

ANNUAL REPORT

Swedish exports during the pandemic

.20



Contents

4	The year in brief
6	Director General's statement
8	Report of results
8	Mission, delivery and costs
10	Reporting back on the letter of appropriation
12	Global outlook
16	Issuing of guarantees
25	Risk developments
30	Collaboration
37	Financial reports
38	Statutory limit utilisation
39	Financial reporting principles
42	Profit analysis
44	Income statement
46	Balance sheet
48	Statement of appropriations
48	Cash flow statement
49	Notes to the income statement and balance sheet
60	Summary of key information
64	Board of Directors and Executive Management





LIST OF TABLES

1.1	New offers and guarantees.....	5
1.2	Number of transactions.....	5
1.3	Number of customers.....	5
1.4	New transactions and profit/loss.....	5
1.5	Outstanding exposure and accumulated earnings.....	5
2.1	Claims paid in relation to outstanding guarantees.....	9
2.2	Operating costs in relation to premiums received, new transactions and exposure.....	9
2.3	Premium based operations, administrative reserve.....	9
3.1	Issuing of guarantees and number of transactions by region.....	15
4.1	New guarantees, by industry.....	21
4.2	Number of new transactions, by industry.....	21
4.3	New offers during the year.....	21
4.4	New guarantees during the year.....	21
4.5	The issuing of guarantees that relate to the temporary working capital credit guarantees for large corporates.....	21
4.6	Number of new transactions and offered guarantee volume in these transactions.....	22
4.7	New A transactions, by risk areas.....	22
5.1	Provisions for anticipated loss as a percentage of EKN's exposure.....	27
5.2	Outstanding offers and guarantees, by industry.....	27
5.3	Outstanding offers and guarantees, by counterparty.....	27
5.4	The 15 largest countries – outstanding guarantees.....	28
5.5	Political recoveries, claims paid, outstanding claims.....	29
5.6	Outstanding offers.....	29
5.7	Outstanding guarantees.....	29
5.8	Outstanding offers and guarantees that relate to the temporary working capital credit guarantees for large corporates.....	29
6.1	Age distribution of personnel.....	36
6.2	Gender distribution of personnel.....	36
6.3	Sickness absence as a percentage of days worked.....	36

The year in brief

The total guarantee volume amounted to SEK 119.1 billion. The volume of regular guarantees encompassed historic levels, amounting to SEK 64.7 billion. EKN also provided working capital credit guarantees for large corporates as a crisis measure, totalling SEK 54.4 billion.

64.7

The regular guarantee volume amounted to SEK 64.7 billion (SEK 54.2 billion).

54,4

The guarantee volume for the temporary working capital credit guarantees for large corporates amounted to SEK 54.4 billion. The number of transactions was 34.

1,896

During the year, EKN guaranteed 1,896 new transactions (2,135 new transactions*).

611

EKN guaranteed 611 transactions for small and medium-sized companies (725 transactions**).

138

The exports that EKN guaranteed went to 138 countries (135 countries). At year-end, EKN had outstanding guarantees for transactions in 145 countries.

1,6

According to expectations, claims paid continued to be high and amounted to SEK 1.6 billion (SEK 1.8 billion). They primarily pertained to a few transactions with claims that had arisen in previous years.

0.2

Profit amounted to SEK 0.2 billion (SEK 1.1 billion). EKN retains its strong financial position.

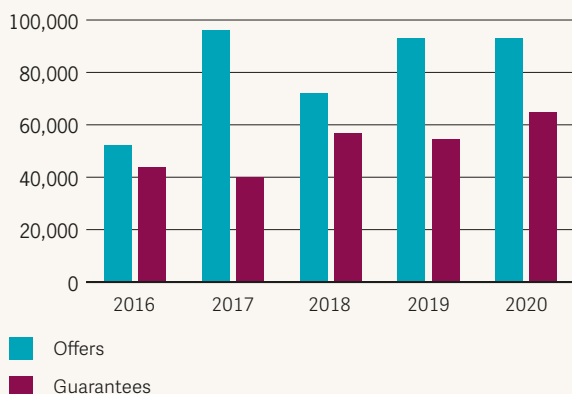
494

The number of customers was 494, of which 349 were small and medium-sized companies (445 customers, of which 322 SMEs).

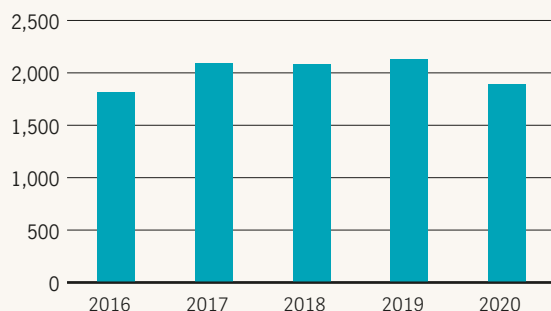
* A difference of 278 transactions was due to changes in administration of guarantee frameworks.

** Here, too, the difference was a result of changed administration.

1.1 NEW OFFERS AND GUARANTEES (SEK MILLION)



1.2 NUMBER OF TRANSACTIONS



1.3 NUMBER OF CLIENTS

	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Number of clients	494	445	419	392	392

1.4 NEW TRANSACTIONS AND PROFIT/LOSS (SEK MILLION)

	2020	2019	2018	2017	2016
New offers	92,781	93,116	71,890	96,023	52,031
New guarantees	64,691	54,231	56,816	39,914	43,610
Earned premiums	1,080	1,729	1,384	2,121	1,534
Claims paid	-1,637	-1,861	-1,738	-1,410	-1,529
Profit/Loss	194	1,067	1,004	1,418	-1,057

1.5 OUTSTANDING EXPOSURE AND ACCUMULATED EARNINGS (SEK MILLION)

	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Offers outstanding	136,344	118,848	94,769	92,443	63,672
Guarantees outstanding	184,330	195,862	193,295	181,485	201,502
Provisions	9,058	8,137	9,031	10,085	11,623
Outstanding claims, nominal	13,012	12,595	11,429	9,925	8,924
Outstanding claims, calculated net value	1,703	1,814	1,727	1,576	1,523
Equity	24,712	24,930	23,863	22,860	21,434

The figures above do not include working capital credit guarantees for large corporates.

Strong Swedish exports throughout crisis and climate transition

During 2020 historically high levels of regular guarantees were granted and extensive crisis measures were implemented. Following a sharp slowdown in the spring, Swedish exports have recovered, and Swedish goods and services remain in demand for the transition to sustainable business.

Excluding temporary crisis measures with working capital credit guarantees for large companies, regular guarantee operations amounted to SEK 64.7 billion for export transactions to 138 countries, a historic high that is only comparable with the year in which EKN guaranteed the Gripen fighter jet transaction with Brazil. Many of EKN's customers operate in sectors that have not suffered any major negative impact from the pandemic. For example, the roll-out of 5G by telecoms providers in high-income countries has continued and exports of medical devices and equipment have increased considerably. In addition, Swedish exports have retained their prominence in terms of global investments in solar and wind power as well as sustainable transport solutions.

EKN QUICK TO LAUNCH CRISIS MEASURES

In March, EKN started to offer temporary working capital credit guarantees to large corporates, covering 75 per cent of the banks' risk for working capital financing. Demand has been very high and was at its most intense during the first few weeks. In comparison with the 2008 financial crisis, when I was a member of EKN's Board, everything took place much faster this time around. Many companies who remembered the financial crisis wanted to immediately secure financing. During the year, EKN issued offers to 78 companies amounting to a total of SEK 146.5 billion for this guarantee. Such an offer can have considerable significance

“

Swedish exports have retained their prominence in terms of global investments in solar and wind power

for a company's financial stability by providing the security that comes with knowing that it will be possible to obtain a loan if so required. The guarantee has been in demand for exporters who are long-standing EKN customers as well as exporters who otherwise do not use EKN's services.

EKN ASSISTS BANKS IN HELPING SMALL AND MEDIUM-SIZED ENTERPRISES

Small and medium-sized enterprises (SMEs) account for a significant share of Sweden's exports and their continued ability to export has an impact on Swedish GDP. Companies that use EKN's guarantees do so primarily to secure their working capital financing needs. The most frequent solution is that EKN covers a share of the risk when the bank issues loans or overdraft facilities. As the effects of the pandemic began to take hold, EKN quickly increased the cover to 80 per cent to stimulate the banks' ability to support these companies.

SWEDISH EXPORTS CONTRIBUTION IN GLOBAL TRANSITION

Swedish companies hold a prominent position in meeting global demand for technology for the transition to fossil-free industry. For many years, the Swedish export credit system – EKN together with the Swedish Export Credit Corporation (SEK) – has contributed to the long-term competitiveness of Swedish companies. This is particularly important when countries move from aid to trade with Sweden and require financing for their investments in, for example, railways, systems for city buses, and solar and wind power. It is critical for the development of the importing country that local costs can be included in export credit guarantees as part of such transactions. I am pleased that the OECD now supports Sweden with regard to including a larger proportion of local costs.

EKN can also act as a catalyst for change in international regulations to ensure that government export credit guarantees are not used for exports to businesses that lead to lock-in effects in fossil fuel dependency. EKN takes account of climate impact and diligently assesses individual transactions in terms of carbon lock-in risk and possibilities for transition. EKN has resolved to cease guarantees for the export of equipment for coal extraction and transportation from the beginning of 2021. Along with a few other OECD countries, EKN promotes international consensus and regulations adapted to the Paris Agreement.

During the year, EKN completed a Government assignment in consultation with SEK to analyse and prepare proposals for how the Swedish export credit system can further contribute to the transition. I am looking forward to the results of the work that we have begun.

CHALLENGES

Despite a very challenging year, Swedish exports have fared relatively well, however, we are still in the middle of the crisis, and challenges persist for 2021. It is still impossible to know the full extent to which the pandemic has affected Swedish business and the global economy. For how long will countries retain restrictions? How many new companies can develop and locate markets in this uncertain time? Will the initiative toward climate neutral business be possible to realise in the form of commercially viable business solutions?



EKN is ready with an expanded statutory limit for issuing guarantees, extended crisis measures and an increased number of competent employees to assist with financial solutions to promote Swedish exports. Armed with a strong financial position, EKN is well-equipped to manage any potential increase in claims.

It has been both challenging and stimulating – alongside companies, banks and other export-promoting organisations – to promote trade, growth and development during a very demanding year.

Finally, I would like to express my gratitude to our many clients and collaborators for an outstanding year and I look very much forward to continuing our cooperation in 2021.

Anna-Karin Jatko,
Director General EKN

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 certain 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 OPERATIONS

The operating cost of new transactions may differ greatly depending on how time consuming it is to assess credit risk and sustainability risk.

The cost of managing outstanding guarantees is affected by risk level and size. It is also affected by the number of transactions to be monitored regarding sustainability requirements and the number

2.1 CLAIM PAYMENTS IN RELATION TO OUTSTANDING GUARANTEES (MSEK)

	2020	2019	2018	2017	2016
Claims paid	1,637	1,861	1,738	1,410	1,529
Guarantees outstanding	184,330	195,862	193,295	181,485	201,502
Claims paid/Guarantees outstanding	0.89%	0.95%	0.89 %	0.78 %	0.76 %

2.2 CLAIM PAYMENTS IN RELATION TO OUTSTANDING GUARANTEES (MSEK)

	2020	2019	2018	2017	2016
Operating costs (MSEK)	251	257	240	227	244
Received premiums (MSEK)	1,926	1,411	1,433	1,356	1,348
Costs as a percentage of received premiums	13%	18%	17%	17%	18%
Number of new transactions	1,896	2,135	2,082	2,093	1,821
Operating cost per transaction	132,312	120,539	115,194	108,689	134,012
Exposure (non-binding and binding) (MSEK)	373,145	314,709	288,064	273,928	265,174
Operating cost per million of exposure	673	817	833	830	920

2.3 PREMIUM BASED OPERATIONS, ADMINISTRATIVE RESERVE (SEK THOUSAND)

Operations	Administrative reserve	Result	Income	Costs	Result	Administrative reserve acc.
Guarantees	31/12/2018	2019	2020	2020	2020	31/12/2020
Guarantee operations, administration	340,827	-16,559	352,540	-666,177	-313,636	10,631
Guarantee operations, risk based	23,522,335	1,083,402	1,173,976	-1,078,620	-95,312	24,701,050
Total	23,863,163	1,066,843	1,526,516	-1,744,797	-218,325	24,711,681

The administrative part of the premium that EKN charges for each guarantee has generated an administrative reserve, which amounted to SEK 324,268 thousand on 31/12/2019. For a number of years, EKN's administrative costs exceeded administrative income. A new premium model has been applied from 2019 so that enduring administrative surpluses or deficits do not occur. The outcome was SEK 98,363 thousand for 2020, compared to SEK -16,559 thousand for 2019. Administrative income is in line with budget, operating costs are lower than budget. In December 2020, EKN paid SEK 412,000 in accumulated administrative surpluses to the state. This is included in administrative costs, SEK -666,177 thousand, in the table above. Risk guarantee income is lower than budget. Both claims incurred and financial items are lower than budget. The result 2020 is SEK 445,747 thousand lower than budget.

The figures above do not include the issue of guarantees that relate to the temporary working capital credit guarantees for large corporates.

of transactions with a need for damage prevention measures.

The administrative profit/loss is presented in Note 22.

