487	0
TOTAL PREPAID INCOME	24,487	0
TOTAL ACCRUALS AND DEFERRALS	42,092	14,620

Summary of key information

PURSUANT TO CHAPTER 2 SECTION 4 OF THE ANNUAL REPORTS AND BUDGET DOCUMENTATION ORDINANCE

(SEK million)	2019	2018	2017	2016	2015
Credit with the National Debt Office for indemnifications, <u>granted</u>	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Credit with the National Debt Office for indemnifications, <u>utilised</u>	0	0	0	0	0
Loan limit with the National Debt Office for fixed assets, <u>granted</u>	12.0	13.0	13.0	14.0	14.7
Loan limit with the National Debt Office for fixed assets, <u>utilised</u>	7.5	7.5	7.8	10.2	11.0
Income from appropriated revenue	1,283	1,223	1,997	1,285	1,002
Income from unappropriated revenue*	160	135	65	487	515
Profit/loss for the year	1,067	1,004	1,418	-1,057	194
Retained earnings	23,863	22,860	21,441	22,491	22,542
Number of employees, Full Time Equivalents	131	133	135	141	141
Average number employees	142	146	140	145	148
Operating costs per Full Time Equivalent, SEK thousand**	1,964	1,803	1,680	1,731	1,576

* Revenues from premiums not disposed relate to the annual net earnings from premiums divergent from expected loss, under and over, respectively. During the years 2014 to 2016, an adjustment was made to revenue relating to the working capital credit guarantees that were issued during the financial crisis, which meant that the risk premiums for these were recognised as a transfer to the Treasury. In addition, during 2014 the administrative reserve was adjusted downwards to a level that corresponded to the receivable as of December 31, 2007.

** The calculation of annual workforce 2019 has been changed due to system change, pro forma 2018.

Stockholm, 12 February 2020

We affirm that the annual report provides a true and fair view of the agency's results of operations, expenses, revenues and financial position.

Hans Lindberg

Anna-Karin Jatko

Camilla Mellander

Elisabeth Nilsson

Åke Nordlander

Erica Sjölander

Jan Wäreby

Peter Yngwe

Board of Directors



Hans Lindberg, Chairman

CEO of the Swedish Bankers' Association.
Board member since 2016.

Other board memberships:

Chair of Affärsbankernas Service AB, Bankinfrastruktur i Sverige AB and Financial Benchmarks Sweden AB. Member of the Royal Swedish Academy of Engineering Sciences IVA. Member of the executive board of the Swedish Bankers' Association.



Peter Yngwe, Vice Chairman

Former CEO and President,
AB Svensk Exportkredit.
Board member since 2014.



Anna-Karin Jatko

Director General EKN.
Board member and Director General since 2016.



Åke Nordlander

Budget Director, Ministry of Finance.
Board member since 2015.



Erica Sjölander

Head of Co-ordination Office, The Swedish Unions within Industry.
Board member since 2018.

Other board memberships: Member of the Board, Fourth AP Fund.



Camilla Mellander

Ambassador and Head of the Department of Trade Promotion, Nation Branding and CSR at the Ministry for Foreign Affairs.
Board member since 2016.



Elisabeth Nilsson

County Governor of Östergötland until 31 August 2018.

Board member since 2016.

Other board memberships: Board member of Boliden and the Royal Swedish Academy of Engineering Sciences IVA. Chair, AB Göta Kanalbolag. Vice chair, Skandia council. Chair, The Knowledge Foundation. Special investigator.



Jan Wäreby

Former Senior Vice President at Ericsson. Chairman and Senior advisor, Obelixus AB. Board member since 2019.

Other board memberships: Chairman RISE, Research Institutes of Sweden, board member Tobii AB, Gapwaves AB, Incell International AB, Defentry AB, MY-Konsult AB and Agapi Boating AB.



Philip Bergling, Staff representative

Quantitative Analyst. Employed at EKN since 2016 and has been a staff representative on the board since 2019.

Executive Management



Front row: Marie Aglert, Director of business area for large corporates, Anna-Karin Jatko, Director General, Carl-Johan Karlsson, Director of business area for small and medium-sized companies and midcorp.

Rear row: Peter Tuving, Chief Credit Officer, Beatrice Arnesson, Director of Communications, Carina Nordström, Director of business development and operational support, Lovisa Onn, Director of HR, Johan Damell, General Counsel.

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EKN – CREATING CONFIDENCE IN YOUR EXPORTS

EKN is a government agency that supports Swedish exports and the internationalisation of Swedish industry. We offer exporting companies and banks guarantees for payment and financing, together with advice on business structure and risk management. Our services provide an additional level of confidence, increased competitiveness and more opportunities for successful export transactions.



The Swedish Export Credit Agency

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