DIGITALISATION AND INCREASING EFFICIENCY

EKN has introduced digital signature of all offers and guarantees, which means that these are no longer printed and sent by mail. In addition, centralisation of claims administration and business

and sustainability analysis has been carried out. Further development of the customer portal has been made and work to introduce the customer portal for banks and exporters has been ongoing during the year.

Other examples of completed efficiency improvements are simplification of the credit granting process and management of frameworks for guarantees, as well as ongoing process improvements in IT support.

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 in 2020, by industry and market/ region:

Regular guarantee operations amounted to SEK 64.7 billion. EKN guaranteed 1,896 new transactions, to 138 countries. On page 15, the Swedish exports and export credit guarantees are presented by world region and by industry on page 21. In spring 2020, EKN launched working capital credit guarantees for large corporates, as a temporary measure to counteract the effects of the pandemic. During the year 34 guarantees have been issued for a total volume of SEK 54.4 billion for this product.

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

During the year, a total of 494 companies were customers of EKN, of which 349 were small and medium-sized companies. 156 companies were new customers and of these 117 small and medium-sized companies. Read more on page 20.

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

Pages 31–32 describe collaboration with Business Sweden, the Swedish Export Credit Corporation (SEK), Swedens Agency for Development Cooperation (Sida), Swedfund and others. The collaboration relates, among other things, to regional export collaboration, export promotion of large infrastructure projects and marketing. Page 31 describes the results of export collaboration.

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

61 per cent of small and medium-sized companies are aware of EKN. Among companies with a need for financing and customer financing, awareness is 77 per cent. Read more about small and medium-sized companies on pages 31–32. The effects of regional presence are described on page 20.

Other initiatives taken to increase knowledge about EKN's activities:

Regional export collaboration and campaigns are described on page 31.

Reinsurance on the private market:

During 2020, two private reinsurance investments were made, of which one was new and one a renewal. Read more on pages 27–28.

Contribution to the implementation of feminist foreign policy:

By promoting exports in areas such as infrastructure, public transport and electrification, EKN indirectly contributes to the development and improvement of the situation of women. EKN uses IFC's Performance Standards, which evaluate issues with a bearing on this. The framework is used in evaluation and for sustainability requirements when guaranteeing large, new projects.



The outdoor pursuits company Light My Fire enlists the help of EKN, Almi and Tjustbygdens Sparbank to finance its exports. The colourful lunch boxes are made from biocomposites.

Measures for information security in states of heightened readiness:

During the year, EKN implemented several measures that reinforce security, such as a safer operating environment and education. Read more on page 36.

Fair and sustainable global development and responsible business operations in accordance with the OECD and UN guidelines and principles:

During the year, EKN and SEK have performed an assignment from the Swedish government on how the Swedish and international export financing system can be adapted to the objectives of the Paris Agreement. On pages 22–23 there is a description of sustainability issues in this year's new transactions and on page 34 about EKN's collaboration in sustainability issues. Page 33 has a description of international collaboration. EKN and Sweden have been driving forces in climate work within both the EU and the OECD.

ASSIGNMENTS

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

On page 33, 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:

During the year, EKN pursued measures to limit climate impact and to adapt EKN's activities to the objectives of the Paris Agreement. EKN decided to cease issuing new guarantees for exports to the extraction and transportation of coal from 31 December 2020. Also EKN is no longer involved in transactions where the exported equipment is to be used in new oil or natural gas extraction projects. In transactions to operations with high greenhouse gas emissions, EKN places greater emphasis on whether projects or activities are in line with the Paris

Agreement's 1.5-degree target and is attempting to influence the direction of transactions in a climate-positive direction. EKN has also launched an investigation into the possibility of providing transactions that contribute to climate conversion with better balanced terms and conditions, in order to further contribute to climate conversion. Read more on page 34.

During the year EKN has updated its environmental management system with regard to direct environmental impact.

Administrative premium:

The administrative part of the premium that EKN charges for each guarantee has generated an administrative reserve. EKN has developed a model for premium calculation so that lasting surpluses or deficits do not occur. The new premium model has been applied in 2019 and 2020. The administrative reserve was adjusted in December 2020. See Note 22, page 57.



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.

A year beyond conceivable scenarios

Lockdowns were carried out on an unprecedented scale. The world economy has gone into reverse, but East Asia has been able to maintain growth. Swedish exports fell rapidly but re-covered in the autumn.

The pandemic and its profound human and economic consequences were not within the bounds of possibility in EKN's global outlook in December 2019. The development since the virus's discovery in China in January and the World Health Organisation's (WHO) declaring in March that the local outbreak had turned into a pandemic have kept the world in a stranglehold.

REDUCED TRADE

The measures taken during the year to curb the spread of infection lack historical parallels in scope and global coverage. Business closures and severe restrictions on personal freedom of movement spread to all regions of the world in March. This led to severe disruptions in global supply chains and lost trade. The interdependence of companies and countries became clear. Regional and worldwide collaborations that had functioned for decades were placed under severe strain. For understandable reasons, the priority was to meet the country's own needs before other countries' needs for different products could be met.

STRESSES AND DIFFERENCES

It was clear early on that both global GDP and world trade would fall sharply in 2020. The year-end projections point to GDP falling by around four per cent in 2020. The International Monetary Fund (IMF) predicts a fall of 3.5 per cent while GDP fell by 4.2 per cent in the OECD forecast.

The pandemic has put a lot of strain on most countries, but it has also reinforced existing differences in economic development.

THE EXCEPTION IS EAST ASIA

Many countries in East Asia have managed to maintain a low spread of infection in the ongoing pandemic. At the same time, the negative effects on their economies have been moderate. While GDP in the euro area is expected to show a fall of 8.3 per cent, the forecast is that China's economy, for example, will grow by 1.9 per cent.

The key to alleviating the economic impact has been an expansionary monetary and fiscal policy. Various public support programmes for individuals and businesses, which have helped alleviate the economic crisis, have led to large budget deficits. The increased expenditure has been financed by loans. For high-income countries, public debt has increased from 110 per cent of GDP in the third quarter of 2019 to just over 130 per cent a year later. The increase in indebtedness has been an inevitable consequence of the fight against the pandemic. Managing and eventually reducing the debt burden is an issue to be resolved once the pandemic has subsided.

REDUCED WORLD TRADE

That world trade would go into sharp decline in 2020 became clear in March. The World Trade Organisation (WTO) forecast in April indicated a reduction in trade in goods of between 13 and 32 per cent in 2020. The forecast was revised in a positive direction in October to just over nine per cent. Swedish exports fell by seven per cent in the first ten months of the year, which is less than was feared in the spring. In the crisis year 2009, Swedish exports decreased by 16 per cent. The ongoing crisis is also an example of how difficult it is to assess the consequences of a crisis in its initial stages.

Reduced exports and increased need for guarantees

The greater part of the guarantee volume was for exports to high-income countries, because of a few large transactions. Exports to Latin America decreased, but the need for guarantees for those exports increased.

A crisis affecting the world economy of the scale of the pandemic can be expected to increase the need for export credit guarantees due to the increased credit risk. The countervailing force is the decline in trade resulting from lower economic activity. Swedish exports of goods decreased during the period January to October 2020 to all regions except Asia. But the share of exports destined for Europe was 72 per cent, while Asia accounted for just under twelve per cent. The increase to Asia does not therefore compensate for the nine per cent fall to European countries.

SUCCESSFUL CONTROLS IN EAST ASIA

Several countries in the eastern part of Asia have been successful in limiting the spread of infection. The forecast is that some countries' economies grew in 2020, including China and Vietnam. India, on the other hand, has had a major spread of infection. Widespread lockdowns hit the country's production hard and GDP is expected to have fallen by over ten per cent. Swedish exports to Asia increased by two per cent from January to October.

China accounts for almost half of exports to Asia and the increase in exports in the first ten months was 15 per cent. China's importance in the world economy and significance for Swedish export companies have increased during the pandemic.

The issuing of guarantees to Asia's emerging and developing economies remained unchanged at SEK 6.8 billion. China, Pakistan and Indonesia accounted for just over three quarters of this amount. Telecommunications, transport vehicles and defence were the largest industries.

LOW OIL PRICES

For the oil-producing countries of the Middle East, the pandemic, the shrinking world economy and falling demand for crude oil have had negative economic consequences. The forecast is that the region's GDP fell by five per cent in 2020. Swedish companies have nevertheless largely managed to maintain export volumes. The decrease from January to October was limited to two per cent. Exports to the two largest markets, Saudi Arabia and the United Arab Emirates, actually increased. By contrast, the total issuing of guarantees to the region as a decreased by 64 per cent to SEK 2.2 billion. The fall in the issuing of guarantees is mainly explained by fewer large transactions in telecommunications and power. The largest industries were telecommunications, construction equipment, transport vehicles and medical equipment.

SHARP FALL IN EXPORTS TO LATIN AMERICA

Latin America was particularly hard hit by the pandemic. The decrease in GDP is forecast to be 8.1 per cent. In the first ten months of the year, export of goods to the region fell by 19 per cent. Exports to the largest economy, Brazil, diverged in a positive direction and increased by three per cent. Increased risk in the region contributed to a two per cent increase in the issuing of guarantees to SEK 8.2 billion. The three largest countries during the year were Colombia, Ecuador and Brazil. The dominant industries were transport vehicles, pulp and paper and telecommunications.

AFRICA LESS AFFECTED DURING THE PANDEMIC

Except for South Africa, the countries of Africa have had a relatively low spread of Covid-19 and the sub-Saharan region of Africa has experienced a smaller economic loss than several other regions. The fall in GDP is forecast to be three per cent. However, low commodity prices in the first half of the year led to lower export revenues and thus fewer resources for imports. Swedish exports to Africa fell by eight per cent in the first ten months. Nevertheless, the issuing of guarantees to Africa increased by 30 per cent to SEK 6.5 billion. The explanation lies, among other things, in increased risk as a result of negative economic and financial development. Nearly 60 per cent of the guarantees were for Egypt, Angola and South Africa, with transport vehicles, telecommunications and commodities as the dominant industries.

NEED FOR GUARANTEES FOR EXPORTS TO TURKEY

The issuing of guarantees to the Balkan region remained largely unchanged compared to 2019. Of the total guarantee amount of SEK 3.9 billion, SEK 3.8 billion was for Turkey. The industries that were dominant were telecommunications, transport vehicles and commodities. The economic consequences of the pandemic for Turkey have been moderate. This contributed to a 15 per cent

increase in Swedish exports of goods during the first ten months of the year, which partly explains the continuing high demand for guarantees.

Of guarantees issued to the countries of the CIS area, 90 per cent were for exports to Russia, Ukraine and Tajikistan. The largest industries were transport vehicles, power and construction equipment. The total issuing of guarantees to the region decreased by 40 per cent to SEK 1.6 billion.

TRANSACTIONS TO HIGH INCOME COUNTRIES WERE HALF THE GUARANTEE VOLUME

Guarantees to the OECD's high-income countries increased by 72 per cent and accounted for 53 per cent of the total volume of guarantees. Exports to the USA dominate and guarantees issued for these amounted to just over SEK 23 billion. Japan and Israel were other countries with a guarantee volume of over SEK 1 billion. Telecommunications and transport vehicles were the biggest industries.

In recent years, a few large transactions have formed the majority of the issued guarantees to the OECD's high-income countries, mostly in infrastructure. Factors such as the situation of the financial markets and the need for buyers to diversify their financing affect the demand for export credit guarantees.

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

	2020		2019		2018		2017		2016	
	Number	MSEK	Number	MSEK	Number	MSEK	Number	MSEK	Number	MSEK
Asia	293	6,834	252	6,858	227	4,457	191	3,925	163	2,928
Latin America	395	8,203	521	8,030	525	5,686	533	4,254	345	6,442
CIS	85	1,576	134	2,638	146	3,258	105	6,023	94	2,049
Balkans	93	3,924	101	3,957	54	1,452	67	2,933	46	1,493
Africa	431	6,512	421	5,012	428	5,934	381	6,626	368	4,424
Middle East	100	2,239	158	6,258	166	5,754	279	7,301	214	5,766
OECD high-income	132	33,999	54	19,727	105	29,037	128	7,215	127	19,069
Sweden	364	1,397	488	1,667	429	1,182	405	1,602	461	1,423
Other countries	3	6	6	84	2	56	4	35	3	16
TOTAL	1,896	64,691	2,135	54,231	2,082	56,816	2,093	39,914	1,821	43,610

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).

The figures above do not include the issue of guarantees that relate to the temporary working capital credit guarantees for large corporates.



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.

Demand for EKN's crisis measures

The lockdowns caused by the pandemic promptly led to concerns about a lack of liquidity, that EKN addressed with temporary crisis measures. The pandemic further resulted in a need for EKN to approve temporary payment deferment.

When the pandemic resulted in a global lockdown there were immediate concerns of what the impact would be on Swedish companies and exports. As a response, EKN promptly launched temporary crisis solutions. Companies urgently needed to ensure access to liquidity as there were concerns that the pandemic could lead to a financial crisis. A working capital credit guarantee offer from EKN could be of great need for exporting companies, especially during troubled times on the financial market. Initially, the measures were extended until the end of September, then again, until the end of the year and subsequently until mid-2021.

INCREASED RISK COVERAGE FOR LOANS TO SMES

EKN immediately increased the maximum risk cover to 80 per cent for working capital credit guarantees to banks that provide loans to small and medium-sized companies that conduct export transactions or are subcontractors to exporting companies. The purpose of this measure was to prevent a temporary lack of financing from affecting out viable companies, something that occurred during the financial crisis. The number of working capital credit guarantees for small and medium sized companies increased by 30 per cent during the year.

TEMPORARY WORKING CAPITAL CREDIT GUARANTEES FOR LARGE CORPORATES

In a couple of weeks, EKN developed and launched a temporary solution with working capital credit guarantees for large corporates, a solution that EKN normally offers only to small and medium sized companies. Many companies applied for this

guarantee the same week as it was launched. The solution has been in demand for both exporters who are long-standing EKN customers and those who otherwise do not use EKN's services.

By April, EKN had issued 20 offers for working capital guarantees to large corporates, totalling more than SEK 100 billion. During the year, EKN issued 78 offers totalling SEK 146.5 billion for this product. Out of these, 34 guarantees were issued totalling SEK 54.4 billion.

ENHANCED SHORT RISK PERIOD COVERS TO HIGH-INCOME COUNTRIES

An additional crisis measure was made possible by a temporary change in EU regulation. EKN can temporarily guarantee short risk periods in supplier credits to high-income countries. Normally, only private credit risk insurers can cover such risks. EKN made this cover available in end of April and have during the year guaranteed 85 transactions for a total volume of SEK 366 million for both small and large companies.

PAYMENT DEFERMENT

Due to the crisis, EKN's guarantee holders have had customers who have been unable to meet their contractual payments and the short-term need for payment deferment has been substantial. Payment deferment can act as an efficient damage prevention measure.

During the year, EKN received 321 applications for payment deferment. At most, EKN's exposure related to such deferrals was SEK 4.0 billion. At year-end, the exposure was SEK 2.8 billion.

Substantial increase in regular operations

The regular guarantee operations were extraordinarily high. The implementation of 5G continues to carry through by telecommunication operators in high-income countries. Moreover, exports of medical technology and equipment also increased due to the pandemic.

During the year, EKN issued guarantees of SEK 64.7 billion, which is the highest amount since 2015, when EKN guaranteed the payment risk in the export of Gripen aircraft to Brazil. Excluding this Brazilian transactions, the level of guarantees issued in 2020 was the highest ever in EKN's history.

5G ROLL-OUT IN MANY COUNTRIES

As in several previous years, the issue of guarantees was dominated by telecommunication transactions. The combination of rapid roll-out of 5G networks in many countries and Sweden's strong position in the industry are driving forces of the increased demand for export credit guarantees. EKN issued guarantees for 5G equipment, among them, to USA and Japan. Mobile Telecommunication is a CAPEX

intensive industry. In every technology shift there is a surge in investments, and 5G is no exception. Furthermore, mobile operators often wish to diversify their sources of funding to meet their CAPEX need. The exporting company can offer competitive customers financing with EKN's guarantees and thus secure deliveries over time.

VEHICLES FOR DEALERS AND END CUSTOMERS

The issue of guarantees in the transport industry continued to increase. During the year, EKN provided guarantees for the delivery of city buses to Colombia and Angola, among others. There is a great demand for guarantees for the export of trucks, passenger cars and buses. EKN's guarantees are used to facilitate financing by both dealers and end custom-



Swedish buses in a Bus Rapid Transit system are an attractive solution to the traffic chaos of big cities.

ers. Dealers are the extended arm of export companies in countries where there is no local presence.

EXPORTS OF PAPER AND EQUIPMENT FOR PAPER MILLS

EKN has continued to increase the number of guarantees for trading houses. It is mainly the forestry industry – exports of wood, paper and pulp – that is dependent on the trading houses. Trading houses reach out with their logistic networks to the markets where companies in the forestry industry do not have their own sales channels. These are more difficult markets, where EKN's guarantees for short-term credits are often necessary.

Sweden has successful suppliers of equipment for paper and pulp mills. Two of this year's larger transactions involved equipment for pulp mills in Brazil. In these transactions, EKN reinsured its counterpart in Finland, for the Swedish deliveries in the transactions.

MEDICAL TECHNOLOGY IN THE EYE OF THE STORM

Global demand for ventilators and other medical technology equipment increased enormously during the spring. Early in the pandemic, medical technology companies contacted EKN to safeguard their needs for both EKN's regular guarantees and specific crisis solutions. They wanted to secure EKN's support in order to maintain supply chains and gear up their production and sales.

LARGE TRANSACTIONS IN RUPEES, YEN, PESOS AND POUNDS

Demand for supplier credit guarantees in local currency was continuously high during the year. In 2020 EKN has also issued guarantees in local currency in somewhat larger and more complex transactions. EKN has guaranteed telecommunications equipment in Indonesian rupees and buses in Colombian pesos. EKN has also guaranteed a very large telecommunications transaction in Japanese yen and has issued a counter-guarantee in British pounds.

CLAIM IN ZAMBIAN TRANSACTION

Claims payments have mainly been made in transaction that EKN has provisioned for in earlier years.

One new major claim has arisen. This refers to a transaction to Zambia where the Ministry of Finance is the guarantor and the country has not been able to pay its external debt. This is the first time in over ten years that EKN is indemnifying a political risk claim in Africa. Provision for future claims payments in this transaction has had a significant negative impact on profit for the year.

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 guarantees and the investment capital credit guarantees share the bank's risk in working capital credits or investment credits to small and medium-sized enterprises.

Working capital credit guarantees for large corporates, a temporary solution for large corporates' financing opportunities.

Increased risk cover provides support to SMEs

Guarantees with increased risk capacity targeted at small and medium-sized companies and close collaboration with banks, both central and regional, have paid off.

At year-end, the number of small and medium-sized companies that were customers to EKN totalled 349, compared to 322 the previous year-end. Issued guarantees amounted to SEK 2.9 billion, compared with SEK 2.7 billion the previous year.

The year started with high demand and many guaranteed transactions during the first two months of the year. When the Covid-19 pandemic became a fact, the flow of new transactions stalled. In the package of crisis measures, which EKN launched at the end of March, EKN increased the risk cover in working capital credit guarantees for small and medium-sized companies from 50 per cent to 80 per cent.

The temporary possibility for EKN to guarantee short payment risks, up to two years, in respect of exports to high-income countries in 2020 and the first half of 2021, has also been significant. This possibility was made use of in 85 transactions. Short risk periods in high-income countries are otherwise managed only by private insurance companies.

After the summer, the issuing of guarantees for small and medium-sized companies increased, as an effect of the restarting economies in many Asian countries. In the light of the continuing pandemic, EKN's focus on small and medium-sized companies remain a high priority.

INCREASED REGIONAL PRESENCE

In order to raise awareness of how EKN can facilitate financing and risk cover, local presence is of the utmost importance for building long-term relationships with companies and regional bank branches.

During the year EKN opened an office in Sundsvall, located in the same premises as Almi. Financing guides with local business knowledge create and follow up marketing activities. The

latest addition is an experienced financing guide based in Växjö, who is now strengthening contacts with companies and banks in Småland. As well as Växjö, EKN currently has financing guides in Luleå, Köping and Malmö.

With offices in Sundsvall, Stockholm, Gothenburg and Malmö, complemented by local financing guides, EKN can act quickly on requests from local customers.

STRATEGIC BANKING COLLABORATION

The best way to reach new small and medium-sized companies is through the banks, which in 2020 was the channel for 80 per cent of EKN's new customers in this segment. EKN has a long-term strategic collaboration with one of the major banks. Among other things, the collaboration programme makes EKN's guarantees an integral part of the bank's offering. EKN enters new channels through webinars, links to websites and regional contact persons. EKN's plans to offer a similar collaboration to all banks on the Swedish market.

INCREASED RISK COVER AND LOWER INTEREST

In 2018, EKN launched a programme for innovative small and medium-sized companies. The programme was a collaboration with the EIF – the European Investment Fund. By the end of 2020, EKN had guaranteed SEK 327 million under the programme comprising 41 contracts.

A new programme is now taking off. To support companies during the pandemic, a Pan-European Guarantee Fund is being launched. During the autumn, EKN applied for a framework under this programme, which can be used for small and medium-sized companies with exports and for companies that are subcontractors to companies with exports. This programme will replace the previous programme, which expires in April 2021.

4.1 NEW GUARANTEES, SEK MILLION, BY INDUSTRY

INDUSTRY	2020		2019		2018	
Telecom	32,696	51%	17,779	33%	28,591	50%
Transport	12,615	19%	10,752	20%	10,803	19%
Machinery	7,462	12%	8,728	16%	9,328	16%
Power	4,925	8%	5,877	11%	3,962	7%
Paper and pulp	2,592	4%	4,582	8%	1,812	3%
Mining and steel	1,549	2%	4,152	8%	285	1%
Others	2,853	4%	2,361	4%	2,034	4%

4.2 NUMBER OF NEW TRANSACTIONS, BY INDUSTRY

INDUSTRY	2020	2019	2018
Telecom	63	53	61
Transport	185	226	254
Machinery	509	602	623
Power	657	11	11
Paper and pulp	134	746	688
Mining and steel	13	174	110
Others	335	323	335

4.3 NEW OFFERS DURING THE YEAR

	2020		2019		2018	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	28,039	1,664	28,697	1,831	33,233	1,924
Loss on production and loss on claim	3,858	23	1,409	18	373	27
Guarantee for loss on claim for lenders	52,798	38	56,683	28	28,552	28
Guarantee for unfair calling	1,046	5	0	0	142	4
Counter guarantee	2,003	179	3,109	268	6,460	273
Letter of credit guarantee	3,858	232	2,438	250	2,476	280
Bill of exchange guarantee	3	1	0	0	41	2
Investment guarantee	0	0	0	0	0	0
Working capital credit guarantee for SME	1,177	207	781	223	614	206
TOTAL	92,781	2,349	93,116	2,618	71,890	2,744

4.4 NEW GUARANTEES DURING THE YEAR

	2020		2019		2018	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	23,205	8,780	26,428	7,225	22,968	6,431
Loss on production and loss on claim	176	18	69	9	131	15
Guarantee for loss on claim for lenders	34,533	39	22,413	47	28,001	47
Guarantee for unfair calling	498	4	0	0	57	4
Counter guarantee	1,438	198	2,081	271	2,262	250
Letter of credit guarantee	3,839	231	2,467	250	2,519	280
Bill of exchange guarantee	0	0	0	0	112	20
Investment guarantee	0	0	0	0	251	1
Working capital credit guarantee for SME	1,002	191	773	221	516	190
TOTAL	64,691	9,461	54,231	8,023	56,816	7,238

4.5 THE ISSUING OF GUARANTEES THAT RELATE TO THE TEMPORARY WORKING CAPITAL CREDIT GUARANTEES FOR LARGE CORPORATES

	MSEK	Number
Offers	146,457	78
Guarantees	54,385	34

Sustainability risks in new transactions of this year

Before a guarantee decision, EKN assesses whether there is a risk of negative impact on people or the environment in the operation where the exported product or service will be used. In larger projects, EKN requires sustainable and responsible risk management as a condition for a guarantee and monitors compliance with action plans.

EKN assesses the operations where the Swedish goods or services are to be used, and classifies risks related to the environment and human rights. Category A means a potential significant risk or impact; Category B a potential limited risk or impact; and Category C minimal or no impact. Risks can arise in all types of operations.

New guaranteed transactions during the year are presented here. An offer may have been issued in previous years. The guarantee volume may be higher or lower than offered. The guarantee volume is not comparable between transactions as the guarantee period varies from a few months to several years.

RISK-BASED APPROACH

For many years, EKN, unlike many other export credit agencies, has been analysing and classifying

sustainability risks regardless of the size and length of the guarantee.

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

	2020		2019	
	Number	MSEK	Number	MSEK
Category A transactions	66	3,042	55	9,710
Category B transactions	952	28,461	1032	21,374
Category C transactions	511	21,842	601	8,293
Non-classified transactions	367	5,438	447	3,029

The figures above do not include working capital credit guarantees for large corporates.

4.7 NEW A TRANSACTIONS, BY RISK AREAS

MAIN RISK AREAS	EKN'S ASSESSMENT AND ACTION	TRANS-ACTIONS	GUARANTEE VOLUME, MSEK
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	1,303
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.	22	876
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.	2	429
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.	30	415
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	19

EKN'S SUSTAINABILITY POLICY

EKN's sustainability policy of 2019 states that EKN, in its task to promote Swedish exports, shall also contribute to the UN's Sustainable Development Goals, and the Paris Agreement. During the year, EKN decided to cease issuing new guarantees for exports to new fossil fuel extraction projects. EKN has also decided to cease issuing new guarantees for exports to the extraction and transportation of coal from 31 December 2020.

EXPORT CREDIT GUARANTEES HAVING AN IMPACT

EKN does not participate in transactions to operations with potentially significant negative risks or impacts on people or the environment, where there are no clear plans for responsible management of risks and impacts and where EKN's requirements are not considered. In these transactions, the applicant usually withdraws during EKN's analysis. In some cases of principle, transactions are subject to formal refusal by EKN's board. In cases where EKN chooses not to issue a guarantee due to, for example, large climate impact, EKN attempts to leverage other export credit agencies and international frameworks to follow suit, in order to have an impact and create a level playing field.

UNACCEPTABLE SUSTAINABILITY RISKS AND IMPACTS

Four applications were rejected during the year. Three export transactions related to the extraction of natural gas, LNG, and one was related to exports to oil extraction. The applications were rejected due to large greenhouse gas emissions in the end users' operations. EKN also refrained from participating in two transactions for hydropower projects. The projects involved large impacts on indigenous people, among others, while plans for managing environmental and social impact according to international standards were non-existent or not implemented according to plan.

MONITORING

During the year, EKN monitored ten major projects where EKN has set special guarantee conditions for responsible management of risks and impacts. Setting conditions and monitoring are carried out in collaboration with other export credit agencies and financiers in order to maximise opportunities for leverage. EKN has also followed up on 94 other A-classified transactions.

MAJOR A- AND B-PROJECTS

For issued guarantees for transactions to A- and B-classified activities where:

- the guarantee amount exceeds SEK 100 million;
- the credit period exceeds two years or longer; and
- where exports refer to projects

EKN reports its assessment of environmental and social risks to the OECD:

TWO TRANSACTIONS FOR TRANSMISSION PROJECTS IN TAJIKISTAN AND PAKISTAN: A-PROJECT

Total offered guarantee amount of SEK 487 million. Converter stations for transmission of electricity from hydropower. Main risks in the project are linked to security as well as land acquisition from vulnerable groups, amongst others. EKN has the opportunity through the World Bank to view their environmental and social assessments as well as follow-up status reports on the implementation of the project.

RAILWAY IN INDIA: A-PROJECT

Offered guarantee amount of SEK 177 million. New railway line and stations. Main risks in the project are linked to biodiversity and sensitive natural environment. The project is not located in protected areas.

REINSURANCE FOR TWO TRANSACTIONS, PULP MILL IN BRAZIL: A-PROJECT

Total offered guarantee amount of SEK 640 million. One project concerns a new pulp mill, the other consists of new pulp mill lines directly adjacent to an existing plant. The main risks in the projects are worker rights and working conditions, resource use and emissions, health and safety for local communities, indigenous peoples' rights, biodiversity and land acquisition for the supply of raw materials. Emission levels are below IFC guidelines and national legal requirements.

AGRICULTURAL PLANT, SURINAME: B PROJECT

Offered guarantee amount of SEK 834 million. Establishment of two farms on agricultural land, as part of new agricultural plant. Main risks are linked to animal husbandry, working conditions and labour rights. The project is considered to have resources and knowledge to manage the risks.

WATER ENVIRONMENT PROJECT, USA: B PROJECT

Offered guarantee amount of SEK 140 million. The project aims to restore ecological values in wetlands and reduce the risk of impact from extreme weather. The main risks relate to the impact on surrounding residents. The project is considered overall to have resources and knowledge to manage the risks.

Growth and crisis support with EKN's guarantees

EKN contributes to increased Swedish growth through relevant solutions that support Swedish exports and the internationalisation and competitiveness of the Swedish industry. The estimated contributions of guaranteed transactions to GDP, as well as job opportunities in Sweden, has been higher than last year.

The transactions guaranteed by EKN during the year are estimated to contribute to approximately 35,500 jobs in Sweden (31,600 the previous year) and just over SEK 38 billion of Swedish GDP (31 billion in the previous year). The calculation is based on EKN's guarantee volume for the year and is according to a model based on the Swedish content of guaranteed exports and industry-specific multipliers from Statistics Sweden for added value and employment. Different industries contribute different amounts, depending on the proportion of imported input goods and work intensity. The calculation does not include the guarantees relating to the temporary working capital credit guarantee for large corporates.

EFFECTIVE CRISIS MEASURES

The model used to calculate the societal benefits of EKN's regular activities is not applicable to the temporary crisis solution – working capital credit guarantees for large companies.

When EKN quickly issued offers for guarantees, this gave stability in companies' forward planning. It is a reasonable assumption that the companies that chose to pay the market price set for the working capital credit guarantee did so in order to counteract risks and create opportunities. In the case of companies of great importance for Swedish exports, the crisis measure may have had a positive impact on GDP and jobs.

SMALL AND MEDIUM-SIZED COMPANIES' EXPORTS

Small and medium-sized companies have for several years increased their share of Swedish exports and EKN's guarantees for these companies have also increased. The guarantee volume for these companies' transactions was SEK 2.9 billion (2.7

billion). The contribution of these transactions to Swedish GDP is estimated at SEK 1.46 billion (1.37 billion) and 1,854 jobs (1,729).

EXPORT TO MORE DIFFICULT MARKETS

EKN is particularly important during exports to countries with EKN's highest country risk classifications of 5, 6 and 7. For the period October 2019 to September 2020*, Swedish exports of goods to these countries amounted to SEK 56 billion (49 billion in the previous year). The volume of guarantees for these countries during the period amounted to just under SEK 16 billion (11 billion in the previous year). This corresponds to 28 per cent (23) of the Swedish exports of goods to these countries. EKN's share of total Swedish exports for this period was 4.5 percent (3.6).

* Export statistics for the full year are not available when the annual report is produced.



In 2020, the med-tech company Getinge had great demand for ventilators, in particular, and temporarily increased its workforce at the factory in Solna, Sweden. During the year Getinge used both EKN's regular guarantees and its temporary solution.



Risk developments

The issuing 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.

Reduced exposure due to the strong krona

EKN's outstanding guarantees in regular business, SEK 184.3 billion, were lower than the year-end last year due to the appreciation of the Swedish krona. Outstanding guarantees in the temporary solution amounted to SEK 54.2 billion.

At the end of 2020, EKN had outstanding guarantees in 145 countries and territories. Outstanding guarantees fell to SEK 184.3 billion, from SEK 195.9 billion at the end of the previous year. This is mainly explained by the Swedish krona appreciating twelve per cent against the US dollar and four per cent against the euro.

The outstanding guarantees presented do not include the temporary solution of working capital credit guarantees for large corporates. Nor are they included in the basis for reporting provisions and concentration for countries and industries but are described separately.

UNCHANGED RISK LEVEL

For each guarantee, EKN calculates the expected loss and makes provisions. The risk analysis of outstanding guarantees on which the calculation is based is made every four months, which contributes to readiness to take action in the event of significant risk increase so as to reduce the risk of losses. The report summarises "Provision for unearned premiums and unexpired risks (gross of reinsurance)" and "Provision for claims (gross of reinsurance)" for the expected loss. Provisions in relation to exposure amounted to 4.4 per cent at year-end, which was unchanged from the previous year-end. Over the period 2017–2019, the average expected loss and the average credit term decreased year by year. It produced a trend of decreasing risk levels, which have now levelled off.



With this year's issuing of guarantees, Japan became one of 15 countries with a large proportion of outstanding guarantees.

CONTINUED LOWER PROPORTION OF PROBLEMS AND CLAIMS

Provision for claims is made for guarantees where non-payment has occurred or where there is an increased risk for that. In both cases, a specific assessment of the risk is made. Provisions for claims amounted to SEK 1.3 billion (SEK 1.9 billion) at year-end. As a percentage of exposure, the provision for claims corresponds to 0.7 per cent (1.0 per cent). The decrease is explained by the high level of claims payments made from the claims provisions. A large provision has been added, for a new claim in a transaction to Zambia.

THE EXCHANGE RATE AFFECTS CONCENTRATION

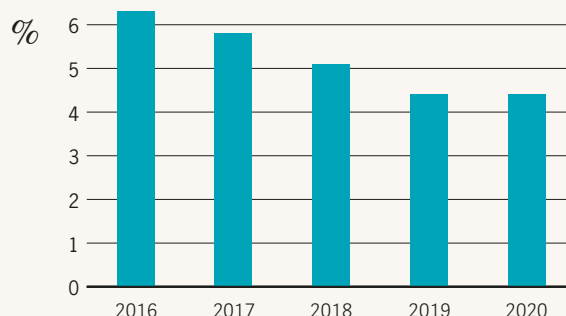
Exposure is largely concentrated in a few countries and industries. Brazil represented the largest risk concentration among countries, with a large proportion relating to SAAB's exports of Gripen. The five largest countries accounted for 66 per cent of outstanding guarantees and the 15 largest countries 85 per cent. Exposure in the 15 largest countries fell to SEK 157.0 billion, from SEK 166.7 billion. Issuing of guarantees have been high in the USA and Japan, among others, but the stronger krona against USD and EUR has contributed to a lower guarantee amount in SEK.

The largest industries are defence and telecommunications. As a result of the long credit terms of guarantees in these industries, they will continue to be large in the coming years. The defence transactions share of outstanding offers and guarantees was 34 per cent, slightly less than in 2019. Telecommunications represented 29 per cent of offers and guarantees, which is two percentage points lower than in 2019.

REINSURANCE

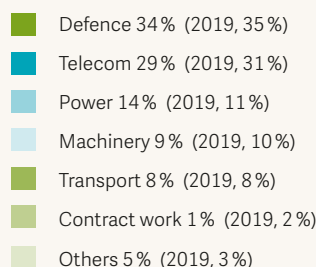
In order to reduce the concentration risks in EKN's portfolio, certain guarantees are reinsured on the private reinsurance market.

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



5.2 OUTSTANDING OFFERS AND GUARANTEES BY INDUSTRY

2020



5.3 OUTSTANDING OFFERS AND GUARANTEES BY COUNTERPARTY

2020



The figures above do not include working capital credit guarantees for large corporates.

The measure that EKN uses to calculate risk concentration is unexpected loss. During 2020 EKN signed one new reinsurance policy and one was renewed. At year-end, the extent of reinsurance on the private market amounted to SEK 12.9 billion. In total, reinsurance contributed to a reduction in unexpected loss of SEK 1,760 million, compared with SEK 1,800 million in 2019.

OUTSTANDING CLAIMS

Total outstanding claims amounted to SEK 13.0 billion on 31 December 2020, which is an increase from the previous year-end when it amounted to SEK 12.6 billion. Of this, the commercial claims were SEK 7.6 billion and political claims SEK 5.4 billion.

The increase in claims is mainly explained by continued indemnifications in guarantees for transactions to Spain, India and the United Arab Emirates.

New indemnifications have been made in guarantees for a transaction to Armenia.

Recoveries from commercial claims decreased and amounted to SEK 272 million compared to SEK 410 million in 2019. The largest amounts were recovered from debtors in Chile, Saudi Arabia and the United Arab Emirates. In many countries, the chances of recovery have been impaired by the pandemic, with, for example, courts closed.

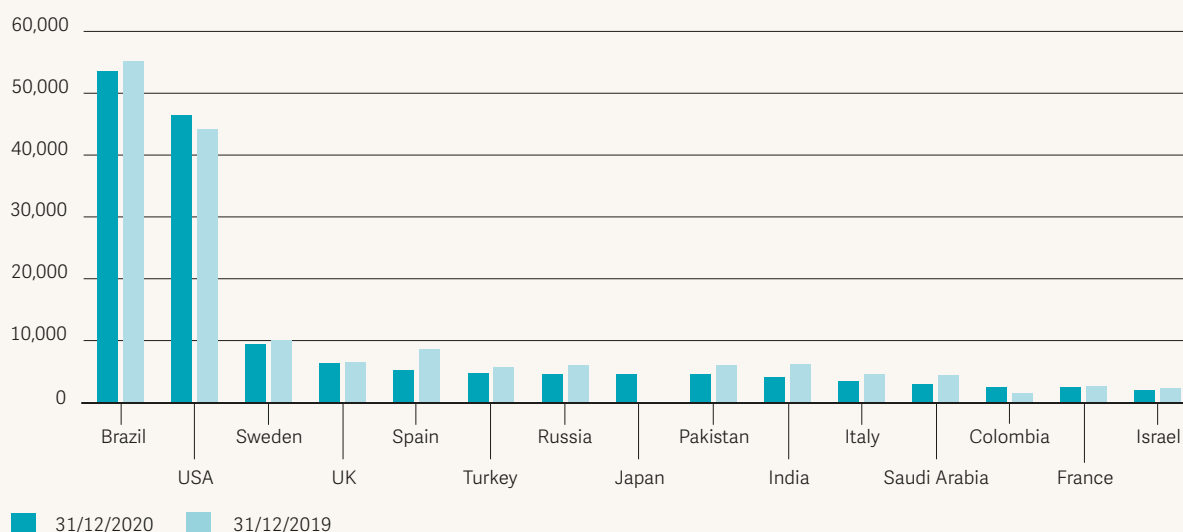
At the end of 2020, EKN had outstanding political claims in 12 countries. Seven countries repaid under agreements. The majority of the recovered amount of SEK 86 million came from Iraq, Cuba and Indonesia. The financial difficulties into which the pandemic has put many poor, indebted countries prompted the G20 countries and Paris club members to offer these countries a temporary deferral of payments. For Sweden and EKN, the claim on Pakistan was affected, for which reason no recoveries were made during the year.

The two largest political claims are in North Korea, SEK 2,747 million (3,162 including guarantee holders' excess) and Cuba, SEK 1,732 million (2,084 including excess).

OUTSTANDING WORKING CAPITAL CREDIT GUARANTEES

In spring, EKN launched working capital credit guarantees for large corporates, as a temporary measure to mitigate the effects of the pandemic. Normally, EKN only offers working capital credit guarantees to small and medium sized companies. During the year, EKN issued 34 guarantees amounting to SEK 54.2 billion. The expected loss in this exposure amounted to SEK 1.4 billion at year-end and the unexpected loss due to risk concentration amounted to SEK 761 million.

5.4 THE 15 LARGEST COUNTRIES – OUTSTANDING GUARANTEES (SEK MILLION)



The figures above do not include working capital credit guarantees for large corporates.

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

	RECOVERIES		PAYMENT OF CLAIMS		OUTSTANDING CLAIMS	
	2020	2019	2020	2019	31/12/2020	31/12/2019
Political	70	210	7	2	5,391	5,602
Commercial	224	410	1,606	1,827	7,633	6,993
TOTAL	295	620	1,613	1,829	13,024	12,595

5.6 OUTSTANDING OFFERS

	31/12/2020		31/12/2019		31/12/2018	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	28,043	2,286	24,154	1,738	26,296	1,579
Loss on production and loss on claim guarantee	3,856	19	1,520	16	1,139	9
Guarantee for loss on claim for lenders	91,159	70	78,388	53	51,753	52
Unfair calling guarantee	627	2	88	1	87	1
Counter guarantee	11,828	58	12,363	54	13,475	55
Letter of credit guarantee	39	1	0	0	0	0
Bill of exchange guarantee	281	3	290	2	285	2
Working capital credit guarantee for SME	375	69	371	55	323	57
Investment guarantee	136	1	1,673	2	1,411	2
TOTAL	136,344	2,509	118,848	1,921	94,769	1,757

5.7 OUTSTANDING GUARANTEES

	31/12/2020		31/12/2019		31/12/2018	
	MSEK	Number	MSEK	Number	MSEK	Number
Guarantee for loss on claim for exporters	14,959	6,113	17,703	5,363	16,341	4,911
Loss on production and loss on claim guarantee	498	32	492	20	761	28
Guarantee for loss on claim for lenders	151,946	292	153,497	296	153,550	326
Unfair calling guarantee	562	5	230	4	259	6
Counter guarantee	12,962	294	20,511	352	19,170	350
Letter of credit guarantee	1,801	119	1,323	109	1,526	138
Bill of exchange guarantee	3	3	6	2	61	15
Working capital credit guarantee for SME	1,349	301	769	232	475	181
Investment guarantee	251	1	1,333	2	1,152	2
TOTAL	184,331	7,160	195,862	6,380	193,295	5,957

5.8 OUTSTANDING OFFERS AND GUARANTEES THAT RELATE TO THE TEMPORARY WORKING CAPITAL CREDIT GUARANTEES FOR LARGE CORPORATES

	MSEK	Number
Offers	89,544	45
Guarantees	54,225	34



Collaboration

This section reports how EKN collaborates with other export-promoting actors and how EKN is building and promoting awareness of EKN's services amongst small and medium-size enterprises.

EKN's international collaboration is reported.

EKN's collaboration for climate transition is reported.

EKN's provision of competence is reported.

Collaboration for Swedish competitiveness

A combined offer to customers and financiers from Team Sweden strengthens Swedish exports. Regional export collaboration increases the export opportunities of small and medium-sized companies.

For Swedish exports, it is important that international banks, which finance companies' purchases for upgrades, expansion and new ventures, are aware of EKN and the advantageous export credit system that they can take advantage of when companies choose Swedish suppliers.

INVESTMENT IN MAJOR INFRASTRUCTURE PROJECTS

The Swedish export credit system provides strong competitiveness for Swedish companies. In line with Sweden's export and investment strategy, collaboration between EKN, SEK, Business Sweden and the Swedish embassies has continued to be focused on promoting Swedish exports to major infrastructure projects such as wind power, solar power and transport solutions. Joint seminars were held as in previous years with the participation of Swedish export companies, international entrepreneurs and international banks, but in digital form.

EKN collaborates with Business Sweden, SEK, the Swedish Institute, Swedfund, the International Council of Swedish Industry (NIR) and Sida on opportunities to build on broad relations with countries where the development has gone from Swedish aid to mutual trade. At the end of the year, an agreement was entered by NIR and Sida on the aid programme Sustainability Impact Accelerator, in which EKN will participate. The programme is based on using knowledge and influence opportunities within Team Sweden in specific infrastructure projects with a clear link to sustainability such as rail, electrification and local bus systems.

REGIONAL EXPORT COLLABORATION – A STRENGTH WHEN EVERYTHING BECAME DIGITAL

The collaboration in Team Sweden and Regional Export Cooperation that has developed in recent years facilitated a rapid adaptation to digital seminars and meetings when all physical meetings were cancelled as a result of the pandemic. This allowed EKN to reach out to customers across the country with information on the possibility of increased risk cover in working capital credit guarantees and other crisis solutions.

EKN participated in a "Corona emergency" for companies that took place in Jönköping, participated at the International Trading Day organised by RES Östergötland, was active in a "business emergency" in Region South and was a speaker at Åre Business Forum, to name a few of the regional initiatives with Regional Export Cooperation and other organisers in which EKN participated. The initiatives were aimed at both businesses and local bank branches.

TECH COMPANIES CREATE NEW SWEDISH EXPORTS

Small and medium-sized companies account for more than 40 per cent of Swedish exports and a large share of new jobs in Sweden. Innovative tech companies is an expanding sector with companies that often go directly into export markets. Many of these companies have seen expansion opportunities in the increased demand for digital solutions during the pandemic. But expansion requires working capital. It is therefore important to increase the tech companies' knowledge of how EKN's guarantees can facilitate financing.



Through partnership presentations and seminars, EKN reaches out to small and medium-sized companies. Many presentations were conducted digitally, but by keeping a good distance between panellists and having a mostly digital audience made it possible for the event Techarenan to be held face to face.

EKN collaborates with Techarenan with an annual competition, trade shows and a news portal, aimed at companies led by entrepreneurs and based on a unique innovation or business concept with the potential to be commercialised in the global market. The collaboration provides a good insight into the needs of tech companies and gives access to a channel for spreading information on how EKN's products can help tech companies to bring their products to the world market.

MORE AND MORE COMPANIES KNOW ABOUT EKN

Continued active marketing communication in combination with an increased regional presence

has led to increased awareness among small and medium-sized companies.

Every year EKN surveys knowledge of EKN among small and medium-sized exporting companies in order to provide feedback to campaigns and other marketing activities. During the year, EKN has had a major impact, which has greatly increased awareness of EKN among exporting SMEs to 61 per cent, from 48 per cent in 2019. Awareness of EKN among exporting SMEs that offer credit and/or need financing, for which EKN's guarantees are particularly relevant, has increased to 77 per cent over the same period, from 56 per cent in 2019.

International collaboration

The proposals on local costs and the CIRR system reform, that have been discussed and negotiated in recent years, were hammered through in the OECD Export Credit Group Participants in November.

The share of an export contract value allowed to cover local costs in the importing country, when EKN provides an export credit guarantee, has until now been 30 per cent. EKN has long raised the issue of increasing the permitted share in the working groups of EU and OECD. This is to ensure the competitiveness of exporting companies as trade patterns change and are increasingly built on global value chains. It is also important for developing countries to be able to stimulate their own production in combination with imports. In November, the OECD Participants Group decided to increase the share of local costs to 40 per cent for transactions to countries within the EU and the OECD's high-income countries. For transactions to all other countries, the share was increased to 50 per cent.

Commercial Interest Reference Rates (CIRR) is a fixed rate system which is managed by SEK and used in many transactions guaranteed by EKN. The guidelines for the scheme are regulated in the Arrangement and have been subject for a review. After a transitional period, the new guidelines will enter into force at the end of 2022.

MODERNISATION AND GLOBAL GUIDELINES

The EU has been pushing the issue of modernising the Arrangement for a long time. Discussions in the OECD resulted in a common framework and a work programme. The EU has gone a step further and presented at the OECD meeting in November a new approach which could, if agreed, offer a flexibility at a price. In 2021, the EU Export Credit Group will present its proposal on how the guidelines could be modernised.

Within the EU, a think tank has been created on the initiative of Denmark which has developed recommendations for an EU strategy to strengthen export credits, create global guidelines and mobilise capital for green transition. The recommendations will be mentioned as input in the review of EU trade policy, which began during the year.

STRENGTHENING CLIMATE AND ENVIRONMENTAL WORK

EKN and Sweden have been the driving forces in climate related work within both the EU and the OECD. During the year, the issue of completely excluding guarantees for exports for the exploitation, extraction and transport of coal has been discussed. Sweden is pushing for that reviews of the OECD's climate-sector agreements should take place soon and lead to a tightening of the guidelines.

DEFERRED PAYMENTS

Many of the countries currently under discussion in the Paris club have, with the pandemic, experienced worsening debt situations which risk leading to payment suspension and serious national problems. In the spring, the Paris club, together with the G20, launched a Debt Service Suspension Initiative (DSSI). The countries in question were offered deferral of repayment under a new schedule. By year-end, 38 countries had applied for and been granted rescheduling under the DSSI, the one involving Sweden being the agreement with Pakistan.

FACTS

Within the OECD, government export credit institutions have common agreements on terms and conditions, such as premium, repayment, maximum official support, local costs and other rules. The purpose is to ensure level playing field. The guidelines are called The Arrangement on Officially Supported Export Credits.

In the Participants to the Arrangement, the OECD countries' export credit institutions negotiate changes to the Arrangement.

The Paris club is the forum where public and publicly guaranteed credits are renegotiated, when a country has major payment problems and fully honouring its commitments is no longer possible.

Collaboration for climate transition

EKN's export-promoting mandate also includes contributing to the UN's Sustainable Development Goals and the Paris Agreement. EKN does this in close collaboration with export-promoting actors within Team Sweden and other countries' export credit agencies.

During 2020, EKN, together with SEK (Swedish Export Credit Corporation), has performed an assignment from the government on how the Swedish and the international export financing systems can be adapted to the objectives of the Paris Agreement. The report presented an analysis and eight proposals on how the Swedish and the international export financing systems can contribute to a transition and the reduction of greenhouse gas emissions. The report is based on information collected from companies, authorities, climate scientists and non-governmental organizations as well as a survey of what other countries are doing in this area. The proposals are now reflected in the letter of appropriation for EKN for 2021.

THE SWEDISH SYSTEM CAN BE A CATALYST

The Swedish export credit system's direct ability to influence the global climate and financial markets are limited. However, EKN's and SEK's actions can act as a catalyst to drive change in international regulatory frameworks; in the actions of other countries; and individual companies. On this basis, EKN and SEK have continued to realise the eight proposals in the report during the autumn of 2020. EKN and SEK have also made efforts to push for state-supported export credits within the OECD Arrangement to move closer to Sweden's position. The aim is to include restrictions on support for exports to fossil fuel extraction and more balanced conditions for transactions that contribute to transition. EKN pursues these issues in all relevant fora, such as bilateral dialogues, within the EU, the Berne Union and the OECD.

THE EIGHT PROPOSALS IN THE REPORT

- EKN shall assess to a greater extent whether projects/operations are in line with the Paris Agreement's 1.5 degree target.
- EKN will investigate the possibility of giving transactions that contribute to climate transition more balanced conditions.
- EKN will test the possibilities for issuing guarantees to environmental and climate investments in Sweden that have an export connection.
- EKN, in collaboration with relevant stakeholders, will develop information to Swedish small and medium-sized companies whose products and services have export potential and can contribute to climate transition globally.
- EKN and SEK will further develop their reporting and strengthen the analysis of climate-related risks and opportunities in their respective operations based on TCFD's recommendations (Task Force on Climate-related Financial Disclosures)
- EKN and SEK have started to further increase the transparency of the Swedish export financing system at transaction, sector and portfolio levels.
- EKN proposes a joint assignment to EKN and the Swedish International Development Cooperation Agency (Sida), in consultation with SEK, Swedfund and Business Sweden, as well as other relevant stakeholders, to develop concrete proposals to exploit potential synergies between the export financing system and the Swedish development collaboration, based on current objectives.
- EKN and SEK will establish a joint climate council.

UN SUSTAINABLE DEVELOPMENT GOALS

Every year, EKN's guarantees contribute to making investments possible that contribute to the UN's Sustainable Development Goals (SDG). During the year, EKN has developed models for measuring SDG contributions, which can be used by all actors within Team Sweden. EKN's counterpart in Norway, GIEK, has developed a tool that EKN has tested.

ANTI-CORRUPTION

Corruption undermines the UN's Sustainable Development Goals. EKN does not accept irregularities in transactions that EKN guarantees. EKN is also developing how to analyse corruption risk in the operations to which Swedish exports go. EKN collaborates with SEK, Business Sweden and Swedfund. The collaboration aims to exchange experiences and ensure uniform requirement setting and training of customers. EKN has also continued the regular dialogue with the Office of the Prosecutor-General on anti-corruption, exchanging experiences. Training of staff has also been carried out on an ongoing basis.

COLLABORATION FOR METHOD DEVELOPMENT

EKN and its Canadian counterpart EDC have collaborated on methods for identifying and managing risks related to personal integrity, freedom of expression and surveillance in telecommunications industries, based on the UN Guiding Principles on Business and Human Rights. EKN and EDC have set up a working group to synchronise the management of these risks and achieve a level playing field. A handful of export credit agencies have expressed interest in participating.

Within the context of issuing guarantees for exports to a railway project, EKN, SEK and the

Danish counterpart EKF have developed working methods to maximise opportunities for leverage and strengthen the capacity of the project owner company to manage sustainability risks. The working method is now used in guarantee applications for similar projects.

EKN has also participated in the International Chamber of Commerce (ICC) Sustainability Working Group, in which international banks and export credit agencies work together to raise awareness of the sustainability requirements used since many years in transactions guaranteed by export credit agencies.

GREATER TRANSPARENCY

When EKN receives guarantee applications for transactions exceeding SEK 100 million for exports to Category A projects, EKN will disclose information about the project on ekn.se for at least 30 days prior to a decision. In order to increase the opportunities for stakeholders to contribute before a decision, EKN informs via social media that new Category A projects are published. EKN has also done a comparison with other export credit agencies and then made it easier to access more information on A- and B-classified projects on ekn.se.

HARMONISATION WITHIN THE OECD

During the year, EKN has actively participated in the OECD's work to clarify how the OECD Guidelines for Multinational Enterprises can be applied by financial actors. Harmonisation between the OECD Guidelines for Multinational Enterprises and the OECD guidelines for export credit agencies would facilitate collaboration between exporters, banks and export credit institutions in terms of sustainability analysis and leverage.

Provision of competence

During the year, EKN increased the number of employees, including temporary employments, to manage the high demand for both regular guarantees and temporary crisis measures.

In 2020, EKN had an average of 141 FTEs, compared with 131 in 2019. The increase consists largely of temporary employments and stems from the sharp increase in the volume of business. Staff turnover was 7 per cent (11 per cent in 2019) and the average age was 47 (48 in 2019).

The increase is also related to centralized work processes within sustainability and claims, in order to increase efficiency and quality.

TRAINING ACTIVITIES

Within the framework of the collaboration in Team Sweden, the training programme “Swedish Export Academy” has been completed during the year. A total of 25 people participated, four of them from EKN. In addition to EKN, Swedish Export Credit Corporation and Business Sweden, who created the program in 2018, Almi and the Ministry for Foreign Affairs also participated.

During the year, internal training was carried out on the risks of corruption and how to act if irregularities are suspected. During the year EKN also introduced a procedure for annual risk analysis regarding corruption risks throughout the organisation, in accordance with the Institute against Bribery (IMM) business code.

Other internal training activities included climate calculations, sanctions issues and efficient digital meetings.

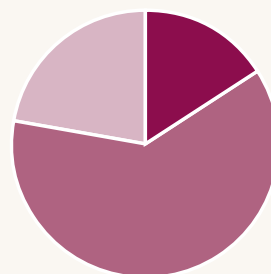
SECURITY

During the year, EKN implemented several measures to improve security. For example, IT operations have been moved to a more secure operating environment. Employees’ risk awareness has increased through training and so-called phishing tests.

6.1 AGE DISTRIBUTION OF PERSONNEL

EKN TOTAL

34 or younger	16%	(11%)
35–54	62%	(62%)
55 or older	22%	(26%)



6.2 GENDER DISTRIBUTION OF PERSONNEL

NUMBER OF EMPLOYEES:

155 (140)

GENDER DISTRIBUTION:

Women: 56 % Men: 44 %

6.3 SICKNESS ABSENCE AS A PERCENTAGE OF DAYS WORKED

EKN TOTAL	2020	2019	2018
29 years or younger *	*		
30–49 years	2.94 %	1.2 %	1.2 %
50 years or older	1.78 %	1.4 %	2.7 %
Women	2.71 %	2.7 %	2.7 %
Men	2.04 %	0.7 %	1.0 %
TOTAL SICKNESS ABSENCE	2.41 %	1.9 %	1.9 %
Long-term sickness absence** as a proportion of total absence	68.56 %	51.4 %	31.1 %

* 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

- 38** Statutory limit utilisation
- 39** Financial reporting principles
- 42** Profit analysis
- 44** Income statement
- 46** Balance sheet
- 48** Statement of appropriations
- 48** Cash flow statement
- 49** Notes to the income statement and balance sheet
- 60** Summary of key information

Statutory limit utilisation

Refers to guarantee amounts in SEK million

EXPORT CREDIT GUARANTEES	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
Maximum amount of liability permitted by Swedish parliament	500,000	450,000	450,000	450,000	450,000
Authorisation given to EKN by Swedish government	500,000	450,000	450,000	450,000	450,000
Outstanding guarantee exposure (guarantees and offers)	373,145	272,014	254,001	250,380	238,482
Distributed as follows:					
Binding offers, regular issuing of guarantees	43,928	37,795	30,358	48,502	13,239
Non-binding offers, regular issuing of guarantees	92,280	79,379	62,999	42,390	49,188
Non-binding offers, working capital guarantees for large corporates	89,544				
Offset by 50 %	-90,912	-39,690	-31,500	-21,195	-24,594
Guarantees, regular issuing of guarantees	184,080	194,529	192,143	180,683	200,649
Guarantees, working capital guarantees for large corporates	54,225				
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)	387	3,007	2,563	2,158	2,094
Distributed as follows:					
Binding offers	136	1,673	1,411	1,162	1,237
Non-binding offers	0	0	0	389	8
Offset by 50 %	0	0	0	-195	-4
Guarantees	251	1,333	1,152	802	853

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 2020, EKN had utilised SEK 373 billion of the statutory export credit guarantee limit. Statutory limit utilisation was SEK 272

billion at the same time last year. The share of the statutory limit utilisation comprising guarantees and binding offers totalled SEK 282 billion and the share comprising non-binding offers was SEK 182 billion. The statutory export credit guarantee limit for 2020 was SEK 500 billion.

A statutory limit of SEK 10 billion is granted by the Swedish parliament for investment guarantees. Statutory limit utilisation at the end of 2020 was SEK 0.4 billion, compared to SEK 3.0 billion in 2019.

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.

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. In order to give a more accurate picture of the organisation's results, from 2020 EKN reports changes in provisions due to changes in base rate (discount rate) in the financial items; they were previously reported as guarantee premiums. Comparative figures for the 2019 income statement and notes that are affected are reported with adjusted comparative figures, pro forma.

	31/12/2020	31/12/2019	31/12/2018	31/12/2017	31/12/2016
USD	8.6834	9.1862	9.7292	9.6526	9.0211
EUR	10.3143	10.4326	10.6906	10.6668	10.3527
CHF	9.5699	9.7554	10.0445	9.7388	9.1233
JPY	0.0829	0.0859	0.0895	0.0891	0.0800

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, according 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, resulting 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 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.

WORKING CAPITAL CREDIT GUARANTEES, LARGE CORPORATES

Working capital credit guarantees for large corporates deviate from EKN's normal product range and are considered as a separate guarantee portfolio and are not included in the ongoing accounts. Payment to the state takes place when all transactions are completed and reported. In connection with the final accounts, accumulated surpluses (if any) are paid to the treasury and do not affect EKN's financial results. Should the cumulative result be negative during any period during the term of the guarantees, EKN intends to recognise this in the period in which the deficit arises. See also separate accounting in the section on Accounting for working capital credit guarantees (page 59).

Profit analysis

EKN had a profit of SEK 194 million (SEK 1,067 million). Increased volumes led to increased premium income and increased provision for unearned premiums and unexpired risks. Claims incurred were negatively affected by provisions for claims regarding a major claims-adjusted transaction. Claims payments remained high, referring to previous years' claims and reduced the total provision for claims.

EKN's profit for the year was lower than previous year, which is mainly explained by lower earned premiums and by provisions for claims regarding a transaction to Zambia.

The financial results decreased during the year, as an affect of the reduced value in the investment portfolio as well as lower interest rates, which consequently led to higher interest costs. The loss from financial items amounted in total to SEK -60 million.

PREMIUMS

Income from premiums during the year amounted to SEK 1,080 million, which is lower than the previous year's SEK 1,729 million (pro forma). Guarantee income amounted to SEK 1,490 million, which is higher than the previous year's SEK 1,264 million. The timeframe of payments regarding a large transaction has been changed during the year, resulting in lower revenues from guarantee premiums in a total of SEK 280 million.

In certain transactions the premiums deviate from the expected loss based premium. Thereby, the premiums can either become higher or lower. The proportion of premiums that do not meet the expected loss based premium is recorded as a payment to the Swedish Department of Treasury. The year's earnings from premiums over expectation amounted to SEK 139 million and the years expenses for matched premiums amounted to SEK 7 million. SEK 132 million will be paid to the government in 2021 in respect of 2020.

The provision for unearned premiums and unexpired risks increased by SEK 120 million, compared with previous year when SEK 592 million were dissolved.

OTHER REVENUES

Other revenues amounted to SEK 2 million, same level as the previous year. Of other income, Sida accounted for SEK 0.5 million.

CLAIMS INCURRED

Claims incurred amounted to SEK -577 million. They were SEK -543 million (pro forma) the previous year. Claims paid continued on a high level and amounted to SEK 1,637 million, compared with previous year's SEK 1,861 million. Provisions for future claims payments in a transaction to Zambia, which was claim-adjusted during the year, amounted to SEK 495 million.

Indemnified claims amounted to nominal SEK 13,120 million at year end and was valued at SEK 1,703 million.

LOWER CLAIMS PAID AND DECREASED RECOVERIES

Net claims payments amounted to SEK 1,637 million, a decrease from SEK 1,861 million the previous year. The largest payments referred to transactions to Spain, Armenia, India and Brazil. Net recoveries of claims amounted to SEK 295 million. This is a decrease from SEK 620 million in 2019. Payments from Chile, Iraq, Saudi Arabia and Kuwait accounted for most of the year's recoveries.

REINSURANCE

During the year, EKN purchased a new reinsurance and an already existing reinsurance treaty has also been extended and continued. The cost of reinsurance amounted to SEK 25 million, compared with SEK 92 million the previous year.

The reinsurance share of the change in unearned premiums and unexpired risks amounted to SEK –140 million, compared with SEK –74 million the previous year. The reinsurance share of the changes in claims provisions amounted to SEK –3 million, compared with SEK –143 million the previous year.

DECREASED OPERATING COSTS

Operating costs amounted to SEK 250.9 million, which is SEK 6.4 million below 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 160.0 million and thus increased by SEK 4.7 million. The increase in personnel costs is due to the temporarily recruitment of new employees during Covid-19, pension provisions and salary developments.

Travel costs amounted to SEK 1.1 million and decreased by SEK 5.4 million compared with the previous year. Since the start of Covid-19, transportation costs and travel expenses has reduced significantly.

Premises costs amounted to SEK 21.0 million and increased from SEK 18.6 million the previous year. Operation of offices amounted to SEK 2.5 million and the cost is somewhat higher than the previous year.

Costs of IT operations have increased from SEK 14.8 million in 2019 to SEK 15.3 million in 2020. During the year, EKN switched its IT operating supplier and improvements were made on IT security. Consultancy costs amounted to SEK 41.2 million, which is on a par with the previous year. Consultancy costs mainly refer to IT development projects.

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 15.9 million, compared with the previous year's SEK 16.1 million.

ADMINISTRATIVE RESULT

EKN's administrative result for 2020 was SEK 98.4 million, compared with the previous year's SEK minus 15.6 million (see note 22). An accumulated surplus of SEK 412 million related administrative costs were paid to the government during the year.

FINANCIAL MANAGEMENT

EKN's financial assets at year-end amounted to SEK 27,584 million, which is a decrease from SEK 27,690 million at the end of 2019. Of the financial assets, SEK 20,075 million were investments in Swedish kronor. EKN has no investments in foreign currency. Income from financial management was SEK 196.5 million, which is a decrease from the previous year's SEK 279.5 million. The reduced value in the investment portfolio led to lower revenues. The volatile fluctuations on interest rate throughout the year of 2020 resulted in major value changes, in turn, leading to changes in interest revenue and interest costs from SEK –164.3 (pro forma) million to –206.1 million.

The foreign currency result was negative and amounted to SEK -46.9 million, a decrease from the previous year's SEK 29.9 million. Most of the foreign currency result is unrealised exchange rate fluctuations.

The total result from financial management was SEK –60.4 million, compared with the previous year's SEK 136.3 (proforma) 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 2020, EKN had a strong financial position and good financial results. During the year, a payment to the state regarding accumulated administrative surplus, SEK 412 million, was made, which affected equity.

EKN's equity decreased during the year to SEK 24,712 million, from SEK 24,930 million.

Income statement

Amounts in SEK thousand

OPERATING INCOME AND EXPENSES		2020	2019
EARNED PREMIUMS (NET OF REINSURANCE)			
Gross premium income	Note 1	1,226,447	1,132,074
Premiums paid for reinsurance		–24,993	–92,144
Change in provision for unearned premiums and unexpired risks *	Note 2	–119,915	592,211
Reinsurer's share of unearned premiums and unexpired risks	Note 2	–140,235	–74,000
Earnings for the year, over expectation premiums	Note 17	139,044	170,691
TOTAL EARNED PREMIUMS (NET OF REINSURANCE)		1,080,348	1,728,832
OTHER REVENUE			
Other revenue	Note 3	1,718	2,174
TOTAL		1,718	2,174
CLAIMS INCURRED			
Claims incurred (gross of reinsurance)	Note 4	–1,289,653	–1,189,234
Reinsurer's share of change in paid claims incurred	Note 5	275,672	–9,655
TOTAL CLAIMS INCURRED		–1,013,981	–1,198,888
CHANGE IN PROVISIONS FOR CLAIMS (GROSS OF REINSURANCE)			
Change in provisions for claims gross of reinsurance *	Note 2	578,979	969,441
Reinsurer's share of change in provisions for claims incurred	Note 2	–3,000	–143,000
TOTAL CHANGE IN PROVISIONS FOR CLAIMS (GROSS OF REINSURANCE)		575,979	826,441
YEAR'S COSTS FOR MATCHED PREMIUMS			
Year's costs for matched premiums	Note 6	–7,195	–10,216
TOTAL YEAR'S COSTS FOR MATCHED PREMIUMS		–7,195	–10,216
COST OF SUBMISSION OF BELOW EXPECTED LOSS BASED PREMIUMS			
Cost of submission of below expectation premiums	Note 17	–131,850	–160,475
TOTAL COST OF SUBMISSION OF BELOW EXPECTED LOSS BASED PREMIUMS		–131,850	–160,475
TOTAL CLAIMS INCURRED (NET OF REINSURANCE)		–577,046	–543,138

Amounts in SEK thousand

		2020	2019
OPERATING COSTS	Note 7	-250,864	-257,231
OPERATING PROFIT/LOSS		254,156	930,636
INTEREST INCOME AND OTHER FINANCIAL INCOME	Note 8		
Return – treasury management		196,467	279,482
Other interest income *		245,344	521,063
Other financial income		3,878	970
TOTAL INTEREST INCOME AND OTHER FINANCIAL INCOME		445,690	801,515
INTEREST EXPENSES AND OTHER FINANCIAL COSTS	Note 9		
Interest expenses loans		-7,706	-9,163
Expenses – treasury management		-69	-561
Other interest expenses *		-451,411	-685,395
TOTAL INTEREST AND OTHER FINANCIAL COSTS		-459,186	-695,119
EXCHANGE RATES DIFFERENCIES	Note 2, 10, 13		
Realised exchange rate gains		335,046	369,233
Unrealised exchange rate gains		2,086,089	951,738
Realised exchange rate losses		-653,814	-3,211
Unrealised exchange rate losses		-1,814,263	-1,287,862
TOTAL EXCHANGE RATES DIFFERENCIES		-46,942	29,897
TOTAL FINANCIAL ITEMS		-60,438	136,293
PROFIT/LOSS FOR THE PERIOD		193,718	1,066,929

* Proforma 2019, changes in provisions due to changes in the base interest rate in the financial items were previously reported as guarantee premiums.

Balance sheet

Amounts in SEK thousand

ASSETS		31/12/2020	31/12/2019
INTANGIBLE AND TANGIBLE FIXED ASSETS			
Intangible fixed assets	Note 11	432	2,233
Tangible fixed assets	Note 12	1,489	1,312
TOTAL INTANGIBLE AND TANGIBLE FIXED ASSETS		1,920	3,545
FINANCIAL FIXED ASSETS			
Other non-current securities holdings	Note 15	20,075,000	20,775,000
Stocks and shares	Note 14	15,507	14,669
Premium receivables	Note 16	5,429,210	4,497,725
Reinsurer's share of net worth of indemnified claims	Note 13	1,743,395	1,858,978
Pension assets	Note 13	-40,452	-45,385
TOTAL FINANCIAL FIXED ASSETS		27,222,660	27,100,987
REINSURER'S SHARE OF ACTUARIALLY-CALCULATED PROVISIONS			
Reinsurer's share of unearned premiums and unexpired risks	Note 2	403,124	549,000
Reinsurer's share of provisions for claims incurred	Note 2	0	3,000
TOTAL REINSURER'S SHARE OF ACTUARIALLY-CALCULATED PROVISIONS		403,124	552,000
RECEIVABLES			
Account receivables		4,074	3,992
Under expectation premium share	Note 17	16,072	24,874
Other receivables		0	-12
TOTAL RECEIVABLES		20,146	28,739
ACCRUALS AND DEFERRALS			
	Note 18		
Prepaid expenses		8,426	7,265
Accrued income		69,396	137,687
TOTAL ACCRUALS AND DEFERRALS		77,822	144,952
CASH AND BANK BALANCES			
National Debt Office	Note 19	7,507,667	6,909,922
Cash and cash equivalents	Note 20	1,196	5,134
TOTAL CASH AND BANK BALANCES		7,508,863	6,915,056
TOTAL ASSETS		35,234,536	34,745,280

Amounts in SEK thousand

EQUITY AND LIABILITIES		31/12/2020	31/12/2019
EQUITY	Note 21		
Retained earnings	Note 22	24,517,963	23,863,077
Profit/loss for the period		193,718	1,066,929
TOTAL EQUITY		24,711,681	24,930,006
LIABILITIES TO THE STATE	Note 23		
Liabilities to the state		289,939	160,475
TOTAL LIABILITIES TO THE STATE		289,939	160,475
PROVISIONS			
Provision for unearned premiums and unexpired risks gross of reinsurance	Note 14	15,507	14,679
Provision for claims gross of reinsurance	Note 2	8,182,465	6,761,019
Provisions for pension liabilities	Note 2	1,278,793	1,927,655
TOTAL PROVISIONS		9,476,765	8,703,352
LIABILITIES			
Borrowings for fixed assets, National Debt Office	Note 24	1,920	7,513
Over expected loss based premium share	Note 17	306,572	466,738
Trade payables		9,165	9,961
Liabilities to guarantee holders		3,935	16,172
Other current liabilities	Note 25	370,283	408,969
TOTAL LIABILITIES		691,875	909,354
ACCRUALS AND DEFERRALS	Note 26		
Accrued costs		19,227	17,605
Prepaid income		45,049	24,487
TOTAL ACCRUALS AND DEFERRALS		64,275	42,092
TOTAL EQUITY AND LIABILITIES		35,234,536	34,745,280

Statement of appropriations

Amounts in thousand SEK

REVENUE HEADING	ESTIMATED AMOUNT	REVENUE
2127 001 Surplus transfer from the Swedish Export Credits Guarantee Board	—	160,475
2127 001 Transferred accumulated administrative surplus	—	412,000
2811 Other revenue	—	43

Financing analysis

Amounts in thousand SEK

OPERATIONS FOR THE YEAR		2020	2019
Profit/loss for the year		193,718	1,066,929
Depreciation charged against earnings	Note 11,12	2,709	4,042
Disposals	Note 12	-1,772	0
Change in current receivables		75,723	-1,864
Change in current liabilities		-200,888	-53,122
Payment to government		-572,518	-135,094
Change below expectation premiums	Note 23	131,850	160,475
Working capital credit guarantees large corporates	Note 23	158,090	0
Cash flow from operations for the year		-213,090	1,041,367
INVESTMENTS			
Investment in fixed assets	Note 12	-1,098	-73
Disposals	Note 12	1,785	0
Change in actuarially calculated net worth of indemnified claims	Note 13	110,650	-86,593
Change in premium receivables		-931,485	-28,983
Change in pension assets	Note 14	-838	1,647
Change in other non-current securities holdings	Note 15	700,000	-870,000
TOTAL INVESTMENTS		-120,986	-984,002
Remainder after net investments		-334,076	57,365
FINANCING ETC.			
Change in provisions for actuarially-calculated risk of exposure	Note 2	921,460	-894,326
Change in provisions for pension liabilities	Note 14	829	-735
Change in borrowings for fixed assets, National Debt Office	Note 24	5,593	0
TOTAL FINANCING etc.		927,882	-895,061
CHANGE IN CASH AND CASH EQUIVALENTS		593,806	-837,696
Cash and cash equivalents at start of year		6,915,057	7,752,753
Cash and cash equivalents at end of year		7,508,862	6,915,057

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 thousand SEK

NOTE 1. GROSS PREMIUM INCOME

	2020	2019
Premium income – risk-based share	1,490,002	1,264,554
Premium income – administrative share	351,346	264,554
Premium repayments/refunds	–48,451	–140,155
Change in premiums in arrears and counter guarantees	–568,523	–118,854
Over expected loss based premium share	2,073	–138,026
TOTAL PREMIUM INCOME	1,226,447	1,132,074

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. A share of premiums exceeding expected loss 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

	Closing balance 31/12/19	Change	Exchange rate changes	Closing balance 31/12/20
ASSETS				
Reinsured share of unearned premiums and unexpired risks	549,000	–140,235	–5,640	403,124
Reinsured share of provisions for claims incurred	3,000	–3,000	0	0
TOTAL REINSURED SHARE OF PROVISIONS	552,000	–143,235	–5,640	403,124
LIABILITIES				
Provision for unearned premiums *	–6,328,382	50,733	–1,307,816	–7,585,466
Provision for unexpired risks *	–432,637	–170,647	6,284	–597,000
TOTAL PROVISION PREMIUMS AND UNEXPIRED RISKS	–6,761,019	–119,915	–1,301,532	–8,182,465
Provision for claims gross of reinsurance	–1,927,655	578,979	69,883	–1,278,793
TOTAL CHANGE IN PROVISION FOR UNEARNED PREMIUMS AND UNEXPIRED RISKS	–8,136,674	315,829	–1,237,289	–9,058,134

* Proforma 2019, changes in provisions due to changes in the base interest rate in the financial items were previously reported as guarantee premiums.

NOTE 3. OTHER REVENUE

	2020	2019
Administration income within government	710	601
Administrative income outside of government	945	1,511
Administrative income service exports *	63	62
TOTAL	1,718	2,174

* 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)

	2020	2019
Recoveries net *	294,746	620,449
Claims paid net *	-1,637,170	-1,860,660
Change in indemnified claims	1,078,910	1,021,372
Change in provision for expected loss indemnified claims	-1,026,139	-970,394
TOTAL CLAIMS INCURRED (GROSS OF REINSURANCE)	-1,289,653	-1,189,234

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

NOTE 5. REINSURER'S SHARE OF CLAIMS INCURRED

	2020	2019
Recoveries net	-6,113	-7,270
Change in indemnified claims	-785	8,779
Change in provision for expected loss indemnified claims	169	-11,164
Claims payment, compensation from reinsurers	282,401	0
TOTAL REINSURER'S SHARE OF CLAIMS INCURRED	275,672	-9,655

NOTE 6. COSTS FOR MATCHED PREMIUM

	2020	2019
Change in the year's cost matched premiums	-7,195	-10,216
TOTAL, YEAR'S COST MATCHED GUARANTEE PREMIUMS	-7,195	-10,216

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, 7,195 (10,216), reduce transfer to the government, not expected loss based premiums, see also note 23.

NOTE 7. OPERATING COSTS

	2020	2019
Payroll expenses (excluding employer's contributions, pension premiums and other charges according to law and agreement)	-82,930	-82,288
Of which, payroll expenses non-employed personnel	-1,577	-495
Social costs	-35,357	-33,567
Other costs for personnel	-41,653	-39,418
Premises costs	-21,041	-22,212
Other operating costs	-67,173	-75,705
Depreciation	-2,709	-4,042
TOTAL OPERATING COSTS	-250,864	-257,231

SEK 110,098 was paid to the Chair of the Board Hans Lindberg.

Director General Anna-Karin Jatko was paid salary of SEK 1,577,394 including luncheon voucher benefits. No remuneration was paid for the office of Board Member of EKN.

Peter Yngwe, Vice Chair, received SEK 82,598.

Camilla Melander, Elisabeth Nilsson, Åke Nordlander and Jan Wärenby received SEK 55,098 each. Erica Sjölander and Stefan Sjöquist received SEK 27,500 each.

Erica Sjölander left the board on 30 June 2020. Stefan Sjöquist joined on 1 July 2020.

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

	2020	2019
Return on treasury management *	196,467	279,482
Other interest income **	245,344	521,063
Other financial income	3,878	970
TOTAL INTEREST INCOME AND OTHER FINANCIAL INCOME	445,690	801,515

* Interest income from financial management amounts to SEK 196,389 thousand and interest income relating to the Swedish National Debt Office interest account amounts to SEK 79 thousand.

** Proforma 2019, changes in provisions due to changes in the base interest rate in the financial items were previously reported as guarantee premiums.

NOTE 9. INTEREST EXPENSES AND OTHER FINANCIAL COSTS

	2020	2019
Expenses – treasury management	–69	–561
Interest expenses loans	–7,706	–9,163
Other interest expenses *	–451,411	–685,396
TOTAL INTEREST EXPENSES AND OTHER FINANCIAL COSTS	–459,186	–695,119

* Proforma 2019, changes in provisions due to changes in the base interest rate in the financial items were previously reported as guarantee premiums.

NOTE 10. EXCHANGE RATE DIFFERENCES

	2020	2019
Realised exchange rate gains	335,046	369,233
Realised exchange rate losses	–653,814	–3,211
Unrealised exchange rate gains	2,086,089	951,738
Unrealised exchange rate losses	–1,814,263	–1,287,862
TOTAL EXCHANGE RATE DIFFERENCES	–46,942	29,897

Unrealised exchange rate gains and losses were less in absolute terms because of reduced volatility in exchange rates during the year. Exchange rate gains related to currency account are reported from 2020 as realized exchange rate gains, 2019 pro forma.

NOTE 11. INTANGIBLE FIXED ASSETS

	31/12/2020	31/12/2019
Opening balance cumulative acquisition value	16,232	16,232
Closing balance cumulative acquisition value	16,232	16,232
Opening balance cumulative depreciations	–13,999	–10,869
Depreciation for the year	–1,801	–3,130
Closing balance cumulative depreciations	–15,800	–13,999
TOTAL INTANGIBLE ASSETS	432	2,233

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	31/12/2020	31/12/2019
Opening balance cumulative acquisition value	12,334	12,261
Acquisitions for the year	1,098	73
Discarded	-1,785	0
Closing balance cumulative acquisition value	11,647	12,334
Opening balance cumulative depreciations	-11,022	-10,110
Depreciation for the year	-907	-912
Discarded	1,772	0
Closing balance cumulative depreciations	-10,158	-11,022
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,489	1,312

NOTE 13. ACTUARIALLY CALCULATED NET WORTH OF INDEMNIFIED CLAIMS

	Closing balance 31/12/19	Change	Exchange rate changes	Closing balance 31/12/20
Gross value of outstanding claims	12,710,372	1,078,910	-668,829	13,120,453
Provision for expected loss, gross	-10,851,394	-1,026,139	500,475	-11,377,058
Actuarially calculated net worth of indemnified claims	1,858,978	52,771	-168,354	1,743,395
Reinsurer's share of net worth of indemnified claims	-115,221	-785	7,926	-108,079
Provision for expected loss – reinsurer's share	69,836	169	-2,378	67,627
Reinsurer's share of net worth of indemnified claims	-45,385	-616	5,549	-40,452
TOTAL ACTUARIALLY CALCULATED NET WORTH OF INDEMNIFIED CLAIMS	1,813,593	52,155	-162,805	1,702,943

NOTE 14. PENSION ASSETS AND PROVISION FOR PENSION LIABILITY

Pension assets of KSEK 15,507 (14,679) 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 SECURITIES HELD AS NON-CURRENT ASSETS

Provisions and accumulated earnings from EKN's operations are invested with the National Debt Office to balance the market risk in the balance sheet. Total investments in Swedish kronor at the National Debt Office amounted to SEK 20,075 million at year-end 2020, compared with SEK 20,775 million in 2019.

NOTE 16. PREMIUM RECEIVABLES

	31/12/2020	31/12/2019
Receivables related to premiums charged	115,571	66,816
Receivables related to premiums for counter guarantees and investment guarantees	0	112,809
TOTAL RECEIVABLES FOR ADVANCE PREMIUMS	115,571	179,624
Receivables related to premiums in arrears, nominal	5,597,816	4,685,303
Receivables related to premiums in arrears, present value adjusted	–9,053	–89,468
Receivables related to premiums in arrears, risk adjustment	–275,124	–277,735
Receivables related to premiums in arrears, net	5,313,639	4,318,101
TOTAL PREMIUM RECEIVABLES	5,429,210	4,497,725

Receivables relating to premiums in arrears relate almost entirely to JAS Gripen Brazil.

NOTE 17. NOT EXPECTED LOSS BASED PREMIUMS

	Closing balance 31/12/2019	Change during the year	Of which non- disposable premiums earned during the year	Exchange rate change	Closing balance 31/12/2020
Asset – Share of premiums below expected loss based premium	24,874	–983	–7,195	–624	16,072
Liability – Share of premiums exceeding expected loss based premium	–407,444	3,056	114,935	17,390	–272,064
Liability – Share of premiums exceeding expected loss based premium (matrix)	–59,294	0	24,110	676	–34,509
Total liabilities to government – share of premiums exceeding expected loss based premium	–466,738	3,056	139,044	18,066	–306,572
TOTAL LIABILITIES TO GOVERNMENT – SHARE OF PREMIUMS EXCEEDING EXPECTED LOSS BASED PREMIUM			131,850		

NOTE 18. ACCRUALS AND DEFERRALS

PREPAID EXPENSES AND ACCRUED INCOME	31/12/2020	31/12/2019
Prepaid rent first quarter of next year	4,691	4,660
Other prepaid expenses, annual fees	3,735	2,605
TOTAL PREPAID EXPENSES	8,426	7,265
Accrued interest income	69,396	88,255
Accrued premiums	0	49,432
TOTAL ACCRUED INCOME	69,396	137,687
TOTAL ACCRUALS AND DEFERRALS	77,822	144,952

NOTE 19. NATIONAL DEBT OFFICE

	31/12/2020		31/12/2019	
Currency	Amount in foreign currency	Equivalent value SEK	Amount in foreign currency	Equivalent value SEK
SEK	4,505,401	4,505,401	3,863,908	3,863,908
USD	241,325	1,975,157	235,819	2,195,741
EUR	79,706	799,708	80,063	834,911
CHF	360	3,324	1,496	14,310
JPY	2,828,818	224,078	12,329	1,052
TOTAL NATIONAL DEBT OFFICE		7,507,667		6,909,922

As of 31/12/2020, EKN's cash and cash equivalents in the form of bank balances consisted of SEK 4,505,401 (3,863,908) thousand, of which SEK 2,640,019 (2,318,101) thousand was invested in an interest bearing account with the National Debt Office and SEK 1,865,382 (1,545,808) thousand was invested in Swedish commercial banks.

Bank deposits in currency amounted to an equivalent value of SEK 3,002,266 (3,046,014) thousand.

NOTE 20. LIQUID ASSETS

	31/12/2020		31/12/2019	
Currency	Amount in foreign currency	Equivalent value SEK	Amount in foreign currency	Equivalent value SEK
SEK	235	235	735	735
USD	51	421	436	4,066
EUR	54	540	23	238
CHF	0	0	5	45
JPY	0	0	603	51
TOTAL LIQUID ASSETS		1,196		5,134

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 2019	10,314,809	324,268	14,997,000	48,000	-1,821,000	1,066,929	24,930,006
A Opening balance 2020	10,314,809	324,268	14,997,000	48,000	-1,821,000	1,066,929	24,930,006
Change in equity last year	1,066,929					-1,066,929	0
Change current year	986,566	98,363	-56,000	-27,000	65,000	0	1,066,929
Revenue heading 2811	-43	0	0	0	0	0	-43
Revenue heading 2127 001	0	-412,000	0	0	0	0	-412,000
Change in equity this year	-1,066,929	0	0	0	0	193,718	-873,211
B Total change this year	986,523	-313,637	-56,000	-27,000	65,000	-873,211	-218,325
C Closing balance 2020	11,301,332	10,631	14,941,000	21,000	-1,756,000	193,718	24,711,681

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

ADMINISTRATIVE INCOME	2020	2019
Administrative share of premium	350,822	242,463
Administrative remuneration Sida, other government	710	601
Administrative remuneration of service exports	63	62
Other administrative income	945	1,511
TOTAL	352,540	244,637
CLAIMS INCURRED		
Costs of claim prevention	-120	-333
Administrative expenses for recovery of claims	-3,178	-2,741
TOTAL	-3,298	-3,074
OPERATING COSTS		
Salaries	-82,930	-82,288
Other personnel costs	-77,010	-72,985
Premises costs	-21,041	-22,212
Other operating costs	-67,173	-75,705
Depreciation	-2,709	-4,042
TOTAL	-250,864	-257,231
Accumulated shortfall/surplus of operating profit/loss	98,379	-15,668
Interest on accumulated administrative surplus	-16	-891
RESULTS OF OPERATIONS, ADMINISTRATIVE	98,363	-16,559
Accumulated administrative surplus	10,631	324,268
Administrative reserve, share of equity	412,000	0
	10,631	324,268
EKN'S RISK-BASED OPERATIONS		
Operating profit/loss, risk-based	155,778	657,304
Financial items, risk-based	-60,423	426,184
Results of operations, risk-based	95,355	1,083,488
SHARE OF EQUITY FOR RISK-BASED OPERATIONS	24,701,050	24,605,738

NOTE 23. SUBMITTED TO THE GOVERNMENT

	2020-12-31	2019-12-31
Undisposed premiums to report against revenue heading *	-131,850	-160,475
Working capital credit guarantees large corporates **	-158,090	0,
TOTAL SUBMITTED TO THE GOVERNMENT	-289,939	-160,475

* 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.

** Working capital credit guarantees, large corporates to report against income title when the guarantee portfolio is finally reported.

NOTE 24. BORROWINGS FOR FIXED ASSETS, NATIONAL DEBT OFFICE

EKN's loan limit for fixed assets was SEK 11,000 (12,000) thousand at 31 December 2020 *.

	31/12/2020	31/12/2019
Undisposed premiums to report against revenue heading	7,513	7,513
Profit settlements relating to working capital credit guarantees to large companies	1,098	0
Total submitted to the government	-6,691	0
TOTAL LOAN FOR FIXED ASSETS, THE NATIONAL DEBT OFFICE	1,920	7,513

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

NOTE 25. OTHER CURRENT LIABILITIES

	31/12/2020	31/12/2019
Liabilities Swedish Tax Agency	2,771	2,597
Employee taxes	2,942	2,823
Liabilities to reinsurers *	348,460	399,272
Liabilities to reinsurers (present value-adjusted)	-282	-2,213
Future premium repayments	14,063	3,870
Reserve for staff turnover	1,434	1,133
Other current liabilities	896	1,486
TOTAL OTHER CURRENT LIABILITIES	370,283	408,969

*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:	31/12/2020	31/12/2019
Accrued holiday and overtime pay	13,864	10,746
Audit and annual report	1,250	1,200
Other accrued costs	4,113	5,659
TOTAL ACCRUED COSTS	19,227	17,605
Prepaid premiums	45,049	0
Prepaid recovery Iraq	0	24,487
TOTAL PREPAID INCOME	45,049	24,487
TOTAL ACCRUALS AND DEFERRALS	64,275	42,092

Accounting for working capital credit guarantees, large corporates

Amounts in thousand SEK

OPERATING INCOME AND EXPENSES	2020
PREMIUMS EARNED (after outward reinsurance)	
Premium income	1,605,334
Change in provisions for unearned premiums and unexpired risks	-1,438,094
TOTAL PREMIUMS EARNED (after outward reinsurance)	167,240
TOTAL OPERATING COSTS	-8,050
OPERATING PROFIT	159,190
INTEREST INCOME AND OTHER FINANCIAL INCOME	
Other interest income	35,168
TOTAL INTEREST INCOME AND OTHER FINANCIAL INCOME	35,168
INTEREST EXPENSES AND OTHER FINANCIAL EXPENSES	
Other interest expenses	-36,235
TOTAL INTEREST EXPENSES AND OTHER FINANCIAL EXPENSES	-36,235
EXCHANGE RATE DIFFERENCES	
Unrealised exchange rate gains	747
Unrealised exchange rate losses	-781
TOTAL EXCHANGE RATE DIFFERENCES	-34
FINANCIAL ITEMS	-1,100
PROFIT/LOSS FOR THE PERIOD	158,090

EKN's temporary working capital credit guarantee for large corporates is offered from March 2020 to June 2021. The term of the guarantees is a maximum of five years. The financial statements are separated from EKN's other guarantees and any surplus is paid to the state when the guarantees are finally reported. If an accumulated deficit arises during the period, EKN intends to recognise it during the period.

Revenues for the period from premiums amount-

ed to SEK 167 million and operating costs to SEK 8 million.

Financial items amounted to SEK 1 million and profit to SEK 158 million. The result is reported as a debt to the state (note 23).

The accounting of the guarantees differs from how corresponding guarantees were reported on an ongoing basis during the financial crisis 2008–2009. These were not reported separately, but were included in EKN's income statement. In 2016, these guarantees were finalised.

Summary of key information

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

(SEK million)	2020	2019	2018	2017	2016
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>	11.0	13.0	13.0	13.0	14.0
Loan limit with the National Debt Office for fixed assets, <u>utilised</u>	1.9	7.5	7.5	7.8	10.2
Income from appropriated revenue	943	1,558	1,223	1,997	1,285
Income from unappropriated revenue *	132	160	135	65	487
Profit/loss for the year	194	1,067	1,004	1,418	-1,057
Retained earnings	24,518	23,863	22,860	21,441	22,491
Number of employees, Full Time Equivalents ***	141	131	133	135	141
Average number employees	149	142	146	140	145
Operating costs per Full Time Equivalent, SEK thousand***	1,779	1,964	1,803	1,680	1,731

* Proforma 2019

** 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, 16 February 2021

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

Stefan Sjöquist

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.



Stefan Sjöquist

Head of Research Department, IF Metall.
Board member since 2020.

Other board memberships:

Board member of the University of Skövde.



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:

Chair: The Knowledge Foundation, The Scandinavian Japan Sasakawa Foundation. Board member: Boliden, The Royal Swedish Academy of Engineering Sciences IVA. Member of the Nomination Committee, Skandia council.



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 AB, board member Tobii AB, Gapwaves AB, Imsys AB, Defentry AB, Astor Technology 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.

On parental leave.

Replaced by **Eva Fahlin**, Project Manager, employed since 2005.

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.

Production: EKN and Newsroom AB.

Cover photo: Getinge.

Photo: Page 7, Karl-Johan Larsson. Pages 11, 18, press photo. Pages 12, 16, 25, 26, 30, Istockphoto. Page 24, Getinge. Page 32, Tommy Fondelius. Pages 60, 61, 62, Sören Vilks.

Printing: E-print.

Paper: 300g Galerie art matt. 150g Galerie art matt.

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

Kungsgatan 36, P.O. Box 3064, SE-103 61 Stockholm, Sweden
Tel +46 8 788 00 00 | www.ekn.se

